

**School Board Members**

John McKay, Chairman  
David Stone, Vice Chairman  
Marjorie Guillen-Melendez  
Cindy Lou Hartig  
Jay Wheeler



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2010**

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**

Michael A. Grego, Ed.D.  
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, 2010*

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, 2010*

INTRODUCTORY SECTION

Letter of Transmittal	i
List of District Officials	vii
Organizational Chart	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix

FINANCIAL SECTION

Independent Auditor's Report on Financial Statements	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	20
Statement of Activities	21
Fund Financial Statements	
Balance Sheet - Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Assets—Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets—Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Statement of Assets and Liabilities - Fiduciary Funds	29
Notes to Financial Statements	31
Required Supplementary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances—Budget & Actual:	
General Fund	66
Special Revenue Fund—ARRA Economic Stimulus Funds	69
Schedule of Funding Progress—Other Postemployment Benefits Plan	70
Notes to Required Supplementary Information	71

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

**Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2010*

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

Combining Balance Sheet—Nonmajor Governmental Funds	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance— Nonmajor Governmental Funds	74
Combining Balance Sheet—Nonmajor Governmental Funds - Special Revenue Funds	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances— Nonmajor Governmental Funds—Special Revenue Funds	76
Combining Balance Sheet—Nonmajor Governmental Funds—Debt Service Funds	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance— Nonmajor Governmental Funds—Debt Service Funds	78
Combining Balance Sheet—Nonmajor Governmental Funds—Capital Projects Funds	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance— Nonmajor Governmental Funds—Capital Projects Funds	80
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Special Revenue Fund - Food Services	81
Special Revenue Fund - Other Federal Programs	82
Special Revenue Fund - Miscellaneous	84
Debt Service Funds - SBE/COBI Bonds	85
Debt Service Funds - Other	86
Capital Project Funds - Capital Outlay Bond Issues (COBI)	87
Capital Project Funds - Public Education Capital Outlay (PECO)	88
Capital Project Funds - Capital Outlay & Debt Service (CO & DS)	89
Capital Project Funds - Local Capital Improvement Fund	90
Capital Project Funds - Other Fund	91
Capital Project Funds - ARRA Economic Stimulus Funds	92
Combining Statement of Net Assets - Internal Service Funds	93
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds - Nonmajor Proprietary	94
Combining Statement of Cash Flows - Internal Service Funds	95
Combining Statement of Changes in Assets and Liabilities— School Internal Funds Agency Fund	96

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

**Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2010*

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

Combining Statement of Changes in Assets and Liabilities—	
Bellalago Charter Academy Agency Fund	97
Combining Statement of Changes in Assets and Liabilities—	
Bellalago Educational Facilities Benefit District Agency Fund	98
Combining Statement of Changes in Assets and Liabilities—Agency Funds	99
Combining Statement of Net Assets - Component Units	100
Combining Statement of Activities - Component Units	101

**STATISTICAL SECTION**

Introduction to the Statistical Section	103
Schedule 1 - Net Assets by Component	104
Schedule 2 - Changes in Net Assets	106
Schedule 3 - General Revenues and Total Changes in Net Assets	108
Schedule 4 - Fund Balances, Governmental Funds	110
Schedule 5 - Governmental Funds Revenues	112
Schedule 6 - Governmental Funds Expenditures and Debt Service Ratio	114
Schedule 7 - Other Financing Sources and Uses and Net Change in Fund Balances	116
Schedule 8 - Assessed Value and Estimated Actual Value of Taxable Property	118
Schedule 9 - Direct and Overlapping Property Tax Rates	120
Schedule 10 - Principal Osceola County Property Tax Payers	121
Schedule 11 - Property Tax Levies and Collections	123
Schedule 12 - Outstanding Debt by Type	124
Schedule 13 - Direct and Overlapping Governmental Activities Debt	127
Schedule 14 - Legal Debt Margin Information	128
Schedule 15 - Pledged-Revenue Coverage	130
Schedule 16 - Demographic and Economic Statistics	131
Schedule 17 - Osceola County Principal Employers	132
Schedule 18 - Full-Time-Equivalent District Employees by Type	133
Schedule 19 - Operating Statistics	134
Schedule 20 - Teacher Salaries	136
Schedule 21 - School Building Information	137

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

**Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2010*

SINGLE AUDIT
--------------

Schedule of Expenditures of Federal Awards	141
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	143
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB <i>Circular A-133</i>	145
Schedule of Findings and Questioned Costs	147
Summary Schedule of Prior Year Audit Findings	151
Exhibit A – Management's Response	153



# INTRODUCTORY SECTION





# THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

817 Bill Beck Boulevard • Kissimmee • Florida 34744-4492  
Phone: 407-870-4600 • Fax: 407-870-4010 • [www.osceola.k12.fl.us](http://www.osceola.k12.fl.us)

## SCHOOL BOARD MEMBERS

- District 1 – Jay Wheeler  
407-390-0505
- District 2 – Marjorie Guillen-Melendez, Vice Chair  
407-922-5113
- District 3 – Cindy Lou Hartig, Chair  
407-832-3999
- District 4 – Barbara Horn  
407-744-3009
- District 5 – Tom Long  
407-892-5836



Superintendent of Schools  
Michael A. Grego, Ed.D.

December 17, 2010

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, 2010.

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 office of the Auditor General of Florida 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, 2010, 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

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

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, 2010, are fairly presented in conformity with GAAP.

The independent auditor's 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 auditor's 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

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

is also specifically delegated the responsibility of maintaining a uniform system of records and accounts in the District as prescribed by the State Board of Education.

The geographic boundaries of the District are those of Osceola County. During fiscal year 2009/2010, the District operated 46 K-12 schools, including 24 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 2009/2010, the District provided general, special, vocational, and other educational programs to 51,458 unweighted full-time equivalent students. The projected enrollment for fiscal year 2010/2011, is 52,021 unweighted full-time equivalent students. The average age of the schools within the District is approximately 20 years. The District opened one new school in fiscal year 2010/2011.

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 2009 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 2.4 million in 2014. The Commission promotes Osceola County as being a world class tourism destination.

The population of Osceola County has increased 60.1 percent from 1990 to 2000 compared to the state of Florida which increased 23.5 percent. As of the census of 2000, there were 172,493 people and 60,977 households residing in the County. The population was estimated to be 272,788 and households 95,675 in 2009. Based on the 2000 census, the racial makeup of the County was 77.5 percent White, 7.5 percent Black and 15 percent from other races, with 29.4 percent of this population as Hispanic or Latino.

Of Osceola County's population, 27.9 percent are under the age of 18 and 12 percent are 65 and older. The average household size is 2.85. The median age in the County is 34.6 years. The median income for a household was \$49,560. The per capita income for the County was \$22,311. Of the 25 and older population, 83.8 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 6,291 full and part-time employees, including 3,048 classroom teachers.

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

## 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 2010/2011, 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 2003/2004 until the maximum number of students per classroom does not exceed the fiscal year 2010/2011 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 2003/2004, 2004/2005, and 2005/2006, class size was calculated at the district level.
- For fiscal years 2006/2007 and 2007/2008, class size was calculated at the school level.
- For fiscal years 2008/2009 and 2009/2010, class size was calculated at the classroom level.

Under the implementation schedule established by the Florida Legislature, compliance for 2009/2010 was measured by comparing the average class size for each grade grouping at each school to the constitutional maximums. The District was in compliance at all but two school/grade combinations.

For 2010/2011, compliance will be measured at each individual classroom. The District intends to comply fully with the constitutional requirement. This is expected to require an additional one hundred twenty-five teachers at an estimated cost of \$7.5 million dollars.

### Capital Outlay Program

During the current fiscal year, the District completed several construction projects totaling approximately \$74.9 million dollars. These projects included one new elementary school, two classroom wing additions, and renovations to other schools. These facilities were operational for the 2010/2011 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 2009/2010 marks the eleventh year of this accountability program and the District continued its tradition of achievement. This year 20 schools received a grade of 'A,' 17 received a grade of 'B,' 10 received a grade of 'C,' and 2 schools received a grade of 'D.' The District received an overall grade of 'B.'

Nearly 37 percent of District teachers have earned master's degrees or higher.

The District has 134 teachers who 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 2009/2010, the District received substantial revenues from non-recurring sources that helped offset declines in state funding. These included \$27.7 million from the American Recovery and Reinvestment Act of 2009 (ARRA) and \$7.7 million from an optional critical needs ad valorem tax levy.

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

ARRA funding will expire after the 2010/2011 fiscal year. The critical needs ad valorem tax levy will require a voter referendum to extend beyond the 2010/2011 fiscal year.

In addition, as discussed earlier, the District will be required to hire additional teachers in 2010/2011 to comply with the class size reduction constitutional amendment. This will add 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.

Sincerely,



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



Michael A. Grego, Ed.D.  
Superintendent



**OSCEOLA SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2010**

SCHOOL BOARD MEMBERS

**John McKay, Chairman**  
District 5

**David Stone, Vice Chairman**  
District 4

**Cindy Hartig**  
District 3

**Marjorie Guillen-Melendez**  
District 2

**Jay Wheeler**  
District 1

SUPERINTENDENT  
**Michael A. Grego, Ed.D.**

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**

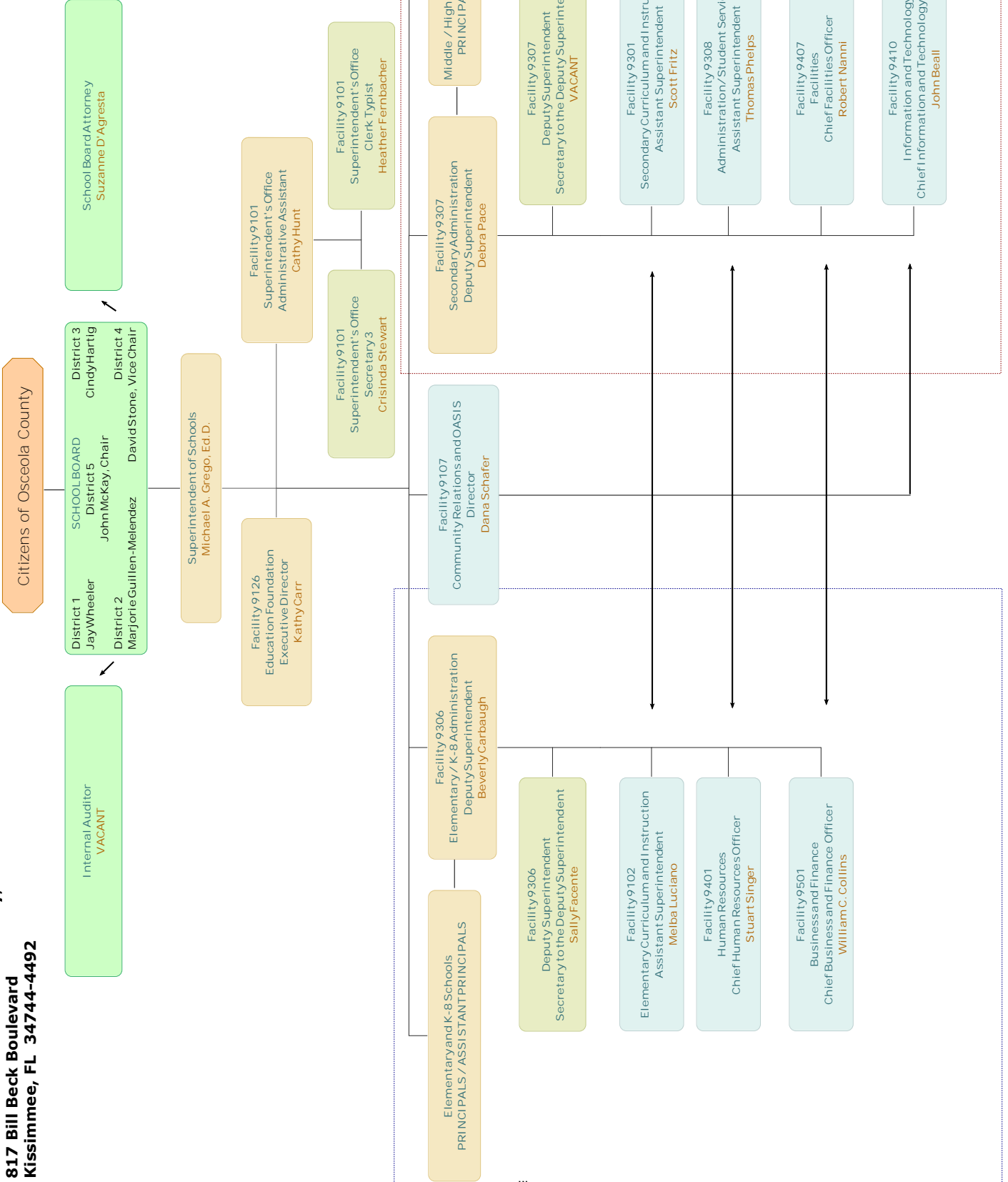
CHIEFS

BUSINESS & FINANCE OFFICER  
**William C. Collins**

FACILITIES OFFICER  
**Robert Nanni**

HUMAN RESOURCES OFFICER  
**Stuart Singer**

INFORMATION & TECHNOLOGY OFFICER  
**John Beall**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

The School District  
of Osceola County, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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.



A stylized, handwritten signature in black ink, appearing to be "J.H.H.", written over a white background.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

This page left intentionally blank.

# FINANCIAL SECTION







DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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



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

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

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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 Osceola County District School Board, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 14 percent of the assets and 35 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the aggregate discretely presented component units, are based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Osceola County District School Board as of June 30, 2010, and the respective changes in financial position and cash flows,

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

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

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** (pages 5 through 17) and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** (pages 66 through 71) be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial statements and schedules (pages 73 through 101) and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** have been subjected to the auditing procedures applied in the audit of the basic 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, based on our audit and the reports of other auditors, the combining and individual fund financial statements and schedules and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** are fairly stated, in all material



respects, in relation to the basic financial statements taken as a whole. The introductory section (pages i through ix) and the statistical section (pages 103 through 139) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in blue ink that reads "David W. Martin". The signature is fluid and cursive, with the first name "David" being the most prominent.

David W. Martin, CPA  
December 17, 2010

This page left intentionally blank.

---

---

## 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, 2010.

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 20 to 63 of this report.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-10 fiscal year are as follows:

- Total assets of the District exceed total liabilities at the close of the most recent fiscal year by \$616,359,406.
- The District's total net assets decreased by \$860,533, or 0.1 percent from the 2008-09 year.
- At June 30, 2010, the District's combined governmental fund balances totaled \$245,023,701, a decrease of \$10,778,680, or 4.2 percent, in comparison with the prior fiscal year.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$51,822,880 at June 30, 2010, or 14.7 percent of total General Fund expenditures.
- The District's total bonded debt (Bonds Payable and Certificates of Participation, excluding premiums and discounts) increased by \$29,940,000, or 10.9 percent during the current fiscal year. The key factor in this increase was the issuance of \$40.5 million in Certificates of Participation.
- The District's net capital assets increased by \$40,519,975, or 5.8 percent from the 2008-09 fiscal year.

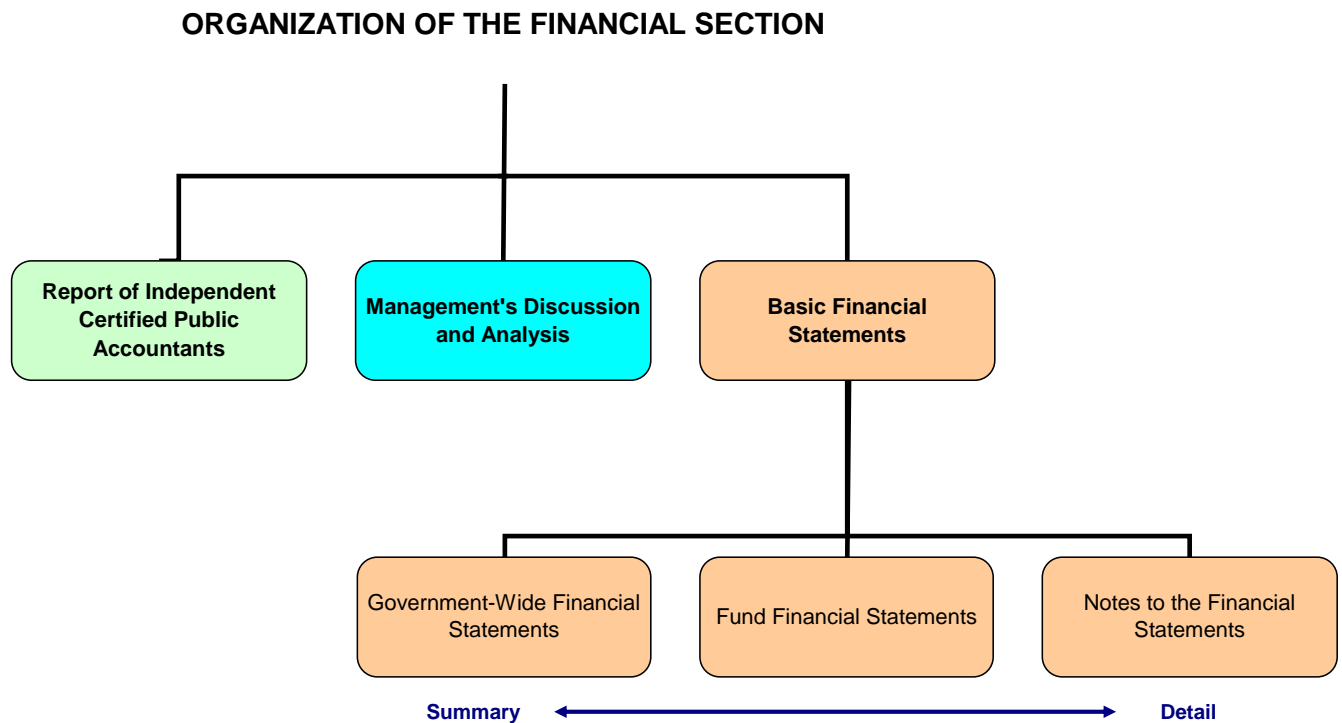
### OVERVIEW OF THE FINANCIAL STATEMENTS

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 20 – 21 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 13 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 - Other Fund, (4) Capital Projects – Local Capital Improvement Fund, (5) Capital Projects – Other Fund, and (6) 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 22 – 25 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 26 – 28 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 29.

**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 31 - 63 of this report.

**Other Supplemental Information.**

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 73 – 101 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 \$616,359,406 at June 30, 2010. 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, 2010, compared to net assets as of June 30, 2009:

Net Assets, End of Year		Governmental Activities	
	6/30/2010	6/30/2009	
Current and Other Non-Capital Assets	\$ 284,751,944	\$ 290,686,776	
Capital Assets	737,595,365	697,075,390	
<b>Total Assets</b>	<b>1,022,347,309</b>	<b>987,762,166</b>	
Current Liabilities	31,233,797	29,516,100	
Long-Term Liabilities	374,754,106	341,026,127	
<b>Total Liabilities</b>	<b>405,987,903</b>	<b>370,542,227</b>	
Net Assets:			
Invested in Capital Assets, Net of Related Debt	471,185,896	438,988,320	
Restricted	116,539,697	155,942,301	
Unrestricted	28,633,813	22,289,318	
<b>Total Net Assets</b>	<b>\$ 616,359,406</b>	<b>\$ 617,219,939</b>	

By far, the largest portion of the District's net assets, \$471,185,896 or 76.5 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, \$116,539,697 (18.9 percent), represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$39,402,604 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, \$28,633,813 (4.6 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 \$6,344,495 (28.5 percent), from the 2008-09 fiscal year.

