

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

JUNE 30, 2010

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INDEPENDENT AUDITORS' REPORT

Alachua County District School Board
and Superintendent
Gainesville, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charter Schools or the Alachua County Public School Foundation, which comprise the discretely presented component units of the District. The discretely presented component units' financial statements were audited by other auditors whose reports have been provided to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the District's discretely presented component units is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Alachua County Public Schools Foundation, Inc., were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Certified Public Accountants

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

Alachua County District School Board
and Superintendent
Gainesville, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 9 and 50 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Purris, Gray and Company, LLP

January 12, 2011
Gainesville, Florida

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Alachua County District School Board has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the District's financial activities, (c) identify changes in the District's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010 fiscal year are as follows:

- The District's total net assets increased by \$6 million, or 7 percent.
- General revenues total \$257 million, or 92 percent of all revenues in the 2010 fiscal year, as compared to \$241 million, or 90 percent for the 2009 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$22 million, or 8 percent as compared to \$25 million, or 10 percent in the prior year.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$18.7 million at June 30, 2010, or 10 percent of General Fund expenditures as compared to \$11.7 million, or 6 percent at June 30, 2009.
- During the current year, General Fund revenues exceeded expenditures by \$7 million. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$8.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

Government-Wide Financial Statements

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

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Government-Wide Financial Statements (Concluded)

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the state's education finance program provide most of the resources that support these activities.
- Component units – The District presents 14 separate legal entities as discretely presented component units, including 13 charter schools and one foundation. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units are reported separately from the financial information presented for the primary government.
- The Alachua County School Board Leasing Corporation, (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the Board and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

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

Fund Financial Statements

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

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

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fund Financial Statements (Concluded)

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

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

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net assets as of June 30, 2010, compared to net assets as of June 30, 2009:

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Net Assets, End of Year

	Governmental Activities	
	6-30-10	6-30-09
Current and Other Assets	\$ 75,467,203	\$ 66,863,214
Capital Assets	139,195,650	152,204,614
Total Assets	\$ 214,662,853	\$ 219,067,828
Long-Term Liabilities	107,585,751	118,526,395
Other Liabilities	9,540,257	9,890,832
Total Liabilities	\$ 117,126,008	\$ 128,417,227
Net Assets:		
Invested in Capital Assets - Net of Debt	61,783,953	64,509,614
Restricted	41,975,493	31,119,817
Unrestricted (Deficit)	(6,222,601)	(4,978,830)
Total Net Assets	\$ 97,536,845	\$ 90,650,601

The largest portion of the District's net assets (63 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net assets (43 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets may be used to meet the government's ongoing obligations to students, employees, and creditors.

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2010, and June 30, 2009, are as follows:

Operating Results for the Year

	Governmental Activities	
	6-30-10	6-30-09
Program Revenues:		
Charges for Services	\$ 7,373,207.44	\$ 7,862,181.83
Operating Grants and Contributions	12,822,627.14	13,206,933.48
Capital Grants and Contributions	2,495,508.76	4,466,714.32
General Revenues:		
Property Taxes, Levied for Operational Purposes	98,866,065.99	78,775,445.44
Property Taxes, Levied for Debt Service	8,454,661.04	8,524,620.23
Property Taxes, Levied for Capital Projects	16,488,114.39	23,150,949.96
Grants and Contributions Not Restricted to Specific Programs	129,542,202.62	126,927,929.93
Unrestricted Investment Earnings	697,478.84	887,389.19
Miscellaneous	3,928,649.01	2,594,772.11
Total Revenues	\$ 280,668,515.23	\$ 266,396,936.49
Functions/Program Expenses:		
Instruction	\$ 131,718,491.02	\$ 127,211,053.29
Pupil Personnel Services	14,540,390.79	14,604,056.51
Instructional Media Services	4,699,737.85	4,515,360.61
Instruction and Curriculum Development Services	11,223,622.98	10,176,969.00
Instructional Staff Training	3,575,651.20	3,991,669.27
Instruction Related Technology	2,842,681.66	2,900,791.74
Board of Education	755,084.64	776,309.37
General Administration	1,976,243.86	1,466,690.22
School Administration	12,996,241.26	12,775,171.28
Facilities Acquisition and Construction	6,456,971.70	9,004,681.00
Fiscal Services	1,555,820.89	1,547,689.87
Food Services	11,060,816.02	11,304,699.00
Central Services	3,329,335.78	3,284,368.25
Pupil Transportation Services	11,357,592.99	10,331,116.74
Operation of Plant	22,018,188.42	22,312,257.15
Maintenance of Plant	5,008,407.68	5,099,611.25
Administrative Technology Services	1,321,038.96	1,543,077.42
Community Services	3,149,132.02	3,324,216.61
Interest on Long-Term Debt	4,091,089.20	4,652,266.08
Unallocated Depreciation Expenses	20,105,732.16	17,351,699.58
Total Functions/Program Expenses	\$ 273,782,271.08	\$ 268,173,754.24
Increase (Decrease) in Net Assets	\$ 6,886,244.15	\$ (1,776,817.75)

State revenues decreased by \$16 million or 14 percent, primarily due to a decrease Florida Education Finance Program (FEFP) and Public Education Capital Outlay funding. Local tax revenue increased \$13 million or 12 percent, due to an additional tax levy for operating purposes. The largest revenue source is local tax revenue (44 percent).

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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.

Other State revenues are primarily for meeting the requirements of the Class Size Amendment. Other State revenues decreased by \$2.8 million, or 6.2 percent, from the previous year due the reduction of Class Size Reduction Operating Funds.

Instructional expenses represent 61 percent of total governmental expenses in the 2009-10 fiscal year. Instructional expenses increased by \$4.6 million, or 2.8 percent, from the previous year due mainly to an increase in employee pay, employment of additional instructional staff related to class size reduction.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance is \$20.3 million, while the total fund balance is \$32.9 million. The unreserved fund balance increased by \$7.2 million, while the total fund balance increased by \$11.6 million during the fiscal year. Key factors in this growth are as follows:

- Total Revenue increased by \$6 million due mainly to the additional tax levy
- Total Expenditures decreased by \$8.6 million, due mainly to receiving the Federal Stimulus Funds recorded in the ARRA Federal; Stimulus Funds. The funds were used to pay for annual contract teachers' salaries.

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

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

The Capital Projects - Local Capital Improvement Fund has a total fund balance of \$15.5 million, all of which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance decreased in the current year due to the completion of renovations of various facilities and the purchases of buses.

The Capital Projects - Other Fund has a total fund balance of \$7.3, all of which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance decreased in the current year due to the completion of various facilities listed in our Certificate of Participation agreements.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

ALACHUA COUNTY DISTRICT SCHOOL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Concluded)

OTHER MATTERS OF SIGNIFICANCE

The Alachua county voters approved an additional millage levy for operating purposes during the November 2008 election. The District budgeted \$13 million in local tax revenue from the additional millage for the 2010-11 fiscal year. The proceeds from the additional millage levy are to be used to restore and continue specific programs per the voter referendum. The levy will require voter approval in 2012 to continue beyond the 2012-13 fiscal year. The District also received State Fiscal Stabilization funding as part of the American Reinvestment and Recovery Act of 2009 to offset the reductions in State revenue. The District budgeted \$8.5 million in State Fiscal Stabilization Funds for the 2010-11 fiscal year. The State Fiscal Stabilization funds were awarded for two years and will require additional legislative action to extend beyond the 2010-11 fiscal year.

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

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$139 million (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; construction in progress; and computer software.

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

- Construction in progress at June 30, 2010, includes various classroom additions and multi-purpose buildings.

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

Long-Term Debt

At June 30, 2010, the District has total long-term debt outstanding of \$84.4 million. This amount is comprised of \$14.3 million of bonds payable and \$70.1 million of certificates of participations payable. During the year, retirement of debt amounted to \$11.5 million.

