REPORT NO. 2012-131
MARCH 2012

ST. PETERSBURG COLLEGE

Financial Audit

For the Fiscal Year Ended
June 30, 2011

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD OF TRUSTEES AND PRESIDENT

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

The audit team leader was Jenny L. Phipps, and the audit was supervised by Karen J. Collington, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Audit Objectives and Scope

Our audit objectives were to determine whether St. Petersburg College and its officers with administrative and stewardship responsibilities for College operations had:

- **Presented the College's basic financial statements in accordance with generally accepted accounting principles;**
- **Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and**
- **Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.**

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2011. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the College is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent College records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

AUDITOR GENERAL
STATE OF FLORIDA

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111 West Madison Street
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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, 2011, which collectively comprise the College's basic financial statements as listed on the table of contents. These financial statements are the responsibility of College management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, as described in note 1 to the financial statements, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the St. Petersburg College Alumni Association, Inc., were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2011, and the respective changes in financial position and cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, **SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN**, and **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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.

Respectfully submitted,

David W. Martin, CPA
March 13, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2011, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements–and Management's Discussion and Analysis–for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for fiscal years ended June 30, 2010, and June 30, 2011, and its component units for fiscal years ended March 31, 2010, and March 31, 2011.

FINANCIAL HIGHLIGHTS

The College's assets totaled $375 million at June 30, 2011. This balance reflects a $9 million, or 2.5 percent, net increase from the 2009-10 fiscal year. This is primarily due to an increase in depreciable and nondepreciable capital assets of $15.5 million and an increase in cash and cash equivalents of $6.4 million. These increases were offset by decreases primarily from due from other governmental agencies of $10.1 million and $4 million from investments. Total liabilities at June 30, 2011, were $57.6 million, compared to $55.9 million at June 30, 2010. As a result, the College's net assets increased by $7.4 million, reaching a year-balance of $317.4 million.

The College's revenues totaled $213 million for the 2010-11 fiscal year, representing a 9 percent increase over the 2009-10 fiscal year primarily due to a $10.9 million increase in gifts and grants. Operating expenses totaled $204 million for the 2010-11 fiscal year, representing an increase of 10.8 percent over the 2009-10 fiscal year, due mainly to increases in personnel services, scholarships and waivers, and materials and supplies.

OVERVIEW OF FINANCIAL STATEMENTS

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

- 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, as the College reports its financial activities to the State of Florida.

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

One of the most important questions asked about the College's finances is, "Is St. Petersburg College as a whole, better 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 St. Petersburg College's operating results.

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

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

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

Condensed Statement of Net Assets at
(In Thousands)

	College			Component Units	
	6-30-11	6-30-10		3-31-11	3-31-10
Assets					
Current Assets	$ 66,506	$ 67,532		$ 19,973	$ 17,640
Capital Assets, Net	270,925	255,413		1,117	878
Other Noncurrent Assets	37,556	43,025		27,378	26,927
Total Assets	374,987	365,970		48,468	45,445
Liabilities					
Current Liabilities	16,107	17,278		41	36
Noncurrent Liabilities	41,467	38,631			
Total Liabilities	57,574	55,909		41	36
Net Assets					
Invested in Capital Assets, Net of Related Debt	247,867	234,268		1,117	878
Restricted	23,115	35,587		46,192	43,515
Unrestricted	46,431	40,206		1,118	1,016
Total Net Assets	$ 317,413	$ 310,061		$ 48,427	$ 45,409
Increase in Net Assets	$ 7,352	2.4%		$ 3,018	6.6%

Revenues and expenses of the College and its component units for the respective fiscal years ended are shown in the following table:

Condensed Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Years Ended
(In Thousands)

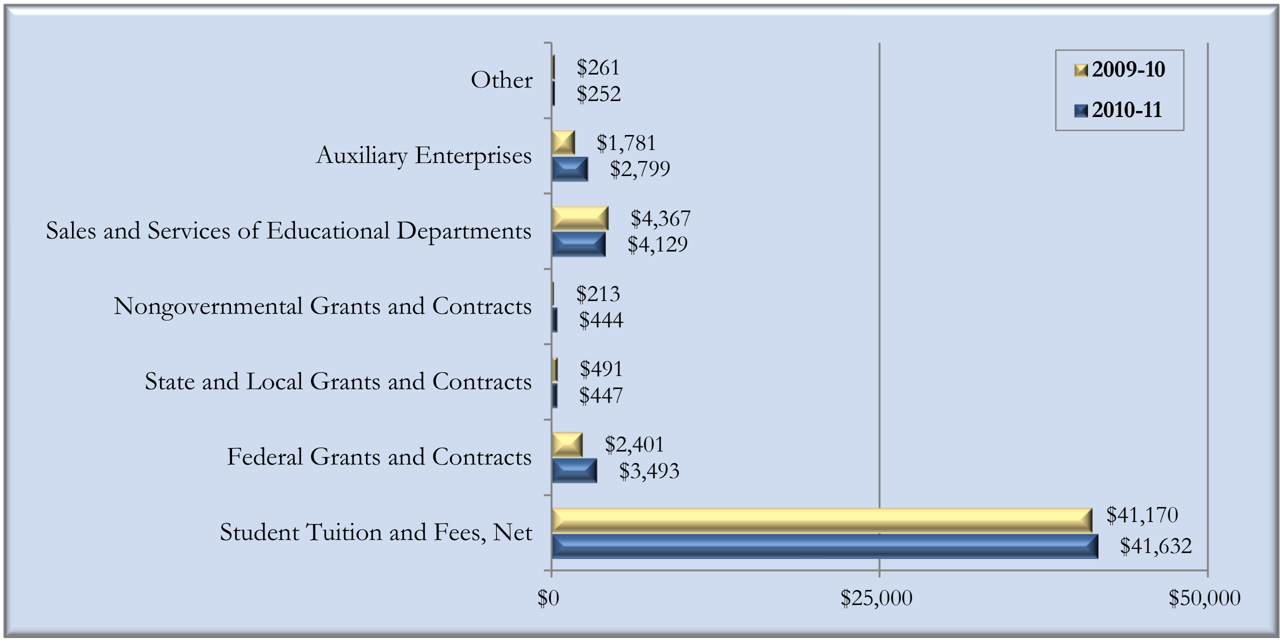
	College		Component Units	
	6-30-11	6-30-10	3-31-11	3-31-10
Operating Revenues				
Student Tuition and Fees, Net of Scholarship Allowances	$ 41,632	$ 41,170	$	$
Federal Grants and Contracts	3,493	2,401		
State and Local Grants and Contracts	447	491		
Nongovernmental Grants and Contracts	444	213		
Sales and Services of Educational Departments	4,129	4,367		
Auxiliary Enterprises	2,799	1,781		
Other Operating Revenues	252	261	2,293	2,358
Total Operating Revenues	53,196	50,684	2,293	2,358
Less, Operating Expenses	203,999	184,051	3,932	5,934
Operating Loss	(150,803)	(133,367)	(1,639)	(3,576)
Nonoperating Revenues (Expenses)				
State Noncapital Appropriations	63,044	60,407		
Other Nonoperating Revenues	83,836	73,593	4,148	8,347
Interest on Capital Asset-Related Debt	(1,357)	(980)		
Net Nonoperating Revenues	145,523	133,020	4,148	8,347
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(5,280)	(347)	2,509	4,771
State Capital Appropriations	8,406	6,840		
Capital Grants, Contracts, Gifts, and Fees	4,210	3,513	239	38
Additions to Endowments	16	27	270	605
Increase in Net Assets	7,352	10,033	3,018	5,414
Net Assets, Beginning of Year	310,061	300,028	45,409	39,995
Net Assets, End of Year	$ 317,413	$ 310,061	$ 48,427	$ 45,409