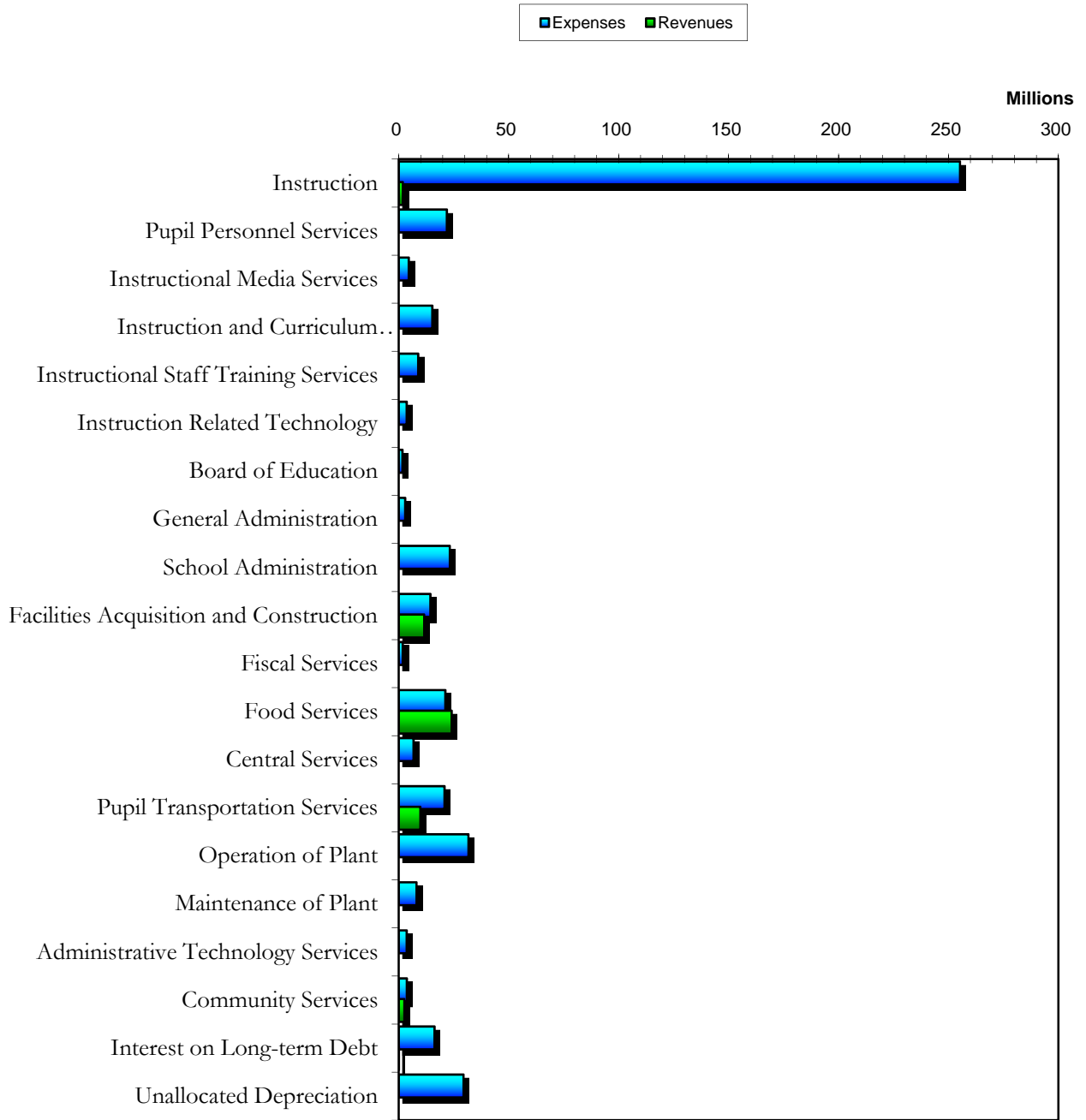
The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2010, and June 30, 2009, are as follows:

	Operating Results for the Year	
	Governmental	
	Activities	
	06-30-10	06-30-09
Revenues:		
Program Revenues:		
Charges for Services	\$ 10,863,652	\$ 11,525,811
Operating Grants and Contributions	27,330,605	25,304,330
Capital Grants and Contributions	11,567,650	22,362,064
General Revenues:		
Property Taxes	169,023,764	197,690,319
Local Sales Taxes	9,035,938	9,143,244
Grants and Contributions not Restricted to Specific Programs	253,310,535	223,928,922
Investment Earnings	2,345,647	3,253,100
Miscellaneous	10,464,800	9,305,721
Total Revenues	<u>493,942,591</u>	<u>502,513,511</u>
Functions/Program Expenses:		
Instruction	255,220,829	243,009,744
Pupil Personnel Services	21,883,642	23,755,838
Instructional Media Services	4,562,986	5,292,967
Instruction and Curriculum Development Services	15,244,383	20,144,676
Instructional Staff Training Services	8,854,691	6,556,067
Instruction Related Technology	3,624,384	4,534,355
Board of Education	1,678,822	1,594,329
General Administration	2,906,023	2,988,478
School Administration	23,215,807	20,969,528
Facilities Acquisition and Construction	14,397,625	15,224,107
Fiscal Services	1,807,456	1,872,802
Food Services	21,173,003	22,822,423
Central Services	6,711,505	6,693,873
Pupil Transportation Services	20,792,056	21,163,277
Operation of Plant	31,691,252	29,917,708
Maintenance of Plant	8,075,524	8,415,184
Administrative Technology Services	3,590,304	3,435,841
Community Services	3,690,087	3,670,126
Interest on Long-Term Debt	16,245,397	16,107,532
Unallocated Depreciation Expense	29,437,348	28,832,502
Total Expenses	<u>494,803,124</u>	<u>487,001,357</u>
Increase in Net Assets	(860,533)	15,512,154
Net Assets, Beginning	<u>617,219,939</u>	<u>601,707,785</u>
Net Assets, Ending	<u>\$ 616,359,406</u>	<u>\$ 617,219,939</u>

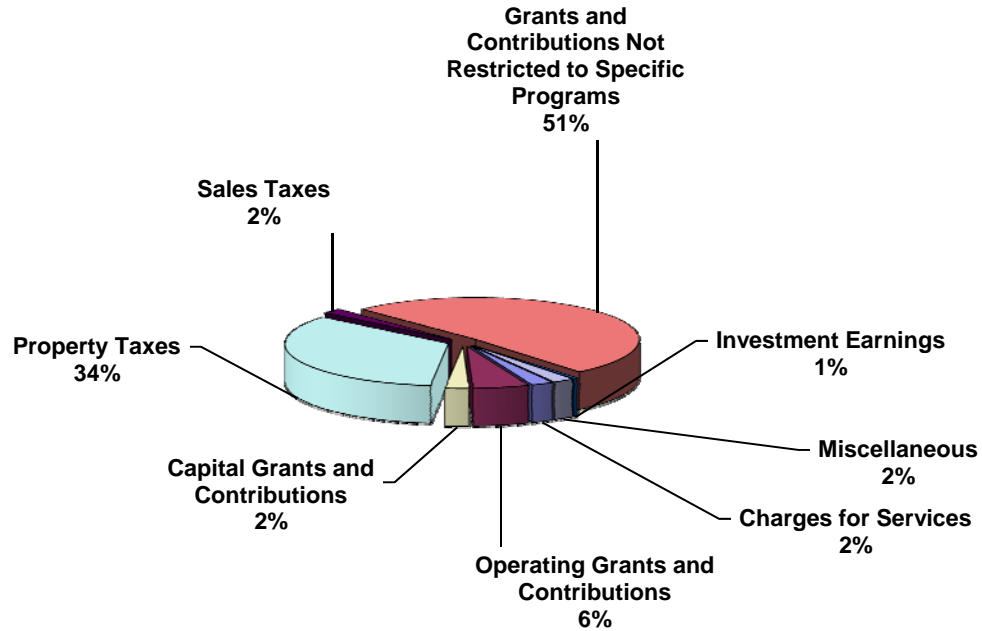
The total government-wide net assets decreased by \$860,533 during the current fiscal year. The decrease represents a combination of decreases in ongoing revenues and increases in ongoing expenses.



### Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities



### Governmental Activities.

Governmental activities decreased the District's net assets by \$860,533, accounting for all of the total decrease in the net assets of the District. Key elements of the decrease are as follows:

- Restricted Net Assets decreased by \$39,402,604 and Unrestricted Net Assets increased by \$6,344,495.
- Investments in Capital Assets, Net of Related Debt, increased by \$32,197,576.

Capital grants and contributions decreased by \$10,794,415 or 48.3 percent primarily due to a decline in State funds received for the construction of new educational facilities.

The largest revenue sources are the State of Florida and local sources. Combined, these two revenue sources account for 84 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 \$29,381,613 or 13.1 percent, primarily due to an increase in FEFP revenues from the State. The FEFP revenues increased in part, because student enrollment increased by 340 students. Revenues from local sources consist primarily of ad valorem taxes and impact fees. Revenues from property taxes decreased by \$28.8 million (13.9 percent) primarily due to the decrease in the local property tax base.

Instructional expenses represent 51.6 percent of total governmental expenses in the 2009-10 fiscal year. Instructional expenses increased by \$12,211,085 or 5 percent, from the previous fiscal year due mainly to the opening of three new schools and an increase in student enrollment.

## **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, unreserved 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 \$245,023,701, a decrease of \$10,778,680, in comparison with the 2008-09 fiscal year. Combined unreserved fund balances of \$153,361,110 represents 63 percent of the ending fund balances and are available to meet the District's short-term spending needs within the corresponding fund types. Remaining fund balances are reserved to indicate that they are not available for new spending, because they have already been committed: 1) to liquidate contracts and purchase orders outstanding at year-end of \$74,557,860; 2) to pay debt service of \$1,835,642; 3) to fund state required carryover programs of \$11,553,594; and 4) to fund other grants and required carryovers of \$3,715,495.

### **Major Governmental Funds**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$51,822,880, while total fund balance reached \$70,613,775. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 14.7 percent of total General Fund expenditures, while total fund balance represents 20 percent of that same amount.

During the current fiscal year, the fund balance of the General Fund increased by \$11,121,096. 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 - Other Fund increased by \$15,689, mainly due to the timing of making debt service payments.

The fund balance for the Capital Projects – Local Capital Improvement Fund decreased by \$3,845,828 to \$24,427,618, mainly due to a reduction in revenues resulting from a lower local property tax base.

The fund balance for the Capital Projects - Other Fund decreased by \$41,605,405 to \$98,663,370. The decrease in this fund is mainly due to the timing differences between collecting funds for and expending these funds on construction projects. It should be noted that \$44,884,044 of fund balance has been reserved for specific projects.

The fund balance for the Capital Projects – ARRA Economic Stimulus Capital Projects Funds is \$34,324,989. Of this amount, \$20,461,828 has been reserved for specific projects. This fund was created this year 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 \$10,789,221 to \$15,498,391. This decrease is primarily due to the decrease in funding associated with Public Education Capital Outlay.

### **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 \$3,930,013 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 FEFP revenues increased by approximately \$3.7 million, due to an increase in student enrollment. This increase was partially offset by a \$3.3 million decrease related to McKay scholarships and a decline in the tax roll. The net effect resulted in an increase to estimated revenues of \$.4 million.
- Appropriations decreased by the same \$3.3 million related to holdbacks for McKay scholarships and the decline in the tax roll, as previously stated. An additional holdback of \$3.6 million for undistributed full time equivalent (UFTE) students was eliminated as student enrollment increased during the year. In addition, appropriations increased by \$2.6 million for charter school capital outlay, which was not included in the original budget.
- Transfers In increased by the same \$2.6 million for charter school capital outlay, which was transferred in from capital projects fund.
- Other differences between the original and final budgets are the result of reclassifications between accounts.

During the current fiscal year, the District's variance with final budget was \$18,883,418. 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, 2010, amounts to \$737,595,365 (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 \$40,519,975, or a 5.81 percent increase from the 2008-09 fiscal year.

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

- Completion of renovation of former alternative education facility for an adult learning center.
- The final stages of construction of one elementary school.
- The final stages of construction of classroom wings at three elementary schools.
- Construction in progress for major renovations at two high schools.
- The design phase for comprehensive renovation of one elementary school.
- The final stages of exterior repairs to the administrative building.
- Began remodeling of core space at one multi-level facility and one middle school.
- The start-up of construction for a high-school wing addition and expanded core space.
- Completion of construction at one multi-level school and two elementary schools.
- The final stages of HVAC replacement and renovations at one elementary school.
- Construction in progress for a theater at one high school.

Following is a summary of the District's capital assets as of June 30, 2010, compared to June 30, 2009.

#### Schedule of Capital Assets (net of accumulated depreciation)

	Governmental Activities	
	June 30, 2010	June 30, 2009
Land	\$ 48,013,281	\$ 47,761,700
Construction in Progress	80,090,455	86,279,693
Improvements Other Than Buildings	15,704,252	15,746,608
Buildings and Fixed Equipment	554,371,730	503,116,459
Furniture, Fixtures, and Equipment	15,139,512	16,463,195
Motor Vehicles	16,894,008	19,976,460
Investment In EFBD	6,574,148	6,723,278
Audio Visual Materials and Computer Software	807,979	1,007,997
Total	\$ 737,595,365	\$ 697,075,390

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 \$338,113,472. Of this amount, \$305,765,000 is outstanding bonded debt, \$21,374,409 is outstanding notes payable, \$1,454,074 is installment-purchases payable and \$9,519,989 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 \$13,485,000 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; \$76,030,000 outstanding in District Revenue Bonds; and \$216,250,000 in certificates of participation.

Following is a summary of the District's long-term debt as of June 30, 2010, compared to June 30, 2009.

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

	Governmental Activities	
	June 30, 2010	June 30, 2009
State School (SBE) Bonds	\$ 13,485,000	\$ 14,600,000
District Revenue Bonds	76,030,000	79,540,000
Certificates of Participation	216,250,000	181,685,000
Notes Payable	21,374,409	23,836,843
Installment Purchases Payable	1,454,074	2,554,486
Other Long-Term Debt	9,519,989	9,139,035
Total Outstanding Long-Term Debt	<u>\$ 338,113,472</u>	<u>\$ 311,355,364</u>

The District's total debt increased by \$26,758,108 or 8.6 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 2010, the U.S. Bureau of Labor Statistics reports the unemployment rate for Osceola County, Florida, at 12.2 percent. This is an increase from the rate of 11.1 percent a year ago and is slightly higher than the State's average unemployment rate of 11.5 percent.

During the current fiscal year, unreserved fund balance in the General Fund increased from \$44,255,581 to \$51,822,880. 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.

This page left intentionally blank.



# BASIC FINANCIAL STATEMENTS

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**

**STATEMENT OF NET ASSETS**

June 30, 2010

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Component Units</b>
Cash and Cash Equivalents	\$ 218,531,538	\$ 15,526,344
Investments	46,546,708	
Accounts Receivable	1,166,413	203,981
Deposits Receivable		61,159
Due from Other Agencies	11,708,217	1,190,079
Inventories	2,148,949	
Prepaid Items	1,357,295	241,149
Deferred Charges	2,475,732	1,692,852
Restricted Assets:		
Cash with Fiscal Agent	817,092	4,101,594
Capital Assets:		
Land	48,013,281	1,513,220
Construction in Progress	80,090,455	
Improvements Other Than Buildings, Net	15,704,252	297,801
Buildings and Fixed Equipment, Net	554,371,730	34,242,494
Furniture, Fixtures and Equipment, Net	15,139,512	1,113,417
Motor Vehicles, Net	16,894,008	
Investment in Educational Facilities Benefit District, Net	6,574,148	
Audio Visual Materials and Computer Software, Net	807,979	306,207
<b>Total Assets</b>	<b>\$ 1,022,347,309</b>	<b>\$ 60,490,297</b>
<b>LIABILITIES</b>		
Salaries and Benefits Payable	\$ 1,109,769	\$ 152,220
Payroll Deductions and Withholdings	1,153,575	
Accounts Payable	6,591,947	1,921,272
Construction Contracts Payable	4,303,962	
Construction Contracts Payable-Retainage	3,546,639	
Due to Other Agencies	3,631,572	1,634,907
Sales Tax Payable	2,220	
Unearned Revenue	3,012,850	27,660
Accrued Interest Payable	2,457,721	1,133,205
Estimated Insurance Claims Payable	5,423,542	
Long-Term Liabilities:		
Portion Due Within One Year:		
Bonds Payable	4,870,986	1,119,809
Notes Payable	2,594,913	295,180
Installment-Purchases Payable	784,372	
Certificates of Participation Payable	5,655,794	
Compensated Absences Payable	1,584,908	
Portion Due After One Year:		
Bonds Payable	86,413,171	48,714,354
Notes Payable	18,779,496	
Installment-Purchases Payable	669,702	
Certificates of Participation Payable	206,341,984	
Compensated Absences Payable	15,607,627	
Other Postemployment Benefits Payable	21,931,164	
Educational Facilities Benefit District Agreement Payable	9,519,989	
<b>Total Liabilities</b>	<b>405,987,903</b>	<b>54,998,607</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	471,185,896	(8,721,035)
Restricted For:		
State Required Carryover Programs	12,422,745	
Debt Service	1,853,654	2,599,529
Capital Projects	97,198,508	71,571
Other Purposes	5,064,790	4,702,913
Unrestricted	28,633,813	6,838,712
<b>Total Net Assets</b>	<b>616,359,406</b>	<b>5,491,690</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,022,347,309</b>	<b>\$ 60,490,297</b>

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, 2010

FUNCTIONS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
<b>Governmental Activities:</b>						
Instruction	\$ 255,220,829	\$ 1,828,659	\$	\$	\$ (253,392,170)	\$
Pupil Personnel Services	21,883,642				(21,883,642)	
Instructional Media Services	4,562,986				(4,562,986)	
Instruction and Curriculum Development Services	15,244,383				(15,244,383)	
Instructional Staff Training Services	8,854,691				(8,854,691)	
Instruction Related Technology	3,624,384				(3,624,384)	
Board of Education	1,678,822				(1,678,822)	
General Administration	2,906,023				(2,906,023)	
School Administration	23,215,807				(23,215,807)	
Facilities Acquisition and Construction	14,397,625			11,544,613	(2,853,012)	
Fiscal Services	1,807,456				(1,807,456)	
Food Services	21,173,003	6,136,837	17,894,469		2,858,303	
Central Services	6,711,505				(6,711,505)	
Pupil Transportation Services	20,792,056	370,221	9,436,136		(10,985,699)	
Operation of Plant	31,691,252				(31,691,252)	
Maintenance of Plant	8,075,524				(8,075,524)	
Administrative Technology Services	3,590,304				(3,590,304)	
Community Services	3,690,087	2,527,935			(1,162,152)	
Interest on Long-term Debt	16,245,397			23,037	(16,222,360)	
Unallocated Depreciation Expense*	29,437,348				(29,437,348)	
<b>Total Primary Government</b>	<b>\$ 494,803,124</b>	<b>\$ 10,863,652</b>	<b>\$ 27,330,605</b>	<b>\$ 11,567,650</b>	<b>(445,041,217)</b>	<b>(29,435,298)</b>
<b>Component Units:</b>						
Charter Schools/Educational Foundation	\$ 33,778,906	\$ 218,987	\$ 3,628,089	\$ 496,532		
General Revenues:						
Taxes:						
Property Taxes, Levied for Operational Purposes					135,881,016	
Property Taxes, Levied for Capital Projects					33,142,748	
Local Sales Taxes					9,035,938	
Grants and Contributions Not Restricted to Specific Programs					253,310,535	29,190,701
Unrestricted Investment Earnings					2,345,647	63,742
Miscellaneous					10,464,800	286,332
Total General Revenues					444,180,684	29,540,775
Change in Net Assets					(860,533)	105,477
Net Assets - July 1, 2009					617,219,939	5,386,213
Net Assets - June 30, 2010					\$ 616,359,406	\$ 5,491,690

\*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, 2010

	General Fund	Special Revenue - ARRA Economic Stimulus Funds	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 25,470,165	\$ 2,237,842	\$ 1,898,137	\$ 27,662,811	\$ 99,909,558	\$ 40,028,647	\$ 10,344,896	\$ 207,552,056
Investments	45,541,849		955	556,885	106,935		340,084	46,546,708
Accounts Receivable	1,013,373	3,871					3,102	1,020,346
Due from Other Funds	9,979,606		3,719,263	1,427,538	4,319,751		1,290,340	20,736,498
Due from Other Agencies	415,735		1,498,559	15,564	1,976,954		7,777,385	11,684,197
Inventories	1,754,325						394,624	2,148,949
<b>Total Assets</b>	<b>\$ 84,175,053</b>	<b>\$ 2,241,713</b>	<b>\$ 7,116,914</b>	<b>\$ 29,662,798</b>	<b>\$ 106,313,198</b>	<b>\$ 40,028,647</b>	<b>\$ 20,150,431</b>	<b>\$ 289,688,754</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Salaries and Benefits Payable	\$ 761,668	\$ 8,766	\$	\$	\$	\$	\$ 339,335	\$ 1,109,769
Payroll Withholdings and Deductions	899,428	157,756					96,391	1,153,575
Accounts Payable	1,740,919	132,880	15,000	60,573	2,372,534	123,109	1,392,446	5,837,461
Construction Contracts Payable	342,538			106,578	2,600,214	203,695	1,050,937	4,303,962
Construction Contracts Payable-Retainage	109,096			140,181	2,383,127	768,415	145,820	3,546,639
Due to Other Funds	6,607,902		5,606,356	4,927,848	293,953	4,608,439	1,245,353	23,289,851
Due to Other Agencies	3,011,246	322,583					297,743	3,631,572
Sales Tax Payable	1,850						370	2,220
Deferred Revenue	86,631	1,619,728		5,235,180	7,649,828	5,703,658	83,645	1,790,004
<b>Total Liabilities</b>	<b>\$ 13,561,278</b>	<b>\$ 2,241,713</b>	<b>\$ 5,621,356</b>	<b>\$ 5,235,180</b>	<b>\$ 7,649,828</b>	<b>\$ 5,703,658</b>	<b>\$ 4,652,040</b>	<b>\$ 44,663,053</b>
<b>Fund Balances:</b>								
Reserved for State Required Carryover Programs	11,553,594							11,553,594
Reserved for Encumbrances	3,521,806							74,557,860
Reserved for Debt Service			1,495,558	396,729	44,884,044	20,461,828	5,293,453	1,835,642
Reserved for Other Purposes	3,715,495						340,084	3,715,495
Unreserved, Reported in:								
General Fund	51,822,880							51,822,880
Special Revenue Funds								6,117,502
Capital Projects Funds				24,030,889	53,779,326	13,863,161	6,117,502	95,420,728
<b>Total Fund Balances</b>	<b>\$ 70,613,775</b>		<b>\$ 1,495,558</b>	<b>\$ 24,427,618</b>	<b>\$ 98,663,370</b>	<b>\$ 34,324,989</b>	<b>\$ 15,498,391</b>	<b>\$ 245,023,701</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 84,175,053</b>	<b>\$ 2,241,713</b>	<b>\$ 7,116,914</b>	<b>\$ 29,662,798</b>	<b>\$ 106,313,198</b>	<b>\$ 40,028,647</b>	<b>\$ 20,150,431</b>	<b>\$ 289,688,754</b>

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, 2010**

**Total Fund Balances - Governmental Funds** \$ 245,023,701

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. 737,595,365

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. 2,475,732

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. 9,699,281

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. (2,457,721)

Unearned revenue associated with noncash impact fee credits are accrued in the government-wide statements but are not recognized in the governmental funds. (1,222,846)

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	\$	91,284,157	
Notes Payable		21,374,409	
Installment-Purchases Payable		1,454,074	
Certificates of Participation Payable		211,997,778	
Educational Facility Benefit District Agreement Payable		9,519,989	
Compensated Absences Payable		17,192,535	
Other Postemployment Benefits Payable		21,931,164	
		(374,754,106)	