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

REQUESTS FOR INFORMATION

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

FINANCIAL STATEMENTS

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government	Total Nonmajor
	Governmental	Component
ASSETS	Activities	Units
Cash and Cash Equivalents	\$ 52,662,903.61	\$ 3,402,129.00
Investments	17,927,878.19	286,222.00
Accounts Receivable, Net	33,073.87	43,064.00
Interest Receivable	0.00	188.00
Deposits Receivable	0.00	36,480.00
Due from Other Agencies	3,126,798.46	3,153.00
Inventory	1,716,548.81	0.00
Prepaid Items	0.00	44,805.00
<i>Restricted Assets:</i>		
Cash with Fiscal Agent	0.00	1,241,884.00
<i>Capital Assets:</i>		
Land	5,663,696.69	573,332.00
Land Improvements - Nondepreciable	0.00	103,703.00
Construction in Progress	516,889.67	0.00
Improvements Other Than Buildings	33,964,368.44	875,368.00
(Less Accumulated Depreciation)	(19,277,664.22)	(291,750.00)
Buildings and Fixed Equipment	327,330,876.59	3,835,947.00
(Less Accumulated Depreciation)	(215,798,082.56)	(585,316.00)
Furniture, Fixtures and Equipment	24,828,505.64	1,220,279.00
(Less Accumulated Depreciation)	(18,182,000.54)	(907,081.00)
Motor Vehicles	17,365,339.10	22,681.00
(Less Accumulated Depreciation)	(17,281,708.10)	(22,681.00)
Property Under Capital Leases	3,580,564.00	60,620.00
(Less Accumulated Depreciation)	(3,580,564.00)	(21,903.00)
Computer Software	4,263,208.76	38,979.00
(Less Accumulated Amortization)	(4,197,779.02)	(36,264.00)
Total Assets	\$ 214,662,853.39	\$ 9,923,839.00
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Salaries and Wages Payable	\$ 743,055.95	141,221.00
Payroll Deductions and Withholdings	6,084,041.60	30,920.00
Accounts Payable	1,899,114.70	233,881.00
Construction Contracts Payable	359,217.26	0.00
Construction Contracts Retainage Payable	141,016.42	0.00
Deposits Payable	44,545.33	0.00
Due to Other Agencies	173,944.19	61,200.00
Sales Tax Payable	2,309.67	0.00
Deferred Revenue	93,012.19	706.00
<i>Noncurrent Liabilities:</i>		
<i>Portion Due Within One Year:</i>		
Section 1011.13, F.S., Notes Payable	0.00	4,800.00
Notes Payable	0.00	152,870.00
Bonds Payable	5,230,000.00	0.00
Liability for Compensated Absences	2,258,292.20	5,200.00
Certificates of Participation Payable	3,135,000.00	0.00
<i>Portion Due After One Year:</i>		
Notes Payable	0.00	1,716,548.00
Bonds Payable	9,040,000.00	0.00
Liability for Compensated Absences	18,803,458.82	0.00
Certificates of Participation Payable	66,981,000.00	0.00
Other Post-employment Benefits Obligation	2,138,000.00	0.00
Total Liabilities	117,126,008.33	2,347,346.00

See accompanying notes.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010
(Concluded)

	<u>Primary Government Governmental Activities</u>	<u>Total Nonmajor Component Units</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ 61,783,952.59	\$ 3,025,368.00
<i>Restricted For:</i>		
Categorical Carryover Programs	3,510,037.77	0.00
Food Service	2,476,868.00	0.00
Debt Service	6,221,563.93	0.00
Capital Projects	23,392,551.36	212,098.00
Other Purposes	6,374,472.37	2,139,325.00
Unrestricted	(6,222,600.96)	2,199,702.00
Total Net Assets	<u>\$ 97,536,845.06</u>	<u>\$ 7,576,493.00</u>
 Total Liabilities and Net Assets	 <u>\$ 214,662,853.39</u>	 <u>\$ 9,923,839.00</u>

See accompanying notes.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2010**

FUNCTIONS	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<i>Governmental Activities:</i>			
Instruction	\$ 131,718,491.01	\$ 2,916,762.33	\$ 0.00
Pupil Personnel Services	14,540,390.79	0.00	0.00
Instructional Media Services	4,699,737.85	0.00	0.00
Instruction and Curriculum Development Services	11,223,622.98	0.00	0.00
Instructional Staff Training Services	3,575,651.20	0.00	0.00
Instruction Related Technology	2,842,681.66	0.00	0.00
School Board	755,084.64	0.00	0.00
General Administration	1,976,243.86	0.00	0.00
School Administration	12,996,241.26	0.00	0.00
Facilities Acquisition and Construction	6,456,971.70	0.00	0.00
Fiscal Services	1,555,820.89	0.00	0.00
Food Services	11,060,816.02	3,975,058.45	7,824,947.14
Central Services	3,329,335.78	0.00	0.00
Pupil Transportation	11,357,592.99	481,386.66	4,997,680.00
Operation of Plant	22,018,188.42	0.00	0.00
Maintenance of Plant	5,008,407.68	0.00	0.00
Administrative Technology Services	1,321,038.96	0.00	0.00
Community Services	3,149,132.02	0.00	0.00
Interest on Long-term Debt	4,091,089.20	0.00	0.00
Unallocated Depreciation/Amortization Expense*	20,105,732.16	0.00	0.00
Total Primary Government	<u>\$ 273,782,271.07</u>	<u>\$ 7,373,207.44</u>	<u>\$ 12,822,627.14</u>
<i>Component Units:</i>			
Total Nonmajor Component Units	<u>\$ 10,135,902.00</u>	<u>\$ 232,902.00</u>	<u>\$ 224,353.00</u>

General Revenues

Taxes:

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

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

Change in Net Assets

Net Assets - July 1, 2009
Net Assets - June 30, 2010

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

See accompanying notes.

Program Revenues	Net (Expense) Revenue and Changes in Net Assets	
Capital Grants and Contributions	Primary Government Governmental Activities	Total Nonmajor Component Units
\$ 0.00	\$ (128,801,728.68)	\$ 0.00
0.00	(14,540,390.79)	0.00
0.00	(4,699,737.85)	0.00
0.00	(11,223,622.98)	0.00
0.00	(3,575,651.20)	0.00
0.00	(2,842,681.66)	0.00
0.00	(755,084.64)	0.00
0.00	(1,976,243.86)	0.00
0.00	(12,996,241.26)	0.00
833,598.64	(5,623,373.06)	0.00
0.00	(1,555,820.89)	0.00
0.00	739,189.57	0.00
0.00	(3,329,335.78)	0.00
0.00	(5,878,526.33)	0.00
0.00	(22,018,188.42)	0.00
754,169.00	(4,254,238.68)	0.00
0.00	(1,321,038.96)	0.00
0.00	(3,149,132.02)	0.00
907,741.12	(3,183,348.08)	0.00
0.00	(20,105,732.16)	0.00
<u>\$ 2,495,508.76</u>	<u>\$ (251,090,927.73)</u>	<u>\$ 0.00</u>
<u>\$ 674,373.00</u>	<u>\$ 0.00</u>	<u>\$ (9,004,274.00)</u>
	98,866,065.99	0.00
	8,454,661.04	0.00
	16,488,114.39	0.00
	129,542,202.62	9,432,485.00
	697,478.84	6,907.00
	3,928,649.01	175.00
	<u>257,977,171.89</u>	<u>9,439,567.00</u>
	6,886,244.16	435,293.00
	90,650,600.90	7,141,200.00
	<u>\$ 97,536,845.06</u>	<u>\$ 7,576,493.00</u>

See accompanying notes.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Other Federal Programs</u>	<u>ARRA Economic Stimulus Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 34,347,930.63	\$ 392,259.13	\$ 114,079.91
Investments	3,213,707.48	0.00	0.00
Accounts Receivable, Net	0.00	33,073.87	0.00
<i>Due From Other Funds:</i>			
Budgetary Funds	749,403.77	0.00	0.00
Internal Funds	11,273.39	0.00	0.00
Due from Other Agencies	944,430.65	134,255.69	314,743.52
Inventory	1,269,730.65	0.00	0.00
Total Assets	<u><u>\$ 40,536,476.57</u></u>	<u><u>\$ 559,588.69</u></u>	<u><u>\$ 428,823.43</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries, Benefits and Payroll Taxes Payable	\$ 475,821.90	\$ 63,260.38	\$ 188,124.86
Payroll Deductions and Withholdings	5,778,607.99	109,578.98	162,805.55
Accounts Payable	1,158,934.65	251,690.33	41,195.78
Construction Contracts Payable	0.00	0.00	0.00
Construction Contracts Payable-Retained Percentage	0.00	0.00	0.00
Sales Tax Payable	2,309.67	0.00	0.00
Deposits Payable	44,545.33	0.00	0.00
Due to Other Agencies	0.00	135,059.00	33,957.24
<i>Due to Other Funds:</i>			
Budgetary Funds	260,097.50	0.00	2,740.00
<i>Deferred Revenue:</i>			
Unearned Revenue	0.00	0.00	0.00
Total Liabilities	<u><u>7,720,317.04</u></u>	<u><u>559,588.69</u></u>	<u><u>428,823.43</u></u>
FUND BALANCES			
<i>Reserved For:</i>			
State Required Carryover Programs	3,510,037.77	0.00	0.00
Encumbrances	1,397,857.07	0.00	0.00
Inventory	1,269,730.65	0.00	0.00
Other Purposes	6,374,472.37	0.00	0.00
<i>Unreserved:</i>			
<i>Designated for, Reported in:</i>			
Federal Terminal Benefit	1,044,018.73	0.00	0.00
Other State and Local Grants	1,326,936.21	0.00	0.00
<i>Undesignated, Reported in:</i>			
General Fund	17,893,106.73	0.00	0.00
Special Revenue Funds	0.00	0.00	0.00
Debt Service Funds	0.00	0.00	0.00
Capital Projects Funds	0.00	0.00	0.00
Total Fund Balances	<u><u>32,816,159.53</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 40,536,476.57</u></u>	<u><u>\$ 559,588.69</u></u>	<u><u>\$ 428,823.43</u></u>

See accompanying notes.

