

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD**

**Financial, Operational, and Federal Single
Audit**

For the Fiscal Year Ended
June 30, 2009



BOARD MEMBERS AND SUPERINTENDENTS

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

	<u>District No.</u>
Linard Johnson	1
Charles H. Maxwell	2
Steve Nelson, Chair to 11-17-08	3
William Keith Hudson, Vice Chair from 11-18-08	4
Glenn J. Hunter, Vice Chair to 11-17-08, Chair from 11-18-08	5
Grady D. Markham, Superintendent to 11-17-08	
Michael F. Millikin, Superintendent from 11-18-08	

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 Robert E. Taylor, CPA, and the audit was supervised by Cathy L. Bandy, CPA. For the information technology portion of this audit, the audit team leader was Danielle M. Alvarez, CISA, and the supervisor was Nancy M. Reeder, CPA, CISA. 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.

COLUMBIA 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

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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; however, we noted certain additional matters as summarized below.

ADDITIONAL MATTERS

Finding No. 1: Procedural enhancements could be made to sufficiently and appropriately evidence employee work time.

Finding No. 2: The District did not conduct a review and evaluation of the collection of social security numbers or prepare written statements notifying individuals of the purpose for collecting the numbers.

Finding No. 3: The District lacked written policies and procedures for certain information technology functions.

Finding No. 4: The District did not have a formal program change methodology and did not restrict programmers from accessing or updating production data.

Finding No. 5: The District had not implemented procedures to review logs of modifications of sensitive or critical tables, files, and transactions.

Finding No. 6: Certain security controls related to user authentication needed improvement.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Child Nutrition Cluster; Title I, Part A Cluster; Fund for the Improvement of Education; Education Technology; 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. However, we did note a compliance finding as summarized below.

Federal Awards Finding No. 1: The District did not always maintain semiannual certifications or activity reports for employees whose time was charged solely or partially to the Improving Teacher Quality program.

Audit Objectives and Scope

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

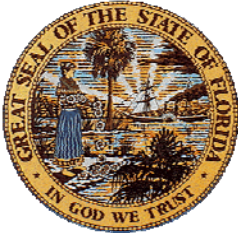
- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;
- Established internal controls that promote and encourage: 1) compliance with applicable laws, rules, regulations, contracts, and grant agreements; 2) the economic and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets;

- 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; and
- Taken corrective actions for findings included in our report No. 2009-065.

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.

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*.



DAVID W. MARTIN, CPA
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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Columbia 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 18 percent of the assets and 79 percent of the liabilities of the aggregate remaining fund information. Additionally, we did not audit the financial statements of the Columbia County Public Schools Foundation, Inc., the discretely presented component unit. 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 discretely presented component unit, 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. The financial statements of the Columbia County Public Schools Foundation, Inc., were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 discretely presented component unit, each major fund, and the aggregate remaining fund information for the Columbia County District School Board as of June 30, 2009, and the respective changes in financial position and cash flows, where

applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Columbia 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 9) and the **OTHER REQUIRED SUPPLEMENTARY INFORMATION** (pages 46 through 48) are not required parts 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

March 9, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Columbia County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2009. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 10 through 44.

FINANCIAL HIGHLIGHTS

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

- In total, net assets increased \$3,101,396.58, which represents a 3.7 percent increase from the 2007-08 fiscal year.
- General revenues total \$82,775,746.02, or 88.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$11,011,572.94, or 11.7 percent.
- Expenses total \$90,685,922.38. Only \$11,011,572.94 of these expenses was offset by program specific charges, with the remainder paid from general revenues. Total revenues exceeded total expenses by \$3,101,396.58.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$2,387,375.59 at June 30, 2009, or 3.4 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

Government-wide Financial Statements

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

The government-wide statements present the District's activities in the following 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 financial information for the Columbia County Public Schools Foundation, Inc., a separate legal entity. Although a legally separate organization, the component unit is included in this report because it meets the criteria for inclusion provided by generally accepted accounting principles. Financial information for this component unit is reported separately from the financial information presented for the primary government.

The Columbia School Board Leasing Corporation (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

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

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entitywide perspective contained in the government-wide statements. All of the District's funds may be classified within one of three broad categories as discussed below.

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue - ARRA Economic Stimulus Fund, Capital Projects - Public Education Capital Outlay Fund, Capital Projects - Local Capital Improvement Fund, and Capital Projects - Other Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

Proprietary Funds: Proprietary funds, such as internal service funds, may be established to account for activities in which a fee is charged for services. Internal service funds are used to report activities that provide goods and services to support the District’s other programs and functions through user charges. The District uses an internal service fund to account for the Florida IBM AS/400 – TERMS Users’ Group Consortium. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has 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.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Net Assets, End of Year	
	Governmental	
	Activities	
	6-30-09	6-30-08
Current and Other Assets	\$ 15,994,972	\$ 32,557,167
Capital Assets	112,976,119	98,058,249
Total Assets	128,971,091	130,615,416
Long-Term Liabilities	37,640,927	37,556,164
Other Liabilities	4,465,969	9,296,453
Total Liabilities	42,106,896	46,852,617
Net Assets:		
Invested in Capital Assets -		
Net of Related Debt	81,407,277	77,896,477
Restricted	7,143,279	8,297,762
Unrestricted Deficit	(1,686,361)	(2,431,440)
Total Net Assets	\$ 86,864,195	\$ 83,762,799

The largest portion of the District’s net assets (93.7 percent) reflects its investment in capital assets (e.g., land, buildings and fixed equipment, furniture, fixtures, 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 represents resources that are subject to external restrictions on how they may be used.

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 as follows:

	Operating Results for the Year	
	Governmental Activities	
	6-30-09	6-30-08
Program Revenues:		
Charges for Services	\$ 1,218,777	\$ 1,765,960
Operating Grants and Contributions	5,654,381	5,316,836
Capital Grants and Contributions	4,138,415	2,811,555
General Revenues:		
Property Taxes, Levied for Operational Purposes	15,971,508	14,350,750
Property Taxes, Levied for Capital Projects	4,681,834	5,052,656
Grants and Contributions Not Restricted to Specific Programs	60,021,176	61,974,450
Unrestricted Investment Earnings	31,233	1,537,105
Miscellaneous	2,069,995	1,123,134
Total Revenues	93,787,319	93,932,446
Functions/Program Expenses:		
Instruction	48,958,489	48,899,435
Pupil Personnel Services	5,245,916	5,059,104
Instructional Media Services	1,297,827	1,126,483
Instruction and Curriculum Development Services	1,477,419	1,666,067
Instructional Staff Training Services	1,496,282	1,338,936
Instruction Related Technology	930,658	589,013
Board of Education	393,178	777,761
General Administration	787,893	795,811
School Administration	3,901,778	3,964,656
Facilities Acquisition and Construction	1,234,412	904,154
Fiscal Services	391,432	396,794
Food Services	4,162,469	4,205,794
Central Services	920,666	1,018,324
Pupil Transportation Services	5,422,754	5,547,465
Operation of Plant	6,797,483	6,479,156
Maintenance of Plant	1,867,587	2,258,640
Administrative Technology Services	825,919	807,489
Community Services	341,275	340,470
Interest on Long-Term Debt	1,561,556	1,991,796
Unallocated Depreciation Expense	2,632,449	2,919,790
Loss on Disposal of Capital Assets	38,480	14,707
Total Functions/Program Expenses	90,685,922	91,101,845
Increase in Net Assets	\$ 3,101,397	\$ 2,830,601

The largest revenue source is the State of Florida (60.2 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Instruction expenses represent 54.0 percent of total governmental expenses in the 2008-09 fiscal year. Total revenues and expenses did not significantly change from the previous year. Property taxes levied for operational purposes increased due to an increase in the millage and assessed property values. Property taxes levied for capital projects decreased due to a decrease in the millage levied.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance is \$2,387,376, while the total fund balance is \$4,705,045. The unreserved fund balance increased by \$255,751, while the total fund balance decreased by \$787,078 during the fiscal year. Key factors in these changes are as follows:

- An increase in the local property tax rate coupled with increased property values increased tax revenues by \$1,620,759.
- A decrease in State revenues of \$4,687,115, or 8.3 percent, due to an overall reduction in State revenues as a result of the recession.
- Total expenditures decreased by \$2,448,871, or 3.3 percent. Due to the reduction in State revenues, the District closely monitored expenditures to ensure that employee vacancies were only filled and items purchased if critical, and the District only purchased equipment if grant-funded.