**Total Net Assets - Governmental Activities** \$ 616,359,406

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, 2010**

	General Fund	Special Revenue - ARRA Economic Stimulus Funds	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Intergovernmental:								
Federal Direct	\$ 359,089	\$	\$	\$	\$	\$	\$ 3,987,135	\$ 4,346,224
Federal Through State	201,405	27,733,920					46,510,122	74,445,447
State	199,237,959				2,936,614		3,017,998	205,192,571
Local:								
Property Taxes	135,129,976		9,035,938	32,912,203				168,042,179
Local Sales Taxes					8,814,015			9,035,938
Impact Fees							6,136,837	8,814,015
Charges for Services - Food Service			1,139,547	686,953	392,072	8,528	3,199,624	6,136,837
Miscellaneous	12,169,034		10,175,485	33,599,156	12,142,701	8,528	62,851,716	17,595,758
Total Revenues	347,097,463	27,733,920						493,608,969
<b>EXPENDITURES</b>								
Current-Education:								
Instruction	215,201,673	20,142,235					16,925,764	252,269,672
Pupil Personnel Services	17,845,302	1,489,419					2,261,747	21,596,468
Instructional Media Services	1,850,384	2,658,424					19,547	4,528,355
Instruction and Curriculum Development Services	7,969,975	42,622					7,084,085	15,096,682
Instructional Staff Training Services	5,413,270	1,293,149					2,062,560	8,768,979
Instruction Related Technology	3,414,744	67,494					70,730	3,552,968
Board of Education	1,680,070						1,680,070	1,680,070
General Administration	1,244,712	341,948					1,261,018	2,847,678
School Administration	22,443,502			3,287,752	7,044,949	454	34,821	22,478,323
Facilities Services	2,374,935						1,567,872	14,275,962
Fiscal Services	1,784,591						1,784,591	1,784,591
Food Services	50,057	7,734					20,919,176	20,976,967
Central Services	6,355,826	16,249					6,597,053	6,597,053
Pupil Transportation Services	15,353,563	1,363,550					563,837	17,280,750
Operation of Plant	34,035,084						103	34,035,187
Maintenance of Plant	7,919,327						264	7,919,591
Administrative Technology Services	3,527,874						3,527,874	3,527,874
Community Services	315,000						3,328,310	3,643,310
Fixed Capital Outlay:								
Facilities Acquisition and Construction	1,627,219			4,156,588	42,527,421	5,664,507	14,945,226	68,920,961
Other Capital Outlay	832,655	311,096		247,503	2,201,884		645,807	4,238,945
Debt Service:								
Principal	415,683		13,342,162				1,060,000	14,817,845
Interest and Fiscal Charges	58,371		13,683,253				672,992	14,933,194
Total Expenditures	351,713,617	27,733,920	27,025,415	7,691,843	51,774,254	6,183,539	73,648,837	545,771,425
Excess (Deficiency) of Revenues Over Expenditures	(4,616,154)		(16,849,930)	25,907,313	(39,631,553)	(6,175,011)	(10,797,121)	(52,162,450)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	15,563,055		17,970,064		1,806,126			35,339,245
Refunding Bonds Issued							870,000	870,000
Premium on Refunding Bonds							87,023	87,023
Certificates of Participation Issued			35,165,000			40,500,000		75,665,000
Premium on Certificates of Participation			480,741					480,741
Insurance Loss Recoveries								174,195
Payments to Escrow Agent for Refunded Debt	174,195						(949,123)	(35,893,183)
Transfers Out			(34,944,060)	(29,753,141)	(3,779,978)			(35,339,245)
Total Other Financing Sources (Uses)	15,737,250		(1,806,126)	(29,753,141)	(3,779,978)	40,500,000	7,900	41,383,776
Net Change in Fund Balances	11,121,096		16,865,619	(29,753,141)	(1,973,852)	34,324,989	(10,778,680)	(10,778,680)
Fund Balances, July 1, 2009	59,492,679		15,689	(3,845,828)	(41,605,405)		(10,778,680)	255,802,381
Fund Balances, June 30, 2010	70,613,775		1,479,869	28,273,446	140,268,775		26,287,612	245,023,701
	\$	\$	\$	\$	\$	\$	\$	\$

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, 2010**

**Net Change in Fund Balances - Total Governmental Funds** \$ (10,778,680)

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	\$ 73,159,907	
Depreciation expense	<u>(32,715,092)</u>	40,444,815
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.		698,554
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.		(623,395)
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.		
Proceeds from Certificates of Participation	\$ (40,500,000)	
Proceeds from Refunding Certificates of Participation	(35,645,741)	
Proceeds from Refunding Bonds	(957,023)	
Proceeds from Educational Facilities Benefit District Agreement	(380,954)	
Principal Repayments	14,817,845	
Payments to Escrow Agent	<u>35,893,183</u>	(26,772,690)
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. This is the amount amortized in the current year.		(127,389)
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.		(378,539)
Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as an expense when interest accrues in the statement of activities. This is the net change in accrued interest.		(425,322)
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period.		(2,418,419)
Other postemployment benefits costs are reported in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment liability for the fiscal year.		(4,409,481)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities.		<u>3,930,013</u>
<b>Change in Net Assets - Governmental Activities</b>		<u><u>\$ (860,533)</u></u>

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, 2010**

	Governmental Activities - Internal Service Funds
	<u>                    </u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 10,979,481
Cash with Fiscal Agent	817,092
Prepaid Items	1,357,295
Due from Other Agencies	24,020
Due from Other Funds	3,000,000
<b>Total Assets</b>	<u><u>\$ 16,177,888</u></u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 754,486
Due to Other Funds	300,579
Estimated Insurance Claims Payable	5,423,542
<b>Total Liabilities</b>	<u><u>6,478,607</u></u>
 <b>NET ASSETS</b>	
Unrestricted	<u>9,699,281</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 16,177,888</u></u>

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



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>	
Premium Revenues	\$ 48,505,552
Other Operating Revenues	42
<b>Total Operating Revenues</b>	<u>48,505,594</u>
<b>OPERATING EXPENSES</b>	
Purchased Services	5,273,065
Materials and Supplies	1,110
Insurance Claims	39,316,551
<b>Total Operating Expenses</b>	<u>44,590,726</u>
<b>Operating Income</b>	<u>3,914,868</u>
<b>NONOPERATING REVENUES</b>	
Interest	15,145
<b>Change In Net Assets</b>	<u>3,930,013</u>
Total Net Assets - July 1, 2009	5,769,268
<b>Total Net Assets - June 30, 2010</b>	<u>\$ 9,699,281</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, 2010

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Board Funds and Participants	\$ 45,135,473
Cash Payments to Vendors for Goods and Services	(45,161,162)
<b>Net Cash Used by Operating Activities</b>	<b>(25,689)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	15,145
<b>Net Cash Provided by Investing Activities</b>	<b>15,145</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(10,544)</b>
Cash and Cash Equivalents, Beginning	11,807,117
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 11,796,573</b>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities:</b>	
Operating Income	\$ 3,914,868
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	14,140
Increase in Due from Other Funds	(3,000,000)
Increase in Due from Other Agencies	(24,020)
Increase in Prepaid Expense	(1,357,294)
Increase in Accounts Payable	121,163
Decrease in Due to Other Funds	(370,121)
Increase in Estimated Insurance Claims Payable	675,575
<b>Total Adjustments</b>	<b>(3,940,557)</b>
<b>Net Cash Used by Operating Activities</b>	<b>\$ (25,689)</b>

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, 2010**

	Agency Funds
	<hr/>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,861,557
Accounts Receivable	25,210
<b>Total Assets</b>	<hr/> <b>\$ 5,886,767</b> <hr/>
 <b>LIABILITIES</b>	
Salaries and Benefits Payable	\$ 3,839
Payroll Deductions and Withholdings	700
Accounts Payable	3,089,086
Due to School Board	146,068
Internal Accounts Payable	2,647,074
<b>Total Liabilities</b>	<hr/> <b>\$ 5,886,767</b> <hr/>

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

This page left intentionally blank.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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, 2010**

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 levey 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, 2010**

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 – Other Fund – to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related fees.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs including new construction, renovation and remodeling projects, and payments for educational facilities and sites due under lease-purchase agreements.
- 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, 2010**

➤ **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.

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, 2010**

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, 2010, 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 0.67353149 at June 30, 2010. 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, 2010**

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, 2010**

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 reserved 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 2009 tax levy on September 8, 2009. 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.

**The rest of this page intentionally left blank.**

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

➤ **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 December 2003, when Ordinance No. 03-42 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.

➤ **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.

**The rest of this page intentionally left blank.**

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**3. INVESTMENTS**

As of June 30, 2010, 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)	46 Day Average	\$ 100,900,596
Fund B Surplus Funds Trust Fund (Fund B)(2)	8.05 Year Average	1,206,624
Debt Service Accounts	6 Months	340,084
PFM Funds Money Market Fund (1)	47 Day Average	39,997,437
First American Money Market Fund (1)(3)	38 Day Average	16,702
Certificates of Deposit	October 2010 & February 2011	45,000,000
		<hr/>
Total Investments		<u>\$ 187,461,443</u>

Notes:

(1) Investments classified as cash equivalents

(2) Includes \$106,935, 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 46 days at June 30, 2010. 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 8.05 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, 2010. 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, 2010**

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, 2010, the District's investment in Florida PRIME is rated "AAAm" by Standard & Poor's. Fund B is unrated.
- The District's investment in the PFM Funds Money Market Fund, as well as investments in the First American Money Market Fund, are rated "AAAm" by Standard & Poor's.
- The District's investments in certificates of deposit are held in qualified public depositories.

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.

**The rest of this page intentionally left blank.**

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**5. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	<u>6/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2010</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land & Improvements	\$ 47,761,700	\$ 251,581	\$	\$ 48,013,281
Construction in Progress	86,279,693	68,673,973	74,863,211	80,090,455
Total Capital Assets Not Being Depreciated	<u>134,041,393</u>	<u>68,925,554</u>	<u>74,863,211</u>	<u>128,103,736</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	29,099,272	1,667,876		30,767,148
Buildings and Fixed Equipment	676,931,104	73,190,744	21,081	750,100,767
Furniture, Fixtures, and Equipment	51,538,166	4,688,686	3,659,039	52,567,813
Investment in Educational Facilities Benefit District	8,255,001			8,255,001
Motor Vehicles	36,958,028	1,000	1,443,738	35,515,290
Audio-Visual Materials	56,949	4,347	4,741	56,555
Computer Software	6,469,565	243,466	294,737	6,418,294
Total Capital Assets Being Depreciated	<u>809,308,085</u>	<u>79,796,119</u>	<u>5,423,336</u>	<u>883,680,868</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	13,352,664	1,710,232		15,062,896
Buildings and Fixed Equipment	173,814,645	21,935,473	21,081	195,729,037
Furniture, Fixtures, and Equipment	35,074,971	5,412,419	3,059,089	37,428,301
Investment in Educational Facilities Benefit District	1,531,723	149,130		1,680,853
Motor Vehicles	16,981,568	3,083,452	1,443,738	18,621,282
Audio-Visual Materials	41,638	4,486	4,741	41,383
Computer Software	5,476,879	419,900	271,292	5,625,487
Total Accumulated Depreciation	<u>246,274,088</u>	<u>32,715,092</u>	<u>4,799,941</u>	<u>274,189,239</u>
Total Capital Assets Being Depreciated, Net	<u>563,033,997</u>	<u>47,081,027</u>	<u>623,395</u>	<u>609,491,629</u>
Governmental Activities Capital Assets, Net	<u>\$ 697,075,390</u>	<u>\$ 116,006,581</u>	<u>\$ 75,486,606</u>	<u>\$ 737,595,365</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ 3,277,744
Unallocated	29,437,348
Total Depreciation Expense - Governmental Activities	<u>\$ 32,715,092</u>

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**6. INSTALLMENT-PURCHASES PAYABLE**

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

	<u>Asset Balance</u>
School Buses	\$ 3,037,010
Copy Machines	280,922
Maintenance Trucks	168,916
Capitalized Property Under Installment-Purchases	3,486,848
Districtwide Energy Contract	2,371,566
Total	\$ 5,858,414

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
2011	\$ 839,822	\$ 784,372	\$ 55,450
2012	352,975	326,056	26,919
2013	261,975	250,366	11,609
2014	94,677	93,280	1,397
Total	\$ 1,549,449	\$ 1,454,074	\$ 95,375

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

**The rest of this page intentionally left blank.**



**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**7. NOTES PAYABLE**

Notes payable are comprised of the following:

School District of Indian River County, Florida	Balance at 6/30/2010
---	-------------------------

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. \$ 5,047,672

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. 16,326,737

Total Notes Payable	<u>\$ 21,374,409</u>
---------------------	----------------------

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
2011	\$ 3,708,892	\$ 2,594,913	\$ 1,113,979
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
2016-2017	7,417,784	6,926,368	491,416
Total	\$ 25,962,244	\$ 21,374,409	\$ 4,587,835

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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
2011	\$ 217,768	\$ (195,209)	\$ 412,977
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
2016-2020	3,603,128	1,991,121	1,612,007
2021-2025	3,277,613	2,108,404	1,169,209
2026-2030	2,933,867	2,233,088	700,779
2031-2035	2,089,823	1,883,232	206,591
<b>Total</b>	<b>\$ 15,210,749</b>	<b>\$ 9,519,989</b>	<b>\$ 5,690,760</b>

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  
June 30, 2010**

**9. CERTIFICATES OF PARTICIPATION**

Certificates of Participation at June 30, 2010, are as follows:

Series	Amount Outstanding	Interest Rate	Lease Term Maturity	Original Amount
2000 COPS (Partially Refunded)	\$ 495,000	5.375	2011	\$ 17,080,000
2002 COPS (Partially Refunded)	855,000	4.375 - 4.5	2012	59,730,000
2004 COPS, Series A	54,605,000	3.0 - 5.0	2028	63,245,000
2004 COPS, Series B and C, Refunding	13,705,000	3.0 - 5.0	2019	18,850,000
2005 COPS Refunding	11,625,000	3.25 - 4.5	2025	12,095,000
2007 COPS, Series A and B Refunding	62,135,000	3.625 - 4.5	2027	62,755,000
2009 COPS Refunding	32,330,000	3.0 - 5.0	2024	35,165,000
2010 COPS, Series A (QSCB)	40,500,000	6.658 (1)	2027	40,500,000
Total	216,250,000			
Plus Unamortized Premium	1,558,982			
Less: Deferred Amount on Refunding Debt	(5,811,204)			
Total Certificates of Participation	<u>\$ 211,997,778</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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

<u>Certificates</u>	<u>Lease Term</u>
Series 2000	Earlier of date paid in full or June 30, 2024
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 1999 and 2009, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Horizon Middle School, Osceola High School Classroom Addition and Labs, and Kissimmee Elementary
Series 2000 and 2005, Refunding	Four Corners Charter School
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 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 2000 and 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:

**The rest of this page intentionally left blank.**

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

Fiscal Year Ending June 30	Total	Principal	Interest
2011	\$ 15,957,181	\$ 5,910,000	\$ 10,047,181
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
2016-2020	86,305,712	45,605,000	40,700,712
2021-2025	86,296,500	56,765,000	29,531,500
2026-2028	86,351,592	77,525,000	8,826,592
Total Minimum Lease Payments	<u>\$ 343,978,154</u>	216,250,000	<u>\$ 127,728,154</u>
Plus: Unamortized Premium		1,558,982	
Less: Deferred Amount on Refunding Debt		<u>(5,811,204)</u>	
Total Certificates of Participation		<u>\$ 211,997,778</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 1<sup>st</sup> and October 1<sup>st</sup> 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 1<sup>st</sup>. 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, 2010**

**10. BONDS PAYABLE**

Bonds payable at June 30, 2010, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To	Original Amount
State School Bonds:				
Series 2001A	\$ 925,000	4.375 - 5.0	2021	1,775,000
Series 2002A	625,000	4.0 - 5.0	2022	935,000
Series 2003A	1,515,000	3.00 - 4.25	2023	1,985,000
Series 2004A	1,240,000	3.35 - 4.625	2024	1,595,000
Series 2005A	1,405,000	4.0 - 5.0	2025	1,685,000
Series 2005A, Refunding	3,890,000	4.0 - 5.0	2017	5,160,000
Series 2005B, Refunding	1,485,000	5.0	2020	1,715,000
Series 2006A	1,610,000	4.0 - 4.625	2026	1,810,000
Series 2009A	790,000	3.0 - 5.0	2019	870,000
District Revenue Bonds:				
Sales Tax Revenue Series 2001	1,680,000	4.5	2011	42,325,000
Sales Tax Revenue Series 2007A	42,455,000	3.6 - 5.0	2025	47,580,000
Sales Tax Revenue Series 2007B	31,895,000	3.5 - 5.0	2024	32,255,000
Total Bonds	89,515,000			
Plus: unamortized bond premium	3,878,733			
Less: deferred amount on refunding	(2,109,576)			
Total Bonds Payable	<u>\$ 91,284,157</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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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 2009-10 fiscal year, the District recognized sales tax revenues totaling \$9,035,938 and expended \$7,234,743 (80.1 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, 2010, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2011	\$ 1,721,248	\$ 1,100,000	\$ 621,248
2012	1,712,033	1,140,000	572,033
2013	1,709,730	1,190,000	519,730
2014	1,704,696	1,240,000	464,696
2015	1,711,176	1,305,000	406,176
2016-2020	6,034,901	4,880,000	1,154,901
2021-2025	2,785,145	2,460,000	325,145
2026	177,862	170,000	7,862
<b>Total State School Bonds</b>	<b>17,556,791</b>	<b>13,485,000</b>	<b>4,071,791</b>
District Revenue Bonds:			
2011	7,232,443	3,645,000	3,587,443
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
2016-2020	36,163,288	24,890,000	11,273,288
2021-2025	36,159,987	31,330,000	4,829,987
<b>Total District Revenue Bonds</b>	<b>108,481,063</b>	<b>76,030,000</b>	<b>32,451,063</b>
<b>Total</b>	<b>\$ 126,037,854</b>	<b>\$ 89,515,000</b>	<b>\$ 36,522,854</b>

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**11. DEFEASED DEBT**

On December 18, 2009, the Board issued \$35,165,000 in Refunding Certificates of Participation, Series 2009A, with an average interest rate of 4.94 percent, to advance-refund the District's Certificates of Participation, Series 1999. The Refunding Certificates are being issued to advance-refund the \$34,415,000 principal amount of the Series 1999 Certificates that mature on or after June 1, 2010. The net proceeds of \$34,944,060 (after payment of \$701,681 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for a portion of future debt service payments on the Series 1999 Certificates. As a result, \$31,800,000 of the 1999 Certificates are considered to be defeased and the liability for these certificates has been removed from the government-wide financial statements.

The Series 1999 Certificates were refunded to reduce total debt service payments over the next 14 years by approximately \$1,218,300 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,142,852.

In prior years, portions of the Certificates of Participation, Series 2002 and Sales Tax Revenue Bonds, Series 2001, were refunded and considered defeased in substance by placing a portion of the proceeds of the refunding issues in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liability for the insubstance defeased Certificates of Participation and Sales Tax Revenue Bonds are not included in the District's financial statements. On June 30, 2010, 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

**The rest of this page intentionally left blank.**



**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

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

Description	Balance 7-1-09	Additions	Deductions	Balance 6-30-10	Due in One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Installment-Purchases Payable	\$ 2,554,486	\$	\$ 1,100,412	\$ 1,454,074	\$ 784,372
Notes Payable	23,836,843		2,462,434	21,374,409	2,594,913
Bonds Payable	95,971,687	932,900	5,620,430	91,284,157	4,870,986
Certificates of Participation Payable	177,228,279	75,616,681	40,847,182	211,997,778	5,655,794
Educational Facilities Benefit District Agreement Payable	9,139,035	380,954		9,519,989	
Other Postemployment Benefits Payable	17,521,683	6,300,750	1,891,269	21,931,164	
Compensated Absences Payable	14,774,116	6,278,212	3,859,793	17,192,535	1,584,908
<b>Total Governmental Activities</b>	<b>\$ 341,026,129</b>	<b>\$ 89,509,497</b>	<b>\$ 55,781,520</b>	<b>\$ 374,754,106</b>	<b>\$ 15,490,973</b>

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

**13. RESERVE FOR ENCUMBRANCES**

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

The Florida Department of Education requires that fund balances be reserved at fiscal year-end to report an amount likely to be expended from the 2010-11 fiscal year budget as a result of purchase orders outstanding at June 30, 2010.

Because revenues of grants accounted for in the Special Revenue - ARRA Economic Stimulus Funds are not recognized until expenditures are incurred, these grant funds generally do not accumulate fund balances. Accordingly, no reserve for encumbrances is reported for grant funds. However, purchase orders outstanding for grants accounted for in the Special Revenue - ARRA Economic Stimulus Funds total \$21,863.78 at June 30, 2010.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**14. OTHER POSTEMPLOYMENT BENEFITS PAYABLE**

For the fiscal year ending June 30, 2008, the District implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain postemployment health care and life insurance benefit provided by the District. The requirement of this Statement was implemented prospectively, with the actuarially determined liability of \$93,388,311 at the July 1, 2007, date of transition being amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care and life insurance benefits liability at the date of transition.

**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 2009-10 fiscal year, 296 retirees received other postemployment healthcare benefits, and another 171 retirees received only life insurance benefits. The District provided required contributions of \$1,891,269 toward the annual OPEB cost, net of retiree contributions totaling \$1,637,675, which represents 1 percent of covered payroll.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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)	\$ 4,015,001
Amortization of Unfunded Actuarial Accrued Liability	2,013,296
Interest on Normal Cost and Amortization	<u>241,132</u>
Annual Required Contribution	6,269,429
Interest on Net OPEB Obligation	700,867
Adjustment to Annual Required Contribution	<u>(669,546)</u>
Annual OPEB Cost (Expense)	6,300,750
Contribution Toward the OPEB Cost	<u>(1,891,269)</u>
Increase in Net OPEB Obligation	4,409,481
Net OPEB Obligation, Beginning of Year	<u>17,521,683</u>
Net OPEB Obligation, End of Year	<u><u>\$ 21,931,164</u></u>

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, 2010 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, 2007	\$	\$		\$
June 30, 2008	14,267,785	1,272,187	8.9%	12,995,598
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

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**Funded Status and Funding Progress.** As of June 30, 2009, the most recent valuation date, the actuarial accrued liability for benefits was \$51,307,965, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability of \$51,307,965. The covered payroll (annual payroll for active participating employees) was \$251,098,472, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20.43 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.

The District's last OPEB actuarial valuation as of June 30, 2009, 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, 2010. 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 9.5 percent initially for the 2009-10 fiscal year, reduced to an ultimate rate of 5.5 percent for the fiscal year ending June 30, 2014. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, is 27 years.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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	\$ 9,979,606	\$ 6,607,902
Debt Service:		
Other	3,719,263	5,606,356
Capital Projects:		
Local Capital Improvement	1,427,538	4,927,848
Other	4,319,751	293,953
ARRA Economic Stimulus		4,608,439
Nonmajor Governmental	1,290,340	1,245,353
Internal Service	3,000,000	300,579
Agency		146,068
Total	<u>\$ 23,736,498</u>	<u>\$ 23,736,498</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	\$ 15,563,055	\$
Debt Service:		
Other	17,970,064	1,806,126
Capital Projects:		
Local Capital Improvement		29,753,141
Other	1,806,126	3,779,978
Total	<u>\$ 35,339,245</u>	<u>\$ 35,339,245</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.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**16. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the District's State revenue for the 2009-10 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 133,968,773
Categorical Educational Program - Class Size Reduction	55,189,370
Workforce Development Program	4,195,632
School Recognition	2,795,967
Charter School Capital Outlay	2,541,338
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,193,050
Voluntary Prekindergarten Program	2,190,363
Gross Receipts Tax (Public Education Capital Outlay)	527,713
Food Service Supplement	325,568
Pari-Mutuel Tax	223,250
Discretionary Lottery Funds	141,158
Miscellaneous	900,389
<b>Total</b>	<b>\$ 205,192,571</b>

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 2009 tax roll for the 2009-10 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	5.165	\$ 117,668,731
Basic Discretionary Local Effort	0.748	17,040,893
Supplemental Discretionary Local Effort	0.250	5,695,486
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	34,172,913
<b>Total</b>	<b>7.663</b>	<b>\$ 174,578,023</b>

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**FRS Retirement Contribution Rates**

The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. During the 2009-10 fiscal year, contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Elected County Officers	0.00	16.53
Teachers' Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	0.00	10.91
Florida Retirement System, Reemployed Retiree	(B)	(B)

- Notes:
- (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.05 percent for administrative costs of 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, 2008, June 30, 2009, and June 30, 2010, totaled \$25,536,695, \$24,095,983, and \$23,357,782.59 respectively, which were equal to the required contributions for each fiscal year. There were 1,135 participants during the 2009-10 fiscal year. Required contributions made to PEORP totaled \$4,122,751.

