

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Independent Auditor's Reports,  
Basic Financial Statements  
and Required Supplementary Information  
For the Fiscal Year Ended June 30, 2011**

**Dufresne & Associates, CPA, PA  
385 Stiles Avenue  
Post Office Box 1179  
Orange Park, Florida 32073  
(904) 278-8980 Phone  
(904) 278-4665 Fax  
[www.dufresnecpas.com](http://www.dufresnecpas.com)**

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DUFRESNE & ASSOCIATES, CPA, PA  
CERTIFIED PUBLIC ACCOUNTANTS

385 STILES AVENUE  
ORANGE PARK, FLORIDA 32073  
TELEPHONE: 904 278-8980  
FACSIMILE: 904 278-4665

MAILING ADDRESS:  
POST OFFICE BOX 1179  
ORANGE PARK, FLORIDA 32067-1179  
www.dufresnecpas.com

November 8, 2011

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
2980 Collins Avenue  
St Augustine, Florida 32084

We have audited the accompanying financial statements of the governmental activities and each major fund of First Coast Technical Institute, Inc. DBA First Coast Technical College (College), a component unit of the St. Johns County District School Board, as of and for the fiscal year ended June 30, 2011, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the College as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2011, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 3 through 6 and page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements as a whole. The accompanying Self-insurance Program Risk Management Statistics are presented for purposes of additional analysis and are not a required part the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part the financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Self-insurance Program Risk Management Statistics have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Dufresne & Associates, CPA, PA

Dufresne & Associates, CPA, PA

## **Management's Discussion and Analysis (Unaudited)**

This discussion and analysis of the College's financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the College's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2011:

- The College's overall net assets increased by \$313,858 which is about 9%.
- Total ending net assets were \$3,767,178.
- The College had total expenses for the year of \$10,420,446, compared to revenues of \$10,734,304.

### **Overview of the Basic Financial Statements**

This annual report contains government-wide financial statements that report on the College's activities as a whole and fund financial statements that report on the College's individual funds.

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

The first financial statement is the Statement of Net Assets. This statement includes all of the College's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net assets - the difference between assets and liabilities - can be used to measure the College's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net assets during the fiscal year. Over time, the increases or decreases in net assets are useful indicators of whether the College's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the College.

In these statements, all of the College's activities are considered to be governmental activities. The College has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

#### **Fund Financial Statements**

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the College's funds.

- Governmental funds - These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. Reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

The College maintains two individual governmental funds. The General Fund and Special Revenue Fund are considered to be major funds and, accordingly, are separately displayed.

## Net Assets

A summary of the College's Statement of Net Assets is presented in the table below.

### First Coast Technical Institute, Inc. DBA First Coast Technical College's Net Assets

|                                   | 2011         | 2010         |
|-----------------------------------|--------------|--------------|
| Non - capital assets              | \$ 2,060,017 | \$ 2,468,475 |
| Capital assets                    | 2,648,228    | 2,451,612    |
| Total assets                      | 4,708,245    | 4,920,087    |
| Long-term liabilities outstanding | 258,546      | 870,979      |
| Other liabilities                 | 682,521      | 595,788      |
| Total liabilities                 | 941,067      | 1,466,767    |
| Net assets:                       |              |              |
| Invested in capital assets        | 2,648,228    | 2,451,612    |
| Unrestricted                      | 1,118,950    | 1,001,708    |
| Total net assets                  | \$ 3,767,178 | \$ 3,453,320 |

The most significant change in the College's financial position in 2011 was an increase in capital assets.

## Revenues, Expenses and Changes in Net Assets

A summary of the College's revenues, expenses and changes in net assets is presented in the table below.

### First Coast Technical Institute, Inc. DBA First Coast Technical College's Changes in Net Assets

|                                    | 2011         | 2010         |
|------------------------------------|--------------|--------------|
| Revenues                           |              |              |
| Program Revenues:                  |              |              |
| Charges for services               | \$ 2,227,940 | \$ 2,450,235 |
| Operating Grants and Contributions | 1,516,925    | 1,555,122    |
| Capital Grants and Contributions   | 472,504      | 514,250      |
| General revenues:                  |              |              |
| Florida Education Finance Program  | 919,309      | 937,946      |
| Workforce Development              | 5,438,717    | 5,567,266    |
| Other revenue                      | 153,136      | 162,105      |
| Unrestricted investment earnings   | 5,773        | 4,016        |
| Total revenues                     | 10,734,304   | 11,190,940   |
| Expenses:                          |              |              |
| Instruction                        | 4,662,091    | 4,592,902    |
| Pupil Services                     | 2,794,444    | 2,867,705    |
| Fiscal and community services      | 1,033,011    | 952,480      |
| Central services                   | 117,029      | 59,470       |
| Maintenance of plant               | 123,723      | 517,003      |
| Operations of plant                | 993,672      | 1,001,320    |
| School administration              | 696,476      | 833,318      |
| Total expenses                     | 10,420,446   | 10,824,198   |
| Change in net assets               | 313,858      | 366,742      |
| Net assets - beginning             | 3,453,320    | 3,086,578    |
| Net assets - ending                | \$ 3,767,178 | \$ 3,453,320 |

Overall revenues did not change significantly. The largest change was a \$222,295 decrease in tuition revenue due to a decrease in enrollment. Expenses decreased \$403,752 overall for fiscal year ended June 30, 2011. The decrease in total expenses was due in part to an increase in capitalized plant improvements.

## **Overall Financial Position and Results of Operations**

### Governmental Activities

The governmental activities generated \$4,217,369 in program revenues and \$6,516,935 of general revenues, and incurred \$10,420,446 of program expenses. This resulted in a \$313,858 increase in net assets.

## **The College's Individual Funds**

### General Fund

Fund balance decreased by \$287,079, from \$2,017,793 to \$1,730,714. The decrease was due to a net loss in operations.

