



**AUDITOR GENERAL**  
**WILLIAM O. MONROE, CPA**



**ST. PETERSBURG COLLEGE**  
Financial Audit

For the Fiscal Year Ended June 30, 2005

During the audit period, the President of the College was Dr. Carl M. Kuttler, Jr. Members of the College's District Board of Trustees who served during the audit period are listed below:

**Board Member**

Kenneth P. Burke, Chair  
Cecil B. Keene, Vice Chair  
Evelyn M. Bilirakis  
W. Richard Johnston  
Dr. Susan D. Jones

## ST. PETERSBURG COLLEGE

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**EXECUTIVE SUMMARY**

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The audit of the financial statements of St. Petersburg College for the fiscal year ended June 30, 2005, was conducted pursuant to the provisions of Section 11.45, Florida Statutes, and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The scope of this audit included an examination of the financial statements of the College, a component unit of the State of Florida, and a determination as to whether management has complied with applicable laws, administrative rules, regulations, contracts, and grant agreements and other matters that are material to the financial statements. An examination of Federal awards administered by the College is included in our Statewide audit of Federal awards administered by the State of Florida.

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

- We found that the College's financial statements presented fairly, in all material respects, the financial positions of the College and its discretely presented component units as of June 30, 2005; the revenues, expenses, and changes in net assets; and the cash flows for the fiscal year then ended.
- We noted no matters involving the College's internal control over financial reporting and its operation that we considered to be material weaknesses.
- The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This audit was made in accordance with applicable *Government Auditing Standards* issued by the Comptroller General of the United States. This audit was coordinated by Dawn T. Meyers, CPA, and supervised by Karen J. Collington, CPA. Please address inquiries regarding this report to Ted J. Sauerbeck, CPA, Audit Manager, via e-mail at [redsauerbeck@aud.state.fl.us](mailto:redsauerbeck@aud.state.fl.us) or by telephone at (850) 487-4468.

This report, as well as other audit reports prepared by the Auditor General, can be obtained on our Web site at [www.state.fl.us/audgen](http://www.state.fl.us/audgen); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.



WILLIAM O. MONROE, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of St. Petersburg College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2005, as shown on pages 13 through 38. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, as described in note 1 to the financial statements, which comprise 100 percent of the transactions and account balances of the discretely presented component units columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for these entities, are based solely upon the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of St. Petersburg College and of its aggregate discretely presented component units as of June 30, 2005, and the respective changes in financial

position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 to the financial statements, the College discontinued reporting a share of the reverse repurchase and securities lending agreements entered into by the State Treasury, in connection with the State Treasury's Special Purpose Investment Account investment pool, for the 2004-05 fiscal year pursuant to the State Treasury's interpretation of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. This change affects the comparability of amounts reported as assets and liabilities on the statement of net assets for the 2004-05 fiscal year with amounts reported for the 2003-04 fiscal year.

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

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 5 through 12 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



William O. Monroe, CPA  
March 28, 2006



WILLIAM O. MONROE, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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

We have audited the financial statements of St. Petersburg College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2005, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. 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. The financial statements of the St. Petersburg College Alumni Association, Inc., and the Leepa-Rattner Museum of Art, Inc., discretely presented component units, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not extend to those component units. Our report on the financial statements included disclosures regarding our reference to the reports of other auditors.

### Internal Control Over Financial Reporting


In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the College's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

**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, administrative rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Respectfully submitted,



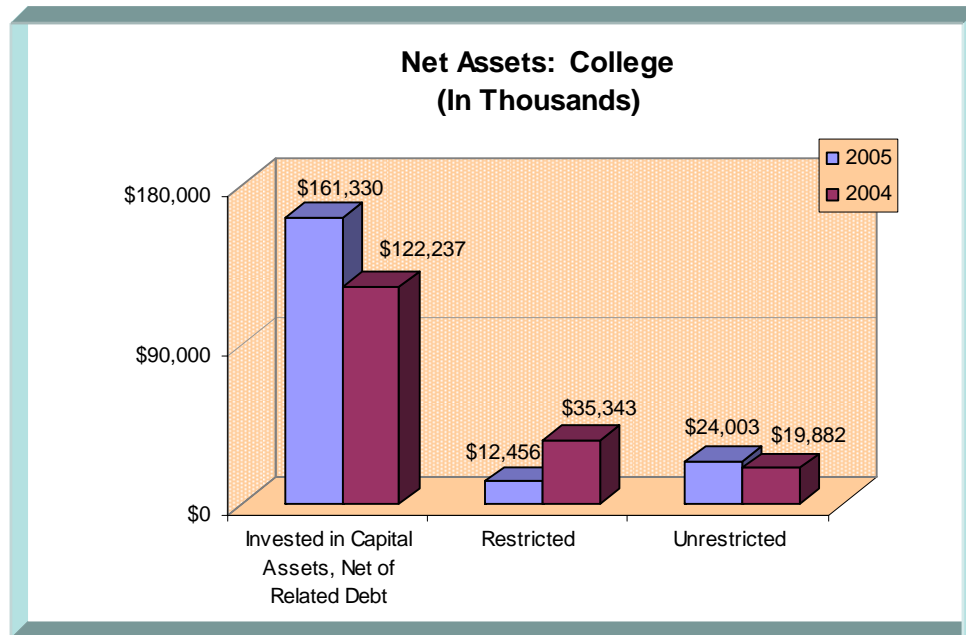
William O. Monroe, CPA  
March 28, 2006

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The management’s discussion and analysis of St. Petersburg College’s financial statements provides an overview of the College’s financial activities for the fiscal year ended June 30, 2005. Management has prepared the financial statements and the related note disclosures along with the management’s discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College. The management’s discussion and analysis contains financial activities of the College for the fiscal years ended June 30, 2005, and June 30, 2004, and of its component units (St. Petersburg College Foundation, Inc., St. Petersburg College Alumni Association, Inc., and the Leepa-Rattner Museum of Art, Inc.) for the fiscal years ended March 31, 2005, and March 31, 2004, and should be read in conjunction with the accompanying financial statements.

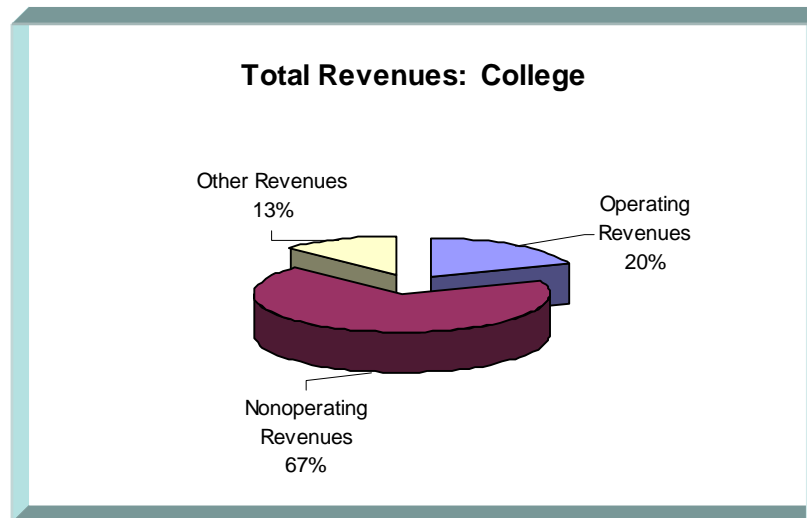
**FINANCIAL HIGHLIGHTS**

The College’s net assets by category for the fiscal years ended June 30, 2005, and June 30, 2004, are shown in the following graph:



The College’s financial position, as a whole, improved during the fiscal year ended June 30, 2005, with net assets increasing \$20.3 million, or 11.5 percent. The combined net assets of the College and its component units increased \$26 million, or 13.3 percent.