Capital Improvement Section 1011.71(2) F.S.	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 14,372,531.34	\$ 362,484.95	\$ 3,062,344.26	\$ 52,651,630.22
2,003,225.91	7,005,270.51	5,705,674.29	17,927,878.19
0.00	0.00	0.00	33,073.87
0.00	0.00	97.50	749,501.27
0.00	0.00	0.00	11,273.39
13,296.14	0.00	1,720,072.46	3,126,798.46
0.00	0.00	446,818.16	1,716,548.81
<u>\$ 16,389,053.39</u>	<u>\$ 7,367,755.46</u>	<u>\$ 10,935,006.67</u>	<u>\$ 76,216,704.21</u>
\$ 0.00	\$ 0.00	\$ 15,848.81	\$ 743,055.95
0.00	0.00	33,049.08	6,084,041.60
349,043.03	9,898.46	88,352.45	1,899,114.70
291,580.75	0.00	67,636.51	359,217.26
30,786.75	0.00	110,229.67	141,016.42
0.00	0.00	0.00	2,309.67
0.00	0.00	0.00	44,545.33
0.00	0.00	4,927.95	173,944.19
135,054.77	14,027.00	337,582.00	749,501.27
0.00	0.00	93,012.19	93,012.19
<u>806,465.30</u>	<u>23,925.46</u>	<u>750,638.66</u>	<u>10,289,758.58</u>
0.00	0.00	591,957.26	4,101,995.03
5,173,088.38	3,695.78	424,194.66	6,998,835.89
0.00	0.00	446,818.16	1,716,548.81
0.00	0.00	0.00	6,374,472.37
0.00	0.00	0.00	1,044,018.73
0.00	0.00	0.00	1,326,936.21
0.00	0.00	0.00	17,893,106.73
0.00	0.00	2,384,679.12	2,384,679.12
0.00	0.00	6,221,563.93	6,221,563.93
10,409,499.71	7,340,134.22	115,154.88	17,864,788.81
<u>15,582,588.09</u>	<u>7,343,830.00</u>	<u>10,184,368.01</u>	<u>65,926,945.63</u>
<u>\$ 16,389,053.39</u>	<u>\$ 7,367,755.46</u>	<u>\$ 10,935,006.67</u>	<u>\$ 76,216,704.21</u>

See accompanying notes.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

Total Fund Balances - Governmental Funds \$ 65,926,945.63

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. 139,195,650.45

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported as liabilities in the governmental funds. (107,585,751.02)

Total Net Assets - Governmental Activities \$ 97,536,845.06

See accompanying notes.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Other Federal Programs</u>	<u>ARRA Economic Stimulus Funds</u>
REVENUES			
Federal Direct	\$ 219,473.59	\$ 4,647,404.52	\$ 153,250.96
Federal Through State and Local	901,332.63	19,294,439.83	15,617,124.41
State Sources	93,750,377.66	0.00	0.00
<i>Local Sources:</i>			
Property Taxes Levied for Operational Purposes	98,726,628.36	0.00	0.00
Property Taxes Levied for Debt Service	0.00	0.00	0.00
Property Taxes Levied for Capital Projects	0.00	0.00	0.00
Charges for Service - Food Service	0.00	0.00	0.00
Other Local Revenue	7,430,382.97	0.00	0.00
Total Local Sources	<u>106,157,011.33</u>	<u>0.00</u>	<u>0.00</u>
Total Revenues	<u>201,028,195.21</u>	<u>23,941,844.35</u>	<u>15,770,375.37</u>
EXPENDITURES			
<i>Current:</i>			
Instruction	106,665,143.48	12,159,378.00	12,554,868.46
Pupil Personnel Services	11,034,723.49	2,559,572.91	904,242.78
Instructional Media Services	4,678,828.29	7,382.88	0.00
Instruction and Curriculum Development Services	6,346,051.25	3,667,267.29	1,176,336.70
Instructional Staff Training Services	841,536.16	2,548,515.80	177,059.70
Instruction Related Technology	2,756,744.12	78,132.40	0.00
School Board	754,420.10	0.00	0.00
General Administration	793,593.26	706,456.59	473,786.47
School Administration	12,945,336.47	8,579.25	3,256.02
Facilities Acquisition and Construction	181,536.43	17,732.90	76,205.21
Fiscal Services	1,551,204.55	0.00	0.00
Food Services	0.00	0.00	2,007.00
Central Services	3,106,586.86	207,173.59	6,995.61
Pupil Transportation Services	10,306,501.60	195,599.57	62,073.07
Operation of Plant	21,750,778.71	243,999.63	0.00
Maintenance of Plant	4,995,897.41	0.00	0.00
Administrative Technology Services	1,317,534.50	0.00	0.00
Community Services	3,138,692.56	1,602.03	0.00
<i>Debt Service: (Function 9200)</i>			
Retirement of Principal	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Dues, Fees and Issuance Costs	0.00	0.00	0.00
<i>Capital Outlay:</i>			
Facilities Acquisition and Construction	53,845.25	170,837.28	27,727.22
Other Capital Outlay	871,937.07	1,369,614.23	305,817.13
(Total Expenditures)	<u>194,090,891.56</u>	<u>23,941,844.35</u>	<u>15,770,375.37</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,937,303.65</u>	<u>0.00</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)			
Refunding Bonds Issued	0.00	0.00	0.00
Premium on Refunding Bonds	0.00	0.00	0.00
Loss Recoveries	31,992.91	0.00	0.00
Payments to Refunded Bond Escrow Agent (Function 9299)	0.00	0.00	0.00
Transfers in	4,632,819.00	0.00	0.00
Transfers (out)	(61,169.86)	0.00	0.00
Total Other Financing Sources (Uses)	<u>4,603,642.05</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances	<u>11,540,945.70</u>	<u>0.00</u>	<u>0.00</u>
Fund Balances, July 1, 2009	21,275,213.83	0.00	0.00
Fund Balances, June 30, 2010	<u>\$ 32,816,159.53</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

See accompanying notes.

Capital Improvement Section 1011.71(2) F.S.	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,020,129.07
0.00	0.00	7,623,256.14	43,436,153.01
0.00	666,175.00	2,017,890.98	96,434,443.64
0.00	0.00	0.00	98,726,628.36
0.00	0.00	8,437,661.97	8,437,661.97
16,444,740.92	0.00	0.00	16,444,740.92
0.00	0.00	3,975,058.45	3,975,058.45
185,756.79	157,115.94	319,704.34	8,092,960.04
<u>16,630,497.71</u>	<u>157,115.94</u>	<u>12,732,424.76</u>	<u>135,677,049.74</u>
<u>16,630,497.71</u>	<u>823,290.94</u>	<u>22,373,571.88</u>	<u>280,567,775.46</u>
0.00	0.00	0.00	131,379,389.94
0.00	0.00	0.00	14,498,539.18
0.00	0.00	0.00	4,686,211.17
0.00	0.00	0.00	11,189,655.24
0.00	0.00	0.00	3,567,111.66
0.00	0.00	0.00	2,834,876.52
0.00	0.00	0.00	754,420.10
0.00	0.00	0.00	1,973,836.32
0.00	0.00	0.00	12,957,171.74
0.00	0.00	0.00	275,474.54
0.00	0.00	0.00	1,551,204.55
0.00	0.00	11,042,209.13	11,044,216.13
0.00	0.00	0.00	3,320,756.06
0.00	0.00	0.00	10,564,174.24
0.00	0.00	0.00	21,994,778.34
0.00	0.00	0.00	4,995,897.41
0.00	0.00	0.00	1,317,534.50
0.00	0.00	0.00	3,140,294.59
3,045,000.00	0.00	8,460,000.00	11,505,000.00
3,051,040.50	0.00	868,094.00	3,919,134.50
40,321.50	0.00	131,757.99	172,079.49
7,709,124.44	303,425.65	3,206,851.23	11,471,811.07
0.00	0.00	28,140.08	2,575,508.51
<u>13,845,486.44</u>	<u>303,425.65</u>	<u>23,737,052.43</u>	<u>271,689,075.80</u>
<u>2,785,011.27</u>	<u>519,865.29</u>	<u>(1,363,480.55)</u>	<u>8,878,699.66</u>
0.00	0.00	290,000.00	290,000.00
0.00	0.00	27,508.45	27,508.45
41,238.41	0.00	0.00	73,231.32
0.00	0.00	(314,875.21)	(314,875.21)
918,578.59	350,354.69	296,409.51	6,198,161.79
(3,447,714.65)	(1,729,158.22)	(960,119.06)	(6,198,161.79)
<u>(2,487,897.65)</u>	<u>(1,378,803.53)</u>	<u>(661,076.31)</u>	<u>75,864.56</u>
297,113.62	(858,938.24)	(2,024,556.86)	8,954,564.22
15,285,474.47	8,202,768.24	12,208,924.87	56,972,381.41
<u>\$ 15,582,588.09</u>	<u>\$ 7,343,830.00</u>	<u>\$ 10,184,368.01</u>	<u>\$ 65,926,945.63</u>

See accompanying notes.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Governmental Funds	\$ 8,954,564.22
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the assets' estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current period.	(12,239,909.74)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments in the current period.	<u>10,171,589.68</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 6,886,244.16</u></u>

See accompanying notes.

