

**CITRUS COUNTY  
DISTRICT SCHOOL BOARD**

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

For the Fiscal Year Ended  
June 30, 2009



## BOARD MEMBERS AND SUPERINTENDENT

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

	<u>District No.</u>
Louis A. Miele	1
Virginia G. Bryant, Vice Chair to 11-17-08, Chair from 11-18-08	2
Patricia T. Deutschman, Vice Chair from 11-18-08	3
Edward W. Murray	4
Linda B. Powers, Chair to 11-17-08	5

Sandra C. Himmel, Superintendent

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

The audit was conducted by Janice Priolo, CPA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, by e-mail at [gregcenters@aud.state.fl.us](mailto:gregcenters@aud.state.fl.us) or by telephone at (850) 487-9039.

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CITRUS COUNTY DISTRICT SCHOOL BOARD  
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## EXECUTIVE SUMMARY

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### Summary of Report on Financial Statements

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

### Summary of Report on Internal Control and Compliance

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States; however, we noted a certain additional matter as summarized below.

#### ADDITIONAL MATTER

Finding No. 1: The District needed to enhance its controls over the reporting of instructional contact hours for adult general education courses to the Florida Department of Education.

### Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Title I, Part A Cluster and Federal Pell Grant programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that were applicable to the major Federal programs tested.

### Audit Objectives and Scope

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

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;
- Established internal controls that promote and encourage: 1) compliance with applicable laws, rules, regulations, contracts, and grant agreements; 2) the economic and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and
- Taken corrective actions for findings included in our report No. 2009-141A.

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2009. We obtained an understanding of the District's environment, including its internal control and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

### Audit Methodology

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



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

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

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Citrus County District School Board, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 36 percent of the assets and 78 percent of the liabilities of the aggregate remaining fund information. Additionally, we did not audit the financial statements of the Academy of Environmental Science, Inc. (Charter School), a discretely presented component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the discretely presented component unit, are based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Citrus County District School Board as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** (pages 3 through 8) and the **OTHER REQUIRED SUPPLEMENTARY INFORMATION** (pages 38 through 40) are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,



David W. Martin, CPA  
February 18, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Citrus County District School Board has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2009. 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 and should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 9 through 37.

### FINANCIAL HIGHLIGHTS

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

- The District's total net assets increased \$3,502,477.43, which represents a 1.8 percent increase from the 2007-08 fiscal year.
- General revenues total \$141,951,953.89, which is 91 percent of all revenues in the 2008-09 fiscal year, as compared to \$153,675,524.01, which was 86.7 percent for the 2007-08 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$14,052,908.69, which is 9.0 percent, compared to \$23,636,309.83, which represented 13.3 percent for the 2007-08 fiscal year.
- Expenses total \$152,502,385.15. Only \$14,052,908.69 of these expenses was offset by program specific charges, with the remainder paid from general revenues. Total revenues exceeded total expenses by \$3,502,477.43, as compared to the previous year when revenues exceeded expenses by \$21,341,132.57.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$13,518,539.66 at June 30, 2009, which is 11.2 percent of total General Fund expenditures as compared to \$12,127,351.29, or 9.8 percent at June 30, 2008.
- The District's capital assets (net of depreciation) increased by \$4,474,454.41.

### OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

#### **Government-wide Financial Statements**

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

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component unit – The District presents one separate legal entity as a discretely presented component unit, which is the Academy of Environmental Science, Inc. (Charter School). Although a legally separate organization, the component unit is included in this report because it meets the criteria for inclusion provided by generally accepted accounting principles. Financial information for this component unit is reported separately from the financial information presented for the primary government.

### **Fund Financial Statements**

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

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

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

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

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

**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 scholarship funds established by private donors.

The District uses agency funds to account for resources held for student activities and groups.

**Notes to Financial Statements**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b>Net Assets, End of Year</b>	
	Governmental	
	Activities	
	6-30-09	6-30-08
Current and Other Assets	\$ 63,297,288.24	\$ 61,576,340.20
Capital Assets	155,935,655.34	151,461,200.93
<b>Total Assets</b>	<b>219,232,943.58</b>	<b>213,037,541.13</b>
Long-Term Liabilities	14,987,155.25	12,723,016.17
Other Liabilities	5,865,314.14	5,436,528.20
<b>Total Liabilities</b>	<b>20,852,469.39</b>	<b>18,159,544.37</b>
Net Assets:		
Invested in Capital Assets -		
Net of Related Debt	152,196,223.21	147,398,848.52
Restricted	41,386,277.04	42,164,766.59
Unrestricted	4,797,973.94	5,314,381.65
<b>Total Net Assets</b>	<b>\$ 198,380,474.19</b>	<b>\$ 194,877,996.76</b>

The largest portion of the District’s net assets (76.7 percent) reflects its investment in capital assets (e.g., land, buildings and fixed equipment, furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District’s net assets (20.9 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets (2.4 percent) may be used to meet the government’s ongoing obligations to students, employees, and creditors.

The key elements of the changes in the District’s net assets for the fiscal years ended June 30, 2009, and June 30, 2008, are as follows:

	<b>Operating Results for the Year</b>	
	Governmental	
	Activities	
	6-30-09	6-30-08
<b>Program Revenues:</b>		
Charges for Services	\$ 3,318,150.92	\$ 3,661,774.53
Operating Grants and Contributions	8,149,502.38	7,733,510.33
Capital Grants and Contributions	2,585,255.39	12,241,024.97
<b>General Revenues:</b>		
Property Taxes, Levied for Operational Purposes	65,932,424.58	66,878,164.07
Property Taxes, Levied for Capital Projects	19,866,335.66	24,553,982.42
Grants and Contributions Not Restricted to Specific Programs	53,624,319.56	58,706,530.30
Unrestricted Investment Earnings	644,189.22	1,811,342.96
Miscellaneous	1,884,684.87	1,725,504.26
<b>Total Revenues</b>	<b>156,004,862.58</b>	<b>177,311,833.84</b>
<b>Functions/Program Expenses:</b>		
Instruction	77,231,911.13	78,418,928.21
Pupil Personnel Services	6,157,775.76	6,007,743.32
Instructional Media Services	2,304,804.05	2,281,735.17
Instruction and Curriculum Development Services	4,976,305.41	5,166,447.08
Instructional Staff Training Services	2,164,393.48	2,034,840.00
Instruction Related Technology	1,372,419.56	1,146,909.47
Board of Education	627,270.14	735,488.82
General Administration	967,149.12	914,717.45
School Administration	8,885,928.21	8,931,922.92
Facilities Acquisition and Construction	4,666,222.66	7,072,108.71
Fiscal Services	897,227.94	999,715.26
Food Services	5,657,195.33	5,940,134.77
Central Services	2,243,477.15	2,449,890.22
Pupil Transportation Services	8,130,253.07	9,142,881.17
Operation of Plant	10,090,607.78	10,854,669.85
Maintenance of Plant	4,211,136.50	3,503,825.09
Administrative Technology Services	1,921,203.87	1,553,302.47
Community Services	1,208,708.95	808,824.35
Interest on Long-Term Debt	207,864.98	222,273.45
Unallocated Depreciation Expense	7,633,241.14	7,678,375.47
Loss on Disposal of Capital Assets	947,288.92	105,968.02
<b>Total Functions/Program Expenses</b>	<b>152,502,385.15</b>	<b>155,970,701.27</b>
<b>Increase in Net Assets</b>	<b>\$ 3,502,477.43</b>	<b>\$ 21,341,132.57</b>

