



AUDITOR GENERAL
DAVID W. MARTIN, CPA



DAYTONA BEACH COMMUNITY COLLEGE

Financial Audit

For the Fiscal Year Ended June 30, 2007

During the audit period, the President of the College was Dr. D. Kent Sharples. Members of the College's Board of Trustees who served during the audit period are listed below:

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Pramila S. Desai, Vice-Chair
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DAYTONA BEACH COMMUNITY COLLEGE

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EXECUTIVE SUMMARY

The audit of the financial statements of Daytona Beach Community College for the fiscal year ended June 30, 2007, was conducted pursuant to the provisions of Section 11.45, Florida Statutes, and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The scope of this audit included an examination of the financial statements of the College, a component unit of the State of Florida, and a determination as to whether management complied with applicable laws, rules, regulations, contracts, and grant agreements and other matters that are material to the financial statements. An examination of Federal awards administered by the College is included in our Statewide audit of Federal awards administered by the State of Florida. The results of our operational audit of the College are included in our report No. 2008-080.

The following provides a summary of the findings of our audit of the College's financial statements:

- We found that the College's financial statements presented fairly, in all material respects, the financial positions of the College and its discretely presented component unit as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended.
- No significant deficiencies are noted in our report on the College's internal control over financial reporting.
- The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This audit was coordinated by Patricia A. Wormeck, CPA, and supervised by James R. Stultz, CPA. Please address inquiries regarding this report to Ted J. Sauerbeck, CPA, Audit Manager, via e-mail at tedsauerbeck@aud.state.fl.us or by telephone at (850) 487-4468.

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



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Daytona Beach Community College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2007, as shown on pages 14 through 40. These financial statements are the responsibility of the College'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 discretely presented component unit, as described in note 1 to the financial statements, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for this entity, is based solely upon the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Daytona Beach Community College and of its discretely presented component unit as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the financial statements, the College's 2005-06 fiscal year financial statements included the financial activities of the WCEU Foundation, Inc., which was included within the College's reporting entity as a discretely presented component unit. Because the WCEU Foundation, Inc., dissolved on December 31, 2005, the College's 2006-07 fiscal year financial statements do not include financial activities of the WCEU Foundation, Inc. This affects the comparability of amounts reported for the discretely presented component unit columns for the 2006-07 fiscal year with amounts reported for the 2005-06 fiscal year.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of Daytona Beach Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 5 through 13 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



David W. Martin, CPA
March 17, 2008



DAVID W. MARTIN, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Daytona Beach Community College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2007, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented component unit as described in our report on the College'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 College'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 College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the

College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to College management in our operational report No. 2008-080, dated February 2008. We also noted that the College had taken adequate corrective action for the finding included in our report No. 2007-038.

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

Respectfully submitted,



David W. Martin, CPA
March 17, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2007, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of College management.

FINANCIAL HIGHLIGHTS

The College's assets totaled \$207 million at June 30, 2007. This balance reflects a \$4.4 million, or 2.2 percent, increase from the 2005-06 fiscal year, resulting from an increase in capital projects. The College's liabilities totaled \$44 million at June 30, 2007. This balance reflects a \$500,000, or 1.1 percent, increase from the 2005-06 fiscal year. As a result, the College's net assets increased by \$3.9 million, resulting in a year end balance of \$163 million.

The College's operating revenues totaled \$31.1 million for the 2006-07 fiscal year, representing a 30.8 percent increase over the 2005-06 fiscal year due mainly to increases in student tuition and fees, State and local grants and contracts, nongovernmental grants and contracts, and other operating revenues. Operating expenses totaled \$102 million for the 2006-07 fiscal year, representing an increase of 14.8 percent over the 2005-06 fiscal year due mainly to increases in personnel services, scholarships and waivers, and materials and supplies.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. These financial statements, and notes thereto, provide information on the College as a whole, present a long-term view of the College's finances, and include activities for the following entities:

- Daytona Beach Community College (Primary Institution) - Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- Daytona Beach Community College Foundation, Inc. (Component Unit) - Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

One of the most important questions asked about the College's finances is, "Is Daytona Beach Community College as a whole, better off or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses, and changes in net assets report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the

result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as Daytona Beach Community College’s operating results.

These two statements report Daytona Beach Community College’s net assets and changes in them. You can think of the College’s net assets, the difference between assets and liabilities, as one way to measure the College’s financial health, or financial position. Over time, increases or decreases in the College’s net assets are one indication of whether its financial health is improving or deteriorating. You will need to consider many other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and the safety of the campus, to assess the College’s overall financial health.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year’s revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of assets, liabilities, and net assets of the College and its component unit for the respective periods ended June 30, 2007, and June 30, 2006, is shown in the following table:

Assets, Liabilities, and Net Assets at (In Thousands)				
	College		Component Units	
	6-30-2007	6-30-2006	(1)	(2)
Assets				
Current Assets	\$ 23,177	\$ 26,728	\$ 18,074	\$ 4,324
Capital Assets, Net	143,331	124,242		
Other Noncurrent Assets	40,902	52,003	21,213	17,838
Total Assets	207,410	202,973	39,287	22,162
Liabilities				
Current Liabilities	13,432	13,001	14,875	127
Noncurrent Liabilities	30,552	30,487	31	34
Total Liabilities	43,984	43,488	14,906	161
Net Assets				
Invested in Capital Assets, Net of Related Debt	128,854	119,277		
Restricted	21,162	26,956	21,603	18,055
Unrestricted	13,410	13,252	2,778	3,946
Total Net Assets	\$ 163,426	\$ 159,485	\$ 24,381	\$ 22,001
Increase in Net Assets	\$ 3,941	2.5%	\$ 2,380	10.8%

Notes: (1) Amounts are for the fiscal year ended December 31, 2006, for the Daytona Beach Community College Foundation, Inc.
(2) Amounts are for the fiscal year ended December 31, 2005, for the Daytona Beach Community College Foundation, Inc., and for the six-month period ended December 31, 2005, for the WCEU Foundation, Inc.