The following chart provides a graphical breakdown of revenues by category for the 2004-05 fiscal year:



In the 2004-05 fiscal year, College revenues and other support exceeded expenses, creating an increase in net assets of \$20.3 million (compared to a \$14.2 million increase for the 2003-04 fiscal year). This increase was primarily due to increases in Capital appropriations, State appropriations, and gains on the sale of properties. Component units' revenue exceeded expenses during the 2004-05 fiscal year, resulting in an increase in net assets of \$5.7 million (compared to a \$2.9 million increase for the 2003-04 fiscal year), due to increased gifts and matching funds.

### USING THIS ANNUAL REPORT

This report consists of three basic financial statements. The statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows provide information on the College as a whole and present a long-term view of the College's finances and fiscal health. The following activities are included in the College's basic financial statements:

- St. Petersburg College (Primary Institution) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- St. Petersburg College Foundation, Inc., St. Petersburg College Alumni Association, Inc., and the Leepa-Rattner Museum of Art, Inc. (Component Units) – Although legally separate, these component units are important because the College is financially accountable for them, and reports their financial activities to the State of Florida.

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

One of the most important questions asked about the College's finances is, "Is St. Petersburg College, as a whole, better off or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses, and changes in net assets report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as the College's operating results.

These two statements report the College's net assets and changes in them. You can think of the College's net assets, the difference between assets and liabilities, as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net assets are one indication of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and the safety of the campus, must also be considered in assessing the College's overall financial health. These nonfinancial factors are beyond the scope of this document but may be found in other College reports and documentation.

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

A condensed statement of assets, liabilities, and net assets of the College and its component units for the respective fiscal years ended is shown in the following table:

<b>Assets, Liabilities, and Net Assets at (In Thousands)</b>				
	College		Component Units	
	<u>6-30-05</u>	<u>6-30-04</u>	<u>3-31-05</u>	<u>3-31-04</u>
<b>Assets</b>				
Current Assets	\$ 43,547	\$ 63,009	\$ 11,436	\$ 7,485
Capital Assets, Net	165,615	126,763	248	135
Other Noncurrent Assets	<u>15,369</u>	<u>21,116</u>	<u>13,065</u>	<u>11,335</u>
<b>Total Assets</b>	<u>224,531</u>	<u>210,888</u>	<u>24,749</u>	<u>18,955</u>
<b>Liabilities</b>				
Current Liabilities	16,364	23,240	320	209
Noncurrent Liabilities	<u>10,378</u>	<u>10,186</u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>26,742</u>	<u>33,426</u>	<u>320</u>	<u>209</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	161,330	122,237	248	135
Restricted	12,456	35,343	23,915	18,328
Unrestricted	<u>24,003</u>	<u>19,882</u>	<u>266</u>	<u>283</u>
<b>Total Net Assets</b>	<u>\$ 197,789</u>	<u>\$ 177,462</u>	<u>\$ 24,429</u>	<u>\$ 18,746</u>
<b>Increase in Net Assets</b>	<u>\$ 20,327</u>	11.5%	<u>\$ 5,683</u>	30.3%

As discussed in note 2 to the financial statements, the College discontinued reporting a share of the reverse repurchase and securities lending agreements entered into by the State Treasury, in connection with the State Treasury's Special Purpose Investment Account investment pool, for the 2004-05 fiscal year pursuant to the State Treasury's interpretation of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. This affects the comparability of amounts reported as assets and liabilities in the statement of net

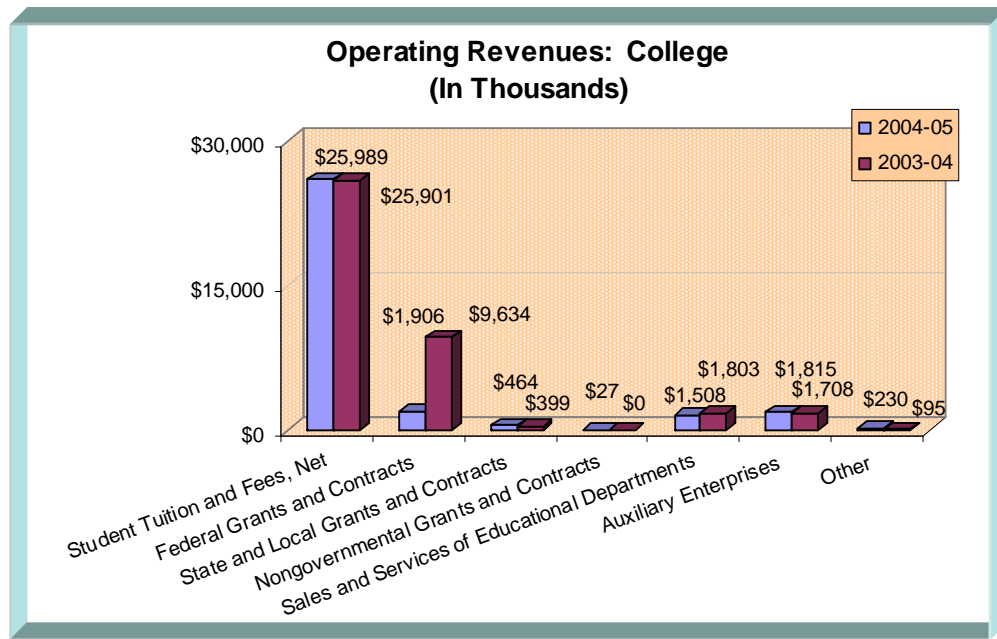
assets for the 2004-05 fiscal year with amounts reported for the 2003-04 fiscal year, and is the primary reason why total current liabilities decreased from the prior fiscal year.