The largest revenue sources are the State of Florida and local property taxes (31.6 percent and 55 percent, respectively.) 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. The FEFP decrease of \$5,751,041 was due to a declining unweighted full-time equivalent (UFTE) student count and a reduction by the State in the base student allocation from \$4,163.47 to \$3,886.14. UFTE decreased by 81.43 students, from 15,877.43 students in the 2007-08 fiscal year to 15,796 students in 2008-09 fiscal year. During the 2008-09 fiscal year, the District experienced a decrease in local property tax revenues levied for operational purposes of \$945,739, or 1.4 percent.

Capital grants and contributions decreased \$9,655,770, mainly due to a \$7,455,967 decrease in Classrooms for Kids capital funding. Property taxes levied for capital projects decreased \$4,989,917, primarily due to a decrease in millage from 2.00 mills to 1.75 mills.

The facilities acquisition and construction expense declined \$2,405,886 from the previous year due to the completion of Central Ridge Elementary School, which opened in the fall of 2008.

## **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 \$13,518,539.66, while the total fund balance is \$16,038,374.01. The unreserved fund balance increased by \$1,391,188.37, while the total fund balance increased by \$1,944,087.94 during the fiscal year. The total fund balance increase amounted to 14.4 percent of the District's unreserved fund balance. The increase in fund balance was due to a decrease in expenditures in salaries and benefits and a \$2,661,005 increase in transfers in from the capital projects funds, which was a result of reclassifying maintenance projects in the General Fund rather than the capital projects funds.

The Special Revenue – ARRA Economic Stimulus Fund is used to account for Federal grant resources related to the American Recovery and Reinvestment Act (ARRA). The revenues and expenditures in this fund total \$43,745 each, and there is no ending fund balance.

The Capital Projects – Public Education Capital Outlay Fund (PECO) has a total fund balance of \$444,391.29, all of which is restricted for the acquisition, construction, and maintenance of capital assets. It should be noted that 97 percent of this fund balance is encumbered for specific projects. The fund balance increase of \$211,175.75 is due to an approved PECO project not completed at fiscal year-end.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$36,794,161.16, all of which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance increased by \$2,489,077.71, mainly for the planned remodeling of the Crystal River Primary School and the Crystal River High School in the 2009-10 fiscal year. At June 30, 2009, \$3,717,414.19 of the fund balance was encumbered for specific projects.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the course of the 2008-09 fiscal year, the District amended its General Fund budget several times, which resulted in a decrease in total budgeted revenues amounting to \$1,858,245.90, or 1.6 percent. At the same time, final appropriations are more than the original budgeted amounts by \$2,644,145.87 or 2.1 percent. Budget revisions were necessary to recognize revenue reductions in FEFP and expenditure increases related to transferring maintenance expenditures from the capital projects funds. Final budgeted revenues of \$116,023,403 were in line with actual revenues of \$116,607,561; however, actual expenditures were \$9,041,888 less than the final budgeted appropriations. The difference was due mainly to staffing reductions made during the fiscal year as directed by the Board and a savings in fuel costs in transportation.

## **CAPITAL ASSETS AND LONG-TERM DEBT**

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$155,935,655.34 (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; construction in progress; and audio visual materials and computer software.

Major capital asset events during the current fiscal year included the purchase of motor vehicles and opening a new school, Central Ridge Elementary.

Additional information on the District's capital assets can be found in Notes 4 and 13 to the financial statements.

**Long-Term Debt**

At June 30, 2009, the District has total long-term bonded debt outstanding of \$3,845,000. Additional information on the District's long-term debt can be found in Notes 5 and 6 to the financial statements.

**REQUESTS FOR INFORMATION**

Questions concerning information provided in the MD&A, financial statements and notes thereto, or requests for additional financial information should be addressed to the Director of Finance, Citrus County District School Board, 1007 West Main Street, Inverness, Florida 34450.

**BASIC FINANCIAL STATEMENTS**

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

	Primary Governmental Activities	Component Unit
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 55,178,050.57	\$ 91,635.00
Investments	408,838.79	
Accounts Receivable	19,054.71	
Prepaid Items	955,791.88	175.00
Due from Other Agencies	5,456,814.17	
Inventories	481,854.93	
Capital Credits Receivable	796,883.19	
Capital Assets:		
Nondepreciable Capital Assets	9,681,752.76	
Depreciable Capital Assets, Net	146,253,902.58	260,804.00
<b>TOTAL ASSETS</b>	<b>\$ 219,232,943.58</b>	<b>\$ 352,614.00</b>
<b>LIABILITIES</b>		
Salaries and Benefits Payable	\$ 216,473.42	\$
Payroll Deductions and Withholdings	1,029,171.49	
Accounts Payable	2,726,636.04	1,431.00
Construction Contracts Payable - Retainage	205,758.09	
Due to Other Agencies	130.57	
Deferred Revenue	1,687,144.53	
Long-Term Liabilities:		
Portion Due Within One Year	1,235,000.00	1,200.00
Portion Due After One Year	13,752,155.25	31,800.00
<b>Total Liabilities</b>	<b>20,852,469.39</b>	<b>34,431.00</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt Restricted for:	152,196,223.21	260,804.00
State Categorical Programs	895,128.01	
Debt Service	105,567.87	
Capital Projects	38,940,400.26	81,045.00
Special Revenue	1,445,180.90	
Unrestricted	4,797,973.94	(23,666.00)
<b>Total Net Assets</b>	<b>198,380,474.19</b>	<b>318,183.00</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 219,232,943.58</b>	<b>\$ 352,614.00</b>

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

**CITRUS COUNTY  
DISTRICT SCHOOL BOARD  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
<b>Governmental Activities:</b>			
Instruction	\$ 77,231,911.13	\$ 1,426,769.62	\$
Pupil Personnel Services	6,157,775.76		
Instructional Media Services	2,304,804.05		
Instruction and Curriculum Development Services	4,976,305.41		
Instructional Staff Training Services	2,164,393.48		
Instruction Related Technology	1,372,419.56		
Board of Education	627,270.14		
General Administration	967,149.12		
School Administration	8,885,928.21		
Facilities Acquisition and Construction	4,666,222.66		177,054.58
Fiscal Services	897,227.94		
Food Services	5,657,195.33	1,891,381.30	3,900,947.38
Central Services	2,243,477.15		
Pupil Transportation Services	8,130,253.07		4,248,555.00
Operation of Plant	10,090,607.78		
Maintenance of Plant	4,211,136.50		1,868,290.31
Administrative Technology Services	1,921,203.87		
Community Services	1,208,708.95		
Interest on Long-Term Debt	207,864.98		539,910.50
Unallocated Depreciation Expense	7,633,241.14		
Loss on Disposal/Threshold Adjustments of Capital Assets	947,288.92		
<b>Total Primary Government</b>	<b>\$ 152,502,385.15</b>	<b>\$ 3,318,150.92</b>	<b>\$ 8,149,502.38</b>
<b>Component Unit</b>			
Charter School	\$ 440,483.00	\$ 0.00	\$ 49,091.00