Approximately 61% of fund balance constitutes unassigned fund balance, which is available for spending at the College's discretion. At the end of the current fiscal year, unassigned of fund balance of the General Fund was \$1,051,195. The remainder of the fund balance is not available for new spending because it is in either non-spendable form or assigned to individual programs and student scholarships.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents about 11% of total General Fund expenditures, while total fund balance represents about 18% of that same amount.

### Special Revenue Fund

The Special Revenue Fund accounted for \$1,393,723 of grant expenditures, compared to \$1,440,132 in the prior year.

## **Budgetary Highlights**

Revenues and expenditures in the General and Special Revenue Funds were in compliance with budgeted amounts. Budgets were adjusted periodically through the budget amendment process and approved by the Board as a final budget.

## **Capital Assets and Debt Administration**

### Capital Assets

The College's investment in capital assets increased by \$196,616. The increase is due to the following factors: upgrades to plant equipment. Capital asset activity for the year ended June 30, 2011, is presented as Note 7 on page 20.

### Debt Administration

For the year-ended June 30, 2011, the College had no long-term debt.

## **Economic Factors**

The College's management is not currently aware of any conditions that are expected to have a significant effect on the College's financial position or results of operations.

## **Contacting the College's Financial Management**

This financial report is designed to provide a general overview of the College's finances and to show the College's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Sandra Raburn, Chief Financial Officer, (904) 547-3500, 2980 Collins Avenue, St. Augustine, Florida, 32084.



**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Statement of Net Assets  
June 30, 2011**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>ASSETS</b>   |                                    |
| Cash and cash equivalents                                   | \$ 855,614                         |
| Accounts receivable, net of allowance for doubtful accounts | 294,606                            |
| Due from St. Johns County District School Board             | 513,844                            |
| Inventories   | 151,778                            |
| Prepaid assets  | 244,175                            |
| Capital assets  | 2,648,228                          |
| Total assets  | 4,708,245                          |
| <b>LIABILITIES</b>  |                                    |
| Accounts payable  | 48,875                             |
| Deferred revenue  | 280,428                            |
| Compensated absences payable:                               |                                    |
| Due within one year   | 353,218                            |
| Due in more than one year                                   | 258,546                            |
| Total liabilities   | 941,067                            |
| <b>NET ASSETS</b>   |                                    |
| Invested in capital assets                                  | 2,648,228                          |
| Unrestricted  | 1,118,950                          |
| Total net assets  | \$ 3,767,178                       |

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

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Statement of Activities  
For the Year Ended June 30, 2011**

| <u>Functions/Programs</u>         | <u>Program Revenues</u> |                                 |   | <u>Net (Expense)<br/>Revenue and<br/>Changes in Net<br/>Assets</u> |   |
|-----------------------------------|-------------------------|---------------------------------|---|--|---|
|                                   | <u>Expenses</u>         | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> |  | <u>Capital<br/>Grants and<br/>Contributions</u> |
| Governmental activities:          |                         |                                 |   |  |   |
| Instruction                       | \$ 4,662,091            | \$ 1,039,931                    | \$ 1,402,105                                      | \$ -   | \$ (2,220,055)                                  |
| Pupil services                    | 2,794,444               | 774,515                         | -   | -  | (2,019,929)                                     |
| Fiscal and community services     | 1,033,011               | 413,494                         | -   | -  | (619,517)                                       |
| Central services                  | 117,029                 | -                               | -   | -  | (117,029)                                       |
| Maintenance of plant              | 123,723                 | -                               | -   | 472,504  | 348,781   |
| Operation of plant                | 993,672                 | -                               | -   | -  | (993,672)                                       |
| School administration             | 696,476                 | -                               | 114,820   | -  | (581,656)                                       |
| Total                             | <u>\$ 10,420,446</u>    | <u>\$ 2,227,940</u>             | <u>\$ 1,516,925</u>                               | <u>\$ 472,504</u>  | <u>\$ (6,203,077)</u>                           |
| General Revenues:                 |                         |                                 |   |  |   |
| State revenue:                    |                         |                                 |   |  |   |
| Florida Education Finance Program |                         |                                 |   |  | 919,309   |
| Workforce Development             |                         |                                 |   |  | 5,438,717                                       |
| Other revenue                     |                         |                                 |   |  | 153,136   |
| Unrestricted investment earnings  |                         |                                 |   |  | 5,773   |
| Total general revenue             |                         |                                 |   |  | <u>6,516,935</u>                                |
| Change in net assets              |                         |                                 |   |  | 313,858   |
| Net assets - beginning of year    |                         |                                 |   |  | <u>3,453,320</u>                                |
| Net assets - end of year          |                         |                                 |   |  | <u>\$ 3,767,178</u>                             |

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

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Balance Sheet  
Governmental Funds  
June 30, 2011**

|   | <u>General</u>      | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|-------------------------------------|---|
| <b>ASSETS</b>   |                     |                                     |   |
| Cash and cash equivalents                                   | \$ 598,427          | \$ 257,187                          | \$ 855,614                              |
| Accounts receivable, net of allowance for doubtful accounts | 206,797             | 87,809                              | 294,606                                 |
| Due from St. Johns County District School Board             | 220,118             | 293,726                             | 513,844                                 |
| Due from other funds  | 388,488             | -                                   | 388,488                                 |
| Inventories   | 151,778             | -                                   | 151,778                                 |
| Prepays   | 244,175             | -                                   | 244,175                                 |
| Total assets  | <u>\$ 1,809,783</u> | <u>\$ 638,722</u>                   | <u>\$ 2,448,505</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                        |                     |                                     |   |
| Liabilities:  |                     |                                     |   |
| Accounts payable and accrued liabilities                    | \$ 46,330           | \$ 2,545                            | \$ 48,875                               |
| Deferred revenue  | 32,739              | 247,689                             | 280,428                                 |
| Due to other funds  | -                   | 388,488                             | 388,488                                 |
| Total liabilities   | <u>79,069</u>       | <u>638,722</u>                      | <u>717,791</u>                          |
| Fund balances:  |                     |                                     |   |
| Nonspendable:   |                     |                                     |   |
| Inventories   | 151,778             | -                                   | 151,778                                 |
| Prepays   | 244,175             | -                                   | 244,175                                 |
| Assigned to:  |                     |                                     |   |
| Individual programs   | 35,877              | -                                   | 35,877                                  |
| Student scholarships  | 247,689             | -                                   | 247,689                                 |
| Unassigned  | <u>1,051,195</u>    | <u>-</u>                            | <u>1,051,195</u>                        |
| Total fund balances   | <u>1,730,714</u>    | <u>-</u>                            | <u>1,730,714</u>                        |
| Total liabilities and fund balances                         | <u>\$ 1,809,783</u> | <u>\$ 638,722</u>                   | <u>\$ 2,448,505</u>                     |