Operating Revenues

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

The following chart presents the College's operating revenues for the 2010-11 and 2009-10 fiscal years:

Operating Revenues: College
(In Thousands)



College operating revenue increased by $2.5 million, or 5 percent. Increased revenues can be primarily attributed to the following: $1 million from auxiliary enterprises, $1.1 million from Federal grants and contracts, and $0.5 million from student tuition and fees.

Operating Expenses

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

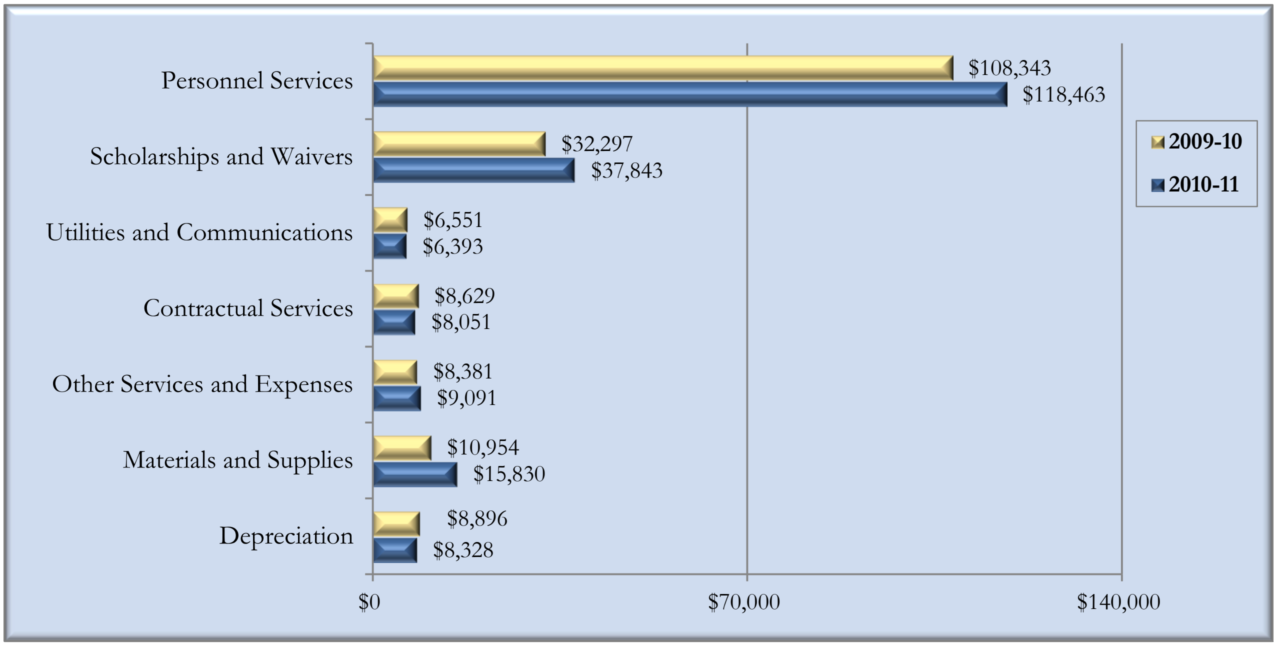
Operating expenses for the College and its component units for the respective fiscal years ended are presented in the following table:

Operating Expenses
For the Fiscal Years Ended
(In Thousands)

	College		Component Units	
	6-30-11	6-30-10	3-31-11	3-31-10
Operating Expenses				
Personnel Services	$ 118,463	$ 108,343	$	$
Scholarships and Waivers	37,843	32,297	2,158	4,315
Utilities and Communications	6,393	6,551		
Contractual Services	8,051	8,629	59	25
Other Services and Expenses	9,091	8,381	1,535	1,386
Materials and Supplies	15,830	10,954	180	208
Depreciation	8,328	8,896		
Total Operating Expenses	$ 203,999	$ 184,051	$ 3,932	$ 5,934

The following chart presents the College's operating expenses for the 2010-11 and 2009-10 fiscal years:

Operating Expenses: College
(In Thousands)



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

- Personnel services (salaries and benefits) expenses increased by $10.1 million. This was primarily due to a 4.5 percent salary increase and hiring new faculty, support staff and adjunct faculty due to increased enrollment.
- Scholarships and waivers increased $5.5 million due to increased Federal and institutional funding for student financial assistance resulting from increased enrollment and increased financial aid award amounts.
- Materials and supplies increased by $4.9 million due to the purchases of equipment and supplies to support increased enrollment, student services, and facilitate the learning process.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State noncapital appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2010-11 and 2009-10 fiscal years:

Nonoperating Revenues (Expenses): College
(In Thousands)

	2010-11	2009-10
State Noncapital Appropriations	$ 63,044	$ 60,407
Gifts and Grants	81,557	70,628
Investment Income	1,737	2,965
Other Nonoperating Revenues	542	
Interest on Capital Asset-Related Debt	(1,357)	(980)
Net Nonoperating Revenues	$ 145,523	$ 133,020

Nonoperating changes were the result of the following factors:

- State noncapital appropriations increased by $2.6 million, or 4.4 percent, following the State's commitment to improve funding for education.
- Gifts and grants increased by $10.9 million, or 15.5 percent, primarily from an increase in Federal student financial aid.
- Investment income decreased by $1.2 million. This decrease is a result of both market fluctuations and fewer funds invested in long-term instruments.

Other Revenues, Expenses, Gains, or Losses

This category is mainly composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues, expenses, gains, or losses for the 2010-11 and 2009-10 fiscal years:

Other Revenues, Expenses, Gains, or Losses: College
(In Thousands)

	2010-11	2009-10
State Capital Appropriations	$ 8,406	$ 6,840
Capital Grants, Contracts, Gifts, and Fees	4,210	3,513
Other Revenues (Expenses)	16	27
Total	$ 12,632	$ 10,380

The College's overall other revenues increased by $2.3 million, primarily because of an increase in State funding for construction projects.

THE STATEMENT OF CASH FLOWS

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

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

A summary of the College's cash flows for the 2010-11 and 2009-10 fiscal years is presented in the following table:

Condensed Statement of Cash Flows: College
(In Thousands)

	2010-11	2009-10
Cash Provided (Used) by:		
Operating Activities	$ (144,155)	$ (124,005)
Noncapital Financing Activities	143,753	131,577
Capital and Related Financing Activities	1,373	15,194
Investing Activities	5,472	(4,874)
Net Increase in Cash and Cash Equivalents	6,443	17,892
Cash and Cash Equivalents, Beginning of Year	56,032	38,140
Cash and Cash Equivalents, End of Year	$ 62,475	$ 56,032

Major sources of funds came from State noncapital appropriations ($63 million), gifts and grants ($80.1 million), net student tuition and fees ($40.8 million), State capital appropriations ($19.4 million), proceeds from capital debt

($4.4 million), and grants and contracts ($4.4 million). Major uses of cash included payments to employees ($92.8 million), payments for employee benefits ($25.9 million), payments to suppliers ($33.7 million), payments for utilities and communications ($6.4 million), payments for scholarships ($37.8 million), and payments for the acquisition of capital assets ($23.6 million).

The College's overall cash and cash equivalents increased in fiscal year 2010-11 by $6.4 million, or 11.5 percent, from the prior fiscal year. The following briefly describes the factors for the increase in cash flows:

- Operating activities used $20.2 million more cash compared to the previous fiscal year. This increase was primarily due to increases in payments to employees, scholarship payments, and payments to suppliers.
- Noncapital financing activities provided $12.2 million more cash compared to the previous fiscal year primarily due to an increase in Federal student financial aid and State appropriations.
- Capital and related financing activities provided $13.8 million less compared to the previous fiscal year mainly due to an increase in the purchase of capital assets.
- Cash provided by investing activities increased by $10.3 million in fiscal year 2010-11. This is due to proceeds from sales and maturity of investments. This increase was offset by a decrease in investment income.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2011, the College had $366.5 million in capital assets, less accumulated depreciation of $95.6 million, for net capital assets of $270.9 million. Depreciation charges for the current fiscal year totaled $8.3 million. The following table summarizes the College's capital assets at June 30:

Capital Assets: College
(In Thousands)

Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 23,317	$ 2,309	$	$ 25,626
Construction in Progress	5,034	8,531	3,492	10,073
Buildings	281,316	13,995	128	295,183
Other Structures and Improvements	10,779	902		11,681
Furniture, Machinery, and Equipment	24,193	1,004	1,846	23,351
Assets Under Capital Leases		595		595
Total	344,639	27,336	5,466	366,509
Less, Accumulated Depreciation:				
Buildings	56,657	7,153	128	63,682
Other Structures and Improvements	10,535	273		10,808
Furniture, Machinery, and Equipment	22,034	754	1,843	20,945
Assets Under Capital Leases		149		149
Total Accumulated Depreciation	89,226	8,329	1,971	95,584
Capital Assets, Net	$ 255,413	$ 19,007	$ 3,495	$ 270,925

The College had $12.7 million in major construction commitments at June 30, 2011. The commitments are for the construction of the Ethics and Social Science building at the Clearwater Campus and the Veterinary Technology Center. In addition, the College plans $1.8 million of capital expenditures from the 2011-12 fiscal year Public Education Capital Outlay appropriations. Projects planned include Collegewide site improvements and general renovations, remodeling and major building renovations, and remodeling at the Health Education Center Annex building. State appropriations, capital improvement revenue bond proceeds, and local funds are expected to finance the construction, renovation, and remodeling of facilities. More information about the College's capital assets is presented in the notes to financial statements.