Revenues and expenses of the College and its component unit for the respective periods ended are shown in the following table:

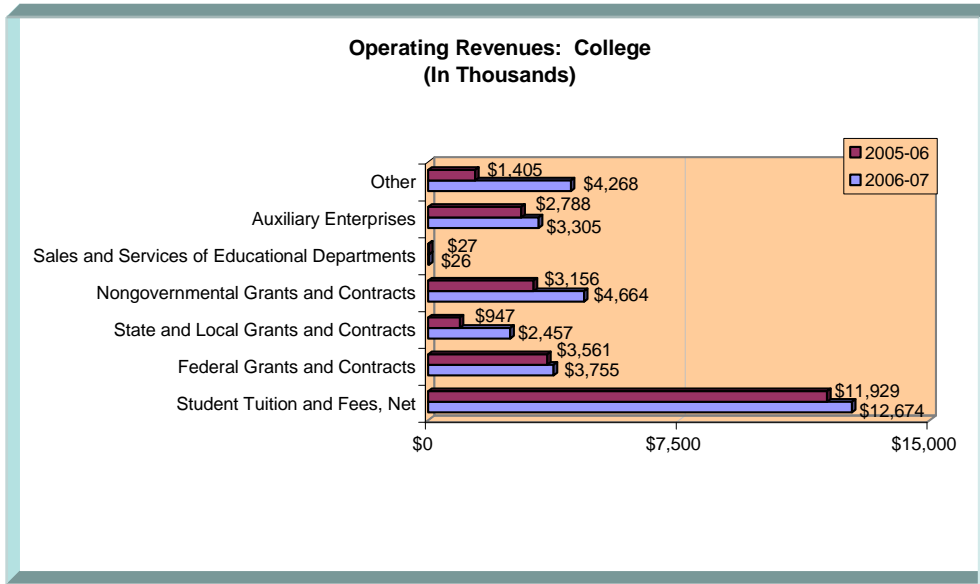
	Operating Results for the Periods Ended (In Thousands)			
	College		Component Units	
	6-30-07	6-30-06	(1)	(2)
Operating Revenues				
Student Tuition and Fees, Net of Scholarship Allowances	\$ 12,674	\$ 11,929	\$	\$
Federal Grants and Contracts	3,755	3,561		
State and Local Grants and Contracts	2,457	947	1,629	1,177
Nongovernmental Grants and Contracts	4,664	3,156		
Sales and Services of Educational Departments	26	27		
Auxiliary Enterprises	3,305	2,788		
Other Operating Revenues	4,268	1,405	4,154	4,215
Total Operating Revenues	31,149	23,813	5,783	5,392
Less, Operating Expenses	101,911	88,742	4,275	4,274
Operating Income (Loss)	(70,762)	(64,929)	1,508	1,118
Nonoperating Revenues (Expenses)				
State Appropriations	53,154	49,814		
Other Nonoperating Revenues	10,208	13,187	2,271	2,035
Nonoperating Expenses	(2,035)	(272)		
Net Nonoperating Revenues (Expenses)	61,327	62,729	2,271	2,035
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses				
	(9,435)	(2,200)	3,779	3,153
Capital Appropriations	12,489	7,182		
Capital Grants, Contracts, Gifts, and Fees	887	7,982		
Increase in Net Assets	3,941	12,964	3,779	3,153
Net Assets, Beginning of Year	159,485	146,521	22,001	18,848
Adjustment to Beginning Net Assets			(1,399)	
Net Assets, Beginning of Year, as Restated	159,485	146,521	20,602	18,848
Net Assets, End of Year	\$ 163,426	\$ 159,485	\$ 24,381	\$ 22,001

Notes: (1) Amounts are for the fiscal year ended December 31, 2006, for the Daytona Beach Community College Foundation, Inc.
(2) Amounts are for the fiscal year ended December 31, 2005, for the Daytona Beach Community College Foundation, Inc., and for the six-month period ended December 31, 2005, for the WCEU Foundation, Inc.

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value.

The following chart presents the College's operating revenues for the 2006-07 and 2005-06 fiscal years:



College operating revenue changes were the result of the following factors:

- The College realized tuition and fees in the amount of \$12,674,517, net of \$7,639,692 of scholarship allowances, during the 2006-07 fiscal year. This represents a \$745,352, or 6.2 percent, increase compared to the prior fiscal year, which is due to increase in enrollment and increase in student tuition and fees approved by the Board.
- Operating revenues from State and local grants and contracts increased by \$1,509,948 compared to the prior fiscal year due primarily to an increase in State grant moneys received during the 2006-07 fiscal year. Operating revenues from nongovernmental grants and contracts increased by \$1,507,168 compared to the prior fiscal year due primarily to an increase in private contributions received during 2006-07 fiscal year.
- Other operating revenues increased by \$2,863,184 compared to the prior fiscal year due to an increase in miscellaneous contributions for certain projects received during the 2006-07 fiscal year.

Operating Expenses

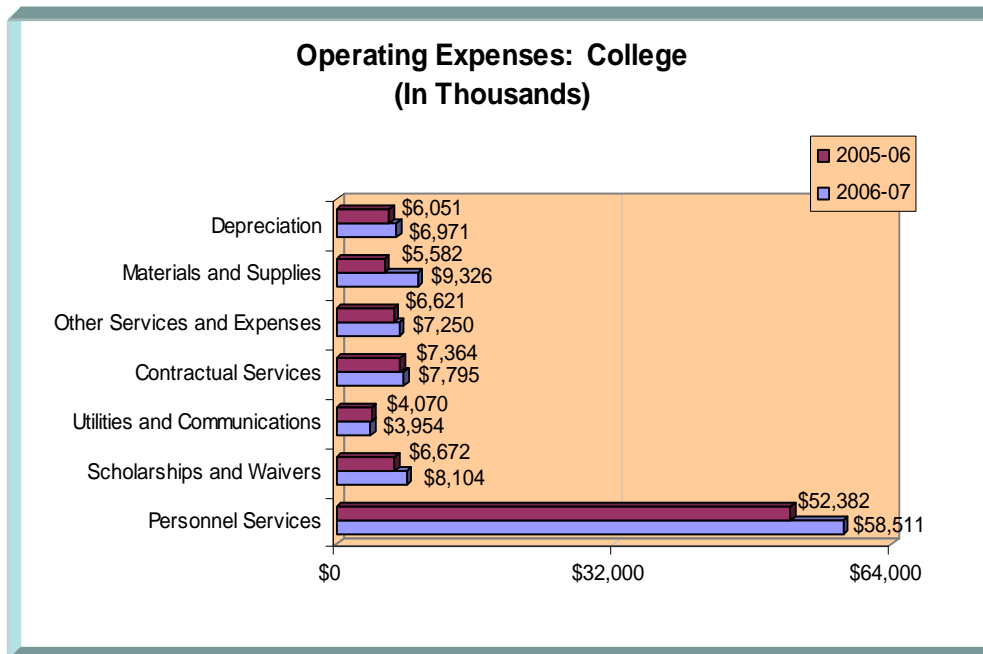
Expenses are categorized as operating or nonoperating. The majority of the College’s expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The College has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets and has displayed the functional classification in the notes to financial statements.