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  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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, 2010, 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 2009-10 fiscal year. An annuity was purchased for these individuals at a total cost of \$47,171.

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.

**The rest of this page intentionally left blank.**

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**20. CONSTRUCTION CONTRACT COMMITMENTS**

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

<b>DESCRIPTION</b>	<b>CONTRACT AMOUNT</b>	<b>TOTAL COMPLETED</b>	<b>BALANCE COMMITTED</b>
#3002031 OHS COMPREHENSIVE RENOVATION CONTR-CLANCY & THEYS CONSTRUCTION CO. ARCH - C T HSU & ASSOCIATES, PA	\$ 37,209,574.65 3,025,000.00	\$ 9,621,590.73 2,534,500.00	\$ 27,587,983.92 490,500.00
#3002031 SCHS COMPREHENSIVE RENOVATION CONTR-JAMES A CUMMINGS, INC. ARCH - BRPH ARCHITECT/ENGINEERS, INC.	32,129,081.29 3,064,000.00	13,782,401.56 2,662,062.50	18,346,679.73 401,937.50
#3008211 ELEMENTARY N CONTR-W G MILLS, INC./RANGER BUILDING ARCH - SCHENKEL & SCHULTZ, INC.	9,324,358.25 537,980.00	8,839,879.30 502,870.97	484,478.95 35,109.03
#3002401 PHS BLACK BOX THEATER CONTR - GATES BUILDERS, INC. ARCH-SCHENKEL & SCHULTZ, INC.	3,987,107.63 225,000.00	3,987,107.63 224,876.80	0.00 123.20
#3003501 - 0601 GATEWAY HIGH SCHOOL ADDITION CONTR - BALFOUR BEATTY CONSTRUCTION ARCH-SONG & ASSOCIATES, INC.	3,975,344.00 138,000.00	159,080.99 120,000.00	3,816,263.01 18,000.00
#3202301 MILL CREEK ES HVAC CONTR - MCCREE DESIGN BUILDERS, INC. ARCH - MCCREE DESIGN BUILDERS, INC.	3,679,462.53 247,720.39	3,662,542.46 235,276.39	16,920.07 12,444.00
#3003501 - 0701 MILL CREEK ELEMENTARY ADDITION CONTR - MCCREE DESIGN BUILDERS, INC. ARCH - MCCREE DESIGN BUILDERS, INC.	3,414,981.72 238,275.00	3,363,441.31 233,780.24	51,540.41 4,494.76
#3003501 - 0101 THACKER AVE ELEMENTARY CONTR - MCCREE DESIGN BUILDERS, INC. ARCH - MCCREE DESIGN BUILDERS, INC.	2,477,623.50 94,000.00	2,370,021.17 94,000.00	107,602.33 0.00
#3002031 HIGHLANDS ELEM COMPREHENSIVE RENOVATION CONTR-W. G. MILLS, INC./RANGER BUILDING ARCH - SCHENKEL & SCHULTZ, INC.	1,465,036.00 629,880.00	408,023.13 413,718.96	1,057,012.87 216,161.04
#3202131 ADMIN BLDG EXTERIOR ENVELOPE CONTR - BRPH CONSTRUCTION SERVICES, INC. ENGR - ECS-FLORIDA, LLC	971,072.00 112,193.60	852,524.00 89,834.07	118,548.00 22,359.53
#300370- PARKWAY MIDDLE SCHOOL RECONFIGURE CORE SPACE CONTR-RUBY BUILDERS ARCH - RHODES & BRITO ASSOCIATES	866,241.00 54,992.00	200,155.00 41,438.04	666,086.00 13,553.96
#3203001 CELEBRATION K-8 HEARTH RECONFIGURATION CONTR - CLANCY & THEYS CONSTRUCTION CO.	888,570.00	240,226.35	648,343.65
#1360901 CELEBRATION HS, NARCOOSSEE MIDDLE & HARMONY HS HURRICANE MITIGATION CONTR-HURRICANE PROTECTION INDUSTRIES, LLC	680,467.00	358,870.39	321,596.61
#3002281 OCSA ROOF REPLACEMENT CONTR-GENERAL WORKS, LLC ARCH - DBY BUILDING SCIENCES, LLC	652,253.01 30,580.00	652,253.01 29,251.40	0.00 1,328.60
#1360901 CELEBRATION HS, HARMONY HS & DISCOVERY INTERMEDIATE HURRICANE MITIGATION CONTR-HURRICANE PROTECTION INDUSTRIES, LLC	585,511.00	566,816.98	18,694.02
#1360901 HARMONY HS, DISCOVERY INTERMEDIATE & POINCIANA ELEM HURRICANE MITIGATION CONTR-HURRICANE PROTECTION INDUSTRIES, LLC	322,446.00	289,731.50	32,714.50
	<u>\$111,026,750.57</u>	<u>\$ 56,536,274.88</u>	<u>\$ 54,490,475.69</u>

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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 \$3,951,000 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable for the group health program at June 30, 2010.

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 \$817,092 at June 30, 2010, which the District reports as cash with fiscal agent in the internal service funds. A liability of \$1,472,542 was established based on reserves for outstanding claims at June 30, 2010, as reported by the program administrator.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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
2008-09	\$ 4,096,637	\$ 39,037,469	\$ (38,386,140)	\$ 4,747,966
2009-10	\$ 4,747,966	\$ 39,316,551	\$ (38,640,975)	\$ 5,423,542

**22. INTERNAL SERVICE FUNDS**

The following is a summary of financial information as reported in the Internal Service Funds for the 2009-10 fiscal year:

	Total	Self-Insurance Trust Fund	Casualty Insurance Loss Fund
Total Assets	\$ 16,177,888	\$ 9,028,257	\$ 7,149,631
Liabilities and Net Assets:			
Accounts Payable	\$ 754,486	\$ 754,486	\$
Due to Other Funds	300,579	300,579	
Estimated Insurance Claims Payable	5,423,542	3,951,000	1,472,542
Net Assets:			
Unrestricted Net Assets	9,699,281	4,022,192	5,677,089
Total Liabilities and Net Assets	\$ 16,177,888	\$ 9,028,257	\$ 7,149,631
Revenues:			
Premium Revenues	\$ 48,505,594	\$ 45,234,135	\$ 3,271,459
Other	15,145	1,494	13,651
Total Revenues	48,520,739	45,235,629	3,285,110
Total Expenses	(44,590,726)	(43,912,901)	(677,825)
Change in Net Assets	\$ 3,930,013	\$ 1,322,728	\$ 2,607,285

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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, 2010.

		Insurer Ratings		
		Fitch	Moody's	Standard & Poor's
<b>Sales Tax Revenue Bonds</b>				
2001 Sales Tax Revenue Bonds	Financial Guaranty Insurance Company*	Not Rated	Baa1/Outlook Developing	A/Outlook Developing
2007 Sales Tax Revenue Bonds	Assured Guaranty Municipal Corp.**	Not Rated	Aa3/Negative Outlook	AAA /Negative Outlook
<b>Certificates of Participation</b>				
2000 COPs	National Public Finance Guarantee Corporation***	Not Rated	Baa1 /Outlook Developing	A /Outlook Developing
2002 COPs	Ambac Assurance Corporation	Not Rated	Caa2/On Review for Upgrade	R****
2004 COPs	Financial Guaranty Insurance Company*	Not Rated	Baa1/Outlook Developing	A /Outlook Developing
2005 COPs	National Public Finance Guarantee Corporation***	Not Rated	Baa1/Outlook Developing	A /Outlook Developing
2007 COPs	Ambac Assurance Corporation	Not Rated	Caa2/On Review for Upgrade	R****
2009 COPs	Assured Guaranty Corporation	Not Rated	Aa3/Negative Outlook	AAA /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.

This page left intentionally blank.

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$ 300,000	\$ 300,000	\$ 359,089	\$ 59,089
Federal Through State	202,355	210,480	201,405	(9,075)
State	200,555,371	201,054,926	199,237,959	(1,816,967)
Local:				
Property Taxes	134,273,847	133,384,854	135,129,976	1,745,122
Miscellaneous	11,627,959	12,369,473	12,169,034	(200,439)
<b>Total Revenues</b>	<b>346,959,532</b>	<b>347,319,733</b>	<b>347,097,463</b>	<b>(222,270)</b>
<b>EXPENDITURES</b>				
Current - Education:				
Instruction				
Salaries	122,829,152	123,185,968	123,138,580	47,388
Employee Benefits	47,503,645	40,312,134	39,891,518	420,616
Purchased Services	32,184,305	38,366,521	38,129,731	236,790
Energy Services		7,832	7,832	
Materials and Supplies	33,788,778	16,775,353	8,923,721	7,851,632
Capital Outlay	675,816	1,889,360	1,820,845	68,515
Other Expenses	2,050,448	3,442,105	3,289,445	152,660
Pupil Personnel Services				
Salaries	12,961,905	13,233,271	13,233,271	
Employee Benefits	4,245,166	4,331,045	4,331,045	
Purchased Services	1,500	93,468	91,968	1,500
Materials and Supplies	258,868	147,068	98,361	48,707
Capital Outlay	7,295	47,140	46,246	894
Other Expenses		44,411	44,411	
Instructional Media Services				
Salaries	582,202	829,925	740,727	89,198
Employee Benefits	200,074	243,873	243,873	
Purchased Services	168,255	365,978	326,478	39,500
Materials and Supplies	193,494	108,255	81,587	26,668
Capital Outlay	361,933	468,767	454,959	13,808
Other Expenses	2,250	2,759	2,759	
Instruction and Curriculum Development Services				
Salaries	5,707,790	5,910,182	5,909,603	579
Employee Benefits	1,700,531	1,824,240	1,824,041	199
Purchased Services	23,703	89,110	84,540	4,570
Energy Services		3,313	2,611	702
Materials and Supplies	296,696	111,330	95,670	15,660
Capital Outlay		35,991	35,991	
Other Expenses	61,000	17,518	17,518	
Instructional Staff Training Services				
Salaries	2,814,538	3,650,466	3,608,071	42,395
Employee Benefits	771,144	966,132	965,252	880
Purchased Services	154,842	521,631	516,965	4,666
Materials and Supplies	776,795	263,095	235,470	27,625
Capital Outlay	1,935	30,140	29,785	355
Other Expenses	23,280	57,728	57,728	
Instruction Related Technology				
Salaries	2,608,343	2,535,788	2,535,788	
Employee Benefits	862,533	858,670	858,670	
Purchased Services		2,377	2,377	
Materials and Supplies		635	635	
Capital Outlay		8,005	8,005	
Other Expenses		9,269	9,269	
Board of Education				
Salaries	323,987	304,547	304,547	
Employee Benefits	260,199	1,905,925	106,633	1,799,292
Purchased Services	1,519,621	1,600,383	1,236,946	363,437
Materials and Supplies	170,807	24,153	1,508	22,645
Capital Outlay	99			
Other Expenses		30,437	30,437	



**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
General Administration				
Salaries	763,594	738,163	738,163	
Employee Benefits	196,465	251,540	251,540	
Purchased Services	142,416	227,891	181,323	46,568
Materials and Supplies	75,926	86,973	28,534	58,439
Capital Outlay	56	11,919	11,919	
Other Expenses		33,233	33,233	
School Administration				
Salaries	16,490,037	16,769,999	16,716,634	53,365
Employee Benefits	4,995,762	5,265,757	5,265,757	
Purchased Services	233,962	286,954	285,884	1,070
Materials and Supplies	3,038,627	1,915,008	75,418	1,839,590
Capital Outlay	20,985	48,388	48,388	
Other Expenses	9,338	51,470	51,422	48
Facilities Services				
Salaries	1,530,215	586,831	586,831	
Employee Benefits	424,007	63,347	63,347	
Purchased Services	1,763,431	1,781,911	1,686,269	95,642
Energy Services		8,280	8,280	
Materials and Supplies	107,799	100,301	9,540	90,761
Capital Outlay	96,033	397,033	19,546	377,487
Other Expenses		1,121	1,121	
Fiscal Services				
Salaries	1,444,313	1,273,349	1,273,349	
Employee Benefits	427,101	431,422	431,422	
Purchased Services	20,054	50,898	30,094	20,804
Materials and Supplies	150,500	64,379	22,940	41,439
Capital Outlay		22,199	22,199	
Other Expenses		4,586	4,586	
Food Services				
Salaries	20,932	41,208	41,208	
Employee Benefits	15,924	8,715	8,715	
Materials and Supplies		144	134	10
Central Services				
Salaries	3,982,584	3,851,328	3,849,450	1,878
Employee Benefits	1,220,944	1,263,824	1,263,635	189
Purchased Services	704,621	1,142,925	766,492	376,433
Energy Services		16,979	16,979	
Materials and Supplies	338,095	715,153	277,237	437,916
Capital Outlay		37,454	32,332	5,122
Other Expenses	44,989	163,409	149,701	13,708
Pupil Transportation Services				
Salaries	8,665,058	8,209,899	8,201,712	8,187
Employee Benefits	4,025,325	4,234,133	4,234,133	
Purchased Services	393,656	562,739	535,173	27,566
Energy Services	290,000	1,819,607	1,819,607	
Materials and Supplies	5,440,013	2,020,419	241,628	1,778,791
Capital Outlay		26,627	26,627	
Other Expenses		294,483	294,483	
Operation of Plant				
Salaries	6,600,655	6,774,365	6,768,594	5,771
Employee Benefits	2,653,296	3,051,722	2,967,121	84,601
Purchased Services	3,375,685	10,785,544	10,566,912	218,632
Energy Services	14,606,300	13,214,694	12,324,578	890,116
Materials and Supplies	601,217	795,783	774,237	21,546
Capital Outlay	17,320	82,202	81,669	533
Other Expenses	165,225	680,869	551,971	128,898

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Maintenance of Plant				
Salaries	5,007,594	4,277,037	4,277,037	
Employee Benefits	1,610,671	1,831,181	1,831,166	15
Purchased Services	564,907	514,569	413,373	101,196
Energy Services		197,766	197,766	
Materials and Supplies	1,484,338	1,892,006	1,131,171	760,835
Capital Outlay		68,702	68,702	
Other Expenses		112	112	
Administrative Technology Services				
Salaries	2,119,486	2,001,892	2,001,892	
Employee Benefits	609,110	611,326	611,326	
Purchased Services	824,642	967,975	851,398	116,577
Materials and Supplies	232,363	53,487	40,156	13,331
Capital Outlay	13,398	19,375	17,876	1,499
Other Expenses		5,228	5,228	
Community Services				
Salaries	139,544	168,893	168,840	53
Employee Benefits	55,319	57,743	57,697	46
Purchased Services		84,379	84,379	
Materials and Supplies	27,470	80,403	1,702	78,701
Capital Outlay		1,774	1,773	1
Other Expenses		611	611	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	111,682	1,645,532	1,627,219	18,313
Other Capital Outlay	371,288	932,234	832,655	99,579
Debt Service:				
Principal	449,031	417,777	415,683	2,094
Interest and Fiscal Charges	4,998	58,371	58,371	
Total Expenditures	374,811,230	370,811,848	351,713,617	19,098,231
Excess (Deficiency) of Revenues Over Expenditures	(27,851,698)	(23,492,115)	(4,616,154)	18,875,961
<b>OTHER FINANCING SOURCES</b>				
Transfers In	12,983,000	15,563,055	15,563,055	
Insurance Loss Recoveries		166,738	174,195	7,457
Total Other Financing Sources	12,983,000	15,729,793	15,737,250	7,457
Net Change in Fund Balances	(14,868,698)	(7,762,322)	11,121,096	18,883,418
Fund Balances, July 1, 2009	59,492,679	59,492,679	59,492,679	
Fund Balances, June 30, 2010	\$ 44,623,981	\$ 51,730,357	\$ 70,613,775	\$ 18,883,418

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Through State	\$ 27,009,097	\$ 37,759,003	\$ 27,733,920	\$ (10,025,083)
Total Revenues	<u>27,009,097</u>	<u>37,759,003</u>	<u>27,733,920</u>	<u>(10,025,083)</u>
<b>EXPENDITURES</b>				
Current - Education:				
Instruction				
Salaries	12,799,493	14,543,064	12,917,325	1,625,739
Employee Benefits	4,533,049	4,870,495	4,446,239	424,256
Purchased Services	111,940	1,594,712	469,894	1,124,818
Materials and Supplies	1,570,329	2,780,307	1,511,967	1,268,340
Capital Outlay	209,165	996,039	599,968	396,071
Other Expenses	310,000	498,638	196,844	301,794
Pupil Personnel Services				
Salaries	673,465	1,227,848	1,039,548	188,300
Employee Benefits	290,429	519,702	441,933	77,769
Purchased Services	7,500	92,155	3,284	88,871
Materials and Supplies	38,941	61,239	3,705	57,534
Capital Outlay		990	948	42
Instructional Media Services				
Salaries	1,922,718	2,036,418	2,036,418	
Employee Benefits	597,434	603,039	603,039	
Purchased Services		12,383	12,383	
Capital Outlay		6,602	6,585	17
Instruction and Curriculum Development Services				
Salaries	125,483	126,374	33,190	93,184
Employee Benefits	32,717	40,968	9,432	31,536
Purchased Services		463,058		463,058
Materials and Supplies	166,723	823,130		823,130
Instructional Staff Training Services				
Salaries	4,232	927,358	678,930	248,428
Employee Benefits	21,337	118,600	67,867	50,733
Purchased Services	704,742	1,031,656	497,890	533,766
Materials and Supplies		54,869	45,660	9,209
Capital Outlay		610	610	
Other Expenses		2,191	2,191	
Instruction Related Technology				
Salaries	52,278	111,504	52,278	59,226
Employee Benefits	15,377	31,852	15,216	16,636
Other Expenses	1,108,458			
General Administration				
Other Expenses		747,398	341,948	405,450
Food Services				
Capital Outlay		7,734	7,734	
Central Services				
Purchased Services		24,042	16,248	7,794
Pupil Transportation Services				
Salaries	840,282	1,760,998	812,631	948,367
Employee Benefits	570,434	1,075,008	550,919	524,089
Purchased Services		1,000		1,000
Fixed Capital Outlay				
Other Capital Outlay	302,571	567,022	311,096	255,926
Total Expenditures	<u>27,009,097</u>	<u>37,759,003</u>	<u>27,733,920</u>	<u>10,025,083</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2009				
Fund Balances, June 30, 2010	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**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>
6-30-2008	\$ 0	\$ 93,388,311	\$ 93,388,311	0.00%	\$ 258,362,035	36.15%
6-30-2009	0	51,307,965	51,307,965	0.00%	251,098,472	20.43%

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2010**

**1. BUDGETARY BASIS OF ACCOUNTING**

Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

**2. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS**

The District is required to perform an actuarial valuation of its postemployment benefits other than pensions at least biennially. For the June 30, 2009, valuation, the following key assumptions were modified to reflect current experience: (1) Trend was reset; (2) Future participation in medical was changed for future Medicare eligible retirees; (3) Life insurance participation was changed; (4) The cost method was changed from Projected Unit Credit to Entry Age; (5) The amortization method was changed from an open method to a closed method; and (6) The past base was restarted. The District's actuarially determined liability was reduced to \$51,307,965 as of June 30, 2009, due to these modifications.

This page left intentionally blank.