DEBT ADMINISTRATION

At fiscal year-end, the College had $33.4 million in long-term debt outstanding. The following table summarizes outstanding long-term debt by type for the fiscal years ended June 30, 2011, and June 30, 2010:

Long-Term Debt, at June 30: College
(In Thousands)

	2011	2010
SBE Capital Outlay Bonds	$ 4,040	$ 2,725
Capital Improvement Revenue Bonds	26,750	27,820
Notes Payable	2,120	
Capital Leases Payable	446	
Total	$ 33,356	$ 30,545

During the 2010-11 fiscal year, the State Board of Education issued $53.4 million of State Board of Education Capital Outlay Bonds, Series 2010A. Proceeds from the College's portion of the bonds, $1.6 million, will be used for roof replacements and miscellaneous safety-to-life enhancements. Long-term debt repayments totaled $1.6 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

St. Petersburg College's economic condition is closely tied to that of the State of Florida. A decrease in State funding of $0.6 million is anticipated in the 2011-12 fiscal year, and State appropriated ARRA funding, which totaled $5.2 million for the 2010-11 fiscal year, will not be continuing in the 2011-12 fiscal year. The double digit enrollment growth of the expanding Baccalaureate program will provide additional tuition revenue to the College. The Board of Trustees adopted an 8 percent tuition rate increase for upper division to take effect beginning with the Fall 2011 term. For lower division, a 3 percent tuition rate increase beginning with the Fall 2011 term and another 3 percent tuition rate increase with the Spring 2012 term. The College's current financial and capital plans indicate that continuance of monitoring spending, increasing operating efficiencies, and the infusion of additional financial resources from the increase in tuition rates, will be necessary to maintain its present level of services to ensure student success.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Theresa K. Furnas, CPA, Associate Vice President for Financial and Business Services, St. Petersburg College, PO Box 13489, St. Petersburg, FL 33733.

BASIC FINANCIAL STATEMENTS

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS
June 30, 2011

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 28,943,662	$ 4,383,037
Restricted Cash and Cash Equivalents	15,795,563	
Other Short-Term Investments		15,570,552
Accounts Receivable, Net	2,102,729	7,142
Notes Receivable, Net	14,309	
Due from Other Governmental Agencies	17,879,128	
Due from Component Units	612,439	
Inventories	134,478	12,104
Prepaid Expenses	1,022,695	
Other Assets	636	
Total Current Assets	66,505,639	19,972,835
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	17,735,974	
Investments	18,596,380	129,797
Restricted Investments	1,223,208	
Endowment Investments		26,059,036
Loans and Notes Receivable		1,110,020
Depreciable Capital Assets, Net	235,226,171	
Nondepreciable Capital Assets	35,699,197	1,116,837
Other Assets		79,185
Total Noncurrent Assets	308,480,930	28,494,875
TOTAL ASSETS	$ 374,986,569	$ 48,467,710
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 2,377,689	$ 18,494
Salary and Payroll Taxes Payable	1,194,603	
Retainage Payable	835,898	
Deferred Revenue	299,376	22,617
Estimated Claims Payable	1,265,260	
Deposits Held for Others	7,052,455	
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,465,000	
Note Payable	521,103	
Capital Leases Payable	148,642	
Compensated Absences Payable	947,076	
Total Current Liabilities	16,107,102	41,111
Noncurrent Liabilities:		
Bonds Payable	29,325,000	
Note Payable	1,598,491	
Capital Leases Payable	297,283	
Compensated Absences Payable	8,523,680	
Other Postemployment Benefits Payable	1,664,861	
Estimated Arbitrage Rebate Payable	57,410	
Total Noncurrent Liabilities	41,466,725	
TOTAL LIABILITIES	57,573,827	41,111

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS (Continued)
June 30, 2011

	College	Component Units
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 247,867,166	$ 1,116,837
Restricted:		
Nonexpendable:		
Endowment		26,059,036
Expendable:		
Grants and Loans	6,651,163	20,132,915
Endowment	1,792,262	
Scholarships	144,961	
Capital Projects	14,226,610	
Debt Service	299,419	
Unrestricted	46,431,161	1,117,811
Total Net Assets	317,412,742	48,426,599
TOTAL LIABILITIES AND NET ASSETS	$ 374,986,569	$ 48,467,710

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, 2011

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $33,483,693	$ 41,632,335	$
Federal Grants and Contracts	3,493,228	
State and Local Grants and Contracts	446,605	
Nongovernmental Grants and Contracts	444,007	
Sales and Services of Educational Departments	4,128,723	
Auxiliary Enterprises	2,799,191	
Other Operating Revenues	251,878	2,292,896
Total Operating Revenues	53,195,967	2,292,896
EXPENSES		
Operating Expenses:		
Personnel Services	118,462,804	
Scholarships and Waivers	37,842,900	2,157,802
Utilities and Communications	6,392,824	
Contractual Services	8,051,472	58,752
Other Services and Expenses	9,090,738	1,535,228
Materials and Supplies	15,830,214	180,549
Depreciation	8,328,429	
Total Operating Expenses	203,999,381	3,932,331
Operating Loss	(150,803,414)	(1,639,435)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	63,044,284	
Gifts and Grants	81,557,094	86,730
Investment Income	1,737,336	4,011,124
Other Nonoperating Revenues	542,026	50,437
Interest on Capital Asset-Related Debt	(1,357,834)	
Net Nonoperating Revenues	145,522,906	4,148,291
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(5,280,508)	2,508,856
State Capital Appropriations	8,406,386	
Capital Grants, Contracts, Gifts, and Fees	4,209,670	238,810
Additions to Permanent Endowments	16,163	269,292
Total Other Revenues	12,632,219	508,102
Increase in Net Assets	7,351,711	3,016,958
Net Assets, Beginning of Year	310,061,031	45,409,641
Net Assets, End of Year	$ 317,412,742	$ 48,426,599

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, 2011

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	$ 40,795,646
Grants and Contracts	4,382,824
Payments to Suppliers	(33,702,324)
Payments for Utilities and Communications	(6,392,824)
Payments to Employees	(92,758,526)
Payments for Employee Benefits	(25,850,901)
Payments for Scholarships	(37,842,900)
Loans Issued to Students	150,786
Collection of Loans to Students	(137,460)
Auxiliary Enterprises, Net	2,820,084
Sales and Service of Educational Departments	4,128,723
Other Receipts	251,878
Net Cash Used by Operating Activities	(144,154,994)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	63,044,284
Gifts and Grants Received for Other Than Capital or Endowment Purposes	80,150,534
Direct Loan Program Receipts	99,076,348
Direct Loan Program Disbursements	(99,076,348)
Private Gifts for Endowment Purposes	16,163
Other Nonoperating Receipts	542,026
Net Cash Provided by Noncapital Financing Activities	143,753,007
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	4,406,233
State Capital Appropriations	19,353,806
Capital Grants and Gifts	4,203,892
Purchases of Capital Assets	(23,637,116)
Principal Paid on Capital Debt	(1,595,714)
Interest Paid on Capital Debt	(1,357,834)
Net Cash Provided by Capital and Related Financing Activities	1,373,267
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	4,179,016
Purchase of Investments	(446,214)
Investment Income	1,739,528
Net Cash Provided by Investing Activities	5,472,330
Net Increase in Cash and Cash Equivalents	6,443,610
Cash and Cash Equivalents, Beginning of Year	56,031,589
Cash and Cash Equivalents, End of Year	$ 62,475,199