Operating expenses for the College and its component unit for the respective periods ended are presented in the following table:

Operating Expenses for the Periods Ended (In Thousands)				
	College		Component Units	
	6-30-07	6-30-06	(1)	(2)
Operating Expenses				
Personnel Services	\$ 58,511	\$ 52,382	\$ 446	\$ 537
Scholarships and Waivers	8,104	6,672	379	309
Utilities and Communications	3,954	4,070		
Contractual Services	7,795	7,364	8	92
Other Services and Expenses	7,250	6,621	3,439	3,263
Materials and Supplies	9,326	5,582	3	67
Depreciation	6,971	6,051		6
Total Operating Expenses	\$ 101,911	\$ 88,742	\$ 4,275	\$ 4,274

Notes: (1) Amounts are for the fiscal year ended December 31, 2006, for the Daytona Beach Community College Foundation, Inc.
 (2) Amounts are for the fiscal year ended December 31, 2005, for the Daytona Beach Community College Foundation, Inc., and for the six-month period ended December 31, 2005, for the WCEU Foundation, Inc.

The following chart presents the College’s operating expenses for the 2006-07 and 2005-06 fiscal years:



College operating expense changes were the result of the following factors:

- The primary operating expense for the College is personnel services, which totaled \$58,511,356 during the 2006-07 fiscal year. The College employs approximately 910 full-time employees and over 625 adjunct faculty and part-time employees. Direct instructional salaries accounted for 49.6 percent of total salaries. Personnel services expenses increased by \$6.1 million, or 11.7 percent, compared to the prior fiscal year due primarily to an increase in staffing, pay increases, and an increase in retirement contributions.

- Other significant operating expenses during the 2006-07 fiscal year included: telecommunications \$565,196; printing \$706,150; repairs and maintenance \$1,086,571; insurance \$2,284,679; utilities \$3,388,645; and other services (primarily contractual services) \$4,239,383. Operating expenses other than personnel services remained relatively stable except for materials and supplies expenses, which increased by \$3.7 million, or 67 percent, compared to the prior fiscal year. This increase was primarily due to materials, supplies, and small equipment purchased to open the new Hospitality Center and Student Resource Building.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College’s nonoperating revenues and expenses for the 2006-07 and 2005-06 fiscal years:

Nonoperating Revenues (Expenses): College (In Thousands)		
	<u>2006-07</u>	<u>2005-06</u>
State Appropriations	\$ 53,154	\$ 49,814
Gifts and Grants	7,794	11,770
Investment Income	2,366	1,417
Other Nonoperating Revenues	48	
Interest on Capital Asset-Related Debt	(1,118)	(265)
Other Nonoperating Expenses	<u>(917)</u>	<u>(7)</u>
Net Nonoperating Revenues	<u>\$ 61,327</u>	<u>\$ 62,729</u>

Total net nonoperating revenues for the College decreased by \$1.4 million compared to the prior fiscal year, representing only a 2.2 percent decrease, primarily due to a decrease in gifts to the College.

Other Revenues, Expenses, Gains, or Losses

This category is mainly composed of capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College’s other revenues, expenses, gains, or losses for the 2006-07 and 2005-06 fiscal years:

Other Revenues, Expenses, Gains, or Losses: College (In Thousands)		
	<u>2006-07</u>	<u>2005-06</u>
Capital Appropriations	\$ 12,489	\$ 7,182
Capital Grants, Contracts, Gifts, and Fees	<u>887</u>	<u>7,982</u>
Total	<u>\$ 13,376</u>	<u>\$ 15,164</u>

Capital appropriations increased by \$5,306,644 compared to the prior fiscal year due primarily to increased State Public Education Capital Outlay funds received during the 2006-07 fiscal year for new buildings and renovations. Unexpended capital appropriations are carried over into the subsequent fiscal year.

Capital grants, contracts, gifts, and fees decreased by \$7,094,515 compared to the prior fiscal year due primarily to significant gifts and donations received for use in acquiring and constructing capital assets during the 2005-06 fiscal year.

THE STATEMENT OF CASH FLOWS

Another way to assess the financial health of an institution is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A summary of the College's cash flows for the 2006-07 and 2005-06 fiscal years is presented in the following table:

Condensed Statement of Cash Flows: College (In Thousands)		
	<u>2006-07</u>	<u>2005-06</u>
Cash Provided (Used) by:		
Operating Activities	\$(58,742)	\$(51,063)
Noncapital Financing Activities	60,078	61,577
Capital and Related Financing Activities	(15,179)	17,944
Investing Activities	<u>2,373</u>	<u>1,423</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,470)	29,881
Cash and Cash Equivalents, Beginning of Year	<u>53,684</u>	<u>23,803</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 42,214</u></u>	<u><u>\$ 53,684</u></u>

Major sources of operating activities included net student tuition and fees (\$12.4 million), grants and contracts (\$9.7 million), other receipts (\$4.1 million), and auxiliary services (\$3.3 million). The three major outflows of operating activities are payments to suppliers (\$19.1 million), payments to employees (\$45.4 million), and payments for employee benefits (\$11.8 million). The net cash used for operating activities was \$58.7 million for the 2006-07 fiscal year compared to \$51 million for the 2005-06 fiscal year. The primary reason for this change was an increase in payments to suppliers, employees, and payments for employee benefits.

The net cash provided by noncapital financing activities was \$60 million. This amount consists primarily of \$53.2 million of State appropriations received during the 2006-07 fiscal year.

The net cash used by capital and related financing activities was \$15.2 million. The primary outflows and inflows of capital and related financing activities are purchases of capital assets of \$25.6 million; cash received representing capital grants and gifts totaling \$7.4 million; and cash received representing capital appropriations of \$5.2 million. The net cash used by capital and related financing activities was \$15.2 million for the 2006-07 fiscal year compared to \$18 million of net cash provided by capital and related financing activities for the prior fiscal year. The primary reason for the change is the result of the College borrowing \$18 million for construction and acquisition of capital assets during the 2005-06 fiscal year, and a significant portion of the proceeds were spent during the 2006-07 fiscal year.

The net cash provided by investing activities consists primarily of investment income, which totaled \$2.4 million during the 2006-07 fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2007, the College had \$211.7 million in capital assets, less accumulated depreciation of \$68.4 million, for net capital assets of \$143.3 million. Depreciation charges for the current fiscal year totaled \$7 million. The following table summarizes the College’s capital assets for the 2006-07 fiscal year:

Capital Assets: College (In Thousands)					
Capital Assets	Beginning Balance	Adjustments	Additions	Reductions	Ending Balance
Land	\$ 10,867	\$	\$ 655	\$ 933	\$ 10,589
Buildings	132,579	(3,120)	8,361	3,358	134,462
Other Structures and Improvements	14,866				14,866
Furniture, Machinery, and Equipment	18,516	6,796	2,069	703	26,678
Construction in Progress	11,842	(4,936)	26,403	8,182	25,127
Total	188,670	(1,260)	37,488	13,176	211,722
Less, Accumulated Depreciation:					
Buildings	35,756		3,967	2,328	37,395
Other Structures and Improvements	13,692		366		14,058
Furniture, Machinery, and Equipment	14,980		2,638	680	16,938
Total Accumulated Depreciation	64,428		6,971	3,008	68,391
Capital Assets, Net	\$ 124,242	\$ (1,260)	\$ 30,517	\$ 10,168	\$ 143,331

The College has major construction contract commitments at June 30, 2007, totaling \$26.4 million for projects that include the Hospitality/Tourism/Museum Building, Medical Building, Conference Center/Guest House, and Facilities Services/Business Services Building. More detailed information about the College’s capital assets is presented in the notes to the financial statements.