Comparative revenues and expenses of the College and its component units for the respective fiscal years ended are shown in the following tables:

	College		Component Units	
	6-30-05	6-30-04	3-31-05	3-31-04
<b>Operating Results for the Fiscal Years Ended (In Thousands)</b>				
<b>Operating Revenues</b>				
Student Tuition and Fees, Net of Scholarship Allowances	\$ 25,989	\$ 25,901	\$	\$
Federal Grants and Contracts	1,906	9,634		
State and Local Grants and Contracts	464	399		
Nongovernmental Grants and Contracts	27			
Sales and Services of Educational Departments	1,508	1,803		
Auxiliary Enterprises	1,815	1,708		
Other Operating Revenues	230	95	142	167
<b>Total Operating Revenues</b>	<b>31,939</b>	<b>39,540</b>	<b>142</b>	<b>167</b>
Less, Operating Expenses	143,114	137,565	3,381	2,138
<b>Net Operating Loss</b>	<b>(111,175)</b>	<b>(98,025)</b>	<b>(3,239)</b>	<b>(1,971)</b>
<b>Nonoperating Revenues</b>				
State Appropriations	59,462	55,207		
Other Nonoperating Revenues, Net	51,097	33,835	8,922	12,914
<b>Net Nonoperating Revenues</b>	<b>110,559</b>	<b>89,042</b>	<b>8,922</b>	<b>12,914</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(616)</b>	<b>(8,983)</b>	<b>5,683</b>	<b>10,943</b>
Capital Appropriations	14,296	10,479		
Capital Grants and Contracts	6,586	12,662		(8,000)
Additions to Endowments	61	75		
<b>Increase in Net Assets</b>	<b>20,327</b>	<b>14,233</b>	<b>5,683</b>	<b>2,943</b>
Net Assets, Beginning of Year	177,462	163,229	18,746	15,803
<b>Net Assets, End of Year</b>	<b>\$ 197,789</b>	<b>\$ 177,462</b>	<b>\$ 24,429</b>	<b>\$ 18,746</b>

### Operating Revenues

Operating revenues of the College for the 2004-05 and 2003-04 fiscal years are presented in the following chart:



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

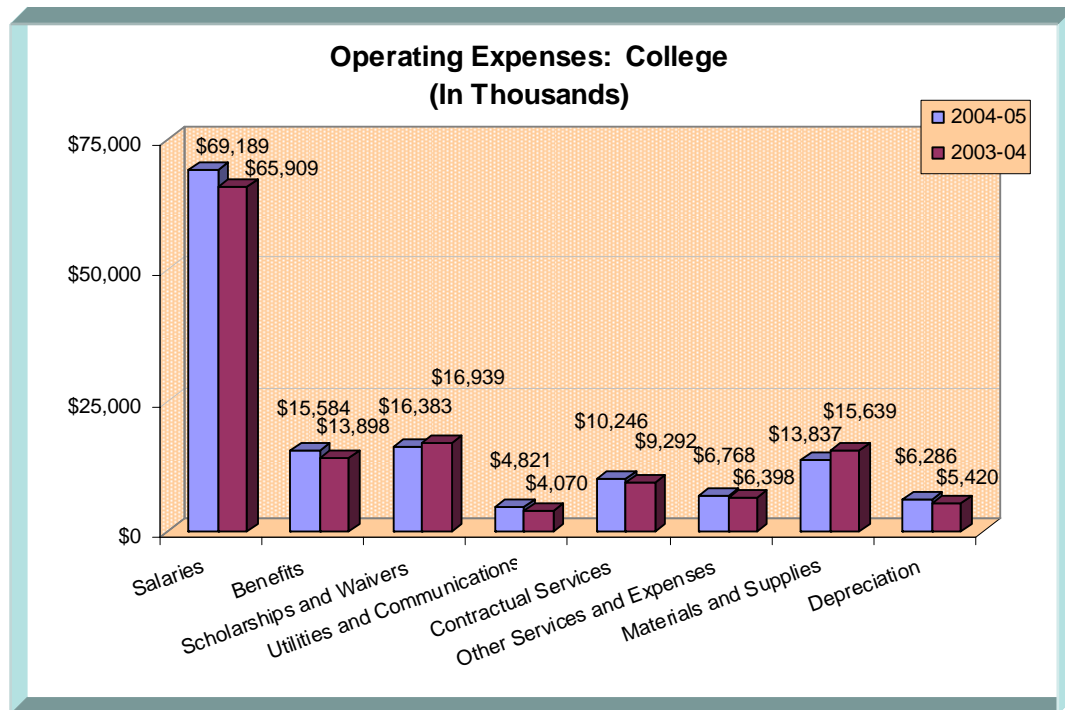
- Student tuition and fees remained stable as evidenced by a combination of factors in the 2004-05 fiscal year: enrollment increased by 2.3 percent, tuition rates increased by 5 percent, out-of-State participation decreased, and student scholarship aid, an offset to student fees (i.e., scholarship allowances), increased 10 percent over the 2003-04 fiscal year.
- Federal grants and contracts shifted \$7.7 million to nonoperating revenues for Homeland Security instruction and training for external agencies.

**Operating Expenses**

Operating expenses for the College and its component units for the respective fiscal years ended are presented in the following tables:

	College		Component Units	
	6-30-05	6-30-04	3-31-05	3-31-04
<b>Operating Expenses</b>				
Salaries	\$ 69,189	\$ 65,909	\$	\$
Benefits	15,584	13,898		
Scholarships and Waivers	16,383	16,939	622	293
Utilities and Communications	4,821	4,070		
Contractual Services	10,246	9,292		
Other Services and Expenses	6,768	6,398	2,757	1,843
Materials and Supplies	13,837	15,639	2	2
Depreciation	6,286	5,420		
<b>Total Operating Expenses</b>	<b>\$143,114</b>	<b>\$ 137,565</b>	<b>\$3,381</b>	<b>\$2,138</b>

Operating expenses of the College for the 2004-05 and 2003-04 fiscal years are presented in the following chart:



Operating expense changes were the result of the following factors:

**College**

- There was an increase in salary expenditures in the amount of \$3.3 million. Of this amount, \$0.7 million is attributable to 3.5 percent raises for all employees. The remaining \$2.6 million was for new baccalaureate, adjunct, and grant positions to support increased enrollment and grant activity.
- Materials and supplies decreased \$1.8 million due to higher than normal volume of repairs, maintenance, remodeling, renovation, and site improvements made Collegewide during the 2003-04 fiscal year.
- Benefits increased \$1.7 million to cover increased health insurance costs.
- Contracted services increased \$0.9 million due to increasing demand for consulting and specialized instructional services by the grants.

**Component Units**

Other services and expenses, primarily program support costs, increased \$0.9 million in the 2004-05 fiscal year.