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2011

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (150,803,414)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	8,328,429
Changes in Assets and Liabilities:	
Receivables, Net	(720,798)
Inventories	(14,561)
Prepaid Expenses	(980,449)
Other Assets	157
Accounts Payable	(816,737)
Deferred Revenue	(82,690)
Deposits Held for Others	(55,458)
Compensated Absences Payable	423,716
Other Postemployment Benefits Payable	566,811
NET CASH USED BY OPERATING ACTIVITIES	$ (144,154,994)

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, 2011

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 Florida 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 laws and State Board of Education rules. Geographic boundaries of the District correspond with those of Pinellas County.

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

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following component units are included within the College's reporting entity:

- The St. Petersburg College Foundation, Inc., is a community advocate for St. Petersburg College and encourages charitable donations to provide financial support for the College. As a public charity, the Foundation accepts donations to enhance the College's many and varied teaching, and public service programs, as well as to support capital projects and other related College improvements.
- The St. Petersburg College Alumni Association, Inc., assists the College in worthwhile endeavors such as fund raising 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, Esther Gentle, 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, 2011. Additional condensed financial statements for the College's component units are included 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, and although legally separate from the College, are financially accountable to the College. The component units are managed independently, outside the College's budgeting process, and their powers generally are vested in a governing board pursuant to various State statutes. The

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

component units receive, hold, invest, and administer property, and make expenditures to or for the benefit of the College.

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

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

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 economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The St. Petersburg College Foundation, Inc., and the Leepa-Rattner Museum of Art, Inc., are required to follow GASB standards of accounting and financial reporting and the St. Petersburg College Alumni Association, Inc., follows FASB standards of accounting and financial reporting for not-for-profit organizations.

The College follows GASB pronouncements and FASB pronouncements issued on or before November 30, 1989, unless the FASB pronouncements conflict with GASB pronouncements. Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* the College has the option to elect to apply all pronouncements of FASB issued

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

after November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The College has elected not to apply FASB pronouncements issued after November 30, 1989.

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

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

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, money market accounts, and funds invested with the State Board of Administration (SBA) in the Florida PRIME investment pool and the State Treasury Special Purpose Investment Account (SPIA). For 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 SPIA and Florida PRIME investment pool 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 that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2011, the College reported as cash equivalents at fair value $47,813,909 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of Af by Standard & Poor's and had an effective duration of 2.13 years at

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

June 30, 2011. 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 SPIA investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

At June 30, 2011, the College reported as cash equivalents $844 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2011, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 31 days as of June 30, 2011. A portfolio's WAM reflects the average-maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at fair value, which is amortized cost.

Capital Assets. College capital assets consist of land; construction in progress; buildings; other structures and improvements; furniture, machinery, and equipment; and assets under capital leases. 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 – 10 to 40 Years, Depending on Construction
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture – 7 years
- Assets Under Capital Leases – 4 years

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

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, note payable, capital leases payable, compensated absences payable, other postemployment benefits payable, and estimated arbitrage rebate payable that are not scheduled to be paid within the next fiscal year.

2. INVESTMENTS

The College's Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

The College's investments at June 30, 2011, are reported at fair value, as follows:

Investment Type	Amount
State Board of Administration Fund B Surplus Funds Trust Fund	$ 371,766
State Board of Administration Debt Service Accounts	794,032
State Board of Administration Debt Service Rebate Accounts	57,410
Certificates of Deposit	18,596,380
Total College Investments	$ 19,819,588

State Board of Administration Fund B Surplus Funds Trust Fund

On December 4, 2007, the State Board of Administration (SBA) restructured the Local Government Surplus Funds Trust Fund to establish the Fund B Surplus Funds Trust Fund (Fund B). Fund B, which is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME investment pool, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME investment pool.

At June 30, 2011, the College reported investments at fair value of $371,766 in Fund B. The College's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.78965331 at June 30, 2011. The weighted-average life (WAL) of Fund B at June 30, 2011, was 7.16 years. A portfolio's WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2011. WAL measures the sensitivity of Fund B to interest rate changes. The College's investment in Fund B is unrated.

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

State Board of Administration Debt Service Accounts

The College reported investments at fair value totaling $794,032 at June 30, 2011, in the State Board of Administration Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 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 this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Rebate Accounts

The College reported investments at fair value totaling $57,410 at June 30, 2011, in the State Board of Administration Debt Service Rebate Accounts. These investments are for the arbitrage rebate liability required for the Capital Improvement Revenue Bonds, Series 2006A. 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 this account. Disclosures for the Debt Service Rebate Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Other Investments

The College invested in various certificates of deposit. The following risks apply to the College's investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy limits the average maturity of the portfolio to no longer than two years and the maturity of any individual investment to no longer than five years.

Credit Risk: Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The College's investment policy provides for credit risk. The risk varies depending on the type of investment.

The following interest rate and credit risks apply to the College's certificates of deposit at June 30, 2011:

Certificates of Deposit. During the 2010-11 fiscal year, the College had a financial institution purchase investments in individual certificates of deposits (CDs) with 88 banks in the College's name totaling $18.6 million. Each of the CDs were insured by the FDIC. The CDs carry original maturity dates of 1 month to 30 months with annual percentage interest rates between 0.4 and 2.4 percent.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodian risk relates to investments that are held by someone other than the College and not registered in their name. The College did not have any investments subject to custodial credit risk.