DEBT ADMINISTRATION

At fiscal year-end, the College had \$21,950,000 in long-term debt outstanding. The following table summarizes outstanding long-term debt by type for the fiscal years ended June 30, 2007, and June 30, 2006:

	<u>2007</u>	<u>2006</u>
SBE Capital Outlay Bonds	\$ 4,690	\$ 4,965
Loans Payable	<u>17,260</u>	<u>18,000</u>
Total	<u><u>\$ 21,950</u></u>	<u><u>\$ 22,965</u></u>

The State Board of Education issues capital outlay bonds on behalf of the College. During the 2006-07 fiscal year, there were no bond sales and debt repayments totaled \$1,015,000. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, the College is facing a potential reduction of 2007-08 State funding in the coming year. In response to the lack of substantial State appropriation increases, the College has instituted budgetary measures to reduce 2007-08 fiscal year expenditures to ensure that expenditures are within available resources. This action will secure the College's financial stability in the 2007-08 fiscal year and place the College in a financially stable position for the 2008-09 fiscal year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, and financial statements and notes thereto, or requests for additional financial information should be addressed to Dr. Rand Spiwak, Executive Vice-President and Chief Financial Officer, Daytona Beach Community College, Post Office Box 2811, Daytona Beach, Florida 32120-2811.

FINANCIAL SECTION

**DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS
As of June 30, 2007**

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 12,700,319	\$ 250,861
Restricted Cash and Cash Equivalents	2,227,012	29,388
Short-Term Investments		2,497,346
Accounts Receivable, Net	1,362,400	452,529
Notes Receivable, Net	86,538	
Due from Other Governmental Agencies	6,289,835	
Due from Component Unit/College	3,792	14,843,757
Prepaid Expenses	507,408	
Total Current Assets	23,177,304	18,073,881
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	27,286,790	
Restricted Investments	110,395	20,674,225
Investment in Joint Venture	13,500,000	
Depreciable Capital Assets, Net	107,615,160	
Nondepreciable Capital Assets	35,715,689	
Other Noncurrent Assets	4,494	539,379
Total Noncurrent Assets	184,232,528	21,213,604
TOTAL ASSETS	\$ 207,409,832	\$ 39,287,485
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 4,094,035	\$ 293
Salary and Payroll Taxes Payable	952,406	
Retainage Payable	1,706,366	
Due to Other Governmental Agencies	264,802	14,841,077
Due to Component Unit/College	3,244,645	20,935
Estimated Insurance Claims Payable	710,000	
Deferred Revenue	191,745	
Deposits Held for Others	612,773	
Long-Term Liabilities - Current Portion:		
Bonds Payable	290,000	
Loans Payable	645,000	
Notes Payable		13,120
Compensated Absences Payable	670,587	
Special Termination Benefits Payable	49,830	
Total Current Liabilities	13,432,189	14,875,425
Noncurrent Liabilities:		
Bonds Payable	4,400,000	
Loans Payable	16,615,000	
Notes Payable		31,257
Compensated Absences Payable	8,686,547	
Special Termination Benefits Payable	850,589	
Total Noncurrent Liabilities	30,552,136	31,257
TOTAL LIABILITIES	43,984,325	14,906,682

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS (Continued)
As of June 30, 2007

	College	Component Unit
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ 128,853,972	\$
Restricted:		
Nonexpendable:		
Endowment	17,211	4,251,536
Expendable:		
Grants and Loans	4,598,805	17,351,672
Scholarships	92,366	
Capital Projects	16,219,354	
Debt Service	233,778	
Unrestricted	13,410,021	2,777,595
Total Net Assets	163,425,507	24,380,803
TOTAL LIABILITIES AND NET ASSETS	\$ 207,409,832	\$ 39,287,485

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

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2007

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship		
Allowances of \$7,639,692	\$ 12,674,517	\$
Federal Grants and Contracts	3,754,590	
State and Local Grants and Contracts	2,456,564	1,628,944
Nongovernmental Grants and Contracts	4,663,547	
Sales and Services of Educational Departments	26,322	
Auxiliary Enterprises	3,305,466	
Other Operating Revenues	4,268,061	4,154,068
Total Operating Revenues	31,149,067	5,783,012
EXPENSES		
Operating Expenses:		
Personnel Services	58,511,356	446,188
Scholarships and Waivers	8,104,474	378,786
Utilities and Communications	3,953,841	
Contractual Services	7,795,086	7,581
Other Services and Expenses	7,249,710	3,439,232
Materials and Supplies	9,325,977	3,006
Depreciation	6,970,263	
Total Operating Expenses	101,910,707	4,274,793
Operating Income (Loss)	(70,761,640)	1,508,219
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	53,154,080	
Gifts and Grants	7,794,061	111,623
Investment Income	2,366,049	709,381
Net Unrealized and Realized Gain on Investments		1,449,525
Other Nonoperating Revenues	47,673	
Interest on Capital Asset-Related Debt	(1,118,076)	
Other Nonoperating Expenses	(917,411)	
Net Nonoperating Revenues	61,326,376	2,270,529
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(9,435,264)	3,778,748
Capital Appropriations	12,488,667	
Capital Grants, Contracts, Gifts, and Fees	887,127	
Total Other Revenues	13,375,794	
Increase in Net Assets	3,940,530	3,778,748
Net Assets, Beginning of Year	159,484,977	22,001,206
Adjustment to Beginning Net Assets		(1,399,151)
Net Assets, Beginning of Year, as Restated	159,484,977	20,602,055
Net Assets, End of Year	\$ 163,425,507	\$ 24,380,803