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

**Total General Revenues**

**Change in Net Assets**

Net Assets - Beginning

**Net Assets - Ending**

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

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	Component
Governmental	Unit
Activities	
\$ (75,805,141.51)	\$
(6,157,775.76)	
(2,304,804.05)	
(4,976,305.41)	
(2,164,393.48)	
(1,372,419.56)	
(627,270.14)	
(967,149.12)	
(8,885,928.21)	
(4,489,168.08)	
(897,227.94)	
135,133.35	
(2,243,477.15)	
(3,881,698.07)	
(10,090,607.78)	
(2,342,846.19)	
(1,921,203.87)	
(1,208,708.95)	
332,045.52	
(7,633,241.14)	
(947,288.92)	
(138,449,476.46)	
	(391,392.00)
65,932,424.58	
19,866,335.66	
53,624,319.56	333,671.00
644,189.22	
1,884,684.87	3,611.00
141,951,953.89	337,282.00
3,502,477.43	(54,110.00)
194,877,996.76	372,293.00
\$ 198,380,474.19	\$ 318,183.00

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

	General Fund	Special Revenue - ARRA Economic Stimulus Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 14,293,086.23	\$
Investments	18,431.06	
Accounts Receivable	15,869.61	
Prepaid Items	954,481.33	
Due from Other Funds	197,923.96	
Due from Other Agencies	2,256,844.80	43,745.20
Inventories	272,783.10	
	<u>\$ 18,009,420.09</u>	<u>\$ 43,745.20</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Salaries and Benefits Payable	\$ 216,473.42	\$
Payroll Deductions and Withholdings	1,003,817.21	466.30
Accounts Payable	750,624.88	72.00
Construction Contracts Payable - Retainage		
Due to Other Funds		43,206.90
Due to Other Agencies	130.57	
Deferred Revenue		
	<u>1,971,046.08</u>	<u>43,745.20</u>
<b>Total Liabilities</b>		
Fund Balances:		
Reserved for State Categorical Programs	895,128.01	
Reserved for Encumbrances	397,441.91	
Reserved for Prepaid Items	954,481.33	
Reserved for Inventories	272,783.10	
Reserved for Debt Service		
Unreserved:		
Undesignated, Reported in:		
General Fund	13,518,539.66	
Special Revenue Funds		
Capital Projects Funds		
	<u>16,038,374.01</u>	<u></u>
<b>Total Fund Balances</b>		
	<u>\$ 18,009,420.09</u>	<u>\$ 43,745.20</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Public Education Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
\$ 37,671,735.89	\$ 170,996.16	\$ 3,042,232.29	\$ 55,178,050.57
262,453.75	1,191.30	126,762.68	408,838.79
3,185.10			19,054.71
783.33		527.22	955,791.88
			197,923.96
584,854.52	2,029,251.29	542,118.36	5,456,814.17
		209,071.83	481,854.93
<u>\$ 38,523,012.59</u>	<u>\$ 2,201,438.75</u>	<u>\$ 3,920,712.38</u>	<u>\$ 62,698,329.01</u>
\$	\$	\$	\$
		24,887.98	216,473.42
1,523,093.34	124,274.62	328,571.20	1,029,171.49
205,758.09			2,726,636.04
		154,717.06	205,758.09
			197,923.96
			130.57
	1,632,772.84	54,371.69	1,687,144.53
<u>1,728,851.43</u>	<u>1,757,047.46</u>	<u>562,547.93</u>	<u>6,063,238.10</u>
			895,128.01
3,717,414.19	431,068.70	159,176.42	4,705,101.22
783.33		527.22	955,791.88
		209,071.83	481,854.93
		105,567.87	105,567.87
			13,518,539.66
		1,077,282.65	1,077,282.65
33,075,963.64	13,322.59	1,806,538.46	34,895,824.69
<u>36,794,161.16</u>	<u>444,391.29</u>	<u>3,358,164.45</u>	<u>56,635,090.91</u>
<u>\$ 38,523,012.59</u>	<u>\$ 2,201,438.75</u>	<u>\$ 3,920,712.38</u>	<u>\$ 62,698,329.01</u>

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

**Total Fund Balances - Governmental Funds** \$ 56,635,090.91

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. 155,935,655.34

Capital credits to be received in future years are not available to liquidate liabilities in the governmental funds, but are accrued in the government-wide statements. 796,883.19

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

Bonds Payable	\$ 3,845,000.00	
Compensated Absences Payable	6,798,921.25	
Postemployment Healthcare Benefits Payable	4,343,234.00	(14,987,155.25)

**Total Net Assets - Governmental Activities** **\$ 198,380,474.19**

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

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

	General Fund	Special Revenue - ARRA Economic Stimulus Fund
<b>Revenues</b>		
Intergovernmental:		
Federal Direct	\$ 179,345.20	\$
Federal Through State and Local	75,714.57	43,745.20
State	46,731,846.09	
Local:		
Property Taxes	65,932,424.58	
Impact Fees		
Charges for Services - Food Service		
Miscellaneous	3,688,230.70	
<b>Total Revenues</b>	116,607,561.14	43,745.20
<b>Expenditures</b>		
Current - Education:		
Instruction	70,524,884.87	42,900.00
Pupil Personnel Services	5,042,930.93	
Instructional Media Services	2,255,132.86	
Instruction and Curriculum Development Services	2,660,843.43	
Instructional Staff Training Services	909,410.80	800.45
Instruction Related Technology	1,346,891.42	
Board of Education	615,602.39	
General Administration	537,189.54	44.75
School Administration	8,720,526.45	
Facilities Acquisition and Construction	539,532.18	
Fiscal Services	880,538.76	
Food Services		
Central Services	2,087,329.32	
Pupil Transportation Services	7,900,597.06	
Operation of Plant	9,902,914.15	
Maintenance of Plant	4,132,805.89	
Administrative Technology Services	1,885,467.89	
Community Services	712,839.34	
Fixed Capital Outlay:		
Facilities Acquisition and Construction	760.14	
Other Capital Outlay	160,398.92	
Debt Service:		
Principal		
Interest and Fiscal Charges		
<b>Total Expenditures</b>	120,816,596.34	43,745.20
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(4,209,035.20)	
<b>Other Financing Sources (Uses)</b>		
Transfers In	6,159,565.42	
Insurance Loss Recoveries	8,092.17	
Transfers Out	(14,534.45)	
<b>Total Other Financing Sources (Uses)</b>	6,153,123.14	
<b>Net Change in Fund Balances</b>	1,944,087.94	
Fund Balances, Beginning	14,094,286.07	
<b>Fund Balances, Ending</b>	\$ 16,038,374.01	\$ 0.00