**THE STATEMENT OF CASH FLOWS**

The statement of cash flows provides another way to assess the College’s financial health. Its primary purpose is to provide relevant information about the College’s cash receipts and cash payments during the fiscal year. The statement of cash flows also helps users assess:

- The College’s ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A summary of the College’s cash flows for the 2004-05 and 2003-04 fiscal years is presented in the following table:

<b>Cash Flows for the Fiscal Years (In Thousands)</b>		
	<u>2004-05</u>	<u>2003-04</u>
Cash Provided (Used) by:		
Operating Activities	\$(108,217)	\$(86,955)
Noncapital Financing Activities	106,635	86,234
Capital and Related Financing Activities	(16,991)	3,732
Investing Activities	<u>6,954</u>	<u>1,565</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(11,619)	4,576
Cash and Cash Equivalents, Beginning of the Year	<u>35,147</u>	<u>30,571</u>
<b>Cash and Cash Equivalents, End of the Year</b>	<u>\$ 23,528</u>	<u>\$ 35,147</u>

The College's cash and cash equivalents decreased during the 2004-05 fiscal year primarily due to the following:

- Cash used by operating activities increased \$21.3 million over the 2003-04 fiscal year due to increases in employee wages and benefits, utilities costs, and payments to suppliers for goods and services. Cash associated with the Federal grants that shifted to nonoperating revenues also shifted to cash flows from noncapital financing activities.
- Cash provided from noncapital financing activities such as State appropriations and gifts and grants increased \$20.4 million over the 2003-04 fiscal year. This is due in part to a \$4.3 million increase in State appropriations and a \$16.2 million increase in cash flow, primarily from Federal grants and contracts.
- The \$20.7 million change in cash provided (used) by capital and related financing activities was due to an increase in purchases of construction services (e.g., construction in progress, acquisitions, and major renovations).
- Cash provided for investing activities increased by \$5.4 million over the 2003-04 fiscal year, primarily due to the reclassification of money market funds from investment to cash and cash equivalents.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### CAPITAL ASSETS

The College and its component units had \$165.6 million and \$.2 million (net of accumulated depreciation), respectively, invested in capital assets at fiscal year-end as summarized in the following table:

<b>Capital Assets at (In Thousands)</b>				
Capital Assets	<u>College</u>		<u>Component Units</u>	
	6-30-05	6-30-04	3-31-05	3-31-04
Land	\$ 16,207	\$ 13,858	\$	\$
Buildings	118,698	91,584		
Other Structures and Improvements	1,142	1,408		
Furniture, Machinery, and Equipment	3,170	3,839		
Construction in Progress	26,398	16,074		
Other Capital Assets			<u>248</u>	<u>135</u>
<b>Total Capital Assets, Net</b>	<u>\$165,615</u>	<u>\$ 126,763</u>	<u>\$ 248</u>	<u>\$ 135</u>

Major capital projects under construction during the 2004-05 fiscal year were the Natural Science Building, the joint-use library in partnership with the City of St. Petersburg at the St. Petersburg/Gibbs Campus, the EpiCenter Technology and Business Development Center and Services Buildings at the ICOT Center, and the Sigma Building at the Tarpon Springs Center. Resources funding their construction are Public Education Capital Outlay and local funds. Capital expenditures totaling \$15.6 million related to these projects and new projects are planned for the 2005-06 fiscal year. More detailed information about the College's capital assets is presented in the notes to financial statements.

## **DEBT**

At June 30, 2005, the College had \$4.3 million in State Board of Education Capital Outlay Bonds outstanding, compared to \$4.5 million at June 30, 2004. The State Board of Education Capital Outlay Bonds are issued by the State Board of Education on behalf of the College. More detailed information about the College's long-term liabilities is presented in the notes to financial statements.

## **ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

St. Petersburg College's economic position is closely tied to that of the State and, to a lesser degree, to Federal grants such as those for Homeland Security, the Department of Defense, and other similar grant programs.

Excluding the uncertain effects of a relatively flat to a possible slight decline in student enrollment and associated fees, a significant decrease in State funding is not expected for the 2006-07 fiscal year. Revenue from Federal and similar grants for the 2006-07 fiscal year are expected to range from \$14.8 million to \$22.8 million, which is a decrease from prior years.

It is assumed that State revenues will continue to recover during the 2006-07 fiscal year, and that there will be no major terrorism attacks on U.S. soil, and no recession in the national or international economies that would severely impact tourism revenue in Florida.

Despite the uncertainty on the horizon for the 2006-07 fiscal year, the College's current financial and capital plans indicate that infusion of additional financial resources from State funding, an increase in tuition rates, expanded private fundraising and donation campaigns, and cost containment/reduction measures will enable the College to maintain its present level of services and financial health.

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**FINANCIAL SECTION**


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**ST. PETERSBURG COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF NET ASSETS  
As of June 30, 2005**

	College	Component Units
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 21,201,918	\$ 2,193,170
Restricted Cash and Cash Equivalents	2,325,720	
Investments		4,815,766
Accounts Receivable, Net	1,640,525	2,497,105
Notes Receivable, Net	520,545	
Due from Other Governmental Agencies	16,407,793	
Due from Component Units	291,001	
Due from College		1,831,934
Inventories	131,430	37,634
Prepaid Expenses	535,828	
Other Assets	492,349	60,877
<b>Total Current Assets</b>	<b>43,547,109</b>	<b>11,436,486</b>
Noncurrent Assets:		
Endowment Investments		13,064,819
Other Restricted Investments	15,369,395	
Depreciable Capital Assets, Net	123,010,483	
Nondepreciable Capital Assets	42,604,439	247,780
<b>Total Noncurrent Assets</b>	<b>180,984,317</b>	<b>13,312,599</b>
<b>TOTAL ASSETS</b>	<b>\$ 224,531,426</b>	<b>\$ 24,749,085</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 3,049,344	\$ 81,148
Salary and Payroll Taxes Payable	3,606,338	
Retainage Payable	3,519,076	
Due to Component Units	3,583,486	
Due to College		238,945
Deferred Revenue	954,708	
Estimated Claims Payable	308,479	
Deposits Held for Others	387,753	
Long-Term Liabilities - Current Portion:		
Bonds Payable	250,000	
Compensated Absences Payable	704,793	
<b>Total Current Liabilities</b>	<b>16,363,977</b>	<b>320,093</b>
Noncurrent Liabilities:		
Bonds Payable	4,035,000	
Compensated Absences Payable	6,343,134	
<b>Total Noncurrent Liabilities</b>	<b>10,378,134</b>	
<b>TOTAL LIABILITIES</b>	<b>26,742,111</b>	<b>320,093</b>

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF NET ASSETS (Continued)**  
**As of June 30, 2005**

	College	Component Units
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 161,329,922	\$ 247,780
Restricted:		
Nonexpendable:		
Endowment		13,064,819
Expendable:		
Grants and Other	2,383,333	10,850,121
Endowment	2,098,838	
Loans	857,005	
Scholarships	625,775	
Capital Projects	6,392,959	
Debt Service	98,713	
Unrestricted	24,002,770	266,272
<b>TOTAL NET ASSETS</b>	197,789,315	24,428,992
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 224,531,426	\$ 24,749,085