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

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	\$ 12,389,980
Grants and Contracts	9,744,646
Payments to Suppliers	(19,095,269)
Payments for Utilities and Communications	(3,953,841)
Payments to Employees	(45,354,583)
Payments for Employee Benefits	(11,811,974)
Payments for Scholarships	(8,104,632)
Net Loans Issued to Students	(1,179,745)
Collection of Loans to Students	1,164,213
Auxiliary Enterprises	3,301,723
Sales and Service of Educational Departments	20,582
Other Receipts	4,136,643
	(58,742,257)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	53,154,080
Gifts and Grants Received for Other Than Capital or Endowment Purposes	6,924,323
	60,078,403
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Appropriations	5,155,616
Capital Grants and Gifts	7,420,377
Purchases of Capital Assets	(25,622,124)
Principal Paid on Capital Debt	(1,015,000)
Interest Paid on Capital Debt	(1,118,076)
	(15,179,207)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	2,366,049
Sale of Investments	6,781
	2,372,830
Net Decrease in Cash and Cash Equivalents	(11,470,231)
Cash and Cash Equivalents, Beginning of Year	53,684,352
Cash and Cash Equivalents, End of Year	\$ 42,214,121

**DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2007**

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (70,761,640)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	6,970,263
Changes in Assets and Liabilities:	
Receivables, Net	(1,478,356)
Prepaid Expenses	585,796
Accounts Payable	4,748,174
Deferred Revenue	38,021
Estimated Claims Payable	(3,573)
Deposits Held for Others	89,223
Compensated Absences Payable	885,778
Special Termination Benefits Payable	184,057
NET CASH USED BY OPERATING ACTIVITIES	\$ (58,742,257)

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

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The governing body of Daytona Beach Community College, a component unit of the State of Florida, is the District Board of Trustees. The Board constitutes a corporation and is composed of eight members appointed by the Governor and confirmed by the Senate. The District Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Community Colleges, and is governed by law and State Board of Education rules. However, the District Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Volusia and Flagler counties.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the District Board of Trustees is financially accountable and other organizations for which the nature and significance of their relationship with the District Board of Trustees are such that exclusion would cause the College's financial statements to be misleading or incomplete. Based upon the application of these criteria, the College is a component unit of the State of Florida, and its financial balances and activity is reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Daytona Beach Community College Foundation, Inc. (Foundation), is included within the College's reporting entity as a discretely presented component unit. This organization provides funding and services to support and foster the pursuit of higher education at the College.

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended December 31, 2006. The College's 2005-06 fiscal year financial statements included the financial activities of the WCEU Foundation, Inc., which was included within the College's reporting entity as a discretely presented component unit. Because the WCEU Foundation, Inc., dissolved on December 31, 2005, the College's 2006-07 fiscal year financial statements do not include financial activities of the WCEU Foundation, Inc. This affects the comparability of amounts reported for the discretely presented component unit columns for the 2006-07 fiscal year with amounts reported for the 2005-06 fiscal year.

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

The Foundation is also a direct-support organization, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, is financially accountable to the College. The Foundation is managed independently, outside the College's budgeting process, and its powers generally are vested in a governing board pursuant to various State statutes. The Foundation receives, holds, invests, and administers property and makes expenditures to or for the benefit of the College.

Basis of Presentation. The College's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges various reporting options. The College has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
- Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The College's component unit uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follows GASB standards of accounting and financial reporting.

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

The College follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State appropriations, Federal and State student financial aid, investment income (net of unrealized gains or losses on investments), and revenues for capital construction projects. Interest on capital asset-related debt is considered a nonoperating expense.

The statement of net assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the differences between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fees.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Non-Expendable Trust Funds*.

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, funds held with the State Board of Administration Local Government Surplus Funds Trust Fund, and funds held with the State Treasury Special Purpose Investment Account. For the purpose of reporting cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury Special Purpose Investment Account (SPIA) and State Board of Administration Local Government Surplus Funds Trust Fund investment pools to be cash equivalents. College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2007, the College reported as cash equivalents at fair value \$93,863 of moneys held in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of AA-f by Standard & Poor's and had an effective duration of 3.21 years at June 30, 2007. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

At June 30, 2007, the College reported as cash equivalents at fair value \$42,021,421 of moneys held in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The College's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The SBA has taken the position that participants in the pool are not required to disclose information related to interest rate risk, custodial credit risk, concentration of credit risk, and foreign credit risk. The investment pool was not rated by a nationally recognized statistical rating agency as of June 30, 2007.

Capital Assets. College capital assets consist of land; buildings; other structures and improvements; furniture, machinery, and equipment; and construction in progress. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings - 40 years
- Other Structures and Improvements - 10 years

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

- Furniture, Machinery, and Equipment:
 - Computer Equipment - 3 years
 - Vehicles, Office Machines, Educational Equipment - 5 years
 - Furniture - 7 years

2. PRIOR PERIOD ADJUSTMENT

The adjustment to beginning net assets is reported in accordance with FASB Statement No. 154 to reflect the change in reporting entity caused by the dissolution of the WCEU Foundation, Inc.

3. INVESTMENTS

Section 218.415(16), Florida Statutes, authorizes the College to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the College's Board of Trustees as authorized by law. State Board of Education Rule 6A-14.0765(3), Florida Administrative Code, provides that College loan, endowment, annuity, and life income funds may also be invested pursuant to Section 215.47, Florida Statutes. Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

State Board of Administration Debt Service Accounts

The College reported investments at fair value totaling \$110,395 at June 30, 2007, in the State Board of Administration Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of more than three months, and are reported at fair value. The College relies on policies developed by the State Board of Administration for managing interest rate risk or credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

**DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007**

Component Unit Investments

Investments in mutual funds, equity securities, money funds, and other deposits held by the Daytona Beach Community College Foundation, Inc. (Foundation), at December 31, 2006, are reported at fair value as follows:

<u>Investment Type</u>	<u>Average Maturity</u>	<u>Credit Quality (1)</u>	<u>Fair Value</u>
Common Fund Multi-Strategy Bond Fund	7.4 years	AA	\$ 3,913,928
Common Fund Multi-Strategy Equity Fund	(2)	(2)	9,409,925
Berstein Intermediate Duration Portfolio	6.5 years	AA	2,878,581
Berstein Equity Securities	(2)	(2)	5,672,341
Berstein International Portfolio	(2)	(2)	1,225,705
Ameriprise	(2)	(2)	70,865
Money Market Accounts	(2)	(2)	226
Total Investments of Component Unit			<u>\$ 23,171,571</u>

- Notes: (1) Represents average of credit qualities for those investments within the fund or portfolio that were assigned a credit quality rating. The credit quality ratings were obtained from various agencies, including Standard & Poor's, Moody Investment Services, and Fitch Ratings.
- (2) Disclosure of maturity and credit quality is not required for these investment types.

The Foundation's investment policy allows for investment allocations of 60 to 70 percent in equities, 25 to 35 percent in fixed income securities, and up to 10 percent in cash. The Foundation's investment policies do not place specific limits on maturities or credit quality.

4. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for food service and vending machine sales, unused credit memos, contract and grant reimbursements due from third parties, and reimbursements due from insurance claims. These receivables are reported net of a \$195,468 allowance for uncollectible accounts.