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Public Education Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$ 472,469.40	\$ 651,814.60
		14,200,238.86	14,319,698.63
	1,868,290.31	768,876.70	49,369,013.10
19,866,335.66			85,798,760.24
		18,551.00	18,551.00
		1,891,381.30	1,891,381.30
78,264.54	5,826.89	51,925.98	3,824,248.11
<u>19,944,600.20</u>	<u>1,874,117.20</u>	<u>17,403,443.24</u>	<u>155,873,466.98</u>
		5,227,549.04	75,795,333.91
		1,000,305.12	6,043,236.05
		6,799.94	2,261,932.80
		2,222,898.59	4,883,742.02
		1,213,922.73	2,124,133.98
			1,346,891.42
			615,602.39
		411,925.06	949,159.35
		116.16	8,720,642.61
	132,428.21		671,960.39
			880,538.76
		5,551,966.83	5,551,966.83
		114,417.30	2,201,746.62
		78,426.60	7,979,023.66
			9,902,914.15
			4,132,805.89
			1,885,467.89
		473,386.62	1,186,225.96
12,201,125.27	736,045.24	3,802,317.87	16,740,248.52
		135,863.38	296,262.30
		335,000.00	335,000.00
		207,864.98	207,864.98
<u>12,201,125.27</u>	<u>868,473.45</u>	<u>20,782,760.22</u>	<u>154,712,700.48</u>
<u>7,743,474.93</u>	<u>1,005,643.75</u>	<u>(3,379,316.98)</u>	<u>1,160,766.50</u>
		14,534.45	6,174,099.87
110,700.20			118,792.37
(5,365,097.42)	(794,468.00)		(6,174,099.87)
<u>(5,254,397.22)</u>	<u>(794,468.00)</u>	<u>14,534.45</u>	<u>118,792.37</u>
2,489,077.71	211,175.75	(3,364,782.53)	1,279,558.87
34,305,083.45	233,215.54	6,722,946.98	55,355,532.04
<u>\$ 36,794,161.16</u>	<u>\$ 444,391.29</u>	<u>\$ 3,358,164.45</u>	<u>\$ 56,635,090.91</u>

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

**Net Change in Fund Balances - Governmental Funds** \$ 1,279,558.87

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period. 5,421,743.33

The loss on the disposal of capital assets and capitalization threshold adjustments during the current period are reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balance by the following amounts:

Undepreciated Cost of Disposed Assets:	\$ (119,904.13)	
Capitalization Threshold Adjustments:	<u>(827,384.79)</u>	(947,288.92)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments in the current period. 335,000.00

Capital credits to be received in future years are accrued in the government-wide statements, but the credits do not provide current financial resources and are not recognized in the governmental funds.

Current Year Accruals	796,883.19	
Less: Prior Year Accruals	<u>(784,279.96)</u>	
Net Increase in Capital Credits Receivable		12,603.23

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period. (420,573.08)

Postemployment healthcare benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the postemployment healthcare benefits liability for the current fiscal year. (2,178,566.00)

**Change in Net Assets - Governmental Activities** \$ 3,502,477.43

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

**CITRUS COUNTY  
DISTRICT SCHOOL BOARD  
STATEMENT OF FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS  
June 30, 2009**

	Private-Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 241,130.00	\$ 1,885,859.00
Investments	72,542.91	
Accounts Receivable, Net		35,763.00
Inventory		101,116.00
	<b>\$ 313,672.91</b>	<b>\$ 2,022,738.00</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 1,000.00	\$ 13,927.00
Internal Accounts Payable		2,008,811.00
	<b>1,000.00</b>	<b>\$ 2,022,738.00</b>
<b>NET ASSETS</b>		
Assets Held in Trust for Scholarships and Other Purposes	312,672.91	
	<b>\$ 313,672.91</b>	

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

**CITRUS COUNTY  
DISTRICT SCHOOL BOARD  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS  
For the Fiscal Year Ended June 30, 2009**

	<u>Private-Purpose Trust Funds</u>
<b>ADDITIONS</b>	
<b>Contributions:</b>	
Gifts, Grants, Endowments, and Bequests	\$ 19,007.00
<b>Investment Earnings:</b>	
Interest, Dividends, and Other	3,795.22
<b>Total Additions</b>	<u>22,802.22</u>
<b>DEDUCTIONS</b>	
Scholarship Payments	<u>6,900.00</u>
<b>Change in Net Assets</b>	15,902.22
Net Assets - Beginning	<u>296,770.69</u>
<b>Net Assets - Ending</b>	<u><u>\$ 312,672.91</u></u>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

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

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

Based on the application of these criteria, the following component unit is included within the District School Board's reporting entity:

- **Discretely Presented Component Unit**. The component unit column in the government-wide financial statements includes the financial data of the Academy of Environmental Science, Inc. (Charter School). The Charter School is a separate not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The District is the sponsor for the Charter School and is responsible for monitoring and reviewing the Charter School's progress towards meeting the goals established in the charter. The Charter School is considered to be a component unit of the District because it is fiscally dependent on the District to levy taxes for its support. The financial data reported in the accompanying financial statements was derived from the audited financial records of the Charter School for the fiscal year ended June 30, 2009, which are on file at the District's administrative office.

➤ **Basis of Presentation**

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

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

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are

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

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

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

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – ARRA Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA).
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.
- Capital Projects – Public Education Capital Fund - to account for financial resources generated by Legislative appropriation through the Public Education Capital Outlay program used for specific educational capital outlay needs, including new construction and renovation and remodeling projects.

Additionally, the District reports the following fiduciary fund types:

- Private-Purpose Trust Funds – to account for various endowments in the school internal funds for Citrus High School students and for the resources of the Karl C. Schulz Trust Fund which are used for student scholarships.
- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

➤ **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.

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

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 30 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, postemployment healthcare benefits, 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 Academy of Environmental Science, Inc. (Charter School), shown as a discretely presented component unit, is accounted for as a governmental organization and follows the same accounting model as the District's governmental activities.

➤ **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include amounts placed with the Federated Government Obligations Mutual Fund and the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund Investment Pool (LGIP), which, effective July 1, 2009, is known as Florida PRIME.

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

Investments consist of amounts placed in the SBA Debt Service accounts for investment of debt service moneys, amounts placed with SBA for participation in LGIP and the Fund B Surplus Funds Trust Fund (Fund B) investment pools created by Sections 218.405 and 218.417, Florida Statutes, and those made locally. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

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

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.51370946 at June 30, 2009. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within LGIP.