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Component Units Investments

Investments held by the College's component units, St. Petersburg College Foundation, Inc. (Foundation), and the Leepa-Rattner Museum of Art, Inc. (Museum), at March 31, 2011, are reported at fair value as follows:

Investment Type	St. Petersburg College Foundation, Inc.	Leepa-Rattner Museum of Art, Inc.	Total
United States Government Obligations	$ 2,172,673	$	$ 2,172,673
Federal Agency Obligations	2,233,215		2,233,215
Bonds and Notes	5,722,318		5,722,318
Stocks and Other Equity Securities	26,467,174		26,467,174
Mutual Funds	4,829,853		4,829,853
Certificates of Deposit		129,797	129,797
Property	204,355		204,355
Total Component Units Invesments	$ 41,629,588	$ 129,797	$ 41,759,385

The Foundation has a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type. At March 31, 2011, the Museum's investments consisted of two certificates of deposit totaling $129,797. Each certificate is insured by the Federal Deposit Insurance Corporation.

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 $4,405,888 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 August 2011 and May 2041.

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 no more than 10 percent of that particular portfolio's assets.

The following are maturities and credit quality ratings for the Foundation and Museum's investments in debt securities, mutual funds, and certificates of deposit at March 31, 2011:

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Investment Type	Investment Maturities (In Years)					
	Fair Value	Less than 1 Year	1-5	6-10	More Than 10	Credit Quality Range (1)
United States Government Obligations	$ 2,172,673	$	$1,224,184	$ 758,336	$ 190,153	(2)
Federal Agency Obligations	2,233,215		145,413	542,809	1,544,993	AAA
Bonds and Notes	5,722,318	299,869	1,677,575	1,451,168	2,293,706	AAA, BBB-
Fixed Income Mutual Funds (3)	391,272		391,272			AAA, NR (4)
Fixed Income Mutual Funds (3)	1,111,327		1,111,327			AAA, B
Fixed Income Mutual Funds	48,446			48,446		AAA, Below B (4)
Fixed Income Mutual Funds	1,851,008			1,851,008		AAA, B
Fixed Income Mutual Funds	750,708				750,708	BBB, BB
Equity Mutual Funds	677,092	677,092				Not Rated
Equity Securities	26,467,174	26,467,174				Not Rated
Certificates of Deposit	129,797	129,797				Not Rated
Property	204,355				204,355	Not Rated
Total Component Units Investments	$41,759,385	$27,573,932	$4,549,771	$4,651,767	$4,983,915	

Notes: (1) Rated by Standard & Poor's.
(2) Disclosure of credit risk is not required for this investment type.
(3) These fixed income mutual funds have a weighted average maturity of less than 5 years.
(4) Components of these funds have credit ratings that range from AAA to NR.

Custodial Credit Risk: The Foundation's investment policy does not address custodial risk. Foundation investments in debt securities are uncollateralized, 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 5 percent of total investment assets with each money manager at market value. United States 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 5 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 60 percent in equities and 40 percent in fixed-income funds. The Foundation's investment policy in relation to the above mentioned allocation mix did change from 2010 to 2011. In the prior year the target asset allocation for the investment portfolio was 50 percent in equities and 50 percent in fixed income.

3. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions or rent for vendors under food, vending, and bookstore operations, accrued interest, and contract and grant reimbursements due from third parties. These receivables are reported net of a $1,985,504 allowance for doubtful accounts.

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

4. NOTES RECEIVABLE

Notes receivable represent student loans made under the College's short-term loan program of $28,617. Notes receivable are reported net of a $14,308 allowance for doubtful notes.

5. DUE FROM OTHER GOVERNMENTAL AGENCIES

This amount primarily consists of $15,263,248 of Public Education Capital Outlay allocations due from the State for construction of College facilities.

6. DUE FROM AND TO COMPONENT UNITS/COLLEGE

The $612,439 reported as due from component units consists of amounts due from the Foundation for programs, scholarships, construction, and wireless services for College facilities. The College's financial statements are reported for the fiscal year ended June 30, 2011. The College's component units' financial statements are reported for the fiscal year ended March 31, 2011. Accordingly, amounts reported as due from component units on the statement of net assets does not have a corresponding amount reported by the component units as due to the College.

7. INVENTORIES

Inventories consist of items for resale by the central printing center, 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.

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, is shown below:

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 23,316,765	$ 2,309,100	$	$ 25,625,865
Construction in Progress	5,034,641	8,530,970	3,492,279	10,073,332
Total Nondepreciable Capital Assets	$ 28,351,406	$ 10,840,070	$ 3,492,279	$ 35,699,197
Depreciable Capital Assets:				
Buildings	$ 281,315,952	$ 13,995,740	$ 128,195	$ 295,183,497
Other Structures and Improvements	10,779,014	901,795		11,680,809
Furniture, Machinery, and Equipment	24,193,618	1,003,549	1,845,738	23,351,429
Assets Under Capital Leases		594,566		594,566
Total Depreciable Capital Assets	316,288,584	16,495,650	1,973,933	330,810,301
Less, Accumulated Depreciation:				
Buildings	56,657,323	7,153,350	128,195	63,682,478
Other Structures and Improvements	10,535,335	272,625		10,807,960
Furniture, Machinery, and Equipment	22,033,976	753,812	1,842,738	20,945,050
Assets Under Capital Leases		148,642		148,642
Total Accumulated Depreciation	89,226,634	8,328,429	1,970,933	95,584,130
Total Depreciable Capital Assets, Net	$ 227,061,950	$ 8,167,221	$ 3,000	$ 235,226,171

9. DEFERRED REVENUE

Deferred revenue includes grants and contracts revenue and student tuition and fees received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2011, the College reported the following amounts as deferred revenue:

Description	Amount
Grants and Contracts	$ 137,886
Student Tuition and Fees	161,490
Total Deferred Revenue	$ 299,376

10. LONG-TERM LIABILITIES

Long-term liabilities of the College at June 30, 2011, include bonds payable, note payable, capital leases payable, compensated absences payable, other postemployment benefits payable and estimated arbitrage rebate payable. Long-term liabilities activity for the fiscal year ended June 30, 2011, is shown below:

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 30,545,000	$ 1,645,000	$ 1,400,000	$ 30,790,000	$ 1,465,000
Note Payable		2,166,667	47,073	2,119,594	521,103
Capital Leases Payable		594,566	148,641	445,925	148,642
Compensated Absences Payable	9,047,040	1,952,121	1,528,405	9,470,756	947,076
Other Postemployment Benefits Payable	1,098,050	981,811	415,000	1,664,861	
Estimated Arbitrage Rebate Payable	236,094	332	179,016	57,410	
Total Long-Term Liabilities	$ 40,926,184	$ 7,340,497	$ 3,718,135	$ 44,548,546	$ 3,081,821

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

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

- Capital Improvement Revenue Bonds, Series 2006A and 2010A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and Section 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the 2006A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the 2006A bonds. The 2006A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. The Governing Board authorized the sale of the 2010A bonds by the Third Supplemental Resolution adopted on May 11, 2010, which also amended the Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The 2006A and 2010A bonds will share the lien of such additional bonds on the 2006A and 2010A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The series 2006A and 2010A bonds were issued for new construction, renovation, and remodeling of educational facilities.