5. NOTES RECEIVABLE

Notes receivable represent student loans made under the College's short-term loan program. Notes receivable are reported net of a \$22,349 allowance for uncollectible notes.

DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007

6. DUE FROM OTHER GOVERNMENTAL AGENCIES

This amount primarily consists of \$4,537,545 of Public Education Capital Outlay allocations due from the State to the College for construction of College facilities.

7. DUE FROM AND TO COMPONENT UNIT/COLLEGE

The \$3,244,645 amount reported as due to component unit consists of amounts owed by the College to the Foundation for amounts held in the agency account and invested. The amount due from component unit of \$3,792 consists of amounts owed to the College by the Foundation for scholarships and reimbursement of expenses. The College's financial statements are reported for the fiscal year ended June 30, 2007. The College's component unit has a fiscal year other than June 30. Accordingly, amounts reported by the College as due from and to component unit on the statement of net assets do not agree with amounts reported by the component unit as due from and to the College.

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2007, is shown below:

Description	Beginning Balance	Adjustments (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 10,866,831	\$	\$ 655,520	\$ 933,250	\$ 10,589,101
Construction in Progress	11,842,369	(4,936,086)	26,402,096	8,181,791	25,126,588
Total Nondepreciable Capital Assets	\$ 22,709,200	\$ (4,936,086)	\$ 27,057,616	\$ 9,115,041	\$ 35,715,689
Depreciable Capital Assets:					
Buildings	\$ 132,578,968	\$ (3,119,864)	\$ 8,361,297	\$ 3,358,122	\$ 134,462,279
Other Structures and Improvements	14,866,001				14,866,001
Furniture, Machinery, and Equipment	18,516,603	6,796,076	2,068,319	703,192	26,677,806
Total Depreciable Capital Assets	165,961,572	3,676,212	10,429,616	4,061,314	176,006,086
Less, Accumulated Depreciation:					
Buildings	35,756,117		3,966,739	2,327,832	37,395,024
Other Structures and Improvements	13,692,287		365,745		14,058,032
Furniture, Machinery, and Equipment	14,980,036		2,637,779	679,945	16,937,870
Total Accumulated Depreciation	64,428,440		6,970,263	3,007,777	68,390,926
Total Depreciable Capital Assets, Net	\$ 101,533,132	\$ 3,676,212	\$ 3,459,353	\$ 1,053,537	\$ 107,615,160

Note: (1) Adjustments were made to reclassify construction in progress to furniture, machinery, and equipment; to reclassify construction in progress to expenditures; and to transfer equipment from buildings to furniture, machinery, and equipment.

**DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007**

9. DEFERRED REVENUE

Deferred revenue includes unexpended grant funds, student tuition and various fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2007, the College reported the following amounts as deferred revenue:

<u>Description</u>	<u>Amount</u>
Auxiliary Fees	\$ 138,421
Student Tuition and Fees	<u>53,324</u>
Total Deferred Revenue	<u><u>\$ 191,745</u></u>

10. LONG-TERM LIABILITIES

Long-term liabilities of the College at June 30, 2007, include bonds, loans, compensated absences, and special termination benefits. Long-term liabilities activity for the fiscal year ended June 30, 2007, is shown below:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds Payable	\$ 4,965,000	\$	\$ 275,000	\$ 4,690,000	\$ 290,000
Loans Payable	18,000,000		740,000	17,260,000	645,000
Compensated Absences Payable	8,471,356	1,633,304	747,526	9,357,134	670,587
Special Termination Benefits Payable	716,362	184,057		900,419	49,830
Total Long-Term Liabilities	<u><u>\$ 32,152,718</u></u>	<u><u>\$ 1,817,361</u></u>	<u><u>\$ 1,762,526</u></u>	<u><u>\$ 32,207,553</u></u>	<u><u>\$ 1,655,417</u></u>

Bonds Payable. The State Board of Education issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The State Board of Education and the State Board of Administration administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements. The College had the following bonds payable outstanding at June 30, 2007:

**DAYTONA BEACH COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007**

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State Board of Education Capital Outlay Bonds:			
Series 1999-A	\$ 2,755,000	4.00 - 4.75	2019
Series 2001-A	330,000	4.10 - 5.00	2021
Series 2002-B	1,605,000	3.375 - 5.375	2015
Total	\$ 4,690,000		

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

Fiscal Year Ending June 30	State Board of Education Capital Outlay Bonds		
	Principal	Interest	Total
2008	\$ 290,000	\$ 219,962	\$ 509,962
2009	305,000	209,431	514,431
2010	315,000	198,019	513,019
2011	330,000	182,269	512,269
2012	355,000	165,569	520,569
2013-2017	2,070,000	556,175	2,626,175
2018-2021	1,025,000	77,925	1,102,925
Total	\$ 4,690,000	\$ 1,609,350	\$ 6,299,350

Loans Payable. Pursuant to Section 1001.64(38), Florida Statutes, the College obtained two loans to finance the costs of the acquisition and construction of various capital projects and equipment, including but not limited to, construction of the Hospitality Center, a physical plant, shipping and receiving building, additional parking, and the demolition of a building. The College borrowed \$10 million on December 23, 2005, at a stated interest rate of 3.96 percent, and \$8 million on January 10, 2006, at a stated interest rate of 4.03 percent. Both loans mature on January 1, 2026, and principal and interest payments are made at the beginning of each quarter.

Annual requirements to amortize the outstanding loans as of June 30, 2007, are as follows:

DAYTONA BEACH COMMUNITY COLLEGE
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Fiscal Year Ending June 30	Principal	Interest	Total
2008	\$ 645,000	\$ 679,640	\$ 1,324,640
2009	650,000	653,499	1,303,499
2010	690,000	627,156	1,317,156
2011	715,000	599,270	1,314,270
2012	740,000	570,236	1,310,236
2013-2017	4,180,000	2,376,236	6,556,236
2018-2022	5,095,000	1,457,974	6,552,974
2023-2026	4,545,000	371,432	4,916,432
Total	\$ 17,260,000	\$ 7,335,443	\$ 24,595,443

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2007, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$9,357,134. The College's estimate of the current portion of the compensated absences liability is based on historical leave payment data.

Special Termination Benefits Payable. Beginning July 1, 2000, the Board of Trustees established a severance pay plan that is available to certain College administrative employees. As of June 30, 2007, a total of 13 employees had accrued benefits in the severance pay plan. The plan provides that an eligible employee's total benefit must not exceed an amount equal to twice the employee's annualized base pay determined as of the date of the employee's separation from service. The severance pay plan benefit is not available to an eligible employee until the date of separation from the College, and must be paid in one lump-sum payment within 60 days of the separation date. All benefits under the plan must be paid from assets of the College, which assets must remain subject to the claims of general creditors of the College until such time as the benefits are paid to eligible employees. The College believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. At June 30, 2007, a liability for accrued plan benefits of \$900,419 was reported by the College as Special Termination Benefits Payable.

