

School Board Members

Cindy Lou Hartig, Chair
Julius Melendez, Vice Chair
Jay Wheeler
Barbara Horn
Tom Long



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

Terry Andrews
Superintendent

William C. Collins
Chief Business & Finance Officer

Sarah E. Graber
Director of Finance

Student Achievement - Our Number One Priority

AN EQUAL OPPORTUNITY EMPLOYER

The School District of Osceola County, Florida
817 Bill Beck Boulevard
Kissimmee, Florida 34744
<http://www.osceola.k12.fl.us/>



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

Prepared By:
Business & Fiscal Services

Education Which Inspires All to Their Highest Potential

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

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INTRODUCTORY SECTION



THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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SCHOOL BOARD MEMBERS

- District 1 – Jay Wheeler
407-462-6598
- District 2 – Julius Melendez, Vice Chair
407-922-5113
- District 3 – Cindy Lou Hartig, Chair
407-462-5781
- District 4 – Barbara Horn
407-462-5642
- District 5 – Tom Long
407-462-5782



Superintendent of Schools
Terry Andrews

November 21, 2011

District School Board of Osceola County
817 Bill Beck Boulevard.
Kissimmee, FL 34744

Dear Chairman, School Board Members, and Citizens of Osceola County:

State law requires that all local governments publish, after the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the District School Board of Osceola County, Florida (District) for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The firm of Cherry, Bekaert & Holland, L.L.P. has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion that the District's basic financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP.

Student Achievement – Our Number One Priority
Districtwide Accreditation by the Southern Association of Colleges and Schools
An Equal Opportunity Agency

The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, summary of prior audit findings, and the independent auditors' reports on the system of internal control and on compliance with applicable requirements, are included in the single audit section.

This report includes all funds of the District, The Foundation for Osceola Education, Inc., (Foundation), Bellalago Educational Facilities Benefit District (Bellalago EFBD) Flora Ridge Educational Facilities Benefit District (Flora Ridge EFBD) and three Charter Schools, which comprise the reporting entity. The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization. The Foundation's purpose is exclusively educational and charitable for the constituents of Osceola County. Bellalago EFBD is a dependent special district created pursuant to Florida law to finance and construct the facilities housing Bellalago Charter School. Flora Ridge EFBD is a dependent special district created pursuant to Florida law to finance and construct the facilities housing Flora Ridge Elementary School. Charter schools are public schools operating under performance contracts with the School Board. The Foundation, the Benefit Districts, and the applicable Charter Schools are included as discretely presented component units.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditors' report.

PROFILE OF THE GOVERNMENT

The District and its governing board were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by District school officials in accordance with Chapter 1001, Florida Statutes. The Board consists of five elected officials responsible for the adoption of policies, which govern the operation of District public schools. The appointed Superintendent of Schools (Superintendent) is the executive officer of the Board and is responsible for the administration and management of the schools within the applicable parameters of Florida Statutes, State Board of Education Rules, and School Board policies. The Superintendent is also specifically delegated the responsibility of maintaining a uniform system of records and accounts in the District by Section 1010.01, Florida Statutes, as prescribed by the State Board of Education.

The geographic boundaries of the District are those of Osceola County. During fiscal year 2010-11, the District operated 47 K-12 schools, including 25 elementary schools, 7 middle schools, 8 high schools, and 7 specialized schools. In addition, the District sponsored 8 charter schools. The District receives the majority of its operating funds through a State funding formula that is intended to equalize funding received from the State and local property tax between districts within the State. Charter schools operating through a contract with the District are provided with their proportionate share of these funds, based upon the number of full-time equivalent students enrolled at the charter school. In fiscal year 2010-11, the District provided general, special, vocational, and other educational programs to 52,900 un-weighted full-time equivalent students. The projected enrollment for fiscal year 2011-12, is 54,692 un-weighted full-time equivalent students. The average age of the schools within the District is approximately 21 years. The District does not plan to open any new schools in fiscal year 2011-12.

The Board follows procedures established by Florida Statutes and the State Board of Education rules in establishing and adopting annual budgets for each of the governmental fund types. Budgets are prepared using the same modified accrual basis as is used to account for governmental funds. Appropriations are controlled at the object level (e.g. salaries, benefits, and purchased services) within each function activity (e.g. instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.

ECONOMIC CONDITION AND OUTLOOK

Osceola County is part of the Orlando Metropolitan Statistical Area (MSA) along with Orange, Seminole and Lake Counties. According to the 2010 Economic Development Commission of Mid-Florida, Inc. (the Commission), Metro Orlando currently has a population of 2.1 million people and is projected to be 2.2 million in 2015. The Commission promotes Osceola County as being a world class tourism destination.

The population of Osceola County has increased 55.8 percent from 2000 to 2010, compared to the state of Florida, which increased 17.6 percent. As of the census of 2010, there were 268,685 people and 89,725 households residing in the County. The population is estimated to be 326,366 and households 123,185 in 2015. Based on the 2010 census, the racial makeup of the County was 71.0 percent White, 11.3 percent Black and 17.7 percent from other races, with 45.5 percent of this population as Hispanic or Latino.

Of Osceola County's population, 27.2 percent are under the age of 18 and 12 percent are 65 and older. The average household size is 2.81. The median age in the County is 35.6 years. The median income for a household was \$42,626. The per capita income for the County was \$20,770. Of the 25 and older population, 35.7 percent are high school graduates.

The District recognizes that the continued enhancement of the local economy is of mutual benefit to both the District and the County and that an excellent system of public education is a significant factor in attracting new business and industry to the County. The District remains Osceola County's largest employer, employing 6,521 full and part-time employees, including 3,237 classroom teachers.

Major Initiatives

Class Size Reduction Amendment

In November 2002, the voters of Florida amended the State Constitution to limit class size. By the beginning of fiscal year 2010-11, the amendment established the maximum number of students in core-curricula courses assigned to a teacher in each of the following three grade groupings: (1) Pre kindergarten through grade 3, 18 students; (2) grades 4 through 8, 22 students; and (3) grades 9 through 12, 25 students.

The Florida Legislature enacted Senate Bill-30A implementing the reduction of the average number of students in each classroom by at least two students per year, beginning in fiscal year 2003-04 until the maximum number of students per classroom does not exceed the fiscal year 2010-11 maximum. If a district's class size does not meet the constitutional maximum, then the district must reduce the average number of students in each of the three grade groupings by two students until the constitutional maximums are reached. The following is how the constitutional maximums were calculated:

- For fiscal years 2003-04, 2004-05, and 2005-06, class size was calculated at the district level.
- For fiscal years 2006-07 and 2007-08, class size was calculated at the school level.
- For fiscal years 2008-09 and 2009-10, class size was calculated at the classroom level.

Under the implementation schedule established by the Florida Legislature, compliance for 2010-11 was measured at the individual classroom level. The District was in compliance.

For 2011-12, compliance will again be measured at the individual classroom level. The District intends to comply fully with the constitutional requirement.

Capital Outlay Program

During the current fiscal year, the District completed several construction projects totaling \$38,575,848. These projects included one new elementary school, two classroom wing additions and renovations to other schools. These schools opened for the 2011-12 school year.

Accomplishments

One of the ways to judge a school district is to compare the results of its students on national and statewide testing and the accomplishments of its staff. The District believes that its students and staff have performed well based on various tests and accomplishments as noted below.

School districts throughout Florida are held accountable and receive school grades based on the results of the Florida Comprehensive Assessment Test (FCAT). The fiscal year 2010-11 marks the 12th year of this accountability program and the District continued its tradition of achievement. As of the date of this letter, for elementary and middle schools, 22 received a grade of 'A', 7 received a grade of 'B', and 6 received a grade of 'C'. Grades for High Schools are not available. The District received an overall grade of 'B'.

Nearly 38 percent of District teachers have earned Master's degrees or higher.

The District has 128 teachers that have successfully completed the rigorous and time-intensive program of the National Board of Professional Teaching Standards. To achieve the highly esteemed National Certification, teachers are required to provide a portfolio of information regarding teaching styles, examples of work performed by students, and successfully pass an examination. Teachers who gain this certification are provided incentives including salary and mentoring bonuses.

Financial Information

Internal Controls. Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls. The District maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of all governmental fund types are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the object level.

Budgetary information is integrated into the accounting system, and, to facilitate budgetary control, budget balances are encumbered when purchase orders are issued.

Appropriations lapse at year-end, and encumbrances outstanding are honored from the subsequent year's appropriations.

In order to provide budgetary control for salaries, the District utilizes a centralized position control system. On an annual basis, the Board adopts a District staffing plan that establishes teacher positions based generally on student populations served. Additionally, support and administrative positions are created based on established criteria.

Long-Term Financial Planning. In 2010-11, the District received substantial revenues from non-recurring sources that helped offset declines in state funding. These included funds from the American Recovery and Reinvestment Act of 2009 (ARRA), the Education Jobs Fund, and funds from an optional critical needs ad valorem tax levy. These funding sources expired at the end of the 2010-11 fiscal year.

In addition, the District was required to hire additional teachers in 2010-11 to comply with the class size reduction constitutional amendment. This added an estimated \$7.5 million in recurring operating costs.

Long range State revenue forecasts predict that the State will not have resources to replace the lost federal revenues or fully fund class size reduction requirements in the near term.

The District is building fund balance reserves to maintain operations in anticipation of these expected revenue reductions and expenditure increases over the next few years.

ACKNOWLEDGEMENTS


The preparation of this Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, we would like to thank the members of the Board for their leadership and support in planning and conducting the financial operations of the District.

Respectfully submitted,



William C. Collins, C.P.A.
Chief Business & Finance Officer



Terry Andrews
Superintendent

**OSCEOLA SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011**

SCHOOL BOARD MEMBERS

Tom Long
District 5

Barbara Horn
District 4

Cindy Hartig, Chair
District 3

Julius Melendez, Vice Chair
District 2

Jay Wheeler
District 1

SUPERINTENDENT

Terry Andrews

DEPUTY SUPERINTENDENT for ELEMENTARY ADMINISTRATION
Beverly Carbaugh

DEPUTY SUPERINTENDENT for SECONDARY ADMINISTRATION
Debra Pace

ASSISTANT SUPERINTENDENTS

ELEMENTARY CURRICULUM & INSTRUCTION
Melba Luciano

SECONDARY CURRICULUM & INSTRUCTION
Scott Fritz

ADMINISTRATION/STUDENT SERVICES
Thomas Phelps

CHIEFS

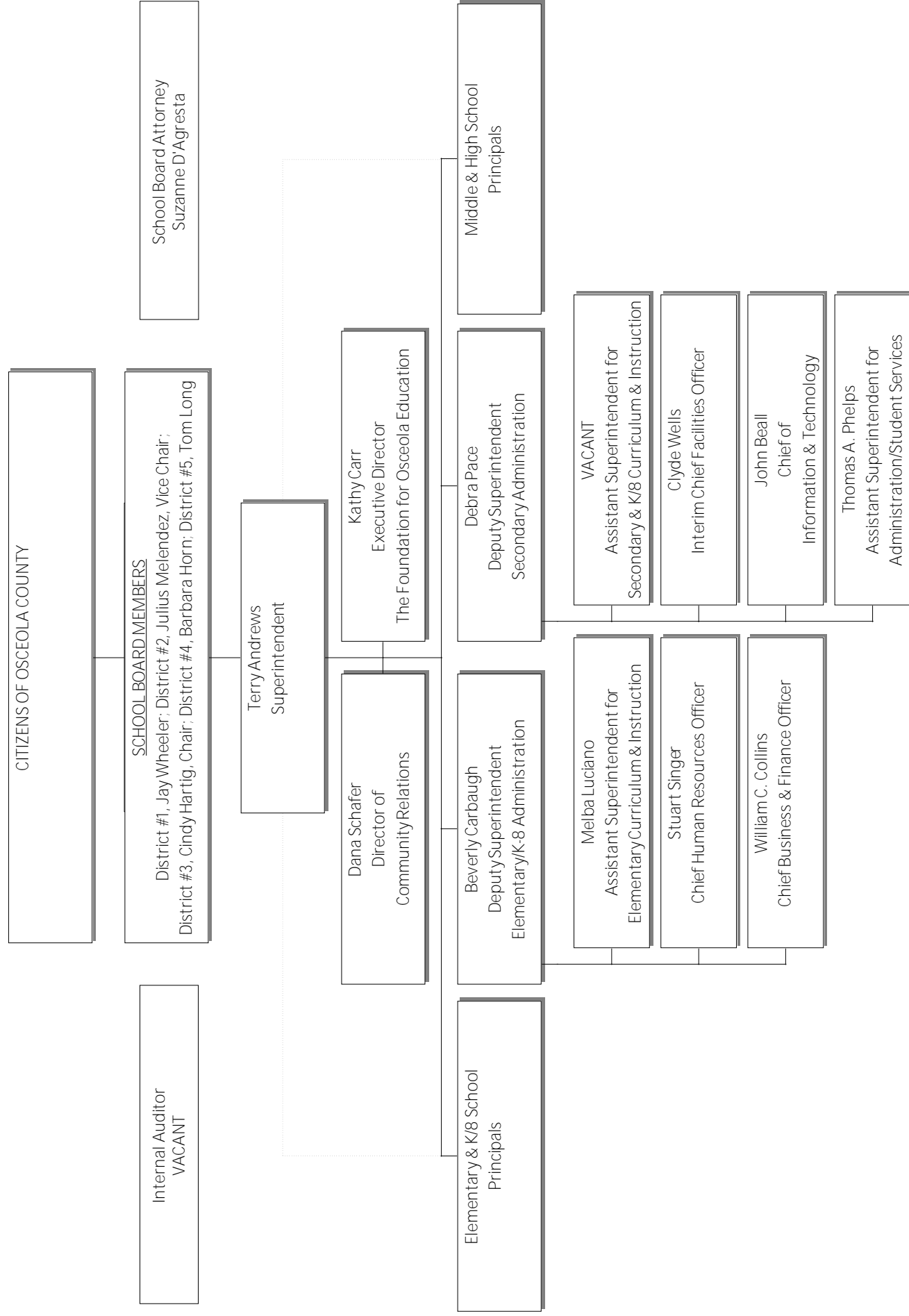
BUSINESS & FINANCE OFFICER
William C. Collins

FACILITIES OFFICER
Clyde Wells

HUMAN RESOURCES OFFICER
Stuart Singer

INFORMATION & TECHNOLOGY OFFICER
John Beall

The School District of Osceola County, Florida DISTRICT ADMINISTRATIVE ORGANIZATIONAL CHART 2010-2011



Certificate of Achievement for Excellence in Financial Reporting

Presented to
School District of Osceola County
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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FINANCIAL SECTION





Report of Independent Auditors

The Honorable Members of the School Board
District School Board of Osceola County
Kissimmee, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units listed in Note 1 to the financial statements. Those financial statements were audited by other auditors whose reports have been provided to us, and our opinions, insofar as they relate to the amounts included for the aggregate discretely presented component units, are based solely 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the District has adopted the provisions of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the year ended June 30, 2011

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15, the budgetary comparison information on pages 66-69 and schedule of funding progress on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



Orlando, Florida
November 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Osceola County District School Board, Florida (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District's financial statements found on pages 18 to 64 of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-11 fiscal year are as follows:

- Total assets of the District exceed total liabilities at the close of the most recent fiscal year by \$624,851,954.
- The District's total net assets increased by \$8,492,548, or 1.4 percent from the 2009-10 year.
- At June 30, 2011, the District's combined governmental fund balances totaled \$199,863,746, a decrease of \$45,159,955, or 18.4 percent, in comparison with the prior fiscal year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$52,989,981 at June 30, 2011, or 15.1 percent of total General Fund expenditures.
- The District's total bonded debt (Bonds Payable and Certificates of Participation, excluding premiums and discounts) decreased by \$10,285,000, or 3.4 percent during the current fiscal year. The key factor in this decrease was the payment of principal.
- The District's net capital assets increased by \$41,435,607, or 5.6 percent from the 2009-10 fiscal year.

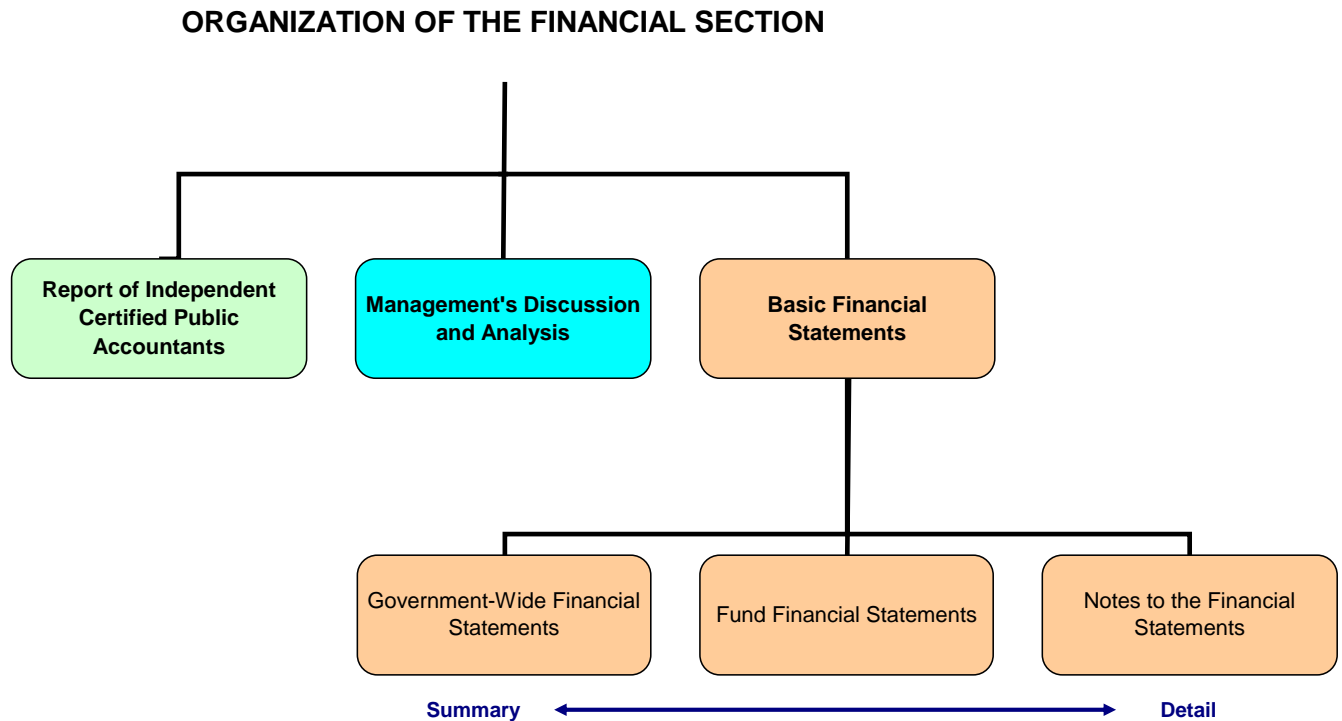
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

The District's basic financial statements are comprised of three components:

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

The illustration below shows how the various parts of the financial section are arranged and relate to one another.



Government-Wide Financial Statements

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

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

- **Governmental activities** – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.

- Component units – The District presents six separate legal entities in this report, including The Foundation for Osceola Education, Inc.; New Dimensions High School, Inc.; Four Corners Charter School, Inc.; New Alternative Education High School of Osceola County, Inc.; Bellalago Educational Facilities Benefit District; and Flora Ridge Educational Facilities Benefit District. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 18 – 19 of this report.

Fund Financial Statements

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds. The District’s major funds are the: (1) General Fund, (2) Special Revenue – ARRA Economic Stimulus Funds, (3) Debt Service – ARRA Economic Stimulus Funds, (4) Capital Projects – Other Fund, and (5) Capital Projects – ARRA Economic Stimulus Funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Special Revenue – ARRA Economic Stimulus Funds. Budgetary comparison schedules have been provided on pages 66 - 69 of this report to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 20 – 23 of this report.

Proprietary Funds. Proprietary funds may be established to account for activities in which a fee is charged for services. One type of proprietary fund is maintained.

The internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses the internal service funds to account for the Health and Life Insurance Trust Fund and Casualty Insurance Loss Fund. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. Conversely, the internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 24 - 26 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held in a trustee or fiduciary capacity for the benefit of parties outside the government. The District only has agency funds that are classified as fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The District uses agency funds to account for: (1) resources held for student activities and groups; (2) the activities of Bellalago Charter Academy; and (3) the activities of Bellalago Educational Facilities Benefit District.

The Statement of Assets and Liabilities – Fiduciary Funds can be found on page 27.

Notes to the Financial Statements.

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29 - 64 of this report.

Other Supplemental Information.

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 71 – 100 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$624,851,954 at June 30, 2011. At the end of the current fiscal year, the District is able to report positive balances in all categories of net assets, for the government as a whole.

The following is a summary of the District's net assets as of June 30, 2011, compared to net assets as of June 30, 2010:

	Governmental	
	Activities	
	6/30/2011	6/30/2010
Current and Other Non-Capital Assets	\$ 241,687,726	\$ 284,751,944
Capital Assets	779,030,975	737,595,365
Total Assets	1,020,718,701	1,022,347,309
Current Liabilities	26,721,728	31,233,797
Long-Term Liabilities	369,145,019	374,754,106
Total Liabilities	395,866,747	405,987,903
Net Assets:		
Invested in Capital Assets, Net of Related Debt	492,955,678	471,185,896
Restricted	81,462,943	116,539,697
Unrestricted	50,433,333	28,633,813
Total Net Assets	\$ 624,851,954	\$ 616,359,406

By far, the largest portion of the District's net assets, \$492,955,678 or 78.9 percent, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to educate the students of Osceola County, Florida; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

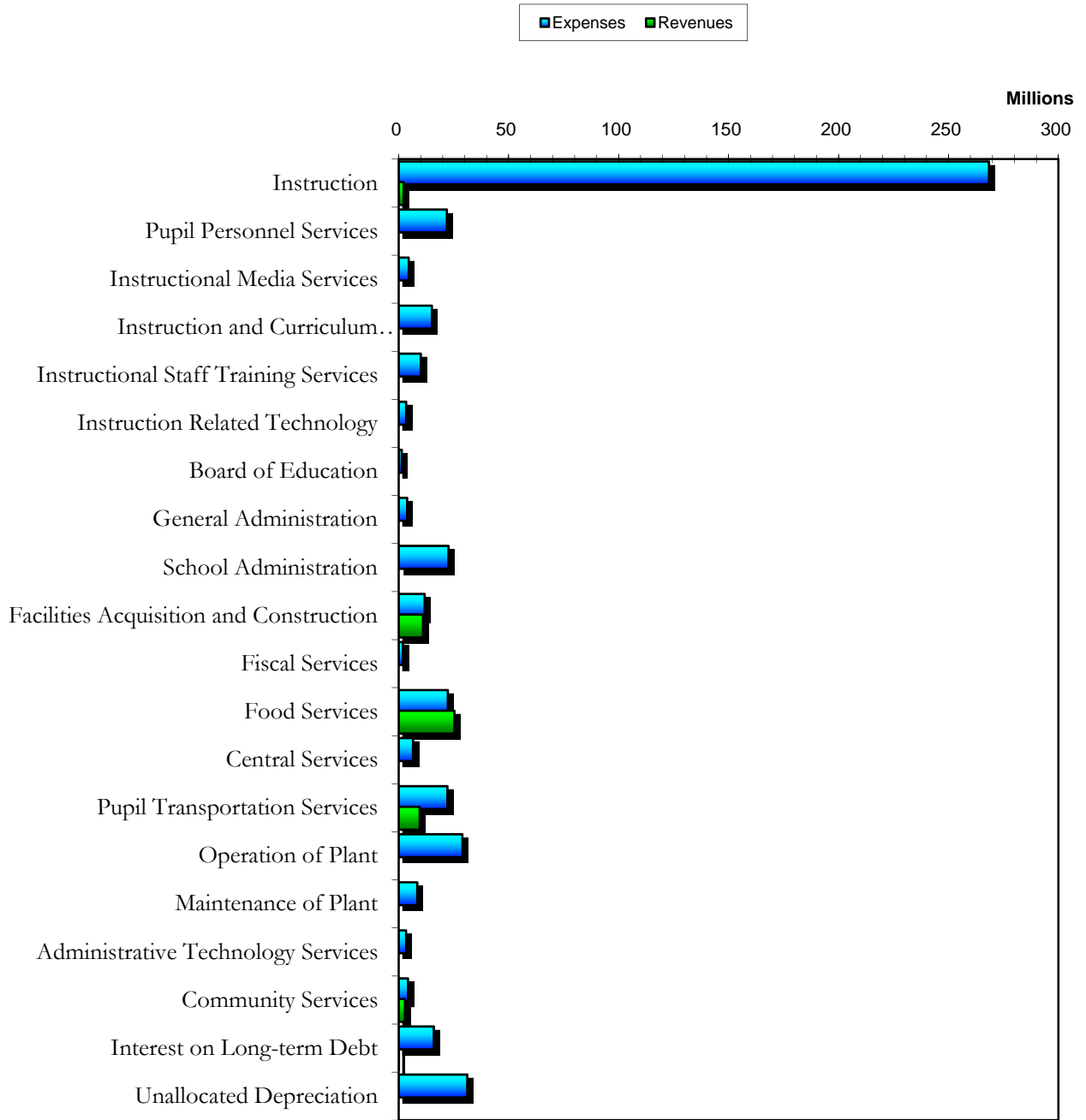
An additional portion of the District's net assets, \$81,462,943 (13.0 percent), represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$35,076,754 in restricted net assets reported in connection with the District's governmental activities. The decrease is the result of previously accumulated funds used to pay for capital projects during the current year. The remaining net assets, \$50,433,333 (8.1 percent), are unrestricted net assets. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net assets increased by \$21,799,520 (76.1 percent), from the 2009-10 fiscal year.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2011, and June 30, 2010, are as follows:

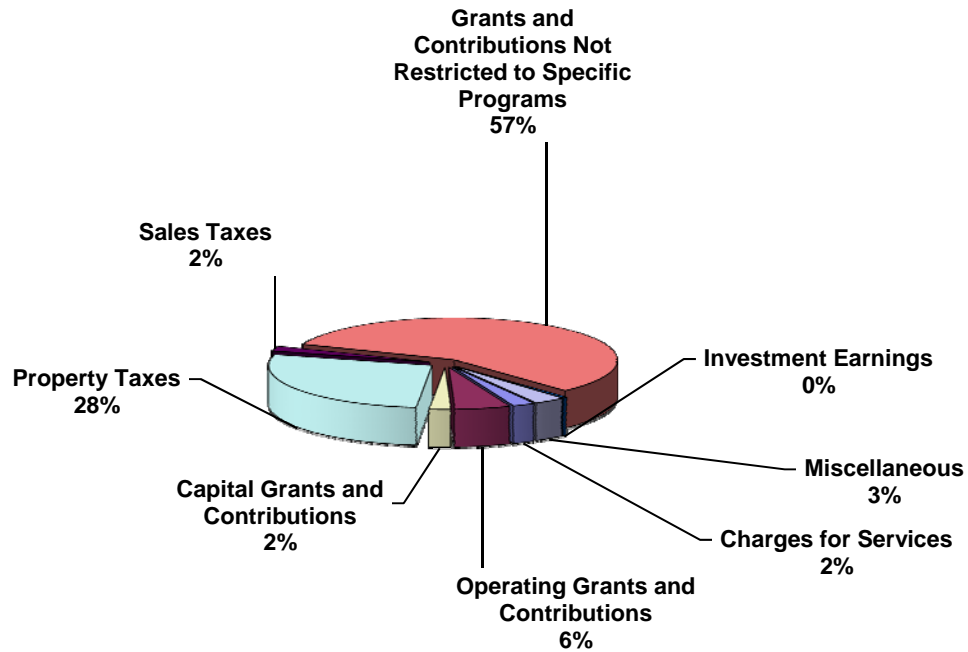
	Operating Results for the Year	
	Governmental	
	Activities	
	06-30-11	06-30-10
Revenues:		
Program Revenues:		
Charges for Services	\$ 11,420,166	\$ 10,863,652
Operating Grants and Contributions	28,379,405	27,330,605
Capital Grants and Contributions	11,042,590	11,567,650
General Revenues:		
Property Taxes	142,837,953	169,023,764
Local Sales Taxes	9,511,482	9,035,938
Grants and Contributions not Restricted to Specific Programs	294,754,205	253,310,535
Investment Earnings	2,099,168	2,345,647
Miscellaneous	15,930,845	10,464,800
Total Revenues	<u>515,975,814</u>	<u>493,942,591</u>
Functions/Program Expenses:		
Instruction	268,395,640	255,220,829
Pupil Personnel Services	21,854,182	21,883,642
Instructional Media Services	4,517,888	4,562,986
Instruction and Curriculum Development Services	15,053,689	15,244,383
Instructional Staff Training Services	10,019,346	8,854,691
Instruction Related Technology	3,371,658	3,624,384
Board of Education	1,365,918	1,678,822
General Administration	3,776,911	2,906,023
School Administration	22,598,190	23,215,807
Facilities Acquisition and Construction	11,792,702	14,397,625
Fiscal Services	1,861,512	1,807,456
Food Services	22,286,139	21,173,003
Central Services	6,467,196	6,711,505
Pupil Transportation Services	22,121,651	20,792,056
Operation of Plant	28,932,290	31,691,252
Maintenance of Plant	8,425,120	8,075,524
Administrative Technology Services	3,334,012	3,590,304
Community Services	4,194,564	3,690,087
Interest on Long-Term Debt	15,944,978	16,245,397
Unallocated Depreciation Expense	31,169,680	29,437,348
Total Expenses	<u>507,483,266</u>	<u>494,803,124</u>
Increase in Net Assets	8,492,548	(860,533)
Net Assets, Beginning	<u>616,359,406</u>	<u>617,219,939</u>
Net Assets, Ending	<u>\$ 624,851,954</u>	<u>\$ 616,359,406</u>

The total government-wide net assets increased by \$8,492,548 during the current fiscal year. The increase represents an excess of revenues over expenses in the current year.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Governmental Activities.