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

**First Coast Technical Institute, Inc.  
 DBA First Coast Technical College  
 Reconciliation of the Balance Sheet of Governmental Funds to  
 the Statement of Net Assets  
 June 30, 2011**

|   |    |           |
|---|----|-----------|
| Fund balances - total governmental funds  | \$ | 1,730,714 |
| <p>Amounts reported for governmental activities in the statement of net assets are different because:</p> |    |           |
| <p>Capital assets used in governmental activities are not reported in the governmental funds.</p>         |    |           |
| Capital assets - net  |    | 2,648,228 |
| <p>Long-term liabilities are not reported in the governmental funds.</p>                                  |    |           |
| Compensated absences  |    | (611,764) |
|   |    | (611,764) |
| Net assets of governmental activities   | \$ | 3,767,178 |

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

**First Coast Technical Institute, Inc.**  
**DBA First Coast Technical College**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

|  | <u>General</u>      | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|-------------------------------------|---|
| <b>REVENUES</b>  |                     |                                     |   |
| Intergovernmental:   |                     |                                     |   |
| Federal/Federal through State                                | \$ -                | \$ 1,209,978                        | \$ 1,209,978                            |
| State  | 5,943,968           | 192,127                             | 6,136,095                               |
| Local  | 472,504             | -                                   | 472,504                                 |
| Other  | <u>2,915,727</u>    | <u>-</u>                            | <u>2,915,727</u>                        |
| Total revenues   | <u>9,332,199</u>    | <u>1,402,105</u>                    | <u>10,734,304</u>                       |
| <b>EXPENDITURES</b>  |                     |                                     |   |
| Current - Education:   |                     |                                     |   |
| Instruction  | 4,229,048           | 433,194                             | 4,662,242                               |
| Pupil services   | 2,341,843           | 522,095                             | 2,863,938                               |
| Fiscal and community services                                | 935,037             | 82,219                              | 1,017,256                               |
| Central services   | 116,713             | -                                   | 116,713                                 |
| Maintenance of plant   | 44,691              | -                                   | 44,691                                  |
| Operation of plant   | 960,251             | -                                   | 960,251                                 |
| School administration  | 471,081             | -                                   | 471,081                                 |
| Fixed capital outlay   | <u>528,996</u>      | <u>356,215</u>                      | <u>885,211</u>                          |
| Total expenditures   | <u>9,627,660</u>    | <u>1,393,723</u>                    | <u>11,021,383</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(295,461)</u>    | <u>8,382</u>                        | <u>(287,079)</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                                     |   |
| Transfers in   | 8,382               | -                                   | 8,382                                   |
| Transfers out  | -                   | (8,382)                             | (8,382)                                 |
| Total other financing sources (uses)                         | <u>8,382</u>        | <u>(8,382)</u>                      | <u>-</u>                                |
| Net change in fund balances                                  | (287,079)           | -                                   | (287,079)                               |
| Fund balances - beginning of year                            | <u>2,017,793</u>    | <u>-</u>                            | <u>2,017,793</u>                        |
| Fund balances - end of year                                  | <u>\$ 1,730,714</u> | <u>\$ -</u>                         | <u>\$ 1,730,714</u>                     |

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

**First Coast Technical Institute, Inc.  
 DBA First Coast Technical College  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2011**

|  |    |           |
|--|----|-----------|
| Net change in fund balances - total governmental funds | \$ | (287,079) |
|--|----|-----------|

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

Governmental funds report capital outlay expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives. Assets purchased with federal and state grants are not reported in the College's capital asset balance, therefore the cost of assets purchased in the Special Revenue Fund are not depreciated.

|   |  |           |
|---|--|-----------|
| Expenditures for capital assets - General Fund        |  | 528,996   |
| Less current year depreciation expense - General Fund |  | (332,380) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

|  |  |         |
|--|--|---------|
| Change in long-term compensated absences |  | 404,321 |
|--|--|---------|

|   |    |         |
|---|----|---------|
| Change in net assets of governmental activities | \$ | 313,858 |
|---|----|---------|

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

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Notes to the Financial Statements  
For the Year Ended June 30, 2011**

**1. Summary of significant accounting policies**

The accounting policies of First Coast Technical Institute, Inc. DBA First Coast Technical College (College) conforms to United States generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies.

**A. Reporting entity**

The College is a not-for-profit corporation organized pursuant to Chapter 617, *Florida Statutes*, the Florida Not for Profit Corporation Act, and Sections 1002.33 and 1002.34, *Florida Statutes*. The governing body of the College is the not-for-profit corporation's Board of Directors (Board), which is composed of no less than five members. Effective July 1, 1999, the College converted from a public school and technical center to a charter school and charter technical career center.

The general operating authority of the College is contained in Sections 1002.33 and 1002.34, *Florida Statutes*. The College operates under a charter of the sponsoring school district, the St. Johns County District School Board (School Board). The current charter is effective until June 30, 2012, and may be renewed at the end of the term by mutual written agreement between the College and the School Board.

At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the College in writing at least 12 months prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any unencumbered public funds and property purchased by the College with public funds automatically revert back to the School Board. If the charter is not renewed, or is terminated, the College will no longer be sponsored by the School Board and could lose significant funding provided by the School Board.

The College is considered a component unit of the School Board.