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Total Private-Purpose Trust Funds	Total Pension Trust Funds	Total Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 448,920.18	\$ 781,238.89	\$ 2,861,969.00
Investments	0.00	2,124,957.34	0.00
Accounts Receivable	0.00	0.00	90,205.00
Inventory	0.00	0.00	57,308.00
Total Assets	\$ 448,920.18	\$ 2,906,196.23	\$ 3,009,482.00
LIABILITIES			
Accounts Payable	\$ 0.00	\$ 0.00	\$ 50,572.61
Due to Other Funds-Budgetary	0.00	0.00	11,273.39
Internal Accounts Payable	0.00	0.00	2,947,636.00
Total Liabilities	\$ 0.00	\$ 0.00	\$ 3,009,482.00
NET ASSETS			
Assets Held in Trust for Pension Benefits	0.00	2,906,196.23	
Assets Held in Trust for Scholarships and Other Purposes	448,920.18	0.00	
Total Net Assets	\$ 448,920.18	\$ 2,906,196.23	

See accompanying notes.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Total Private-Purpose Trust Funds	Total Pension Trust Funds
ADDITIONS		
<i>Contributions:</i>		
Employer	\$ 0.00	\$ 789,193.00
<i>Investment Earnings:</i>		
Interest	1,172.16	47,790.43
(Loss) on Sale of Investments	0.00	(102,614.25)
Net Increase in the Fair Value of Investments	711.48	141,641.55
Net Investment Earnings	1,883.64	86,817.73
Total Additions	1,883.64	876,010.73
DEDUCTIONS		
Employee Benefits	0.00	628,415.07
Purchased Services	4,152.16	3,924.00
Other Expenses	36,919.37	0.00
Total Deductions	41,071.53	632,339.07
Change in Net Assets	(39,187.89)	243,671.66
Net Assets - July 1, 2009	488,108.07	2,662,524.57
Net Assets - June 30, 2010	\$ 448,920.18	\$ 2,906,196.23

See accompanying notes.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Alachua County School District is considered part of the Florida system of public education. The governing body of the school district is the Alachua County District School Board which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Alachua County.

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the District School Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, the following component units are included within the District School Board's reporting entity:

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

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

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

The financial data reported on the accompanying financial statements was derived from the Annual Financial Reports of the charter schools and the Alachua County Public Schools Foundation, Inc., which are available at the District's administrative office for the fiscal year ended June 30, 2010.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units.

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

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

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

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

The District reports the following major governmental funds:

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

➤ **Basis of Presentation (Concluded)**

- Special Revenue – ARRA Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act of 2009.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including: construction, remodeling and addition projects; District-wide maintenance, renovation, and repair; motor vehicle purchases; new and replacement equipment purchases; payments for educational facilities and sites due under lease-purchase agreements (COPS); payments for renting and leasing education facilities and sites; payments of loans approved pursuant to Sections 1011.14 and 1011.15, Florida Statutes; and payment of the cost of leasing relocatable educational facilities.
- Capital Projects – Other Fund – to account for the financial resources primarily generated by the issuance of certificates of participation to be used for educational outlay needs, including new construction, renovation and remodeling projects and computer equipment.

Additionally, the District reports the following fiduciary fund types:

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

➤ **Basis of Accounting**

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

The government-wide financial statements are prepared using the accrual basis of accounting, as are the fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

➤ **Basis of Accounting (Concluded)**

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

The Alachua County Public Schools Foundation, Inc., shown as a discretely presented component unit, is accounted for as a not-for-profit organization and follows FASB accounting model.

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

➤ **Deposits and Investments**

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

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

The District's investments in the Local Government Surplus Funds Trust Fund, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2009 are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

➤ **Deposits and Investments (Concluded)**

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.67353149 at June 30, 2010. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the LGIP.

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

➤ **Inventories**

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

➤ **Capital Assets**

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

Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

➤ **Capital Assets (Concluded)**

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

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

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

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

➤ **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.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

➤ **State Revenue Sources (Concluded)**

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

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

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

➤ **District Property Taxes**

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

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

The School Board adopted the 2009 tax levy on September 16, 2009. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

➤ **Federal Revenue Sources**

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

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

3. INVESTMENTS

As of June 30, 2010, the District has the following investments and maturities:

Investment	Maturities	Fair Value
Florida Prime		
Surplus Funds Trust Funds Investment Pool A Shown As Cash Equivalent	46 Days	\$ 49,353,735.18
Surplus Funds Trust Funds Investment Pool B	8.05 Years	181,511.45
Surplus Funds Trust Funds Investment Pool A (1)	46 Days	5,425,846.75
Evergreen Institutional Treasury Money Market Fund	30 Day Average	5,599,231.13
First American Treasury Money Market Fund (1)	30 Day Average	1,604,566.47
FHLMC (3)	30 Day Average	1,013,898.60
US Treasury Inflation Protection Security (2)	4/15/2029	3,957,579.65
State Board of Administration Debt Service Accounts	46 Days	145,244.14
		<u>67,281,613.37</u>
 Fiduciary Funds:		
Florida Prime		
Surplus Funds Trust Funds Investment Pool Shown As Cash Equivalent	46 Days	1,196,310.85
STIFEL NICOLAUS - Equities		1,103,747.97
STIFEL NICOLAUS - Money Market Portfolio	Less Than 3 Months	100,782.02
STIFEL NICOLAUS - U S Government Securities	8.7 - 12 yrs.	920,427.35
		<u>3,321,268.19</u>
Total Fiduciary Funds		<u>3,321,268.19</u>
Total Investments, Reporting Entity		<u>\$ 70,602,881.56</u>

Note: (1) These funds are held under a trust agreement in connection with the Certificates of Participation, Series 1998, 2001, 2001-QZAB, 2004, 2005, 2005-QZAB, and 2009A financing arrangements. (See Note 8.) Money market funds include amounts invested in securities that are issued or guaranteed as to payment of principal and interest by the United States Government.

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

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

Note (1) we deleted the 1997 and 1997 A reference due to the refinancing.

Interest Rate Risk

- Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

3. INVESTMENTS (Continued)

Credit Risk

- Section 218.415(17), Florida Statutes, limits investments in money market funds to Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and investments in interest-bearing time deposits to qualified public depositories, as defined in Section 280.02, Florida Statutes. The District does not have a formal investment policy that limits its investment choices.
- As of June 30, 2010, the District's investment in the Local Government Surplus Funds Investment Pool A is AAAM rated.
- As of June 30, 2010, the District's investment in the Local Government Surplus Funds Investment Pool B is not rated by any nationally recognized statistical rating agency.
- The District's investment in the Evergreen Institutional Treasury Money Market Fund and First American Treasury were rated AAAM by S&P and AAA by Moody's Investor Services. Investments in the USB Global – RMA Money Market Fund were not rated, and investments in UBS Global – SMA Relationship Trust Mutual Fund were rated AA2 by Moody's Investor Services.

Custodial Credit Risk

- Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District does not have a formal investment policy that addresses custodial credit risk.
- Of the District's \$920,427.35 investment in United States Government Securities, all are held by the investment's counterparty, not in the name of the District.
- In conjunction with the issuance of its \$5,147,000 Taxable Certificates of Participation, Series 2001-QZAB, U.S. Bank, as successor Trustee, entered into a Master Repurchase Agreement with Bank of America, N.A. The monies are invested at a rate of 5% and will accrue to a total value of \$5,147,000 on October 25, 2015, the repurchase date of the agreement. Under the terms of the agreement, Bank of America must post collateral in an amount equal to 103% of the investment value. Eligible collateral is limited to direct obligations of the Department of the Treasury of the United States Government and certain obligations of federal agencies which represent the full faith and credit of the United States of America. All collateral must be marked to market at least monthly.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

3. INVESTMENTS (Concluded)

Custodial Credit Risk (Concluded)

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

Concentration of Credit Risk

- Section 218.415(8), Florida Statutes, requires the District to diversify investments to the extent practicable to control risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.
- The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.
- See Note 15 for concentrations of investments in the District's early retirement program, reported in the Pension Trust Fund.