The Special Revenue – ARRA Economic Stimulus Fund is used to account for Federal grant programs, and allowed expenditures are specified by grant agreements. Since the revenues in this fund are equal to amounts expended, there is no ending fund balance.

The Capital Projects – Public Education Capital Outlay Fund has a total fund balance of \$690,254, which is restricted for the acquisition, construction, and maintenance of capital assets. Of the total fund balance, \$337,674 has been encumbered for specific projects. Fund balance decreased because the District spent revenues recognized in previous years on the New Elementary School “AA” (\$1.7 million), Columbia High School Food Service Building (\$1.7 million), and Fort White Elementary School Eight Classroom Addition (\$0.8 million).

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$3,378,554, which is restricted for the acquisition, construction, and maintenance of capital assets, purchase of school buses, and the payment of debt service obligations. It should be noted that \$212,592 of fund balance has been encumbered for specific projects. Fund balance increased by \$1,603,263 despite a decrease in the capital outlay tax levy millage from 2.00 to 1.75 mills primarily because the District did not have as many large construction projects compared to the previous year.

The Capital Projects – Other Fund has a total fund balance of \$250,599, which decreased from \$13,656,893 in the prior year. This fund was created to account for the financial resources generated by the Series 2007, Certificates of Participation (COPs) to be used for specified construction projects. During the 2008-09 fiscal year, the District spent the majority of the remaining COPs proceeds as follows: \$11.5 million on New Elementary School “AA”, \$1.4 million on the Columbia High School Food Service Building, and \$1.3 million on the Columbia High School Administrative/Guidance Addition.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted revenues and expenditures were generally consistent with originally budgeted amounts. In addition, there were no significant variances between the final budget and actual amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$112,976,119 (net of accumulated depreciation.) This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under lease-purchase; construction in progress; and audio visual materials and computer software.

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

- Projects Financed by Certificates of Participation (COPS):
 - New Elementary School "AA"
 - Fort White Middle School Ten Classroom and Dining Room Addition
 - Columbia High School Food Service Building
 - Columbia High School Administrative/Guidance Addition
- Projects financed by various funding sources:
 - Columbia High School Classroom Renovations
 - Fort White Elementary School Eight Classroom Addition
 - Richardson Middle School Gymnasium Renovations

Long-Term Debt

At June 30, 2009, the District had total long-term debt outstanding of \$31,568,841. This amount was comprised of \$24,505,000 in certificates of participation payable, \$4,155,000 in bonds payable, \$2,094,366 for note payable, and \$814,476 for obligation under lease-purchase.

OTHER MATTERS OF SIGNIFICANCE

The Columbia County School Board is in a precarious financial condition, and continues to face uncertain economic times. The impact of pending budget reductions at the State level remains unknown at this time. In light of uncertain economic times, the District continually monitors its financial position. The School Board must continue to be vigilant in monitoring its resources to meet the demands of the public education system.

The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$2,387,376 at June 30, 2009. This represents a ratio of 3.4 percent of total General Fund revenues. The amount is now mid-range of that established by the Board's strategic plan of between 2 to 4 percent and represents a 17 percent increase over the prior year's 2.9 percent. The 2.9 percent ratio fell within a statutory warning level set during the special session of the Legislature in January 2009, but, through the diligent efforts made by the Board, management, and employees, this position improved significantly.

To address the prior year's decline in the unreserved fund balance and continuing decreases in funding, the Board held multiple workshops involving management, local officials, and union representatives to address the current and projected revenue shortfalls from the State of Florida. Decisions were made on how to implement changes in the Legislative authority to rehire employees following the end of Deferred Retirement Option Plan (DROP) elections,

along with strategies to ensure that DROP participants' contract years correspond with fiscal year-ends to avoid creating mid-year employment vacancies. The District continues to scrutinize all expenditures, and all departments continued to develop cost saving measures to compensate for the budget reductions. One factor in keeping expenditures down was the fact that fuel prices stayed well below the initial budget established for the 2008-09 fiscal year.

In addition to monitoring the District's financial condition, the School Board is responsible for implementing the requirements of Governmental Auditing Standards Board Statement No. 45 to recognize other postemployment benefits for employees upon retirement. While the District does not contribute any financial support to the retirees for their health insurance coverage, the participation in our group health insurance program provides an implicit subsidy for participating with the group versus purchasing their own health insurance coverage. The actuarial study revealed that our obligation for this subsidy is estimated to be \$675,678 for the year ending June 30, 2009, and is included in the statement of net assets for the government-wide financial statements; however, in fund accounting, the "pay-as-you-go" method is used for obligations related to postemployment benefits.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Columbia County District School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mary Loughran, Director of Finance, Columbia County District School Board, 372 West Duval Street, Lake City, Florida 32055.

BASIC FINANCIAL STATEMENTS

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF NET ASSETS
June 30, 2009**

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and Cash Equivalents	\$ 11,600,598.37	\$ 93,774.00
Investments	234,194.22	6,767.00
Accounts Receivable	690,780.57	
Due from Fiscal Agent	181,380.53	
Due from Other Agencies	2,796,235.83	220.00
Inventories	491,782.94	
Capital Assets:		
Nondepreciable Capital Assets	4,704,961.39	
Depreciable Capital Assets, Net	108,271,157.26	
	<u>\$ 128,971,091.11</u>	<u>\$ 100,761.00</u>
TOTAL ASSETS	<u>\$ 128,971,091.11</u>	<u>\$ 100,761.00</u>
LIABILITIES		
Salaries and Benefits Payable	\$ 9,468.22	\$
Payroll Deductions and Withholdings	1,250,752.41	
Accounts Payable	835,772.63	
Construction Contracts Payable	724,300.38	
Construction Contracts Payable - Retainage	116,231.11	
Due to Other Agencies	31,821.86	
Deferred Revenue	1,425,282.00	
Estimated Insurance Claims Payable	72,340.06	
Long-Term Liabilities:		
Portion Due Within One Year	1,952,603.13	
Portion Due After One Year	35,688,324.11	
	<u>42,106,895.91</u>	<u></u>
Total Liabilities	<u>42,106,895.91</u>	<u></u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	81,407,277.35	
Restricted for:		
State Categorical Programs	500,314.97	
Debt Service	565,472.95	
Capital Projects	5,001,779.73	
Other Purposes	1,075,710.98	70,879.00
Unrestricted (Deficit)	(1,686,360.78)	29,882.00
	<u>86,864,195.20</u>	<u>100,761.00</u>
Total Net Assets	<u>86,864,195.20</u>	<u>100,761.00</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 128,971,091.11</u>	<u>\$ 100,761.00</u>

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

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**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
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	\$ 48,958,488.74	\$ 15,131.80	\$	\$
Pupil Personnel Services	5,245,916.49			
Instructional Media Services	1,297,826.56			
Instruction and Curriculum Development Services	1,477,419.18			
Instructional Staff Training Services	1,496,282.37			
Instruction Related Technology	930,658.25			
Board of Education	393,178.41			
General Administration	787,892.71			
School Administration	3,901,778.45			
Facilities Acquisition and Construction	1,234,411.65			3,876,879.10
Fiscal Services	391,432.10			
Food Services	4,162,468.92	1,106,786.51	3,218,388.46	
Central Services	920,665.60			
Pupil Transportation Services	5,422,754.07	44,336.28	2,435,993.00	
Operation of Plant	6,797,482.80			
Maintenance of Plant	1,867,587.43			
Administrative Technology Services	825,919.22			
Community Services	341,275.03	52,521.96		
Interest on Long-Term Debt	1,561,555.52			261,535.83
Unallocated Depreciation Expense	2,632,448.71			
Loss on Disposal of Capital Assets	38,480.17			
Total Primary Government	\$ 90,685,922.38	\$ 1,218,776.55	\$ 5,654,381.46	\$ 4,138,414.93
Component Unit				
Columbia County Public Schools Foundation, Inc.	\$ 58,056.00	\$ 0.00	\$ 10,186.00	\$ 0.00