Governmental activities increased the District’s net assets by \$8,492,548, accounting for all of the total increase in the net assets of the District. Key elements of the increase are as follows:

- Restricted Net Assets decreased by \$35,076,754 and Unrestricted Net Assets increased by \$21,799,520.
- Investments in Capital Assets, Net of Related Debt, increased by \$21,769,782.

The largest revenue sources are the State of Florida and local sources. Combined, these two revenue sources account for 81.9 percent of total revenues. Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District’s funding ability based on the local property tax base. Grants and contributions not restricted to specific program revenues increased by \$41,443,670 or 16.4 percent, primarily due to an increase in FEFP revenues from the State. The FEFP revenues increased in part, because student enrollment increased by 1,441 students. Revenues from local sources consist primarily of ad valorem taxes and impact fees. Property tax revenues decreased by \$26.2 million (15.5 percent) primarily due to the decrease in the local property tax base.

Instructional expenses represent 52.9 percent of total governmental expenses in the 2010-11 fiscal year. Instructional expenses increased by \$13,174,815 or 5.2 percent, from the previous fiscal year due to the opening of one new elementary school, an increase in student enrollment, and the implementation of class size reduction at the classroom level.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, assigned plus unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds report combined ending fund balances of \$199,863,746, a decrease of \$45,159,955, in comparison with the 2009-10 fiscal year. Unassigned fund balance of \$52,989,981 represents 26.5 percent of the ending fund balances and is available to meet the District's short-term spending needs. Remaining fund balances are nonspendable, restricted, or assigned, to indicate that they are not available for new spending. Inventory balances of \$2,340,695 are considered nonspendable. Fund balances totaling \$122,474,563 are restricted for state required carryover programs, debt service payments, capital projects, and to fund other grants and programs. Fund balances totaling \$22,058,508 are assigned to cover outstanding contract commitments, carryover appropriations, a projected operating deficit, and other programs.

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the assigned plus unassigned fund balance of the General Fund was \$74,363,697, while total fund balance reached \$91,601,580. As a measure of the General Fund's liquidity, it may be useful to compare both assigned plus unassigned fund balance and total fund balance to total expenditures. Assigned plus unassigned fund balance represents 21.4 percent of total General Fund expenditures, while total fund balance represents 26.1 percent of that same amount.

During the current fiscal year, the fund balance of the General Fund increased by \$20,987,805. This was the result of an expenditure reduction plan in anticipation of reduced future ARRA funding.

There was no change to the fund balance for the ARRA Economic Stimulus Funds during the fiscal year since revenue cannot be recognized prior to incurring expenditures.

The fund balance for the Debt Service – ARRA Economic Stimulus Funds increased by \$10,157, mainly due to the timing of making debt service payments.

The fund balance for the Capital Projects - Other Fund decreased by \$42,146,808 to \$56,516,562. The decrease in this fund is mainly due to the timing differences between collecting funds for and expending these funds on construction projects.

The fund balance for the Capital Projects – ARRA Economic Stimulus Capital Projects Fund decreased by \$16,093,425 to \$18,231,564. The decrease in this fund is mainly due to the timing differences between collecting funds for and expending these funds on construction projects. This fund was created to account for proceeds from the issuance of qualified school construction bonds and expenditures incurred on the related construction renovation projects.

The fund balance for non-major funds – reported as Other Governmental Funds – decreased by \$7,917,684 to \$33,503,883. This decrease is primarily due to the decrease in funding associated with Public Education Capital Outlay and property tax revenues.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements. The District's proprietary fund includes two internal service funds that are used to account for its self-insurance programs. Net assets increased by \$5,483,725 due to casualty insurance premiums paid into the funds exceeding claims and other expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the General Fund original budget and the final amended budget included:

- Estimated revenues were adjusted to account for increases from several sources including ROTC, FEFP, Class Size Reduction, E-Rate, Medicaid, facility rent, interest, state and local grants. These increases were offset by reductions in revenue for School Recognition, VPK, local school taxes, tax redemptions and transfers from capital projects. The net result was an increase of \$6,773,000 in estimated revenues.
- Appropriations were reduced by \$17,601,000 due adjustments for projected revenue shortfalls and budget savings realized as a result of the Education Jobs Fund.
- Other differences between the original and final budgets are the result of reclassifications between accounts.
- Ending fund balance increased by approximately \$24,374,000 due to the changes in estimated revenue and appropriations.

During the current fiscal year, the District's variance with final budget was \$23,466,025. The reason for this variance was primarily due to the reduction of District spending during the year to preserve fund balance, given anticipated State funding reductions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for the governmental activities as of June 30, 2011, amounts to \$779,030,972 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures and equipment; motor vehicles; investments in the educational facilities benefit district; and audio visual materials and computer software. The total increase in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$41,435,607, or a 5.62 percent increase from the 2009-10 fiscal year.

Major capital asset events during the current fiscal year included the following:

- Completion of construction for a high school wing addition.
- Completion of construction for one elementary school.
- Construction in progress for renovation of cafeteria/admin/media areas at one elementary school.
- Construction in progress for major renovations at two high schools and one elementary school.
- Expansion of bus parking/fueling area at satellite facility.
- Completion of exterior repairs to the administrative building.
- Construction in progress of upgrades to the district server room.
- Continued remodeling of core space at one middle school and one K-8 school.
- Construction in progress for a high school expanded core space.
- Construction in progress for HVAC renovations at one middle school.
- Completion of HVAC replacement and renovations at one elementary school.

Following is a summary of the District's capital assets as of June 30, 2011, compared to June 30, 2010.

Schedule of Capital Assets
(net of accumulated depreciation)

	Governmental Activities	
	June 30, 2011	June 30, 2010
Land	\$ 49,997,414	\$ 48,013,281
Construction in Progress	106,146,043	80,090,455
Improvements Other Than Buildings	15,000,027	15,704,252
Buildings and Fixed Equipment	568,626,896	554,371,730
Furniture, Fixtures, and Equipment	18,184,094	15,139,512
Motor Vehicles	14,001,057	16,894,008
Investment In EFBD	6,425,019	6,574,148
Audio Visual Materials and Computer Software	650,425	807,979
Total	\$ 779,030,975	\$ 737,595,365

Additional information on the District's capital assets can be found in Notes 5 and 20 to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the District's long-term debt principal, excluding premiums and discounts, totals \$324,644,397. Of this amount, \$295,480,000 is outstanding bonded debt, \$18,779,496 is outstanding notes payable, \$669,702 is installment-purchases payable and \$9,715,199 is other long-term debt. Bonded debt constituted the largest portion of long-term debt at the end of the fiscal year and was comprised of \$12,755,000 of bonds issued on behalf of and by the State Board of Education (SBE) and backed by the full faith and credit of the State of Florida; \$72,385,000 outstanding in District Revenue Bonds; and \$210,340,000 in certificates of participation.

Following is a summary of the District's long-term debt as of June 30, 2011, compared to June 30, 2010.

Schedule of Outstanding Long-Term Debt (excluding premiums and discounts)

	Governmental Activities	
	June 30, 2011	June 30, 2010
State School (SBE) Bonds	\$ 12,755,000	\$ 13,485,000
District Revenue Bonds	72,385,000	76,030,000
Certificates of Participation	210,340,000	216,250,000
Notes Payable	18,779,496	21,374,409
Installment Purchases Payable	669,702	1,454,074
Other Long-Term Debt	9,715,199	9,519,989
Total Outstanding Long-Term Debt	<u>\$ 324,644,397</u>	<u>\$ 338,113,472</u>

The District's total debt decreased by \$13,469,075 or 4.0 percent, during the current fiscal year.

Additional information on the District's long term debt can be found in Notes 6 - 12 to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

As of June 2011, the U.S. Bureau of Labor Statistics reports the unemployment rate for Osceola County, Florida, at 11.1 percent. This is a decrease from the rate of 12.2 percent a year ago and is the same as the State's average unemployment rate of 11.1 percent.

During the current fiscal year, assigned plus unassigned fund balance in the General Fund increased by \$22,540,816 from the unreserved fund balance in the prior year (\$51,822,880 to \$74,363,696). This is due to a planned reduction in spending and the need to save for employee retention in future years when revenues decline due to the loss of stabilization funds.

REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Osceola County School District, 817 Bill Beck Boulevard, Kissimmee, Florida 34744.

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BASIC FINANCIAL STATEMENTS

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	\$ 125,642,366	\$ 16,767,918
Investments	101,611,292	
Accounts Receivable	1,235,145	337,712
Interest Receivable	141,792	
Deposits Receivable		132,544
Due from Other Agencies	6,356,685	512,325
Inventories	2,340,695	
Prepaid Items	1,239,717	89,441
Deferred Charges	2,869,861	1,562,317
Restricted Assets:		
Cash with Fiscal Agent	250,173	4,182,461
Capital Assets:		
Land	49,997,414	1,513,220
Construction in Progress	106,146,043	1,033,900
Improvements Other Than Buildings, Net	15,000,027	434,208
Buildings and Fixed Equipment, Net	568,626,896	33,403,278
Furniture, Fixtures and Equipment, Net	18,184,094	1,036,394
Motor Vehicles, Net	14,001,057	
Investment in Educational Facilities Benefit District, Net	6,425,019	
Audio Visual Materials and Computer Software, Net	650,425	
Total Assets	\$ 1,020,718,701	\$ 61,005,718
LIABILITIES		
Salaries and Benefits Payable	\$ 843,997	\$ 149,062
Payroll Deductions and Withholdings	2,891,951	
Accounts Payable	3,547,189	2,874,203
Construction Contracts Payable	3,718,854	
Construction Contracts Payable-Retainage	3,542,353	
Due to Other Agencies	4,121,475	1,267,131
Sales Tax Payable	3,103	
Unearned Revenue	662,426	278,801
Accrued Interest Payable	2,448,651	1,113,876
Estimated Insurance Claims Payable	4,941,729	
Long-Term Liabilities:		
Portion Due Within One Year:		
Bonds Payable	5,055,549	1,194,036
Notes Payable	2,734,530	
Installment-Purchases Payable	326,056	
Certificates of Participation Payable	6,966,347	
Compensated Absences Payable	1,880,364	
Educational Facilities Benefit District Agreement Payable	369,084	
Portion Due After One Year:		
Bonds Payable	81,901,611	47,524,356
Notes Payable	16,044,965	
Installment-Purchases Payable	343,646	
Certificates of Participation Payable	199,375,637	
Compensated Absences Payable	17,521,252	
Other Postemployment Benefits Payable	27,279,863	
Educational Facilities Benefit District Agreement Payable	9,346,115	
Total Liabilities	395,866,747	54,401,465
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	492,955,678	(7,703,912)
Restricted For:		
State Required Carryover Programs	12,101,236	
Debt Service		2,603,967
Capital Projects	61,013,337	54,557
Other Purposes	8,348,370	3,908,746
Unrestricted	50,433,333	7,740,895
Total Net Assets	624,851,954	6,604,253
Total Liabilities and Net Assets	\$ 1,020,718,701	\$ 61,005,718

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Component Units
FUNCTIONS						
Governmental Activities:						
Instruction	\$ 268,395,640	\$ 2,220,174	\$	\$	\$ (266,175,466)	\$
Pupil Personnel Services	21,854,182				(21,854,182)	
Instructional Media Services	4,517,888				(4,517,888)	
Instruction and Curriculum Development Services	15,053,689				(15,053,689)	
Instructional Staff Training Services	10,019,346				(10,019,346)	
Instruction Related Technology	3,371,658				(3,371,658)	
Board of Education	1,365,918				(1,365,918)	
General Administration	3,776,911				(3,776,911)	
School Administration	22,598,190				(22,598,190)	
Facilities Acquisition and Construction	11,792,702			11,019,085	(773,617)	
Fiscal Services	1,861,512				(1,861,512)	
Food Services	22,286,139	5,881,978	19,400,609		2,996,448	
Central Services	6,467,196				(6,467,196)	
Pupil Transportation Services	22,121,651	543,684	8,978,796		(12,599,171)	
Operation of Plant	28,932,290				(28,932,290)	
Maintenance of Plant	8,425,120				(8,425,120)	
Administrative Technology Services	3,334,012				(3,334,012)	
Community Services	4,194,564	2,774,330		23,505	(1,420,234)	
Interest on Long-term Debt	15,944,978				(15,921,473)	
Unallocated Depreciation Expense*	31,169,680				(31,169,680)	
Total Primary Government	\$ 507,483,266	\$ 11,420,166	\$ 28,379,405	\$ 11,042,590	(456,641,105)	(30,693,789)
Component Units:						
Charter Schools/Educational Foundation	\$ 34,803,480	\$ 133,564	\$ 3,765,763	\$ 210,364		
General Revenues:						
Taxes:						
Property Taxes, Levied for Operational Purposes					115,231,090	
Property Taxes, Levied for Capital Projects					27,606,863	
Local Sales Taxes					9,511,482	
Grants and Contributions Not Restricted to Specific Programs					294,754,205	31,417,023
Unrestricted Investment Earnings					2,099,168	18,687
Miscellaneous					15,930,845	370,642
Total General Revenues					465,133,653	31,806,352
Change in Net Assets					8,492,548	1,112,563
Net Assets - July 1, 2010					616,359,406	5,491,690
Net Assets - June 30, 2011					\$ 624,851,954	\$ 6,604,253

*This amount excludes the depreciation that is included in the direct expenses of the various functions.

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2011

	General Fund	Special Revenue - ARRA Economic Stimulus Funds	Debt Service - ARRA Economic Stimulus Funds	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 7,357,379	\$ 655,883	\$ 10,157	\$ 39,412,007	\$ 27,514,330	\$ 30,416,820	\$ 105,366,576
Investments	80,172,758			20,230,846		1,207,688	101,611,292
Accounts Receivable	198,987					883,343	1,082,330
Interest Receivable	92,165			42,537		7,090	141,792
Due from Other Funds	9,013,056			1,161,877			10,174,933
Due from Other Agencies	503,122	226,344		534,760			6,355,636
Inventories	1,805,173					535,522	2,340,695
Total Assets	\$ 99,142,640	\$ 882,227	\$ 10,157	\$ 61,382,027	\$ 27,514,330	\$ 38,141,873	\$ 227,073,254
LIABILITIES AND FUND BALANCES							
Liabilities:							
Salaries and Benefits Payable	\$ 576,421	\$ 53,741	\$	\$	\$	\$ 213,835	\$ 843,997
Payroll Withholdings and Deductions	2,587,615	65,691				238,646	2,891,952
Accounts Payable	1,183,240	49,888		292,286	751,100	640,403	2,916,917
Construction Contracts Payable				2,048,433	1,234,976	435,446	3,718,855
Construction Contracts Payable-Retainage				2,453,104	1,042,991	46,258	3,542,353
Due to Other Funds	5,972	33,972		71,642	6,253,699	2,645,109	9,010,394
Due to Other Agencies	3,136,425	678,935				306,115	4,121,475
Sales Tax Payable	2,642					461	3,103
Deferred Revenue	48,745					111,717	160,462
Total Liabilities	\$ 7,541,060	\$ 882,227		\$ 4,865,465	\$ 9,282,766	\$ 4,637,990	\$ 27,209,508
Fund Balances:							
Nonspendable	1,805,173					535,522	2,340,695
Restricted	15,432,710		10,157	56,516,562	18,231,564	32,283,570	122,474,563
Assigned	21,373,716					684,791	22,058,507
Unassigned	52,989,981			56,516,562	18,231,564	33,503,883	52,989,981
Total Fund Balances	\$ 91,601,580	\$ 882,227	\$ 10,157	\$ 61,382,027	\$ 27,514,330	\$ 38,141,873	\$ 227,073,254
TOTAL LIABILITIES AND FUND BALANCES							

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2011**

Total Fund Balances - Governmental Funds \$ 199,863,746

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	779,030,975
Deferred amount on refunding is not expensed in the government-wide statements, but is reported as deferred charges until the refunded bonds become defeased.	561,075
Debt issuance costs are not expensed in the government-wide statements, but are reported as deferred charges and amortized over the life of the debt.	2,308,786
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	15,183,006
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due.	(2,448,651)
Unearned revenue associated with impact fee credits are accrued in the government-wide statements but are not recognized in the governmental funds.	(501,964)
Long-term liabilities are not due and payable in the current period and , therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of :	
Bonds Payable	86,957,159
Notes Payable	18,779,496
Installment-Purchases Payable	669,702
Certificates of Participation Payable	206,341,984
Educational Facility Benefit District Agreement Payable	9,715,199
Compensated Absences Payable	19,401,616
Other Post-employment Benefits Obligations	27,279,863
	(369,145,019)

Total Net Assets - Governmental Activities \$ 624,851,954

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue - ARRA Economic Stimulus Funds	Debt Service - ARRA Economic Stimulus Funds	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Other Governmental Funds	Total Governmental Funds
REVENUES							
Intergovernmental:							
Federal Direct	\$ 431,224	\$	\$ 2,166,300	\$	\$	\$ 4,175,552	\$ 6,773,076
Federal Through State	209,242	38,950,378		2,472,979		46,858,248	86,017,868
State	229,722,383					3,990,015	236,185,377
Local:							
Property Taxes	114,386,042			6,768,300		27,606,863	141,992,905
Local Sales Taxes						9,511,482	9,511,482
Impact Fees						5,881,950	5,881,950
Changes for Services - Food Service				306,625	30,579	4,813,275	18,668,287
Miscellaneous	13,516,394		1,414				
Total Revenues	358,265,285	38,950,378	2,167,714	9,547,904	30,579	102,837,385	511,799,245
EXPENDITURES							
Current-Education:							
Instruction	218,626,888	32,014,813				16,223,698	266,865,399
Pupil Personnel Services	19,073,211	415,440				2,221,380	21,710,031
Instructional Media Services	1,575,322	2,911,653				13,315	4,500,290
Instruction and Curriculum Development Services	6,947,666	340,374				7,652,553	14,940,593
Instructional Staff Training Services	6,060,775	1,203,122				2,770,417	10,034,314
Instruction Related Technology	3,140,973	62,733				70,807	3,274,513
Board of Education	1,363,448					1,363,448	1,363,448
General Administration	1,840,127	381,277				1,520,648	3,742,052
School Administration	22,394,097	50,340				13,899	22,458,336
Facilities Services	2,193,475			5,589,078	185,449	3,824,761	11,792,763
Fiscal Services	1,818,535						1,818,535
Food Services	208,706						22,195,655
Central Services	6,162,006	18,044				188,402	6,368,452
Pupil Transportation Services	17,145,981	1,220,606				486,942	18,853,529
Operation of Plant	29,305,887						29,305,887
Maintenance of Plant	8,351,037					650	8,351,687
Administrative Technology Services	3,273,460	122,698					3,396,158
Community Services	271,122					3,903,777	4,174,899
Fixed Capital Outlay:							
Facilities Acquisition and Construction	457,872			42,269,023	15,615,775	8,259,347	66,602,017
Other Capital Outlay	755,337	209,278		4,079,998	307,801	506,896	5,859,310
Debt Service:							
Principal	302,519					13,731,766	14,034,285
Interest and Fiscal Changes	41,093		2,489,888		4,821	12,937,667	15,473,469
Total Expenditures	351,309,537	38,950,378	2,489,888	51,938,099	16,113,846	96,313,874	557,115,622
Excess (Deficiency) of Revenues Over Expenditures	6,955,748	(322,174)		(42,390,195)	(16,083,267)	6,523,511	(45,316,377)
OTHER FINANCING SOURCES (USES)							
Transfers In	13,940,656		332,331	2,273,620		16,601,633	33,148,240
Refunding Bonds Issued						1,205,000	1,205,000
Premium on Refunding Bonds				70,156		184,475	184,475
Proceeds from the Sale of Capital Assets							91,401
Insurance Loss Recoveries	91,401					(1,394,610)	(1,394,610)
Payments to Escrow Agent for Refunded Debt				(2,100,389)	(10,158)	(31,037,693)	(33,148,240)
Transfers Out	14,032,057		332,331	243,387	(10,158)	(14,441,195)	156,422
Total Other Financing Sources (Uses)	20,987,805		10,157	(42,146,808)	(16,093,425)	(7,917,684)	(45,159,955)
Net Change in Fund Balances	70,613,775			98,663,370	34,324,989	41,452,157	245,023,701
Fund Balances, July 1, 2010							
Fund Balances, June 30, 2011	\$ 91,601,580	\$	\$ 10,157	\$ 56,516,562	\$ 18,231,564	\$ 33,503,883	\$ 199,863,746

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ (45,159,955)

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

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

Capital outlays net of amounts not capitalized	72,461,327	
Depreciation Expense	<u>(34,311,270)</u>	38,150,057

Capital assets donated to the District increase net assets in the government-wide statements, but are not financial resources and, therefore, are not reported in the governmental funds. This is the value of capital assets donated during the current year. 3,561,720

The cost of capital assets disposed of during the current year is expensed in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balances by the undepreciated cost of the disposed assets. (276,167)

Proceeds of refunding debt are reported as other financing sources in the governmental funds, while payments to the escrow agent for advance-refunding of outstanding debt are shown as other financing uses. Government-wide statements are affected only to the extent these amounts differ. Other long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the net effect of these transactions. 14,028,686

Unearned revenues associated with impact fee credits are accrued in the government-wide statements, but are not recognized in the governmental funds. 720,882

Premiums and discounts on bonds issued along with debt issuance costs are reported in the governmental funds, in the year debt is issued, but are deferred and amortized over the life of the debt in the statement of activities. (300,743)

Deferred charges associated with long-term debt issued in a prior period are reported in the statement of activities, but are not a current financial resource and, therefore, are not reported in the governmental funds. This is the net decrease in deferred charges during the current period. (166,947)

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrues in the statement of activities. 9,070

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences paid in excess of the amount earned in the current period. (2,209,081)

In the statement of activities, the cost of other post-employment benefits is measured by the increase in the net OPEB obligation during the year, while on the governmental funds, expenditures are recognized based on the amounts actually paid for the OPEB costs. This is the amount of the increase in the OPEB obligation in excess of the amount paid in the current period. (5,348,699)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities. 5,483,725

Change in Net Assets of Governmental Activities \$ 8,492,548

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Governmental Activities - Internal Service Funds
	<u> </u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 20,525,962
Accounts Receivable	10,668
Prepaid Items	1,239,718
Due from Other Agencies	1,049
Total Assets	<u><u>\$ 21,777,397</u></u>
 LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 624,300
Due to Other Funds	1,028,363
Estimated Insurance Claims Payable	4,941,728
Total Liabilities	<u><u>6,594,391</u></u>
 NET ASSETS	
Unrestricted	15,183,006
Total Liabilities and Net Assets	<u><u>\$ 21,777,397</u></u>

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	\$ 54,172,865
Cash Payments to Vendors for Goods and Services	(45,452,053)
Net Cash Provided by Operating Activities	8,720,812
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	8,577
Net Cash Provided by Investing Activities	8,577
Net Increase in Cash and Cash Equivalents	8,729,389
Cash and Cash Equivalents, Beginning	11,796,573
Cash and Cash Equivalents, Ending	\$ 20,525,962
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 5,475,148
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(10,668)
Decrease in Due from Other Funds	3,000,000
Decrease in Due from Other Agencies	22,970
Decrease in Prepaid Items	117,576
Decrease in Accounts Payable	(130,186)
Increase in Due to Other Funds	727,784
Decrease in Estimated Insurance Claims Payable	(481,812)
Total Adjustments	3,245,664
Net Cash Provided by Operating Activities	\$ 8,720,812

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2011

	Agency Funds
	<hr/>
ASSETS	
Cash and Cash Equivalents	\$ 6,136,016
Accounts Receivable	16,920
Due from School Board	5,972
Total Assets	<hr/> \$ 6,158,908 <hr/>
 LIABILITIES	
Payroll Deductions and Withholdings	\$ 6,792
Accounts Payable	3,197,590
Due to School Board	147,747
Internal Accounts Payable	2,806,779
Total Liabilities	<hr/> \$ 6,158,908 <hr/>

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

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

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

Blended Component Units. The District's employee group health and life insurance program, described in Note 21, is administered through the Osceola County District School Board Group Health and Life Insurance Trust. Assets necessary to fund the program are transferred to the Trust; however, under the terms of the Trust agreement, the District retains control of the assets. Therefore, the financial activities of the Trust are reported in the District's financial statements. Separate financial statements for the Trust are not published.

The Osceola School Board Leasing Corporation, Inc. (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment. The governing board of the Leasing Corporation is the Board. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

Discretely Presented Component Units. The component units' columns in the government-wide financial statements include the financial data of the District's other component units as follows:

The Foundation for Osceola Education, Inc., is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to provide charitable and educational aid to the Board, to promote education, and to encourage research, learning, and dissemination of information. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit. An annual audit of the organization's financial statements is conducted by an independent certified public accountant and is filed in the District's administrative office.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

The Bellalago Educational Facilities Benefit District (Bellalago Benefit District) is a separate district organized pursuant to Chapter 125, Florida Statutes, and Section 1013.355, Florida Statutes, to provide for the timely construction and maintenance of school facilities. The Bellalago Benefit District is an alternate mechanism that allows for the sharing of educational facilities costs that are necessary to accommodate new growth and development. The Benefit District has imposed a specific financial burden on the Osceola County School District and is considered fiscally dependent in accordance with the criteria described in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. An audit of the Bellalago Benefit District's annual financial statements is conducted by an independent certified public accountant and is filed in the District's administrative office.