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

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2005**

	<b>College</b>	<b>Component Units</b>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$12,672,637	\$ 25,989,014	\$
Federal Grants and Contracts	1,906,150	
State and Local Grants and Contracts	463,270	
Nongovernmental Grants and Contracts	26,811	
Sales and Services of Educational Departments	1,508,101	
Auxiliary Enterprises	1,815,024	
Other Operating Revenues	230,268	142,553
<b>Total Operating Revenues</b>	<b>31,938,638</b>	<b>142,553</b>
<b>EXPENSES</b>		
Operating Expenses:		
Personnel Services	84,773,039	
Scholarships and Waivers	16,382,672	621,776
Utilities and Communications	4,821,341	
Contractual Services	10,245,571	
Other Services and Expenses	6,768,303	2,757,040
Materials and Supplies	13,836,697	2,124
Depreciation	6,286,317	
<b>Total Operating Expenses</b>	<b>143,113,940</b>	<b>3,380,940</b>
<b>Operating Loss</b>	<b>(111,175,302)</b>	<b>(3,238,387)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	59,462,398	
Gifts and Grants	44,648,209	8,481,697
Investment Income	1,619,753	439,990
Other Nonoperating Revenues	5,035,823	
Interest on Capital Asset-Related Debt	(206,950)	
<b>Net Nonoperating Revenues</b>	<b>110,559,233</b>	<b>8,921,687</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(616,069)</b>	<b>5,683,300</b>
Capital Appropriations	14,296,304	
Capital Grants, Gifts, and Fees	6,585,557	
Additions to Endowments	61,515	
<b>Total Other Revenues</b>	<b>20,943,376</b>	
<b>Increase in Net Assets</b>	<b>20,327,307</b>	<b>5,683,300</b>
Net Assets, Beginning of Year	177,462,008	18,745,692
<b>Net Assets, End of Year</b>	<b>\$ 197,789,315</b>	<b>\$ 24,428,992</b>

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

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2005**

	<b>College</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and Fees	\$ 24,763,699
Grants and Contracts	1,798,245
Payments to Suppliers	(32,378,214)
Payments for Utilities and Communications	(4,821,341)
Payments to Employees	(69,125,552)
Payments for Employee Benefits	(15,517,068)
Payments for Scholarships	(16,382,672)
Net Loans Issued to Students	920,072
Collection of Loans to Students	(890,681)
Auxiliary Enterprises	1,677,811
Sales and Service of Educational Departments	1,508,101
Other Receipts	230,269
	<b>(108,217,331)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Appropriations	59,462,398
Gifts Received for Other Than Capital or Endowment Purposes	47,111,080
Private Gifts for Endowment Purposes	61,515
	<b>106,634,993</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Appropriations	13,958,098
Capital Grants and Gifts	7,136,001
Proceeds from Sale of Capital Assets	5,526,151
Purchases of Capital Assets	(43,164,193)
Principal Paid on Capital Debt	(240,000)
Interest Paid on Capital Debt	(206,950)
	<b>(16,990,893)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	1,707,791
Proceeds from Sales and Maturities of Investments	5,246,439
	<b>6,954,230</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(11,619,001)</b>
Cash and Cash Equivalents, Beginning of Year	35,146,639
	<b>\$ 23,527,638</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 23,527,638</b>

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**For the Fiscal Year Ended June 30, 2005**

	<b>College</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (111,175,302)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	6,286,317
Changes in Assets and Liabilities:	
Receivables, Net	(734,183)
Notes Receivable, Net	29,391
Inventories	(21,578)
Prepaid Expenses	(422,181)
Other Assets	(491,713)
Accounts Payable	(952,912)
Deferred Revenue	5,286
Deposits Held for Others	(1,231,616)
Compensated Absences Payable	491,160
	\$ (108,217,331)

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

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Component Units.** Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the District Board of Trustees is financially accountable and other organizations for which the nature and significance of their relationship with the District Board of Trustees are such that exclusion would cause the College's financial statements to be misleading or incomplete. Based on the application of these criteria, the following organizations are included within the College's reporting entity as discretely presented component units:

- The St. Petersburg College Foundation, Inc., benefits the College by raising funds for scholarships, facility enhancements, related educational activities, and other purposes.
- The St. Petersburg College Alumni Association, Inc., assists the College in worthwhile endeavors such as fundraising and establishing scholarships.
- The Leepa-Rattner Museum of Art, Inc., benefits the College through the promotion of educational excellence by collecting, preserving, and displaying works of art that reflect or support the aesthetic concerns of Abraham Rattner, Allen Leepa, and other artists.

The College's component units are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements of these organizations are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the audited financial statements of the organizations for the fiscal year ended March 31, 2005. Additional condensed financial statements for the College's component units are shown in a subsequent note.

The College's component units, as described above, are also direct-support organizations, as defined in Section 1004.70, Florida Statutes, which, although legally separate from the College, are financially accountable to the College. These entities are managed independently, outside the College's budgeting

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

process, and their powers generally are vested in a governing board pursuant to various State statutes. These entities receive, hold, invest, and administer property and make expenditure to or for the benefit of the College.

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

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows (presented using the direct method in compliance with GASB Statement No. 9)
  - Notes to Financial Statements

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

The College's component units use the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

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

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

Interdepartmental transactions of auxiliary service departments have been accounted for as reductions of expenses and not revenues of those departments.

The College's principal operating activity is instruction. Operating revenues and expenses include all fiscal transactions related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State appropriations, Federal and State student financial aid, investment income, and capital asset funding. Interest on capital asset-related debt is considered a nonoperating expense.

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

The statement of revenues, expenses, and changes in net assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the differences between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated its scholarship allowances by identifying financial aid applied versus cash payments applied to the student accounts receivable.

**Cash and Cash Equivalents.** The amount reported as cash consists of cash on hand, cash in demand accounts, and funds invested with the State Treasury and the State Board of Administration. For the purpose of reporting cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury Special Purpose Investment Account (SPIA) and State Board of Administration Local Government Surplus Funds Trust Fund investment pools to be cash equivalents. College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

The College had investments totaling \$11,429,947 at June 30, 2005, in the SPIA investment pool representing ownership of a share of the pool, not the underlying securities. The College's investments in the pool are reported at fair value. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

AA-f by Standard & Poor's and had an effective duration of 2.22 years at June 30, 2005. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

The College had investments totaling \$4,799,048 at June 30, 2005, in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The College's investments in the pool are reported at fair value. The College's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The SBA has taken the position that participants in the pool are not required to disclose information related to interest rate risk, custodial credit risk, concentration of credit risk, and foreign credit risk. The investment pool was not rated by a nationally recognized statistical rating agency as of June 30, 2005.

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

- Buildings – 40 years
- Other Structures and Improvements, Portables – 10 years
- Furniture and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, Educational Equipment – 5 years
  - Furniture – 7 years

Art collections of the College's component units are stated at fair market value at the date of donation.

**ST. PETERSBURG COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005**

**2. REPORTING CHANGE**

In prior fiscal years, the College reported a share of the reverse repurchase and securities lending agreements entered into by the State Treasury, in connection with the State Treasury’s Special Purpose Investment Account (SPIA) investment pool, as an investment and corresponding liability, and made note disclosures in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. Currently, the State Treasury is of the opinion that since the College owns a share of the SPIA investment pool, and not the underlying securities, the College does not need to make disclosure of the reverse repurchase and securities lending agreements entered into by the State Treasury. Accordingly, the College did not report an asset or liability associated with, or disclose information pertaining to, those agreements in its financial statements for the 2004-05 fiscal year.