General Revenues:

Taxes:

- Property Taxes, Levied for Operational Purposes
- Property Taxes, Levied for Capital Projects
- Grants and Contributions Not Restricted to Specific Programs
- Unrestricted Investment Earnings
- Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	Component
Governmental	Unit
Activities	
\$ (48,943,356.94)	\$
(5,245,916.49)	
(1,297,826.56)	
(1,477,419.18)	
(1,496,282.37)	
(930,658.25)	
(393,178.41)	
(787,892.71)	
(3,901,778.45)	
2,642,467.45	
(391,432.10)	
162,706.05	
(920,665.60)	
(2,942,424.79)	
(6,797,482.80)	
(1,867,587.43)	
(825,919.22)	
(288,753.07)	
(1,300,019.69)	
(2,632,448.71)	
(38,480.17)	
<u>(79,674,349.44)</u>	
	<u>(47,870.00)</u>
15,971,508.18	
4,681,834.30	
60,021,175.91	57,100.00
31,233.09	
<u>2,069,994.54</u>	
<u>82,775,746.02</u>	<u>57,100.00</u>
3,101,396.58	9,230.00
<u>83,762,798.62</u>	<u>91,531.00</u>
<u>\$ 86,864,195.20</u>	<u>\$ 100,761.00</u>

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009**

	General Fund	Special Revenue - ARRA Economic Stimulus Fund	Capital Projects - Public Education Capital Outlay Fund
ASSETS			
Cash and Cash Equivalents	\$ 5,209,085.26	\$	\$ 428,026.62
Investments	105,336.47		
Accounts Receivable	284,259.57		
Due from Fiscal Agent	181,380.53		
Due from Other Funds	89,933.05		
Due from Other Agencies		271,388.05	2,364,874.05
Inventories	371,213.94		
TOTAL ASSETS	\$ 6,241,208.82	\$ 271,388.05	\$ 2,792,900.67
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Salaries and Benefits Payable	\$ 6,866.47	\$	\$
Payroll Deductions and Withholdings	1,250,752.41		
Accounts Payable	178,838.33	271,388.05	243,354.64
Construction Contracts Payable			317,779.38
Construction Contracts Payable - Retainage			116,231.11
Due to Other Funds	19,092.74		
Due to Other Agencies	8,274.12		
Deferred Revenue			1,425,282.00
Estimated Insurance Claims Payable	72,340.06		
Total Liabilities	1,536,164.13	271,388.05	2,102,647.13
Fund Balances:			
Reserved for State Categorical Programs	500,314.97		
Reserved for Encumbrances	261,388.74		337,674.39
Reserved for Inventories	371,213.94		
Reserved for Self-Insurance	109,040.47		
Reserved for Debt Service			
Reserved for Other Purposes	1,075,710.98		
Unreserved, Reported in:			
General Fund	2,387,375.59		
Special Revenue Funds			
Capital Projects Funds			352,579.15
Total Fund Balances	4,705,044.69		690,253.54
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,241,208.82	\$ 271,388.05	\$ 2,792,900.67

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,485,833.12	\$ 255,054.38	\$ 2,141,483.98	\$ 11,519,483.36
	406,521.00	128,857.75	234,194.22
		19,092.74	690,780.57
		159,973.73	181,380.53
		120,569.00	109,025.79
			2,796,235.83
			491,782.94
<u>\$ 3,485,833.12</u>	<u>\$ 661,575.38</u>	<u>\$ 2,569,977.20</u>	<u>\$ 16,022,883.24</u>
\$ 107,279.35	406,521.00	2,601.75	\$ 9,468.22
		34,912.26	1,250,752.41
			835,772.63
			724,300.38
			116,231.11
		89,933.05	109,025.79
	4,455.00	19,092.74	31,821.86
			1,425,282.00
			72,340.06
<u>107,279.35</u>	<u>410,976.00</u>	<u>146,539.80</u>	<u>4,574,994.46</u>
212,592.00		17,410.59	500,314.97
		120,569.00	829,065.72
			491,782.94
			109,040.47
		565,472.95	565,472.95
			1,075,710.98
			2,387,375.59
		1,037,611.82	1,037,611.82
3,165,961.77	250,599.38	682,373.04	4,451,513.34
<u>3,378,553.77</u>	<u>250,599.38</u>	<u>2,423,437.40</u>	<u>11,447,888.78</u>
<u>\$ 3,485,833.12</u>	<u>\$ 661,575.38</u>	<u>\$ 2,569,977.20</u>	<u>\$ 16,022,883.24</u>

COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total Fund Balances - Governmental Funds \$ 11,447,888.78

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 112,976,118.65

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. This is the amount of internal service fund net assets, less capital assets net of depreciation. 81,115.01

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

Obligation Under Lease-Purchase	\$ 814,475.56	
Notes Payable	2,094,365.74	
Bonds Payable	4,155,000.00	
Certificates of Participation	24,505,000.00	
Compensated Absences Payable	5,396,407.94	
Other Postemployment Benefits Payable	675,678.00	
		(37,640,927.24)

Total Net Assets - Governmental Activities **\$ 86,864,195.20**

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

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**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009**

	General Fund	Special Revenue - ARRA Economic Stimulus Fund	Capital Projects - Public Education Capital Outlay Fund
Revenues			
Intergovernmental:			
Federal Direct	\$ 933,073.95	\$	\$
Federal Through State and Local State	982,645.52	271,388.05	
	52,017,230.52		3,574,692.00
Local:			
Property Taxes	15,971,508.18		
Charges for Services - Food Service			
Impact Fees			
Miscellaneous	1,139,508.39		2,962.60
	71,043,966.56	271,388.05	3,577,654.60
Total Revenues			
Expenditures			
Current - Education:			
Instruction	45,046,758.29		
Pupil Personnel Services	3,989,118.60		
Instructional Media Services	1,305,014.16		
Instruction and Curriculum Development Services	730,207.38		
Instructional Staff Training Services	371,594.33		
Instruction Related Technology	663,392.06	271,388.05	
Board of Education	395,219.97		
General Administration	626,403.52		
School Administration	3,939,246.11		
Facilities Acquisition and Construction			1,223,566.42
Fiscal Services	395,025.17		
Food Services	12,856.01		
Central Services	897,912.39		
Pupil Transportation Services	4,602,876.93		
Operation of Plant	6,820,001.23		
Maintenance of Plant	1,882,016.66		
Administrative Technology Services	418,484.62		
Community Services	343,895.91		
Fixed Capital Outlay:			
Facilities Acquisition and Construction	3,765.00		3,386,177.84
Other Capital Outlay	78,954.44		
Debt Service:			
Principal			
Interest and Fiscal Charges			
	72,522,742.78	271,388.05	4,609,744.26
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures			
	(1,478,776.22)		(1,032,089.66)
Other Financing Sources (Uses)			
Transfers In	652,000.00		
Insurance Loss Recoveries	39,698.08		
Transfers Out			
	691,698.08		
Total Other Financing Sources (Uses)			
Net Change in Fund Balances			
	(787,078.14)		(1,032,089.66)
Fund Balances, Beginning	5,492,122.83		1,722,343.20
	\$ 4,705,044.69	\$ 0.00	\$ 690,253.54
Fund Balances, Ending			