The Flora Ridge Education Facilities Benefit District (Flora Ridge Benefit District), was also organized pursuant to Chapter 125, Florida Statutes and Section 1013.355, Florida Statutes, to provide for timely construction and maintenance of school facilities. The Flora Ridge Benefit District is an alternate mechanism that allows for the sharing of educational facilities costs that are necessary to accommodate new growth and development. The Benefit District has imposed a specific financial burden on the Osceola County School District and is considered fiscally dependant in accordance with the criteria described in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. An audit of the Flora Ridge Benefit District's annual financial statements is conducted by an independent certified public accountant and is filed in the District's administrative office.

A member of the Osceola County School District has been appointed to the board of each Benefit District.

The New Dimensions High School, Inc., Four Corners Charter School, Inc., and New Alternative Education High School of Osceola County, Inc., are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act; and Section 1002.33, Florida Statutes, to enhance the education of those Osceola County students attending these schools. The charter schools operate under a charter approved by their sponsor, the Osceola County District School Board. The charter schools are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for their support. Audits of the charter schools' financial statements are conducted by independent certified public accountants and are filed in the District's administrative office.

➤ **Basis of Presentation and Measurement Focus**

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

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The effects of inter-fund activity have been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – ARRA Economic Stimulus Funds - to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA).
- Debt Service – ARRA Economic Stimulus Funds – to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and fees related to Qualified School Construction Bonds.
- Capital Projects – Other Fund – to account for other miscellaneous funds from various sources which are restricted for capital outlay purposes.
- Capital Projects – ARRA Economic Stimulus Funds – to account for ARRA Federal grant resources to be used for educational capital outlay needs.

Additionally, the District reports the following proprietary and fiduciary fund types:

- Internal Service Funds – to account for the District's individual self-insurance programs.
- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities, and to account for the various resources of the Educational Facilities Benefit District accounted for by the District.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary Funds are accounted for as proprietary activities under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by the Governmental Accounting Standards Board. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums and general and automobile liability insurance premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The charter schools, the Foundation for Osceola Education, Inc., and the Benefit Districts, are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

➤ **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, cash with fiscal agent, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include money market funds and amounts placed with the State Board of Administration (SBA) in Florida PRIME, formerly known as the Local Government Surplus Trust Fund Investment Pool.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

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

The District's investments in Florida PRIME, which 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. These investments are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.78965331 at June 30, 2011. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to Florida PRIME, 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 Florida PRIME.

Investments made locally consist of money market funds and nonnegotiable certificates of deposit and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

➤ **Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories held at the maintenance department, central warehouse and for the District's food service program are stated at cost valued on a weighted-average basis, except that United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. Transportation inventories are stated at cost based on last invoice, which approximates the first-in, first-out basis. The costs of inventories are recorded as expenditures when used rather than purchased.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000 for tangible personal property and \$25,000 for real property. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	8 - 40 years
Buildings, Fixed Equipment, and Educational Facilities Benefit District	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	3 - 5 years

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

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

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

➤ **State Revenue Sources**

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

The State provides financial assistance to administer certain educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The Department generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the unencumbered balance of categorical and earmarked educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District also received an allocation under the Classrooms for Kids Program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department.

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

➤ **District Property Taxes**

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

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

The School Board adopted the 2010 tax levy on September 7, 2010. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1, and are delinquent on April 1 of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Osceola County Tax Collector at fiscal year-end but not yet remitted to the District.

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

➤ **Educational Impact Fees**

Osceola County imposes an educational impact fee based on an ordinance adopted by the County Commission in 1992. This ordinance has been amended from time to time, most recently in August 2010, when Ordinance No. 10-11 established the revised rates to be collected. The educational impact fee is collected for all new residential construction within the County. The fees are collected by the County and each municipality within the County based on an interlocal agreement. The fees can only be used for capital expenditures directly affected by new residential growth. Educational impact fee revenues are recognized similar to that for property taxes, but are reported as program revenue in the government-wide financial statements. Educational impact fee credits granted in exchange for land are shown in the government-wide financial statements as unearned revenue until the credits are used, at which time the revenues are recognized.

➤ **Federal Revenue Sources**

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

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

3. INVESTMENTS

As of June 30, 2011, the District has the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration (SBA):		
Florida PRIME (1)	31 Day Average	\$ 12,435,080
Fund B Surplus Funds Trust Fund (Fund B)(2)	7.16 Year Average	1,118,434
Debt Service Accounts	6 Months	310,714
PFM Funds Money Market Fund (1)	47 Day Average	27,379,488
First American Money Market Fund (1)(3)	38 Day Average	40,340
Florida Education Investment Trust Fund (1)	7 Day Average	19,008,604
US Treasury Bonds	1.86 Year Average	45,696,501
Federal Agency Bonds	1.86 Year Average	54,485,643
		<hr/>
Total Investments		<u>\$ 160,474,804</u>

Notes:

(1) Investments classified as cash equivalents

(2) Includes \$99,119, which is being held under a trust agreement in connection with the Certificates of Participation, Series 2002A.

(3) Amount is being held under trust agreements in connection with various Certificate of Participation issues.

Interest Rate Risk

- The District's investment policy limits investments to a maximum of five years and the investment of current operating funds to no longer than two years.
- Florida PRIME had a weighted average days to maturity (WAM) of 31 days at 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 portfolio to interest rate changes. Fund B had a weighted average life (WAL) of 7.16 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL, which also measures the sensitivity of the portfolio to interest rate changes, is based on legal final maturity dates for Fund B as of June 30, 2011. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Credit Risk

- The District's investment policy allows for investments in certificates of deposit, time deposits, securities of the United States Government, other forms of authorized investments described in the Florida Statutes, and money market funds that are rated "AAAF", "AAm" or "AAm-G" or better by Standard & Poor's, or the equivalent by another rating agency.
- The District's investments in SBA Debt Service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by SBA for managing interest rate risk and credit risk for this account.
- As of June 30, 2011, the District's investments in Florida PRIME and the Florida Education Investment Trust Fund are rated "AAAm" by Standard & Poor's. All other rated investments were rated AAA by Standard & Poor's. Fund B is unrated.

Concentration of Credit Risk

- The District's investment policy limits the amounts the District may invest in any one issuer. This policy is in effect for funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.

4. RECEIVABLES

The majority of receivables are due from other agencies. These receivables and the remaining accounts receivable are considered to be fully collectible. As such, no allowance for uncollectible accounts receivable is accrued.

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	<u>Balance 6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2011</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land & Improvements	\$ 48,013,281	\$ 1,984,133	\$ -	\$ 49,997,414
Construction in Progress	80,090,455	64,631,437	38,575,849	106,146,043
Total Capital Assets Not Being Depreciated	<u>128,103,736</u>	<u>66,615,570</u>	<u>38,575,849</u>	<u>156,143,457</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	30,767,148	1,085,778	-	31,852,926
Buildings and Fixed Equipment	750,100,767	37,490,070	13,641	787,577,196
Furniture, Fixtures, and Equipment	52,567,813	9,087,693	4,019,712	57,635,794
Investment in Educational Facilities Benefit				
District	8,255,001	-	-	8,255,001
Motor Vehicles	35,515,290	112,167	492,882	35,134,575
Audio-Visual Materials	56,555	10,500	2,495	64,560
Computer Software	6,418,294	197,114	160,065	6,455,343
Total Capital Assets Being Depreciated	<u>883,680,868</u>	<u>47,983,322</u>	<u>4,688,795</u>	<u>926,975,395</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	15,062,896	1,790,003	-	16,852,899
Buildings and Fixed Equipment	195,729,037	23,234,904	13,641	218,950,300
Furniture, Fixtures, and Equipment	37,428,301	5,770,348	3,746,949	39,451,700
Investment in Educational Facilities Benefit				
District	1,680,853	149,129	-	1,829,982
Motor Vehicles	18,621,282	3,005,118	492,882	21,133,518
Audio-Visual Materials	41,383	6,869	2,495	45,757
Computer Software	5,625,487	354,899	156,665	5,823,721
Total Accumulated Depreciation	<u>274,189,239</u>	<u>34,311,270</u>	<u>4,412,632</u>	<u>304,087,877</u>
Total Capital Assets Being Depreciated, Net	<u>609,491,629</u>	<u>13,672,052</u>	<u>276,163</u>	<u>622,887,518</u>
Governmental Activities Capital Assets, Net	<u>\$ 737,595,365</u>	<u>\$ 80,287,622</u>	<u>\$ 38,852,012</u>	<u>\$ 779,030,975</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ 3,141,590
Unallocated	31,169,680
Total Depreciation Expense - Governmental Activities	<u>\$ 34,311,270</u>

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

6. INSTALLMENT-PURCHASES PAYABLE

The classes and amounts of property acquired under installment-purchase agreements are as follows:

	<u>Asset Balance</u>
Copy Machines	\$ 280,922
Maintenance Trucks	168,916
Capitalized Property Under Installment-Purchases	449,838
Districtwide Energy Contract	2,371,566
Total	\$ 2,821,404

Future minimum installment-purchase payments and the present value of the minimum installment-purchase payments as of June 30 are as follows:

Fiscal Year Ending June 30	Installment-Purchases Payable		
	Total	Principal	Interest
2012	\$ 352,975	\$ 326,056	\$ 26,919
2013	261,975	250,366	11,609
2014	94,677	93,280	1,397
Total	\$ 709,627	\$ 669,702	\$ 39,925

The stated and imputed interest rates range from 3.96 to 4.67 percent.

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

7. NOTES PAYABLE

Notes payable are comprised of the following:

	Balance at 6/30/2011
School District of Indian River County, Florida	
Pursuant to Section 1013.68(6), Florida Statutes, the Board entered into an inter-local agreement in which the Board received \$9,308,048 in Classrooms First Funds allocated to Indian River County District School Board by the State of Florida. In return, the Board agreed to pay Indian River County District School Board the Classrooms First Funds it would have otherwise received from the State. The effective interest rate on the loan is 5.776 percent. Proceeds were used as capital funding for new school construction. The Board's intent is to repay the loan and related interest in 15 annual installments of \$897,039 through August 1, 2016.	\$ 4,442,202
School District of Collier County, Florida	
Pursuant to Section 1013.68(6), Florida Statutes, the Board entered into an inter-local agreement in which the Board received \$29,176,952 in Classrooms First Funds allocated to Collier County District School Board by the State of Florida. In return, the Board agreed to pay Collier County District School Board the Classrooms First Funds it would have otherwise received from the State. The effective interest rate on the loan is 5.26 percent. Proceeds were used as capital funding for new school construction. The Board's intent is to repay the loan and related interest in 105 installments of \$401,693, seven per year, through May 31, 2017.	14,337,294
Total Notes Payable	\$ 18,779,496

Amounts payable for the planned extended repayment of the Section 1013.68, Florida Statutes, interlocal agreements are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2012	\$ 3,708,892	\$ 2,734,531	\$ 974,361
2013	3,708,892	2,881,673	827,219
2014	3,708,892	3,036,746	672,146
2015	3,708,892	3,200,178	508,714
2016	3,708,892	3,372,420	336,472
2017	3,708,892	3,553,948	154,944
Total	\$ 22,253,352	\$ 18,779,496	\$ 3,473,856

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

8. EDUCATIONAL FACILITIES BENEFIT DISTRICT AGREEMENT PAYABLE

Pursuant to Section 1013.355, Florida Statutes, the District entered into an interlocal agreement with Osceola County, Florida, dated September 15, 2003, authorizing the creation of the Bellalago Educational Facilities Benefit District (Benefit District). The purpose of the Benefit District is to finance the construction of school facilities using a combination of sources, including impact fees, non-ad valorem assessments from homeowners, charter capital, and payments from the District. The District also entered into a charter contract on April 6, 2004, with the Foundation for Osceola Education, Inc. (Foundation), creating Bellalago Charter School. The Foundation entered into an interlocal agreement with the Benefit District under which it agreed to pay to the Benefit District any charter capital received in exchange for use of the school facilities. On December 16, 2003, the District entered into an interlocal funding agreement with the Benefit District and Avatar Properties, Inc., to formalize the obligations of the parties. Under the terms of this agreement, the District is obligated to pay the portion of debt service on bonds issued by the Benefit District not otherwise funded by impact fees, non-ad valorem assessments, and charter capital. Phase I of the construction was funded through bonds issued by the Benefit District at a rate of 6.05 percent. Phase II of the construction was funded by issuing a second series of bonds by the Benefit District at a rate of 5.83 percent.

Estimated amounts payable for the Benefit District agreement are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2012	790,529	369,084	421,445
2013	777,960	372,526	405,434
2014	763,427	374,153	389,274
2015	756,634	383,590	373,044
2016	742,431	386,028	356,403
2017-2021	3,541,579	2,015,947	1,525,632
2022-2026	3,216,328	2,138,583	1,077,745
2027-2031	2,858,540	2,254,632	603,908
2032-2035	1,545,551	1,420,655	124,896
Total	\$ 14,992,979	\$ 9,715,198	\$ 5,277,781

The amounts that may be required from the District in the future are dependent on the amount of charter capital received which is dependent on enrollment at the school and the level of funding appropriated annually by the Legislature.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
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9. CERTIFICATES OF PARTICIPATION

Certificates of Participation at June 30, 2011, are as follows:

Series	Amount Outstanding	Interest Rate	Lease Term Maturity	Original Amount
2002 COPS (Partially Refunded)	475,000	4.375 - 4.5	2012	59,730,000
2004 COPS, Series A	52,645,000	3.0 - 5.0	2028	63,245,000
2004 COPS, Series B and C, Refunding	12,420,000	3.0 - 5.0	2019	18,850,000
2005 COPS Refunding	11,515,000	3.25 - 4.5	2025	12,095,000
2007 COPS, Series A and B Refunding	61,870,000	3.625 - 4.5	2027	62,755,000
2009 COPS Refunding	30,915,000	3.0 - 5.0	2024	35,165,000
2010 COPS, Series A (QSCB)	40,500,000	6.658 (1)	2027	40,500,000
Total	210,340,000			
Plus Unamortized Premium	1,442,845			
Less: Deferred Amount on Refunding Debt	(5,440,861)			
Total Certificates of Participation	<u>\$ 206,341,984</u>			

Note (1): The Series 2010A Lease is designated as a "qualified school construction bond" as defined in Section 54F of the Internal Revenue Code, and pursuant to Section 6431 of the Code, the School Board has elected to receive federal subsidy payments on each interest payment date for the Series 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates on such date or the amount of interest which would have been payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate for the Series 2010A Certificates pursuant to Section 54A(b)(3) of the Code.

The District entered into a master financing arrangement on April 1, 1992, which arrangement was characterized as a lease-purchase agreement, with the Osceola School Board Leasing Corporation, Inc., whereby the District secured financing of various educational facilities. The financings were accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given ground leases on District properties to the Osceola School Board Leasing Corporation, Inc., with a rental fee of \$1 per year. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the sites included under the various Ground Lease Agreements for the benefit of the securers of the Certificates for a period of time specified by the arrangement as follows:

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
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<u>Certificates</u>	<u>Lease Term</u>
Series 2002	Earlier of date paid in full or May 31, 2032
Series 2004A	Earlier of date paid in full or June 30, 2028
Series 2004 B and C	Earlier of date paid in full or June 30, 2019
Series 2005	Earlier of date paid in full or June 30, 2034
Series 2007	Earlier of date paid in full or June 30, 2027
Series 2009	Earlier of date paid in full or June 30, 2024
Series 2010	Earlier of date paid in full or April 30, 2032

The District properties included in the ground leases under this arrangement include the following:

Series 2002 and 2007, Refunding	Celebration High School, Poinciana High School Auditorium, and the Osceola County School for the Arts
Series 2004A, B, and C, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Kissimmee Elementary School, Liberty High School, and Chestnut Elementary School
Series 2005, Refunding	Four Corners Charter School
Series 2009, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Horizon Middle School, Osceola High School Classroom Addition and Labs, and Kissimmee Elementary School
Series 2010	Osceola High School Renovations, Thacker Avenue Elementary School Renovations, and Highlands Elementary School Renovations

The lease payments are payable by the District, semiannually, on June 1 and December 1 for Series 2002, 2004, 2007, and 2009; February 1 and August 1 for Series 2005; and a bullet maturity due on April 1, 2027 for Series 2010. The following is a schedule by years of future minimum lease payments under the lease agreements together with the present value of minimum lease payments as of June 30:

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
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Fiscal Year Ending June 30	Total	Principal	Interest
2012	17,270,275	7,220,000	10,050,275
2013	17,262,588	7,460,000	9,802,588
2014	17,266,731	7,720,000	9,546,731
2015	17,267,575	8,045,000	9,222,575
2016	17,259,150	8,355,000	8,904,150
2017-2021	86,306,874	47,615,000	38,691,874
2022-2026	85,209,216	58,200,000	27,009,216
2027-2028	70,178,565	65,725,000	4,453,565
Total Minimum Lease Payments	<u>\$ 328,020,974</u>	210,340,000	<u>\$ 117,680,974</u>
Plus: Unamortized Premium		1,442,845	
Less: Deferred Amount on Refunding Debt		<u>(5,440,861)</u>	
Total Certificates of Participation		<u>\$ 206,341,984</u>	

QUALIFIED SCHOOL CONSTRUCTION BONDS

The District issued Certificates of Participation (COPs) dated April 29, 2010, under the Qualified School Construction Bond (QSCB) Program pursuant to Section 54F of the United States Internal Revenue Code of 1986 as amended (the Code). The QSCB Program provides for an issuer interest rate subsidy on certain bonds or COPs. The School District of Osceola County received an approved allocation of funds from the Florida Department of Education sufficient for the designation of the Series 2010A COP as a QSCB under the Code. Pursuant to Section 6431 of the Code, the District has elected to receive Federal subsidy payments (the Issuer Subsidy) from the United States Treasury on each interest payment date for the 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate pursuant to Section 54A(b)(3) of the Code. The tax credit rate which would have been applicable to the Series 2010A Certificates is 5.80 percent.

The Series 2010A Certificates were issued in the amount of \$40,500,000. Interest payments are to be made to the holders of the Certificates on April 1st and October 1st of each year at the stated coupon rate of 6.658 percent with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on April 1, 2027. Beginning in 2013, the District is to deposit \$2,173,958 into a Sinking Fund annually on April 1st. The accumulated amount in this fund plus interest at a projected 3 percent is to be used to repay the principal amount of these certificates upon maturity.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

10. BONDS PAYABLE

Bonds payable at June 30, 2011, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To	Original Amount
State School Bonds:				
Series 2002A	580,000	4.0 - 5.0	2022	935,000
Series 2003A	1,435,000	3.00 - 4.25	2023	1,985,000
Series 2004A	1,175,000	3.35 - 4.625	2024	1,595,000
Series 2005A	1,340,000	4.0 - 5.0	2025	1,685,000
Series 2005A, Refunding	3,415,000	4.0 - 5.0	2017	5,160,000
Series 2005B, Refunding	1,340,000	5.0	2020	1,715,000
Series 2006A	1,550,000	4.0 - 4.625	2026	1,810,000
Series 2009A, Refunding	715,000	3.0 - 5.0	2019	870,000
Series 2010A, Refunding	1,205,000			
District Revenue Bonds:				
Sales Tax Revenue Series 2007A	40,620,000	3.6 - 5.0	2025	47,580,000
Sales Tax Revenue Series 2007B	31,765,000	3.5 - 5.0	2024	32,255,000
Total Bonds	85,140,000			
Plus: unamortized bond premium	3,754,236			
Less: deferred amount on refunding	(1,937,077)			
Total Bonds Payable	<u>\$ 86,957,159</u>			

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

➤ **State School Bonds**

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

➤ **District Revenue Bonds**

The School Board issued Sales Tax Revenue Bonds, Series 2001, in the amount of \$42,325,000 on May 1, 2001. These bonds are authorized by Chapter 1001, Florida Statutes, and Chapter 212, Part I, Florida Statutes. A resolution providing for the issuance of the bonds was adopted by the School Board on April 24, 2001. Proceeds of the discretionary local government infrastructure sales tax surtax received by the District pursuant to an interlocal agreement between Osceola County, the cities of Kissimmee and St. Cloud, and the District are pledged for the payment of bonds. Proceeds of the bonds were used to finance construction of new school facilities and renovations of existing school facilities.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
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The School Board issued Sales Tax Revenue Bonds, Series 2007A and 2007B on April 12, 2007, totaling \$47,580,000 and \$32,255,000, respectively. These bonds are authorized by Chapter 1001, Florida Statutes and Chapter 212, Part I, Florida Statutes. A resolution providing for the issuance of the bonds was adopted by the Board on March 20, 2007. Proceeds of the discretionary local government infrastructure sales tax surtax received by the District pursuant to an interlocal agreement between Osceola County, the cities of Kissimmee and St. Cloud, and the District are pledged for the payment of bonds. Proceeds of the 2007A bonds were used to finance the acquisition, construction, reconstruction, renovation, and equipping of certain capital improvements and educational facilities within the District. Proceeds of the 2007B bonds were used to advance-refund a portion of the District's outstanding Sales Tax Revenue Bonds, Series 2001.

The District has pledged a combined total of \$108,481,063 of discretionary surtax sales revenues (sales tax revenues) in connection with the Series 2001, 2007A and 2007B Sales Tax Revenue Bond issues described above. During the 2010-11 fiscal year, the District recognized sales tax revenues totaling \$9,511,482 and expended \$7,234,743 (76 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax revenues are committed until final maturity of the debt, or June 1, 2025. Assuming a nominal growth rate in the collection of sales tax revenues, which are levied through June 30, 2025, approximately 51 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

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

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2012	1,716,261	1,125,000	591,261
2013	1,748,343	1,210,000	538,343
2014	1,746,990	1,265,000	481,990
2015	1,757,021	1,335,000	422,021
2016	1,753,325	1,395,000	358,325
2017-2021	5,343,885	4,370,000	973,885
2022-2026	2,274,950	2,055,000	219,950
Total State School Bonds	16,340,775	12,755,000	3,585,775
District Revenue Bonds:			
2012	7,231,103	3,790,000	3,441,103
2013	7,229,877	3,950,000	3,279,877
2014	7,234,678	4,125,000	3,109,678
2015	7,229,687	4,300,000	2,929,687
2016	7,234,687	4,520,000	2,714,687
2017-2021	36,159,588	26,055,000	10,104,588
2022-2025	28,929,000	25,645,000	3,284,000
Total District Revenue Bonds	101,248,620	72,385,000	28,863,620
Total	\$ 117,589,395	\$ 85,140,000	\$ 32,449,395

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

11. DEFEASED DEBT

The Florida Department of Education issued Capital Outlay Refunding Bonds, Series 2010A, dated October 14, 2010, with an average interest rate of 4.82 percent, to refund callable portions of the District's State School Bonds, Series 2001A and Series 2002A. The Refunding Bonds are being issued to refund the \$720,000 principal amount of the District's State School Bonds, Series 2001A, that mature on or after January 1, 2012 and to refund the \$485,000 principal amount of the District's State School Bonds, Series 2002A, that mature on or after January 1, 2013.

The District's pro rata share of net proceeds totaling \$1,394,610 (after deduction of \$11,496 by the Florida Department of Education for the District's pro rata share of underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for future debt service payments. Of this amount, \$833,535 related to the Series 2001A bonds which were retired on January 1, 2011. As a result, \$720,000 of the State School Bonds, Series 2001A are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

The remaining escrow payment of \$561,075 related to the Series 2002A bonds which was invested in the state treasury and not considered essentially risk-free. Therefore, the refunding of the callable portion of the Series 2002A bond issue is not considered an in-substance defeasance. The total outstanding amount of the Series 2002A bond issue (including the \$485,000 principal refunded) is still presented as a long-term liability on the face of the financial statements, and the \$561,075 payment to bond escrow agent is reported as a deferred asset at June 30, 2011. A loss on refunding will be recognized in the subsequent year, when the refunding becomes an in-substance defeasance and the debt is retired.

The Series 2001A bonds were issued to reduce the total debt service payments over the next 10 years by approximately \$234,626 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$221,141.

On June 30, 2011, the following are considered defeased in substance:

<u>Series</u>	<u>Amount Defeased in Substance</u>
Certificates of Participation, Series 2002	\$57,620,000
Sales Tax Revenue Bonds, Series 2001	\$34,595,000
State School Bonds, Series 2001A	\$835,000

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12. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-10	Additions	Deductions	Balance 6-30-11	Due in One Year
GOVERNMENTAL ACTIVITIES					
Installment-Purchases Payable	\$ 1,454,074	\$ -	\$ 784,372	\$ 669,702	\$ 326,056
Notes Payable	21,374,409	-	2,594,914	18,779,495	2,734,530
Bonds Payable	91,284,157	1,390,940	5,717,937	86,957,160	5,055,549
Certificates of Participation Payable	211,997,778	-	5,655,794	206,341,984	6,966,347
Educational Facilities Benefit District Agreement Payable	9,519,989	195,210	-	9,715,199	369,084
Other Postemployment Benefits Payable	21,931,164	7,467,458	2,118,759	27,279,863	-
Compensated Absences Payable	17,192,535	6,439,751	4,230,670	19,401,616	1,880,364
Total Governmental Activities	<u>\$ 374,754,106</u>	<u>\$ 15,493,359</u>	<u>\$ 21,102,446</u>	<u>\$ 369,145,019</u>	<u>\$ 17,331,930</u>

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

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**OSCEOLA COUNTY
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13. FUND BALANCE REPORTING

The District has adopted GASB 54 as part of its 2010-11 fiscal year reporting. The intention of GASB 54 is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of these resources. GASB 54 provides for two major types of fund balances, which are non-spendable and spendable.

Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District has inventory items that are considered non-spendable. The District has no non-spendable funds related to prepaid items or endowments.

In addition to the non-spendable fund balances, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority, requiring an ordinance or resolution by the governing body.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Assignments may be made only by the governing body or official.
- Unassigned: fund balances of the general fund that are not constrained for any particular purpose.

The District has classified its fund balance within the following hierarchy:

Non-spendable: The District has inventory of \$2,340,695 classified as non-spendable.

Spendable: The District has classified the spendable fund balances as *Restricted*, *Assigned* and *Unassigned* and considers each to have been spent when expenditures are incurred. The District currently has no fund balances classified as *Committed*.

**OSCEOLA COUNTY
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- Restricted for State Categoricals, Debt Service, Capital Projects, and Grants and Programs:

Florida Statute requires that certain revenues be specifically designated for the purposes of capital and debt service requirements and for certain designated state categorical spending. These funds have been included in the restricted category of fund balance. The restricted fund balances for State Categoricals, Debt Service, Capital Projects, and Grants and Programs total \$122,474,563 and are \$12,101,237, \$1,827,424, \$97,401,579, and \$11,144,322, respectively.

- Assigned for Contract Commitments, Carryover Appropriations, Projected Operating Deficit, and Other Programs:

The School Board has set aside certain spendable fund balances for contract commitments, carryover appropriations, a projected operating deficit, and other programs. For fiscal year 2011, the assigned fund balance is \$22,058,507 of which \$1,161,994 is for contract commitments, \$511,722 is for carryover appropriations, \$19,700,000 is for a projected operating deficit, and \$684,791 are for other programs.

- Unassigned:

The unassigned fund balance for the General Fund is \$52,989,981.