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES







**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,278,453	\$ 340,084	\$ 3,066,443	\$ 10,344,896
Investments				340,084
Accounts Receivable	3,102			3,102
Due from Other Funds	77,657		1,212,683	1,290,340
Due from Other Agencies	1,222,615		6,554,770	7,777,385
Inventory	394,624			394,624
Total Assets	\$ 8,976,451	\$ 340,084	\$ 10,833,896	\$ 20,150,431
<b>LIABILITIES AND FUND BALANCES</b>				
Salaries and Benefits	\$ 339,335	\$	\$	\$ 339,335
Payroll Deductions and Withholdings Payable	96,391			96,391
Accounts Payable	939,887		452,559	1,392,446
Construction Contracts Payable	2,286		1,048,651	1,050,937
Construction Contracts Payable-Retainage Percentage	8,338		137,482	145,820
Sales Tax Payable	370			370
Due to Other Agencies	297,743			297,743
Due to Other Funds	1,053,619		191,734	1,245,353
Deferred Revenue	83,645			83,645
Total Liabilities	2,821,614		1,830,426	4,652,040
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	37,335			5,293,453
Debt Service		340,084	5,256,118	340,084
Unreserved, Reported in:				
Special Revenue Funds	6,117,502			6,117,502
Capital Projects Funds			3,747,352	3,747,352
Total Fund Balances	6,154,837	340,084	9,003,470	15,498,391
Total Liabilities and Fund Balances	\$ 8,976,451	\$ 340,084	\$ 10,833,896	\$ 20,150,431

**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, 2010**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$ 3,987,135	\$	\$	3,987,135
Federal Through State	46,510,122			46,510,122
State	328,809	1,701,614	987,575	3,017,998
Local:				
Charges for Services - Food Service	6,136,837			6,136,837
Miscellaneous	3,186,318		13,306	3,199,624
Total Revenues	60,149,221	1,701,614	1,000,881	62,851,716
<b>EXPENDITURES</b>				
Current - Education:				
Instruction	16,925,764			16,925,764
Pupil Personnel Services	2,261,747			2,261,747
Instructional Media Services	19,547			19,547
Instruction and Curriculum Development Services	7,084,085			7,084,085
Instructional Staff Training Services	2,062,560			2,062,560
Instruction Related Technology	70,730			70,730
General Administration	1,261,018			1,261,018
School Administration	34,821			34,821
Facilities Services			1,567,872	1,567,872
Food Services	20,919,176			20,919,176
Central Services	224,978			224,978
Pupil Transportation Services	563,837			563,837
Operation of Plant	103			103
Maintenance of Plant	264			264
Community Services	3,328,310			3,328,310
Fixed Capital Outlay:				
Facilities Acquisition and Construction	1,208,676		13,736,550	14,945,226
Other Capital Outlay	639,957		5,850	645,807
Debt Service:				
Principal		1,060,000		1,060,000
Interest and Fiscal Charges		672,009	983	672,992
Total Expenditures	56,605,573	1,732,009	15,311,255	73,648,837
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,543,648	(30,395)	(14,310,374)	(10,797,121)
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued		870,000		870,000
Premium on Refunding Bonds		87,023		87,023
Payments to Escrow Agent for Refunded Debt		(949,123)		(949,123)
Total Other Financing Sources (Uses)		7,900		7,900
Net Change in Fund Balances	3,543,648	(22,495)	(14,310,374)	(10,789,221)
Fund Balances, July 1, 2009	2,611,189	362,579	23,313,844	26,287,612
Fund Balances, June 30, 2010	\$ 6,154,837	\$ 340,084	\$ 9,003,470	\$ 15,498,391

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
June 30, 2010**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Food Service	Other Federal Programs	Miscellaneous Special Revenue	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,907,405	\$ 909,566	\$ 1,461,482	\$ 7,278,453
Accounts Receivable	2,658	239	205	3,102
Due From Other Funds	52,643	25,014		77,657
Due from Other Agencies	210,167	1,012,448		1,222,615
Inventory	394,624			394,624
<b>Total Assets</b>	<b>\$ 5,567,497</b>	<b>\$ 1,947,267</b>	<b>\$ 1,461,687</b>	<b>\$ 8,976,451</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Salaries and Benefits	\$ 38,452	\$ 289,858	\$ 11,025	\$ 339,335
Payroll Deductions and Withholdings Payable	8,480	86,021	1,890	96,391
Accounts Payable	306,591	611,391	21,905	939,887
Construction Contracts Payable		2,286		2,286
Construction Contracts Payable-Retainage		8,338		8,338
Sales Tax Payable	370			370
Due to Other Agencies	65,169	220,512	12,062	297,743
Due to Other Funds		728,861	324,758	1,053,619
Deferred Revenue	83,645			83,645
<b>Total Liabilities</b>	<b>\$ 502,707</b>	<b>\$ 1,947,267</b>	<b>\$ 371,640</b>	<b>\$ 2,821,614</b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	1,145		36,190	37,335
Unreserved, Reported in:				
Special Revenue Funds	5,063,645		1,053,857	6,117,502
<b>Total Fund Balances</b>	<b>\$ 5,064,790</b>		<b>\$ 1,090,047</b>	<b>\$ 6,154,837</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,567,497</b>	<b>\$ 1,947,267</b>	<b>\$ 1,461,687</b>	<b>\$ 8,976,451</b>

**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, 2010**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Food Service	Other Federal Programs	Miscellaneous Special Revenue	
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct		\$ 3,987,135		\$ 3,987,135
Federal Through State	17,568,900	28,941,222		46,510,122
State	328,809			328,809
Local:				
Charges for Services - Food Service	6,136,837			6,136,837
Miscellaneous	74,609		3,111,709	3,186,318
Total Revenues	24,109,155	32,928,357	3,111,709	60,149,221
<b>EXPENDITURES</b>				
Current - Education:				
Instruction				
Pupil Personnel Services		16,846,380		16,925,764
Instructional Media Services		2,261,747	79,384	2,261,747
Instruction and Curriculum Development Services		19,547		19,547
Instructional Staff Training Services		6,881,490	202,595	7,084,085
Instruction Related Technology		2,062,560		2,062,560
General Administration		70,730		70,730
School Administration		1,253,685	7,333	1,261,018
Food Services	20,919,176	34,821		34,821
Central Services		224,978		224,978
Pupil Transportation Services		563,837		563,837
Operation of Plant		103		103
Maintenance of Plant			264	264
Community Services		886,052	2,442,258	3,328,310
Fixed Capital Outlay:				
Facilities Acquisition and Construction		1,208,676		1,208,676
Other Capital Outlay	16,752	613,751	9,454	639,957
Total Expenditures	20,935,928	32,928,357	2,741,288	56,605,573
Excess of Revenues Over Expenditures	3,173,227		370,421	3,543,648
Fund Balances, July 1, 2009	1,891,564		719,625	2,611,189
Fund Balances, June 30, 2010	\$ 5,064,791	\$	\$ 1,090,046	\$ 6,154,837

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**June 30, 2010**

	Debt Service Funds	Total Nonmajor Debt Service Funds
	SBE/COBI Bonds	
<b>ASSETS</b>		
Investments	340,084	340,084
Total Assets	\$ 340,084	\$ 340,084
<b>FUND BALANCES</b>		
Reserved for:		
Debt Service	340,084	340,084
Total Fund Balances	340,084	340,084
Total Liabilities and Fund Balances	\$ 340,084	\$ 340,084

**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, 2010**

	Debt Service Funds	
	SBE//COBI Bonds	Total Nonmajor Debt Service Funds
<b>REVENUES</b>		
Intergovernmental:		
State	1,701,614	\$ 1,701,614
Total Revenues	1,701,614	1,701,614
<b>EXPENDITURES</b>		
Debt Service:		
Principal	1,060,000	1,060,000
Interest and Fiscal Charges	672,009	672,009
Total Expenditures	1,732,009	1,732,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,395)	(30,395)
<b>OTHER FINANCING SOURCES (USES)</b>		
Refunding Bonds Issued	870,000	870,000
Premium on Refunding Bonds	87,023	87,023
Payments to Escrow Agent for Refunded Debt	(949,123)	(949,123)
Total Other Financing Sources (Uses)	7,900	7,900
Net Change in Fund Balances	(22,495)	(22,495)
Fund Balances, July 1, 2009	362,579	362,579
Fund Balances, June 30, 2010	340,084	\$ 340,084

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS  
 June 30, 2010**

	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)		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,926,641	\$ 223,356	\$ 916,446		\$ 3,066,443
Due From Other Funds		1,212,683			1,212,683
Due from Other Agencies		6,554,770			6,554,770
Total Assets	<u>\$ 1,926,641</u>	<u>\$ 7,990,809</u>	<u>\$ 916,446</u>		<u>\$ 10,833,896</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 11,541	\$ 433,837	\$ 7,181		\$ 452,559
Construction Contracts Payable	11,024	1,037,627			1,048,651
Construction Contracts Payable-Retainage Percentage	1,225	136,257			137,482
Due to Other Funds		191,734			191,734
Total Liabilities	<u>23,790</u>	<u>1,799,455</u>	<u>7,181</u>		<u>1,830,426</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	99,791	5,141,296	15,031		5,256,118
Unreserved, Reported in:					
Capital Projects Funds	1,803,060	1,050,058	894,234		3,747,352
Total Fund Balances	<u>1,902,851</u>	<u>6,191,354</u>	<u>909,265</u>		<u>9,003,470</u>
Total Liabilities and Fund Balances	<u>\$ 1,926,641</u>	<u>\$ 7,990,809</u>	<u>\$ 916,446</u>		<u>\$ 10,833,896</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, 2010**

	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)	
<b>REVENUES</b>				
Intergovernmental:				
State		\$ 527,713	\$ 459,862	\$ 987,575
Local:				
Miscellaneous	8,276	2,082	2,948	13,306
Total Revenues	<u>8,276</u>	<u>529,795</u>	<u>462,810</u>	<u>1,000,881</u>
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	290,661	814,869	462,342	1,567,872
Fixed Capital Outlay:				
Facilities Acquisition and Construction	124,629	13,608,161	3,760	13,736,550
Other Capital Outlay	5,850			5,850
Debt Service:				
Interest and Fiscal Charges			983	983
Total Expenditures	421,140	14,423,030	467,085	15,311,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	(412,864)	(13,893,235)	(4,275)	(14,310,374)
Net Change in Fund Balances	(412,864)	(13,893,235)	(4,275)	(14,310,374)
Fund Balances, July 1, 2009	2,315,715	20,084,590	913,539	23,313,844
Fund Balances, June 30, 2010	<u>\$ 1,902,851</u>	<u>\$ 6,191,355</u>	<u>\$ 909,264</u>	<u>\$ 9,003,470</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Through State	\$ 16,158,731	\$ 17,568,900	\$ 17,568,900	\$
State	319,500	328,809	328,809	
Local:				
Charges for Services - Food Service	6,816,871	6,136,837	6,136,837	
Miscellaneous	11,942	74,609	74,609	
Total Revenues	<u>23,307,044</u>	<u>24,109,155</u>	<u>24,109,155</u>	
<b>EXPENDITURES</b>				
Current - Education:				
Food Services				
Salaries	7,084,719	6,453,254	6,453,254	
Employee Benefits	4,031,105	3,659,532	3,659,532	
Purchased Services	243,986	200,703	200,703	
Energy Services	118,177	118,449	118,449	
Materials and Supplies	11,229,353	12,394,391	10,019,790	2,374,601
Capital Outlay	13,100	6,147	6,147	
Other Expenses	520,130	461,301	461,301	
Fixed Capital Outlay				
Facilities Acquisition and Construction	50,025			
Other Capital Outlay	17,500	16,752	16,752	
Total Expenditures	<u>23,308,095</u>	<u>23,310,529</u>	<u>20,935,928</u>	<u>2,374,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,051)</u>	<u>798,626</u>	<u>3,173,227</u>	<u>2,374,601</u>
Net Change in Fund Balances	(1,051)	798,626	3,173,227	2,374,601
Fund Balances, July 1, 2009	1,891,564	1,891,564	1,891,564	
Fund Balances, June 30, 2010	<u>\$ 1,890,513</u>	<u>\$ 2,690,190</u>	<u>\$ 5,064,791</u>	<u>\$ 2,374,601</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$ 3,005,732	\$ 8,150,678	\$ 3,987,135	\$ (4,163,543)
Federal Through State	30,633,306	37,530,912	28,941,222	(8,589,690)
Total Revenues	<u>33,639,038</u>	<u>45,681,590</u>	<u>32,928,357</u>	<u>(12,753,233)</u>
<b>EXPENDITURES</b>				
Current - Education:				
Instruction				
Salaries	6,575,547	8,087,317	7,489,832	597,485
Employee Benefits	2,809,921	3,019,579	2,879,984	139,595
Purchased Services	1,357,256	3,583,576	2,965,770	617,806
Materials and Supplies	3,612,793	2,914,203	1,305,059	1,609,144
Capital Outlay	436,040	2,554,701	1,943,721	610,980
Other Expenses	44,009	337,405	262,013	75,392
Pupil Personnel Services				
Salaries	906,073	1,341,942	1,176,109	165,833
Employee Benefits	298,743	446,545	382,656	63,889
Purchased Services	257,797	888,735	520,299	368,436
Materials and Supplies	192,700	215,200	146,050	69,150
Capital Outlay	4,044	39,326	36,634	2,692
Instructional Media Services				
Salaries	20,462	60,808	8,215	52,593
Employee Benefits	4,092	11,007	1,438	9,569
Purchased Services		28	28	
Materials and Supplies		8,153	6,264	1,889
Capital Outlay		9,200	3,602	5,598
Instruction and Curriculum Development Services				
Salaries	5,940,100	5,189,122	4,802,080	387,042
Employee Benefits	1,391,303	1,489,853	1,376,949	112,904
Purchased Services	642,223	779,557	507,983	271,574
Materials and Supplies	2,061,163	1,703,328	126,801	1,576,527
Capital Outlay	2,506	128,289	67,676	60,613
Instructional Staff Training Services				
Salaries	550,194	1,010,453	676,254	334,199
Employee Benefits	123,827	212,629	135,082	77,547
Purchased Services	322,384	1,093,196	749,227	343,969
Materials and Supplies	1,752,185	1,218,529	282,712	935,817
Capital Outlay	1,028	51,110	51,062	48
Other Expenses	14,942	180,243	168,223	12,020
Instruction Related Technology				
Salaries	55,080	55,080	55,080	
Employee Benefits	15,874	15,628	15,628	
Purchased Services	66	66	22	44
General Administration				
Salaries	95,047	334,428	228,065	106,363
Employee Benefits	28,622	101,775	68,929	32,846
Purchased Services	47,235	194,812	141,867	52,945
Materials and Supplies	5,150	13,450	11,994	1,456
Capital Outlay	5,917	16,085	7,262	8,823
Other Expenses	658,237	1,322,848	795,568	527,280
School Administration				
Purchased Services		93	93	
Capital Outlay		34,728	34,728	
Facilities Services				
Capital Outlay	296,279	13,112		13,112
Central Services				
Salaries	124,544	132,960	121,527	11,433
Employee Benefits	34,790	36,226	33,305	2,921
Purchased Services	16,343	105,184	70,146	35,038
Other Expenses	1,098,925	2,464,538		2,464,538
Pupil Transportation Services				
Salaries	36,192	36,192	36,192	
Employee Benefits	9,471	9,347	9,347	
Purchased Services	1,015,644	775,885	510,078	265,807
Energy Services	500	3,000	1,974	1,026

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Materials and Supplies		291	291	
Other Expenses		5,956	5,956	
Operation of Plant				
Purchased Services	5,568	5,568	103	5,465
Administrative Technology Services				
Purchased Services	22,000	38,644		38,644
Community Services				
Salaries	3,374	1,594		1,594
Employee Benefits	233	230		230
Other Expenses		905,499	886,052	19,447
Fixed Capital Outlay				
Facilities Acquisition and Construction	377,251	1,284,125	1,208,676	75,449
Other Capital Outlay	365,364	1,200,212	613,751	586,461
Total Expenditures	<u>33,639,038</u>	<u>45,681,590</u>	<u>32,928,357</u>	<u>12,753,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2009				
Fund Balances, June 30, 2010	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local:				
Miscellaneous	\$ 2,755,848	\$ 3,111,568	\$ 3,111,709	\$ 141
Total Revenues	<u>2,755,848</u>	<u>3,111,568</u>	<u>3,111,709</u>	<u>141</u>
<b>EXPENDITURES</b>				
Current - Education:				
Instruction				
Salaries	31,504	55,799	55,799	
Employee Benefits	17,802	22,085	22,085	
Purchased Services		1,465	1,465	
Materials and Supplies		36	35	
Other Expenses				
Instruction and Curriculum Development				
Salaries	138,665	99,457	99,457	
Employee Benefits	36,801	26,522	26,522	
Purchased Services		69,488	58,488	11,000
Materials and Supplies	588,193	690,800	10,621	680,179
Capital Outlay		6,626	6,626	
Other Expenses		881	881	
General Administration				
Other Expenses		7,616	7,333	283
Maintenance of Plant				
Materials and Supplies		264	264	
Community Services				
Salaries	1,354,246	1,334,332	1,334,332	
Employee Benefits	676,830	595,523	595,523	
Purchased Services	4,960	139,204	119,349	19,855
Energy Services		15,398	15,398	
Materials and Supplies	533,604	434,605	140,417	294,188
Capital Outlay		4,495	4,495	
Other Expenses		232,758	232,744	14
Fixed Capital Outlay				
Other Capital Outlay		9,454	9,454	
Total Expenditures	<u>3,382,605</u>	<u>3,746,808</u>	<u>2,741,288</u>	<u>1,005,519</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(626,757)</u>	<u>(635,240)</u>	<u>370,421</u>	<u>1,005,660</u>
Fund Balances, July 1, 2009	719,625	719,625	719,625	
Fund Balances, June 30, 2010	<u>\$ 92,868</u>	<u>\$ 84,385</u>	<u>\$ 1,090,046</u>	<u>\$ 1,005,660</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 1,672,533	\$ 1,701,614	\$ 1,701,614	\$
Total Revenues	<u>1,672,533</u>	<u>1,701,614</u>	<u>1,701,614</u>	
<b>EXPENDITURES</b>				
Current - Education:				
Debt Service				
Principal	1,050,000	1,060,000	1,060,000	
Interest and Fiscal Charges	672,710	672,009	672,009	
Total Expenditures	<u>1,722,710</u>	<u>1,732,009</u>	<u>1,732,009</u>	
Deficiency of Revenues Under Expenditures	<u>(50,177)</u>	<u>(30,395)</u>	<u>(30,395)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued		870,000	870,000	
Premium on Refunding Bonds		87,023	87,023	
Payments to Escrow Agent for Refunded Debt		(949,123)	(949,123)	
Total Other Financing Sources (Uses)		<u>7,900</u>	<u>7,900</u>	
Net Change in Fund Balances	(50,177)	(22,495)	(22,495)	
Fund Balances, July 1, 2009	<u>362,579</u>	<u>362,579</u>	<u>362,579</u>	
Fund Balances, June 30, 2010	<u>\$ 312,402</u>	<u>\$ 340,084</u>	<u>\$ 340,084</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local:				
Local Sales Taxes	8,631,000	9,039,280	9,035,938	(3,342)
Miscellaneous	\$ 1,105,114	\$ 1,139,116	\$ 1,139,547	\$ 431
Total Revenues	<u>9,736,114</u>	<u>10,178,396</u>	<u>10,175,485</u>	<u>(2,911)</u>
<b>EXPENDITURES</b>				
Current - Education:				
Debt Service				
Principal	12,740,731	13,342,162	13,342,162	
Interest and Fiscal Charges	<u>13,609,374</u>	<u>13,694,520</u>	<u>13,683,253</u>	<u>11,267</u>
Total Expenditures	<u>26,350,105</u>	<u>27,036,682</u>	<u>27,025,415</u>	<u>11,267</u>
Deficiency of Revenues Under Expenditures	<u>(16,613,991)</u>	<u>(16,858,286)</u>	<u>(16,849,930)</u>	<u>8,356</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	17,979,910	17,970,064	17,970,064	
Certificates of Participation Issued		35,165,000	35,165,000	
Premium on Certificates of Participation		480,741	480,741	
Payments to Escrow Agent for Refunded Debt		(34,944,060)	(34,944,060)	
Transfers Out	<u>(1,382,678)</u>	<u>(1,806,126)</u>	<u>(1,806,126)</u>	
Total Other Financing Sources (Uses)	<u>16,597,232</u>	<u>16,865,619</u>	<u>16,865,619</u>	
Net Change in Fund Balances	(16,759)	7,333	15,689	8,356
Fund Balances, July 1, 2009	1,479,869	1,479,869	1,479,869	
Fund Balances, June 30, 2010	<u>\$ 1,463,110</u>	<u>\$ 1,487,202</u>	<u>\$ 1,495,558</u>	<u>\$ 8,356</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local:				
Miscellaneous	\$	\$ 8,276	\$ 8,276	\$
Total Revenues		8,276	8,276	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	2,078,755	937,547	290,661	646,886
Fixed Capital Outlay:				
Facilities Acquisition and Construction	225,700	348,052	124,629	223,423
Other Capital Outlay		5,850	5,850	
Total Expenditures	2,304,455	1,291,449	421,140	870,309
Deficiency of Revenues Under Expenditures	(2,304,455)	(1,283,173)	(412,864)	870,309
Net Change in Fund Balances	(2,304,455)	(1,283,173)	(412,864)	870,309
Fund Balances, July 1, 2009	2,315,715	2,315,715	2,315,715	
Fund Balances, June 30, 2010	\$ 11,260	\$ 1,032,542	\$ 1,902,851	\$ 870,309

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 527,713	\$ 527,713	\$ 527,713	\$
Local:				
Miscellaneous		2,082	2,082	
Total Revenues	527,713	529,795	529,795	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	2,096,405	1,241,953	814,869	427,084
Fixed Capital Outlay:				
Facilities Acquisition and Construction	18,514,950	19,372,432	13,608,161	5,764,271
Other Capital Outlay	230			
Total Expenditures	20,611,585	20,614,385	14,423,030	6,191,355
Deficiency of Revenues Under Expenditures	(20,083,872)	(20,084,590)	(13,893,235)	6,191,355
Net Change in Fund Balances	20,084,590	20,084,590	20,084,590	6,191,355
Fund Balances, July 1, 2009	20,084,590	20,084,590	20,084,590	
Fund Balances, June 30, 2010	\$ 718	\$	\$ 6,191,355	\$ 6,191,355



**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 614,225	\$ 459,862	\$ 459,862	\$
Local:				
Miscellaneous		2,948	2,948	
Total Revenues	614,225	462,810	462,810	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	975,624	961,519	462,342	499,177
Fixed Capital Outlay:				
Facilities Acquisition and Construction	250,000	250,000	3,760	246,240
Debt Service				
Interest and Fiscal Charges		983	983	
Total Expenditures	1,225,624	1,212,502	467,085	745,417
Deficiency of Revenues Under Expenditures	(611,399)	(749,692)	(4,275)	745,417
Net Change in Fund Balances	(611,399)	(749,692)	(4,275)	745,417
Fund Balances, July 1, 2009	913,539	913,539	913,539	
Fund Balances, June 30, 2010	\$ 302,140	\$ 163,847	\$ 909,264	\$ 745,417