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$	\$
		11,179,836.62	933,073.95
		656,115.64	12,433,870.19
4,681,834.30			56,248,038.16
		1,106,786.51	20,653,342.48
	198,990.00		1,106,786.51
20,911.76	656,892.45		198,990.00
			1,820,275.20
<u>4,702,746.06</u>	<u>855,882.45</u>	<u>12,942,738.77</u>	<u>93,394,376.49</u>
		4,312,822.77	49,359,581.06
		1,290,906.62	5,280,025.22
		1,962.09	1,306,976.25
		753,878.51	1,484,085.89
		1,127,649.13	1,499,243.46
		73.11	934,853.22
			395,219.97
		166,798.35	793,201.87
			3,939,246.11
10,845.23			1,234,411.65
			395,025.17
		4,149,760.87	4,162,616.88
		30,000.00	927,912.39
		251,350.95	4,854,227.88
		2,830.58	6,822,831.81
			1,882,016.66
			418,484.62
			343,895.91
192,552.51	14,256,288.14	13,495.00	17,852,278.49
96,434.12		160,823.47	336,212.03
948,237.14		245,000.00	1,193,237.14
<u>1,334,359.81</u>	<u>5,888.07</u>	<u>284,308.61</u>	<u>1,624,556.49</u>
<u>2,582,428.81</u>	<u>14,262,176.21</u>	<u>12,791,660.06</u>	<u>107,040,140.17</u>
<u>2,120,317.25</u>	<u>(13,406,293.76)</u>	<u>151,078.71</u>	<u>(13,645,763.68)</u>
134,945.25			786,945.25
<u>(652,000.00)</u>		<u>(134,945.25)</u>	<u>39,698.08</u>
<u>(517,054.75)</u>		<u>(134,945.25)</u>	<u>39,698.08</u>
1,603,262.50	(13,406,293.76)	16,133.46	(13,606,065.60)
<u>1,775,291.27</u>	<u>13,656,893.14</u>	<u>2,407,303.94</u>	<u>25,053,954.38</u>
<u>\$ 3,378,553.77</u>	<u>\$ 250,599.38</u>	<u>\$ 2,423,437.40</u>	<u>\$ 11,447,888.78</u>

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009**

Net Change in Fund Balances - Governmental Funds \$ (13,606,065.60)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period. 14,956,349.99

The loss on the disposal of capital assets during the current period is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balance by the undepreciated cost of the disposed assets. (38,480.17)

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

Obligations Under Lease-Purchase	\$ 91,906.40	
Notes Payable	236,330.74	
Bonds Payable	245,000.00	
Certificates of Participation	620,000.00	1,193,237.14

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences paid in excess of the amount earned in the current period. 1,265,914.45

Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefits liability for the current fiscal year. (675,678.00)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue of internal service funds (net of depreciation expense) is reported with governmental activities. 6,118.77

Change in Net Assets - Governmental Activities **\$ 3,101,396.58**

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

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF NET ASSETS -
PROPRIETARY FUND
June 30, 2009**

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 81,115.01
Noncurrent Assets:	
Furniture, Fixtures, and Equipment, Net	718.00
TOTAL ASSETS	\$ 81,833.01
NET ASSETS	
Invested in Capital Assets	\$ 718.00
Unrestricted	81,115.01
TOTAL NET ASSETS	\$ 81,833.01

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

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2009**

		Governmental Activities - Internal Service Fund
		<u> </u>
OPERATING REVENUES		
Revenues from Member Districts	\$	415,650.62
		<u> </u>
OPERATING EXPENSES		
Salaries		75,361.00
Employee Benefits		18,065.93
Purchased Services		315,123.37
Materials and Supplies		1,576.29
Depreciation		97,129.00
		<u> </u>
Total Operating Expenses		<u>507,255.59</u>
Operating Loss		<u>(91,604.97)</u>
NONOPERATING REVENUES		
Interest Income		594.74
		<u> </u>
Change in Net Assets		(91,010.23)
Total Net Assets - Beginning		<u>172,843.24</u>
Total Net Assets - Ending	\$	<u><u>81,833.01</u></u>

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

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2009**

		Governmental Activities - Internal Service Fund
		Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Member Districts	\$	415,650.62
Cash Payments to Suppliers for Goods and Services		(316,699.66)
Cash Payments to Employees for Services		(93,426.93)
		5,524.03
Net Cash Provided by Operating Activities		5,524.03
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income		594.74
		594.74
Net Increase in Cash and Cash Equivalents		6,118.77
Cash and Cash Equivalents, Beginning		74,996.24
		81,115.01
Cash and Cash Equivalents, Ending	\$	81,115.01
 Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$	(91,604.97)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation		97,129.00
		97,129.00
Net Cash Provided by Operating Activities	\$	5,524.03

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

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
FIDUCIARY FUNDS
June 30, 2009**

		Agency Funds
ASSETS		
Cash and Cash Equivalents	\$	566,316.69
LIABILITIES		
Accounts Payable	\$	704.56
Internal Accounts Payable		565,612.13
TOTAL LIABILITIES	\$	566,316.69

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

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Columbia County School District is considered part of the Florida system of public education. The governing body of the school district is the Columbia County District School Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Columbia 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 Columbia School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment. Due to the substantive economic relationship between the Columbia County District School Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.
- **Discretely Presented Component Unit.** The component unit columns in the government-wide financial statements include the financial data of the Columbia County Public Schools Foundation, Inc. (Foundation), which is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit.

The financial data reported on the accompanying statements was derived from the Foundation's audited financial statements for the fiscal year ended June 30, 2009. The audit reports are filed in the District's administrative offices.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School District as a whole. These statements include the 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 expense associated with the District's transportation department is allocated to the pupil transportation services function, while remaining

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

depreciation expense is not readily associated with a particular function and is reported as unallocated.

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

The effects of interfund activity have been eliminated from the government-wide financial statements, except for interfund services provided and used.

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – ARRA Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA).
- Capital Projects – Public Education Capital Outlay Fund – to account for the financial resources generated by the Legislature’s appropriation of gross receipts taxes for the District. These funds are to be used for educational capital outlay needs, including new construction, renovation, maintenance, repairs, and site improvements.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.
- Capital Projects – Other Fund – to account for the financial resources generated by the 2007 Series Certificates of Participation to be used for specified construction projects, and the local capital impact fees to be used for education capital outlay needs.

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

- Internal Service Fund – to account for the resources of the Florida IBM AS/400-TERMS Users’ Group Consortium, for which the District is the predominant user and serves as the fiscal agent.
- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

➤ **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 fund 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. 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, other postemployment benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary funds are accounted for as proprietary activities under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by the Governmental Accounting Standards Board. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. 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 Columbia County Public Schools Foundation, Inc., shown as a discretely presented component unit, is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

➤ **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include 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.

**COLUMBIA COUNTY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Investments consist of amounts placed in SBA Debt Service accounts for investment of debt service moneys, and 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. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

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. The 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 date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within LGIP.

Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

➤ **Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at last invoice, which approximates the first-in, first-out 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 when purchased during the year, and are adjusted at year-end to reflect year-end physical inventories.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000. 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.

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

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	12 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures, and Equipment	3 - 20 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

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

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

Changes in long-term liabilities 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

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

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

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

➤ **District Property Taxes**

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

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

The School Board adopted the 2008 tax levy on September 9, 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 Columbia 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.

➤ **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:

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

3. INVESTMENTS

Section 218.415(17), Florida Statutes, authorizes the District to invest in the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund Investment Pool (LGIP); any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District's investment policy does not further limit its investment choices, and the policy does not limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investments, reported as cash equivalents, with a fair value of \$4,888.04 at June 30, 2009, are in SBA LGIP with a weighted average days to maturity (WAM) of 46 days. 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. The District's investment in LGIP is rated AAAM by Standard & Poor's.

Investments with a fair value of \$182,229.21 are in the SBA Fund B Surplus Funds Trust Fund (Fund B) with a weighted average life (WAL) of 6.87 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL, which also measures the sensitivity of the portfolio to interest rate changes, is based on legal final maturity dates for Fund B as of June 30, 2009. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL. The District's investment in Fund B is unrated.

In addition, the District reports investments totaling \$51,965.01 at June 30, 2009, in the SBA Debt Service accounts to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. These investments consist of United States Treasury Securities, with maturity dates

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

of six months or less, and are reported at fair value. The District relies on policies developed by SBA for managing credit risk for this account.