Foreign Currency Risk

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

4. RECEIVABLES

Due from Other Agencies in the Capital Projects – Public Education Capital Outlay Fund includes \$494,319 for Public Education Capital Outlay projects. These receivables are for long-term capital projects and may not be entirely collected within one year.

Management has determined that all receivables are considered fully collectable and, therefore, no allowance for uncollectible accounts has been recognized.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Balance 7-1-09	Additions	Deletions	Balance 6-30-10
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 5,663,696.69	\$	\$	\$ 5,663,696.69
Construction in Progress	2,355,925.30	3,380,568.79	5,219,604.42	516,889.67
Total Capital Assets Not Being Depreciated	8,019,621.99	3,380,568.79	5,219,604.42	6,180,586.36
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	30,849,906.96	3,114,461.48		33,964,368.44
Buildings and Fixed Equipment	323,969,585.10	3,361,291.49		327,330,876.59
Furniture, Fixtures, and Equipment	24,631,508.80	3,080,044.64	2,883,047.80	24,828,505.64
Motor Vehicles	17,754,743.74	83,631.00	473,035.64	17,365,339.10
Property Under Capital Lease	3,580,564.00			3,580,564.00
Audio Visual Materials and Computer Software	5,114,667.71	65,429.44	916,888.69	4,263,208.46
Total Capital Assets Being Depreciated	405,900,976.31	9,704,858.05	4,272,972.13	411,332,862.23
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	17,608,684.25	1,668,979.97		19,277,664.22
Buildings and Fixed Equipment	201,154,657.31	14,643,425.25		215,798,082.56
Furniture, Fixtures, and Equipment	17,737,331.50	3,327,716.84	2,883,047.80	18,182,000.54
Motor Vehicles	16,829,985.84	924,757.90	473,035.64	17,281,708.10
Property Under Capital Lease	3,580,564.00			3,580,564.00
Audio Visual Materials and Computer Software	4,804,761.26	309,906.45	916,888.69	4,197,779.02
Total Accumulated Depreciation	261,715,984.16	20,874,786.41	4,272,972.13	278,317,798.44
Total Capital Assets Being Depreciated, Net	144,184,992.15	(11,169,928.36)	-	133,015,063.79
Governmental Activities Capital Assets, Net	<u>\$ 152,204,614.14</u>	<u>\$ (7,789,359.57)</u>	<u>\$ 5,219,604.42</u>	<u>\$ 139,195,650.15</u>

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ 769,054.25
Unallocated	20,105,732.16
Total Depreciation Expense - Governmental Activities	<u>\$20,874,786.41</u>

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

6. CERTIFICATES OF PARTICIPATION

Certificates of Participation at June 30, 2010, are as follows:

Series	Amount Outstanding	Interest Rates (Percent)	Lease Term Maturity	Original Amount
Series 2001	\$ 19,775,000	4.25 - 5.00	2021	\$ 24,200,000
Series 2001-QZAB	5,147,000	(1)	2016	5,147,000
Series 2004	20,150,000	5.10	2029	20,150,000
Series 2005	18,940,000	2.70 - 5.00	2018	22,815,000
Series 2005-QZAB	1,794,000	(1)	2021	1,794,000
Series 2009-A	4,310,000	2.770	2014	5,315,000
Total Certificates of Participation	<u>\$ 70,116,000</u>			

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

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

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

6. CERTIFICATES OF PARTICIPATION (Continued)

Series 1998

Buchholz High School Parking and Site Improvements
Gainesville High School Property Purchase, Tennis Courts, and Parking and Traffic Improvements
Archer Community Elementary School Food Service Facility
Mebane Middle School Additions
Westwood Middle School Additions

Series 2001

Shell Elementary School Food Service and Dining Facilities
Kanapaha Middle School Exceptional Building for Physically-Impaired
Spring Hill Middle School Classroom and Dining Facilities
Eastside High School Classrooms and Administrative Facilities
Sidney Lanier Center Classrooms and Dining Facilities
Tennis Courts at Buchholz, Eastside, Hawthorne, Lofton, Newberry, and Sante Fe High Schools
Glen Springs Elementary School Food Service and Art and Music Facilities
Howard Bishop Middle School Classrooms and Laboratories
Westwood Middle School Food Service Facilities and Multi-Purpose Building
Kirby-Smith Center Parking Upgrades and Site Improvements

Series 2004

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

Series 2005 Refunding

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

Series 2009-A Refunding

Certificates of Participation, Series 1997-A, maturing in the years 2009 to 2014, and the underlying projects.

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

6. CERTIFICATES OF PARTICIPATION (Concluded)

Lease payments, with the exception of the Series 2001-QZAB and the Series 2005-QZAB issues, are payable by the District, semiannually, on July 1 and January 1. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,089,462.00	\$ 3,135,000.00	\$ 2,954,462.00
2012	6,095,562.00	3,245,000.00	2,850,562.00
2013	6,097,775.50	3,360,000.00	2,737,775.50
2014	6,100,152.50	3,480,000.00	2,620,152.50
2015	6,147,595.00	3,650,000.00	2,497,595.00
2016-2020	36,011,325.00	26,382,000.00	9,629,325.00
2021-2025	20,568,295.00	15,779,000.00	4,789,295.00
2026-2029	12,569,850.00	11,085,000.00	1,484,850.00
Total Minimum Lease Payments	<u>\$ 99,680,017.00</u>	<u>\$ 70,116,000.00</u>	<u>\$ 29,564,017.00</u>

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

7. BONDS PAYABLE

Bonds payable at June 30, 2010, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 2005A	\$3,720,000.0	4.75 - 5.00	2016
Series 2005B, Refunding	990,000	5.00-5.25	2018
Series 2009A, Refunding	255,000	2.00-5.00	2019
District General Obligation Bonds:			
Series 2003, Refunding	<u>9,305,000</u>	3.10 - 5.00	2012
Total Bonds Payable	<u><u>\$ 14,270,000</u></u>		

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

➤ **State School Bonds**

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

➤ **District General Obligation Bonds**

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

7. BONDS PAYABLE (Concluded)

Annual requirements to amortize all bonded debt outstanding as of June 30, 2010, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2011	\$ 907,150.00	\$ 660,000.00	\$ 247,150.00
2012	904,750.00	690,000.00	214,750.00
2013	910,500.00	730,000.00	180,500.00
2014	909,250.00	765,000.00	144,250.00
2015-2019	<u>2,326,000.00</u>	<u>2,120,000.00</u>	<u>206,000.00</u>
Total State School Bonds	<u>5,957,650.00</u>	<u>4,965,000.00</u>	<u>992,650.00</u>
General Obligation Bonds:			
2011	4,923,755.00	4,570,000.00	353,755.00
2012	<u>4,919,665.00</u>	<u>4,735,000.00</u>	<u>184,665.00</u>
Total General Obligation Bonds	<u>9,843,420.00</u>	<u>9,305,000.00</u>	<u>538,420.00</u>
Total	<u>\$ 15,801,070.00</u>	<u>\$ 14,270,000.00</u>	<u>\$ 1,531,070.00</u>

8. DEFEASED DEBT

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

8. DEFEASED DEBT (Concluded)

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

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

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

9. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-09	Additions	Deductions	Balance 6-30-10	Due in One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable	\$ 22,755,000.00	\$ 290,000.00	\$ 8,775,000.00	\$ 14,270,000.00	\$ 5,230,000.00
Certificates of Participation Payable	73,161,000.00		3,045,000.00	70,116,000.00	3,135,000.00
Compensated Absences Payable	21,124,394.95	2,202,365.10	2,265,009.03	21,061,751.02	2,258,292.20
Other Post-employment Benefit	1,486,000.00	652,000.00		2,138,000.00	
Total Governmental Activities	\$ 118,526,394.95	\$ 3,144,365.10	\$ 14,085,009.03	\$ 107,585,751.02	\$ 10,623,292.20

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

10. 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 2010-11 fiscal year budget as a result of purchase orders outstanding at June 30, 2010.