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local:				
Property Taxes	\$ 32,680,638	\$ 32,912,203	\$ 32,912,203	\$
Miscellaneous	1,570,000	686,953	686,953	
Total Revenues	<u>34,250,638</u>	<u>33,599,156</u>	<u>33,599,156</u>	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	8,060,334	5,576,856	3,287,752	2,289,104
Fixed Capital Outlay:				
Facilities Acquisition and Construction	23,370,815	6,779,727	4,156,588	2,623,139
Other Capital Outlay	810,772	258,049	247,503	10,546
Total Expenditures	<u>32,241,921</u>	<u>12,614,632</u>	<u>7,691,843</u>	<u>4,922,789</u>
Excess of Revenues Over Expenditures	<u>2,008,717</u>	<u>20,984,524</u>	<u>25,907,313</u>	<u>4,922,789</u>
<b>OTHER FINANCING (USES)</b>				
Transfers Out	<u>(29,763,727)</u>	<u>(29,753,141)</u>	<u>(29,753,141)</u>	
Net Change in Fund Balances	<u>(27,755,010)</u>	<u>(8,768,617)</u>	<u>(3,845,828)</u>	<u>4,922,789</u>
Fund Balances, July 1, 2009	<u>28,273,446</u>	<u>28,273,446</u>	<u>28,273,446</u>	
Fund Balances, June 30, 2010	<u>\$ 518,436</u>	<u>\$ 19,504,829</u>	<u>\$ 24,427,618</u>	<u>\$ 4,922,789</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$	\$ 2,936,614	\$ 2,936,614	\$
Local:				
Impact Fees	7,000,000	8,814,015	8,814,015	
Miscellaneous	1,102,000	392,072	392,072	
Total Revenues	<u>8,102,000</u>	<u>12,142,701</u>	<u>12,142,701</u>	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	12,058,089	13,042,160	7,044,949	5,997,211
Fixed Capital Outlay:				
Facilities Acquisition and Construction	124,418,122	101,616,496	42,527,421	59,089,075
Other Capital Outlay	2,375,122	4,904,029	2,201,884	2,702,145
Total Expenditures	<u>138,851,333</u>	<u>119,562,685</u>	<u>51,774,254</u>	<u>67,788,431</u>
Deficiency of Revenues Under Expenditures	<u>(130,749,333)</u>	<u>(107,419,984)</u>	<u>(39,631,553)</u>	<u>67,788,431</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,382,678	1,806,126	1,806,126	
Transfers Out	(1,199,184)	(3,779,978)	(3,779,978)	
Total Other Financing Sources (Uses)	<u>183,494</u>	<u>(1,973,852)</u>	<u>(1,973,852)</u>	
Net Change in Fund Balances	(130,565,839)	(109,393,836)	(41,605,405)	67,788,431
Fund Balances, July 1, 2009	140,268,775	140,268,775	140,268,775	
Fund Balances, June 30, 2010	<u>\$ 9,702,936</u>	<u>\$ 30,874,939</u>	<u>\$ 98,663,370</u>	<u>\$ 67,788,431</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local:				
Miscellaneous	\$	\$ 8,528	\$ 8,528	\$
Total Revenues		8,528	8,528	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services		1,558,672	454	1,558,218
Fixed Capital Outlay:				
Facilities Acquisition and Construction		34,815,146	5,664,507	29,150,639
Debt Service:				
Interest and Fiscal Charges		536,091	518,578	17,513
Total Expenditures		36,909,909	6,183,539	30,726,370
Deficiency of Revenues Under Expenditures		(36,901,381)	(6,175,011)	30,726,370
<b>OTHER FINANCING SOURCES</b>				
Certificates of Participation Issued		40,500,000	40,500,000	
Total Other Financing Sources		40,500,000	40,500,000	
Net Change in Fund Balances		3,598,619	34,324,989	30,726,370
Fund Balances, July 1, 2009				
Fund Balances, June 30, 2010	\$	\$ 3,598,619	\$ 34,324,989	\$ 30,726,370

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY  
 June 30, 2010**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 9,004,237	\$ 2,792,336	\$ 11,796,573
Prepaid Items		1,357,295	1,357,295
Due from Other Agencies	24,020		24,020
Due from Other Funds		3,000,000	3,000,000
Total Assets	<u>\$ 9,028,257</u>	<u>\$ 7,149,631</u>	<u>\$ 16,177,888</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 754,486	\$	\$ 754,486
Due to Other Funds	300,579		300,579
Estimated Insurance Claims Payable	3,951,000	1,472,542	5,423,542
Total Liabilities	<u>5,006,065</u>	<u>1,472,542</u>	<u>6,478,607</u>
<b>NET ASSETS</b>			
Unrestricted	4,022,192	5,677,089	9,699,281
Total Liabilities and Net Assets	<u>\$ 9,028,257</u>	<u>\$ 7,149,631</u>	<u>\$ 16,177,888</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, 2010**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Premium Revenues	\$ 45,234,093	\$ 3,271,459	\$ 48,505,552
Other Operating Revenues	42		42
Total Operating Revenues	<u>45,234,135</u>	<u>3,271,459</u>	<u>48,505,594</u>
<b>OPERATING EXPENSES</b>			
Purchased Services	4,989,600	283,465	5,273,065
Materials and Supplies	1,110		1,110
Insurance Claims	38,922,191	394,360	39,316,551
Total Operating Expenses	<u>43,912,901</u>	<u>677,825</u>	<u>44,590,726</u>
Operating Income	<u>1,321,234</u>	<u>2,593,634</u>	<u>3,914,868</u>
<b>NONOPERATING REVENUES</b>			
Interest Revenue	1,494	13,651	15,145
Total Nonoperating Revenues	<u>1,494</u>	<u>13,651</u>	<u>15,145</u>
Change In Net Assets	1,322,728	2,607,285	3,930,013
Net Assets - July 1, 2009	2,699,464	3,069,804	5,769,268
Net Assets - June 30, 2010	<u>\$ 4,022,192</u>	<u>\$ 5,677,089</u>	<u>\$ 9,699,281</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY  
 For the Fiscal Year Ended June 30, 2010**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Board Funds and Participants	\$ 44,864,014	\$ 271,459	\$ 45,135,473
Cash Payments to Vendors for Goods and Services	(43,382,038)	(1,779,124)	(45,161,162)
Net Cash Provided (Used) by Operating Activities	<u>1,481,976</u>	<u>(1,507,665)</u>	<u>(25,689)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Income	1,494	13,651	15,145
Net Cash Provided by Investing Activities	<u>1,494</u>	<u>13,651</u>	<u>15,145</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,483,470	(1,494,014)	(10,544)
Cash and Cash Equivalents - Beginning	7,520,767	4,286,350	11,807,117
Cash and Cash Equivalents - Ending	<u>\$ 9,004,237</u>	<u>\$ 2,792,336</u>	<u>\$ 11,796,573</u>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities:</b>			
Operating Income	\$ 1,321,234	\$ 2,593,634	\$ 3,914,868
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	13,720	420	14,140
Increase in Due from Other Funds		(3,000,000)	(3,000,000)
Increase in Due from Other Agencies	(24,020)		(24,020)
Increase in Prepaid Expense		(1,357,294)	(1,357,294)
Increase in Accounts Payable	121,163		121,163
Decrease in Due to Other Funds	(370,121)		(370,121)
Increase in Estimated Insurance Claims Payable	420,000	255,575	675,575
Total Adjustments	<u>160,742</u>	<u>(4,101,299)</u>	<u>(3,940,557)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,481,976</u>	<u>\$ (1,507,665)</u>	<u>\$ (25,689)</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, 2010**

	Agency Fund Balances July 1, 2009	Additions	Deductions	Agency Fund Balances June 30, 2010
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,722,813	\$ 8,388,549	\$ 8,343,410	\$ 2,767,952
Accounts Receivable	8,294	25,190	8,294	25,190
Due from School Board	15,967		15,967	
Total Assets	<u>\$ 2,747,074</u>	<u>\$ 8,413,739</u>	<u>\$ 8,367,671</u>	<u>\$ 2,793,142</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 13,553	\$	\$ 13,553	\$
Due to School Board	152,383	146,068	152,383	146,068
Internal Accounts Payable	2,581,138	8,267,671	8,201,735	2,647,074
Total Liabilities	<u>\$ 2,747,074</u>	<u>\$ 8,413,739</u>	<u>\$ 8,367,671</u>	<u>\$ 2,793,142</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, 2010**

	Agency Fund Balances July 1, 2009	Additions	Deductions	Agency Fund Balances June 30, 2010
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,747,384	\$ 10,424,098	\$ 9,106,516	\$ 3,064,966
Accounts Receivable	341	20	341	20
Due from School Board		883,471	883,471	
Total Assets	<u>\$ 1,747,725</u>	<u>\$ 11,307,589</u>	<u>\$ 9,990,328</u>	<u>\$ 3,064,986</u>
<b>LIABILITIES</b>				
Salaries and Benefits Payable	\$ 8,777	\$ 4,505,167	\$ 4,510,105	\$ 3,839
Payroll Deductions and Withholdings	2,062	2,016,152	2,017,514	700
Accounts Payable	1,736,886	4,917,494	3,593,933	3,060,447
Due to School Board		806,108	806,108	
Total Liabilities	<u>\$ 1,747,725</u>	<u>\$ 12,244,921</u>	<u>\$ 10,927,660</u>	<u>\$ 3,064,986</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, 2010**

	Agency Fund Balances July 1, 2009	Additions	Deductions	Agency Fund Balances June 30, 2010
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 28,532	\$ 107	\$	\$ 28,639
Accounts Receivable	4		4	
Total Assets	<u>\$ 28,536</u>	<u>\$ 107</u>	<u>\$ 4</u>	<u>\$ 28,639</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 28,536	\$ 103	\$	\$ 28,639
Total Liabilities	<u>\$ 28,536</u>	<u>\$ 103</u>	<u>\$</u>	<u>\$ 28,639</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

	Agency Fund Balances July 1, 2009	Additions	Deductions	Agency Fund Balances June 30, 2010
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,498,729	\$ 18,812,754	\$ 17,449,926	\$ 5,861,557
Accounts Receivable	8,639	25,210	8,639	25,210
Due from School Board	15,967	883,471	899,438	
Total Assets	<u>\$ 4,523,335</u>	<u>\$ 19,721,435</u>	<u>\$ 18,358,003</u>	<u>\$ 5,886,767</u>
<b>LIABILITIES</b>				
Salaries and Benefits Payable	\$ 8,777	\$ 4,505,167	\$ 4,510,105	\$ 3,839
Payroll Deductions and Withholdings	2,062	2,016,152	2,017,514	700
Accounts Payable	1,778,975	4,917,597	3,607,486	3,089,086
Due to School Board	152,383	146,068	152,383	146,068
Internal Accounts Payable	2,581,138	8,267,671	8,201,735	2,647,074
Total Liabilities	<u>\$ 4,523,335</u>	<u>\$ 19,852,655</u>	<u>\$ 18,489,223</u>	<u>\$ 5,886,767</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
STATEMENT OF NET ASSETS  
COMBINING STATEMENT OF COMPONENT UNITS  
June 30, 2010**

<b>ASSETS</b>	<b>Bellagio Educational Facilities Benefit District</b>	<b>Flora Ridge Educational Facilities Benefit District</b>	<b>The Foundation for Osceola Education, Inc.</b>	<b>Four Corners Charter School, Inc.</b>	<b>New Alternative Education High School of Osceola County, Inc.</b>	<b>New Dimensions Charter School, Inc.</b>	<b>Total Component Units</b>
Cash and Cash Equivalents	\$ 4,647,750	\$ 945,704	\$ 5,329,069	\$ 3,527,601	\$ 131,177	\$ 945,043	\$ 15,526,344
Accounts Receivable	58,818	4,532	79,750	1,187	59,694		203,981
Prepaid Items			207,719		33,430		241,149
Deposits Receivable	1,190,079		20,571		31,817	8,771	61,159
Due from Other Agencies							1,190,079
Deferred Charges	521,575	391,242	765,035			15,000	1,692,852
Restricted Assets:							
Cash with Fiscal Agent		4,101,594					4,101,594
Capital Assets:							
Land	1,000,000		238,220			275,000	1,513,220
Improvements Other Than Buildings, Net	240,000			12,577		45,224	297,801
Buildings and Fixed Equipment, Net	20,234,108		11,724,723			2,283,663	34,242,494
Furniture, Fixtures and Equipment, Net	707,459		201,065	43,208	133,043	28,642	1,113,417
Audio Visual Materials and Computer Software, Net	28,599,789		257,888	9,494		38,825	306,207
<b>Total Assets</b>	<b>\$ 28,599,789</b>	<b>\$ 1,341,478</b>	<b>\$ 22,925,634</b>	<b>\$ 3,594,067</b>	<b>\$ 389,161</b>	<b>\$ 3,640,168</b>	<b>\$ 60,490,297</b>
<b>LIABILITIES</b>							
Salaries and Benefits Payable						\$ 152,220	\$ 152,220
Accounts Payable	31,618	32,452	1,758,386	4,051	74,840	19,925	1,921,272
Accrued Interest Payable	644,653	164,521	324,031				1,133,205
Due to Other Agencies		40,000	1,264,380	327,360		3,167	1,634,907
Unearned Revenue	27,660						27,660
Long-Term Liabilities:							
Portion Due Within One Year:							
Bonds Payable	495,000	20,000	415,000			189,809	1,119,809
Notes Payable							295,180
Portion Due After One Year:							
Bonds Payable	25,661,995	7,395,912	15,416,996			239,451	48,714,354
<b>Total Liabilities</b>	<b>\$ 26,860,926</b>	<b>\$ 7,652,885</b>	<b>\$ 19,178,793</b>	<b>\$ 331,411</b>	<b>\$ 370,020</b>	<b>\$ 604,572</b>	<b>\$ 54,998,607</b>
<b>NET ASSETS</b>							
Invested in Capital Assets, Net of Related Debt	(1,418,344)	(6,348,007)	(3,410,100)	65,279	133,043	2,257,094	(8,721,035)
Restricted For:							
Debt Service			2,599,529				2,599,529
Capital Projects		36,600	1,509,106			71,571	71,571
Other Purposes			3,048,306				4,702,913
Unrestricted	3,157,207		(6,311,407)	3,197,577	(113,902)	706,931	6,838,712
<b>Total Net Assets</b>	<b>\$ 1,738,863</b>	<b>\$ (6,311,407)</b>	<b>\$ 3,746,841</b>	<b>\$ 3,202,656</b>	<b>\$ 19,141</b>	<b>\$ 3,035,596</b>	<b>\$ 5,491,690</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 28,599,789</b>	<b>\$ 1,341,478</b>	<b>\$ 22,925,634</b>	<b>\$ 3,594,067</b>	<b>\$ 389,161</b>	<b>\$ 3,640,168</b>	<b>\$ 60,490,297</b>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
STATEMENT OF ACTIVITIES  
COMBINING STATEMENT OF COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2010**

	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
<b>Component Unit Activities:</b>							
Instruction	\$	\$	\$ 9,157,443	\$ 4,600,220	\$ 446,131	\$ 1,318,036	\$ 15,521,830
Pupil Personnel Services					74,700		74,700
Board	37,540	42,828		9,200		57	89,625
General Administration			3,125,305	724,512	232,374	98,381	1,055,267
School Administration	845,030	15,419	532,099	1,138,170	392,462	345,639	3,470,944
Facilities Acquisition and Construction	20,000	20,000				95,701	2,626,419
Fiscal Services							432,462
Central Services						1,073	1,073
Pupil Transportation Services			4,562,320		43,695	108,133	151,828
Operation of Plant					707,746	63,069	5,333,135
Maintenance of Plant						42,932	42,932
Community Services			2,179,776				2,179,776
Interest on Long Term Debt	1,563,140	395,159	778,974		11,371	50,271	2,798,915
<b>Total Expenses</b>	<b>2,465,710</b>	<b>473,406</b>	<b>20,335,917</b>	<b>6,472,102</b>	<b>1,908,479</b>	<b>2,123,292</b>	<b>33,778,906</b>
<b>Program Revenues</b>							
Charges for Services			191,571			27,416	218,987
Operating Grants and Contributions			3,089,253	506,914		31,922	3,628,089
Capital Grants and Contributions					250,000	246,532	496,532
<b>Net (Expenses) Revenue</b>	<b>(2,465,710)</b>	<b>(473,406)</b>	<b>(17,055,093)</b>	<b>(5,965,188)</b>	<b>(1,658,479)</b>	<b>(1,817,422)</b>	<b>(29,435,298)</b>
<b>General Revenues</b>							
Grants and Contributions							
not restricted to specific programs	1,454,253	466,706	17,505,579	6,127,502	1,670,120	1,966,541	29,190,701
Investment Earnings	20,112	5,757	18,503	15,199		4,171	63,742
Miscellaneous			278,832		7,500		286,332
<b>Total General Revenues</b>	<b>1,474,365</b>	<b>472,463</b>	<b>17,802,914</b>	<b>6,142,701</b>	<b>1,677,620</b>	<b>1,970,712</b>	<b>29,540,775</b>
<b>Change in Net Assets</b>	<b>(91,345)</b>	<b>(943)</b>	<b>747,821</b>	<b>177,513</b>	<b>19,141</b>	<b>153,290</b>	<b>105,477</b>
Net Assets - beginning	2,730,208	(6,310,464)	2,999,020	3,085,143		2,882,306	5,386,213
<b>Net Assets - ending</b>	<b>1,738,863</b>	<b>(6,311,407)</b>	<b>3,746,841</b>	<b>3,262,656</b>	<b>19,141</b>	<b>3,035,596</b>	<b>5,491,690</b>

This page left intentionally blank.

# 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 Nine Fiscal Years <sup>(A)</sup>  
*(accrual basis of accounting)*  
 Unaudited

	For the Fiscal Year ending June 30			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental Activities</b>				
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	5,618,611	11,781,741	15,426,993	22,008,531
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>

**Note:** <sup>(A)</sup> The district began to report accrual information when it implemented GASB Statement 34 in 2002.

**Source:**  
 District records

	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>
\$	266,793,746	\$	306,948,191	\$	354,211,777	\$	438,988,320	\$	471,185,896
	119,218,431		144,452,132		220,147,769		155,942,301		116,539,697
	31,290,686		41,579,693		27,348,239		22,289,318		28,633,813
	<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>

**Schedule 2**  
**District School Board of Osceola County**  
**Changes in Net Assets - Primary Government**  
**Last Nine Fiscal Years <sup>(A)</sup>**  
*(accrual basis of accounting)*  
 Unaudited

	<b>For the Fiscal Year ending June 30</b>			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Primary Government:				
<b>Expenses</b>				
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
Loss on disposal of capital assets	27,562	72,112	151,948	346,800
Unallocated depreciation/amortization	13,382,525	16,448,337	17,884,480	21,895,591
<b>Total expenses - Primary Government</b>	<u>\$ 257,468,001</u>	<u>\$ 270,322,254</u>	<u>\$ 308,932,573</u>	<u>\$ 359,941,513</u>
<b>Program Revenues</b>				
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
<b>Total Program Revenues - Primary Government</b>	<u>\$ 40,769,649</u>	<u>\$ 41,084,511</u>	<u>\$ 57,494,898</u>	<u>\$ 105,454,459</u>
<b>Net (Expense) - Primary Government</b>	<u>\$ (216,698,352)</u>	<u>\$ (229,237,743)</u>	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>

**Note:** <sup>(A)</sup> The district began to report accrual information when it implemented GASB Statement 34 in 2002.

**Source:**  
 District records

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	198,468,516	\$ 232,617,922	\$ 261,976,401	\$ 243,009,744	\$ 255,220,829
	18,442,786	20,886,005	24,153,125	23,755,838	21,883,642
	4,835,861	5,161,195	6,059,524	5,292,967	4,562,986
	16,961,003	22,429,022	23,464,063	20,144,676	15,244,383
	6,011,555	4,569,743	9,507,952	6,556,067	8,854,691
	3,512,400	3,946,935	4,373,774	4,534,355	3,624,384
	1,419,189	1,823,925	2,179,387	1,594,329	1,678,822
	2,575,054	2,228,563	2,589,737	2,988,478	2,906,023
	17,214,383	19,747,072	22,649,997	20,969,528	23,215,807
	16,612,944	16,584,696	19,814,471	15,224,107	14,397,625
	1,601,831	1,887,436	2,062,828	1,872,802	1,807,456
	18,965,217	20,795,040	25,147,719	22,822,423	21,173,003
	5,941,266	6,536,936	7,135,483	6,693,873	6,711,505
	17,657,424	19,413,234	21,620,725	21,163,277	20,792,056
	24,722,169	27,205,818	31,115,952	29,917,708	31,691,252
	7,570,851	7,968,053	8,896,778	8,415,184	8,075,524
	3,188,644	2,949,505	3,604,125	3,435,841	3,590,304
	2,262,183	3,487,806	3,798,924	3,670,126	3,690,087
	14,760,893	12,752,067	15,859,473	15,144,497	16,245,397
	308,966			963,035	
	22,312,499	24,223,111	27,626,338	28,832,502	29,437,348
	<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>
\$	1,123,318	\$ 1,421,447	\$ 1,426,889	\$ 1,577,484	\$ 1,828,659
	6,437,902	7,100,817	6,861,017	6,905,070	6,136,837
	141,429	172,377	190,009	470,324	370,221
	2,028,638	2,236,882	2,568,696	2,572,933	2,527,935
	12,144,814	13,391,527	14,897,448	15,988,714	17,894,469
	10,364,641	9,701,290	9,633,899	9,315,616	9,436,136
	48,575,015	48,636,658	120,851,798	11,622,121	11,544,613
		2,059,611		10,719,386	
	1,581,675	1,767,682	1,758,040	20,557	23,037
	<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>\$ (322,948,202)</u>	<u>\$ (370,725,793)</u>	<u>\$ (365,448,980)</u>	<u>\$ (427,809,152)</u>	<u>\$ (445,041,217)</u>

Schedule 3  
 District School Board of Osceola County  
 General Revenues and Total Changes in Net Assets  
 Last Nine Fiscal Years <sup>(A)</sup>  
*(accrual basis of accounting)*  
 Unaudited

	For the Fiscal Year ending June 30			
	2002	2003	2004	2005
<b>Net (Expense)/Revenue - Primary Government</b>	<u>\$ (216,698,352)</u>	<u>\$ (229,237,743)</u>	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>
<b>General Revenues and Changes in Net Assets</b>				
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
<b>Total General Revenues - Primary Government</b>	<u>\$ 225,716,017</u>	<u>\$ 262,460,174</u>	<u>\$ 289,904,776</u>	<u>\$ 325,962,738</u>
<b>Changes in Net Assets - Primary Government</b>	<u>\$ 9,017,665</u>	<u>\$ 33,222,431</u>	<u>\$ 38,467,101</u>	<u>\$ 71,475,684</u>

**Note:** <sup>(A)</sup> The District began to report accrual information when it implemented GASB Statement 34 in 2002.

**Source:**  
 District records

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</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>
\$	95,898,951	\$ 121,689,421	\$ 145,250,546	\$ 151,594,547	\$ 135,881,016
	3,728,353	7,326		1,671	
	31,289,374	42,088,335	50,327,124	46,094,101	33,142,748
	7,948,681	9,998,541	10,292,844	9,143,244	9,035,938
	225,092,552	248,564,737	248,186,167	223,928,922	253,310,535
	8,893,900	12,932,806	9,128,755	3,253,100	2,345,647
	<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>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>63,859,878</u>	<u>\$ 75,677,153</u>	<u>\$ 108,727,769</u>	<u>\$ 15,512,154</u>	<u>\$ (860,533)</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			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>General Fund</b>				
Reserved	\$ 2,164,960	\$ 1,691,963	\$ 2,176,084	\$ 3,422,216
Unreserved	13,976,235	14,822,596	18,989,026	17,877,768
Total General Fund	<u>\$ 16,141,195</u>	<u>\$ 16,514,559</u>	<u>\$ 21,165,110</u>	<u>\$ 21,299,984</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ 28,083,768	\$ 36,230,343	\$ 38,671,458	\$ 25,453,942
Unreserved, reported in:				
Special Revenue Funds	2,623,372	3,341,690	4,031,399	5,238,715
Debt Service Funds	2,044,836			
Capital Projects Funds	38,047,002	30,962,590	32,204,521	48,826,552
Total All Other Governmental Funds	<u>\$ 70,798,978</u>	<u>\$ 70,534,623</u>	<u>\$ 74,907,378</u>	<u>\$ 79,519,209</u>
Total Governmental Funds	<u>\$ 86,940,173</u>	<u>\$ 87,049,182</u>	<u>\$ 96,072,488</u>	<u>\$ 100,819,193</u>