**3. INVESTMENTS**

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

The College’s investments at June 30, 2005, are reported at fair value, as follows:

<u>Investment Type</u>	<u>Amount</u>
Federal Agency Obligations	\$ 15,120,000
Investments in State Board of Administration	
Debt Service Accounts	98,713
Money Market Fund	<u>150,682</u>
<b>Total College Investments</b>	<b><u><u>\$ 15,369,395</u></u></b>

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

**State Board of Administration Debt Service Accounts**

The College reported investments in the State Board of Administration debt service accounts totaling \$98,713 at June 30, 2005. These investments are administered by the State Board of Education to provide for debt service payments on bonds issued by the State Board of Education for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The College relies on policies developed by the State Board of Administration for managing interest rate risk or credit risk for those accounts. Disclosures for the debt service accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

**Other Investments**

The following risks apply to the College's investments in Federal agency obligations:

*Interest Rate Risk:* Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. The College's written investment policy, as a means of managing its exposure to declines in fair values, provides that the average maturity of the investment portfolio (which includes funds invested in the State Treasury and State Board of Administration investment pools) may not exceed two years, and the maturity of any individual holding may not exceed five years. The College's investments in Federal agency obligations at June 30, 2005, had a weighted average maturity of 1.95 years.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy addresses credit risk by limiting the types of investments the College may hold in its portfolio. Authorized investments include auction rate securities rated "AAA" or better by at least one nationally recognized rating agency, Security and Exchange Commission 2a7 registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and any investment fund regulated or advised by a registered investment advisor under Rule 3c7 if the fund is rated at least "AAA" by at least one nationally recognized rating agency. The College's Federal agency obligations at June 30, 2005, were rated AAA by Standard & Poor's.

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The College's investments totaling \$15,120,000 in Federal agency obligations are held by the College's custodial agent in the name of the College.

**ST. PETERSBURG COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005**

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of the College’s investment in a single issuer. The College’s investment policy provides that investments in securities of any single issuer must not exceed 25 percent of the total investment portfolio. U.S. Government agencies and instrumentalities and money market mutual funds are not subject to this limitation.

**Component Unit Investments**

Investments held by the College’s component unit, St. Petersburg College Foundation, Inc. (Foundation), at March 31, 2005, are reported at fair value as follows:

<u>Investment Type</u>	<u>Component Unit</u>
U.S. Government Obligations	\$ 857,594
Federal Agency Obligations	2,710,138
Bonds and Notes	2,170,603
Stocks and Other Equity Securities	10,194,763
Money Market and Mutual Funds	1,794,487
Certificates of Deposit	<u>153,000</u>
<b>Total Component Unit Investments</b>	<b><u><u>\$ 17,880,585</u></u></b>

The Foundation has a written investment policy. The Foundation engages several financial institutions to act as its agents to invest funds in a prudent manner in accordance with the Foundation’s investment policy.

*Interest Rate and Credit Risk:* The Foundation’s investment policy limits investments in fixed income securities to maturities of no longer than 30 years. The Foundation has \$3,567,732 in obligations of United States Government obligations and Federal agency obligations that include embedded options consisting of the option at the discretion of the issuer to call their obligation. These securities have various call dates and mature between April 2005 and November 2033.

The Foundation’s investment policy provides that debt issues of investment grade “A” or better are preferred. However, investment managers may purchase lesser quality debt investments as long as the purchases represent less than 10 percent of that particular portfolio’s assets.

The following are maturities and credit quality ratings for the Foundation’s investments in debt securities, and money market and mutual funds, at March 31, 2005:

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

Investment Type	Investment Maturities (In Years)					Credit Quality Range (1)
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	
U.S. Government Obligations	\$ 857,594	\$ 28,889	\$ 577,565	\$ 166,821	\$ 84,319	(2)
Federal Agency Obligations	2,710,138	153,892	1,251,873	90,412	1,213,961	AAA
Bonds and Notes	2,170,603	100,330	1,000,670	525,906	543,697	BBB-/AAA
Money Market Fund	1,156,433	1,156,433				AA/AAAm
Money Market Fund	424,289	424,289				Not Rated
Fixed Income Mutual Fund	83,320		25,016	58,304		Not Rated
U.S. Treasury Inflation Protected Securities Fixed Income Mutual Funds	130,445				130,445	(2)
<b>Total</b>	<b>\$ 7,532,822</b>	<b>\$ 1,863,833</b>	<b>\$ 2,855,124</b>	<b>\$ 841,443</b>	<b>\$ 1,972,422</b>	

Notes: (1) Rated by Standard & Poor's.

(2) Disclosure of credit quality risk is not required for this investment type.

*Custodial Credit Risk:* The Foundation's investment policy does not address custodial risk. Foundation investments in debt securities are uninsured, not registered in the name of the Foundation, and held by financial institutions and, as such, are exposed to custodial credit risk.

*Concentration of Credit Risk:* The Foundation's policy provides that investments in fixed income securities of a single issue must not exceed 10 percent of total investment assets at market value. U.S. Government and Federal agency obligations are not subject to this limitation. For equities, no single major industry may represent more than 20 percent of the market value of the total amount each investment firm has to invest at the time of purchase, and in no case shall an individual security be purchased that exceeds 10 percent of the portfolio total without approval from the investment committee. The policy also provides that the target asset allocation for the investment portfolio is 65 percent in equities and 35 percent in fixed income.

#### 4. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for vending machine sales, unused credit memos, and grant reimbursements due from third parties. These receivables are reported net of a \$540,936 allowance for uncollectible accounts.

#### 5. NOTES RECEIVABLE

Notes receivable represent student loans made under the Federal Perkins Loan Program (\$5,323), short-term loan program (\$42,459), and a loan (\$500,000) to the City of St. Petersburg, pursuant to an intergovernmental agreement for the joint-use library facilities. Notes receivable are reported net of a \$27,237 allowance for uncollectible notes.

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

**6. DUE FROM OTHER GOVERNMENTAL AGENCIES**

This amount primarily consists of \$11,071,487 of Public Education Capital Outlay allocations due from the State to the College for construction of College facilities and \$5,074,101 of grant and contract reimbursements due from third parties.

**7. DUE TO/FROM COMPONENT UNITS AND COLLEGE**

The financial statements for the College are reported for the fiscal year ended June 30, 2005, and the financial statements for the College's component units are reported for the fiscal year ended March 31, 2005. Accordingly, the amounts reported as due to/from component units and College on the statement of net assets do not agree.

**8. INVENTORIES**

Inventories consist of items for resale by the central duplicating shop, the telecommunications services department, the firing range, and gasoline, and are valued using the last invoice cost, which approximates the first-in, first-out method of inventory valuation. Consumable laboratory supplies, teaching materials, and office supplies on hand in College departments are expensed when purchased, and are not considered material. Accordingly, these items are not included in the reported inventory.