	Major Funds					Total Governmental Funds
	General Fund	Debt Service Fund - ARRA Economic Stimulus Funds	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Nonmajor Governmental Funds	
Fund Balances						
Nonspendable:						
Inventory	\$ 1,805,174	\$ -	\$ -	\$ -	\$ 535,521	\$ 2,340,695
Restricted:						
State Categoricals	12,101,237	-	-	-	-	12,101,237
Debt Service	-	10,157	-	-	1,817,267	1,827,424
Capital Projects	-	-	56,516,562	18,231,564	22,653,453	97,401,579
Grants and Programs	3,331,473	-	-	-	7,812,850	11,144,323
Assigned:						
Contract Commitments	1,161,994	-	-	-	-	1,161,994
Carryover Appropriations	511,722	-	-	-	-	511,722
Projected Operating Deficit	19,700,000	-	-	-	-	19,700,000
Other Programs	-	-	-	-	684,791	684,791
Unassigned	52,989,981	-	-	-	-	52,989,981
Total Fund Balances	91,601,581	10,157	56,516,562	18,231,564	33,503,882	199,863,746

**OSCEOLA COUNTY
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The District has set aside “contingency reserves” as per School Board Rule 7.10 to help sustain the financial stability of the District during times of emergency spending for items such as disaster recovery and revenue shortfalls that could potentially occur after the current year’s budget adoption. School Board Rule 7.10 requires an amount equal to 6 percent of the current year’s annual estimated general fund revenues to be reserved for contingency purposes. The Superintendent shall obtain approval from the School Board if at any time it is projected that this balance will not be maintained. The contingency funds of \$22,300,000 are included as part of the unassigned general fund balance of \$52,989,981.

14. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description. The Other Postemployment Benefits Plan (Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provision of Section 112.0801, Florida Statutes, employees who retire from the District, and eligible dependants, may continue to participate in the District’s health and hospitalization plan for medical and prescriptions and life insurance coverage. The District subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The Plan does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System or another entity.

Funding Policy. Plan contribution requirements of the District and Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-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, 341 retirees received other postemployment healthcare benefits, and another 114 retirees received only life insurance benefits. The District provided required contributions of \$2,118,759 toward the annual OPEB cost, net of retiree contributions totaling \$1,759,974, which represents 1 percent of covered payroll.

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

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 5,101,305
Amortization of Unfunded Actuarial Accrued Liability	2,041,247
Interest on Normal Cost and Amortization	<u>285,702</u>
Annual Required Contribution	7,428,254
Interest on Net OPEB Obligation	877,247
Adjustment to Annual Required Contribution	<u>(838,043)</u>
Annual OPEB Cost (Expense)	7,467,458
Contribution Toward the OPEB Cost	<u>(2,118,759)</u>
Increase in Net OPEB Obligation	5,348,699
Net OPEB Obligation, Beginning of Year	<u>21,931,164</u>
Net OPEB Obligation, End of Year	<u><u>\$ 27,279,863</u></u>

**OSCEOLA COUNTY
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The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2011 and the preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Beginning July 1, 2008				
June 30, 2009	\$ 5,880,825	\$ 1,354,740	23.0%	\$ 17,521,683
June 30, 2010	6,300,750	1,891,269	30.0%	21,931,164
June 30, 2011	7,467,458	2,118,759	28.4%	27,279,863

Funded Status and Funding Progress. As of June 30, 2011, the most recent valuation date, the actuarial accrued liability for benefits was \$56,466,367, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability of \$56,466,367. The covered payroll (annual payroll for active participating employees) was \$239,564,716, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 23.57 percent.

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

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.

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The District's last OPEB actuarial valuation as of June 30, 2011, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution as of June 30, 2011. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, and an annual healthcare cost trend rate of 10.5 percent pre Medicare and 7.5 percent post Medicare initially for the 2010-11 fiscal year, reduced to an ultimate rate of 5.5 percent for the fiscal year ending June 30, 2018. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis over 30 years. The remaining amortization period at June 30, 2011, is 26 years.

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15. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 9,013,056	\$ 5,972
Special Revenue:		
ARRA Economic Stimulus	-	33,972
Capital Projects:		
Other	1,161,877	71,642
ARRA Economic Stimulus	-	6,253,700
Nonmajor Governmental	-	2,645,109
Internal Service	-	1,028,363
Agency	5,972	142,147
Total	<u>\$ 10,180,905</u>	<u>\$ 10,180,905</u>

The interfund amounts represent temporary loans to cover expenditures incurred prior to reimbursement from outside sources. Agency fund payables represent fees collected on behalf of the School District which were not remitted until after year end. These amounts are expected to be repaid within one year.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 13,940,656	\$ -
Debt Service:		
ARRA Economic Stimulus	332,331	-
Capital Projects:		
Other	2,273,620	2,100,389
ARRA Economic Stimulus	-	10,158
Nonmajor Governmental	16,601,633	31,037,693
Total	<u>\$ 33,148,240</u>	<u>\$ 33,148,240</u>

The major transfers out of the Capital Projects funds were to provide debt service principal and interest payments and to assist in funding maintenance operations of the District. The remaining transfers between funds were operational in nature.

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16. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2010-11 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 160,416,080
Categorical Educational Program - Class Size Reduction	58,491,772
Workforce Development Program	4,140,894
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,194,266
Charter School Capital Outlay	2,100,376
School Recognition Funds	2,023,379
Voluntary Prekindergarten Program	1,895,063
Shelter Retrofit Program	1,588,424
Public Education Capital Outlay	1,515,743
Food Service Supplement	309,306
Excellent Teaching Program	247,802
Pari-Mutuel Tax	223,250
Discretionary Lottery Funds	199,681
Miscellaneous	839,341
Total	\$ 236,185,377

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

17. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2010 tax roll for the 2010-11 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	5.217	\$ 100,369,007
Basic Discretionary Local Effort	0.748	14,390,649
Supplemental Discretionary Local Effort	0.250	4,809,709
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	28,858,254
Total	7.715	\$ 148,427,619

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18. FLORIDA RETIREMENT SYSTEM

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

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

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

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

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FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. During the 2010-11 fiscal year, contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	10.77
Florida Retirement System, Elected County Officers	0.00	18.64
Florida Retirement System, Senior Management	0.00	14.57
Teachers' Retirement System, Plan E	0.00	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	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 0.05 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions, including employee contributions, for the fiscal years ending June 30, 2009, June 30, 2010, and June 30, 2011, totaled \$24,095,983, \$23,357,782.59, and \$26,864,111 respectively, which were equal to the required contributions for each fiscal year. There were 6,528 participants during the 2010-11 fiscal year. Required contributions made to PEORP totaled \$3,344,785.

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

**OSCEOLA COUNTY
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19. EARLY RETIREMENT PROGRAM

The Board has established an early retirement program as authorized by Section 1012.685, Florida Statutes, which it offers on a year-to-year basis. Under this program, the Board purchased annuities for employees with at least 25 years of creditable service but less than 30 years, as of June 30, 2011, who have reached the age of 55 but are less than age 62 at the effective date of retirement and have applied for retirement under the Florida Retirement System (described in the previous note). The Board may also consider employees ages 50 through 54 if the Board determines that it is economically feasible to do so. The annuities provide for the early retirees to receive additional income after retirement, not to exceed the difference between their Florida Retirement System early retirement benefits, which are reduced by 5 percent for each year prior to age 62, and the benefits that would have been received had they been eligible for full Florida Retirement System benefits on the date of retirement. In the event an employee has earned experience in a public school system in another state, the Board may choose to purchase such out-of-state experience (up to five years) as is necessary to provide regular retirement benefits. This experience may not be purchased in addition to an annuity. Two employees retired and accepted early retirement benefits during the 2010-11 fiscal year. Annuities were purchased for these individuals at a total cost of \$33,912.70.

The Board did cover the full amount by which pensions were reduced by the State Division of Retirement and did not guarantee that an early retirement program would be offered in future years.

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**OSCEOLA COUNTY
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20. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

The following is a schedule of encumbrances at June 30, 2011:

Major Funds					
General Fund	Special Revenue - ARRA	Capital Projects - Other Fund	Capital Projects - ARRA	Nonmajor Governmental Funds	Total Governmental Funds
	Economic Stimulus Funds		Economic Stimulus Funds		
\$ 2,151,447	\$ 324,236	\$ 17,124,298	\$ 16,552,369	\$ 5,064,846	\$ 41,217,196

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

DESCRIPTION	CONTRACT AMOUNT	TOTAL COMPLETED	BALANCE COMMITTED
#3002031 OHS COMPREHENSIVE RENOVATION CONTR-CLANCY & THEYS CONSTRUCTION CO. ARCH - C T HSU & ASSOCIATES, PA	\$ 35,229,663.07 3,025,000.00	\$ 21,558,083.01 2,779,750.00	\$ 13,671,580.06 245,250.00
#300203 SCHS COMPREHENSIVE RENOVATION CONTR-JAMES A CUMMINGS, INC. ARCH - BRPH ARCHITECT/ENGINEERS, INC.	32,000,666.56 3,064,000.00	26,369,294.76 2,927,750.00	5,631,371.80 136,250.00
#300203- HIGHLANDS ELEM COMPREHENSIVE RENOVATION CONTR-W. G. MILLS INC/RANGER BUILDING ARCH - SCHENKEL & SCHULTZ	11,132,870.91 629,880.00	8,958,106.25 599,167.85	2,174,764.66 30,712.15
#300350- 0601 GATEWAY HIGH SCHOOL ADDITION CONTR - BALFOUR BEATTY CONSTRUCTION ARCH-SONG & ASSOCIATES INC	2,928,025.26 138,000.00	2,928,025.26 137,000.00	- 1,000.00
#3203001 CELEBRATION K-8 HEARTH RECONFIGURATION CONTR - CLANCY & THEYS CONSTRUCTION CO CONTR - WHARTON-SMITH, INC. DIRECT PURCHASE	1,184,619.12 1,538,354.00 36,125.88	1,111,572.05 - -	73,047.07 1,538,354.00 36,125.88
#300390- THACKER AVENUE ELEM CORE RENOVATION CONTR-CLANCY & THEYS CONSTRUCTION CO ARCH - SCHENKEL & SCHULTZ INC	1,826,411.00 595,480.00	655,310.51 462,339.95	1,171,100.49 133,140.05
#300385- GATEWAY HIGH SCHOOL CAFETERIA CONTR-WELLBRO/QUINN CONSTRUCTORS ARCH - SONG & ASSOCIATES INC	2,000,906.00 157,590.00	290,047.48 128,832.52	1,710,858.52 28,757.48
#300380- GATEWAY HIGH SCHOOL CAMPUS IMPROVEMENTS CONTR-BRPH CONSTRUCTION SERVICES INC ARCH - C T HSU AND ASSOCIATES PA	1,424,881.00 139,286.52	190,202.00 118,393.54	1,234,679.00 20,892.98
#320223- BUS PARKING FACILITY AT HORIZON MIDDLE SCHOOL CONTR - ARNCO CONSTRUCTION INC ARCH - SCHENKEL & SCHULTZ INC	703,779.00 32,325.00	425,688.00 29,425.00	278,091.00 2,900.00
#320279- ADMIN BLDG 1000 SERVER ROOM CONTR-SKANSKA USA BUILDING INC ARCH - SABISTON ENGINEERING GROUP INC	560,221.00 38,625.00	343,417.85 36,225.00	216,803.15 2,400.00
#320286- CHALKBOARD REPLACEMENT CONTR-SEMCO CONSTRUCTION, INC.	404,931.49	216,022.22	188,909.27
	<u>\$ 98,791,640.81</u>	<u>\$ 70,264,653.25</u>	<u>\$ 28,526,987.56</u>

**OSCEOLA COUNTY
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21. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Osceola County District School Board is a member of the Florida School Boards Insurance Trust (Trust) which was established by the Florida School Boards Association, Inc., to provide combined self-insurance and risk management services to participating members. The Trust is a public entity risk pool and provides a combined self-insurance program for property protection, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Trust. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Trust is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Trust is composed of one board member from each participating district and a superintendent and a district-level business official selected from one of the participating districts. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Board has established the Osceola County School Board Group Health and Life Insurance Trust to provide for a health, hospitalization, and life insurance program. These programs are accounted for in the District's Internal Service funds. The program is on a self-insured basis up to specified limits. The District did not elect to purchase the aggregate stop-loss coverage due to the rising premium cost and the high attachment point. The District elected to continue coverage for a specific stop-loss for any one claim of \$550,000. The Board has contracted with a professional administrator to administer the self-insurance program, including the processing, investigating, and payment of claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. A liability in the amount of \$4,012,000 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable for the group health program at June 30, 2011.

Effective July 1, 2003, the District's general liability and auto liability programs were established on a self-insured basis. These programs are administered by the Trust and are accounted for in the District's internal service funds. The program administrator held prefunded cash deposits of \$250,173 at June 30, 2011, which the District reports as cash with fiscal agent in the internal service funds. A liability of \$929,729 was established based on reserves for outstanding claims at June 30, 2011, as reported by the program administrator.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Effective May 1, 2010, for Property Insurance and effective July 1, 2010, for all other Casualty and Workers' Compensation coverage, the School Board chose to leave the Florida School Boards Insurance Trust (FSBIT) program and implement a stand alone program of self-insurance and insurance as recommended by the Board's Broker, Arthur J Gallagher Risk Management Services.

The following schedule represents the changes in claims liability for the past two fiscal years for the District's self-insurance programs:

Fiscal Year	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2009-10	\$ 4,747,966	\$ 39,316,551	\$ (38,640,975)	\$ 5,423,542
2010-11	\$ 5,423,542	\$ 38,125,738	\$ (38,607,551)	\$ 4,941,729

22. INTERNAL SERVICE FUNDS

The following is a summary of financial information as reported in the Internal Service Funds for the 2010-11 fiscal year:

	Total	Self-Insurance Trust Fund	Casualty Insurance Loss Fund
Total Assets	\$ 21,777,397	\$ 14,642,396	\$ 7,135,001
Liabilities and Net Assets:			
Accounts Payable	\$ 624,300	\$ 624,300	\$ -
Due to Other Funds	1,028,363	1,028,363	-
Estimated Insurance Claims Payable	4,941,728	4,012,000	929,728
Net Assets:			
Unrestricted Net Assets	15,183,006	8,977,733	6,205,273
Total Liabilities and Net Assets	\$ 21,777,397	\$ 14,642,396	\$ 7,135,001
Revenues:			
Premium Revenues	\$ 50,445,065	\$ 46,832,779	\$ 3,612,286
Other	8,593	712	7,881
Total Revenues	50,453,658	46,833,491	3,620,167
Total Expenses	(44,969,933)	(41,877,950)	(3,091,983)
Change in Net Assets	\$ 5,483,725	\$ 4,955,541	\$ 528,184

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

23. BOND RATINGS

Following is a summary of the bond insurer for each of the District's issues and its rating as of June 30, 2011.

		Insurer Ratings		
		Fitch	Moody's	Standard & Poor's
Sales Tax Revenue Bonds				
2001 Sales Tax Revenue	Financial Guaranty Insurance Company*	Not Rated	Baa1/Outlook Developing	BBB/Outlook Developing
2007 Sales Tax Revenue	Assured Guaranty Municipal Corp.**	Not Rated	Aa3/Negative Outlook	AA+/Negative Outlook
Certificates of Participation				
2002 COPs	Ambac Assurance Corporation	Not Rated	Rating Withdrawn	R****
2004 COPs	Financial Guaranty Insurance Company*	Not Rated	Baa1/Outlook Developing	BBB/Outlook Developing
2005 COPs	National Public Finance Guarantee Corporation***	Not Rated	Baa1/Outlook Developing	BBB/Outlook Developing
2007 COPs	Ambac Assurance Corporation	Not Rated	Rating Withdrawn	R****
2009 COPs	Assured Guaranty Corporation	Not Rated	Aa3/Negative Outlook	AA+/Negative Outlook

Note: The 2010 COPs are uninsured.

* Effective September 30, 2008, Financial Guaranty Insurance Company ("FGIC") and MBIA Insurance Corporation ("MBIA") executed the Reinsurance Agreement (the "Reinsurance Agreement") pursuant to which MBIA agreed that, as long as the Reinsurance Agreement was in place, it would pay in accordance with covered FGIC policies, including the municipal bond insurance policy with respect to this issue. On February 18, 2009, MBIA announced that it has transferred its public finance portfolio, including all of MBIA's rights, interests and obligations under the Reinsurance Agreement, to MBIA Insurance Corp. of Illinois, which has since been renamed National Public Finance Guarantee Corporation.

** Formerly known as Financial Security Assurance Inc.

*** MBIA provided the financial guaranty insurance policy for this issue. On February 18, 2009, MBIA announced that it had transferred its public finance portfolio, including the policy with respect to this issue, to MBIA Insurance Corp. of Illinois, which has been renamed National Public Finance Guarantee Corporation.

**** Regulatory Intervention

24. LITIGATION

The District is involved in several threatened and pending legal actions. In the opinion of the District's legal counsel and management, it is not probable that a material loss will occur from these actions.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Direct	\$ 300,000	\$ 431,224	\$ 431,224	\$
Federal Through State	112,119	209,242	209,242	
State	226,575,206	229,712,637	229,722,383	9,746
Local:				
Property Taxes	114,786,591	114,442,301	114,386,042	(56,259)
Miscellaneous	10,649,138	15,046,514	13,516,394	(1,530,120)
Total Revenues	<u>352,423,054</u>	<u>359,841,918</u>	<u>358,265,285</u>	<u>(1,576,633)</u>
EXPENDITURES				
Current - Education:				
Instruction				
Salaries	126,459,226	123,108,070	123,008,585	99,485
Employee Benefits	47,390,713	42,673,185	40,234,455	2,438,730
Purchased Services	36,715,034	41,085,867	40,885,123	200,744
Energy Services		9,430	9,430	
Materials and Supplies	47,903,460	26,156,131	9,382,413	16,773,718
Capital Outlay	156,568	1,768,628	1,739,016	29,612
Other Expenses	970,037	3,451,770	3,367,866	83,904
Pupil Personnel Services				
Salaries	14,020,857	14,371,151	14,184,361	186,790
Employee Benefits	4,329,840	4,691,089	4,691,089	
Purchased Services	1,500	74,482	74,482	
Materials and Supplies	237,142	79,358	78,505	853
Capital Outlay	894	17,768	17,762	6
Other Expenses		27,012	27,012	
Instructional Media Services				
Salaries	611,721	813,156	633,734	179,422
Employee Benefits	195,116	186,286	186,222	64
Purchased Services	31,674	394,642	380,642	14,000
Materials and Supplies	68,786	53,146	53,134	12
Capital Outlay	250,071	314,387	311,216	3,171
Other Expenses		10,374	10,374	
Instruction and Curriculum Development Services				
Salaries	5,339,045	5,096,503	5,095,681	822
Employee Benefits	1,594,866	1,582,035	1,581,740	295
Purchased Services	24,569	88,589	87,805	784
Energy Services	702	3,611	2,908	703
Materials and Supplies	284,083	92,308	89,279	3,029
Capital Outlay		55,689	55,689	
Other Expenses		36,677	34,564	2,113
Instructional Staff Training Services				
Salaries	2,930,271	4,174,973	4,161,570	13,403
Employee Benefits	875,567	1,042,610	1,040,699	1,911
Purchased Services	4,161	572,722	569,560	3,162
Materials and Supplies	1,203,719	222,868	210,079	12,789
Capital Outlay		43,419	43,410	9
Other Expenses		35,457	35,457	
Instruction Related Technology				
Salaries	2,390,975	2,317,781	2,317,781	
Employee Benefits	840,493	810,320	810,320	
Purchased Services		195	195	
Materials and Supplies		3,103	3,103	
Capital Outlay		5,569	5,569	
Other Expenses		4,005	4,005	
Board of Education				
Salaries	175,764	177,249	177,249	
Employee Benefits	188,320	157,192	74,923	82,269
Purchased Services	1,300,303	1,509,106	1,077,811	431,295
Materials and Supplies	142,320	1,316	1,316	
Capital Outlay		112	112	
Other Expenses		32,037	32,037	

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
General Administration				
Salaries	826,663	1,238,477	1,238,477	
Employee Benefits	221,361	343,134	343,134	
Purchased Services	124,652	162,072	160,704	1,368
Materials and Supplies	62,121	36,093	31,541	4,552
Capital Outlay		20,715	20,693	22
Other Expenses		45,578	45,578	
School Administration				
Salaries	16,416,294	16,679,306	16,679,306	
Employee Benefits	5,228,622	5,237,339	5,237,339	
Purchased Services	1,071	279,127	277,307	1,820
Materials and Supplies	3,181,860	1,707,834	64,080	1,643,754
Capital Outlay		91,748	90,845	903
Other Expenses	48	45,220	45,220	
Facilities Services				
Salaries	1,304,078	608,268	608,268	
Employee Benefits	368,425	154,262	154,262	
Purchased Services	1,326,127	1,687,218	1,416,776	270,442
Energy Services		6,756	6,756	
Materials and Supplies	89,040	(106,058)	(106,058)	
Capital Outlay	392,487	156,359	112,278	44,081
Other Expenses		1,193	1,193	
Fiscal Services				
Salaries	1,499,313	1,330,456	1,330,456	
Employee Benefits	456,754	433,423	433,423	
Purchased Services	803	14,030	14,030	
Materials and Supplies	144,480	27,256	27,256	
Capital Outlay		11,232	11,232	
Other Expenses		2,138	2,138	
Food Services				
Salaries	9,705	184,129	184,129	
Employee Benefits	7,918	20,670	20,670	
Materials and Supplies		4,138	1,923	2,215
Other Expenses		2,069	1,984	85
Central Services				
Salaries	3,885,187	3,778,936	3,778,276	660
Employee Benefits	1,222,372	1,209,877	1,209,877	
Purchased Services	712,937	988,044	693,122	294,922
Energy Services	7,000	23,787	23,787	
Materials and Supplies	851,391	684,307	303,938	380,369
Capital Outlay	5,122	29,751	29,751	
Other Expenses	27,300	127,012	123,255	3,757
Pupil Transportation Services				
Salaries	9,009,860	8,899,464	8,811,640	87,824
Employee Benefits	4,171,344	4,465,334	4,465,334	
Purchased Services	71,373	763,225	717,666	45,559
Energy Services	2,100,000	2,478,525	2,398,773	79,752
Materials and Supplies	1,312,643	395,509	386,490	9,019
Capital Outlay		29,566	28,081	1,485
Other Expenses		337,997	337,997	
Operation of Plant				
Salaries	6,954,264	7,014,253	6,951,103	63,150
Employee Benefits	4,194,237	3,240,313	3,036,559	203,754
Purchased Services	2,850,528	7,771,515	7,470,132	301,383
Energy Services	15,381,760	10,963,323	10,963,323	
Materials and Supplies	193,122	834,949	782,794	52,155
Capital Outlay	533	72,336	67,988	4,348
Other Expenses	40,000	50,884	33,988	16,896

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Maintenance of Plant				
Salaries	5,196,828	4,290,374	4,290,374	
Employee Benefits	1,680,790	1,857,597	1,857,597	
Purchased Services	1,013,530	1,095,764	613,420	482,344
Energy Services		246,526	246,526	
Materials and Supplies	450,557	1,471,463	1,282,405	189,058
Capital Outlay		33,443	33,443	
Other Expenses		27,272	27,272	
Administrative Technology Services				
Salaries	2,080,097	2,053,740	2,050,970	2,770
Employee Benefits	613,934	607,248	607,248	
Purchased Services	588,882	630,353	558,845	71,508
Materials and Supplies	166,841	23,728	20,936	2,792
Capital Outlay		50,791	20,291	30,500
Other Expenses		15,170	15,170	
Community Services				
Salaries	129,536	124,550	124,550	
Employee Benefits	54,699	46,359	46,359	
Purchased Services		88,295	88,295	
Materials and Supplies	78,703	116,316	5,692	110,624
Capital Outlay	1	5,905	5,905	
Other Expenses		321	321	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	10,629	498,404	457,872	40,532
Other Capital Outlay	240,318	777,127	755,337	21,790
Debt Service:				
Principal	302,519	302,519	302,519	
Interest and Fiscal Charges	41,307	41,307	41,093	214
Total Expenditures	393,939,763	376,339,039	351,309,537	25,029,502
Excess (Deficiency) of Revenues Over Expenditures	(41,516,709)	(16,497,121)	6,955,748	23,452,869
OTHER FINANCING SOURCES				
Transfers In	14,664,977	13,940,656	13,940,656	
Insurance Loss Recoveries		78,245	91,401	13,156
Total Other Financing Sources	14,664,977	14,018,901	14,032,057	13,156
Net Change in Fund Balances	(26,851,732)	(2,478,220)	20,987,805	23,466,025
Fund Balances, July 1, 2010	70,613,775	70,613,775	70,613,775	
Fund Balances, June 30, 2011	<u>\$ 43,762,043</u>	<u>\$ 68,135,555</u>	<u>\$ 91,601,580</u>	<u>\$ 23,466,025</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE - ARRA ECONOMIC STIMULUS FUNDS
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Through State	\$ 29,309,387	\$ 46,438,012	\$ 38,950,378	\$ (7,487,634)
Total Revenues	29,309,387	46,438,012	38,950,378	(7,487,634)
EXPENDITURES				
Current - Education:				
Instruction				
Salaries	11,565,475	22,072,741	21,957,921	114,820
Employee Benefits	5,161,428	7,339,358	7,326,474	12,884
Purchased Services	1,124,820	1,738,002	985,932	752,070
Materials and Supplies	301,366	813,483	646,088	167,395
Capital Outlay	396,070	1,233,560	1,011,826	221,734
Other Expenses	301,793	86,922	86,572	350
Pupil Personnel Services				
Salaries	442,480	284,379	280,747	3,632
Employee Benefits	174,038	96,551	95,804	747
Purchased Services	88,871	5,877	3,360	2,517
Materials and Supplies	57,534	75,461	35,529	39,932
Capital Outlay	42	42		42
Instructional Media Services				
Salaries	2,248,578	2,229,524	2,229,524	
Employee Benefits	694,220	682,129	682,129	
Capital Outlay	17			
Instruction and Curriculum Development Services				
Salaries	338,944	242,304	232,621	9,683
Employee Benefits	107,483	63,018	61,145	1,873
Purchased Services	463,058	17,329	6,394	10,935
Materials and Supplies	823,130	70,701	6,235	64,466
Capital Outlay		33,979	33,979	
Instructional Staff Training Services				
Salaries	603,230	1,579,204	481,823	1,097,381
Employee Benefits	162,713	267,720	123,829	143,891
Purchased Services	533,766	1,884,643	503,035	1,381,608
Materials and Supplies	9,209	182,482	88,781	93,701
Capital Outlay		1,000		1,000
Other Expenses		104,712	5,654	99,058
Instruction Related Technology				
Salaries	150,736	47,850	47,850	
Employee Benefits	45,919	14,883	14,883	
General Administration				
Materials and Supplies	111,377	521,354	381,277	140,077
Other Expenses	418,489			
School Administration				
Salaries	30,052	34,032	34,032	
Employee Benefits	11,713	12,445	12,445	
Purchased Services		3,863	3,863	
Central Services				
Salaries		295,302	8,517	286,785
Employee Benefits		66,760	2,476	64,284
Purchased Services	7,793	1,078,799	7,051	1,071,748
Pupil Transportation Services				
Salaries	1,656,373	737,050	737,050	
Employee Benefits	1,022,613	483,556	483,556	
Purchased Services	1,000	1,000		1,000
Administrative Technology Services				
Salaries		469,281	39,883	429,398
Employee Benefits		104,350	11,376	92,974
Purchased Services		415,502	70,271	345,231
Capital Outlay		1,168	1,168	
Fixed Capital Outlay				
Other Capital Outlay	255,057	1,045,696	209,278	836,418
Total Expenditures	29,309,387	46,438,012	38,950,378	7,487,634
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2010				
Fund Balances, June 30, 2011	\$	\$	\$	\$