The College has adopted Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, for the purpose of evaluating its component unit financial statements. Based on the criteria in GASB 14, the College has determined that there are no units that meet criteria for inclusion in the College's financial statements as component units.

**B. Reporting model**

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the activities of the College. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The College has no business-type or fiduciary activities.

Internal interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Assets reports the College's financial position as of the end of the fiscal year. In this statement, the College's net assets are reported in three categories: invested in capital assets, restricted net assets, and unrestricted net assets.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the College. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not susceptible to inclusion as program revenues are reported instead as general revenues.

### Fund Financial Statements

The financial transactions of the College are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the College:

#### Governmental funds

**General Fund** - To account for all financial resources except those to be accounted for in the Special Revenue Fund.

**Special Revenue Fund** - To provide a single source of accountability for funds received and expended under federal and state grant programs.

In the accompanying fund financial statements, the General Fund and Special Revenue Fund are considered to be major funds and, therefore, they are separately displayed.

The College has no internal service or fiduciary type funds.

### **C. Measurement focus and basis of accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the College considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Most revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received. 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. Expenditures generally are recorded when the related fund liability is incurred. However, expenditures related to compensated absences and claims and judgments are recorded in the governmental fund financial statements only when payment is due.



## D. Deposits and investments

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

The College has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) *Florida Statutes*. The College may invest any surplus public funds in the following:

- a) The State Board of Administration Local Government Surplus Funds Trust Fund (SBA Investment Pool), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the United States Treasury.

## E. Inventories

Inventories are valued at cost, which approximates market value, using the first-in, first-out (FIFO) method. In the fund financial statements, the cost of the inventory is recorded as an expenditure when consumed, rather than when purchased. An offsetting reserve is reported to indicate that the asset is not available for appropriation or expenditure.

## F. Capital assets and depreciation

Capital assets are defined by the College as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

| <u>Assets</u>                     | <u>Years</u> |
|-----------------------------------|--------------|
| Furniture, fixtures and equipment | 5 - 15       |
| Motor vehicles                    | 5            |
| Leasehold improvements            | 10 - 30      |
| Intangible                        | 5 - 99       |

Intangible assets lack physical substance, are nonfinancial in nature and have an estimated useful life extending beyond a single reporting period. The term depreciation, as used in this footnote, includes amortization of intangible assets.

Title to school buildings and facilities and other capital assets acquired prior to July 1, 1999 remains with the School Board and, thus, these assets are not included in the College's reported capital asset balances. *Florida Statutes* provide that the use of the school building and facilities be furnished to charter schools on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the School Board to the charter school or the parents and teachers who organize the charter school.

Capital assets purchased with federal and state grant funds passed through to the College from the School Board are not reported in the College's capital asset balances, but are recorded in the School Board's capital asset balances.

## **G. Deferred revenue**

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue.

## **H. Revenue sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the College's charter. If the charter is not renewed, or is terminated, the College will no longer be sponsored by the School Board and could lose significant funding provided by the School Board.

In accordance with the funding provisions of the charter and Section 1002.33(17)(a), *Florida Statutes*, the College reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, *Florida Statutes*, the School Board also reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the College is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted FTE students reported by the College during the designated FTE student survey periods. The School Board receives a 5% administrative fee from the College in return for reporting to the FDOE on behalf of the College, which is reported by the College as a school administration expenditure/expense.

The College also receives funding through the Florida Workforce Development Education Fund for its charter technical career center. Funding is generated based on student enrollment and program outcomes as provided by law. In addition, students are required to pay registration and other fees for course enrollment.

The College also receives federal and state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

## **I. Compensated absences**

The School Board's personnel policies allow vesting of a limited amount of unused employee vacation and unlimited unused sick leave time. Personnel working at the College are employees of the School Board, and as such, some leave was earned prior to the inception of the College's charter.

## **J. Long-term liabilities**

All long-term liabilities are reported in the government-wide financial statements.

In the fund financial statements, long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

## **K. Fund Balance Items**

Beginning with the fiscal year ended June 30, 2011, the College has implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, employing new terminology and classifications for fund balance items. Accordingly, the College's fund balances are reported according to the following categories:

**Nonspendable fund balances** – This category includes amounts that cannot be spent because they are not in spendable form or for legal or contractual reasons, must be kept intact. The balance of the College's nonspendable items at June 30, 2011, is made up of \$151,778 of inventories and \$244,175 of prepaid items, because they are not expected to be converted to cash.

Restricted fund balance – Restricted funds are either externally imposed by creditors (such as through debt covenants, grantors, contributors or laws and regulations of other governments) or are imposed by law (constitutionally or enabling legislation). The College does not have a restricted fund balance for the year ended June 30, 2011.

Committed fund balance – Committed funds require formal action of the Board that identifies the specific circumstances under which the resources may be expended. The College does not have a committed fund balance for the year ended June 30, 2011.

Assigned fund balance – Assigned fund balance are the amounts that are constrained by the College’s intent to use certain resources for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board, another governing body, such as a finance committee or budget committee, or by the Chief Financial Officer.

With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances. The College had the following assigned fund balance of \$283,566 for individual programs and student scholarships as follows:

**Assigned to individual programs:**

|                                       |    |                       |
|---------------------------------------|----|-----------------------|
| Message therapy                       | \$ | 6,786                 |
| Cosmo - PCC                           |    | 6,745                 |
| Cosmo - main                          |    | 22,346                |
| Total assigned to individual programs |    | <u>35,877</u>         |
| Student scholarships                  |    | 247,689               |
| Total assigned fund balance           | \$ | <u><u>283,566</u></u> |

Unassigned items – This is the residual classification of the General Fund. Only the General Fund can report a positive “unassigned fund balance”. Other governmental funds might report a negative balance in this classification. The College’s General Fund has \$1,051,195 of unassigned fund balance which represents the remainder of the College’s equity in governmental fund-type balances.

When both restricted and unrestricted fund (committed, assigned or assigned) balances are available, it is the College’s policy to use restricted resources first and then unrestricted resources as they are needed.