The College had the following bonds payable outstanding at June 30, 2011:

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Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State Board of Education			
Capital Outlay Bonds:			
Series 2002B	$ 420,000	4.00 - 5.375	2014
Series 2009A	1,985,000	4.00 - 5.00	2019
Series 2010A	1,635,000	3.50 - 5.00	2030
Florida Department of Education			
Capital Improvement Revenue Bonds:			
Series 2006A	17,670,000	3.50 - 5.00	2027
Series 2010A	9,080,000	3.00 - 4.375	2030
Total	$ 30,790,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2011, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	$ 1,465,000	$ 1,332,750	$ 2,797,750
2013	1,525,000	1,277,550	2,802,550
2014	1,595,000	1,218,075	2,813,075
2015	1,515,000	1,153,513	2,668,513
2016	1,585,000	1,094,013	2,679,013
2017-2021	8,575,000	4,340,912	12,915,912
2022-2026	9,875,000	2,242,012	12,117,012
2027-2030	4,655,000	391,794	5,046,794
Total	$ 30,790,000	$ 13,050,619	$ 43,840,619

On October 14, 2010, the State Board of Education issued $53,405,000 of State Board of Education Capital Outlay Bonds, Series 2010A. The College's portion of the bonds, $1,746,094, which includes a premium of $115,592 less issuance costs of $14,498, will be used to finance roof replacements and miscellaneous safety to life enhancements.

Note Payable. On March 16, 2011, the College borrowed $2,166,667, at a stated interest rate of zero percent, to finance the remaining cost of a building acquisition with property. The note matures on April 1, 2019, and principal payments are made quarterly. Annual requirements to amortize the outstanding note as of June 30, 2011, are as follows:

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JUNE 30, 2011

Fiscal Year Ending June 30	Principal
2012	$ 521,103
2013	187,770
2014	521,103
2015	187,770
2016	187,770
2017-2019	514,078
Total	$ 2,119,594

Capital Leases Payable. Network server equipment in the amount of $594,566 is being acquired under capital lease agreements. The stated interest rate for the Black Box network server equipment is 3.75 percent. The stated interest rate for the CTI Coleman network server equipment is 4 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2011, are as follows:

Fiscal Year Ending June 30	Amount
2012	$ 161,853
2013	161,852
2014	161,852
Total Minimum Payments	485,557
Less, Amount Representing Interest	39,632
Present Value of Minimum Payments	$ 445,925

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 noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2011, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $9,470,756. Of this amount, $947,076 is considered a current liability as this is expected to be paid in the coming fiscal year. The current portion of the compensated absences was determined by calculating ten percent of the compensated absences liability as of June 30, 2011.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for other postemployment benefits administered by the College.

Plan Description. The Postemployment Benefits Plan (Plan) is a single-employer defined-benefit plan administered by the College. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's self-insured dental, health

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

and hospitalization plan for the medical and prescription drug coverages. The College subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The College does not issue a stand-alone report and the Plan is not included in the annual report of a public employee retirement system or another entity.

Funding Policy. The Board of Trustees has established and can amend Plan benefits and contribution rates. The College has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2010-11 fiscal year, 87 retirees received other postemployment benefits. The College provided required contributions of $415,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled $778,243.

Annual OPEB Cost and Net OPEB Obligation. The College's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the College's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the College's net OPEB obligation:

Description	Amount
Normal Cost (Service Cost for One Year)	$ 559,000
Amortization of Unfunded Actuarial Accrued Liability	368,000
Interest on Normal Cost and Amortization	42,000
Annual Required Contribution	969,000
Interest on Net OPEB Obligation	49,413
Adjustment to Annual Required Contribution	(36,602)
Annual OPEB Cost (Expense)	981,811
Contribution Toward the OPEB Cost	(415,000)
Increase in Net OPEB Obligation	566,811
Net OPEB Obligation, Beginning of Year	1,098,050
Net OPEB Obligation, End of Year	$ 1,664,861

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2011, and for the two preceding years were as follows:

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Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008-09	$ 474,050	50.80%	$ 476,050
2009-10	972,000	36.01%	1,098,050
2010-11	981,811	42.27%	1,664,861

Funded Status and Funding Progress. As of July 1, 2009, the most recent valuation date, the actuarial accrued liability for benefits was $9,624,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $9,624,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $69,937,608 for the 2010-11 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.8 percent.

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

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

The College's OPEB actuarial valuation as of July 1, 2009, used the projected unit credit actuarial method to estimate the unfunded actuarial liability as of June 30, 2011, and the College's 2010-11 fiscal year ARC. This method was selected because it is the most common method used for government pension valuation, and this method spreads the costs evenly throughout the collective careers of those covered in the workforce. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.5 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, and an annual healthcare cost trend rate of 10.5 percent for the 2010-11 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 5 percent after eleven years. The unfunded actuarial accrued liability is being amortized over 30 years using a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 26 years.

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JUNE 30, 2011

Estimated Arbitrage Rebate Payable. This represents the amount of arbitrage rebate liability for the Capital Improvement Revenue Bonds, Series 2006A. These bonds and the related arbitrage rebate liability are administered by the State Board of Administration, Division of Bond Finance, on behalf of the College.