**9. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2005, is shown below:

**ST. PETERSBURG COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 13,858,257	\$ 2,348,334	\$	\$ 16,206,591
Construction in Progress	16,073,861	22,167,455	11,843,468	26,397,848
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 29,932,118</b>	<b>\$ 24,515,789</b>	<b>\$ 11,843,468</b>	<b>\$ 42,604,439</b>
<b>Depreciable Capital Assets:</b>				
Buildings	\$ 120,676,816	\$ 30,791,474	\$ 1,443,674	\$ 150,024,616
Other Structures and Improvements	10,982,302			10,982,302
Furniture, Machinery, and Equipment	20,384,270	1,854,003	677,947	21,560,326
<b>Total Depreciable Capital Assets</b>	<b>152,043,388</b>	<b>32,645,477</b>	<b>2,121,621</b>	<b>182,567,244</b>
<b>Less, Accumulated Depreciation:</b>				
Buildings	29,092,761	3,501,435	1,267,331	31,326,865
Other Structures and Improvements	9,574,050	265,765		9,839,815
Furniture, Machinery, and Equipment	16,545,861	2,519,117	674,897	18,390,081
<b>Total Accumulated Depreciation</b>	<b>55,212,672</b>	<b>6,286,317</b>	<b>1,942,228</b>	<b>59,556,761</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 96,830,716</b>	<b>\$ 26,359,160</b>	<b>\$ 179,393</b>	<b>\$ 123,010,483</b>

#### 10. LONG-TERM LIABILITIES

Long-term liabilities of the College at June 30, 2005, include bonds and compensated absences. Long-term liabilities activity for the fiscal year ended June 30, 2005, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 4,525,000	\$	\$ 240,000	\$ 4,285,000	\$ 250,000
Compensated Absences Payable	6,556,767	1,462,352	971,192	7,047,927	704,793
<b>Total Long-Term Liabilities</b>	<b>\$ 11,081,767</b>	<b>\$ 1,462,352</b>	<b>\$ 1,211,192</b>	<b>\$ 11,332,927</b>	<b>\$ 954,793</b>

**Bonds Payable.** State Board of Education Capital Outlay Bonds are issued on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The State Board of Education and the State Board of Administration administer the principal and interest payments, investment of Retirement of Indebtedness Fund resources, and compliance with reserve requirements. The College had the following bonds payable outstanding at June 30, 2005:

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Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State Board of Education			
Capital Outlay Bonds:			
Series 2002-B	\$ 1,055,000	3.375 - 5.375	2014
Series 1999-A	3,180,000	4.00 - 4.75	2019
Series 1996-B	50,000	4.500 - 4.625	2007
<b>Total Bonds Payable</b>	<b>\$ 4,285,000</b>		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2005, are as follows:

Fiscal Year Ending June 30	State Board of Education Capital Outlay Bonds		
	Principal	Interest	Total
2006	\$ 250,000	\$ 196,450	\$ 446,450
2007	265,000	185,425	450,425
2008	285,000	173,719	458,719
2009	295,000	162,975	457,975
2010	305,000	151,494	456,494
2011-2015	1,680,000	522,881	2,202,881
2016-2019	1,205,000	147,013	1,352,013
<b>Total</b>	<b>\$ 4,285,000</b>	<b>\$ 1,539,957</b>	<b>\$ 5,824,957</b>

**Compensated Absences Payable.** College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. Consequently, the recording of a liability for compensated absences without the corresponding recognition of such future resources results in the appearance of a reduced ability to meet current obligations. At June 30, 2005, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$7,047,927. Of this amount, \$704,793 is considered a current liability as this is expected to be paid in the coming fiscal year. The current portion of compensated absences was determined by calculating ten percent of the compensated absences liability as of June 30, 2005.

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**11. STATE RETIREMENT PROGRAMS**

**Florida Retirement System.** Most employees working in regularly established positions of the College are covered by the Florida Retirement System, a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein plan eligibility, contributions, and benefits are defined and described in detail. Participating employers include all State departments, counties, district school boards, community colleges, and universities. Many municipalities and special districts have elected to be participating employers. Essentially, all regular employees of participating employers are eligible to enroll as members of the Plan.

The Florida Legislature reduced the vesting period of the Plan from 10 to 6 years of service effective July 1, 2001. Any member employed in a regularly established position as of July 1, 2001, with a total of 6 or more years of creditable service is considered vested. Former members who were not employed with a participating Plan employer on July 1, 2001, must return to covered employment for one year to become eligible for the six-year vesting provision. An exception to this one-year requirement applies to former members who are within one year of vesting under the pre-2001 vesting requirements. These members will only be required to work the lesser of one year or the amount of time it would have taken to vest in their class of membership prior to July 1, 2001. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

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

The State of Florida establishes contribution rates for Plan members. Contribution rates during the 2004-05 fiscal year are presented below:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	7.39
Florida Retirement System, Senior Management Service	0.00	9.37
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	9.11
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include .08 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The College’s liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The College’s contributions to the Plan for the fiscal years ended June 30, 2003, June 30, 2004, and June 30, 2005, totaled \$2,302,638, \$3,173,714, and \$3,073,533, respectively, which were equal to the required contributions for each fiscal year.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the Florida Retirement System, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The

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employing community college contributes on behalf of the participant 10.43 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by salary reduction, an amount not to exceed the percentage contributed by the community college to the participant's annuity account.

There were 192 College participants during the 2004-05 fiscal year. Required employer contributions made to the Program totaled \$1,061,429.

**Public Employee Optional Retirement Program.** Pursuant to Section 121.4501, Florida Statutes, the Florida Legislature created a Public Employee Optional Retirement Program (PEORP), also known as the Florida Retirement System (FRS) Investment Program. The PEORP is a defined contribution plan, sponsored by the State of Florida, available as an option to the FRS defined benefit plan, and is self-directed by the employee. College employees already participating in the State Community College System Optional Retirement Program or the DROP are not eligible to participate in this program. A retirement account is established for each employee who selects this option and an employer contribution is directed to the individual account. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the FRS.

There were 143 College participants during the 2004-05 fiscal year. Required contributions made to the PEORP totaled \$379,194.

## **12. CONSTRUCTION CONTRACT COMMITMENTS**

The College's major construction commitments at June 30, 2005, are as follows:

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<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
<b>Remodel, Renovate, and Reroof Buildings</b>			
EpiCenter at ICOT:			
Architect	\$ 1,019,341	\$ 969,186	\$ 50,155
General Contractor	15,028,393	14,278,432	749,961
Tarpon Springs Center:			
Architect	41,344	13,538	27,806
General Contractor	1,350,614	75,704	1,274,910
St. Petersburg College Downtown Center:			
General Contractor	11,909,198	7,509,301	4,399,897
<b>New Construction</b>			
St. Petersburg/Gibbs Campus:			
Architect	217,782	197,136	20,646
General Contractor	2,998,454	2,221,521	776,933
Seminole Campus:			
Architect	178,158	26,574	151,584
General Contractor	2,909,285		2,909,285
<b>Total</b>	<b><u>\$ 35,652,569</u></b>	<b><u>\$ 25,291,392</u></b>	<b><u>\$ 10,361,177</u></b>

**13. OPERATING LEASE COMMITMENTS**

The College leased building space and computer equipment under operating leases, which expire in 2009. These leased assets and the related commitments are not reported on the College’s statement of net assets. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for noncancelable operating leases with remaining terms in excess of one year as of June 30, 2005, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2006	\$ 463,425
2007	249,472
2008	205,875
2009	71,370
<b>Total Minimum Payments Required</b>	<b><u>\$ 990,142</u></b>

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**14. RISK MANAGEMENT PROGRAMS**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks through a self-insured program and the Florida Community Colleges Risk Management Consortium.