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 OTHER POSTEMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b - a) / c</u>
6-30-2009	\$ 0	\$ 51,307,965	\$ 51,307,965	0.00%	\$ 251,098,472	20.43%
6-30-2010	0	56,590,389	56,590,389	0.00%	245,871,769	23.02%
6-30-2011	0	56,466,367	56,466,367	0.00%	239,564,716	23.57%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 8,730,016	\$ 172,734	\$ 21,514,070	\$ 30,416,820
Investments		311,599	896,089	1,207,688
Accounts Receivable	3,543	879,800		883,343
Interest Receivable			7,090	7,090
Due from Other Agencies	2,687,837	1,619,461	784,112	5,091,410
Inventories	535,522			535,522
Total Assets	<u>\$ 11,956,918</u>	<u>\$ 2,983,594</u>	<u>\$ 23,201,361</u>	<u>\$ 38,141,873</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries and Benefits	\$ 213,835	\$	\$	\$ 213,835
Payroll Deductions and Withholdings Payable	238,646			238,646
Accounts Payable	569,749	4,450	66,204	640,403
Construction Contracts Payable			435,446	435,446
Construction Contracts Payable-Retainage Percentage			46,258	46,258
Sales Tax Payable	461			461
Due to Other Agencies	306,115			306,115
Due to Other Funds	1,483,232	1,161,877		2,645,109
Deferred Revenue	111,717			111,717
Total Liabilities	<u>2,923,755</u>	<u>1,166,327</u>	<u>547,908</u>	<u>4,637,990</u>
FUND BALANCES				
Nonspendable	535,522			535,522
Restricted	7,812,850	1,817,267	22,653,453	32,283,570
Assigned	684,791			684,791
Total Fund Balances	<u>9,033,163</u>	<u>1,817,267</u>	<u>22,653,453</u>	<u>33,503,883</u>
Total Liabilities and Fund Balances	<u>\$ 11,956,918</u>	<u>\$ 2,983,594</u>	<u>\$ 23,201,361</u>	<u>\$ 38,141,873</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental:				
Federal Direct	\$ 4,175,552	\$	\$	\$ 4,175,552
Federal Through State	46,858,248			46,858,248
State	312,327	1,688,818	1,988,870	3,990,015
Local:				
Property Taxes			27,606,863	27,606,863
Local Sales Taxes		9,511,482		9,511,482
Charges for Services - Food Service	5,881,950			5,881,950
Miscellaneous	3,132,404	1,126,823	554,048	4,813,275
Total Revenues	<u>60,360,481</u>	<u>12,327,123</u>	<u>30,149,781</u>	<u>102,837,385</u>
EXPENDITURES				
Current - Education:				
Instruction	16,223,698			16,223,698
Pupil Personnel Services	2,221,380			2,221,380
Instructional Media Services	13,315			13,315
Instruction and Curriculum Development Services	7,652,553			7,652,553
Instructional Staff Training Services	2,770,417			2,770,417
Instruction Related Technology	70,807			70,807
General Administration	1,520,648			1,520,648
School Administration	13,899			13,899
Facilities Services			3,824,761	3,824,761
Food Services	21,986,949			21,986,949
Central Services	188,402			188,402
Pupil Transportation Services	486,942			486,942
Maintenance of Plant	650			650
Community Services	3,903,777			3,903,777
Fixed Capital Outlay:				
Facilities Acquisition and Construction	136,322		8,123,025	8,259,347
Other Capital Outlay	292,396		214,500	506,896
Debt Service:				
Principal		13,731,766		13,731,766
Interest and Fiscal Charges		12,936,611	1,056	12,937,667
Total Expenditures	<u>57,482,155</u>	<u>26,668,377</u>	<u>12,163,342</u>	<u>96,313,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,878,326</u>	<u>(14,341,254)</u>	<u>17,986,439</u>	<u>6,523,511</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		16,601,633		16,601,633
Refunding Bonds Issued		1,205,000		1,205,000
Premium on Refunding Bonds		184,475		184,475
Payments to Escrow Agent for Refunded Debt		(1,394,610)		(1,394,610)
Transfers Out		(2,273,619)	(28,764,074)	(31,037,693)
Total Other Financing Sources (Uses)		<u>14,322,879</u>	<u>(28,764,074)</u>	<u>(14,441,195)</u>
Net Change in Fund Balances	2,878,326	(18,375)	(10,777,635)	(7,917,684)
Fund Balances, July 1, 2010	6,154,837	1,835,642	33,431,088	41,421,567
Fund Balances, June 30, 2011	<u>\$ 9,033,163</u>	<u>\$ 1,817,267</u>	<u>\$ 22,653,453</u>	<u>\$ 33,503,883</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 June 30, 2011

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Food Service	Other Federal Programs	Miscellaneous Special Revenue	
ASSETS				
Cash and Cash Equivalents	\$ 7,474,745	\$ 16,362	\$ 1,238,909	\$ 8,730,016
Accounts Receivable	2,926	600	17	3,543
Due from Other Agencies	820,123	1,867,714		2,687,837
Inventory	535,522			535,522
Total Assets	<u>\$ 8,833,316</u>	<u>\$ 1,884,676</u>	<u>\$ 1,238,926</u>	<u>\$ 11,956,918</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries and Benefits	\$ 49,860	\$ 153,143	\$ 10,832	\$ 213,835
Payroll Deductions and Withholdings Payable	59,730	164,986	13,930	238,646
Accounts Payable	189,122	363,307	17,320	569,749
Sales Tax Payable	461			461
Due to Other Agencies	74,054	219,746	12,315	306,115
Due to Other Funds		983,494	499,738	1,483,232
Deferred Revenue	111,717			111,717
Total Liabilities	<u>484,944</u>	<u>1,884,676</u>	<u>554,135</u>	<u>2,923,755</u>
FUND BALANCES				
Nonspendable	535,522			535,522
Restricted	7,812,850			7,812,850
Assigned			684,791	684,791
Total Fund Balances	<u>8,348,372</u>		<u>684,791</u>	<u>9,033,163</u>
Total Liabilities and Fund Balances	<u>\$ 8,833,316</u>	<u>\$ 1,884,676</u>	<u>\$ 1,238,926</u>	<u>\$ 11,956,918</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	Food Service	Other Federal Programs	Miscellaneous Special Revenue		
REVENUES					
Intergovernmental:					
Federal Direct				\$	4,175,552
Federal Through State	19,091,303	4,175,552			46,858,248
State	312,327	27,766,945			312,327
Local:					
Charges for Services - Food Service	5,881,950				5,881,950
Miscellaneous	24,043		3,108,361		3,132,404
Total Revenues	<u>25,309,623</u>	<u>31,942,497</u>	<u>3,108,361</u>		<u>60,360,481</u>
EXPENDITURES					
Current - Education:					
Instruction		16,142,327			16,223,698
Pupil Personnel Services		2,221,380	81,371		2,221,380
Instructional Media Services		13,315			13,315
Instruction and Curriculum Development Services		6,958,238	694,315		7,652,553
Instructional Staff Training Services		2,770,417			2,770,417
Instruction Related Technology		70,807			70,807
General Administration		1,515,863	4,785		1,520,648
School Administration		13,899			13,899
Food Services	21,986,949				21,986,949
Central Services		188,402			188,402
Pupil Transportation Services		486,942			486,942
Maintenance of Plant				650	650
Community Services		1,176,134	2,727,643		3,903,777
Fixed Capital Outlay:					
Facilities Acquisition and Construction		136,322			136,322
Other Capital Outlay	39,094	248,451	4,851		292,396
Total Expenditures	<u>22,026,043</u>	<u>31,942,497</u>	<u>3,513,615</u>		<u>57,482,155</u>
Excess of Revenues Over Expenditures	3,283,580		(405,254)		2,878,326
Fund Balances, July 1, 2010	5,064,791		1,090,046		6,154,837
Fund Balances, June 30, 2011	<u>\$ 8,348,371</u>		<u>\$ 684,792</u>		<u>\$ 9,033,163</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
 June 30, 2011**

	Debt Service Funds		Total Nonmajor Debt Service Funds
	SBE/COBI Bonds	Other Debt Service	
ASSETS			
Cash and Cash Equivalents	\$	172,734	\$ 172,734
Investments	310,714	885	311,599
Accounts Receivable		879,800	879,800
Due from Other Agencies		1,619,461	1,619,461
Total Assets	<u>\$ 310,714</u>	<u>2,672,880</u>	<u>\$ 2,983,594</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable		4,450	4,450
Due to Other Funds:			
Budgetary Funds		1,161,877	1,161,877
Total Liabilities		<u>1,166,327</u>	<u>1,166,327</u>
FUND BALANCES			
Restricted	310,714	1,506,553	1,817,267
Total Fund Balances	<u>310,714</u>	<u>1,506,553</u>	<u>1,817,267</u>
Total Liabilities and Fund Balances	<u>\$ 310,714</u>	<u>2,672,880</u>	<u>\$ 2,983,594</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
 For the Fiscal Year Ended June 30, 2011**

	Debt Service Funds		Total Nonmajor Debt Service Funds
	SBE//COBI Bonds	Other Debt Service	
REVENUES			
Intergovernmental:			
State	\$ 1,688,818	\$	\$ 1,688,818
Local		10,638,305	10,638,305
Total Revenues	<u>1,688,818</u>	<u>10,638,305</u>	<u>12,327,123</u>
EXPENDITURES			
Debt Service:			
Principal	1,100,000	12,631,766	13,731,766
Interest and Fiscal Charges	613,053	12,323,558	12,936,611
Total Expenditures	<u>1,713,053</u>	<u>24,955,324</u>	<u>26,668,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,235)</u>	<u>(14,317,019)</u>	<u>(14,341,254)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In		16,601,633	16,601,633
Refunding Bonds Issued	1,205,000		1,205,000
Premium on Refunding Bonds	184,475		184,475
Payments to Escrow Agent for Refunded Debt	(1,394,610)		(1,394,610)
Transfers Out		<u>(2,273,619)</u>	<u>(2,273,619)</u>
Total Other Financing Sources (Uses)	<u>(5,135)</u>	<u>14,328,014</u>	<u>14,322,879</u>
Net Change in Fund Balances	<u>(29,370)</u>	<u>10,995</u>	<u>(18,375)</u>
Fund Balances, July 1, 2010	340,084	1,495,558	1,835,642
Fund Balances, June 30, 2011	<u>\$ 310,714</u>	<u>\$ 1,506,553</u>	<u>\$ 1,817,267</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
June 30, 2011**

	Capital Projects Funds				Total Nonmajor Capital Project Funds
	Capital Outlay Bond Issues (COBI)	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	Capital Improvement Section 1011.71(2) F.S.	
ASSETS					
Cash and Cash Equivalents	\$ 1,157,112	\$ 503,705	\$ 719,180	\$ 19,134,073	\$ 21,514,070
Investments				896,089	896,089
Interest Receivable				7,090	7,090
Due from Other Agencies		765,743		18,369	784,112
Total Assets	<u>\$ 1,157,112</u>	<u>\$ 1,269,448</u>	<u>\$ 719,180</u>	<u>\$ 20,055,621</u>	<u>\$ 23,201,361</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 24,511		\$ 6,914	\$ 34,779	\$ 66,204
Construction Contracts Payable				435,446	435,446
Construction Contracts Payable-Retainage Percentage				46,258	46,258
Total Liabilities	<u>24,511</u>		<u>6,914</u>	<u>516,483</u>	<u>547,908</u>
FUND BALANCES					
Restricted	1,132,601	1,269,448	712,266	19,539,138	22,653,453
Total Fund Balances	<u>1,132,601</u>	<u>1,269,448</u>	<u>712,266</u>	<u>19,539,138</u>	<u>22,653,453</u>
Total Liabilities and Fund Balances	<u>\$ 1,157,112</u>	<u>\$ 1,269,448</u>	<u>\$ 719,180</u>	<u>\$ 20,055,621</u>	<u>\$ 23,201,361</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
 For the Fiscal Year Ended June 30, 2011**

	Capital Projects Funds			Total Nonmajor Capital Project Funds
	Capital Outlay Bond Issues (COBI)	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	Capital Improvement Section 1011.71(2) F.S.
REVENUES				
Intergovernmental:				
State	\$	1,515,743	\$ 473,127	\$ 1,988,870
Local:				
Property Taxes				
Miscellaneous	2,772	1,039	1,221	27,606,863
Total Revenues	<u>2,772</u>	<u>1,516,782</u>	<u>474,348</u>	<u>30,149,781</u>
EXPENDITURES				
Current - Education:				
Facilities Services	643,552	434,327	670,290	3,824,761
Fixed Capital Outlay:				
Facilities Acquisition and Construction	129,470	6,004,362		1,989,193
Other Capital Outlay				214,500
Debt Service:				
Interest and Fiscal Charges				
Total Expenditures	<u>773,022</u>	<u>6,438,689</u>	<u>671,346</u>	<u>12,163,342</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(70,250)</u>	<u>(4,921,907)</u>	<u>(196,998)</u>	<u>17,986,439</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out				(28,764,074)
Total Other Financing Sources (Uses)				<u>(28,764,074)</u>
Net Change in Fund Balances	<u>(70,250)</u>	<u>(4,921,907)</u>	<u>(196,998)</u>	<u>(10,777,635)</u>
Fund Balances, July 1, 2010	1,902,851	6,191,355	909,264	33,431,088
Fund Balances, June 30, 2011	<u>\$ 1,132,601</u>	<u>\$ 1,269,448</u>	<u>\$ 712,266</u>	<u>\$ 22,653,453</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - FOOD SERVICES
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Through State	\$ 17,558,165	\$ 17,558,165	\$ 19,091,303	\$ 1,533,138
State	328,841	328,841	312,327	(16,514)
Local:				
Charges for Services - Food Service	6,094,394	6,088,953	5,881,950	(207,003)
Miscellaneous	18,600	24,041	24,043	2
Total Revenues	<u>24,000,000</u>	<u>24,000,000</u>	<u>25,309,623</u>	<u>1,309,623</u>
EXPENDITURES				
Current - Education:				
Food Services				
Salaries	7,628,640	7,004,590	7,004,590	
Employee Benefits	4,101,785	3,632,911	3,632,911	
Purchased Services	238,363	233,426	209,860	23,566
Energy Services	132,225	132,555	132,555	
Materials and Supplies	11,332,340	12,361,622	10,427,942	1,933,680
Capital Outlay	10,100	73,388	54,794	18,594
Other Expenses	424,930	524,297	524,297	
Fixed Capital Outlay				
Other Capital Outlay	133,500	39,094	39,094	
Total Expenditures	<u>24,001,883</u>	<u>24,001,883</u>	<u>22,026,043</u>	<u>1,975,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,883)</u>	<u>(1,883)</u>	<u>3,283,580</u>	<u>3,285,463</u>
Net Change in Fund Balances	(1,883)	(1,883)	3,283,580	3,285,463
Fund Balances, July 1, 2010	5,064,791	5,064,791	5,064,791	
Fund Balances, June 30, 2011	<u>\$ 5,062,908</u>	<u>\$ 5,062,908</u>	<u>\$ 8,348,371</u>	<u>\$ 3,285,463</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Direct	\$ 5,057,066	\$ 9,062,254	\$ 4,175,552	\$ (4,886,702)
Federal Through State	36,812,894	38,280,192	27,766,945	(10,513,247)
Total Revenues	41,869,960	47,342,446	31,942,497	(15,399,949)
EXPENDITURES				
Current - Education:				
Instruction				
Salaries	6,093,550	8,405,274	7,604,935	800,339
Employee Benefits	2,888,650	3,356,453	3,187,535	168,918
Purchased Services	2,914,363	3,920,683	2,587,887	1,332,796
Materials and Supplies	13,739,005	5,101,562	1,430,231	3,671,331
Capital Outlay	578,996	1,495,544	995,394	500,150
Other Expenses	58,126	428,812	336,344	92,468
Pupil Personnel Services				
Salaries	1,203,063	1,243,467	1,166,233	77,234
Employee Benefits	424,832	418,131	384,909	33,222
Purchased Services	299,964	890,834	532,672	358,162
Materials and Supplies	1,292,856	246,664	110,436	136,228
Capital Outlay	1,527	28,657	27,130	1,527
Other Expenses		38,618		38,618
Instructional Media Services				
Salaries	32,131	48,628	2,335	46,293
Employee Benefits	5,477	8,360	430	7,930
Purchased Services		2,796	2,676	120
Materials and Supplies	1,889	1,887	1,887	
Capital Outlay	5,598	7,338	5,987	1,351
Other Expenses		2,070		2,070
Instruction and Curriculum Development Services				
Salaries	4,854,915	5,132,061	4,777,412	354,649
Employee Benefits	1,488,712	1,518,649	1,421,541	97,108
Purchased Services	217,030	710,780	554,752	156,028
Materials and Supplies	690,562	877,926	111,365	766,561
Capital Outlay	57,408	116,649	93,128	23,521
Other Expenses		40	40	
Instructional Staff Training Services				
Salaries	900,593	1,168,410	985,185	183,225
Employee Benefits	266,292	273,601	242,170	31,431
Purchased Services	113,993	1,231,752	1,077,190	154,562
Materials and Supplies	786,918	1,320,002	325,022	994,980
Capital Outlay	48	3,888	3,611	277
Other Expenses	6,374	146,171	137,239	8,932
Instruction Related Technology				
Salaries	70,881	55,286	53,623	1,663
Employee Benefits	22,381	17,666	17,183	483
General Administration				
Salaries	252,971	275,085	177,457	97,628
Employee Benefits	76,365	80,744	51,177	29,567
Purchased Services	42,112	225,194	172,209	52,985
Materials and Supplies	1,323	753,937	11,764	742,173
Capital Outlay	3,875	21,435	13,029	8,406
Other Expenses	100,055	1,278,320	1,090,227	188,093
School Administration				
Purchased Services		13,900	13,900	
Facilities Services				
Capital Outlay	13,112	13,112		13,112
Central Services				
Salaries	118,512	126,693	121,135	5,558
Employee Benefits	34,695	36,799	34,751	2,048
Purchased Services	25,108	52,309	32,516	19,793
Materials and Supplies		14,766		14,766
Other Expenses	1,374,270	3,022,276		3,022,276
Pupil Transportation Services				
Salaries	1,000			
Employee Benefits	186			

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Purchased Services	233,826	866,560	473,887	392,673
Energy Services		1,848	1,839	9
Capital Outlay		450		450
Other Expenses		18,397	11,217	7,180
Administrative Technology Services				
Purchased Services	16,644	16,644		16,644
Community Services				
Other Expenses		1,195,361	1,176,134	19,227
Fixed Capital Outlay				
Facilities Acquisition and Construction	33,835	323,548	136,322	187,226
Other Capital Outlay	525,937	786,409	248,451	537,958
Total Expenditures	41,869,960	47,342,446	31,942,497	15,399,949
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2010				
Fund Balances, June 30, 2011	\$	\$	\$	\$

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - MISCELLANEOUS
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$ 3,018,719	\$ 3,108,361	\$ 3,108,361	\$
Total Revenues	<u>3,018,719</u>	<u>3,108,361</u>	<u>3,108,361</u>	
EXPENDITURES				
Current - Education:				
Instruction				
Salaries	37,927	52,291	52,291	
Employee Benefits	19,289	22,679	22,679	
Purchased Services		545	545	
Materials and Supplies	15,000	6,650	1,549	5,101
Other Expenses		4,307	4,307	
Instruction and Curriculum Development				
Salaries	114,061	79,386	79,386	
Employee Benefits	33,488	4,517	4,517	
Purchased Services	11,000	610,744	610,744	
Materials and Supplies	680,178	(332)	(332)	
General Administration				
Other Expenses	284	4,786	4,786	
Maintenance of Plant				
Materials and Supplies		650	650	
Community Services				
Salaries	1,438,250	1,494,160	1,494,160	
Employee Benefits	735,455	682,594	682,594	
Purchased Services	19,855	179,061	159,706	19,355
Energy Services		12,754	12,754	
Materials and Supplies	714,163	551,558	111,022	440,536
Capital Outlay		9,987	9,987	
Other Expenses	15	257,419	257,419	
Fixed Capital Outlay				
Other Capital Outlay		4,851	4,851	
Total Expenditures	<u>3,818,965</u>	<u>3,978,607</u>	<u>3,513,615</u>	<u>464,992</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(800,246)</u>	<u>(870,246)</u>	<u>(405,254)</u>	<u>464,992</u>
Net Change in Fund Balances	(800,246)	(870,246)	(405,254)	464,992
Fund Balances, July 1, 2010	1,090,046	1,090,046	1,090,046	
Fund Balances, June 30, 2011	<u>\$ 289,800</u>	<u>\$ 219,800</u>	<u>\$ 684,792</u>	<u>\$ 464,992</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DEBT SERVICE FUNDS - SBE/COBI BONDS
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 1,667,181	\$ 1,688,818	\$ 1,688,818	\$
Total Revenues	<u>1,667,181</u>	<u>1,688,818</u>	<u>1,688,818</u>	
EXPENDITURES				
Current - Education:				
Debt Service				
Principal	1,100,000	1,100,000	1,100,000	
Interest and Fiscal Charges	621,247	613,053	613,053	
Total Expenditures	<u>1,721,247</u>	<u>1,713,053</u>	<u>1,713,053</u>	
Deficiency of Revenues Under Expenditures	<u>(54,066)</u>	<u>(24,235)</u>	<u>(24,235)</u>	
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued		1,205,000	1,205,000	
Premium on Refunding Bonds		184,475	184,475	
Payments to Escrow Agent for Refunded Debt		(1,394,610)	(1,394,610)	
Total Other Financing Sources (Uses)		<u>(5,135)</u>	<u>(5,135)</u>	
Net Change in Fund Balances	(54,066)	(29,370)	(29,370)	
Fund Balances, July 1, 2010	340,084	340,084	340,084	
Fund Balances, June 30, 2011	<u>\$ 286,018</u>	<u>\$ 310,714</u>	<u>\$ 310,714</u>	<u>\$</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS - OTHER
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Local Sales Taxes	\$ 9,370,550	\$ 9,511,661	\$ 9,511,482	\$ (179)
Miscellaneous	1,107,802	1,126,318	1,126,823	505
Total Revenues	<u>10,478,352</u>	<u>10,637,979</u>	<u>10,638,305</u>	<u>326</u>
EXPENDITURES				
Current - Education:				
Debt Service				
Principal	12,436,556	12,631,766	12,631,766	
Interest and Fiscal Charges	15,240,938	12,323,558	12,323,558	
Total Expenditures	<u>27,677,494</u>	<u>24,955,324</u>	<u>24,955,324</u>	
Deficiency of Revenues Under Expenditures	<u>(17,199,142)</u>	<u>(14,317,345)</u>	<u>(14,317,019)</u>	<u>326</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	16,834,309	16,601,633	16,601,633	
Certificates of Participation Issued				
Premium on Certificates of Participation				
Payments to Escrow Agent for Refunded Debt				
Transfers Out	<u>(2,138,680)</u>	<u>(2,273,619)</u>	<u>(2,273,619)</u>	
Total Other Financing Sources (Uses)	<u>14,695,629</u>	<u>14,328,014</u>	<u>14,328,014</u>	
Net Change in Fund Balances	<u>(2,503,513)</u>	<u>10,669</u>	<u>10,995</u>	<u>326</u>
Fund Balances, July 1, 2010	1,495,558	1,495,558	1,495,558	
Fund Balances, June 30, 2011	<u>\$ (1,007,955)</u>	<u>\$ 1,506,227</u>	<u>\$ 1,506,553</u>	<u>\$ 326</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE - ARRA ECONOMIC STIMULUS FUNDS
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Direct	\$ 2,166,300	\$ 2,166,300	\$ 2,166,300	\$
Local:				
Miscellaneous		1,414	1,414	
Total Revenues	<u>2,166,300</u>	<u>2,167,714</u>	<u>2,167,714</u>	
EXPENDITURES				
Current - Education:				
Debt Service				
Principal	2,486,763			
Interest and Fiscal Charges	10,000	2,489,888	2,489,888	
Total Expenditures	<u>2,496,763</u>	<u>2,489,888</u>	<u>2,489,888</u>	
Deficiency of Revenues Under Expenditures	<u>(330,463)</u>	<u>(322,174)</u>	<u>(322,174)</u>	
OTHER FINANCING SOURCES (USES)				
Transfers In	330,463	332,331	332,331	
Certificates of Participation Issued				
Premium on Certificates of Participation				
Payments to Escrow Agent for Refunded Debt				
Transfers Out				
Total Other Financing Sources (Uses)	<u>330,463</u>	<u>332,331</u>	<u>332,331</u>	
Net Change in Fund Balances		10,157	10,157	
Fund Balances, July 1, 2010				
Fund Balances, June 30, 2011	<u>\$</u>	<u>\$ 10,157</u>	<u>\$ 10,157</u>	<u>\$</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS - CAPITAL OUTLAY BOND ISSUES (COBI)
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$	\$ 2,772	\$ 2,772	\$
Total Revenues		2,772	2,772	
EXPENDITURES				
Current - Education:				
Facilities Services	1,076,886	1,540,538	643,552	896,986
Fixed Capital Outlay:				
Facilities Acquisition and Construction	623,423	312,265	129,470	182,795
Total Expenditures	1,700,309	1,852,803	773,022	1,079,781
Deficiency of Revenues Under Expenditures	(1,700,309)	(1,850,031)	(770,250)	1,079,781
Net Change in Fund Balances	(1,700,309)	(1,850,031)	(770,250)	1,079,781
Fund Balances, July 1, 2010	1,902,851	1,902,851	1,902,851	
Fund Balances, June 30, 2011	\$ 202,542	\$ 52,820	\$ 1,132,601	\$ 1,079,781