The College does not have an established policy regarding its use of unrestricted fund balance amounts but chooses to follow GASB 54, para 18 and considers that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

This statement was implemented retroactively. Therefore, beginning fund balance classifications have been restated as follows:

|   | <u>General</u>      | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|-------------------------------------|---|
| <b>Fund balances at June 30, 2010,<br/>as previously reported</b> |                     |                                     |   |
| Reserved:   |                     |                                     |   |
| Inventories   | \$ 107,900          | \$ -                                | \$ 107,900                              |
| Unreserved  | 1,909,893           | -                                   | 1,909,893                               |
| Total fund balance  | <u>\$ 2,017,793</u> | <u>\$ -</u>                         | <u>\$ 2,017,793</u>                     |
| <b>Fund balances at June 30, 2010,<br/>as restated</b>            |                     |                                     |   |
| Nonspendable:   |                     |                                     |   |
| Inventories   | \$ 107,900          | \$ -                                | \$ 107,900                              |
| Unassigned  | 1,909,893           | -                                   | 1,909,893                               |
| Total fund balances   | <u>\$ 2,017,793</u> | <u>\$ -</u>                         | <u>\$ 2,017,793</u>                     |

## L. Net assets

Net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described. Net assets *invested in capital assets*, represent capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, donors, creditors, or grantors.

*Unrestricted* net assets are net assets that do not meet the definitions of the classifications previously described.

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

## M. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

## 2. Cash and cash equivalents

At June 30, 2011, the College's cash and cash equivalents consist of the following:

|                                 |                          |
|---------------------------------|--------------------------|
| Cash on hand                    | \$ 1,560                 |
| Deposits:                       |                          |
| Cash in bank                    | 601,238                  |
| Certificates of Deposit         | <u>252,816</u>           |
| Subtotal Deposits               | <u>854,054</u>           |
| Total cash and cash equivalents | <u><u>\$ 855,614</u></u> |

At June 30, 2011, all deposits held in a financial institution carried at cost plus accrued interest consist of the following:

|                                   | <u>Carrying<br/>Amount</u> | <u>Bank Balance</u> | <u>Insured</u>    | <u>Uninsured</u>  |
|-----------------------------------|----------------------------|---------------------|-------------------|-------------------|
| Mercantile Bank                   |                            |                     |                   |                   |
| Certificate of Deposit            | \$ 250,000                 | \$ 252,816          | \$ 250,000        | \$ 2,816          |
| Bank of America                   |                            |                     |                   |                   |
| Payroll Account                   | 1,510                      | 1,510               |                   |                   |
| General Fund Account              | 568,336                    | 928,831             |                   |                   |
| Pell Account                      | 5,968                      | 33,316              |                   |                   |
| Money Market Account              | <u>25,424</u>              | <u>25,424</u>       |                   |                   |
| Cash in bank                      | <u>601,238</u>             | <u>989,081</u>      |                   |                   |
| Subtotal Bank of America deposits | <u>601,238</u>             | <u>989,081</u>      | <u>250,000</u>    | <u>739,081</u>    |
| Total deposits                    | <u>\$ 851,238</u>          | <u>\$ 1,241,897</u> | <u>\$ 500,000</u> | <u>\$ 741,897</u> |

### 3. Accounts receivable

Accounts receivable represent amounts due from various entities and individuals for training and other services provided. The receivable is presented net of an allowance for doubtful accounts of \$9,577.

Accounts receivable is comprised of the following:

|                                       |                   |
|---------------------------------------|-------------------|
| Tuition                               | \$ 138,228        |
| Other                                 | 78,146            |
| Less: Allowance for doubtful accounts | <u>(9,577)</u>    |
| Subtotal                              | <u>206,797</u>    |
| Grants                                | <u>87,809</u>     |
| Total                                 | <u>\$ 294,606</u> |

### 4. Accounts payable

Accounts payable represents amounts payable to vendors which because of the normal lag in processing such transactions are due to various entities for vouchers expensed but not yet disbursed.

### 5. Interfund balances and transfers

The principal purpose of the interfund balance between the General Fund and Special Revenue Fund of \$388,488 is short-term in nature and results from the time lag between the dates that reimbursable expenditures occur and payments between funds are made. All credit card payments are deposited into the Special Revenue Fund, although they may be designated for the General Fund. This eliminates the necessity of having two credit card terminals at each payment station. The liability of the Special Revenue Fund includes the amount designated to the General Fund from credit card transactions.

The principal purpose of the \$8,382 transfer from the Special Revenue Fund to the General Fund is the amount of revenue generated from the Tobacco Contract with the State of Florida, initially reported in the Special Revenue Fund, which constitutes a reimbursement to the General Fund for an amount that was unrestricted.

## 6. Capital assets

Capital asset activity for the year ended June 30, 2011, was as follows:

|  | <u>Balance</u><br><u>July 1, 2010</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2011</u> |
|--|---------------------------------------|-------------------|------------------|--|
| Capital assets, being depreciated:           |                                       |                   |                  |  |
| Furniture, fixtures and equipment            | \$ 2,204,749                          | \$ 309,093        | \$ -             | \$ 2,513,842                           |
| Motor vehicles                               | 94,721                                | 62,259            | -                | 156,980                                |
| Leasehold improvements                       | 1,977,042                             | 148,784           | -                | 2,125,826                              |
| Intangible assets                            | -                                     | 8,860             | -                | 8,860                                  |
| Total capital assets, being depreciated      | <u>4,276,512</u>                      | <u>528,996</u>    | <u>-</u>         | <u>4,805,508</u>                       |
| Less accumulated depreciation for:           |                                       |                   |                  |  |
| Furniture, fixtures and equipment            | (1,140,734)                           | (170,376)         | -                | (1,311,110)                            |
| Motor vehicles                               | (81,703)                              | (19,138)          | -                | (100,841)                              |
| Leasehold improvements                       | (602,463)                             | (141,094)         | -                | (743,557)                              |
| Intangible assets                            | -                                     | (1,772)           | -                | (1,772)                                |
| Total accumulated depreciation               | <u>(1,824,900)</u>                    | <u>(332,380)</u>  | <u>-</u>         | <u>(2,157,280)</u>                     |
| Total capital assets, being depreciated, net | <u>2,451,612</u>                      | <u>196,616</u>    | <u>-</u>         | <u>2,648,228</u>                       |
| Governmental activities capital assets, net  | <u>\$ 2,451,612</u>                   | <u>\$ 196,616</u> | <u>\$ -</u>      | <u>\$ 2,648,228</u>                    |