**Self-Insured Program.** The College has an individual self-insured program to provide group health insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to \$200,000 per insured person for the 2004-05 fiscal year. The plan is provided by an insurance company licensed by the Florida Department of Financial Services, Office of Insurance Regulation. The College contributes a portion of employee premiums as a fringe benefit. The remaining portion of the employee premium and dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend upon such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. The College reevaluates claims liabilities periodically and the claims liabilities totaled \$308,479 as of June 30, 2005.

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

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
2003-04	\$796,200	\$ 5,405,224	\$ 5,438,022	\$763,402
2004-05	763,402	6,600,707	7,055,630	308,479

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

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

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

**15. LITIGATION**

The College is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the College’s legal counsel and management, should not materially affect the College’s financial position.

**16. SCHEDULE OF STATE REVENUE SOURCES**

Revenue from State sources for current operations is primarily from the Community College Program Fund administered by the Florida Department of Education under the provision of Section 1011.81, Florida Statutes. In accordance with Section 1011.84, Florida Statutes, the Legislature determines each college’s apportionment considering the following components: base budget, which includes the State appropriation to the Community College Program Fund in the current year plus the related student matriculation and tuition fees assigned in the current General Appropriations Act; the cost-to-continue allocation, which consists of incremental changes to the base budget, including salaries, price levels, and other related costs; enrollment workload adjustments; operation costs of new facilities adjustments; and new and improved program enhancements, which shall be determined by the Legislature. Student fees in the base budget plus student fee revenues generated by increases in fee rates shall be deducted from the sum of these components to determine the net annual State apportionment to each college.

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

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

<u>Source</u>	<u>Amount</u>
Community College Program Fund	\$ 47,708,411
Gross Receipts Tax (Public Education Capital Outlay)	12,999,403
Restricted Contracts and Grants	6,022,893
Education Enhancement Trust Fund (Lottery)	5,606,914
Baccalaureate Program	5,402,166
Motor Vehicle License Tax (Capital Outlay and Debt Service)	525,200
Performance Based Incentives	455,054
Interest on Investments	7,572
<b>Total</b>	<b><u><u>\$ 78,727,613</u></u></b>

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**17. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES**

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 62,968,638
Public Service	384,017
Academic Support	18,514,158
Student Services	12,775,675
Institutional Support	12,780,200
Physical Plant Operation and Maintenance	12,270,330
Student Aid	16,979,888
Auxiliary Enterprises	154,717
Depreciation	<u>6,286,317</u>
<b>Total Operating Expenses</b>	<b><u><u>\$ 143,113,940</u></u></b>

**18. COMPONENT UNITS**

The College has three component units as discussed in note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units columns of the financial statements. The following financial information is from the most recently available audited financial statements of the component units:

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**Condensed Statement of Net Assets**  
**All Component Units**

	St. Petersburg College Foundation, Inc.	St. Petersburg College Alumni Association, Inc.	Leepa-Rattner Museum of Art, Inc.	Total
<b>ASSETS</b>				
Current Assets	\$ 11,131,363	\$ 107,195	\$ 197,928	\$ 11,436,486
Capital Assets, Net			247,780	247,780
Other Noncurrent Assets	13,064,819			13,064,819
<b>TOTAL ASSETS</b>	<b>\$ 24,196,182</b>	<b>\$ 107,195</b>	<b>\$ 445,708</b>	<b>\$ 24,749,085</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities	\$ 284,424	\$	\$ 35,669	\$ 320,093
Net Assets	23,911,758	107,195	410,039	24,428,992
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 24,196,182</b>	<b>\$ 107,195</b>	<b>\$ 445,708</b>	<b>\$ 24,749,085</b>

**Condensed Statement of Activities**  
**All Component Units**

	St. Petersburg College Foundation, Inc.	St. Petersburg College Alumni Association, Inc.	Leepa-Rattner Museum of Art, Inc.	Total
Operating Revenues (Expenses):				
Operating Revenues	\$	\$	\$ 142,553	\$ 142,553
Operating Expenses	(2,684,688)	(43,723)	(652,529)	(3,380,940)
<b>Operating Loss</b>	(2,684,688)	(43,723)	(509,976)	(3,238,387)
Net Nonoperating Revenues	8,222,165	42,764	656,758	8,921,687
<b>Increase (Decrease) in Net Assets</b>	5,537,477	(959)	146,782	5,683,300
Net Assets, Beginning of Year	18,374,281	108,154	263,257	18,745,692
<b>Net Assets, End of Year</b>	<b>\$ 23,911,758</b>	<b>\$ 107,195</b>	<b>\$ 410,039</b>	<b>\$ 24,428,992</b>

**19. CURRENT UNRESTRICTED FUNDS**

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

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**Statement of Current Unrestricted Funds Net Assets**

**ASSETS**

## Current Assets:

Cash and Cash Equivalents	\$ 20,628,622
Accounts Receivable, Net	680,181
Notes Receivable, Net	500,000
Due from Other Funds	12,466,861
Due from Component Units	14,114
Inventories	131,430
Prepaid Expenses	139,615
Other Assets	<u>117,870</u>

**TOTAL ASSETS****\$ 34,678,693****LIABILITIES**

## Current Liabilities:

Accounts Payable	\$ 524,322
Salary and Payroll Taxes Payable	3,383,821
Deferred Revenue	156,828
Compensated Absences Payable	<u>661,095</u>

**Total Current Liabilities****4,726,066**

## Noncurrent Liabilities:

Compensated Absences Payable	<u>5,949,857</u>
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**TOTAL LIABILITIES****10,675,923****TOTAL NET ASSETS****24,002,770****TOTAL LIABILITIES AND NET ASSETS****\$ 34,678,693**

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

**REVENUES**

## Operating Revenues:

Student Tuition and Fees, Net of Scholarship Allowances of \$10,898,468	\$ 22,219,299
Sales and Services of Educational Departments	276,362
Auxiliary Enterprises	1,815,024
Other Operating Revenue	<u>1,101,551</u>

**Total Operating Revenues** 25,412,236

**EXPENSES**

## Operating Expenses:

Personnel Services	67,571,074
Scholarships and Waivers	243,378
Utilities and Communications	4,735,947
Contractual Services	3,917,390
Other Services and Expenses	4,315,734
Materials and Supplies	<u>6,167,632</u>

**Total Operating Expenses** 86,951,155

**Operating Loss** (61,538,919)

**NONOPERATING REVENUES**

State Appropriations	53,770,379
Investment Income	917,178
Gifts and Grants	115,892
Other Nonoperating Revenues	<u>3,658,843</u>

**Net Nonoperating Revenues** 58,462,292

**Income (Loss) Before Other Revenues,  
Expenses, Gains, or Losses**

Capital Appropriations	(3,076,627)
Transfers from Other Funds	7,878
	<u>7,189,985</u>

**Increase in Net Assets** 4,121,236

Net Assets, Beginning of Year 19,881,534

**Net Assets, End of Year** \$ 24,002,770