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Balance 7-1-08	Additions	Deletions	Balance 6-30-09
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 2,837,679.72	\$	\$	\$ 2,837,679.72
Construction in Progress	12,826,798.83	16,487,186.77	27,446,703.93	1,867,281.67
Total Capital Assets Not Being Depreciated	15,664,478.55	16,487,186.77	27,446,703.93	4,704,961.39
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	2,202,064.67	79,484.52		2,281,549.19
Buildings and Fixed Equipment	110,891,539.80	28,732,311.13		139,623,850.93
Furniture, Fixtures, and Equipment	7,256,189.21	228,163.47	624,160.40	6,860,192.28
Motor Vehicles	7,484,341.94	20,298.00	203,075.00	7,301,564.94
Property Under Lease-Purchase	2,259,698.08			2,259,698.08
Audio Visual Materials and Computer Software	1,243,558.29	87,750.56		1,331,308.85
Total Capital Assets Being Depreciated	131,337,391.99	29,148,007.68	827,235.40	159,658,164.27
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	1,451,480.08	122,116.60		1,573,596.68
Buildings and Fixed Equipment	35,614,162.78	1,835,597.66		37,449,760.44
Furniture, Fixtures, and Equipment	6,007,840.27	363,278.72	585,680.23	5,785,438.76
Motor Vehicles	4,573,947.35	599,691.82	203,075.00	4,970,564.17
Property Under Lease-Purchase	451,939.60	45,193.96		497,133.56
Audio Visual Materials and Computer Software	844,251.63	266,261.77		1,110,513.40
Total Accumulated Depreciation	48,943,621.71	3,232,140.53	788,755.23	51,387,007.01
Total Capital Assets Being Depreciated, Net	82,393,770.28	25,915,867.15	38,480.17	108,271,157.26
Governmental Activities Capital Assets, Net	\$ 98,058,248.83	\$ 42,403,053.92	\$ 27,485,184.10	\$ 112,976,118.65

The class of property under lease-purchase is presented in Note 5.

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ 599,691.82
Unallocated	2,632,448.71
	\$ 3,232,140.53
Total Depreciation Expense - Governmental Activities	\$ 3,232,140.53

5. OBLIGATION UNDER LEASE-PURCHASE

An energy management system and related equipment with an asset balance of \$2,259,698.08 are being acquired under a lease-purchase agreement.

Future minimum lease-purchase payments and the present value of the minimum lease payments as of June 30 are as follow:

Fiscal Year Ending June 30	Total	Principal	Interest
2010	\$ 145,382.94	\$ 97,328.88	\$ 48,054.06
2011	145,382.93	103,071.28	42,311.65
2012	145,382.94	109,152.49	36,230.45
2013	145,382.93	115,592.48	29,790.45
2014	145,382.94	122,412.44	22,970.50
2015-2016	290,765.86	266,917.99	23,847.87
	\$ 1,017,680.54	\$ 814,475.56	\$ 203,204.98

The stated interest rate is 5.9 percent.

6. NOTE PAYABLE

Note payable is comprised of the following:

LaSalle National Bank	Balance at 6-30-09
\$4,750,394.02, Borrowed 11-10-1998, Under Provisions of Section 1013.23, Florida Statutes. Interest Rate of 5.9 Percent. Proceeds Used to Finance Renovations, Water Conservation Measures, and Refuse Reduction measures, and to Refinance Phase I of the Energy Savings Contract. Repayment is to be Made Over a 17-Year Period Ending in 2016.	\$ 2,094,365.74

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Amounts payable for the planned extended repayment of the Section 1013.23, Florida Statutes, bank loan are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2010	\$ 373,841.83	\$ 250,274.25	\$ 123,567.58
2011	373,841.84	265,040.44	108,801.40
2012	373,841.83	280,677.82	93,164.01
2013	373,841.84	297,237.82	76,604.02
2014	373,841.83	314,774.84	59,066.99
2015-2016	747,683.68	686,360.57	61,323.11
Total	\$ 2,616,892.85	\$ 2,094,365.74	\$ 522,527.11

7. CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement on July 11, 2007, which was characterized as a lease-purchase agreement, with the Columbia School Board Leasing Corporation (Leasing Corporation) whereby the District secured financing of various educational facilities in the total amount of \$25,685,000. The financing was accomplished through the issuance of Certificates of Participation, Series 2007, 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 Leasing Corporation, with a rental fee of \$10 per year. The initial term of the lease is 25 years commencing on July 1, 2007. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the ground lease agreement for the benefit of the securers of the certificates.

The District properties included in the ground lease under this arrangement include the New Elementary School “AA”, the Fort White Middle School Ten Classroom and Dining Room Addition, the Columbia High School Food Service Building, the Columbia High School Administrative/Guidance Addition, and the Columbia High School Media Center Renovations.

The lease payments are payable by the District semiannually, on July 1 and January 1, at interest rates ranging from 4.0 to 5.0 percent. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

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DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Fiscal Year Ending June 30	Total	Principal	Interest
2010	\$ 1,767,887.50	\$ 645,000.00	\$ 1,122,887.50
2011	1,767,087.50	670,000.00	1,097,087.50
2012	1,770,287.50	700,000.00	1,070,287.50
2013	1,767,287.50	725,000.00	1,042,287.50
2014	1,768,287.50	755,000.00	1,013,287.50
2015-2019	8,845,502.50	4,275,000.00	4,570,502.50
2020-2024	8,845,366.30	5,290,000.00	3,555,366.30
2025-2029	8,841,031.26	6,625,000.00	2,216,031.26
2030-2032	5,389,919.75	4,820,000.00	569,919.75
Total Minimum Lease Payments	\$ 40,762,657.31	\$ 24,505,000.00	\$ 16,257,657.31

8. 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 2005A	\$ 1,595,000	5.0	2017
Series 2005B, Refunding	185,000	5.0	2018
District Revenue Bonds:			
Series 1998, Refunding	<u>2,375,000</u>	4.6 - 5.2	2027
Total Bonds Payable	<u>\$ 4,155,000</u>		

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

➤ **District Revenue Bonds**

These bonds are authorized by Chapter 72-510, Special Acts of 1972, which provides that the bonds be secured from the pari-mutuel tax proceeds distributed annually to Columbia 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 District issued the bonds in 1998 in the amount of \$3 million to provide for the refunding of the Series 1973 Certificates of Indebtedness and financing for the construction of an elementary school and various other capital improvements within the District. The District has pledged, as sole security

**COLUMBIA COUNTY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

for the bonds, the entire annual distribution of pari-mutuel tax proceeds of \$223,250, which is remitted by the Florida Department of Financial Services to the District. The pledged sales tax revenues are committed until final maturity of the debt, or December 1, 2027. Approximately 89 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources therein.

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

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2010	\$ 269,000.00	\$ 180,000.00	\$ 89,000.00
2011	275,000.00	195,000.00	80,000.00
2012	270,250.00	200,000.00	70,250.00
2013	270,250.00	210,000.00	60,250.00
2014	274,750.00	225,000.00	49,750.00
2015-2018	<u>849,000.00</u>	<u>770,000.00</u>	<u>79,000.00</u>
Total State School Bonds	<u>2,208,250.00</u>	<u>1,780,000.00</u>	<u>428,250.00</u>
District Revenue Bonds:			
2010	198,907.50	80,000.00	118,907.50
2011	195,207.50	80,000.00	115,207.50
2012	196,328.75	85,000.00	111,328.75
2013	197,127.50	90,000.00	107,127.50
2014	197,593.75	95,000.00	102,593.75
2015-2019	983,637.50	550,000.00	433,637.50
2020-2024	970,343.75	695,000.00	275,343.75
2025-2028	<u>775,400.00</u>	<u>700,000.00</u>	<u>75,400.00</u>
Total District Revenue Bonds	<u>3,714,546.25</u>	<u>2,375,000.00</u>	<u>1,339,546.25</u>
Total	<u><u>\$ 5,922,796.25</u></u>	<u><u>\$ 4,155,000.00</u></u>	<u><u>\$ 1,767,796.25</u></u>

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

9. 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					
Obligation Under Lease-Purchase	\$ 906,381.96	\$	\$ 91,906.40	\$ 814,475.56	\$ 97,328.88
Note Payable	2,330,696.48		236,330.74	2,094,365.74	250,274.25
Bonds Payable	4,400,000.00		245,000.00	4,155,000.00	260,000.00
Certificates of Participation Payable	25,125,000.00		620,000.00	24,505,000.00	645,000.00
Compensated Absences Payable	6,662,322.39	111,919.03	1,377,833.48	5,396,407.94	700,000.00
Other Postemployment Benefits Payable		1,061,236.00	385,558.00	675,678.00	
Total Governmental Activities	\$ 39,424,400.83	\$ 1,173,155.03	\$ 2,956,628.62	\$ 37,640,927.24	\$ 1,952,603.13

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

10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 89,933.05	\$ 19,092.74
Nonmajor Governmental	19,092.74	89,933.05
Total	\$ 109,025.79	\$ 109,025.79

These interfund amounts are primarily the result of temporary loans to cover cash deficits in pooled accounts until reimbursement from outside sources is obtained.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 652,000.00	\$
Capital Projects:		
Local Capital Improvement	134,945.25	652,000.00
Nonmajor Governmental		134,945.25
Total	\$ 786,945.25	\$ 786,945.25

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

A transfer was made from the Capital Projects – Local Capital improvement Fund to the General Fund for reimbursement of risk management insurance. Transfers to the Capital Projects – Local Capital Improvement Fund were to reimburse construction expenditures on the Richardson Middle School Assembly Building.