Investments made locally consist of the Federated Government Obligations Fund which is reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

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

➤ **Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at weighted average cost or the first-in, first-out basis, except that United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when 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. During the 2008-09 fiscal year, the District adopted State guidelines and redefined capital assets from those costing more than \$750 to those costing \$1,000 or more. 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 cost incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction. Buildings and improvements other than buildings acquired or constructed prior to July 1, 1980, are stated at estimated historical cost using price levels at the time of acquisition and, as a result, \$13,945,360.07 of stated building values and \$1,232,103.37 of stated improvements other than buildings values are based on these estimates.

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	20 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures, and Equipment	3 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

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

➤ **Long-Term Liabilities**

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

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

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the

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

benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

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

➤ **State Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational 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 funds as deferred revenue until such time as an encumbrance authorization is received.

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

➤ **District Property Taxes**

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

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

The School Board adopted the 2008 tax levy on September 9, 2008. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest bearing tax certificates to satisfy unpaid taxes. The

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

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

➤ **Federal Revenue Sources**

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

**2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY**

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

- 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.

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**3. INVESTMENTS**

As of June 30, 2009, the District has the following investments and maturities:

Investments	Maturities	Fair Value
State Board of Administration (SBA):		
Local Government Surplus Funds Trust		
Fund Investment Pool (LGIP) (2) (3)	46 Day Average	\$ 43,530,496.39
Fund B Surplus Funds Trust Fund (Fund B)	6.87 Year Average	375,813.83
Debt Service Accounts	6 Months	105,567.87
Federated Government Obligations Mutual Fund (1) (3)	47 Day Average	9,510,245.61
Total Investments, Primary Government		<u>\$ 53,522,123.70</u>

Note (1): Federated Government Obligations Fund - invests primarily in short term United States Treasury and government agency securities, including repurchase agreements collateralized fully by United States Treasury and government agency securities.

Note (2): Investments include \$72,542.91 of funds for the Karl C. Schulz Trust Fund.

Note (3): Investment reported as a cash equivalent.

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.
- LGIP had a weighted average days to maturity (WAM) of 46 days at June 30, 2009. A portfolio’s WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. Fund B had a weighted average life (WAL) of 6.87 years. A portfolio’s WAL is the dollar weighted average length of time until securities held reach maturity. WAL, which also measures the sensitivity of the portfolio to interest rate changes, is based on legal final maturity dates for Fund B as of June 30, 2009. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL.

Credit Risk

- Section 218.415(17), Florida Statutes, limits investments to SBA LGIP, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District’s investment policy limits investments to bids from qualified depositories, certificates of deposit, time deposits, Securities of the United States

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JUNE 30, 2009**

Government, including obligations of the United States Treasury; or investment pools managed and directed by an approved agency of the State. Other investments may not be made unless specifically authorized.

- The District’s investments in SBA Debt Service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by SBA for managing credit risk for this account.
- As of June 30, 2009, the District’s investment in LGIP is rated AAAm by Standard & Poor’s. Fund B is unrated.
- The District’s investment in the Federated Government Obligations Mutual Fund is rated AAAm by Standard & Poor’s and Aaa by Moody’s Investors Service.

**4. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

GOVERNMENTAL ACTIVITIES					
Capital Assets Not Being Depreciated:					
Land	\$ 3,979,829.36	\$	\$	\$	\$ 3,979,829.36
Construction in Progress	24,215,724.91		6,577,557.68	25,091,359.19	5,701,923.40
<b>Total Capital Assets Not Being Depreciated</b>	<b>28,195,554.27</b>		<b>6,577,557.68</b>	<b>25,091,359.19</b>	<b>9,681,752.76</b>
Capital Assets Being Depreciated:					
Improvements Other Than Buildings	16,362,023.81		1,965,319.91		18,327,343.72
Buildings and Fixed Equipment	141,104,328.97		23,126,039.28		164,230,368.25
Furniture, Fixtures, and Equipment	27,174,782.50	3,283,138.17	1,569,186.78	1,294,853.70	24,165,977.41
Motor Vehicles	13,348,206.54	8,916.82	4,845,039.00	620,891.00	17,563,437.72
Audio Visual Materials and Computer Software	2,035,051.75	213,621.68	63,201.01	103,011.35	1,781,619.73
<b>Total Capital Assets Being Depreciated</b>	<b>200,024,393.57</b>	<b>3,505,676.67</b>	<b>31,568,785.98</b>	<b>2,018,756.05</b>	<b>226,068,746.83</b>
Less Accumulated Depreciation for:					
Improvements Other Than Buildings	8,564,194.11		667,672.42		9,231,866.53
Buildings and Fixed Equipment	40,113,488.11		2,807,315.12		42,920,803.23
Furniture, Fixtures, and Equipment	17,831,116.73	2,472,603.17	2,827,194.83	1,273,879.19	16,911,829.20
Motor Vehicles	8,703,598.17	7,901.84	1,168,116.79	521,961.38	9,341,851.74
Audio Visual Materials and Computer Software	1,546,349.79	197,786.87	162,941.98	103,011.35	1,408,493.55
<b>Total Accumulated Depreciation</b>	<b>76,758,746.91</b>	<b>2,678,291.88</b>	<b>7,633,241.14</b>	<b>1,898,851.92</b>	<b>79,814,844.25</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>123,265,646.66</b>	<b>827,384.79</b>	<b>23,935,544.84</b>	<b>119,904.13</b>	<b>146,253,902.58</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 151,461,200.93</b>	<b>\$ 827,384.79</b>	<b>\$ 30,513,102.52</b>	<b>\$ 25,211,263.32</b>	<b>\$ 155,935,655.34</b>

Note (1): On July 1, 2008, the District increased its capitalization threshold from assets costing more than \$750 to assets costing more than \$1,000. The threshold adjustment reductions column above includes amounts for assets costing more than \$750 up to assets costing \$1,000, that were acquired prior to July 1, 2008, and their accumulated depreciation.

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The District’s capital assets serve several functions; accordingly, depreciation expense, which totals \$7,633,241.14, is charged to unallocated depreciation on the statement of activities.