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11. RETIREMENT PROGRAMS

Florida Retirement System. Most employees working in regularly established positions of the College are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). FRS 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 to enroll as members of the FRS.

Benefits in the Plan vest at 6 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. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2006-07 fiscal year were as follows:

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Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Senior Management Service	0.00	13.12
Teacher's Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	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 subsidy. Also, employer rates, other than for DROP participants, include .05 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The College'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 College. The College's contributions, including employee contributions, for the fiscal years ended June 30, 2005, June 30, 2006, and June 30, 2007, totaled \$2,227,102, \$2,360,545, and \$3,137,047, respectively, which were equal to the required contributions for each fiscal year.

Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. College employees already participating in the State Community College System Optional Retirement Program or the DROP are not eligible to participate in this program. 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. There were 134 College participants during the 2006-07 fiscal year. Required contributions made to the PEORP totaled \$420,412.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

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State Community College System Optional Retirement Program. Section 1012.875, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible community college instructors and administrators. The Program is designed to aid community colleges in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing community college contributes, on behalf of the participant, 10.43 percent of the participant's salary, less a small amount used to cover administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the community college to the participant's annuity account.

There were 107 College participants during the 2006-07 fiscal year. Required employer contributions and employee contributions made to the Program totaled \$703,161.

12. CONSTRUCTION COMMITMENTS

The College's major construction commitments at June 30, 2007, are as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Hospitality/Tourism/Museum Building:			
Architect	\$ 1,154,596	\$ 1,067,434	\$ 87,162
General Contractor	17,182,604	14,248,244	2,934,360
Medical Building:			
Architect	232,539	177,339	55,200
General Contractor	3,791,253	800,841	2,990,412
Conference Center/Guest House:			
Architect	72,637	65,373	7,264
General Contractor	1,159,752		1,159,752
Facilities Services/Business Services Building:			
Architect	167,288	139,514	27,774
General Contractor	2,590,403	1,357,124	1,233,279
Total	\$ 26,351,072	\$ 17,855,869	\$ 8,495,203

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13. JOINT VENTURE

A joint venture is a legal entity or other organization that results from a contractual agreement, and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain: (a) an ongoing financial interest or (b) an ongoing financial responsibility. As discussed below, the College participates in a joint venture.

The College entered into an agreement with the Flagler and Volusia County District School Boards, pursuant to Section 163.01, Florida Statutes, and Chapter 98-302, Laws of Florida, to construct and operate a charter technical career center. The charter technical career center's corporate name is the Volusia Flagler Advanced Technology Center, Inc., and it does business as the Advanced Technology Center (ATC). On May 17, 2007, the business name of the ATC was changed to the Advanced Technology College. The ATC is a separate legal entity, and is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, and Section 1002.34, Florida Statutes. Because the sponsoring governments (sponsors) have an on-going financial interest and financial responsibility, the ATC is considered a joint venture. The ATC Board of Directors, which oversees the ATC's operations, has eleven members: one member is the chief executive officer from a sponsor, and is appointed on a rotating basis from each sponsor to a one year term; six members are appointed by the sponsors (two members are appointed by each sponsor); and four members are elected by the seven appointed board members. The current agreement is effective through June 30, 2011.

The College's capital contribution was \$13,500,000 as provided in the agreement and is reported as an investment in joint venture. The agreement provides a vested interest for each sponsor for the purposes of recouping of investments and the allocating of assets and assuming liabilities upon termination of the agreement. In the event of termination of the agreement, the capital assets purchased by the ATC will be appraised and sold. The profits will revert to the sponsors based on their proportionate equity in the ATC as defined by the agreement. As of June 30, 2007, the College's proportionate share of profits to be distributed in the event of termination of the agreement was 29.4 percent.

The total costs to construct the ATC facility was \$25,500,000 and was financed through capital contributions from each sponsor as provided in the agreement. However, Volusia County District School Board holds title to, and is considered the owner of, the facility and the site on which the facility is located. Pursuant to the agreement, Volusia County District School Board must lease the facility to the College for a period of 40 years.

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The agreement requires participants to make a pro-rata contribution for annual operating costs. Additionally, should enrollment at the ATC exceed expectations, sponsors must make additional pro-rata contributions as required by the agreement. The agreement provides that these commitments are exclusive of the College's obligation to pay occupancy costs of the facility. Annual required contributions by each sponsor are adjusted annually to cover the estimated annual operating costs of the ATC. The College's pro-rata contributions for operating costs were \$2,239,292 for the 2006-07 fiscal year.

The College serves as the fiscal agent for the joint venture. For the 2006-07 fiscal year, the College received \$207,399 in administrative fees from the ATC for acting as fiscal agent.

The ATC is accounted for as a proprietary joint venture. A summary of financial information for the fiscal year ended June 30, 2006, the most recent year for which audited information is available, is shown below:

Condensed Statement of Net Assets

Assets:	
Current Assets	\$ 464,058
Noncurrent Assets	405,096
	<u>869,154</u>
Total Assets	869,154
Liabilities:	
Current Liabilities	384,831
Noncurrent Liabilities	405,096
	<u>789,927</u>
Total Liabilities	789,927
Net Assets:	
Restricted	<u>79,227</u>
Total Net Assets	\$ 79,227

**Condensed Statement of Revenues,
Expenses, and Changes in Net Assets**

Total Revenues	\$ 4,877,263
Total Expenses	4,819,332
	<u>57,931</u>
Increase in Net Assets	57,931
Net Assets, Beginning of Year	20,602,055
Adjustment to Beginning Net Assets	<u>(20,580,759)</u>
Net Assets, Beginning of Year, as Restated	21,296
Net Assets, End of Year	\$ 79,227

The adjustment to beginning net assets was to correct an overstatement related to reporting of capital assets.

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An audit of the ATC's financial statements for the fiscal year ended June 30, 2006, was conducted by an independent certified public accountant, and copies of the audit report can be obtained from the ATC's administrative office or the College's administrative office.

14. JOINT PARTICIPATION AGREEMENT

Daytona Beach Community College entered into a joint participation agreement with Brevard Community College to provide for the transition of both Colleges to digital transmission capabilities for their respective public television stations. The Colleges agreed to submit a joint application for Federal funds that will be combined with funding from other sources to finance the project.

The joint participation agreement provides for conversion of master control facilities for each College, the installation of a joint use digital antenna, and jointly leased tower space. The Colleges will share equally the lease payments and other obligations contained in the tower lease agreement. Also, the College agreed to equally share the costs of maintenance and repair of the equipment and facilities and common expenses relating to the joint use of the lease tower, the digital antenna, the transmission lines, and other common equipment. In addition, the Colleges agreed to share any such engineering fees or consulting fees as may be necessary for the common benefit of the Colleges.