Source:  
District records



<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 3,618,175 14,725,944	\$ 2,453,921 33,914,236	\$ 2,468,816 52,649,019	\$ 2,270,876 52,509,629	\$ 15,237,098 44,255,581	\$ 18,790,895 51,822,880
<u>\$ 18,344,119</u>	<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>
\$ 61,106,271 5,261,266 110,706,784	\$ 74,955,676 5,087,682 84,968,747	\$ 40,229,851 4,646,100 163,800,199	\$ 91,963,365 2,127,479 179,803,063	\$ 29,301,405 2,604,232 164,404,065	\$ 72,871,696 6,117,502 95,420,728
<u>\$ 177,074,321</u>	<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>\$ 195,418,440</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>

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

	<u>For the Fiscal Year Ending June 30</u>			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues</b>				
Federal direct	\$ 421,367	\$ 394,614	\$ 502,588	\$ 524,778
Federal through State and local	17,488,567	19,428,970	25,126,714	28,130,728
State sources	130,306,551	132,422,549	154,886,649	178,249,029
Local sources	<u>98,070,757</u>	<u>111,316,789</u>	<u>120,567,914</u>	<u>139,787,849</u>
Total revenues	<u>\$ 246,287,242</u>	<u>\$ 263,562,922</u>	<u>\$ 301,083,865</u>	<u>\$ 346,692,384</u>

Source:  
 District records

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 538,586	\$ 507,224	\$ 1,053,161	\$ 1,850,561	\$ 3,544,576	\$ 4,346,224
33,514,246	41,607,113	38,267,515	43,185,868	44,917,130	74,445,447
211,747,093	227,589,538	244,655,637	320,426,143	214,028,791	205,192,571
<u>174,534,294</u>	<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>\$ 420,334,219</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>

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Expenditures</b>				
Instruction	\$ 106,243,124	\$ 117,079,631	\$ 130,420,875	\$ 154,305,607
Pupil personnel services	11,961,662	13,112,326	13,936,383	15,381,152
Instructional media services	3,341,836	3,842,829	3,744,022	4,457,309
Instruction and curriculum development services	11,527,749	12,771,611	12,658,370	14,471,465
Instructional staff training services	2,085,825	2,146,962	2,218,607	2,927,494
Instruction related technology				
Board of Education	1,344,231	1,333,677	1,378,541	1,648,558
General administration	3,437,187	1,786,685	1,568,707	2,613,238
School administration	10,616,101	11,256,991	12,578,340	13,762,428
Facilities services	20,772,335	18,146,087	9,047,754	12,054,265
Fiscal services	1,126,374	1,266,688	1,279,620	1,380,748
Food services	9,331,625	10,632,834	11,885,242	13,366,460
Central services	6,228,655	6,292,786	7,035,623	7,807,327
Pupil transportation services	7,950,655	8,429,705	9,926,767	11,541,466
Operation of plant	13,346,190	14,160,088	17,615,832	18,245,493
Maintenance of plant	4,087,950	6,240,084	4,476,170	5,205,591
Administrative technology services				
Community services	1,215,656	1,450,218	1,806,161	1,860,842
Capital outlay				
Facilities acquisition and construction	32,572,912	66,719,184	65,330,740	33,461,068
Other capital outlay	6,132,858	4,396,413	4,644,487	10,123,806
Debt service				
Principal	10,479,727	16,089,358	10,667,185	10,030,498
Interest and fees	7,614,412	10,102,410	12,644,549	12,749,442
Total expenditures	<u>\$ 271,417,064</u>	<u>\$ 327,256,567</u>	<u>\$ 334,863,975</u>	<u>\$ 347,394,257</u>

Debt Service as a Percentage of Noncapital Expenditures

8.43%	11.39%	9.65%	8.11%
-------	--------	-------	-------

Source:

District records

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	177,377,831	\$ 195,786,614	\$ 228,926,351	\$ 252,436,907	\$ 242,419,425	\$ 252,269,672
	16,435,466	18,082,451	20,467,855	23,004,870	23,775,514	21,596,468
	4,241,207	4,772,082	5,083,212	5,860,992	5,308,109	4,528,355
	16,094,907	16,700,234	21,798,585	22,507,401	20,161,819	15,096,682
	5,078,031	5,958,714	4,624,539	9,150,787	6,589,861	8,768,979
		3,380,672	3,884,887	4,151,534	4,514,440	3,552,968
	1,290,353	1,414,978	1,823,258	2,150,486	1,596,656	1,680,070
	2,270,644	2,526,892	2,186,576	2,605,401	2,991,604	2,847,678
	14,874,908	16,704,133	19,189,405	21,535,497	21,017,289	22,478,323
	14,723,275	16,580,781	16,535,413	19,708,502	15,195,444	14,275,962
	1,251,447	1,534,493	1,870,512	2,028,443	1,840,274	1,784,591
	15,930,723	18,828,603	20,563,324	24,583,165	22,795,237	20,976,967
	7,758,248	5,863,915	6,470,672	6,773,727	6,656,102	6,597,053
	13,948,013	15,598,236	17,014,402	18,468,240	17,861,972	17,280,750
	27,017,226	24,784,882	27,710,926	30,798,725	30,466,641	34,035,187
	5,216,672	7,419,369	7,809,981	8,512,770	8,366,744	7,919,591
		3,038,578	2,860,025	3,439,879	3,431,664	3,527,874
	2,004,318	2,236,213	3,397,490	3,666,415	3,680,873	3,643,310
	40,545,616	62,304,787	73,466,105	51,547,603	97,801,621	68,920,961
	9,862,578	13,907,537	6,092,674	14,507,098	9,803,355	4,238,945
	13,444,462	17,176,291	19,293,444	16,271,911	14,186,717	14,817,845
	13,309,796	14,204,319	14,379,361	15,473,269	14,819,480	14,933,194
	<u>\$ 402,675,721</u>	<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>

8.22%

8.69%

8.17%

6.88%

6.61%

6.30%

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

	For the Fiscal Year Ending June 30			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Excess of revenues over (under) expenditures	\$ (25,129,822)	\$ (63,693,645)	\$ (33,780,110)	\$ (701,873)
Other Financing Sources	56,370,559	97,057,827	62,436,302	20,896,262
Other Financing Uses	<u>12,140,009</u>	<u>33,255,171</u>	<u>19,632,886</u>	<u>15,447,684</u>
Net change in fund balances	<u>\$ 19,100,728</u>	<u>\$ 109,011</u>	<u>\$ 9,023,306</u>	<u>\$ 4,746,705</u>

Source:  
 District records

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>\$ 17,658,498</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>
131,626,971	66,941,168	154,306,121	35,948,759	37,734,305	112,616,204
<u>54,686,222</u>	<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><u>\$ 94,599,247</u></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>

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

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2000	6,638,571,770	6,767,147,574	897,938,893	915,330,166
2001	7,470,361,984	7,545,820,186	947,490,882	957,061,497
2002	8,664,276,021	8,823,091,671	1,044,166,546	1,063,306,055
2003	9,814,249,330	10,309,085,431	1,177,810,970	1,237,196,397
2004	10,761,639,276	11,198,375,938	1,278,295,594	1,330,172,314
2005	12,259,604,996	12,986,869,699	1,326,423,191	1,405,109,313
2006	14,717,777,890	15,283,258,453	1,420,128,367	1,474,691,970
2007	20,226,913,679	22,154,341,379	1,570,992,956	1,720,693,271
2008	24,673,342,157	25,228,366,214	1,652,151,178	1,689,316,133
2009	24,464,363,625	24,562,614,081	1,510,464,928	1,516,531,052

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

2010 information not available.

<sup>(1)</sup> Per \$1,000 of assessed value

**Source:**  
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/09



Centrally Assessed Property		Total		Total Direct Rate <sup>(1)</sup>
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
4,015,909	4,093,689	7,540,526,572	7,686,571,429	9.270
3,680,145	3,717,318	8,421,533,011	8,506,599,001	9.231
3,271,804	3,331,776	9,711,714,371	9,889,729,502	8.871
3,399,674	3,571,086	10,995,459,974	11,549,852,914	8.812
5,426,045	5,646,249	12,045,360,915	12,534,194,501	8.798
6,181,316	6,548,004	13,592,209,503	14,398,527,016	8.514
3,790,135	3,935,758	16,141,696,392	16,761,886,181	8.367
4,562,834	4,997,628	21,802,469,469	23,880,032,278	7.782
4,495,045	4,596,161	26,329,988,380	26,922,278,508	7.772
3,785,841	3,801,045	25,978,614,394	26,082,946,178	7.513

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

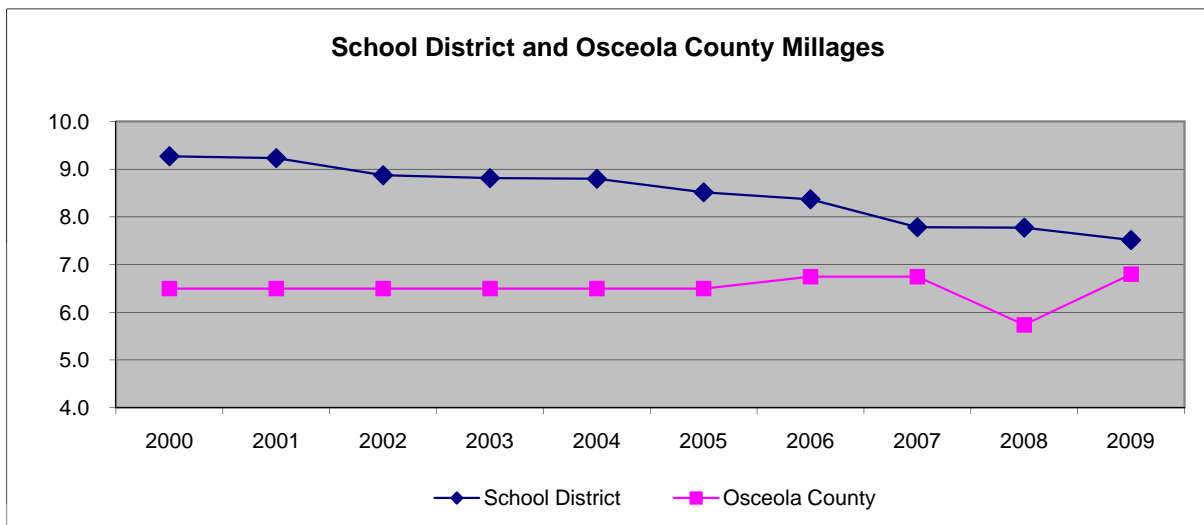
*(rate per \$1,000 of assessed value)*  
 Unaudited

Levy Year	District Direct Rates						Overlapping Rates
	Required Local Effort	Capital Outlay	Basic Discretionary	Supplemental Discretionary	Voted Debt Service	Total Direct	Osceola County
2000	6.078	2.000	0.510	0.216	0.466	9.270	6.495
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	6.745
2007	5.022	2.000	0.510	0.250	-	7.782	6.745
2008	5.052	2.000	0.510	0.210	-	7.772	5.736
2009	5.059	1.750	0.498	0.206	-	7.513	6.797

**Source:**

District records  
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/09

2010 information not available.



Schedule 10  
District School Board of Osceola County  
Principal Osceola County Property Tax Payers  
September 30, 2009 and Nine Years Earlier  
Unaudited

Taxpayer	September 30, 2009			September 30, 2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Central Florida Investments	\$ 795,274,797	1	3.06%	\$ 316,520,000	2	3.76%
The Walt Disney Company	598,861,397	2	2.31%	563,133,000	1	6.67%
Lando Resorts Corporation	306,207,855	3	1.18%	60,385,000	7	0.72%
Tempus Palms International	276,527,390	4	1.06%			
G.P. Limited Partnership	274,930,785	5	1.06%			
Fairfield Communities	274,718,767	6	1.06%	63,326,000	6	0.75%
Progress Energy	220,252,536	7	0.85%			
Reliant Energy Osceola, LLC	150,552,365	8	0.58%			
Silver Lake Resort, Ltd.	128,533,733	9	0.49%	48,681,000	8	0.58%
Omni-Championsgate Resort Hotel	121,938,504	10	0.47%			
Orlando Resort Development Group				44,519,000	10	0.53%
Avatar Properties, Inc.				46,039,000	9	0.55%
Florida Power Corporation				115,563,000	3	1.37%
Star Island Development Corporation				81,382,000	5	0.97%
Sprint Communications Co LP				93,416,000	4	1.11%
Total taxable assessed value ten largest taxpayers	3,147,798,129		12.12%	1,432,964,000		17.03%
Total taxable assessed value all other taxpayers	22,830,816,265		87.88%	6,988,569,000		82.97%
Total taxable assessed value all taxpayers	\$ 25,978,614,394		100.00%	\$ 8,421,533,000		100.00%

Source:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/09

This page left intentionally blank.

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
2001	77,739,171	74,630,517	96.00%	225,960	74,856,477	96.29%
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%		168,042,178	96.26%

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
2001	\$ 1,655,956	\$ 9,547,769	\$ 74,695,000	\$ 87,970,000
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

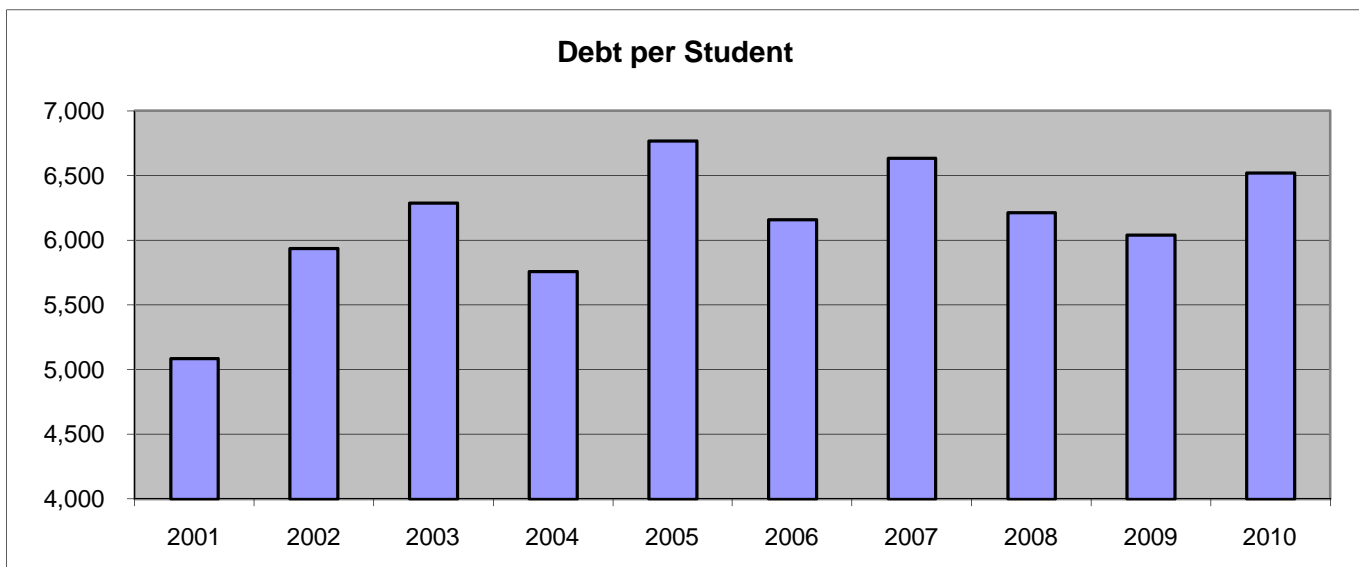
(1) See schedule 16 for Personal Income data.

(2) See schedule 19 for Enrollment data.

N/A = Not Available

Source:

District records



<b>EFBD Agreement Payable</b>	<b>Total</b>	<b>Percentage of Personal Income <sup>(1)</sup></b>	<b>Outstanding Debt Per Student <sup>(2)</sup></b>
\$	\$ 173,868,725	2.01	\$ 5,086
	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	N/A	6,522

This page left intentionally blank.



Schedule 13  
 District School Board of Osceola County  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2010  
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
<b>Osceola County</b>			
Limited General Obligation Bonds	\$ 14,165,000	100.00%	\$ 14,165,000
Revenue Bonds	289,236,000	100.00%	289,236,000
Special Assessment Bonds	5,500,000	100.00%	5,500,000
Subtotal, overlapping debt			308,901,000
<b>District direct debt</b>			335,630,407
<b>Total direct and overlapping debt</b>			\$ 644,531,407

**Source:**  
 District records  
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/09

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

	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assessed value	\$ 7,540,526,572	\$ 8,421,533,011	\$ 9,711,714,371	\$ 10,995,459,974	\$ 12,045,360,915
Debt limit (10% of assessed value)	754,052,657	842,153,301	971,171,437	1,099,545,997	1,204,536,092
Debt applicable to limit:					
Bonds payable	<u>33,900,000</u>	<u>74,695,000</u>	<u>69,342,534</u>	<u>68,880,015</u>	<u>67,008,622</u>
Total net debt applicable to limit	<u>33,900,000</u>	<u>74,695,000</u>	<u>69,342,534</u>	<u>68,880,015</u>	<u>67,008,622</u>
Legal debt margin	<u>\$ 720,152,657</u>	<u>\$ 767,458,301</u>	<u>\$ 901,828,903</u>	<u>\$ 1,030,665,982</u>	<u>\$ 1,137,527,470</u>
Total net debt applicable to the limit as a percentage of debt limit	4.50%	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.

2010 information not available.

**Source:**  
District records

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 13,592,209,503	\$ 16,141,696,392	\$ 21,802,469,469	\$ 26,329,988,380	\$ 25,978,614,394
1,359,220,950	1,614,169,639	2,180,246,947	2,632,998,838	2,597,861,439
66,274,574	63,716,002	104,795,299	100,475,993	95,971,687
<u>66,274,574</u>	<u>63,716,002</u>	<u>104,795,299</u>	<u>100,475,993</u>	<u>95,971,687</u>
<u>\$ 1,292,946,376</u>	<u>\$ 1,550,453,637</u>	<u>\$ 2,075,451,648</u>	<u>\$ 2,532,522,845</u>	<u>\$ 2,501,889,752</u>
4.88%	3.95%	4.81%	3.82%	3.69%

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		
2001	\$ 1,381,049	\$ 540,000	\$ 791,558	96.4%	
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%	

Source: District records

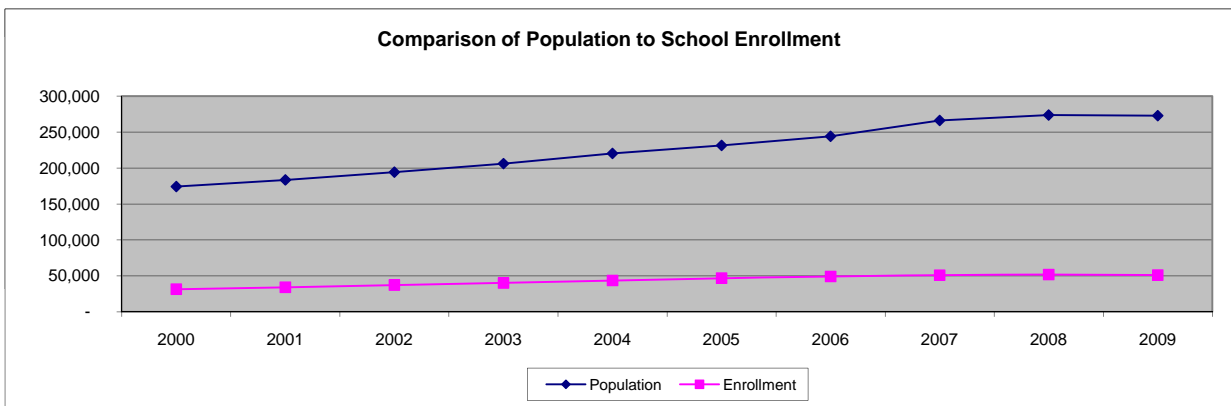
Schedule 16  
 District School Board of Osceola County  
 Demographic and Economic Statistics  
 Last Ten Calendar Years  
 Unaudited

Year	Population <sup>(1)</sup>	Personal Income <sup>(1)</sup> (in thousands)	Per Capita Personal <sup>(1)</sup> Income	Median Age <sup>(1)</sup>	School Enrollment <sup>(2)</sup>	Unemployment Rate <sup>(1)</sup>
2000	174,198	\$ 3,233,548	\$ 19,360	34.6	31,503	3.3%
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%

Note: 2010 information not available.

Sources:

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



Schedule 17  
District School Board of Osceola County  
Osceola County Principal Employers  
September 30, 2009 and Nine Years Earlier  
Unaudited

Employer	September 30, 2009			September 30, 2000 <sup>(4)</sup>		
	Employees	Rank	Percentage of Total Labor Force Employed	Employees	Rank	Percentage of Total Labor Force Employed
Total Labor Force Employed <sup>(1)</sup>	122,993			93,347		
Osceola School District <sup>(2)</sup>	6,749	1	5.49%	3,781	1	4.05%
Walt Disney World (Osceola County only) <sup>(3)</sup>	3,700	2	3.01%	3,500	2	3.75%
Wal-Mart Stores, Inc.	2,730	3	2.22%			
Osceola County Government	2,506	4	2.04%	1,500	3	1.61%
Orange Lake Country Club and Affiliates	2,200	5	1.79%	600	7	0.64%
Gaylord Palms Resort & Convention Center	1,445	6	1.17%			
Osceola Regional Medical Center	1,357	7	1.10%	1,159	5	1.24%
Publix Supermarkets	1,350	8	1.10%	1,260	4	1.35%
Florida Hospital Celebration	1,300	9	1.06%			
McLane/Suncoast, Inc.	900	10	0.73%	930	6	1.00%
Total principal employers	24,237		19.71%	12,730		13.64%

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

<sup>(2)</sup> School District employees are shown as of June 30, 2009 and 2000.

<sup>(3)</sup> Walt Disney World is a primary employer. Total employment in 2009 ranged between 55,000 and 60,000 employees. Number of employees from Osceola County is estimated.