**5. BONDS PAYABLE**

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

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 1999A	\$ 385,000	4.375 - 4.750	2019
Series 2005B, Refunding	<u>3,460,000</u>	5.0	2018
<b>Total Bonds Payable</b>	<b><u><u>\$ 3,845,000</u></u></b>		

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

➤ **State School Bonds**

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

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

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2010	\$ 535,793.75	\$ 345,000.00	\$ 190,793.75
2011	538,825.00	365,000.00	173,825.00
2012	535,800.00	380,000.00	155,800.00
2013	537,025.00	400,000.00	137,025.00
2014	537,175.00	420,000.00	117,175.00
2015-2019	<u>2,185,737.50</u>	<u>1,935,000.00</u>	<u>250,737.50</u>
<b>Total</b>	<b><u><u>\$ 4,870,356.25</u></u></b>	<b><u><u>\$ 3,845,000.00</u></u></b>	<b><u><u>\$ 1,025,356.25</u></u></b>

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

**6. CHANGES IN LONG-TERM LIABILITIES**

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

Description	Balance 7-1-08	Additions	Deductions	Balance 6-30-09	Due in One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds Payable	\$ 4,180,000.00	\$	\$ 335,000.00	\$ 3,845,000.00	\$ 345,000.00
Compensated Absences Payable	6,378,348.17	1,312,837.48	892,264.40	6,798,921.25	890,000.00
Postemployment Healthcare Benefits Payable	2,164,668.00	2,936,691.00	758,125.00	4,343,234.00	
<b>Total Governmental Activities</b>	<b>\$ 12,723,016.17</b>	<b>\$ 4,249,528.48</b>	<b>\$ 1,985,389.40</b>	<b>\$ 14,987,155.25</b>	<b>\$ 1,235,000.00</b>

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

**7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 197,923.96	\$
Special Revenue:		
ARRA Economic Stimulus		43,206.90
Nonmajor Governmental		154,717.06
<b>Total</b>	<b>\$ 197,923.96</b>	<b>\$ 197,923.96</b>

Interfund receivables and payables are temporary loans of cash between funds allowable under Section 1011.09, Florida Statutes, for a period of less than 13 months. The temporary loans do not restrict, impede, or limit implementation or fulfillment of the original purposes for which the moneys were received in the fund providing the advancement.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 6,159,565.42	\$ 14,534.45
Capital Projects:		
Public Education Capital Outlay		794,468.00
Local Capital Improvement		5,365,097.42
Nonmajor Governmental	14,534.45	
<b>Total</b>	<b>\$ 6,174,099.87</b>	<b>\$ 6,174,099.87</b>

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Interfund transfers represent permanent transfers of moneys between funds. In general, funds are transferred from capital projects funds to the General Fund to reimburse the General Fund for allowable maintenance expenditures, capital and capital-related expenditures, and property casualty insurance premiums. The transfer from the General Fund to a nonmajor special revenue fund was for matching funds required by a grant.

**8. RESERVE FOR ENCUMBRANCES**

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

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

**9. SCHEDULE OF STATE REVENUE SOURCES**

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

Source	Amount
Florida Education Finance Program	\$ 18,910,803.00
Categorical Educational Programs:	
Class Size Reduction	15,503,304.00
Transportation	4,248,555.00
Instructional Materials	1,529,274.00
School Recognition	1,037,990.00
Voluntary Prekindergarten	689,101.61
Excellent Teaching	658,168.40
Florida Teachers Lead	222,852.00
Other	51,815.49
Workforce Development Program	2,731,638.00
Gross Receipts Tax (Public Education Capital Outlay)	1,868,290.31
Motor Vehicle License Tax (Capital Outlay and Debt Service)	649,323.08
Discretionary Lottery Funds	374,985.00
Adults with Disabilities	123,539.00
Mobile Home License Tax	103,515.06
Food Service Supplement	80,052.00
Workforce Education Performance	68,023.00
Charter School Capital Outlay	49,091.00
State Forest Funds	38,165.24
Miscellaneous	430,527.91
<b>Total</b>	<b><u><u>\$ 49,369,013.10</u></u></b>

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

**CITRUS COUNTY  
DISTRICT SCHOOL BOARD  
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**10. PROPERTY TAXES**

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

	<u>Millages</u>	<u>Taxes Levied</u>
<b>GENERAL FUND</b>		
Nonvoted School Tax:		
Required Local Effort	5.179	\$ 60,693,230
Basic Discretionary Local Effort	0.498	5,836,113
Supplemental Discretionary Local Effort	0.142	1,664,113
 <b>CAPITAL PROJECTS FUNDS</b>		
Nonvoted Tax:		
Local Capital Improvements	1.750	20,508,429
Total	7.569	\$ 88,701,885

**11. FLORIDA RETIREMENT SYSTEM**

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

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

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

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As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in PEORP in lieu of the Plan. District employees participating in DROP are not eligible to participate in PEORP. Employer contributions are defined by law; however, the ultimate benefit depends in part on the performance of investment funds. PEORP is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest after one year of service. There were 254 District participants during the 2008-09 fiscal year. Required contributions made to PEORP totaled \$747,969.20.

**FRS Retirement Contribution Rates**

The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. During the 2008-09 fiscal year, contribution rates were as follows:

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

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.05 percent for administrative costs of PEORP.  
(B) Contribution rates are dependent upon retirement class in which reemployed.

The District’s liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District’s contributions for the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009, totaled \$7,705,151.86, \$8,104,972.32, and \$7,935,196.37, respectively, which were equal to the required contributions for each fiscal year.

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

**12. POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description.** The Postemployment Healthcare Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former

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employees who retire from the District, or its component unit, the Academy of Environmental Science, Inc., are eligible to participate in the District's health 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. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The Postemployment Healthcare Benefits Plan does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System or another entity.

**Funding Policy.** Contribution requirements of the District and plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2008-09 fiscal year, 280 retirees received postemployment healthcare benefits. The District provided required contributions of \$758,125 toward the annual OPEB cost, comprised of premium payments made on behalf of retirees, and net of retiree contributions totaling \$1,190,678, representing 0.18 percent of covered payroll.

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

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Description	Amount
Normal Cost (service cost for one year)	\$ 1,646,708
Amortization of Unfunded Actuarial Accrued Liability	1,190,844
Interest on Normal Cost and Amortization	84,708
Annual Required Contribution	2,922,260
Interest on Net OPEB Obligation	86,587
Adjustment to Annual Required Contribution	(72,156)
Annual OPEB Cost (Expense)	2,936,691
Contribution Toward the OPEB Cost	(758,125)
Increase in Net OPEB Obligation	2,178,566
Net OPEB Obligation, Beginning of Year	2,164,668
Net OPEB Obligation, End of Year	\$ 4,343,234

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009 and the preceding year, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, 7-1-07	\$		\$ 0
2007-08	2,837,552	23.71%	2,164,668
2008-09	2,936,691	25.82%	4,343,234

***Funded Status and Funding Progress.*** As of October 1, 2007, the most recent valuation date, the actuarial accrued liability for benefits was \$35,031,570, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$35,031,570 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$65,884,150 for the 2007-08 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 53.17 percent.

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

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*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District’s initial OPEB actuarial valuation as of October 1, 2007, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2009, and the District’s 2008-09 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District’s long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 12 percent initially for the period of October 1, 2007 to June 30, 2008, reduced by 1 percent for each of the next two years, then reduced by one half percent for each of the next 10 years, to an ultimate rate of 5 percent after 12 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was 28 years.