Because revenues of grants accounted for in the Special Revenue – Other Fund and Special Revenue – Federal Stimulus 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 – Other Fund and Special Revenue - Stimulus total \$839,964 and \$154,382 at June 30, 2010.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

11. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Funds	Interfund	
	Receivables	Payables
Major Funds:		
General	\$ 760,677.16	\$ 260,097.50
Special Revenue:		
ARRA Stimulus Funds		2,740.00
Capital Projects:		
Local Capital Improvement		135,054.77
Other Capital Projects		14,027.00
Nonmajor Governmental Funds	97.50	337,582.00
Fiduciary Funds		11,273.39
Total	<u>\$ 760,774.66</u>	<u>\$ 760,774.66</u>

Interfund balances generally arise due to expenditures being adjusted between funds. All balances are expected to be repaid in less than one year.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General	\$4,632,819.00	\$ 61,169.86
Capital Projects:		
Local Capital Improvement	918,578.59	3,447,714.65
Other Capital Projects	350,354.69	1,729,158.22
Nonmajor Governmental Funds	296,409.51	960,119.06
Total	<u>\$6,198,161.79</u>	<u>\$6,198,161.79</u>

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

12. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2009-10 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 54,202,814.01
Transportation	4,951,610.00
Instruction Materials	2,396,941.00
Categorical Educational Programs:	
Class Size Reduction Operating Funds	28,436,021.00
Discretionary Lottery Funds	74,182.00
Other	2,272,944.55
Public Education Capital Outlay	754,169.00
Workforce Development Program	1,226,375.99
Motor Vehicle License Tax (Capital Outlay and Debt Service)	891,278.73
Food Service Supplement	204,500.00
Mobile Home License Tax	83,083.58
Miscellaneous	940,523.78
	<hr/>
Total	\$ 96,434,443.64

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

13. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2009 tax roll for the 2009-10 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	5.518	\$ 75,504,381.04
Basic Discretionary Local Effort	0.748	\$ 10,235,099.13
Critical Needs Operating	0.250	\$ 3,420,821.90
Voted School Tax:		
Additional Operating One Mill	1.000	\$ 13,683,287.61
<u>DEBT SERVICE FUNDS</u>		
Voted Tax:		
District General Obligation Bonds:		
Series 2001, Refunding	0.268	\$ 3,667,121.08
Series 2003, Refunding	0.374	\$ 5,117,549.57
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.250	\$ 17,104,109.51
Total	<hr/> <u>9.408</u>	<hr/> <u>\$ 128,732,369.84</u>

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

14. FLORIDA RETIREMENT PROGRAM

Defined Benefit Plan. All regular employees of the District are covered by the Florida Retirement System. The Florida Retirement System (FRS) is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of the FRS.

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

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

Funding Policy. The contribution rates for members are established, and may be amended, by the State of Florida. During the 2009-10 fiscal year, contribution rates were as follows:

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

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

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

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions for the fiscal years ending June 30, 2008, June 30, 2009, and June 30, 2010, totaled \$13,116,352.14, \$12,475,720.79, and \$12,523,111.85, respectively, which were equal to the required contributions for each fiscal year.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

14. FLORIDA RETIREMENT PROGRAM (Concluded)

Defined Contribution Plan. Effective July 1, 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Required employer contributions made to the program for the fiscal year ending June 30, 2010, totaled \$1,525,242.86.

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

15. EARLY RETIREMENT PROGRAM

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

As of June 30, 2010, employee membership data related to the Plan were as follows:

Retirees and Beneficiaries Currently Receiving Benefits	158
Active Plan Participants:	
Vested	575
Nonvested	3,297
Total Active Plan Participants	3,872
Total	4,030

A summary of eligibility and benefits follows:

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

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

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

15. EARLY RETIREMENT PROGRAM (Continued)

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

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

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

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

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

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

Contributions to the Plan in 2010 totaled to \$789,193.00, all of which was paid by the Board, and were made in accordance with actuarially determined contribution requirements determined through an actuarial update performed at July 1, 2009.

The computation of the annual required contributions for 2010 was based on the same (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

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

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

Concentrations

The Plans investments at June 30, 2010, consist of the following:

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

15. EARLY RETIREMENT PROGRAM (Continued)

	Balance June 30, 2010	Percent of Plan Net Assets
Florida Prime LGIF Pool A	\$ 100,782.02	5.69
USB Global - RMA Money Market Portfolio	749,178.67	42.32
USB GobaI - United States Government Securities	920,427.35	51.99
Total	\$ 1,770,388.04	100.00

Trend Information

An analysis of funding progress is presented below:

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Board Contribution	Percentage Contributed
2006	\$ 579,561	\$ 579,561	100
2007	527,925	527,925	100
2008	518,104	518,104	100
2009	741,494	741,856	100
2010	789,193	789,193	100

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

Valuation Date	7/1/2010.
Actuarial Cost Method	Aggregate
Asset Valuation Method	Market
Actuarial Assumptions	
Investment Rate of Return	8 percent, includes inflation and cost-of-living adjustments at 3 percent.
Projected salary increases	6 percent per year

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

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

(1) Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Entry Age Normal Actuarial Accrued Liability (AAL)	(4) Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	(5) Funded Ratio (2)/(3)	(6) Annual Covered Payroll	(7) UAAL as Percentage of Payroll (4)/(6)
7/1/07	\$ 3,866,001	\$ 3,866,001	\$ 0	100.00%	\$ 133,694,225	0.00%
7/1/08	\$ 3,350,259	\$ 3,350,259	\$ 0	100.00%	\$ 134,352,096	0.00%
7/1/09	\$ 2,662,525	\$ 2,662,525	\$ 0	100.00%	\$ 129,623,633	0.00%
7/1/10	\$ 3,086,288	\$ 7,110,641	\$ 4,024,353	43.40%	\$ 126,794,672	3.17%

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

15. EARLY RETIREMENT PROGRAM (Concluded)

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

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

16. POSTEMPLOYMENT HEALTH CARE BENEFITS

Effective for the 2007-08 fiscal year, the District implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment health care benefits provided by the District. The requirements of this Statement are being implemented prospectively, with the actuarially determined liability of \$19,138,000 at the March 1, 2010, valuation date amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of transition.

Plan Description. The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's self-insured health and hospitalization plan for medical and prescription drug coverages. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Funding Policy. For the Postemployment Health Care Benefits Plan, contribution requirements of the District are established by action from the Board. The District has not advance-funded or established a funding methodology for the annual Other Post Employment Benefit (OPEB) costs or the net OPEB obligation. For the 2009-10 fiscal year, 740 retirees received postemployment health care benefits. The District provided required contributions of \$943,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums, and net of retiree contributions totaling \$ 4,208,000.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for Postemployment Health Care Benefits:

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

16. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Description	Amount
Normal Cost (service cost for one year)	\$ 786,000
Amortization of Unfunded Actuarial Accrued Liability	781,000
Interest on Normal Cost and Amortization	31,000
Annual Required Contribution	1,598,000
Interest on Net OPEB Obligation	59,000
Adjustment to Annual Required Contribution	(62,000)
Annual OPEB Cost (Expense)	1,595,000
Contribution Toward the OPEB Cost	(943,000)
Increase in Net OPEB Obligation	652,000
Net OPEB Obligation, Beginning of Year	1,486,000
Net OPEB Obligation, End of Year	\$ 2,138,000

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, 2010, was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, 7/1/07	\$ -		\$ -
2007-08	1,537,000	49.7%	773,000
2008-09	1,598,000	55.4%	1,486,000
2009-10	1,595,000	59.1%	2,138,000

Funded Status and Funding Progress. As of June 30, 2010, the actuarial accrued liability for benefits was \$19,138,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$19,138,000. The covered payroll (annual payroll of active participating employees) was \$113,417,000 for the 2009-10 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 16.7 percent.

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

16. POSTEMPLOYMENT HEALTH CARE BENEFITS (Concluded)

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's initial OPEB actuarial valuation as of March 1, 2010, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2010, and the District's 2009-10 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 7 percent initially for the 2009-10 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 5.5 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 30 years.