Daytona Beach Community College has been designated as the fiscal agent and, in accordance with the agreement, will act for the benefit of both Colleges. Daytona Beach Community College will serve as the owner of record of the digital antenna, transmission lines, and associated equipment acquired with various Federal and State grants. However, the Federal government retains a ten-year lien on equipment purchased with Federal funds that commences from the date of completion of the project.

15. RISK MANAGEMENT PROGRAMS

The College 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 College provided coverage for these risks primarily through the Florida Community Colleges Risk Management Consortium, which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public community colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide community college risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to \$115 million. Insurance coverage obtained through the Consortium included fire and extended property,

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general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Self-Insured Program. The Board has established an individual self-insured program to provide group health insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to \$125,000 per insured person with a \$47,500 aggregating specific deductible for the 2006-07 fiscal year. The plan is provided by an insurance company licensed by the Florida Department of Financial Services, Office of Insurance Regulation. The College contributes employee premiums as a fringe benefit. Employee dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, and an amount for claims administration expense. Because actual claims liabilities depend upon such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. The College reevaluates claims liabilities periodically and the claims liabilities totaled \$710,000 as of June 30, 2007. Amounts held by the College in excess of estimated insurance claims payable at June 30, 2007, totaled \$1,153,839. The College will use these amounts to pay claims incurred in future fiscal years.

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

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
2005-06	\$545,432	\$ 5,381,559	\$ (5,213,418)	\$713,573
2006-07	\$713,573	\$ 5,513,457	\$ (5,517,030)	\$710,000

16. SCHEDULE OF STATE REVENUE SOURCES

Revenue from State sources for current operations is primarily from the Community College Program Fund administered by the Florida Department of Education under the provisions of Section 1011.81, Florida Statutes. In accordance with Section 1011.84, Florida Statutes, the Legislature determines each college's apportionment considering the following components: base budget, which includes the State appropriation to the Community College Program Fund in the current year plus the related student tuition and fees assigned in the current General Appropriations Act; the cost-to-continue allocation, which consists of

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incremental changes to the base budget, including salaries, price levels, and other related costs; enrollment workload adjustments; operation costs of new facilities adjustments; and new and improved program enhancements, which are determined by the Legislature. Student fees in the base budget plus student fee revenues generated by increases in fee rates are deducted from the sum of these components to determine the net annual State apportionment to each college.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the College on an annual basis. The College is authorized to receive and expend these resources only upon applying for and receiving an encumbrance authorization from the Florida Department of Education.

The following is a summary of State revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
Community College Program Fund	\$45,220,578
Gross Receipts Tax (Public Education Capital Outlay)	11,961,032
Education Enhancement Trust Fund (Lottery)	5,497,734
Florida Student Assistance Grants	2,444,979
Bright Futures Scholarship Program	1,959,292
Restricted Contracts and Grants	1,749,453
Performance Based Incentives	707,284
Motor Vehicle License Tax (Capital Outlay and Debt Service)	586,890
Florida Community Service Grants	585,559
Adults with Disabilities	326,749
Other State Sources	18,380
Total	<u><u>\$71,057,930</u></u>

17. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net assets are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

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<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 34,631,082
Public Services	2,895,116
Academic Support	8,320,093
Student Services	9,727,156
Institutional Support	13,184,843
Operation and Maintenance of Plant	10,217,566
Scholarships and Fellowships	15,650,896
Depreciation	6,970,263
Auxiliary Enterprises	313,692
Total Operating Expenses	\$ 101,910,707

18. CURRENT UNRESTRICTED FUNDS

The Southern Association of Colleges and Schools, Commission on Colleges, which establishes the accreditation requirements for institutions of higher education, requires a disclosure of the financial position of unrestricted net assets, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net assets. To meet this requirement, statements of net assets and revenues, expenses, and changes in net assets for the current unrestricted funds are presented, as follows:

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Statement of Current Unrestricted Funds Net Assets

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 12,700,319
Accounts Receivable, Net	523,151
Due from Other Governmental Agencies	156,571
Prepaid Expenses	<u>163,053</u>

Total Current Assets 13,543,094

Noncurrent Assets:

Investment in Joint Venture	13,500,000
Other Assets	<u>4,494</u>

Total Noncurrent Assets 13,504,494

TOTAL ASSETS \$ 27,047,588

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 1,368,443
Salary and Payroll Taxes Payable	844,314
Due from Other Governmental Agencies	264,802
Estimated Insurance Claims Payable	710,000
Deferred Revenue	191,745
Deposits Held for Others	710
Long-Term Liabilities - Current Portion:	
Compensated Absences Payable	670,587
Special Termination Benefits Payable	<u>49,830</u>

Total Current Liabilities 4,100,431

Noncurrent Liabilities:

Compensated Absences Payable	8,686,547
Special Termination Benefits Payable	<u>850,589</u>

Total Noncurrent Liabilities 9,537,136

TOTAL LIABILITIES 13,637,567

TOTAL NET ASSETS 13,410,021

TOTAL LIABILITIES AND NET ASSETS \$ 27,047,588

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**Statement of Current Unrestricted Funds Revenues,
Expenses, and Changes in Net Assets**

REVENUES

Operating Revenues:

Student Tuition and Fees, Net of Scholarship Allowances of \$7,639,692	\$ 10,288,175
Federal Grants and Contracts	132,307
State and Local Grants and Contracts	310,017
Nongovernmental Grants and Contracts	653,255
Sales and Services of Educational Departments	26,322
Auxiliary Enterprises	3,305,466
Other Operating Revenues	<u>1,412,074</u>

Total Operating Revenues 16,127,616

EXPENSES

Operating Expenses:

Personnel Services	50,748,589
Scholarships and Waivers	155,372
Utilities and Communications	3,367,666
Contractual Services	3,005,100
Other Services and Expenses	2,355,437
Materials and Supplies	<u>3,317,528</u>

Total Operating Expenses 62,949,692

Operating Loss (46,822,076)

NONOPERATING REVENUES

State Appropriations	51,233,309
Investment Income	929,872
Other Nonoperating Revenues	<u>47,673</u>

Total Nonoperating Revenues 52,210,854

Income Before Other Revenues and Transfers 5,388,778

Capital Grants and Gifts	47,493
Transfers to/from Other Funds	<u>(5,277,861)</u>

Increase in Net Assets 158,410

Net Assets, Beginning of Year 13,251,611

Net Assets, End of Year \$ 13,410,021

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19. SUBSEQUENT EVENT

As discussed in note 1, at June 30, 2007, the College had \$42,021,421 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 28, 2007, the College withdrew all but \$122,000 invested at that date from the Pool.