**13. CONSTRUCTION CONTRACT COMMITMENTS**

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

Project	Contract Amount	Completed to Date	Balance Committed
CCSB Fueling Station Renovations:			
Contractor	\$ 2,269,829.46	\$ 2,137,180.56	\$ 132,648.90

**14. MEMBERSHIP IN NONPROFIT CORPORATION**

The District participates in a nonprofit electric cooperative, the Withlacoochee River Electric Cooperative Inc. (Cooperative), established under Chapter 425, Florida Statutes. In accordance with this statute, revenues in excess of operating expenses, unless otherwise determined by a vote of the membership, are distributed on a pro rata basis to its members. The policy of the Cooperative is to credit the excess revenues to members’ accounts. Capital credits are distributed only after the Cooperative attains a certain margin of profit required by the Rural Electrification Administration. At June 30, 2009, the accumulated credits to the District’s account are \$796,883.19. During the 2008-09 fiscal year, the District received \$33,505.86 in capital credits.

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

**15. 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 Citrus County District School Board is a member of the Florida School Boards Insurance Trust (Trust) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Trust. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Trust is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Trust is composed of one board member from each participating district, and a superintendent and a district-level business officer selected from one of the participating districts. Effective May 1, 2009, for the 2009-10 policy year the Trust reduced insurance coverage per occurrence from \$200 million to \$150 million for all named perils except named windstorms, the coverage for which remains at \$150 million.

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

Health and hospitalization coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

**16. LITIGATION**

The District is currently owed \$678,288.69, plus interest, from eRate Consulting Services, LLC (hereinafter, ERC), and \$79,453.99 from Jonathan Slaughter, its President, pursuant to judgments obtained against ERC. The District has not recorded a receivable in regard to the judgments from ERC because there is considerable uncertainty regarding the collectability of these amounts. Currently, the District has filed a lawsuit against Regions Bank based upon Regions Bank's allowing the deposit of checks made payable to the Citrus County School District into an account solely held by ERC. The case is currently pending in Montgomery County, Alabama Circuit Court.

Additionally, the District has filed a claim with The Hartford Insurance Group (The Hartford), the District's insurance company, on its Crime and Theft Policy, seeking reimbursement for a portion of these moneys. The Hartford has denied the claim; however, the District is weighing its options regarding litigation against The Hartford at this time.

Notwithstanding the foregoing, it is the opinion of management, after giving consideration to the District's related insurance coverage, as well as the Florida statutory limitations on governmental liability on uninsured risk, the amount of losses resulting from litigation, which exceed the above-mentioned limits, would not be material to the financial condition of the District.

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 150,000.00	\$ 150,000.00	\$ 179,345.20	\$ 29,345.20
Federal Through State and Local	156,600.00	232,592.28	75,714.57	(156,877.71)
State	49,137,817.06	47,029,393.49	46,731,846.09	(297,547.40)
Local:				
Property Taxes	65,053,312.00	64,774,733.00	65,932,424.58	1,157,691.58
Miscellaneous	3,383,920.60	3,836,684.99	3,688,230.70	(148,454.29)
<b>Total Revenues</b>	<b>117,881,649.66</b>	<b>116,023,403.76</b>	<b>116,607,561.14</b>	<b>584,157.38</b>
<b>Expenditures</b>				
Current - Education:				
Instruction	75,726,130.47	76,576,469.60	70,524,884.87	6,051,584.73
Pupil Personnel Services	5,105,059.11	5,194,919.80	5,042,930.93	151,988.87
Instructional Media Services	2,387,814.43	2,359,003.79	2,255,132.86	103,870.93
Instruction and Curriculum Development Services	2,629,950.75	2,705,162.05	2,660,843.43	44,318.62
Instructional Staff Training Services	832,295.39	939,770.37	909,410.80	30,359.57
Instruction Related Technology	1,237,257.32	1,414,200.02	1,346,891.42	67,308.60
Board of Education	595,569.93	632,760.58	615,602.39	17,158.19
General Administration	438,959.76	575,609.18	537,189.54	38,419.64
School Administration	8,979,828.86	9,046,434.95	8,720,526.45	325,908.50
Facilities Acquisition and Construction	539,523.48	550,037.93	539,532.18	10,505.75
Fiscal Services	872,297.07	915,460.24	880,538.76	34,921.48
Central Services	2,250,463.24	2,240,957.53	2,087,329.32	153,628.21
Pupil Transportation Services	9,547,309.59	9,102,392.42	7,900,597.06	1,201,795.36
Operation of Plant	9,886,304.07	10,134,801.61	9,902,914.15	231,887.46
Maintenance of Plant	3,450,885.80	4,450,980.86	4,132,805.89	318,174.97
Administrative Technology Services	1,978,445.74	2,082,426.67	1,885,467.89	196,958.78
Community Services	756,243.60	775,937.82	712,839.34	63,098.48
Fixed Capital Outlay:				
Facilities Acquisition and Construction		760.14	760.14	
Other Capital Outlay		160,398.92	160,398.92	
<b>Total Expenditures</b>	<b>127,214,338.61</b>	<b>129,858,484.48</b>	<b>120,816,596.34</b>	<b>9,041,888.14</b>
<b>Deficiency of Revenues Under Expenditures</b>	<b>(9,332,688.95)</b>	<b>(13,835,080.72)</b>	<b>(4,209,035.20)</b>	<b>9,626,045.52</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	5,275,271.40	6,951,925.28	6,159,565.42	(792,359.86)
Insurance Loss Recoveries		6,977.82	8,092.17	1,114.35
Transfers Out	(5,000.00)	(19,534.57)	(14,534.45)	5,000.12
<b>Total Other Financing Sources (Uses)</b>	<b>5,270,271.40</b>	<b>6,939,368.53</b>	<b>6,153,123.14</b>	<b>(786,245.39)</b>
<b>Net Change in Fund Balances</b>	<b>(4,062,417.55)</b>	<b>(6,895,712.19)</b>	<b>1,944,087.94</b>	<b>8,839,800.13</b>
Fund Balances, Beginning	12,213,134.12	12,213,134.12	14,094,286.07	1,881,151.95
<b>Fund Balances, Ending</b>	<b>\$ 8,150,716.57</b>	<b>\$ 5,317,421.93</b>	<b>\$ 16,038,374.01</b>	<b>\$ 10,720,952.08</b>

Special Revenue - ARRA Economic Stimulus Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$	\$ 3,032,793.86	\$ 43,745.20	\$ (2,989,048.66)
	<u>3,032,793.86</u>	<u>43,745.20</u>	<u>(2,989,048.66)</u>
	1,264,455.51	42,900.00	1,221,555.51
	127,337.16		127,337.16
	794,293.91		794,293.91
	517,395.00	800.45	516,594.55
	142,889.42	44.75	142,844.67
	5,000.00		5,000.00
	<u>181,422.86</u>		<u>181,422.86</u>
	<u>3,032,793.86</u>	<u>43,745.20</u>	<u>2,989,048.66</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