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.

Because revenues of grants accounted for in the Special Revenue – ARRA Economic Stimulus Fund are not recognized until expenditures are incurred, these grant funds generally do not accumulate fund balances. Accordingly, no reserve for encumbrances is reported for grant funds. However, purchase orders outstanding for grants accounted for in the Special Revenue – ARRA Economic Stimulus Fund total \$150,141.41 at June 30, 2009.

12. SCHEDULE OF STATE REVENUE SOURCES

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

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 36,655,914.00
Categorical Educational Programs:	
Class Size Reduction	9,904,451.00
Transportation	2,435,993.00
Instructional Materials	951,261.00
School Recognition	616,575.00
Excellent Teaching	196,985.88
Florida Teachers Lead	141,979.00
Class Size Reduction Construction	1,896,546.00
Gross Receipts Tax (Public Education Capital Outlay)	1,678,146.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	364,732.93
Workforce Development Program	322,736.00
Discretionary Lottery Funds	232,935.00
Food Service Supplement	72,974.00
Mobile Home License Tax	40,107.38
Miscellaneous	736,701.97
	<hr/>
Total	<u>\$ 56,248,038.16</u>

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

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

13. PROPERTY TAXES

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

	Millages	Taxes Levied
GENERAL FUND		
Nonvoted School Tax:		
Required Local Effort	5.222	\$ 14,677,037.51
Basic Discretionary Local Effort	0.498	1,399,687.65
Supplemental Discretionary Local Effort	0.250	702,654.01
CAPITAL PROJECTS FUNDS		
Nonvoted Tax:		
Local Capital Improvements	1.750	4,918,578.06
Total	7.720	\$21,697,957.23

14. FLORIDA RETIREMENT SYSTEM

All regular employees of the District are covered by the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of FRS. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

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. The Plan also includes an early retirement provision; however, 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.

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

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in PEORP in lieu of the Plan. District employees participating in DROP are not eligible to participate in PEORP. Employer contributions are defined by law; however, 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, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest after one year of service. There were 119 participants during the 2008-09 fiscal year. Required contributions made to PEORP totaled \$327,928.78.

FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. 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
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	10.91
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.

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 \$4,627,929.18, \$4,766,981.56, and \$4,755,753.17, respectively, which were equal to the required contributions for each fiscal year.

The financial statements and other supplementary 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 supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

15. OTHER POSTEMPLOYMENT BENEFITS

Effective for the 2008-09 fiscal year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment benefits provided by the District. The requirements of this statement

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

are being implemented prospectively, with the actuarially determined liability of \$10,339,679 at the March 1, 2009, date of transition amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment benefits liability at the date of transition.

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

Funding Policy. Contribution requirements of the District and plan members are established and may be amended through recommendations of the Insurance Committee and 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, and the Plan is financed on a pay-as-you-go basis. For the 2008-09 fiscal year, 91 retirees received other postemployment benefits. The District provided required contributions of \$385,558 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees, and net of retiree contributions totaling \$586,317.37, or 1.2 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. 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 for other postemployment benefits:

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

Description	Amount
Normal Cost (service cost for one year)	\$ 702,910
Amortization of Unfunded Actuarial Accrued Liability	344,656
Interest on Normal Cost and Amortization	13,670
Annual Required Contribution	1,061,236
Interest on Net OPEB Obligation	
Adjustment to Annual Required Contribution	
Annual OPEB Cost (Expense)	1,061,236
Contribution Toward the OPEB Cost	(385,558)
Increase in Net OPEB Obligation	675,678
Net OPEB Obligation, Beginning of Year	
Net OPEB Obligation, End of Year	\$ 675,678

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 (year of implementation), were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, 7-1-08	\$		\$ 0
2008-09	1,061,236	36.3%	675,678

Funded Status and Funding Progress. As of March 1, 2009, the most recent valuation date, the actuarial accrued liability for benefits was \$10,339,679, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$10,339,679 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$50,759,127 for the 2008-09 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20.4 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 the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to financial statements presents 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.

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

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 types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District’s initial OPEB actuarial valuation as of March 1, 2009, used the projected unit credit actuarial method to estimate the unfunded actuarial liability as of March 1, 2009, and to estimate the District’s 2008-09 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District’s long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 6.4 percent initially for the 2009 calendar year, reduced by various percentages each year, to an ultimate rate of 4.9 percent after 60 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was 29 years.

16. CONSTRUCTION CONTRACT COMMITMENTS

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

Project	Contract Amount	Completed to Date	Balance Committed
Fort White Elementary Eight-Classroom Addition:			
Architect	\$ 67,491.60	\$ 61,822.31	\$ 5,669.29
Contractor	809,867.76	424,181.27	385,686.49
Columbia High School Classroom Renovations:			
Architect	83,951.00	80,592.96	3,358.04
Contractor	854,299.01	621,898.42	232,400.59
Fort White Middle School 7th and 8th Grade Wings:			
Architect	201,250.00	40,250.00	161,000.00
Total	\$ 2,016,859.37	\$ 1,228,744.96	\$ 788,114.41

17. CONSORTIUM

The District is a member of, and the fiscal agent for, the Florida IBM AS/400-TERMS Users’ Group Consortium (Consortium). The Consortium is an association of several school districts. The purpose of the Consortium is to identify common needs, concerns, and strategies to the automation of the school system data. Financial activities are accounted for in an internal service fund. Since the District is the predominant participant in the Consortium, the District has established an internal service fund to account for the Consortium’s resources and operations.

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

18. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Columbia County District School Board is a member of the North East Florida Educational Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for the Consortium.

Health and hospitalization coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage. The District also participates in a supplemental employee group insurance program administered through the Consortium for life, dental, vision, disability, and accidental death and dismemberment. Premiums charged for these supplemental programs are based on each individual district's claims experience, and the program operates as an individually-funded plan by each participating district with shared administrative costs and a pooling of plan assets for working capital.

The claims liability of \$72,340.06 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2009. The following schedule represents the changes in claims liability for the past two fiscal years for the District's self-insurance programs through the Consortium:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2007-08	\$ 94,933.93	\$ 896,381.23	\$ (918,975.10)	\$ 72,340.06
2008-09	72,340.06	948,208.28	(948,208.28)	72,340.06