11. RETIREMENT PROGRAMS

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

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

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

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2010-11 fiscal year were as follows:

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Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	10.77
Florida Retirement System, Senior Management Service	0.00	14.57
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.25
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The College's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The College's contributions for the fiscal years ended June 30, 2009, June 30, 2010, and June 30, 2011, totaled $4,409,702, $4,410,493, and $5,278,412, respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. College employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were 289 College participants during the 2010-11 fiscal year. Required contributions made to the PEORP totaled $1,538,545.

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

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

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A COMPONENT UNIT OF THE STATE OF FLORIDA
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JUNE 30, 2011

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

There were 199 College participants during the 2010-11 fiscal year. Required employer contributions made to the Program totaled $1,536,721.

12. CONSTRUCTION COMMITMENTS

The College's major construction commitments at June 30, 2011, are as follows:

Project Description	Total Committed	Completed to Date	Balance Committed
Clearwater Campus:			
Ethics and Social Science Building	$ 12,387,160	$ 1,231,194	$ 11,155,966
Veterinary Technology Center	10,309,040	8,768,665	1,540,375
Total	$ 22,696,200	$ 9,999,859	$ 12,696,341

13. OPERATING LEASE COMMITMENTS

The College leased building space, computer equipment, and copiers under operating leases, with various expiration dates through 2016. 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 these noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2012	$ 1,884,333
2013	1,414,389
2014	919,515
2015	205,926
2016	12,994
Total Minimum Payments Required	$ 4,437,157

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

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JUNE 30, 2011

risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage limits of up to $150 million. Insurance coverage obtained through the Consortium included fire 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.

Self-Insured Program. The Board has established an individual self-insured program to provide group health and dental insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to $350,000 per insured person for the 2010-11 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 a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability includes an amount for claims that have been incurred, but not reported. Because the actual claims liability depends on such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. The College reevaluates the claims liability periodically and the claims liability totaled $1,265,260 as of June 30, 2011.

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	Claims Payments	End of Fiscal Year
2009-10	$1,146,327	$12,326,540	$(12,462,060)	$ 1,010,807
2010-11	1,010,807	13,818,261	(13,563,808)	1,265,260

15. SCHEDULE OF STATE REVENUE SOURCES

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

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A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

costs of new facilities adjustments; and new and improved program enhancements, which are determined by the Legislature. Student fees in the base budget plus student fee revenues generated by increases in fee rates are deducted from the sum of these components to determine the net annual State apportionment to each college.

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

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

Source	Amount
College Program Fund	$ 55,752,393
Gross Receipts Tax (Public Education Capital Outlay)	7,713,586
Education Enhancement Trust Fund (Lottery)	7,279,093
Bright Futures Scholarship Program	3,724,989
Florida Student Assistance Grants	3,483,734
Restricted Contracts and Grants	1,072,716
Motor Vehicle License Tax (Capital Outlay and Debt Service)	692,800
Other State Sources	18,440
Total	$ 79,737,751

16. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

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

Functional Classification	Amount
Instruction	$ 72,581,986
Public Services	14,715
Academic Support	26,566,277
Student Services	19,283,470
Institutional Support	18,838,658
Operation and Maintenance of Plant	20,456,979
Scholarships and Fellowships	37,842,900
Depreciation	8,328,429
Auxiliary Enterprises	85,967
Total Operating Expenses	$ 203,999,381

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

17. COMPONENT UNITS

The College has three component units as discussed in note 1. These component units represent 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 for the component units:

	St. Petersburg College Foundation, Inc.	St. Petersburg College Alumni Association, Inc.	Leepa-Rattner Museum of Art, Inc.	Total
Condensed Statement of Net Assets				
Assets:				
Current Assets	$ 19,539,776	$ 120,224	$ 312,835	$ 19,972,835
Capital Assets, Net			1,116,837	1,116,837
Other Noncurrent Assets	27,224,306		153,732	27,378,038
Total Assets	46,764,082	120,224	1,583,404	48,467,710
Liabilities:				
Current Liabilities	800		40,311	41,111
Total Liabilities	800		40,311	41,111
Net Assets:				
Invested in Capital Assets, Net of Related Debt			1,116,837	1,116,837
Restricted	46,094,436		97,515	46,191,951
Unrestricted	668,846	120,224	328,741	1,117,811
Total Net Assets	$ 46,763,282	$ 120,224	$ 1,543,093	$ 48,426,599
Condensed Statement of Revenues, Expenses, and Changes in Net Assets				
Operating Revenues	$ 1,211,010	$	$ 1,081,886	$ 2,292,896
Operating Expenses	(2,747,893)	(45,065)	(1,139,373)	(3,932,331)
Operating Loss	(1,536,883)	(45,065)	(57,487)	(1,639,435)
Net Nonoperating Revenues	4,008,802	50,437	89,052	4,148,291
Other Revenues, Expenses, Gains, and Losses	269,292		238,810	508,102
Increase in Net Assets	2,741,211	5,372	270,375	3,016,958
Net Assets, Beginning of Year	44,022,071	114,852	1,272,718	45,409,641
Net Assets, End of Year	$ 46,763,282	$ 120,224	$ 1,543,093	$ 48,426,599

ST. PETERSBURG COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POSTEMPLOYMENT BENEFITS PLANS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2007	$	$4,521,000	$4,521,000	0%	$65,439,956	6.9%
7/1/2009	$	$9,624,000	$9,624,000	0%	$65,729,628	14.6%

Note: (1) The College's OPEB acturial valuation used the projected unit credit acturial method to estimate the unfunded accrued liability.

ST. PETERSBURG COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN

The July 1, 2009, unfunded actuarial accrued liability (UAAL) of $9,624,000 was 112.9 percent higher than the July 1, 2007, UAAL of $4,521,000. This increase was due to the expected growth of liabilities over time, demographic changes, updated participation and medical trend assumptions, updated claim costs as compared to contribution rates, and revised mortality assumption.

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Legislative Auditing Committee

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

We have audited the financial statements of 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, 2011, which collectively comprise the College's basic financial statements, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the aggregate discretely presented component units as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the St. Petersburg College Alumni Association, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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 opinion 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 College'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, 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*.

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

Respectfully submitted,

David W. Martin, CPA
March 13, 2012