**CITRUS COUNTY  
DISTRICT SCHOOL BOARD  
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS -  
POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN  
For the Fiscal Year Ended June 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(A)	(B)	(B-A)	(A/B)	(C)	[(B-A)/C]
October 1, 2007	\$ 0	\$ 35,031,570	\$ 35,031,570	0.00%	\$ 65,884,150	53.17%

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
<b>United States Department of Agriculture:</b>				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Education:				
School Breakfast Program	10.553	321	\$ 694,898.00	\$
National School Lunch Program	10.555	300,350	2,714,598.12	
Summer Food Service Program for Children	10.559	323	26,118.71	
Florida Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555 (2)(A)	None	319,607.52	
<b>Total United States Department of Agriculture</b>			<b>3,755,222.35</b>	
<b>United States Department of Education:</b>				
Direct:				
Federal Pell Grant Program	84.063	N/A	472,616.62	
Indirect:				
Florida Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	263	3,523,525.83	
Special Education - Preschool Grants	84.173	267	151,721.07	
<b>Total Special Education Cluster</b>			<b>3,675,246.90</b>	
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	4,568,360.63	257,754.75
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212	43,745.20	
<b>Total Title I, Part A Cluster</b>			<b>4,612,105.83</b>	<b>257,754.75</b>
Adult Education - Basic Grants to States	84.002	191, 193	161,476.01	
Career and Technical Education - Basic Grants to States	84.048	151,161	252,423.90	
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	58,425.05	
Education for Homeless Children and Youth	84.196	127	38,442.02	
Even Start - State Educational Agencies	84.213	219	204,690.28	
Twenty-First Century Community Learning Centers	84.287	244	276,206.31	
Education Technology State Grants	84.318	121	60,484.84	
Rural Education	84.358	110	262,264.66	
English Language Acquisition Grants	84.365	102	22,167.48	
Improving Teacher Quality State Grants	84.367	224	792,945.41	
<b>Total Indirect</b>			<b>10,416,878.69</b>	<b>257,754.75</b>
<b>Total United States Department of Education</b>			<b>10,889,495.31</b>	<b>257,754.75</b>
<b>Corporation for National and Community Service:</b>				
Indirect:				
Florida Department of Education:				
Learn and Serve America - School and Community Based Programs	94.004	234	1,400.94	
Communities in Schools of Florida, Inc:				
AmeriCorps	94.006	None	19,343.52	
<b>Total Corporation for National and Community Service</b>			<b>20,744.46</b>	
<b>United States Department of Homeland Security:</b>				
Indirect:				
Florida Division of Emergency Management:				
Hazard Mitigation Grant	97.039 (2)(B)	None	252,555.00	
<b>United States Department of Defense:</b>				
Direct:				
Air Force Junior Reserve Officers Training Corps	None	N/A	55,950.96	
Army Junior Reserve Officers Training Corps	None	N/A	61,253.75	
Navy Junior Reserve Officers Training Corps	None	N/A	62,140.49	
<b>Total United States Department of Defense</b>			<b>179,345.20</b>	
<b>Total Expenditures of Federal Awards</b>			<b>\$ 15,097,362.32</b>	<b>\$ 257,754.75</b>

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.

(A) 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

(B) Hazard Mitigation Grant - Represents the Federally-paid portion of an emergency shelter generator totaling \$252,555.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

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

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Citrus County District School Board as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the school internal funds and the discretely presented component unit, as described in our report on the Citrus County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

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

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

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

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

### **Compliance and Other Matters**

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

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

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

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA

February 18, 2010



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

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

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

### Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal 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.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA  
February 18, 2010

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

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section __.510(a) of OMB <i>Circular A-133</i> ?	No
Identification of major programs:	Title I, Part A Cluster (CFDA No. 84.010 and 84.389) and Federal Pell Grant Program (CFDA No. 84.063)
Dollar threshold used to distinguish between Type A and Type B programs:	\$452,920
Auditee qualified as low-risk auditee?	Yes

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

**ADDITIONAL MATTER**

**Finding No. 1: Adult General Education Program**

Section 1004.02(3), Florida Statutes defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State’s workforce. Chapter 2008-152, Laws of Florida, Paragraph 120, states that from the funds provided in Specific Appropriation 9A and 120, each school district shall report enrollment for adult general education programs identified in Section 1004.02, Florida Statutes, in accordance with the Florida Department of Education (FDOE) instructional hours reporting procedures.

Procedures provided by FDOE to the school districts stated that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. Further, procedures state that a student must have at least 12 hours of instructional activity in a program before the enrollment hours for the student can be reported.

The District reported 218,500 hours to FDOE for adult general education classes. Our review of the hours reported to the FDOE for 10 students enrolled in 52 adult general education classes disclosed that improvements in controls over enrollment reporting were needed, as follows:

- The District inadvertently misreported hours, ranging from 42 hours underreported to 78 hours overreported, or 16 net hours underreported, for 4 students in 15 classes.
- Because District personnel misunderstood FDOE’s reporting requirements, the District overreported 22 hours for 2 students who did not attend at least 12 hours in total for their program in a given reporting period.

Since future funding may be based, in part, on enrollment data submitted to FDOE, it is important that such data be submitted correctly.

**Recommendation: The District should enhance its controls over the reporting of instructional contact hours for adult general education courses to the Florida Department of Education.**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no audit findings on Federal programs required to be reported under OMB *Circular A-133*, Section \_\_.510.

**PRIOR AUDIT FOLLOW-UP**

The District had taken corrective actions for findings included in our report No. 2009-141A.

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**MANAGEMENT'S RESPONSE**

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Management's response is included as Exhibit A.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS**

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

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

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
2009-141A		No prior Federal audit findings.		

EXHIBIT A  
MANAGEMENT'S RESPONSE



SANDRA "SAM" HIMMEL - SUPERINTENDENT OF SCHOOLS

*"Where Learning is the Expectation  
and Caring is a Commitment"*

- LOUIS A. MIELE  
DISTRICT 1 - HERNANDO
- VIRGINIA BRYANT  
DISTRICT 2 - CRYSTAL RIVER
- PATRICIA DEUTSCHMAN  
DISTRICT 3 - FLORAL CITY
- BILL MURRAY  
DISTRICT 4 - LECANTO
- LINDA B. POWERS  
DISTRICT 5 - INVERNESS

February 18, 2010

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

Re: Citrus County School District Audit Response for the Fiscal Year Ended June 30, 2009

Dear Mr. Martin:

Please find below the response and corrective action on the preliminary and tentative findings for the financial, operational and Federal audit of the Citrus County School District for the Year Ended June 30, 2009.

Finding No. 1: Adult General Education Program

In reference to finding number 1, the District's Technology and Information Services Department is in the process of enhancing the local student information system for WDIS students. The ability to track the correlation between scheduled hours and contact hours is being added to improve our control over reporting.

Please review the corrective action plan above and determine if the plan is adequate to overcome the deficiency as noted in the tentative and preliminary findings. If further information is needed, please contact Kenny Blocker, Executive Director of Business Services.

Sincerely,

Sandra "Sam" Himmel  
Superintendent

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