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

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2009**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 767,115.00	\$ 933,073.95	\$ 933,073.95	\$
Federal Through State and Local	110,000.00	982,645.52	982,645.52	
State	54,115,952.01	52,017,230.52	52,017,230.52	
Local:				
Property Taxes	16,549,437.00	15,971,508.18	15,971,508.18	
Miscellaneous	500,626.00	1,258,299.78	1,139,508.39	(118,791.39)
Total Revenues	72,043,130.01	71,162,757.95	71,043,966.56	(118,791.39)
Expenditures				
Current - Education:				
Instruction	41,448,538.06	45,046,758.29	45,046,758.29	
Pupil Personnel Services	4,018,458.00	3,989,118.60	3,989,118.60	
Instructional Media Services	1,005,375.00	1,305,014.16	1,305,014.16	
Instruction and Curriculum Development Services	839,933.05	730,207.38	730,207.38	
Instructional Staff Training Services	266,500.00	371,594.33	371,594.33	
Instruction Related Technology	486,736.00	663,392.06	663,392.06	
Board of Education	3,153,625.00	395,219.97	395,219.97	
General Administration	379,717.00	626,403.52	626,403.52	
School Administration	3,787,358.28	3,939,246.11	3,939,246.11	
Facilities Acquisition and Construction	100,000.00			
Fiscal Services	390,173.00	395,025.17	395,025.17	
Food Services		12,856.01	12,856.01	
Central Services	854,317.45	897,912.39	897,912.39	
Pupil Transportation Services	5,224,088.93	4,602,876.93	4,602,876.93	
Operation of Plant	5,651,720.00	6,820,001.23	6,820,001.23	
Maintenance of Plant	2,008,019.00	1,882,016.66	1,882,016.66	
Administrative Technology Services	432,149.38	418,484.62	418,484.62	
Community Services	303,315.00	343,895.91	343,895.91	
Fixed Capital Outlay:				
Facilities Acquisition and Construction		3,765.00	3,765.00	
Other Capital Outlay		78,954.44	78,954.44	
Total Expenditures	70,350,023.15	72,522,742.78	72,522,742.78	
Excess (Deficiency) of Revenues Over Expenditures	1,693,106.86	(1,359,984.83)	(1,478,776.22)	(118,791.39)
Other Financing Sources				
Transfers In	652,000.00	652,000.00	652,000.00	
Insurance Loss Recoveries	20,000.00	39,698.08	39,698.08	
Total Other Financing Sources	672,000.00	691,698.08	691,698.08	
Net Change in Fund Balances	2,365,106.86	(668,286.75)	(787,078.14)	(118,791.39)
Fund Balances, Beginning	5,492,122.83	5,492,122.83	5,492,122.83	
Fund Balances, Ending	\$ 7,857,229.69	\$ 4,823,836.08	\$ 4,705,044.69	\$ (118,791.39)

Special Revenue - ARRA Economic Stimulus Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$	\$ 638,796.00	\$ 271,388.05	\$ (367,407.95)
	638,796.00	271,388.05	(367,407.95)
	127,759.20		127,759.20
	6,388.00		6,388.00
	197,432.80		197,432.80
	307,216.00	271,388.05	35,827.95
	638,796.00	271,388.05	367,407.95
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
March 1, 2009	\$ 0	\$ 10,339,679	\$ 10,339,679	0.0%	\$ 50,759,127	20.4%

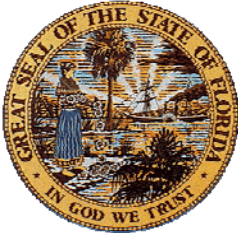
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Education:				
School Breakfast Program	10.553	321	\$ 615,647.62	\$
National School Lunch Program	10.555	300, 350	2,207,032.63	
Summer Food Service Program for Children	10.559	323	56,950.21	
Florida Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555 (2)	None	277,985.00	
Total Child Nutrition Cluster			3,157,615.46	
Florida Department of Financial Services:				
Secure Payments for States and Counties Containing Federal Lands	10.665	None	176,307.50	
Total United States Department of Agriculture			3,333,922.96	
United States Department of Education:				
Direct:				
Literacy Through School Libraries	84.364	N/A	259,751.89	
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	265,526.00	
Fund for the Improvement of Education	84.215	N/A	361,402.37	
Total Direct			886,680.26	
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	2,364,191.79	59,384.28
Special Education - Preschool Grants	84.173	267	81,369.77	
Putnam County District School Board:				
Special Education - Grants to States	84.027	None	91,346.75	
Total Special Education Cluster			2,536,908.31	59,384.28
Florida Department of Education:				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	212, 222, 226, 228	2,983,993.38	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212	271,388.05	
Total Title I, Part A Cluster			3,255,381.43	
Adult Education - Basic Grants to States	84.002	191, 193	175,198.35	
Career and Technical Education - Basic Grants to States	84.048	161	261,901.00	
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	53,138.00	
Even Start - State Educational Agencies	84.213	219	153,624.23	
Twenty-First Century Community Learning Centers	84.287	244	484,540.91	
Education Technology State Grants	84.318	121, 122	713,105.89	
Transition to Teaching	84.350	227	36,799.62	
Rural Education	84.358	110	99,093.43	
Improving Teacher Quality State Grants	84.367	224	615,676.29	
Putnam County District School Board:				
Reading First State Grants	84.357	None	135,731.97	
Early Reading First	84.359	None	64,103.54	
Total Indirect			8,585,202.97	59,384.28
Total United States Department of Education			9,471,883.23	59,384.28
Corporation for National and Community Service:				
Indirect:				
Florida Department of Education:				
Learn and Serve America - School and Community Based Programs	94.004	234	11,789.50	
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	41,249.69	
Total Expenditures of Federal Awards			\$ 12,858,845.38	\$ 59,384.28

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

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



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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Columbia 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 discretely presented component unit, as described in our report on the Columbia County District School Board's financial statements. For the school internal funds, this report does not include the results of the auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Columbia County Public Schools Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *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.

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

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

Compliance and Other Matters

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

We noted certain additional matters that are discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report.

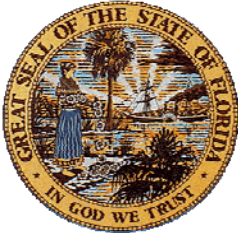
Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on it.

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
March 9, 2010



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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 Columbia 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB *Circular A-133* and which is described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding No. 1.

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 control 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.

Management's response to the findings 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
March 9, 2010

**COLUMBIA 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)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of 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 <i>Circular A-133</i> ?	Yes
Identification of major programs:	Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559); Title I, Part A Cluster (CFDA Nos. 84.010 and 84.389); Fund for the Improvement of Education (CFDA No. 84.215); Education Technology State Grants (CFDA No. 84.318); and Improving Teacher Quality State Grants (CFDA No. 84.367)
Dollar threshold used to distinguish between Type A and Type B programs:	\$385,765
Auditee qualified as low-risk auditee?	Yes

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

ADDITIONAL MATTERS

Finding No. 1: Personnel and Payroll

As similarly noted in our report No. 2009-065, procedures could be improved to document employee work time. Contracted employees are paid on a payroll by exception basis in which employees receive their regular pay each period, unless leave is taken to reduce their salary. The payments are based on a payroll exception report that shows contracted employee leave taken, leave without pay, and any other changes to regular salary payments, and hourly employee wages. At certain locations, employees maintain time sheets to document their arrival and departure times.

Our test of District records for 25 employees at 11 cost centers disclosed that time sheets did not evidence supervisory review and approval at 6 cost centers for 7 instructional and 4 noninstructional employees tested. Our review of payroll exception reports disclosed that the reports were signed and approved by the principals and supervisors; however, since the reports only included employees whose regular pay was changed, it did not provide sufficient, appropriate evidence that these 11 employees worked the designated times. Although our audit tests did not disclose any instances of incorrect salary payments or leave incorrectly posted, when work attendance and leave taken are not timely verified of record, the risk increases that employees may be incorrectly compensated and employee leave balances may be inaccurate.

Recommendation: The District should enhance its payroll processing procedures to ensure that employee work time is appropriately documented, including supervisory review and approval of such time.

Finding No. 2: Collection of Social Security Numbers

The Legislature has acknowledged in Section 119.071(5)(a), Florida Statutes, the necessity of collecting social security numbers (SSNs) for certain purposes because of their acceptance over time as a unique number for identity verification and other legitimate purposes. The Legislature has also recognized that SSNs can be used to acquire sensitive personal information, the release of which could result in fraud against individuals, causing them financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information to ensure its confidential status.

Section 119.071(5)(a), Florida Statutes, provides, in part, that the District:

- may not collect an individual's SSN unless the District has stated in writing the purpose for its collection and unless it is specifically authorized by law to do so or it is imperative for the performance of the District's duties and responsibilities as prescribed by law;
- must provide the individual with a copy of the written statement indicating the purpose for collecting the SSN and stating whether collection of the SSN is authorized or mandatory under Federal or State law;
- may not use SSNs collected for any purpose other than the purpose provided in the written statement; and

- shall review whether its collection of SSNs is in compliance with the above requirements and immediately discontinue the collection of SSNs for purposes that are not in compliance.

District personnel indicated that the District collects SSNs from employees, applicants for employment, students, and vendors who do not have a Federal identification number. The District assigned employee identification numbers to each employee, but maintained SSNs for income tax and social security reporting purposes. However, as also noted in our report No. 2009-065, the District did not conduct the required review and evaluation of its collection of SSNs or prepare written statements notifying individuals of the purpose for collection of the numbers, contrary to the above law. District personnel indicated that this noncompliance occurred because there were some relatively new employees in the personnel department who were not fully aware of the SSN requirements. Effective controls to properly monitor the need for and use of SSNs and ensure compliance with statutory requirements reduce the risk that SSNs may be used for unauthorized purposes.