17. CONSTRUCTION CONTRACT COMMITMENTS

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

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Santa Fe High School Building Addition			
Architect	\$ 120,230.00	\$ 66,011.41	\$ 54,218.59
Contractor -No Bid As Of 06/30/2010			-
Mebane Food Service Addition/Renovation			
Architect	142,452.33	81,617.50	60,834.83
Contractor-No Bid As Of 06/30/2010		-	-
Arche Roof, Bldg. 2 & 3 Walkway			
Architect	38,781.00	28,361.50	10,419.50
Contractor	340,510.00	157,030.00	183,480.00
J.J. Finley Covered Walkway			
Architect	14,560.00	9,412.89	5,147.11
Contractor	138,350.00	11,300.00	127,050.00
Emergency Shelter Retrofit			
Engineer	6,300.00	2,062.50	4,237.50
Contractor	132,700.00	-	132,700.00
Energy Efficiency Upgrades Buchholz High School			
Engineer	52,640.00	48,133.09	4,506.91
Engineer	11,056.00	2,500.00	8,556.00
Contractor	906,515.00	511,085.70	395,429.30
Total	<u>\$ 1,904,094.33</u>	<u>\$ 917,514.59</u>	<u>\$ 986,579.74</u>

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(Concluded)**

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

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

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

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

19. LITIGATION

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

20. SUBSEQUENT EVENTS

On August 27, 2010, the District issued Certificates of Participation, Series 2010A-QSCB (Qualified School Construction Bonds), in the amount of \$11,211,997, and Certificates of Participation, Series 2010B-Build America Bonds, in the amount of \$7,163,003, to finance the construction of a new elementary school, classroom additions at an existing high school, and additions and renovations at an existing middle school.

On December 31, 2010, the District issued Certificates of Participation, Series 2010C, in the amount of \$9,872,500 to partially refinance the Certificates of Participation, Series 2001. The District also entered into an interest rate lock agreement in the amount of \$9,629,900 to refund the remaining Certificates of Participation, Series 2001, on June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal Direct	\$ 135,000.00	\$ 135,000.00	\$ 219,473.59	\$ 84,473.59
Federal Through State	800,000.00	800,000.00	901,332.63	101,332.63
State Sources	95,266,804.00	94,697,805.02	93,750,377.66	(947,427.36)
<i>Local Sources:</i>				
Property Taxes Levied for Operational Purposes	97,701,410.00	97,701,410.00	98,726,628.36	1,025,218.36
Other Local Revenue	6,415,610.00	7,660,657.24	7,430,382.97	(230,274.27)
Total Local Sources	<u>104,117,020.00</u>	<u>105,362,067.24</u>	<u>106,157,011.33</u>	<u>794,944.09</u>
Total Revenues	<u>200,318,824.00</u>	<u>200,994,872.26</u>	<u>201,028,195.21</u>	<u>33,322.95</u>
EXPENDITURES				
Instruction	110,093,667.79	115,112,606.02	106,665,143.48	8,447,462.54
Pupil Personnel Services	11,125,968.99	11,113,277.25	11,034,723.49	78,553.76
Instructional Media Services	4,734,332.72	4,829,836.13	4,678,828.29	151,007.84
Instruction and Curriculum Development Services	6,368,217.93	6,526,720.12	6,346,051.25	180,668.87
Instructional Staff Training Services	779,742.10	1,505,481.42	841,536.16	663,945.26
Instruction Related Technology	2,730,675.98	3,109,163.61	2,756,744.12	352,419.49
School Board	737,512.71	944,179.31	754,420.10	189,759.21
General Administration	802,497.62	822,474.40	793,593.26	28,881.14
School Administration	12,242,390.75	13,020,069.57	12,945,336.47	74,733.10
Facilities Acquisition and Construction	758,020.00	833,312.18	181,536.43	651,775.75
Fiscal Services	1,513,733.98	1,589,766.49	1,551,204.55	38,561.94
Central Services	3,348,305.88	3,592,423.44	3,106,586.86	485,836.58
Pupil Transportation	11,136,194.70	11,274,891.76	10,306,501.60	968,390.16
Operation of Plant	22,909,549.35	23,461,706.12	21,750,778.71	1,710,927.41
Maintenance of Plant	5,528,481.69	5,674,688.76	4,995,897.41	678,791.35
Administrative Technology Services	1,051,608.37	1,348,415.05	1,317,534.50	30,880.55
Community Services	4,176,869.98	4,301,223.38	3,138,692.56	1,162,530.82
<i>Capital Outlay:</i>				
Facilities Acquisition and Construction	0.00	53,845.25	53,845.25	0.00
Other Capital Outlay	0.00	871,937.07	871,937.07	0.00
(Total Expenditures)	<u>200,037,770.54</u>	<u>209,986,017.33</u>	<u>194,090,891.56</u>	<u>15,895,125.77</u>
Excess of Revenues Over Expenditures	<u>281,053.46</u>	<u>(8,991,145.07)</u>	<u>6,937,303.65</u>	<u>15,928,448.72</u>
OTHER FINANCING SOURCES (USES)				
Loss Recoveries	0.00	29,082.91	31,992.91	2,910.00
Transfers in	3,966,644.00	3,966,644.00	4,632,819.00	666,175.00
Transfers (out)	0.00	(61,169.86)	(61,169.86)	0.00
Total Other Financing Sources (Uses)	<u>3,966,644.00</u>	<u>3,934,557.05</u>	<u>4,603,642.05</u>	<u>669,085.00</u>
Net Change in Fund Balances	4,247,697.46	(5,056,588.02)	11,540,945.70	16,597,533.72
Fund Balances, July 1, 2009	21,275,213.83	21,275,213.83	21,275,213.83	0.00
Fund Balances, June 30, 2010	<u>\$ 25,522,911.29</u>	<u>\$ 16,218,625.81</u>	<u>\$ 32,816,159.53</u>	<u>\$ 16,597,533.72</u>

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE - OTHER FEDERAL PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal Direct	\$ 0.00	\$ 5,114,817.48	\$ 4,647,404.52	\$ (467,412.96)
Federal Through State	15,483,592.26	26,743,763.04	19,294,439.83	(7,449,323.21)
Total Revenues	<u>15,483,592.26</u>	<u>31,858,580.52</u>	<u>23,941,844.35</u>	<u>(7,916,736.17)</u>
EXPENDITURES				
Instruction	9,109,065.14	15,535,095.30	12,159,378.00	3,375,717.30
Pupil Personnel Services	1,307,824.49	3,071,854.56	2,559,572.91	512,281.65
Instructional Media Services	0.00	7,382.88	7,382.88	0.00
Instruction and Curriculum Development Services	2,847,860.37	5,146,219.33	3,667,267.29	1,478,952.04
Instructional Staff Training Services	1,024,871.00	4,462,122.33	2,548,515.80	1,913,606.53
Instruction Related Technology	0.00	81,296.31	78,132.40	3,163.91
General Administration	427,463.00	972,922.64	706,456.59	266,466.05
School Administration	39,645.00	8,579.25	8,579.25	0.00
Facilities Acquisition and Construction	0.00	46,367.68	17,732.90	28,634.78
Central Services	8,400.00	262,210.49	207,173.59	55,036.90
Pupil Transportation	709,318.00	437,244.55	195,599.57	241,644.98
Operation of Plant	2,590.00	274,969.93	243,999.63	30,970.30
Community Services	6,555.26	11,863.76	1,602.03	10,261.73
<i>Capital Outlay:</i>				
Facilities Acquisition and Construction	0.00	170,837.28	170,837.28	0.00
Other Capital Outlay	0.00	1,369,614.23	1,369,614.23	0.00
(Total Expenditures)	<u>15,483,592.26</u>	<u>31,858,580.52</u>	<u>23,941,844.35</u>	<u>7,916,736.17</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances	0.00	0.00	0.00	0.00
Fund Balances, July 1, 2009	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2010	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE - ARRA ECONOMIC STIMULUS FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal Direct	\$ 0.00	\$ 321,773.00	\$ 153,250.96	\$ (168,522.04)
Federal Through State	18,290,508.00	22,067,879.68	15,617,124.41	(6,450,755.27)
Total Revenues	<u>18,290,508.00</u>	<u>22,389,652.68</u>	<u>15,770,375.37</u>	<u>(6,619,277.31)</u>
EXPENDITURES				
Instruction	13,017,271.14	15,895,932.93	12,554,868.46	3,341,064.47
Pupil Personnel Services	1,246,849.06	1,378,950.88	904,242.78	474,708.10
Instruction and Curriculum Development Services	2,881,964.00	3,059,267.04	1,176,336.70	1,882,930.34
Instructional Staff Training Services	588,836.80	703,118.78	177,059.70	526,059.08
General Administration	348,317.00	721,159.43	473,786.47	247,372.96
School Administration	0.00	721.00	3,256.02	(2,535.02)
Facilities Acquisition and Construction	117,451.79	95,938.24	76,205.21	19,733.03
Food Services	0.00	2,007.00	2,007.00	0.00
Central Services	0.00	27,590.31	6,995.61	20,594.70
Pupil Transportation	207,270.00	157,732.72	62,073.07	95,659.65
Operation of Plant	0.00	13,190.00	0.00	13,190.00
Maintenance of Plant	0.00	500.00	0.00	500.00
<i>Capital Outlay:</i>				
Facilities Acquisition and Construction	0.00	27,727.22	27,727.22	0.00
Other Capital Outlay	0.00	305,817.13	305,817.13	0.00
(Total Expenditures)	<u>18,407,959.79</u>	<u>22,389,652.68</u>	<u>15,770,375.37</u>	<u>6,619,277.31</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(117,451.79)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances	(117,451.79)	0.00	0.00	0.00
Fund Balances, July 1, 2009	117,451.79	0.00	0.00	0.00
Fund Balances, June 30, 2010	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
EARLY RETIREMENT PLAN
JUNE 30, 2010**