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS - PUBLIC EDUCATION CAPITAL OUTLAY (PECO)
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 1,515,743	\$ 1,515,743	\$ 1,515,743	\$
Local:				
Miscellaneous		1,039	1,039	
Total Revenues	<u>1,515,743</u>	<u>1,516,782</u>	<u>1,516,782</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	965,309	674,228	434,327	239,901
Fixed Capital Outlay:				
Facilities Acquisition and Construction	<u>6,739,271</u>	<u>7,031,017</u>	<u>6,004,362</u>	<u>1,026,655</u>
Total Expenditures	<u>7,704,580</u>	<u>7,705,245</u>	<u>6,438,689</u>	<u>1,266,556</u>
Deficiency of Revenues Under Expenditures	<u>(6,188,837)</u>	<u>(6,188,463)</u>	<u>(4,921,907)</u>	<u>1,266,556</u>
Net Change in Fund Balances	<u>(6,188,837)</u>	<u>(6,188,463)</u>	<u>(4,921,907)</u>	<u>1,266,556</u>
Fund Balances, July 1, 2010	<u>6,191,355</u>	<u>6,191,355</u>	<u>6,191,355</u>	
Fund Balances, June 30, 2011	<u>\$ 2,518</u>	<u>\$ 2,892</u>	<u>\$ 1,269,448</u>	<u>\$ 1,266,556</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS - CAPITAL OUTLAY & DEBT SERVICE (CO&DS)
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 437,817	\$ 473,127	\$ 473,127	\$
Local:				
Miscellaneous		1,221	1,221	
Total Revenues	<u>437,817</u>	<u>474,348</u>	<u>474,348</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	499,176	1,006,912	670,290	336,622
Fixed Capital Outlay:				
Facilities Acquisition and Construction	246,240	88,463		88,463
Debt Service				
Interest and Fiscal Charges		1,056	1,056	
Total Expenditures	<u>745,416</u>	<u>1,096,431</u>	<u>671,346</u>	<u>425,085</u>
Deficiency of Revenues Under Expenditures	<u>(307,599)</u>	<u>(622,083)</u>	<u>(196,998)</u>	<u>425,085</u>
Net Change in Fund Balances	<u>(307,599)</u>	<u>(622,083)</u>	<u>(196,998)</u>	<u>425,085</u>
Fund Balances, July 1, 2010	<u>909,264</u>	<u>909,264</u>	<u>909,264</u>	
Fund Balances, June 30, 2011	<u>\$ 601,665</u>	<u>\$ 287,181</u>	<u>\$ 712,266</u>	<u>\$ 425,085</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS - LOCAL CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Property Taxes	\$ 27,703,924	\$ 27,606,863	\$ 27,606,863	\$
Miscellaneous	341,646	549,016	549,016	
Total Revenues	<u>28,045,570</u>	<u>28,155,879</u>	<u>28,155,879</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	7,284,412	5,844,726	2,076,592	3,768,134
Fixed Capital Outlay:				
Facilities Acquisition and Construction	11,324,339	9,325,685	1,989,193	7,336,492
Other Capital Outlay	110,546	509,596	214,500	295,096
Total Expenditures	<u>18,719,297</u>	<u>15,680,007</u>	<u>4,280,285</u>	<u>11,399,722</u>
Excess of Revenues Over Expenditures	<u>9,326,273</u>	<u>12,475,872</u>	<u>23,875,594</u>	<u>11,399,722</u>
OTHER FINANCING (USES)				
Transfers Out	<u>(29,300,039)</u>	<u>(28,764,074)</u>	<u>(28,764,074)</u>	
Net Change in Fund Balances	<u>(19,973,766)</u>	<u>(16,288,202)</u>	<u>(4,888,480)</u>	<u>11,399,722</u>
Fund Balances, July 1, 2010	<u>24,427,618</u>	<u>24,427,618</u>	<u>24,427,618</u>	
Fund Balances, June 30, 2011	<u>\$ 4,453,852</u>	<u>\$ 8,139,416</u>	<u>\$ 19,539,138</u>	<u>\$ 11,399,722</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS - OTHER FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 2,829,710	\$ 2,472,979	\$ 2,472,979	\$
Local:				
Impact Fees	6,000,000	6,768,300	6,768,300	
Miscellaneous	210,102	306,625	306,625	
Total Revenues	<u>9,039,812</u>	<u>9,547,904</u>	<u>9,547,904</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	12,379,221	8,628,880	5,589,078	3,039,802
Fixed Capital Outlay:				
Facilities Acquisition and Construction	66,169,221	65,089,582	42,269,023	22,820,559
Other Capital Outlay	2,702,145	5,403,221	4,079,998	1,323,223
Debt Service:				
Interest and Fiscal Charges				
Total Expenditures	<u>81,250,587</u>	<u>79,121,683</u>	<u>51,938,099</u>	<u>27,183,584</u>
Deficiency of Revenues Under Expenditures	<u>(72,210,775)</u>	<u>(69,573,779)</u>	<u>(42,390,195)</u>	<u>27,183,584</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,138,680	2,273,620	2,273,620	
Proceeds from the Sale of Capital Assets		70,156	70,156	
Transfers Out	<u>(2,529,710)</u>	<u>(2,100,389)</u>	<u>(2,100,389)</u>	
Total Other Financing Sources (Uses)	<u>(391,030)</u>	<u>243,387</u>	<u>243,387</u>	
Net Change in Fund Balances	<u>(72,601,805)</u>	<u>(69,330,392)</u>	<u>(42,146,808)</u>	<u>27,183,584</u>
Fund Balances, July 1, 2010	98,663,370	98,663,370	98,663,370	
Fund Balances, June 30, 2011	<u>\$ 26,061,565</u>	<u>\$ 29,332,978</u>	<u>\$ 56,516,562</u>	<u>\$ 27,183,584</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS - ARRA ECONOMIC STIMULUS FUNDS
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$	\$ 30,579	\$ 30,579	\$
Total Revenues		30,579	30,579	
EXPENDITURES				
Current - Education:				
Facilities Services	1,558,218	1,478,141	185,449	1,292,692
Fixed Capital Outlay:				
Facilities Acquisition and Construction	32,745,639	32,307,803	15,615,775	16,692,028
Other Capital Outlay		548,505	307,801	240,704
Debt Service:				
Interest and Fiscal Charges	17,513	4,821	4,821	
Total Expenditures	34,321,370	34,339,270	16,113,846	18,225,424
Deficiency of Revenues Under Expenditures	(34,321,370)	(34,308,691)	(16,083,267)	18,225,424
OTHER FINANCING SOURCES				
Transfers Out		(10,158)	(10,158)	
Total Other Financing Sources		(10,158)	(10,158)	
Net Change in Fund Balances	(34,321,370)	(34,318,849)	(16,093,425)	18,225,424
Fund Balances, July 1, 2010	34,324,989	34,324,989	34,324,989	
Fund Balances, June 30, 2011	\$ 3,619	\$ 6,140	\$ 18,231,564	\$ 18,225,424

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY
June 30, 2011

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 14,630,679	\$ 5,895,283	\$ 20,525,962
Prepaid Items		1,239,718	1,239,718
Accounts Receivable	10,668		10,668
Due from Other Agencies	1,049		1,049
Total Assets	<u>\$ 14,642,396</u>	<u>\$ 7,135,001</u>	<u>\$ 21,777,397</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 624,300	\$	\$ 624,300
Due to Other Funds	1,028,363		1,028,363
Estimated Insurance Claims Payable	4,012,000	929,728	4,941,728
Total Liabilities	<u>5,664,663</u>	<u>929,728</u>	<u>6,594,391</u>
NET ASSETS			
Unrestricted	8,977,733	6,205,273	15,183,006
Total Liabilities and Net Assets	<u>\$ 14,642,396</u>	<u>\$ 7,135,001</u>	<u>\$ 21,777,397</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY
For the Fiscal Year Ended June 30, 2011

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
OPERATING REVENUES			
Premium Revenues	\$ 46,832,778	\$ 3,612,287	\$ 50,445,065
Other Operating Revenues	16		16
Total Operating Revenues	<u>46,832,794</u>	<u>3,612,287</u>	<u>50,445,081</u>
OPERATING EXPENSES			
Purchased Services	4,450,201	2,392,913	6,843,114
Materials and Supplies	856		856
Capital Outlay	224		224
Insurance Claims	37,426,669	699,070	38,125,739
Total Operating Expenses	<u>41,877,950</u>	<u>3,091,983</u>	<u>44,969,933</u>
Operating Income	<u>4,954,844</u>	<u>520,304</u>	<u>5,475,148</u>
NONOPERATING REVENUES			
Interest Revenue	697	7,880	8,577
Total Nonoperating Revenues	<u>697</u>	<u>7,880</u>	<u>8,577</u>
Change In Net Assets	4,955,541	528,184	5,483,725
Net Assets - July 1, 2010	4,022,192	5,677,089	9,699,281
Net Assets - June 30, 2011	<u>\$ 8,977,733</u>	<u>\$ 6,205,273</u>	<u>\$ 15,183,006</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY
For the Fiscal Year Ended June 30, 2011**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Board Funds and Participants	\$ 47,560,579	\$ 6,612,286	\$ 54,172,865
Cash Payments to Vendors for Goods and Services	(41,934,835)	(3,517,218)	(45,452,053)
Net Cash Provided by Operating Activities	<u>5,625,744</u>	<u>3,095,068</u>	<u>8,720,812</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	697	7,880	8,577
Net Cash Provided by Investing Activities	<u>697</u>	<u>7,880</u>	<u>8,577</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,626,441	3,102,948	8,729,389
Cash and Cash Equivalents - Beginning	9,004,237	2,792,336	11,796,573
Cash and Cash Equivalents - Ending	<u>\$ 14,630,678</u>	<u>\$ 5,895,284</u>	<u>\$ 20,525,962</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 4,954,844	\$ 520,304	\$ 5,475,148
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(10,668)		(10,668)
Decrease in Due from Other Funds		3,000,000	3,000,000
Decrease in Due from Other Agencies	22,970		22,970
Decrease in Prepaid Expense		117,576	117,576
Decrease in Accounts Payable	(130,186)		(130,186)
Increase in Due to Other Funds	727,784		727,784
Increase (Decrease) in Estimated Insurance Claims Payable	61,000	(542,812)	(481,812)
Total Adjustments	<u>670,900</u>	<u>2,574,764</u>	<u>3,245,664</u>
Net Cash Provided by Operating Activities	<u>\$ 5,625,744</u>	<u>\$ 3,095,068</u>	<u>\$ 8,720,812</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL INTERNAL FUNDS AGENCY FUND
For the Fiscal Year Ended June 30, 2011

	Agency Fund Balances July 1, 2010	Additions	Deductions	Agency Fund Balances June 30, 2011
ASSETS				
Cash and Cash Equivalents	\$ 2,767,952	\$ 9,362,795	\$ 9,199,113	\$ 2,931,634
Accounts Receivable	25,190	16,920	25,190	16,920
Due from School Board		5,972		5,972
Total Assets	<u>\$ 2,793,142</u>	<u>\$ 9,385,687</u>	<u>\$ 9,224,303</u>	<u>\$ 2,954,526</u>
LIABILITIES				
Accounts Payable	\$	\$	\$	\$
Due to School Board	146,068	147,747	146,068	147,747
Internal Accounts Payable	2,647,074	9,237,940	9,078,235	2,806,779
Total Liabilities	<u>\$ 2,793,142</u>	<u>\$ 9,385,687</u>	<u>\$ 9,224,303</u>	<u>\$ 2,954,526</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BELLALAGO CHARTER ACADEMY AGENCY FUND
For the Fiscal Year Ended June 30, 2011

	Agency Fund Balances July 1, 2010	Additions	Deductions	Agency Fund Balances June 30, 2011
ASSETS				
Cash and Cash Equivalents	\$ 3,064,966	\$ 10,515,090	\$ 10,375,674	\$ 3,204,382
Accounts Receivable	20		20	
Total Assets	<u>\$ 3,064,986</u>	<u>\$ 10,515,090</u>	<u>\$ 10,375,694</u>	<u>\$ 3,204,382</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 3,839	\$ 4,588,252	\$ 4,592,091	\$
Payroll Deductions and Withholdings	700	2,035,385	2,029,293	6,792
Accounts Payable	3,060,447	2,084,321	1,947,178	3,197,590
Total Liabilities	<u>\$ 3,064,986</u>	<u>\$ 8,707,958</u>	<u>\$ 8,568,562</u>	<u>\$ 3,204,382</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BELLALAGO EDUCATIONAL FACILITIES BENEFIT DISTRICT AGENCY FUND
For the Fiscal Year Ended June 30, 2011

	Agency Fund Balances July 1, 2010	Additions	Deductions	Agency Fund Balances June 30, 2011
ASSETS				
Cash and Cash Equivalents	\$ 28,639	\$	\$ 28,639	\$
Accounts Receivable				
Total Assets	<u>\$ 28,639</u>	<u>\$</u>	<u>\$ 28,639</u>	<u>\$</u>
LIABILITIES				
Accounts Payable	\$ 28,639	\$	\$ 28,639	\$
Total Liabilities	<u>\$ 28,639</u>	<u>\$</u>	<u>\$ 28,639</u>	<u>\$</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2011

	Agency Fund Balances July 1, 2010	Additions	Deductions	Agency Fund Balances June 30, 2011
ASSETS				
Cash and Cash Equivalents	\$ 5,861,557	\$ 19,877,885	\$ 19,603,426	\$ 6,136,016
Accounts Receivable	25,210	16,920	25,210	16,920
Due from School Board		5,972		5,972
Total Assets	<u>\$ 5,886,767</u>	<u>\$ 19,900,777</u>	<u>\$ 19,628,636</u>	<u>\$ 6,158,908</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 3,839	\$ 4,588,252	\$ 4,592,091	\$ 6,792
Payroll Deductions and Withholdings	700	2,035,385	2,029,293	3,197,590
Accounts Payable	3,089,086	2,084,321	1,975,817	147,747
Due to School Board	146,068	147,747	146,068	2,806,779
Internal Accounts Payable	2,647,074	9,237,940	9,078,235	6,158,908
Total Liabilities	<u>\$ 5,886,767</u>	<u>\$ 18,093,645</u>	<u>\$ 17,821,504</u>	<u>\$ 6,158,908</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET ASSETS
COMBINING STATEMENT OF COMPONENT UNITS
June 30, 2011

	Bellalago Educational Benefit District	Flora Ridge Educational Facilities Benefit District	The Foundation for Osceola Education, Inc.	Four Corners Charter School, Inc.	Mavericks High Charter School, Inc.	New Dimensions Charter School, Inc.	Total Component Units
ASSETS							
Cash and Cash Equivalents	\$ 4,302,645	\$ 937,859	\$ 6,111,347	\$ 3,944,186	\$ 532,019	\$ 939,862	\$ 16,767,918
Accounts Receivable	219,283		60,106	30	58,293		337,712
Prepaid Items			10,749		78,692		89,441
Deposits Receivable			61,023		62,750	8,771	132,544
Due from Other Agencies	512,325						512,325
Deferred Charges	500,824	376,977	678,990			5,526	1,562,317
Restricted Assets:							
Cash with Fiscal Agent			4,182,461				4,182,461
Capital Assets:							
Land	1,000,000		238,220				1,513,220
Construction in Progress				863,800		275,000	1,083,900
Improvements Other Than Buildings, Net	383,624			10,376			434,208
Buildings and Fixed Equipment, Net	19,782,188		11,423,055			2,198,035	33,403,278
Furniture, Fixtures and Equipment, Net	357,574		302,328	135,595	175,157	65,740	1,036,394
Total Assets	\$ 27,058,463	\$ 1,314,836	\$ 23,068,279	\$ 4,953,987	\$ 906,911	\$ 3,703,242	\$ 61,005,718
LIABILITIES							
Salaries and Benefits Payable						\$ 149,062	\$ 149,062
Accounts Payable	42,245	25,087	1,353,644	1,373,320	53,090	26,817	2,874,203
Accrued Interest Payable	632,636	164,079	317,161				1,113,876
Due to Other Agencies		40,000	1,227,131				1,267,131
Unearned Revenue	27,660		251,141				278,801
Long-Term Liabilities:							
Portion Due Within One Year:							
Bonds Payable	530,000	25,000	435,000			204,036	1,194,036
Portion Due After One Year:							
Bonds Payable	25,139,645	7,372,155	14,987,752			24,804	47,524,356
Total Liabilities	\$ 26,372,186	\$ 7,626,321	\$ 18,571,829	\$ 1,373,320	\$ 53,090	\$ 404,719	\$ 54,401,465
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	(1,609,926)	(6,345,534)	(3,459,149)	1,009,771	175,157	2,525,769	(7,703,912)
Restricted For:							
Debt Service			2,603,967				2,603,967
Capital Projects						54,557	54,557
Other Purposes	2,296,203	34,049	1,578,494	2,570,896	678,664	718,197	3,908,746
Unrestricted	686,277	(6,311,485)	3,773,138	3,580,667	853,821	3,298,523	7,740,895
Total Net Assets	\$ 27,058,463	\$ 1,314,836	\$ 23,068,279	\$ 4,953,987	\$ 906,911	\$ 3,703,242	\$ 61,005,718
Total Liabilities and Net Assets							

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF ACTIVITIES
COMBINING STATEMENT OF COMPONENT UNITS
For the Fiscal Year Ended June 30, 2011

Component Unit Activities:	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	The Foundation for Osceola Education, Inc.	Four Corners Charter School, Inc.	New Alternative Education High School of Osceola County, Inc.	New Dimensions Charter School, Inc.	Total Component Units
Instruction	\$	\$	\$ 9,520,640	\$ 5,016,058	\$ 1,274,734	\$ 1,370,111	\$ 17,181,543
Pupil Personnel Services							
Instructional Media Services							
Instruction and Curriculum Development							
Instructional Staff Training Services							
Instruction Related Technology							
Board	49,934	37,828		8,970			96,732
General Administration	15,000	2,019	2,998,031	784,349	78,274	72,883	952,525
School Administration			509,524	1,120,617		346,627	3,344,658
Facilities Acquisition and Construction	846,091						2,567,541
Fiscal Services	20,000	20,000			279,826		319,826
Food Services							
Central Services							
Pupil Transportation Services							
Operation of Plant							
Maintenance of Plant			4,081,589				94,876
Community Services							66,305
Interest on Long Term Debt	1,535,152	394,408	2,387,342				48,390
Unallocated Depreciation/Amortization		15,508	762,559		3,367	36,432	2,387,342
Total Expenses	<u>2,466,177</u>	<u>469,763</u>	<u>20,259,685</u>	<u>6,929,994</u>	<u>2,550,928</u>	<u>2,126,933</u>	<u>34,803,480</u>
Program Revenues							
Charges for Services			111,901			21,663	133,564
Operating Grants and Contributions			3,052,430	436,921	241,294	35,118	3,765,763
Capital Grants and Contributions			-	(6,493,073)	(2,309,634)	210,364	210,364
Net (Expenses) Revenue	<u>(2,466,177)</u>	<u>(469,763)</u>	<u>(17,095,354)</u>	<u>(6,493,073)</u>	<u>(2,309,634)</u>	<u>(1,859,788)</u>	<u>(30,693,789)</u>
General Revenues							
Grants and Contributions							
not restricted to specific programs	1,413,591	469,685	17,479,191	6,802,141	3,132,103	2,120,312	31,417,023
Investment Earnings			7,341	8,943		2,403	18,687
Miscellaneous			358,431				370,642
Total General Revenues	<u>1,413,591</u>	<u>469,685</u>	<u>17,844,963</u>	<u>6,811,084</u>	<u>3,144,314</u>	<u>2,122,715</u>	<u>31,806,352</u>
Change in Net Assets	<u>(1,052,586)</u>	<u>(78)</u>	<u>749,609</u>	<u>318,011</u>	<u>834,680</u>	<u>262,927</u>	<u>1,112,563</u>
Net Assets - beginning	1,738,863	(6,311,407)	3,746,841	3,262,656	19,141	3,035,596	5,491,690
Net Assets - ending	<u>\$ 686,277</u>	<u>\$ (6,311,485)</u>	<u>\$ 4,496,450</u>	<u>\$ 3,580,667</u>	<u>\$ 853,821</u>	<u>\$ 3,298,523</u>	<u>\$ 6,604,253</u>

STATISTICAL SECTION



Introduction to the Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Schedule 1	Net Assets by Component
Schedule 2	Changes in Net Assets
Schedule 3	General Revenues and Total Changes in Net Assets
Schedule 4	Fund Balances, Governmental Funds
Schedule 5	Governmental Funds Revenues
Schedule 6	Governmental Funds Expenditures and Debt Service Ratio
Schedule 7	Other Financing Sources and Uses and Net Change in Fund Balances

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Schedule 8	Assessed Value and Estimated Actual Value of Taxable Property
Schedule 9	Direct and Overlapping Property Tax Rates
Schedule 10	Principal Osceola County Property Tax Payers
Schedule 11	Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Schedule 12	Outstanding Debt by Type
Schedule 13	Direct and Overlapping Governmental Activities Debt
Schedule 14	Legal Debt Margin Information
Schedule 15	Pledged-Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Schedule 16	Demographic and Economic Statistics
Schedule 17	Osceola County Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Schedule 18	Full-time-Equivalent District Employees by Type
Schedule 19	Operating Statistics
Schedule 20	Teacher Salaries
Schedule 21	School Building Information

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 with the fiscal year beginning July 1, 2001; therefore, schedules presenting government-wide information include information beginning with June 30, 2002.*

Schedule 1
 District School Board of Osceola County
 Net Assets by Component - Primary Government
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	For the Fiscal Year ending June 30			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 170,306,903	\$ 192,547,413	\$ 196,477,250	\$ 222,190,069
Restricted	34,248,107	39,066,898	69,958,909	109,140,237
Unrestricted	<u>5,618,611</u>	<u>11,781,741</u>	<u>15,426,993</u>	<u>22,008,531</u>
Total governmental activities net assets	<u>\$ 210,173,621</u>	<u>\$ 243,396,052</u>	<u>\$ 281,863,152</u>	<u>\$ 353,338,837</u>

Source:
 District records

	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>
\$	266,793,746	\$	306,948,191	\$	354,211,777	\$	438,988,320	\$	471,185,896	\$	492,955,678
	119,218,431		144,452,132		220,147,769		155,942,301		116,539,697		81,462,943
	31,290,686		41,579,693		27,348,239		22,289,318		28,633,813		50,433,333
	<u>417,302,863</u>		<u>492,980,016</u>		<u>601,707,785</u>		<u>617,219,939</u>		<u>616,359,406</u>		<u>624,851,954</u>

Schedule 2
District School Board of Osceola County
Changes in Net Assets - Primary Government
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	For the Fiscal Year ending June 30			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Primary Government:				
Expenses				
Governmental activities:				
Instruction	\$ 117,374,025	\$ 129,183,723	\$ 151,791,603	\$ 175,571,358
Pupil personnel services	13,230,530	13,719,751	15,103,776	16,119,414
Instructional media services	3,897,297	3,690,905	4,388,317	4,163,815
Instruction and curriculum development services	12,926,856	12,482,618	14,294,346	15,828,787
Instructional staff training services	2,127,850	2,218,777	2,921,221	5,109,676
Instruction related technology				
Board of education	1,335,600	1,372,148	1,645,425	1,285,843
General administration	1,829,476	1,559,762	2,665,768	2,256,900
School administration	11,476,453	12,456,098	13,526,338	14,785,560
Facilities Services	18,157,268	9,051,649	12,051,652	14,678,682
Fiscal services	1,284,357	1,275,696	1,348,845	1,268,262
Food services	10,628,225	11,853,765	13,268,560	15,822,309
Central services	9,193,049	7,005,304	7,726,064	7,698,586
Pupil transportation services	9,349,212	11,006,137	12,746,417	15,176,499
Operation of plant	14,202,118	17,498,573	17,478,299	26,500,887
Maintenance of plant	6,274,892	4,461,889	5,169,937	5,136,806
Administrative technology services				
Community services	1,460,520	1,782,642	1,841,101	1,982,934
Interest on long-term debt	9,310,186	13,182,368	12,928,476	14,312,804
Unallocated depreciation/amortization	13,382,525	16,448,337	17,884,480	21,895,591
Total expenses - Primary Government	<u>\$ 257,468,001</u>	<u>\$ 270,322,254</u>	<u>\$ 308,932,573</u>	<u>\$ 359,941,513</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Instruction	\$ 2,082,903	\$ 2,704,575	\$ 2,842,166	\$ 3,130,251
Food services	4,554,524	4,969,088	5,246,692	5,524,431
Central services	2,867,462			
Pupil transportation services	167,049	154,846	144,614	2,124,247
Community services				
Operating Grants and Contributions				
Food services	6,811,768	7,736,281	9,415,803	10,988,391
Pupil transportation services	6,725,842	7,597,898	8,157,374	8,095,754
Capital Grants and Contributions				
Facilities acquisition and construction	12,616,860	16,698,060	30,314,568	74,103,881
Maintenance of plant				
Interest on long-term debt	4,943,241	1,223,763	1,373,681	1,487,504
Total Program Revenues - Primary Government	<u>\$ 40,769,649</u>	<u>\$ 41,084,511</u>	<u>\$ 57,494,898</u>	<u>\$ 105,454,459</u>
Net (Expense) - Primary Government	<u>\$ (216,698,352)</u>	<u>\$ (229,237,743)</u>	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>

Source:
District records

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	198,468,516	\$ 232,617,922	\$ 261,976,401	\$ 243,009,744	\$ 255,220,829	\$ 268,395,640
	18,442,786	20,886,005	24,153,125	23,755,838	21,883,642	21,854,182
	4,835,861	5,161,195	6,059,524	5,292,967	4,562,986	4,517,888
	16,961,003	22,429,022	23,464,063	20,144,676	15,244,383	15,053,689
	6,011,555	4,569,743	9,507,952	6,556,067	8,854,691	10,019,346
	3,512,400	3,946,935	4,373,774	4,534,355	3,624,384	3,371,658
	1,419,189	1,823,925	2,179,387	1,594,329	1,678,822	1,365,918
	2,575,054	2,228,563	2,589,737	2,988,478	2,906,023	3,776,911
	17,214,383	19,747,072	22,649,997	20,969,528	23,215,807	22,598,190
	16,612,944	16,584,696	19,814,471	15,224,107	14,397,625	11,792,702
	1,601,831	1,887,436	2,062,828	1,872,802	1,807,456	1,861,512
	18,965,217	20,795,040	25,147,719	22,822,423	21,173,003	22,286,139
	5,941,266	6,536,936	7,135,483	6,693,873	6,711,505	6,467,196
	17,657,424	19,413,234	21,620,725	21,163,277	20,792,056	22,121,651
	24,722,169	27,205,818	31,115,952	29,917,708	31,691,252	28,932,290
	7,570,851	7,968,053	8,896,778	8,415,184	8,075,524	8,425,120
	3,188,644	2,949,505	3,604,125	3,435,841	3,590,304	3,334,012
	2,262,183	3,487,806	3,798,924	3,670,126	3,690,087	4,194,564
	14,760,893	12,752,067	15,859,473	15,144,497	16,245,397	15,944,978
	22,312,499	24,223,111	27,626,338	28,832,502	29,437,348	31,169,680
	<u>\$ 405,345,634</u>	<u>\$ 457,214,084</u>	<u>\$ 523,636,776</u>	<u>\$ 487,001,357</u>	<u>\$ 494,803,124</u>	<u>\$ 507,483,266</u>
\$	1,123,318	\$ 1,421,447	\$ 1,426,889	\$ 1,577,484	\$ 1,828,659	\$ 2,220,174
	6,437,902	7,100,817	6,861,017	6,905,070	6,136,837	5,881,978
	141,429	172,377	190,009	470,324	370,221	543,684
	2,028,638	2,236,882	2,568,696	2,572,933	2,527,935	2,774,330
	12,144,814	13,391,527	14,897,448	15,988,714	17,894,469	19,400,609
	10,364,641	9,701,290	9,633,899	9,315,616	9,436,136	8,978,796
	48,575,015	48,636,658	120,851,798	11,622,121	11,544,613	11,019,085
	1,581,675	2,059,611	1,758,040	10,719,386	23,037	23,505
	<u>\$ 82,397,432</u>	<u>\$ 86,488,291</u>	<u>\$ 158,187,796</u>	<u>\$ 59,192,205</u>	<u>\$ 49,761,907</u>	<u>\$ 50,842,161</u>
\$	<u>(322,948,202)</u>	<u>(370,725,793)</u>	<u>(365,448,980)</u>	<u>(427,809,152)</u>	<u>(445,041,217)</u>	<u>(456,641,105)</u>

Schedule 3
 District School Board of Osceola County
 General Revenues and Total Changes in Net Assets
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	For the Fiscal Year ending June 30			
	2002	2003	2004	2005
Net (Expense)/Revenue - Primary Government	<u>\$ (216,698,352)</u>	<u>\$ (229,237,743)</u>	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>
General Revenues and Changes in Net Assets				
Taxes:				
Property taxes, levied for operational purposes	60,474,039	68,971,530	75,677,603	\$ 81,989,285
Property taxes, levied for debt service	3,810,309	3,700,228	3,729,032	3,753,855
Property taxes, levied for capital projects	18,707,937	21,329,126	23,360,298	26,321,324
Local sales taxes	2,760,320	2,704,202	3,031,802	3,704,309
Grants and contributions not restricted to specific programs	131,760,786	157,529,074	176,317,825	200,943,463
Investment earnings	2,991,659	1,675,033	1,405,504	4,344,278
Miscellaneous	5,210,967	6,550,981	6,382,712	4,906,224
Total General Revenues - Primary Government	<u>\$ 225,716,017</u>	<u>\$ 262,460,174</u>	<u>\$ 289,904,776</u>	<u>\$ 325,962,738</u>
Changes in Net Assets - Primary Government	<u>\$ 9,017,665</u>	<u>\$ 33,222,431</u>	<u>\$ 38,467,101</u>	<u>\$ 71,475,684</u>

Source:
 District records

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	<u>(322,948,202)</u>	<u>(370,725,793)</u>	<u>(365,448,980)</u>	<u>(427,809,152)</u>	<u>(445,041,217)</u>	<u>(456,641,105)</u>
\$	95,898,951	\$ 121,689,421	\$ 145,250,546	\$ 151,594,547	\$ 135,881,016	\$ 115,231,090
	3,728,353	7,326		1,671		
	31,289,374	42,088,335	50,327,124	46,094,101	33,142,748	27,606,863
	7,948,681	9,998,541	10,292,844	9,143,244	9,035,938	9,511,482
	225,092,552	248,564,737	248,186,167	223,928,922	253,310,535	294,754,205
	8,893,900	12,932,806	9,128,755	3,253,100	2,345,647	2,099,168
	<u>13,956,269</u>	<u>11,121,780</u>	<u>10,991,313</u>	<u>9,305,721</u>	<u>10,464,800</u>	<u>15,930,845</u>
\$	<u>386,808,080</u>	<u>446,402,946</u>	<u>474,176,749</u>	<u>443,321,306</u>	<u>444,180,684</u>	<u>465,133,653</u>
\$	<u>63,859,878</u>	<u>75,677,153</u>	<u>108,727,769</u>	<u>15,512,154</u>	<u>(860,533)</u>	<u>8,492,548</u>

Schedule 4
District School Board of Osceola County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	For the Fiscal Year Ending June 30			
	Restated (a) <u>2002</u>	Restated (a) <u>2003</u>	Restated (a) <u>2004</u>	Restated (a) <u>2005</u>
General Fund				
Nonspendable	\$	\$	\$	\$
Restricted	1,691,963	2,176,084	3,422,216	3,618,175
Assigned				
Unassigned	<u>14,822,596</u>	<u>18,989,026</u>	<u>17,877,768</u>	<u>14,725,944</u>
Total General Fund	<u>\$ 16,514,559</u>	<u>\$ 21,165,110</u>	<u>\$ 21,299,984</u>	<u>\$ 18,344,119</u>
All Other Governmental Funds				
Nonspendable	\$	\$	\$	\$
Restricted	36,230,343	38,671,458	25,453,942	61,106,271
Assigned				
Unassigned	<u>34,304,280</u>	<u>36,235,920</u>	<u>54,065,267</u>	<u>115,968,050</u>
Total All Other Governmental Funds	<u>\$ 70,534,623</u>	<u>\$ 74,907,378</u>	<u>\$ 79,519,209</u>	<u>\$ 177,074,321</u>
Total Governmental Funds	<u>\$ 87,049,182</u>	<u>\$ 96,072,488</u>	<u>\$ 100,819,193</u>	<u>\$ 195,418,440</u>

Note:

(a) The District implemented GASB 54 for the fiscal year ended June 30, 2011. The fund balances from the prior fiscal years were restated for comparison purposes.