Recommendation: The District should take appropriate action to ensure compliance with Section 119.071(5)(a), Florida Statutes. Such action should include an evaluation of the reasons the District collects SSNs from individuals. In those instances in which the District determines that collection of the SSNs is not required by law or imperative for performance of its duties and responsibilities, the District should discontinue obtaining such numbers.

Finding No. 3: Information Technology – Written Policies and Procedures

Each information technology (IT) function needs complete, well-documented policies and procedures to describe the scope of the function and its activities. Sound policies and procedures provide benchmarks against which compliance can be measured and contribute to an effective control environment.

As similarly noted in our report No. 2009-065, the District lacked written policies and procedures for the following IT functions:

- Administering vendor-supplied identification codes (IDs), user IDs, administrator IDs, administrator passwords, and guest accounts.
- Granting least privilege for service and application accounts.
- Defining system and database administration responsibilities.
- Prohibiting administrator rights on workstations of end users.
- Defining access privileges and responsibilities of end-user support staff.
- Resetting user passwords, including positive identification of the user.

Without written policies and procedures, the risk is increased that IT controls may not be followed consistently and in a manner pursuant to management's expectations.

Recommendation: The District should establish written policies and procedures to document management's expectations for the performance of the above-listed IT functions.

Finding No. 4: Information Technology – Program Change Controls

Effective controls over changes to application programs and systems are intended to ensure that only authorized and properly functioning changes are implemented. Program change controls include procedures to ensure that all changes are properly authorized, tested, and approved for implementation. Program change controls that are typically

employed to ensure the continued integrity of application systems include providing written evidence of the program change process, independent testing and approval of program changes, separating the responsibility for moving approved changes into the production environment from employees who develop the changes, and separating database responsibilities from employees who develop programs.

As similarly noted in our report No. 2009-065, the District did not have a formal program change methodology and did not restrict programmers from accessing or updating production data. Without effective program change controls, the risk is increased that unauthorized or erroneous programs, including changes or patches, could be moved into the production environment without timely detection.

Recommendation: The District should implement a formal program change methodology that includes maintaining written evidence of the program change process and independent testing and approval of program changes. The District should also restrict programmers from accessing production tables and separate the responsibilities for developing and moving program changes.

Finding No. 5: Information Technology – Review of Logs

Monitoring access to and modification of sensitive or critical tables, files, or transactions helps ensure the confidentiality, integrity, and availability of data and IT resources. As similarly noted in our report No. 2009-065, the District logged modifications of sensitive or critical tables, files, and transactions; however, there was no periodic review of the logs. Failure to review logs could preclude timely detection of inappropriate access to District data and IT resources, increasing the risk that District data and IT resources may be subject to improper disclosure, modification, or destruction.

Recommendation: The District should implement procedures to review logs of modifications of sensitive or critical tables, files, and transactions.

Finding No. 6: Information Technology – Security Controls – User Authentication

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. As similarly noted in our report No. 2009-065, our audit disclosed certain security controls related to user authentication that needed improvement. We are not disclosing specific details of the issue in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issue. Without adequate security controls, the confidentiality, integrity, and availability of data and IT resources may be compromised, increasing the risk that District data and IT resources may be subject to improper disclosure, modification, or destruction.

Recommendation: The District should improve security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

FEDERAL AWARDS FINDING AND QUESTIONED COSTS

Federal Awards Finding No. 1:
Federal Agency: United States Department of Education
Pass-Through Entity: Florida Department of Education
Program: Improving Teacher Quality State Grants (CFDA No. 84.367)
Finding Type: Noncompliance
Questioned Costs: Not Applicable

Allowable Costs/Cost Principles – Documentation of Time and Effort. The United States Office of Management and Budget Circular A-87 provides that charges to Federal awards for salaries and wages be based on payrolls documented in accordance with generally accepted practices of the governmental unit and approved by a responsible official of the governmental unit.

During the 2008-09 fiscal year, the District paid salaries and benefits totaling \$527,274.88 to employees working in the Improving Teacher Quality program. To determine whether the District maintained adequate, sufficient evidence to support the propriety of salaries paid from the program, we requested District records to support salary payments, totaling approximately \$261,000, for nine employees.

Recommendation: The District should implement procedures to ensure that employees who work solely on a single cost objective complete semiannual certifications, and that employees who work on multiple cost activities complete monthly personnel activity reports.

District Contact Person: Mary Loughran, Director of Finance

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the District had taken corrective actions for findings included in our report No. 2009-065.

MANAGEMENT’S RESPONSE

Management’s response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*COLUMBIA 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
2009-065 (1)	Special Education Cluster (CFDA Nos. 84.027, 84.173) / Suspension and Debarment	The District paid \$250,040 to four vendors for contracted services without verifying that they were not suspended or debarred.	Corrected	

EXHIBIT A
MANAGEMENT’S RESPONSE

COLUMBIA COUNTY SCHOOL DISTRICT
OFFICE OF THE SUPERINTENDENT

372 WEST DUVAL STREET
LAKE CITY, FLORIDA 32055-3990
(386) 755-8000 • FAX (386) 755-8029
E-Mail: millikin_m@fsm.edu
website: www.columbia.k12.fl.us

MICHAEL F. MILLIKIN
SUPERINTENDENT

ALEX L. CARSWELL, JR
ASSISTANT SUPERINTENDENT
FOR INSTRUCTION

NARRAGANSETT M. SMITH
ASSISTANT SUPERINTENDENT
FOR ADMINISTRATION



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LINARD JOHNSON
CHARLES H. MAXWELL
STEVE NELSON

March 9, 2010

Mr. David W. Martin
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

This letter is written on behalf of the Columbia County District School Board. It is the official response to your letter dated February 9, 2010, regarding the Fiscal Year 2008-09 audit completed by your staff.

Finding No. 1: Personnel and Payroll - The District has implemented procedures to correct this deficiency. Each payroll pre-list includes not only “exceptions” but all other employees without any exceptions. The two lists, exceptions and all others, are generated, reviewed and signed by the cost center supervisor and then turned into payroll for processing each payroll period.

Finding No. 2: Collection of Social Security Numbers - The District will continue to make every effort to meet the statutory requirements for the collection of social security numbers to ensure compliance with State and Federal regulations. Some of the intermediate steps include: notice on District website; revised employment application, volunteer, and student registration forms; and a revision to the student progression plan. All the revisions made to provide proper notice of the purpose and specific use for collecting social security numbers along with the statutory requirement mandating these revisions.

Finding No. 3: Information Technology – Written Policies and Procedures – The District will enhance the written procedures for Information Technology functions. Procedures for accessing the District data base will be improved and distributed to the appropriate staff.

Finding No. 4: Information Technology - Program Change Controls - The District is implementing procedures to document program changes and restrict programmers from production data. These controls are constrained due to the limited number of staff.

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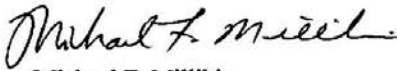
Finding No. 5: Information Technology – Review of Logs - The District will improve the schedule to review the activity logs. The logs will be evaluated and findings documented on a monthly basis.

Finding No. 6: Information Technology – Security Controls – User Authentication – The District will improve security controls of the District data base and Information Technology resources to meet the audit recommendation.

Federal Awards Finding No. 1: Allowable Costs / Cost Principles – Improving Teacher Quality State Grants (CFDA No. 84.367) – The District has reminded all federal grant coordinators of the requirements for certifying time worked in a federal award by requiring the following:

All federally funded positions will be required to provide a semi-annual certification that they work 100% in their job if the position is 100% funded by a federal grant and monthly time and effort logs will be prepared of all employees funded with a combination of federal and general funds.

Sincerely,



Michael F. Millikin
Superintendent
Columbia County School Board

Cc: Board Members
Narragansett Smith, Assistant Superintendent
Lex Carswell, Assistant Superintendent
Mary Loughran, Director of Finance
Roger Noll, Director of Data Processing
Frank Moore, Director, Human Resources
Federal Grant Coordinators