Depreciation was charged to functions/programs as follows:

|                             |                   |
|-----------------------------|-------------------|
| Instruction                 | \$ 95,350         |
| Pupil services              | 24,404            |
| Operation of plant          | 38,641            |
| Maintenance of plant        | 164,594           |
| School administration       | 5,536             |
| Central services            | 524               |
| Fiscal & community services | 3,331             |
| Total                       | <u>\$ 332,380</u> |

## 7. Amounts due to/due from the school board

As of June 30, 2011, the College owed the School Board \$24,139 for June payroll expenses and other miscellaneous expenses and the School Board owed the College \$537,983 relating to grants and other miscellaneous funding. This resulted in a net due to the College of \$513,844.

## 8. Long-term liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011, was as follows:

|                      | <u>Balance</u><br><u>July 1, 2010</u> | <u>Additions</u> | <u>Deletions</u>    | <u>Balance</u><br><u>June 30, 2011</u> | <u>Amounts</u><br><u>Due Within</u><br><u>One Year</u> |
|----------------------|---------------------------------------|------------------|---------------------|--|--|
| Compensated absences | \$ 1,016,085                          | \$ 43,474        | \$ (447,795)        | \$ 611,764                             | \$ 258,546   |
| Total                | <u>\$ 1,016,085</u>                   | <u>\$ 43,474</u> | <u>\$ (447,795)</u> | <u>\$ 611,764</u>                      | <u>\$ 258,546</u>                                      |

## 9. Risk management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through a combination of purchased commercial insurance with minimum deductibles for each line of coverage and through participation in the School Board's health and hospitalization insurance program which includes medical, dental, and vision coverage, provided on a self-insured basis up to specified limits.

## 10. Commitments and contingent liabilities

### A. Lease commitments

The College leases buildings and equipment under non-cancelable operating leases. Future minimum rental payments as of June 30, 2011, required by these leases are as follows:

|            |    |                  |
|------------|----|------------------|
| 2012       | \$ | 223,664          |
| 2013       |    | 205,068          |
| 2014       |    | 205,068          |
| 2015       |    | 205,068          |
| 2016       |    | 182,268          |
| Thereafter |    | 66,000           |
| Total      | \$ | <u>1,087,136</u> |

### B. Grants

The College participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### C. Legal matters

The College is subject to various disputes, legal proceedings, and related claims which arise in the normal course of its operations. In the opinion of the College's management, the ultimate resolution of any such legal matters will not have a significant adverse affect on the accompanying financial statements.

## 11. Related party

The majority of the College's revenues are provided by the School Board. These revenues are used for current operations and program activities. The College reimbursed the School Board for certain costs such as payroll, transportation services, insurance premiums, supplies and other miscellaneous expenses. Total payments to the School Board for the year ended June 30, 2011, were \$7,057,638.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2011**

**General Fund**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------------|-----------------------|-----------------------------------|
|   | <u>Original</u>         | <u>Final</u>        |                       |                                   |
| <b>REVENUES</b>   |                         |                     |                       |                                   |
| Intergovernmental:  |                         |                     |                       |                                   |
| State   | \$ 6,095,448            | \$ 5,943,968        | \$ 5,943,968          | \$ -                              |
| Local   | 706,195                 | 472,504             | 472,504               | -                                 |
| Other   | 3,161,467               | 2,915,727           | 2,915,727             | -                                 |
| Total revenues  | <u>9,963,110</u>        | <u>9,332,199</u>    | <u>9,332,199</u>      | <u>-</u>                          |
| <b>EXPENDITURES</b>                                       |                         |                     |                       |                                   |
| Current:  |                         |                     |                       |                                   |
| Instruction   | 4,454,080               | 4,229,048           | 4,229,048             | -                                 |
| Pupil services  | 2,072,834               | 2,341,843           | 2,341,843             | -                                 |
| Fiscal and community services                             | 1,060,384               | 935,037             | 935,037               | -                                 |
| Central services  | 269,463                 | 116,713             | 116,713               | -                                 |
| Maintenance of plant                                      | 393,834                 | 44,691              | 44,691                | -                                 |
| Operation of plant  | 1,000,952               | 960,251             | 960,251               | -                                 |
| School administration                                     | 706,368                 | 471,081             | 471,081               | -                                 |
| Fixed capital outlay                                      | -                       | 528,996             | 528,996               | -                                 |
| Total expenditures  | <u>9,957,915</u>        | <u>9,627,660</u>    | <u>9,627,660</u>      | <u>-</u>                          |
| Excess (deficiency) of revenues over (under) expenditures | 5,195                   | (295,461)           | (295,461)             | -                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                         |                     |                       |                                   |
| Transfers in  | -                       | 8,382               | 8,382                 | -                                 |
| Transfers out   | -                       | -                   | -                     | -                                 |
| Total other financing sources (uses)                      | -                       | 8,382               | 8,382                 | -                                 |
| Net change in fund balance                                | <u>\$ 5,195</u>         | <u>\$ (287,079)</u> | <u>(287,079)</u>      | <u>\$ -</u>                       |
| Fund balances - beginning of year                         |                         |                     | 2,017,793             |                                   |
| Fund balances - end of year                               |                         |                     | <u>\$ 1,730,714</u>   |                                   |