Source:

District records

Restated (a) <u>2006</u>	Restated (a) <u>2007</u>	Restated (a) <u>2008</u>	Restated (a) <u>2009</u>	Restated (a) <u>2010</u>	<u>2011</u>
\$ 2,453,921	\$ 2,468,816	\$ 2,270,876	\$ 15,237,098	\$ 18,790,895	\$ 1,805,173
33,914,236	52,649,019	52,509,629	44,255,581	51,822,880	15,432,710
<u>\$ 36,368,157</u>	<u>\$ 55,117,835</u>	<u>\$ 54,780,505</u>	<u>\$ 59,492,679</u>	<u>\$ 70,613,775</u>	<u>\$ 91,601,580</u>
\$ 74,955,676	\$ 40,229,851	\$ 91,963,365	\$ 29,301,405	\$ 72,871,696	\$ 535,522
90,056,429	168,446,299	181,930,542	167,008,297	101,538,230	107,041,853
<u>\$ 165,012,105</u>	<u>\$ 208,676,150</u>	<u>\$ 273,893,907</u>	<u>\$ 196,309,702</u>	<u>\$ 174,409,926</u>	<u>\$ 108,262,166</u>
<u>\$ 201,380,262</u>	<u>\$ 263,793,985</u>	<u>\$ 328,674,412</u>	<u>\$ 255,802,381</u>	<u>\$ 245,023,701</u>	<u>\$ 199,863,746</u>

Schedule 5
 District School Board of Osceola County
 Governmental Funds Revenues
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	For the Fiscal Year Ending June 30			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues				
Federal direct	\$ 394,614	\$ 502,588	\$ 524,778	\$ 538,586
Federal through State and local	19,428,970	25,126,714	28,130,728	33,514,246
State sources	132,422,549	154,886,649	178,249,029	211,747,093
Local sources	<u>111,316,789</u>	<u>120,567,914</u>	<u>139,787,849</u>	<u>174,534,294</u>
Total revenues	<u>\$ 263,562,922</u>	<u>\$ 301,083,865</u>	<u>\$ 346,692,384</u>	<u>\$ 420,334,219</u>

Source:
 District records

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 507,224	\$ 1,053,161	\$ 1,850,561	\$ 3,544,576	\$ 4,346,224	\$ 6,773,076
41,607,113	38,267,515	43,185,868	44,917,130	74,445,447	86,017,868
227,589,538	244,655,637	320,426,143	214,028,791	205,192,571	236,185,377
<u>203,133,467</u>	<u>244,404,884</u>	<u>258,384,589</u>	<u>239,855,958</u>	<u>209,624,727</u>	<u>182,822,924</u>
<u>\$ 472,837,342</u>	<u>\$ 528,381,197</u>	<u>\$ 623,847,161</u>	<u>\$ 502,346,455</u>	<u>\$ 493,608,969</u>	<u>\$ 511,799,245</u>

Schedule 6

District School Board of Osceola County
 Governmental Funds Expenditures and Debt Service Ratio
 Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

	For the Fiscal Year Ending June 30			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenditures				
Instruction	\$ 117,079,631	\$ 130,420,875	\$ 154,305,607	\$ 177,377,831
Pupil personnel services	13,112,326	13,936,383	15,381,152	16,435,466
Instructional media services	3,842,829	3,744,022	4,457,309	4,241,207
Instruction and curriculum development services	12,771,611	12,658,370	14,471,465	16,094,907
Instructional staff training services	2,146,962	2,218,607	2,927,494	5,078,031
Instruction related technology				
Board of Education	1,333,677	1,378,541	1,648,558	1,290,353
General administration	1,786,685	1,568,707	2,613,238	2,270,644
School administration	11,256,991	12,578,340	13,762,428	14,874,908
Facilities services	18,146,087	9,047,754	12,054,265	14,723,275
Fiscal services	1,266,688	1,279,620	1,380,748	1,251,447
Food services	10,632,834	11,885,242	13,366,460	15,930,723
Central services	6,292,786	7,035,623	7,807,327	7,758,248
Pupil transportation services	8,429,705	9,926,767	11,541,466	13,948,013
Operation of plant	14,160,088	17,615,832	18,245,493	27,017,226
Maintenance of plant	6,240,084	4,476,170	5,205,591	5,216,672
Administrative technology services				
Community services	1,450,218	1,806,161	1,860,842	2,004,318
Capital outlay				
Facilities acquisition and construction	66,719,184	65,330,740	33,461,068	40,545,616
Other capital outlay	4,396,413	4,644,487	10,123,806	9,862,578
Debt service				
Principal	16,089,358	10,667,185	10,030,498	13,444,462
Interest and fees	10,102,410	12,644,549	12,749,442	13,309,796
Total expenditures	<u>\$ 327,256,567</u>	<u>\$ 334,863,975</u>	<u>\$ 347,394,257</u>	<u>\$ 402,675,721</u>
Debt Service as a Percentage of Noncapital Expenditures	11.39%	9.65%	8.11%	8.22%

Source:

District records

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	195,786,614	\$ 228,926,351	\$ 252,436,907	\$ 242,419,425	\$ 252,269,672	\$ 266,865,399
	18,082,451	20,467,855	23,004,870	23,775,514	21,596,468	21,710,031
	4,772,082	5,083,212	5,860,992	5,308,109	4,528,355	4,500,290
	16,700,234	21,798,585	22,507,401	20,161,819	15,096,682	14,940,593
	5,958,714	4,624,539	9,150,787	6,589,861	8,768,979	10,034,314
	3,380,672	3,884,887	4,151,534	4,514,440	3,552,968	3,274,513
	1,414,978	1,823,258	2,150,486	1,596,656	1,680,070	1,363,448
	2,526,892	2,186,576	2,605,401	2,991,604	2,847,678	3,742,052
	16,704,133	19,189,405	21,535,497	21,017,289	22,478,323	22,458,336
	16,580,781	16,535,413	19,708,502	15,195,444	14,275,962	11,790,607
	1,534,493	1,870,512	2,028,443	1,840,274	1,784,591	1,818,535
	18,828,603	20,563,324	24,583,165	22,795,237	20,976,967	22,195,655
	5,863,915	6,470,672	6,773,727	6,656,102	6,597,053	6,368,452
	15,598,236	17,014,402	18,468,240	17,861,972	17,280,750	18,853,529
	24,784,882	27,710,926	30,798,725	30,466,641	34,035,187	29,305,887
	7,419,369	7,809,981	8,512,770	8,366,744	7,919,591	8,351,687
	3,038,578	2,860,025	3,439,879	3,431,664	3,527,874	3,396,158
	2,236,213	3,397,490	3,666,415	3,680,873	3,643,310	4,174,899
	62,304,787	73,466,105	51,547,603	97,801,621	68,920,961	66,602,017
	13,907,537	6,092,674	14,507,098	9,803,355	4,238,945	5,859,310
	17,176,291	19,293,444	16,271,911	14,186,717	14,817,845	14,034,285
	14,204,319	14,379,361	15,473,269	14,819,480	14,933,194	15,475,625
	<u>\$ 468,804,774</u>	<u>\$ 525,448,997</u>	<u>\$ 559,183,622</u>	<u>\$ 575,280,841</u>	<u>\$ 545,771,425</u>	<u>\$ 557,115,622</u>
	8.69%	8.17%	6.88%	6.61%	6.30%	6.48%

Schedule 7
 District School Board of Osceola County
 Other Financing Sources and Uses and Net Change in Fund Balances
 Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	<u>For the Fiscal Year Ending June 30</u>			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Excess of revenues over (under) expenditures	<u>\$ (63,693,645)</u>	<u>\$ (33,780,110)</u>	<u>\$ (701,873)</u>	<u>\$ 17,658,498</u>
Other Financing Sources	97,057,827	62,436,302	20,896,262	131,626,971
Other Financing Uses	<u>33,255,171</u>	<u>19,632,886</u>	<u>15,447,684</u>	<u>54,686,222</u>
Net change in fund balances	<u><u>\$ 109,011</u></u>	<u><u>\$ 9,023,306</u></u>	<u><u>\$ 4,746,705</u></u>	<u><u>\$ 94,599,247</u></u>

Source:
 District records

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>\$ 4,032,568</u>	<u>\$ 2,932,200</u>	<u>\$ 64,663,539</u>	<u>\$ (72,934,386)</u>	<u>\$ (52,162,456)</u>	<u>\$ (45,316,377)</u>
66,941,168	154,306,121	35,948,759	37,734,305	112,616,204	34,699,272
<u>64,898,617</u>	<u>94,824,598</u>	<u>35,731,871</u>	<u>37,671,950</u>	<u>71,232,428</u>	<u>34,542,850</u>
<u><u>\$ 6,075,119</u></u>	<u><u>\$ 62,413,723</u></u>	<u><u>\$ 64,880,427</u></u>	<u><u>\$ (72,872,031)</u></u>	<u><u>\$ (10,778,680)</u></u>	<u><u>\$ (45,159,955)</u></u>

Schedule 8
District School Board of Osceola County
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (In thousands)
Unaudited

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2001	7,470,362	7,545,820	947,491	957,062
2002	8,664,276	8,823,092	1,044,167	1,063,307
2003	9,814,249	10,309,085	1,177,811	1,237,196
2004	10,761,639	11,198,376	1,278,296	1,330,173
2005	12,259,605	12,986,870	1,326,423	1,405,109
2006	14,717,778	15,283,259	1,420,128	1,474,692
2007	20,226,914	22,154,342	1,570,993	1,720,693
2008	24,673,342	25,228,366	1,652,151	1,689,316
2009	24,464,364	24,562,614	1,510,465	1,516,531
2010	19,971,753	19,832,923	1,531,250	1,520,606

Note: Centrally assessed property consists of railroad and telegraph systems which are assessed by the State of Florida.

2011 information not available.

⁽¹⁾ Per \$1,000 of assessed value

Source:
Osceola County Comprehensive Annual Financial Report, FYE 9/30/10

Centrally Assessed Property		Total		Total Direct Rate ⁽¹⁾
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
3,680	3,717	8,421,533	8,506,599	9.231
3,271	3,331	9,711,714	9,889,730	8.871
3,400	3,571	10,995,460	11,549,852	8.812
5,426	5,646	12,045,361	12,534,195	8.798
6,182	6,549	13,592,210	14,398,528	8.514
3,790	3,936	16,141,696	16,761,887	8.367
4,562	4,997	21,802,469	23,880,032	7.782
4,495	4,596	26,329,988	26,922,278	7.772
3,785	3,800	25,978,614	26,082,945	7.513
4,129	4,100	21,507,132	21,357,629	7.699

Schedule 9
District School Board of Osceola County
Direct and Overlapping Property Tax Rates
Last Ten Levy Years

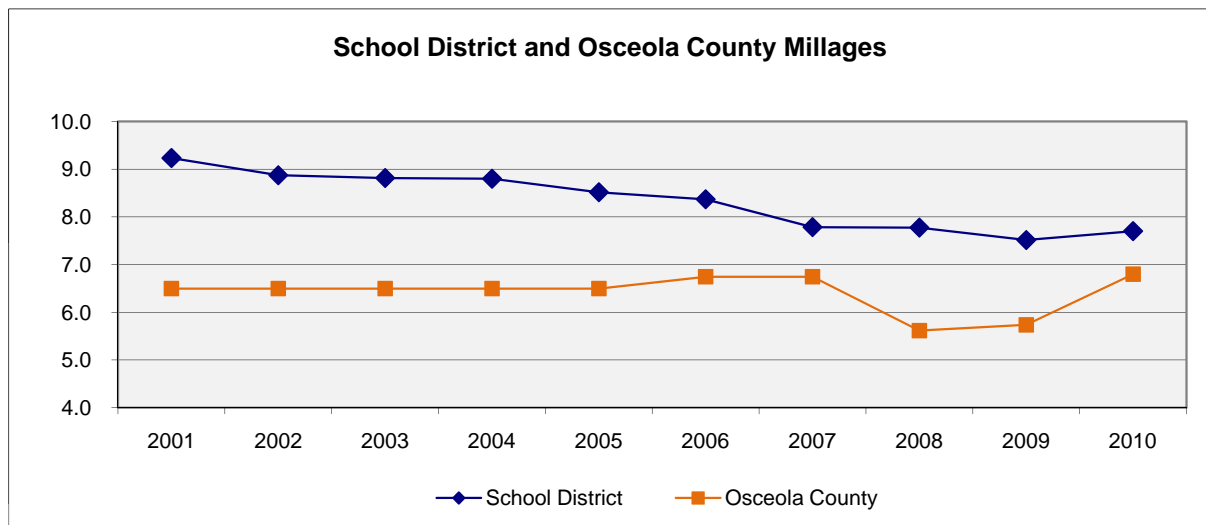
(rate per \$1,000 of assessed value)
 Unaudited

Levy Year	District Direct Rates						Overlapping Rates
	Required Local Effort	Capital Outlay	Basic Discretionary	Supplemental Discretionary	Voted Debt Service	Total Direct	Osceola County
2001	6.000	2.000	0.510	0.207	0.514	9.231	6.495
2002	5.758	2.000	0.510	0.196	0.407	8.871	6.495
2003	5.761	2.000	0.510	0.195	0.346	8.812	6.495
2004	5.784	2.000	0.510	0.185	0.319	8.798	6.495
2005	5.540	2.000	0.510	0.179	0.285	8.514	6.495
2006	5.369	2.000	0.510	0.250	0.238	8.367	6.744
2007	5.022	2.000	0.510	0.250	-	7.782	6.744
2008	5.052	2.000	0.510	0.210	-	7.772	5.615
2009	5.059	1.750	0.498	0.206	-	7.513	5.736
2010	5.201	1.500	0.748	0.250	-	7.699	6.797

Source:

District records
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/10

2011 information not available.



Schedule 10
District School Board of Osceola County
Principal Osceola County Property Tax Payers
September 30, 2010 and Nine Years Earlier
(In thousands)
Unaudited

Taxpayer	September 30, 2010			September 30, 2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westgate Properties	\$ 913,563	1	4.25%	\$		
The Walt Disney Company	560,283	2	2.61%	647,469	1	7.47%
Lando Resorts Corporation	320,915	3	1.49%	63,831	9	0.74%
Tempus Palms International	271,756	4	1.26%	95,809	6	1.11%
Star Island	265,635	5	1.24%	90,603	7	1.05%
G.P. Limited Partnership	255,719	6	1.19%			
Progress Energy	241,260	7	1.12%			
RRI Energy	134,446	8	0.63%			
Adventist Health System	120,542	9	0.56%			
Silver Lake Resort	119,048	10	0.55%	71,736	8	0.83%
Central Florida Investments				382,284	2	0.53%
Florida Power Corporation				151,744	3	1.75%
Fairfield Communities				120,175	4	1.39%
Sprint Florida				103,820	5	1.20%
Avatar Properties, Inc.				49,941	10	0.58%
Total taxable assessed value ten largest taxpayers	3,203,167		14.90%	1,777,412		20.53%
Total taxable assessed value all other taxpayers	18,303,965		85.10%	6,886,864		79.47%
Total taxable assessed value all taxpayers	<u>\$ 21,507,132</u>		<u>100.00%</u>	<u>\$ 8,664,276</u>		<u>100.00%</u>

Source:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/10

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Schedule 11
District School Board of Osceola County
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year	Taxes Levied for the Fiscal Year	Collected with the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	86,152,618	82,766,326	96.07%	738,913	83,505,239	96.93%
2003	96,980,298	93,261,967	96.17%	427,760	93,689,727	96.61%
2004	106,301,541	102,339,173	96.27%	355,857	102,695,029	96.61%
2005	116,134,509	111,708,607	96.19%	811,581	112,520,188	96.89%
2006	135,485,708	130,105,098	96.03%	91,059	130,196,157	96.10%
2007	171,119,959	160,954,578	94.06%	26,733	160,981,311	94.08%
2008	206,374,025	195,550,937	94.76%	1,962,978	197,513,915	95.71%
2009	203,106,867	195,727,342	96.37%	981,585	195,727,342	96.37%
2010	174,578,023	168,042,178	96.26%	845,047	168,887,225	96.74%
2011	148,427,619	141,992,906	95.66%		141,992,906	95.66%

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if taxes are paid in November, with the discounts declining by one percent (1%) each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1st of each year.

Source:
District records

Schedule 12
 District School Board of Osceola County
 Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Capital Leases and Installment Purchases	Notes	Bonds	Certificates Of Participation
2002	4,944,598	3,823,000	69,342,534	143,641,031
2003	6,375,658	36,185,393	68,880,015	140,606,742
2004	8,675,839	34,387,126	67,008,622	137,417,453
2005	11,308,878	32,492,160	66,274,574	199,595,993
2006	5,962,320	30,495,288	63,716,002	194,270,400
2007	7,763,937	28,391,020	104,795,299	188,836,531
2008	3,794,475	26,173,571	100,475,993	183,202,405
2009	2,554,486	23,836,843	95,971,687	177,228,279
2010	1,454,074	21,374,409	91,284,157	211,997,778
2011	669,702	18,779,496	86,957,159	206,341,984

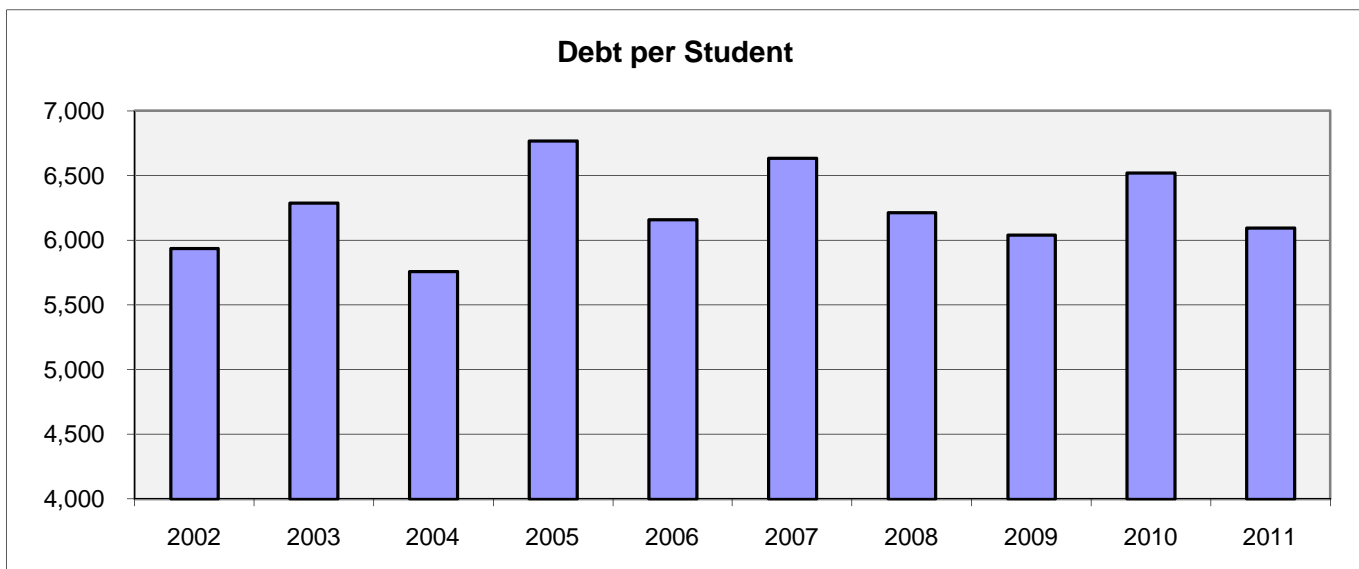
(1) Schedule 16 Personal Income (thousands) divided by Total Debt.

(2) Total Debt divided by Schedule 19 Student Enrollment.

N/A = Not Available

Source:

District records



EFBD Agreement Payable	Total	Percentage of Personal Income ⁽¹⁾	Outstanding Debt Per Student ⁽²⁾
	221,751,163	1.64	5,940
	252,047,808	1.54	6,288
3,941,380	251,430,420	1.66	5,760
7,764,964	317,436,569	1.45	6,770
8,805,939	303,249,949	1.71	6,162
8,912,464	338,699,251	1.69	6,633
9,023,280	322,669,724	1.89	6,213
9,139,035	308,730,330	1.97	6,040
9,519,989	335,630,407	2.03	6,522
9,715,198	322,463,539	N/A	6,096

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Schedule 13
 District School Board of Osceola County
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2011
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Osceola County			
Limited General Obligation Bonds	\$ 37,865,000	100.00%	\$ 37,865,000
Revenue Bonds	412,641,000	100.00%	412,641,000
Special Assessment Bonds	4,885,000	100.00%	4,885,000
Subtotal, overlapping debt			455,391,000
District direct debt			322,463,539
Total direct and overlapping debt			\$ 777,854,539

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Osceola County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

Source:

District records
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/10

Schedule 14
District School Board of Osceola County
Legal Debt Margin Information
Last Ten Fiscal Years (In thousands)
Unaudited

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assessed value	\$ 8,421,533	\$ 9,711,714	\$ 10,995,460	\$ 12,045,361
Debt limit (10% of assessed value)	842,153	971,171	1,099,546	1,204,536
Debt applicable to limit:				
Bonds payable	74,695	69,343	68,880	67,009
Total net debt applicable to limit	<u>74,695</u>	<u>69,343</u>	<u>68,880</u>	<u>67,009</u>
Legal debt margin	<u>\$ 767,458</u>	<u>\$ 901,828</u>	<u>\$ 1,030,666</u>	<u>\$ 1,137,527</u>
Total net debt applicable to the limit as a percentage of debt limit	8.87%	7.14%	6.26%	5.56%

Note: This schedule was previously presented as a requirement of Rule 6A-1.037(2) State Board of Education, Florida Administration Code, which established a legal debt limit of 10 percent of the assessed valuation of the District. Rule 6A-1.037 was repealed in March 2006, however, management believes this information may still be of value to users.

2011 information not available.

Source:

District records
Osceola County Comprehensive Annual Financial Report, FYE 9/30/10

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	13,592,210	\$ 16,141,696	\$ 21,802,469	\$ 26,329,988	\$ 25,978,614	\$ 21,507,132
	1,359,221	1,614,170	2,180,247	2,632,999	2,597,861	2,150,713
	66,275	63,716	104,795	100,476	95,972	91,284
	66,275	63,716	104,795	100,476	95,972	91,284
\$	<u>1,292,946</u>	<u>\$ 1,550,454</u>	<u>\$ 2,075,452</u>	<u>\$ 2,532,523</u>	<u>\$ 2,501,889</u>	<u>\$ 2,059,429</u>
	4.88%	3.95%	4.81%	3.82%	3.69%	4.24%

Schedule 15
District School Board of Osceola County
Pledged-Revenue Coverage
Last Ten Fiscal Years
Unaudited

Fiscal Year	State Board of Education Bonds				
	Motor Vehicle	Debt Service			Coverage
	License Tax	Principal	Interest		
2002	\$ 1,531,419	\$ 510,000	\$ 623,490	74.0%	
2003	1,657,627	570,000	657,971	74.1%	
2004	1,793,356	595,000	643,741	69.1%	
2005	1,921,521	685,000	668,601	70.4%	
2006	2,044,076	800,000	767,103	76.7%	
2007	2,118,063	925,000	773,432	80.2%	
2008	2,158,213	965,000	762,304	80.0%	
2009	2,202,617	1,015,000	719,104	78.7%	
2010	2,193,050	1,060,000	672,009	79.0%	
2011	2,194,266	1,100,000	621,248	78.4%	

Source: District records

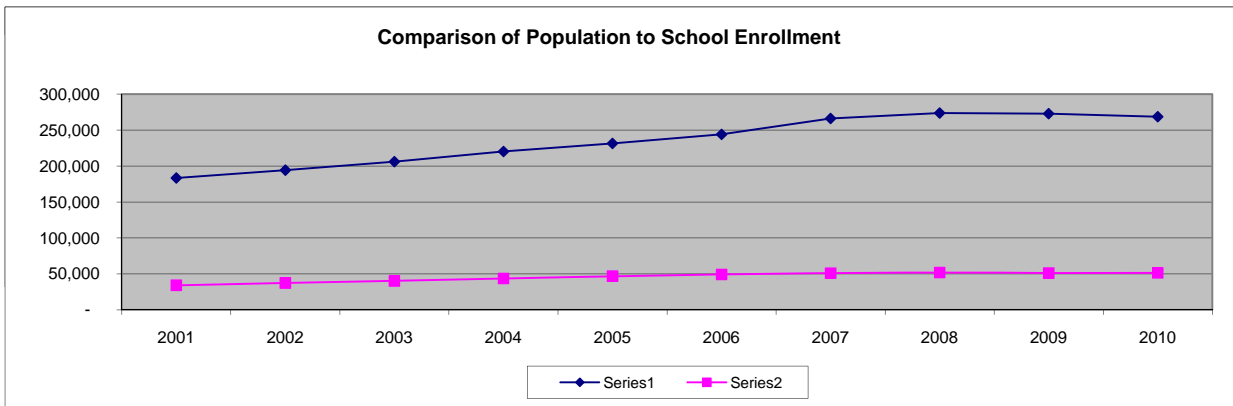
Schedule 16
 District School Board of Osceola County
 Demographic and Economic Statistics
 Last Ten Calendar Years
 Unaudited

Year	Population ⁽¹⁾	Personal Income ⁽¹⁾ (in thousands)	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	School Enrollment ⁽²⁾	Unemployment Rate ⁽¹⁾
2001	183,443	\$ 3,502,985	\$ 20,115	35.0	34,186	4.4%
2002	194,281	3,646,332	19,898	35.6	37,334	5.8%
2003	206,095	3,871,702	19,986	34.5	40,086	5.2%
2004	220,217	4,175,478	20,325	34.4	43,652	4.5%
2005	231,482	4,611,683	21,025	34.3	46,891	3.8%
2006	244,045	5,195,652	22,514	34.5	49,214	3.1%
2007	266,123	5,708,018	23,359	34.9	51,060	4.3%
2008	273,709	6,087,831	23,797	34.4	51,934	6.4%
2009	272,788	6,086,173	22,311	34.6	51,118	11.3%
2010	268,685	6,814,171	25,180	35.6	51,458	12.4%

Note: 2011 information not available.