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 Percent of Covered Payroll [(b-a)/c]
07/01/04	\$ 3,225,711	\$ 3,225,711	\$ 0	100.00%	\$ 119,852,403	0.00%
07/01/05	3,501,031	3,501,031	0	100.00%	127,850,369	0.00%
07/01/06	3,693,492	3,693,492	0	100.00%	131,487,257	0.00%
07/01/07	3,866,001	3,866,001	0	100.00%	133,694,225	0.00%
07/01/08	3,350,259	3,350,259	0	100.00%	134,352,096	0.00%
07/01/09	2,662,525	2,662,525	0	100.00%	129,623,633	0.00%
07/01/10	3,086,288	7,110,641	4,024,353	43.40%	126,794,672	3.17%

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 EARLY RETIREMENT PLAN
 JUNE 30, 2010**

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF FUNDING PROGRESS
 OTHER POSTEMPLOYMENT BENEFITS PLAN
 JUNE 30, 2010**

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 Percent of Covered Payroll [(b-a)/c]
03/01/08	\$ 0	\$ 17,815,000	\$ 17,815,000	0.00%	\$ 132,969,000	12.90%
03/01/10	0	19,138,000	19,138,000	0.00%	113,417,000	16.90%

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 20, 2010**

1. SCHEDULE OF FUNDING PROGRESS – EARLY RETIREMENT PLAN

An analysis of funding progress is presented below:

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

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

Contributions to the Plan in 2010 totaled to \$789,193.00, all of which was paid by the Board, and were made in accordance with actuarially determined contribution requirements determined through an actuarial update performed at July 1, 2009.

The computation of the annual required contributions for 2010 was based on the same (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

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

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

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

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
U.S. Department of Agriculture				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555 (2)	N/A	\$ 577,434.71	\$
Noncash Assistance Subtotal			<u>577,434.71</u>	
Florida Department of Education:				
Cash Assistance:				
School Breakfast Program	10.553	321	1,702,653.02	
National School Lunch Program	10.555	300	4,989,849.97	
National School Lunch Program - Cash in Lieu of Commodities	10.555	N/A	1,952.44	
Summer Food Service Program for Children	10.559	323	81,381.46	
Child Nutrition Discretionary Grants - ARRA	10.579	371	76,205.21	
Cash Assistance Subtotal			<u>6,852,042.10</u>	
Total Child Nutrition Cluster			<u>7,429,476.81</u>	
Child and Adult Care Food Program	10.558	302	308,925.82	
Total Indirect			<u>7,738,402.63</u>	
Total U.S. Department of Agriculture			<u>7,738,402.63</u>	
U.S. Department of Defense				
Direct:				
Navy Junior Reserve Officers Training Corps	12.XXX	N/A	132,507.46	
Air Force Junior Reserve Officers Training Corps	12.XXX	N/A	86,966.13	
Total U.S. Department of Defense			<u>219,473.59</u>	
U.S. Department of Labor				
Indirect:				
Alachua/Bradford Regional Workforce Board:				
Workforce Investment Act Youth Activities - ARRA	17.259	N/A	17,398.52	
Total U.S. Department of Labor			<u>17,398.52</u>	
National Endowment for the Arts				
Direct:				
Promotion of the Arts - Grants to Organizations and Individuals	45.024	N/A	10,000.00	
Total National Endowment for the Arts			<u>10,000.00</u>	
National Science Foundation				
Indirect:				
University of Florida:				
Education and Human Resources	47.076	N/A	57,040.29	
Total National Science Foundation			<u>57,040.29</u>	

DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(Concluded)

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
U.S. Department of Education				
Indirect:				
Florida Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	262,263	\$ 6,736,704.05	\$
Special Education - Preschool Grants	84.173	267	163,372.75	
Special Education - Grants to States - ARRA	84.391	263	3,055,296.01	
Special Education - Preschool Grants - ARRA	84.392	267	54,678.67	
Total Special Education Cluster			<u>10,010,051.48</u>	
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	7,935,406.31	
Title I Grants to Local Educational Agencies - ARRA	84.389	212,223,226	2,498,294.87	
Total Title I, Part A Cluster			<u>10,433,701.18</u>	
Migrant Education - Basic State Grant Program	84.011	217	787,087.65	
Vocational Education - Basic Grants to States	84.048	161	360,604.22	
Safe and Drug-Free Schools and Communities				
State Grants	84.186	103	58,778.38	
Education for Homeless Children and Youth	84.196	127	67,611.70	
Charter Schools	84.282	298	97,071.25	97,071.25
Twenty-First Century Community Learning Centers	84.287	244	849,355.70	
Technology Literacy Challenge Fund Grants	84.318	121	30,252.30	
Reading First State Grants	84.357	211	42,159.73	
Title III No Child Left Behind LEP/Immigrant	84.365	102	62,083.44	
Improving Teacher Quality State Grants	84.367	224	1,956,013.06	
School Improvement Grants	84.377	126	69,805.60	
Education Technology State Grants - ARRA	84.386	121	6,393.65	
Education for Homeless Children and Youth - ARRA	84.387	127	52,499.67	
SFSF - Education State Grants - ARRA	84.394	591	8,840,128.00	
SFSF - Government Services - ARRA	84.397	592	1,015,655.97	
Total Indirect			<u>34,739,252.98</u>	<u>97,071.25</u>
Total U.S. Department of Education			<u>34,739,252.98</u>	<u>97,071.25</u>
U.S. Department of Health and Human Services				
Direct:				
Head Start	93.600 (3)	N/A	4,658,497.92	
Head Start - ARRA	93.708	N/A	153,824.80	
Total U.S. Department of Health and Human Services			<u>4,812,322.72</u>	
Total Expenditures of Federal Awards			<u>\$47,593,890.73</u>	<u>\$ 97,071.25</u>

Notes:

- (1) **Basis of Presentation:** The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.
- (2) **Noncash Assistance:** National School Lunch Program - Represents the amount of donated food used during the fiscal year. Commodities are valued at fair value as determined at the time of donation.
- (3) **Head Start:** Expenditures include \$557,546.48 for grant number/program year 4CH4194/36 and \$4,100,951.44 for grant number/program year 04CH4194/37.

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

Alachua County District School Board
and Superintendent
Gainesville, Florida

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Charter Schools and the Alachua County Public Schools Foundation, which comprise the discretely presented component units of the District, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

Alachua County District School Board
and Superintendent
Gainesville, Florida

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

Compliance and Other Matters

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

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

Purris, Gray and Company, LLP

January 12, 2011
Gainesville, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Alachua County District School Board
and Superintendent
Gainesville, Florida

Compliance

We have audited the compliance of the Alachua County District School Board (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Certified Public Accountants

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Alachua County District School Board
and Superintendent
Gainesville, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Concluded)**

Internal Control Over Compliance (Concluded)

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

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

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

Purvis, Gray and Company, LLP

January 12, 2011
Gainesville, Florida

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? 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? None reported

Type of Auditor’s Report Issued on Compliance for Major Programs: Unqualified for all major programs

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133? No

Identification of Major Programs:

Title 1, Part A Cluster:
84.010, 84.389 ARRA

Special Education Cluster:
84.027, 84.173, 84.391 ARRA,
84.392 ARRA

State Fiscal Stabilization Fund Cluster:
84.394 ARRA, 84.397 ARRA

Head Start Cluster:
93.600, 93.708 ARRA

Improving Teacher Quality State Grants:
84.367

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$1,427,817

Auditee Qualified as Low-risk Auditee? No

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Concluded)**

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR AUDIT FINDINGS

No matters were reported.

CORRECTIVE ACTION PLANNED FOR CURRENT YEAR AUDIT FINDINGS

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

MANAGEMENT LETTER

Alachua County District School Board
and Superintendent
Gainesville, Florida

We have audited the financial statements of the Alachua County District School Board, Florida (the District), as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated January 12, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our independent auditor's report on internal control over financial reporting and compliance and other matters, independent auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated January 12, 2011, should be considered in conjunction with this management letter.

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

- Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.804(1)(f)3., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.
- Section 10.804(1)(f)4., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.804(1)(f)5., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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Alachua County District School Board
and Superintendent
Gainesville, Florida

MANAGEMENT LETTER
(Concluded)

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

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

Purvis, Gray and Company, LLP

January 12, 2011
Gainesville, Florida