**Special Revenue Fund**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|------------------|-----------------------|-----------------------------------|
|   | <u>Original</u>         | <u>Final</u>     |                       |                                   |
| <b>REVENUES</b>   |                         |                  |                       |                                   |
| Intergovernmental:  |                         |                  |                       |                                   |
| Federal/Federal through State                             | \$ 1,209,978            | \$ 1,209,978     | \$ 1,209,978          | \$ -                              |
| State   | 101,176                 | 192,127          | 192,127               | -                                 |
| Total revenues  | <u>1,311,154</u>        | <u>1,402,105</u> | <u>1,402,105</u>      | <u>-</u>                          |
| <b>EXPENDITURES</b>                                       |                         |                  |                       |                                   |
| Current:  |                         |                  |                       |                                   |
| Instruction   | 367,654                 | 433,194          | 433,194               | -                                 |
| Pupil services  | 868,696                 | 522,095          | 522,095               | -                                 |
| Fiscal and community services                             | -                       | 82,219           | 82,219                | -                                 |
| Fixed capital outlay                                      | 394,753                 | 356,215          | 356,215               | -                                 |
| Total expenditures  | <u>1,631,103</u>        | <u>1,393,723</u> | <u>1,393,723</u>      | <u>-</u>                          |
| Excess (deficiency) of revenues over (under) expenditures | (319,949)               | 8,382            | 8,382                 | -                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                         |                  |                       |                                   |
| Transfers in  | -                       | -                | -                     | -                                 |
| Transfers out   | -                       | (8,382)          | (8,382)               | -                                 |
| Total other financing sources (uses)                      | -                       | (8,382)          | (8,382)               | -                                 |
| Net change in fund balance                                | <u>\$ (319,949)</u>     | <u>\$ -</u>      | <u>\$ -</u>           | <u>\$ -</u>                       |

Notes to Budgetary Comparison Schedule - An annual budget is adopted on the modified accrual basis of accounting, consistent with GAAP. During the fiscal year, expenditures were monitored at the object level.

## **OTHER INFORMATION**

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Self-insurance Program Risk Management Statistics  
For the Year Ended June 30, 2011**

The School Board's audit report for the year ended June 30, 2010 (2010 School Board Audit Report), disclosed the following with respect to the School Board's health and hospitalization self-insurance program (Program) in which the College participates:

The School Board's health and hospitalization self-insurance program, which includes medical, dental and vision coverage, is being provided on a self-insured basis up to specified limits. The School Board has entered into an agreement with an insurance company to provide specific excess coverage of claim amounts above \$175,000 per insured per year, with a maximum lifetime benefit for medical claims of \$5,000,000 per insured. The program's administrator has been approved by the Florida Department of Financial Services, Office of Insurance Regulation. The funds for these coverages were established in accordance with Chapter 112, *Florida Statutes*. The program is administered through the Internal Service Funds. Contributions to the program were made by the St. Johns County District School Board, the First Coast Technical Collage and by covered current and former employees and retirees of the Board and the First Coast Technical College.

A liability in the amount of \$3,113,560 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2010, and is reported net of excess insurance recoverable on unpaid claims.

The following schedule represents the changes in claims liability for the past two fiscal years for the School Board's health and hospitalization self-insurance program:

|           | <b>Beginning of<br/>Fiscal Year<br/>Liability</b> | <b>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</b> | <b>Claims<br/>Payments</b> | <b>Balance at<br/>Fiscal<br/>Year End</b> |
|-----------|---|---|----------------------------|---|
| 2008-2009 | \$ 2,923,148                                      | \$ 25,108,816   | \$ (25,060,849)            | \$ 2,971,115                              |
| 2009-2010 | 2,971,115   | 28,185,450  | (28,043,005)               | 3,113,560                                 |

DUFRESNE & ASSOCIATES, CPA, PA  
CERTIFIED PUBLIC ACCOUNTANTS

385 STILES AVENUE  
ORANGE PARK, FLORIDA 32073  
TELEPHONE: 904 278-8980  
FACSIMILE: 904 278-4665

MAILING ADDRESS:  
POST OFFICE BOX 1179  
ORANGE PARK, FLORIDA 32067-1179  
www.dufresnecpas.com

November 8, 2011

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

To the Board of Directors  
First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
2980 Collins Avenue  
St Augustine, Florida 32084

We have audited the financial statements of the governmental activities and each major fund, of First Coast Technical Institute, Inc. DBA First Coast Technical College (College), a component unit of St. Johns County School District, as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements and have issued our report thereon dated November 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

This report is intended solely for the information and use of management of the College, the Board of Directors, the St. Johns County School District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dufresne & Associates, CPA, PA*

Dufresne & Associates, CPA, PA

DUFRESNE & ASSOCIATES, CPA, PA  
CERTIFIED PUBLIC ACCOUNTANTS

385 STILES AVENUE  
ORANGE PARK, FLORIDA 32073  
TELEPHONE: 904 278-8980  
FACSIMILE: 904 278-4665

MAILING ADDRESS:  
POST OFFICE BOX 1179  
ORANGE PARK, FLORIDA 32067-1179  
www.dufresnepas.com

November 8, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
2980 Collins Avenue  
St. Augustine, Florida 32084

Compliance

We have audited First Coast Technical Institute, Inc. DBA First Coast Technical College's (College) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2011. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College'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 College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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

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

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

This report is intended solely for the information and use of the management of the College, Board of Directors, the St. Johns County School Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dufresne & Associates, CPA, PA*