Sources:

- ⁽¹⁾ State of Florida Office of Economic and Demographic Research
- ⁽²⁾ Osceola School District



Schedule 17
District School Board of Osceola County
Osceola County Principal Employers
September 30, 2010 and Nine Years Earlier
Unaudited

Employer	September 30, 2010			September 30, 2001 ⁽⁴⁾		
	Employees	Rank	Percentage of Total Labor Force Employed	Employees	Rank	Percentage of Total Labor Force Employed
Total Labor Force Employed ⁽¹⁾	123,591			95,645		
Osceola School District ⁽²⁾	6,291	1	5.09%	3,881	1	4.06%
Walt Disney World (Osceola County only) ⁽³⁾	4,150	2	3.36%	3,500	2	3.66%
Osceola County Government	2,463	3	1.99%	1,500	3	1.57%
Wal-Mart Stores, Inc.	2,388	4	1.93%			
Orange Lake Country Club and Affiliates	2,300	5	1.86%	600	7	0.63%
Osceola Regional Medical Center	1,500	6	1.21%	1,159	5	1.21%
Gaylord Palms Resort & Convention Center	1,468	7	1.19%			
Publix Supermarkets	1,350	8	1.09%	1,260	4	1.32%
Florida Hospital Celebration	1,300	9	1.05%			
McLane/Suncoast, Inc.	728	10	0.59%	930	6	0.97%
Total principal employers	23,938		19.37%	12,830		13.41%

Note: ⁽¹⁾ Total Labor Force Employed for Osceola County as reported by the Metro Orlando Economic Development Commission.

⁽²⁾ School District employees are shown as of June 30, 2010 and 2001.

⁽³⁾ Walt Disney World is a primary employer. Total employment in 2010 ranged between 55,000 and 60,000 employees. Number of employees from Osceola County is estimated.

⁽⁴⁾ Only the top seven employers could be determined with available data.

Source:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/10
Metro Orlando Economic Development Commission

Schedule 18
District School Board of Osceola County
Full-time-Equivalent District Employees by Type
Last Ten Fiscal Years
Unaudited

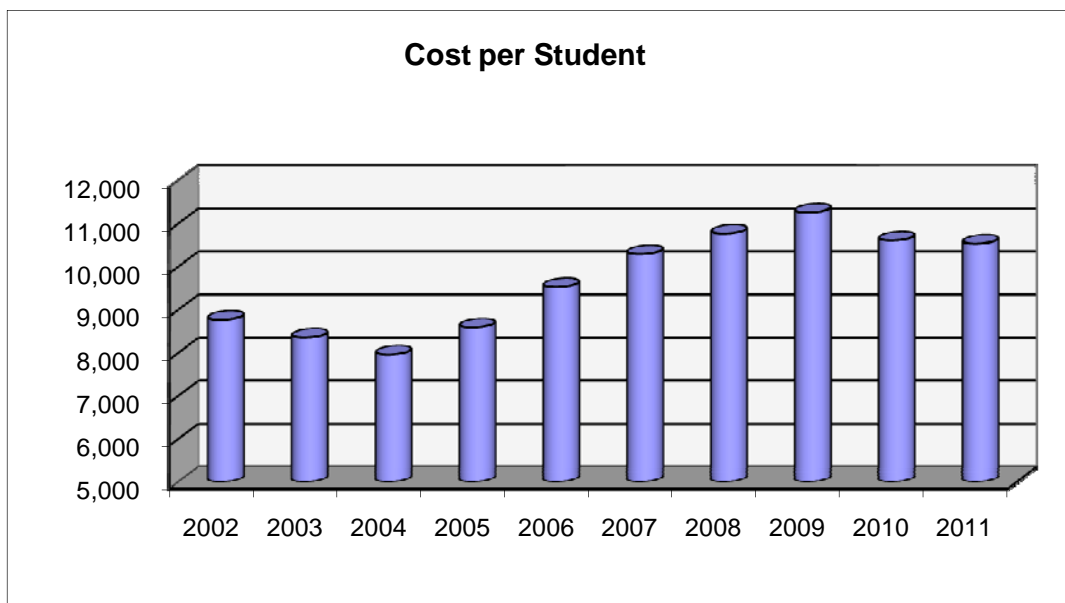
	Full-time-Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Supervisory										
Officials, Administrators and Managers	35	32	37	35	42	43	44	44	44	43
Consultants/Supervisors of Instruction	3	4	5	4	5	7	8	8	11	11
Principals	32	35	45	46	46	45	48	52	55	55
Assistant Principals	43	47	52	56	64	66	70	63	66	69
Deans/Curriculum Coordinators	1	1	5	5	2	4	7	2	5	6
Total supervisory	114	119	144	146	159	165	177	169	181	184
Instruction										
Classroom Teachers, Elementary (PK, K-5)	708	719	940	1,052	1,157	1,242	1,297	1,290	1,291	1,401
Classroom Teachers, Secondary (6-12)	735	777	951	1,063	1,138	1,210	1,336	1,279	1,245	1,307
Exceptional Education Teachers	255	294	335	377	399	424	421	407	410	411
Other Teachers	73	85	86	95	76	86	93	80	102	118
Total instruction	1,771	1,875	2,312	2,587	2,770	2,962	3,147	3,056	3,048	3,237
Student Services										
Guidance Counselors	72	76	90	96	95	93	97	90	92	99
Social Workers	6	7	8	10	11	13	14	14	12	9
School Psychologists	25	28	29	31	31	34	34	37	33	31
Librarians/Audio-Visual Workers	30	31	35	35	39	39	46	45	47	48
Other Professional Staff, Instructional	186	197	229	273	321	334	387	356	267	261
Other Professional Staff, Non-Instructional	148	162	175	189	190	196	210	224	199	190
Aides	624	670	706	735	805	779	775	696	575	666
Technicians	43	46	51	55	78	96	107	102	110	65
Total student services	1,134	1,217	1,323	1,424	1,570	1,584	1,670	1,564	1,335	1,369
Support and Administration										
Clerical/Secretarial	386	391	440	467	508	539	561	564	537	536
Service Workers	673	708	951	906	1,162	1,275	1,331	1,301	1,101	1,108
Skilled Crafts Workers	44	48	53	55	63	65	71	72	67	66
Unskilled Laborers	24	25	23	22	18	23	26	23	22	21
Total support and administration	1,127	1,172	1,467	1,450	1,751	1,902	1,989	1,960	1,727	1,731
Total	4,146	4,383	5,246	5,607	6,250	6,613	6,983	6,749	6,291	6,521

Source: Florida Department of Education,
Education Information and Accountability Services

Schedule 19
 District School Board of Osceola County
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Expenditures	Student Enrollment	Cost per Student	Number of Schools
2002	\$ 327,256,567	37,334	\$ 8,766	34
2003	334,863,975	40,086	8,354	34
2004	347,394,257	43,652	7,958	35
2005	402,675,721	46,891	8,587	39
2006	468,804,774	49,214	9,526	39
2007	525,448,997	51,060	10,291	43
2008	559,183,622	51,934	10,767	43
2009	575,280,841	51,118	11,254	47
2010	545,771,425	51,458	10,606	46
2011	557,115,622	52,900	10,531	47

Source: District records



Number of Classroom Teachers	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals	
		Free	Reduced
1,771	21.1	37.6%	11.9%
1,875	21.4	39.5%	12.0%
2,312	18.9	41.6%	12.7%
2,587	18.1	43.3%	11.8%
2,770	17.8	43.6%	12.1%
2,962	17.2	43.5%	13.7%
3,147	16.5	44.5%	14.2%
3,056	16.7	49.0%	13.7%
3,048	16.9	54.7%	12.6%
3,237	16.3	58.7%	9.7%

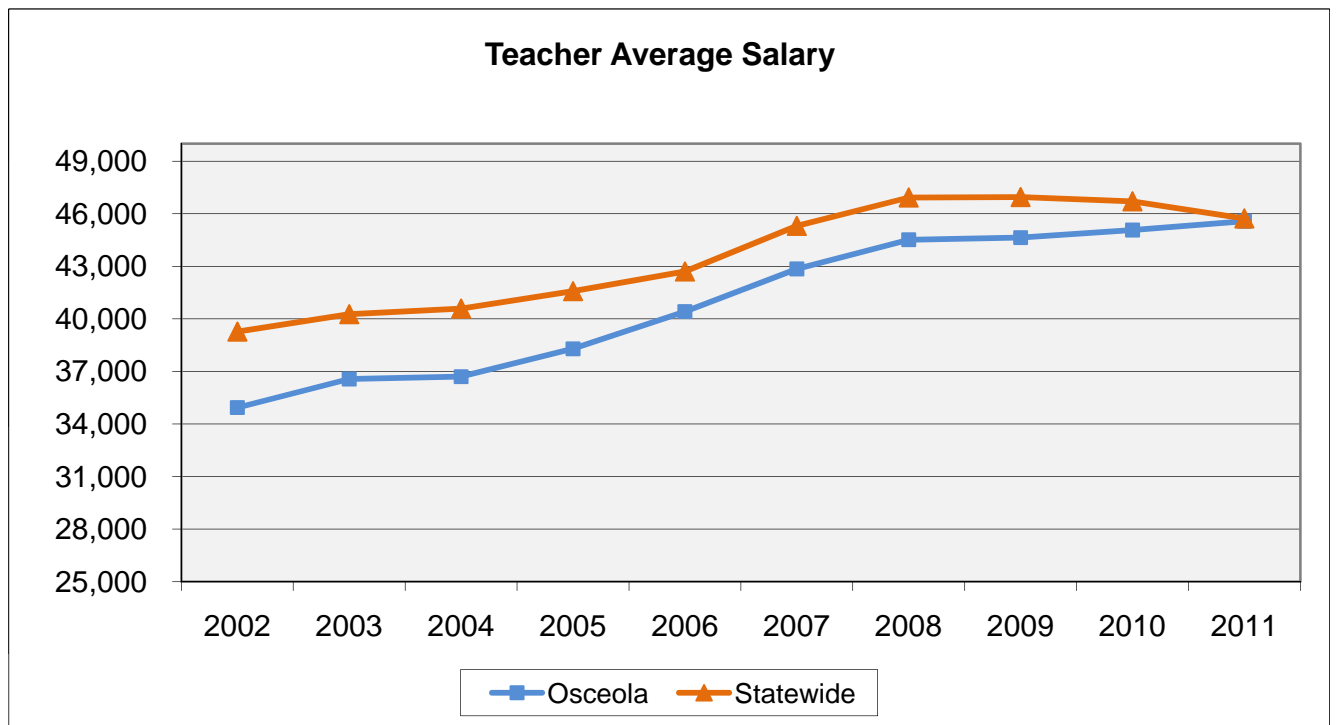
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Schedule 20
 District School Board of Osceola County
 Teacher Salaries
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Minimum Salary ⁽¹⁾	Maximum Salary ⁽¹⁾	Osceola Average Salary ⁽²⁾	Statewide Average Salary ⁽²⁾
2002	\$ 28,400	\$ 51,550	\$ 34,939	\$ 39,275
2003	30,000	52,575	36,567	40,267
2004	30,600	53,575	36,702	40,587
2005	31,600	55,350	38,292	41,581
2006	33,400	58,850	40,418	42,705
2007	36,000	61,275	42,851	45,307
2008	37,500	65,685	44,519	46,930
2009	37,500	65,685	44,639	46,950
2010	37,650	66,185	45,070	46,708
2011	37,800	66,485	45,574	45,732

Source:

- ⁽¹⁾ District records
- ⁽²⁾ Florida Department of Education
 Education Information and Accountability Services



Schedule 21
District School Board of Osceola County
School Building Information & Unweighted Full-Time Equivalent Enrollment Data
Last Ten Fiscal Years
Unaudited

	Current		Unweighted Full-Time Equivalent Enrollment Data			
	Square Footage	Student Capacity	2010-11	2009-10	2008-09	2007-08
Elementary Schools (Placed in Service)						
Boggy Creek (1982)	88,245	635	702	698	711	740
Central Avenue (1934)	111,962	729	608	610	661	716
Chestnut (2005)	125,008	1,110	664	680	982	1,084
Cypress (1991)	108,731	808	728	797	789	815
East Lake (2010)	111,172	1,052	764			
Kissimmee (2000)	108,726	772	801	725	726	744
Narcoossee (2009)	113,913	946	620	1,129	1,127	
Highlands (1959)	132,626	1,009	755	735	767	794
Thacker Avenue (1963)	127,835	927	777	685	589	642
Saint Cloud (2005)	124,337	1,106	901	836	832	989
Michigan Avenue (1971)	93,864	702	635	700	688	950
Koa (2009)	108,238	942	860	881		
Reedy Creek (1980)	88,747	722	813	784	1,150	1,138
Ventura (1987)	135,995	1,128	897	977	1,004	1,120
Hickory Tree (1983)	113,348	685	607	514	563	899
Mill Creek (1986)	141,183	1,172	908	978	997	1,045
Lakeview (1985)	108,600	760	636	685	717	725
Pleasant Hill (1986)	140,278	1,117	935	951	1,039	991
Deerwood (1990)	113,164	778	636	685	976	1,079
Poinciana (2001)	130,987	746	704	615	916	1,017
Partin Settlement (2002)	121,123	787	782	857	971	963
Flora Ridge (2007)	122,907	1,106	994	967	950	750
Neptune (2007)	119,701	1,110	828	737	660	707
Sunrise (2005)	121,880	1,110	827	799	895	896
Total Elementary Schools			18,382	18,025	18,710	18,804
Middle Schools (Placed in Service)						
Narcoossee (2000)	186,927	1,588	892	666	663	1,738
Discovery (2000)	268,073	1,427	1,376	1,398	1,471	1,596
Denn John (1973)	126,939	1,306	1,156	1,148	1,132	1,083
Kissimmee (1995)	191,862	1,243	1,182	1,119	1,151	1,106
Saint Cloud (1974)	132,629	1,620	1,349	1,204	1,200	1,216
Neptune (1987)	160,634	1,203	1,281	1,423	1,449	1,473
Horizon (1993)	168,903	1,301	1,209	1,163	1,472	1,553
Parkway (1986)	152,797	1,189	871	897	889	886
Total Middle Schools			9,316	9,018	9,427	10,651
High Schools (Placed in Service)						
Osceola (1962)	298,760	2,485	1,963	1,945	2,147	2,359
Saint Cloud (1962)	248,484	2,041	1,747	1,683	1,753	1,741
Gateway (1981)	272,881	2,282	2,287	2,324	2,377	2,333
Poinciana (1991)	307,417	1,903	1,230	1,203	1,366	2,785
Liberty (2007)	303,319	2,354	2,146	2,062	1,974	2,020
PATHS (1990)	125,290	829	681	684	691	696
Celebration (2001)	307,435	1,924	1,860	1,694	1,654	1,704
Harmony (2004)	300,038	1,967	1,832	1,880	1,859	1,891
Total High Schools			13,746	13,475	13,821	15,529
Other Schools (Placed in Service)						
Harmony (2007)	109,986	966	921	930	747	
Westside (2009)	173,625	1,411	1,481	1,206		
Celebration (1995)	218,862	1,847	1,172	1,197	1,284	1,338
School for the Arts (2002)	147,786	151	740	736	498	678
New Beginnings (2009)	75,372	830	268	288	334	
Total Other Schools			4,582	4,357	2,863	2,016
Total All Schools			46,026	44,875	44,821	47,000

Note: The District's two adult schools, TECO and Community High School, are not included on this report.

Source:
District records

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
825	858	779	881	915	940
850	850	832	858	748	681
1,117	1,037				
930	982	939	939	917	977
1,063	1,157	1,259	1,158	1,109	1,099
					623
779	853	876	831	743	776
695	718	632	640	662	703
984	797				
992	997	849	806	735	743
989	901	1,331	1,266	1,165	1,046
1,128	1,106	1,114	1,001	1,022	975
909	744	738	727	786	879
952	952	892	930	951	960
1,016	928	790	760	721	1,087
991	970	924	1,080	976	1,110
1,074	1,049	1,507	1,334	1,084	1,231
1,112	1,153	1,517	1,224	711	
1,024	957	961	836	655	
990	737				
18,420	17,746	15,939	15,271	13,900	13,830
1,579	1,362	1,232	1,105	1,046	345
1,619	1,593	1,504	1,445	1,647	698
1,157	1,236	1,347	1,345	1,263	1,170
1,030	1,112	1,206	1,224	1,280	1,225
1,311	1,200	884	848	900	909
1,509	1,432	1,676	1,632	1,566	1,412
1,609	1,423	1,353	1,219	1,169	1,070
1,023	1,029	1,114	1,172	1,220	1,218
10,837	10,387	10,317	9,990	10,091	8,047
2,433	2,374	2,443	2,418	2,343	2,278
1,674	1,595	1,644	2,528	2,382	2,198
2,269	2,354	2,580	2,621	2,598	2,390
2,785	2,568	2,454	2,094	2,633	2,366
660	685	599	516	383	333
1,847	1,738	1,731	1,443	1,443	
1,696	1,481	1,306			
13,364	12,795	12,757	11,620	11,782	9,565
1,248	1,176	1,270	1,270	1,339	302
750	659	599	503	503	
1,998	1,835	1,869	1,773	1,842	302
44,619	42,763	40,882	38,654	37,615	31,744

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SINGLE AUDIT SECTION



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Florida Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
Noncash Assistance:			
National School Lunch Program	10.555 ^{(2)(A)}	300	\$ 765,434
Summer Food Service Program for Children	10.555 ^{(2)(A)}	323	150,211
			<u>915,645</u>
Florida Department of Education:			
Cash Assistance:			
School Breakfast Program	10.553	321	3,210,692
National School Lunch Program	10.555	300	14,134,048
Summer Food Service Program for Children	10.559	323	674,051
			<u>18,018,791</u>
			<u>18,934,436</u>
Total Child Nutrition Cluster			
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	371	50,353
			<u>18,984,789</u>
United States Department of Transportation:			
Indirect:			
Florida Department of Transportation:			
Garrett A. Morgan Technology and Transportation Grant	20.215	None	11,237
United States Department of Education:			
Direct:			
Federal Pell Grant Program	84.063	N/A	1,165,961
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	1,876,636
Fund for the Improvement of Education	84.215	N/A	1,126,718
			<u>4,169,315</u>
Total Direct			
Indirect:			
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	10,200,443
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212,222,223,226	3,230,071
			<u>13,430,514</u>
Total Title I, Part A Cluster			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	9,875,113
Special Education - Preschool Grants	84.173	267	186,482
ARRA - Special Education Grants to States, Recovery Act	84.391	263	4,940,700
ARRA - Special Education Preschool Grants, Recovery Act	84.392	267	154,997
			<u>15,157,292</u>
Total Special Education Cluster			
Educational Technology State Grants Cluster:			
Florida Department of Education:			
Education Technology State Grants	84.318	121, 122	203,620
ARRA - Education Technology State Grants, Recovery Act	84.386	121	8,013
			<u>211,633</u>
Total Educational Technology State Grants Cluster			
School Improvement Grants Cluster:			
Florida Department of Education:			
School Improvement Grants	84.377	126	319,094
ARRA - School Improvement Grants, Recovery Act	84.388	126	1,658,265
			<u>1,977,359</u>
Total School Improvement Grant Cluster			
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	591	17,278,608
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	592	339,213
			<u>17,617,821</u>
Total State Fiscal Stabilization Fund Cluster			

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191, 193	411,187
Migrant Education - State Grant Program	84.011	217	80,384
Title I Program for Neglected and Delinquent Children	84.013	214	244,240
Career and Technical Education - Basic Grants to States	84.048	151, 161	554,602
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	54,521
Education for Homeless Children and Youth	84.196	127	87,358
Charter Schools	84.282	298	62,047
Twenty-First Century Community Learning Centers	84.287	244	1,879,961
English Language Acquisition Grants	84.365	102	1,727,054
Title I, Part B Reading First	84.357	211	4,387
Improving Teacher Quality State Grants	84.367	224	1,692,456
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	36,837
ARRA - Race to the Top Incentive Grants, Recover Act	84.395	RL1	202,221
ARRA - Education Jobs Fund	84.410	541	11,031,393
Total Indirect			<u>66,463,267</u>
Total United States Department of Education			<u>70,632,582</u>
United States Department of Health and Human Services:			
Indirect:			
Osceola County Health Department:			
Centers for Disease Control and Prevention, Investigations and Technical Assistance	93.283 ⁽³⁾	None	75,000
Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	None	192,734
Total United States Department of Health and Human Services			<u>267,734</u>
National Corporation for National and Community Service:			
Indirect:			
Florida Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	234	9,506
United States Department of Homeland Security:			
Indirect:			
Florida Division of Emergency Management:			
Hazard Mitigation Grant	97.039 ^{(2)(B)}	None	136,320
K-12 Access Control Grant	97.067	532	57,265
Total United States Department of Homeland Security			<u>193,585</u>
United States Department of Defense:			
Direct:			
Air Force Junior Reserve Officers Training Corps	None	N/A	119,852
Army Junior Reserve Officers Training Corps	None	N/A	211,187
Marine Junior Reserve Officers Training Corps	None	N/A	58,293
Navy Junior Reserve Officers Training Corps	None	N/A	41,892
Total United States Department of Defense			<u>431,224</u>
Total Expenditures of Federal Awards			<u>\$ 90,530,657</u>

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2010-11 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance.

(A) National School Lunch Program. Represents the amount of donated food used during the 2010-11 fiscal year. Commodities are valued at fair value as determined at the time of donation.

(B) Hazard Mitigation Grant - Represents the Federally paid portion of emergency shelter generator totaling \$491,826.

(3) Centers for Disease Control and Prevention, Investigations and Technical Assistance. Expenditures for contract number DOH-FAH61-2011.



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Members of the School Board
District School Board of Osceola County, Florida
Kissimmee, Florida

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2011. We did not audit the financial statements of the aggregate discretely presented component units; those financial statements were audited by 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.

Internal Control Over Financial Reporting

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

A 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 combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 21, 2011.

This report is intended solely for the information and use of the District School Board, the Audit Committee, management, applicable federal and state agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Behavitt & Holland, C.P.A.

Orlando, Florida
November 21, 2011



**Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

The Honorable Members of the School Board
District School Board of Osceola County
Kissimmee, Florida

Compliance

We have audited the compliance of the District School Board of Osceola County (the "District") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control over Compliance

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

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

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

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

Cherry, Bekant & Holland, L.L.P.

Orlando, Florida
November 21, 2011

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Federal Award Programs
Year Ended June 30, 2011

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditors' report on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 yes x no

Identification of major federal programs:

Name of Program or Cluster	CFDA Numbers
Title I, Part A Cluster	84.010, 84.389
Special Education Cluster (IDEA)	84.027, 84.173, 84.391, 84.392
State Fiscal Stabilization Fund Cluster	84.394, 84.397
Education Jobs Fund	84.410
School Improvement Grants Cluster	84.377, 84.388

Dollar threshold used to determine Type A programs:
 Federal \$ 2,715,920

Auditee qualified as low-risk auditee for federal purposes? x yes no

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Federal Award Programs
Year Ended June 30, 2011

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III - Federal Award Findings and Questioned Costs

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

There were no findings required to be reported by Section 510(a) of OMB Circular A-133.

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

Audit Report No. and Financial Statement Finding No.	Program/Area	Brief Description	Status	Comments
June 30, 2010 Federal Awards Finding No. 1	Education Technology State Grants, Recovery Act; Education for Homeless Children and Youth, Recovery Act; Title I Grants to Local Educational Agencies, Recovery Act; Special Education Grants to States, Recovery Act; Special Education Preschool Grants, Recovery Act	The District's ARRA cash balances as of June 30, 2010 were over \$1.5 million, but only \$88,000 was expended from these funds in July, 2010 and over \$450,000 remained unspent as of September 30, 2010. This is contrary to guidance published by the Florida Department of Education in accordance with the Cash Management Improvement Act.	Complete	The District has since revised their cash management procedures to only draw down on federal cash advance funds on a reimbursement basis. This will avoid the situation where funds may be drawn down and not expended timely.
June 30, 2010 Federal Awards Finding No. 2	Special Education - Grants to States and ARRA - Special Education Grants to States, Recovery Act	Semiannual certifications were not prepared for employees that worked solely for a Special Education Program during the 2009-2010 fiscal year, contrary to Federal requirements.	Complete	The District's Exceptional Student Education Department has implemented procedures to ensure that the required semiannual certifications are obtained.

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Independent Auditors' Management Letter

The Honorable Members of the School Board
District School Board of Osceola County, Florida
Kissimmee, Florida

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 21, 2011. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units; those financial statements were audited by other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 21, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.800, Rules of the Auditor General, which governs the conduct of district school board audits conducted in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the prior year annual financial audit report.

Section 10.804(1)(f)3., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit of the financial statements of the District, the results of our tests did not indicate that the District was in noncompliance with Section 218.415 regarding the investment of public funds.

Section 10.804(1)(f)4., Rules of the Auditor General, requires that we address in the management letter any recommendation to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.804(1)(f)5., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.804(1)(f)6., Rules of the Auditor General provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.804(1)(f)2., Rules of the Auditor General, requires a statement be included as to whether or not the district school board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit of the financial statements of the District, the results of our tests did not indicate that the District met any of the conditions of a financial emergency contained in Section 218.503(1), Florida Statutes. However, our audit does not provide a legal determination on the District's compliance with this requirement.

Pursuant to Sections 10.804(1)(f)7.a. and 10.805(6), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by them.

Section 10.804(1)(f)8, Rules of the Auditor General, requires the auditor to state whether or not the district school board complied with transparency requirements contained in Section 2, Specific Appropriation 115A of Chapter 2010-152, Laws of Florida, which provides that district school boards include a link on their Web Sites to the Transparency Florida Web Site. In connection with our audit, we viewed the Districts Web Site for the Transparency Florida Web Site link.

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

Cherry, Bekant & Holland, L.L.P.

Orlando, Florida
November 21, 2011