Dufresne & Associates, CPA, PA

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011**

| <u>Federal Grantor/Pass - through Grantor/Program Title</u>            | <u>Catalog of<br/>Federal<br/>Domestic<br/>Assistance<br/>Number</u> | <u>Agency<br/>Project<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|--|--------------------------------------|---------------------------------|
| <b>UNITED STATES DEPARTMENT OF LABOR</b>                               |  |                                      |                                 |
| Passed through program from:   |  |                                      |                                 |
| First Coast Workforce Development, Inc.:                               |  |                                      |                                 |
| Workforce Investment Act Youth Activities                              | 17.259   | 1160                                 | \$ 33,467                       |
| ARRA - Workforce Investment Act Youth Activities                       | 17.259 - ARRA  | 1160                                 | 19,747                          |
| ARRA - Workforce Investment Act Youth Activities                       | 17.259 - ARRA  | 1161                                 | 53,785                          |
| Total United States Department Labor                                   |  |                                      | <u>106,999</u>                  |
| <b>UNITED STATES DEPARTMENT OF EDUCATION</b>                           |  |                                      |                                 |
| Direct:  |  |                                      |                                 |
| Federal Pell Grant Program   | 84.063   | N/A                                  | 1,372,653                       |
| Pass through programs from:  |  |                                      |                                 |
| Florida Department of Education:                                       |  |                                      |                                 |
| St. Johns County School District:                                      |  |                                      |                                 |
| Adult Education - State Grant Program:                                 |  |                                      |                                 |
| Adult Education and Family Literacy, Adult General Education           | 84.002   | 1124                                 | 127,385                         |
| Adult Education and Family Literacy, English Literacy/Civics Education | 84.002   | 1125                                 | 28,000                          |
| ARRA - State Fiscal Stabilization Fund Cluster:                        |  |                                      |                                 |
| State Fiscal Stabilization Fund:                                       |  |                                      |                                 |
| Education State Grants, Recovery Act                                   | 84.394 - ARRA  | 1130                                 | 372,164                         |
| Career and Technical Education - Basic Grants to States:               |  |                                      |                                 |
| Carl Perkins, Postsecondary  | 84.048   | 1118                                 | 14,852                          |
| Carl Perkins, Postsecondary, Section 132                               | 84.048   | 1119                                 | 207,352                         |
| Total pass - through programs  |  |                                      | <u>749,753</u>                  |
| Total United States Department of Education                            |  |                                      | <u>2,122,406</u>                |
| <b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>           |  |                                      |                                 |
| Pass through programs from:  |  |                                      |                                 |
| First Coast Workforce Development, Inc.:                               |  |                                      |                                 |
| Temporary Assistance for Needy Families                                | 93.558   | LVL II                               | 79,852                          |
| Temporary Assistance for Needy Families                                | 93.558   | LVL III                              | 273,374                         |
| Total United States Department of Health and Human Services            |  |                                      | <u>353,226</u>                  |
| Total expenditures of federal awards                                   |  |                                      | <u>\$ 2,582,631</u>             |

Note: Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of First Coast Technical Institute, Inc. DBA First Coast Technical College and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

|   |             |
|---|-------------|
| Type of Auditor’s Report Issued:  | Unqualified |
| Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> : |             |
| Material Weakness Identified?   | No          |
| Significant deficiency in Internal Control that is not Considered to be a Material Weakness?  | No          |
| Noncompliance Material to Financial Statements Noted?   | No          |

Federal Awards

|  |   |
|--|---|
| Type of Auditor’s Report Issued:   | Unqualified   |
| Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133: |   |
| Material Weaknesses Identified?  | No  |
| Significant Deficiency Identified that is not Considered to be a Material Weakness?  | No  |
| Any Audit Finding Disclosed that is Required to be Reported in Accordance with Section 510(a) of Circular A-133?   | No  |
| Identification of Major Programs   |   |
| CFDA #84.063   | Federal Pell Grant Program  |
| CFDA #84.394 - ARRA  | State Fiscal Stabilization Fund -<br>Education State Grants, Recovery Act |
| CFDA #93.558   | Temporary Assistance for Needy Families                                   |
| Dollar Threshold used to Distinguish Between Type A and Type B Programs:   | \$300,000   |
| Auditee Qualified as Low-Risk Auditee?   | No  |

**SECTION II – FINANCIAL STATEMENT FINDINGS**

This section identifies significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by OMB Circular A-133, section 510(a).

No matters were reported.

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2011**

The findings for the prior year ended June 30, 2010, were as follows.

**Federal Award Finding 2010-1:**

**Federal Agency:** United States Department of Education

**Pass-Through Entity:** St. Johns County School District

**Program:** ARRA - State Fiscal Stabilization Fund Cluster: Education State Grants & Government Services Fund, Recovery Act

**Finding Type:** Noncompliance & Material Weakness

**Questioned Costs:** \$2,281

**Status:** Cleared

**Federal Award Finding 2010-2:**

**Federal Agency:** United States Department of Education

**Pass-Through Entity:** St. Johns County School District

**Program:** ARRA - State Fiscal Stabilization Fund Cluster: Education State Grants & Government Services Fund, Recovery Act

**Finding Type:** Noncompliance & Material Weakness

**Questioned Costs:** Not applicable

**Status:** Cleared

**Federal Award Finding 2010-3:**

**Federal Agency:** United States Department of Education

**Pass-Through Entity:** St. Johns County School District

**Program:** ARRA - State Fiscal Stabilization Fund Cluster: Education State Grants & Government Services Fund, Recovery Act

**Finding Type:** Noncompliance & Material Weakness

**Questioned Costs:** Not applicable

**Status:** Cleared

DUFRESNE & ASSOCIATES, CPA, PA  
CERTIFIED PUBLIC ACCOUNTANTS

385 STILES AVENUE  
ORANGE PARK, FLORIDA 32073  
TELEPHONE: 904 278-8980  
FACSIMILE: 904 278-4665

MAILING ADDRESS:  
POST OFFICE BOX 1179  
ORANGE PARK, FLORIDA 32067-1179  
www.dufresnecpas.com

November 8, 2011

**MANAGEMENT LETTER**

Honorable Board of Directors of  
First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
2980 Collins Avenue  
St. Augustine, Florida

We have audited the financial statements of First Coast Technical Institute, Inc. DBA First Coast Technical College (College), a component unit of the St. Johns County School District, Florida, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 8, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control over Compliance (Reports) and Schedule of Findings and Questioned Costs (Schedule). Disclosures in those Reports and Schedule, which are dated November 8, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is First Coast Technical Institute, Inc. DBA First Coast Technical College.

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the College did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the College's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, *Florida Statutes*, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, Board of Directors, others within the College and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Dufresne & Associates, CPA, PA*

Dufresne & Associates, CPA, PA