<sup>(4)</sup> Only the top seven employers could be determined with available data.

**Source:**

Osceola County Comprehensive Annual Financial Report, FYE 9/30/09  
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

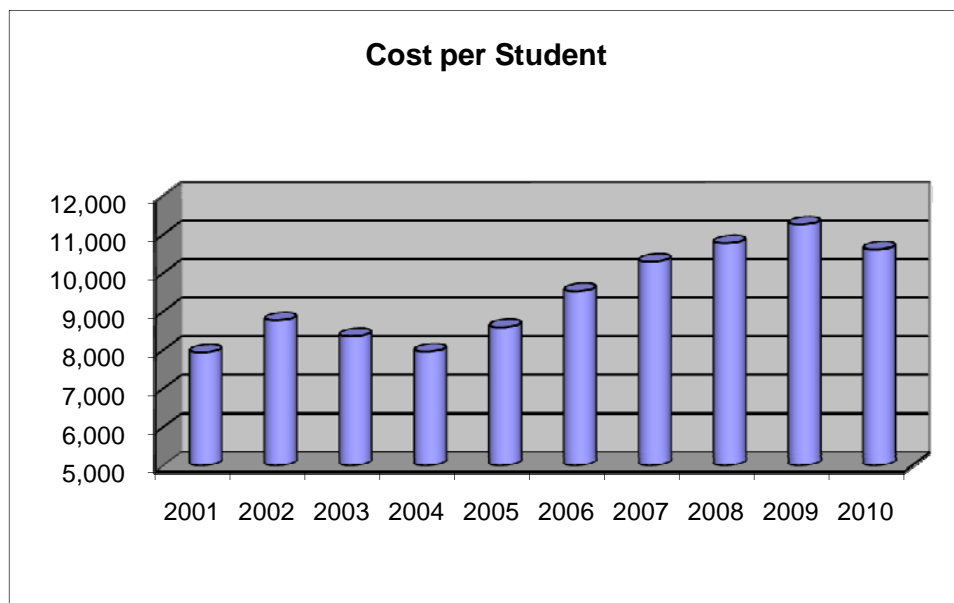
	Full-time-Equivalent Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Supervisory</b>										
Officials, Administrators and Managers	35	35	32	37	35	42	43	44	44	44
Consultants/Supervisors of Instruction	3	3	4	5	4	5	7	8	8	11
Principals	31	32	35	45	46	46	45	48	52	55
Assistant Principals	39	43	47	52	56	64	66	70	63	66
Total supervisory	108	113	118	139	141	157	161	170	167	176
<b>Instruction</b>										
Deans/Curriculum Coordinators	1	1	1	5	5	2	4	7	2	5
Classroom Teachers, Elementary (PK, K-5)	663	708	719	940	1,052	1,157	1,242	1,297	1,290	1,291
Classroom Teachers, Secondary (6-12)	684	735	777	951	1,063	1,138	1,210	1,336	1,279	1,245
Exceptional Education Teachers	245	255	294	335	377	399	424	421	407	410
Other Teachers	69	73	85	86	95	76	86	93	80	102
Other Professional Staff, Instructional	184	186	197	229	273	321	334	387	356	267
Total instruction	1,846	1,958	2,073	2,546	2,865	3,093	3,300	3,541	3,414	3,320
<b>Student Services</b>										
Guidance Counselors	69	72	76	90	96	95	93	97	90	92
Social Workers	8	6	7	8	10	11	13	14	14	12
School Psychologists	20	25	28	29	31	31	34	34	37	33
Librarians/Audio-Visual Workers	28	30	31	35	35	39	39	46	45	47
Other Professional Staff, Non-Instructional	133	148	162	175	189	190	196	210	224	199
Aides	596	624	670	706	735	805	779	775	696	575
Technicians	34	43	46	51	55	78	96	107	102	110
Total student services	888	948	1,020	1,094	1,151	1,249	1,250	1,283	1,208	1,068
<b>Support and Administration</b>										
Clerical/Secretarial	360	386	391	440	467	508	539	561	564	537
Service Workers	610	673	708	951	906	1,162	1,275	1,331	1,301	1,101
Skilled Crafts Workers	45	44	48	53	55	63	65	71	72	67
Unskilled Laborers	24	24	25	23	22	18	23	26	23	22
Total support and administration	1,039	1,127	1,172	1,467	1,450	1,751	1,902	1,989	1,960	1,727
<b>Total</b>	<b>3,881</b>	<b>4,146</b>	<b>4,383</b>	<b>5,246</b>	<b>5,607</b>	<b>6,250</b>	<b>6,613</b>	<b>6,983</b>	<b>6,749</b>	<b>6,291</b>

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

<u>Fiscal Year</u>	<u>Expenditures</u>	<u>Student Enrollment</u>	<u>Cost per Student</u>	<u>Number of Schools</u>
2001	\$ 271,417,064	34,186	\$ 7,939	32
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

Source: District records





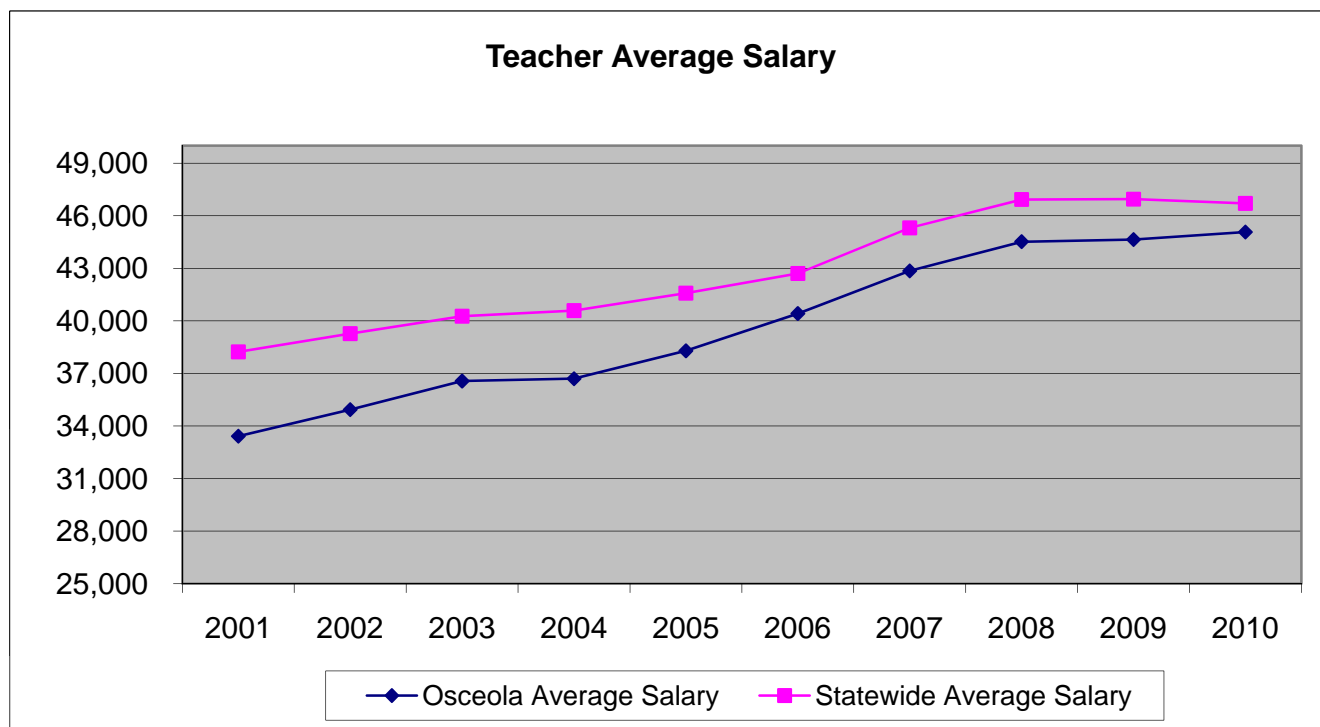
Number of Classroom Teachers	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals	
		Free	Reduced
1,661	20.6	34.3%	11.6%
1,771	21.1	37.6%	11.9%
1,875	21.4	39.5%	12.0%
2,312	18.9	41.6%	12.7%
2,587	18.1	43.3%	11.8%
2,770	17.8	43.6%	12.1%
2,962	17.2	43.5%	13.7%
3,147	16.5	44.5%	14.2%
3,056	16.7	49.0%	13.7%
3,048	16.9	54.7%	12.6%

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

Fiscal Year	Minimum Salary <sup>(1)</sup>	Maximum Salary <sup>(1)</sup>	Osceola Average Salary <sup>(2)</sup>	Statewide Average Salary <sup>(2)</sup>
2001	\$ 27,400	\$ 49,400	\$ 33,421	\$ 38,230
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

Source:

- <sup>(1)</sup> District records
- <sup>(2)</sup> Florida Department of Education  
 Education Information and Accountability Services



Schedule 21  
District School Board of Osceola County  
School Building Information  
Last Ten Fiscal Years  
Unaudited

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Elementary Schools</b>										
Boggy Creek (1982)										
Square Feet	82,782	82,782	82,782	94,769	94,769	94,769	88,243	88,243	88,245	88,245
Student Capacity	864	853	632	1,147	883	883	635	635	635	635
Enrollment			915	881	779	858	825	740	711	698
Central Avenue (1934)										
Square Feet	101,862	101,862	101,862	101,862	101,862	101,862	101,862	111,962	111,962	111,962
Student Capacity	924	924	725	902	726	726	726	729	729	729
Enrollment			748	858	832	850	850	716	661	610
Chestnut (2005)										
Square Feet					118,948	118,998	118,998	119,122	119,122	119,122
Student Capacity					1,164	1,110	1,110	1,110	1,110	1,110
Enrollment						1,037	1,117	1,084	982	680
Cypress (1991)										
Square Feet	108,547	108,547	108,547	108,547	108,547	108,547	108,547	107,508	107,508	107,508
Student Capacity	1,071	1,067	790	1,067	826	826	826	808	808	808
Enrollment			917	939	939	982	930	815	789	797
Deerwood (1990)										
Square Feet	110,437	110,437	110,437	122,340	122,340	122,340	110,437	114,619	114,619	114,619
Student Capacity	989	989	734	1,299	1,034	1,034	770	788	788	788
Enrollment			1,084	1,334	1,507	1,049	1,074	1,079	976	685
Flora Ridge (2007)										
Square Feet							118,237	118,237	118,237	118,237
Student Capacity							1,149	1,106	1,106	1,106
Enrollment								750	950	967
Hickory Tree (1983)										
Square Feet	102,670	102,670	102,670	102,865	102,865	102,665	102,865	113,311	113,311	113,311
Student Capacity	953	953	698	953	703	703	703	780	773	685
Enrollment			786	727	738	744	909	899	563	514
Highlands (1959)										
Square Feet	81,990	80,975	80,975	80,975	80,975	80,975	80,975	87,093	87,092	192,193
Student Capacity	778	800	634	800	644	644	644	644	644	1,582
Enrollment			743	831	876	853	779	794	767	735
Kissimmee (2000)										
Square Feet	116,591	107,913	107,913	107,913	107,913	107,913	107,913	112,552	108,687	108,687
Student Capacity	980	1,000	760	1,000	762	762	762	852	762	772
Enrollment			1,109	1,158	1,259	1,157	1,063	744	726	725
Koa (2009)										
Square Feet									101,078	101,808
Student Capacity									982	942
Enrollment										881
Lakeview (1985)										
Square Feet	107,181	107,181	107,181	107,174	107,174	107,174	107,174	108,600	108,600	108,600
Student Capacity	1,006	1,015	756	1,025	778	778	778	785	760	760
Enrollment			721	760	790	928	1,016	725	717	685
Michigan Avenue (1971)										
Square Feet	88,176	88,176	88,176	88,536	88,536	88,536	88,536	93,864	93,864	93,864
Student Capacity	975	975	721	975	724	724	724	727	702	702
Enrollment			735	806	849	997	992	950	688	700
Mill Creek (1986)										
Square Feet	105,945	105,980	105,980	105,980	105,980	105,980	105,980	125,287	149,626	149,626
Student Capacity	952	952	721	987	726	726	726	858	1,154	1,172
Enrollment			951	930	892	952	952	1,045	997	978
Narcoossee (2009)										
Square Feet									103,351	118,090
Student Capacity									978	990
Enrollment									1,127	1,129
Neptune (2007)										
Square Feet							116,311	118,854	118,081	118,081
Student Capacity							1,164	1,128	1,110	1,110
Enrollment								707	660	737
Partin Settlement (2002)										
Square Feet		106,614	106,614	120,694	120,694	120,694	120,694	132,458	132,458	132,458
Student Capacity		697	579	964	767	767	767	774	749	759
Enrollment			655	836	961	957	1,024	963	971	857

**Schedule 21**  
**District School Board of Osceola County**  
**School Building Information**  
**Last Ten Fiscal Years**  
Unaudited

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Pleasant Hill (1986)										
Square Feet	106,553	106,553	106,553	106,553	106,553	106,553	106,553	117,197	140,278	140,278
Student Capacity	1,038	1,038	764	1,038	775	775	775	782	1,117	1,117
Enrollment			976	1,080	924	970	991	991	1,039	951
Poinciana (2001)										
Square Feet	116,893	102,385	102,385	129,098	129,098	129,098	117,111	130,987	130,987	130,987
Student Capacity	970	970	742	1,238	978	978	746	746	746	746
Enrollment			711	1,224	1,517	1,153	1,112	1,017	916	615
Reedy Creek (1980)										
Square Feet	87,578	88,255	88,255	103,372	103,372	103,372	87,978	88,747	88,747	88,747
Student Capacity	994	997	748	1,302	1,002	1,002	730	730	730	730
Enrollment			1,165	1,266	1,331	901	989	1,138	1,150	784
Saint Cloud (2005)										
Square Feet					119,473	118,948	118,948	124,718	124,792	124,416
Student Capacity					1,164	1,110	1,110	1,110	1,110	1,106
Enrollment						797	984	989	832	836
Sunrise (2005)										
Square Feet					118,948	118,948	118,948	127,063	127,063	127,063
Student Capacity					1,164	1,110	1,110	1,110	1,110	1,110
Enrollment						737	990	896	895	799
Thacker Avenue (1963)										
Square Feet	85,876	85,534	85,534	85,872	85,872	85,972	85,872	105,974	125,439	126,789
Student Capacity	787	795	665	791	669	669	669	647	923	923
Enrollment			662	640	632	718	695	642	589	685
Ventura (1987)										
Square Feet	105,420	105,420	105,420	105,420	105,420	123,472	129,251	134,766	135,995	135,995
Student Capacity	980	980	725	980	728	1,128	1,128	1,128	1,128	1,128
Enrollment			1,022	1,001	1,114	1,106	1,128	1,120	1,004	977
<b>Middle Schools</b>										
Denn John (1973)										
Square Feet	118,443	119,606	119,606	119,606	119,606	119,606	126,939	126,939	126,939	126,939
Student Capacity	1,198	1,407	1,243	1,475	1,329	1,329	1,329	1,284	1,284	1,284
Enrollment			1,263	1,345	1,347	1,236	1,157	1,083	1,132	1,148
Discovery (2000)										
Square Feet	184,885	184,885	184,885	184,885	184,885	184,885	184,885	268,073	268,073	268,073
Student Capacity	1,707	1,707	1,502	1,728	1,521	1,521	1,521	1,427	1,427	1,436
Enrollment			1,647	1,445	1,504	1,593	1,619	1,596	1,471	1,398
Horizon (1993)										
Square Feet	150,142	150,142	150,142	148,542	148,542	148,540	148,540	168,903	168,903	168,903
Student Capacity	1,281	1,260	1,150	1,305	1,393	1,383	1,383	1,356	1,356	1,309
Enrollment			1,169	1,219	1,353	1,423	1,609	1,553	1,472	1,163
Kissimmee (1995)										
Square Feet	148,108	148,108	148,108	148,108	147,270	147,314	146,670	191,862	191,862	191,862
Student Capacity	1,339	1,339	1,214	1,339	1,340	1,340	1,340	1,251	1,251	1,248
Enrollment			1,280	1,224	1,206	1,112	1,030	1,106	1,151	1,119
Narcoossee (2000)										
Square Feet	151,662	198,724	198,724	198,724	198,724	198,724	198,724	209,803	209,803	201,986
Student Capacity	1,647	1,754	1,449	1,743	1,484	1,484	1,484	1,484	1,484	1,588
Enrollment			1,046	1,105	1,232	1,362	1,579	1,738	663	666
Neptune (1987)										
Square Feet	136,778	138,957	161,561	161,561	161,561	161,561	138,977	159,949	160,649	160,649
Student Capacity	1,140	1,338	1,566	1,774	1,515	1,515	1,136	1,138	1,160	1,171
Enrollment			1,566	1,632	1,676	1,432	1,509	1,473	1,449	1,423
Parkway (1986)										
Square Feet	138,914	138,914	138,914	138,914	138,914	138,914	138,914	150,394	149,922	152,797
Student Capacity	1,257	1,197	1,045	1,227	1,064	1,064	1,099	1,041	1,041	1,234
Enrollment			1,220	1,172	1,114	1,029	1,023	886	889	897
Saint Cloud (1974)										
Square Feet	98,271	97,728	97,728	97,728	127,779	127,779	127,779	127,779	132,629	132,629
Student Capacity	1,072	1,166	933	1,181	1,642	1,642	1,642	1,620	1,620	1,620
Enrollment			900	848	884	1,200	1,311	1,216	1,200	1,204

**Schedule 21**  
**District School Board of Osceola County**  
**School Building Information**  
**Last Ten Fiscal Years**  
Unaudited

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>High Schools</b>										
Celebration (2001)										
Square Feet	306,633	309,600	309,600	309,600	309,600	309,600	309,600	304,843	304,843	306,139
Student Capacity	2,093	2,072	1,932	2,054	2,010	2,010	2,010	1,921	1,921	1,924
Enrollment			1,443	1,443	1,731	1,738	1,847	1,704	1,654	1,694
Gateway (1981)										
Square Feet	241,794	248,879	248,879	248,879	248,879	247,178	247,178	243,101	242,986	267,804
Student Capacity	2,053	2,110	1,915	2,110	1,924	1,924	1,924	1,865	1,835	2,316
Enrollment			2,598	2,621	2,580	2,354	2,269	2,333	2,377	2,324
Harmony (2004)										
Square Feet				299,499	299,499	299,499	299,499	345,864	345,864	346,942
Student Capacity				2,030	2,003	2,003	2,003	1,963	1,963	1,967
Enrollment					1,306	1,481	1,696	1,891	1,859	1,880
Liberty (2007)										
Square Feet							252,059	252,854	295,383	295,383
Student Capacity							2,434	2,405	2,354	2,354
Enrollment								2,020	1,974	2,062
Osceola (1962)										
Square Feet	215,751	215,905	215,905	215,905	215,905	218,036	218,036	253,764	253,256	321,490
Student Capacity	1,877	1,865	1,739	1,865	1,758	1,758	1,758	1,717	1,692	1,616
Enrollment			2,343	2,418	2,443	2,374	2,433	2,359	2,147	1,945
PATHS (1990)										
Square Feet	98,964	111,230	112,042	112,042	112,044	112,044	112,044	110,981	120,377	125,095
Student Capacity	207	725	672	725	705	705	705	705	705	703
Enrollment			383	516	599	685	660	696	691	684
Poinciana (1991)										
Square Feet	232,263	239,857	357,334	357,334	357,334	357,334	357,334	357,334	357,334	356,840
Student Capacity	1,916	1,937	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,878
Enrollment			2,633	2,094	2,454	2,568	2,785	2,785	1,366	1,203
Saint Cloud (1962)										
Square Feet	201,705	201,491	201,491	201,491	201,491	201,491	208,908	208,908	208,948	189,504
Student Capacity	1,911	1,878	1,758	1,878	1,807	1,807	1,807	1,717	1,699	1,710
Enrollment			2,382	2,528	1,644	1,595	1,674	1,741	1,753	1,683
<b>Other Schools</b>										
Celebration (1995)										
Square Feet	213,345	229,577	230,621	232,324	232,324	232,324	232,324	228,988	228,988	228,988
Student Capacity	1,391	1,640	1,450	1,590	1,603	1,603	1,603	1,749	1,749	1,749
Enrollment			1,339	1,270	1,270	1,176	1,248	1,338	1,284	1,197
Harmony (2007)										
Square Feet							99,870	99,711	99,711	101,270
Student Capacity							1,006	1,006	966	966
Enrollment									747	930
New Beginnings- (2009)										
Square Feet									71,298	71,298
Student Capacity									894	894
Enrollment									334	288
School for the Arts (2002)										
Square Feet		92,488	126,437	126,437	129,962	133,487	101,329	144,659	140,786	147,786
Student Capacity		526	526	526	766	876	119	218	193	193
Enrollment			503	503	599	659	750	678	498	736
Westside (2009)										
Square Feet									171,882	171,882
Student Capacity									1,415	1,371
Enrollment										1,206

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

**Source:**  
District records

This page left intentionally blank.

# SINGLE AUDIT SECTION







**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>United States Department of Agriculture:</b>			
Indirect:			
Florida Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
Noncash Assistance:			
National School Lunch Program	10.555(2)(A)	300	\$ 978,911
Summer Food Service Program for Children	10.555(2)(A)	323	5,971
			984,882
Florida Department of Education:			
Cash Assistance:			
School Breakfast Program	10.553	321	2,672,306
National School Lunch Program	10.555	300	13,150,318
Summer Food Service Program for Children	10.559	323	708,896
			16,531,520
<b>Total Child Nutrition Cluster</b>			17,516,402
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	371	75,215
<b>Total United States Department of Agriculture</b>			17,591,617
<b>United States Department of Education:</b>			
Direct:			
Federal Pell Grant Program	84.063	N/A	863,498
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	1,913,318
Fund for the Improvement of Education	84.215	N/A	1,226,492
<b>Total Direct</b>			4,003,308
Indirect:			
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	11,773,410
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212,222,223,226	2,911,405
<b>Total Title I, Part A Cluster</b>			14,684,815
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	8,492,285
Special Education - Preschool Grants	84.173	267	167,084
ARRA - Special Education Grants to States, Recovery Act	84.391	263	5,673,584
ARRA - Special Education Preschool Grants, Recovery Act	84.392	267	128,362
<b>Total Special Education Cluster</b>			14,461,315
Educational Technology State Grants Cluster:			
Florida Department of Education:			
Education Technology State Grants	84.318	121, 122	97,239
ARRA - Education Technology State Grants, Recovery Act	84.386	121	211,256
<b>Total Educational Technology State Grants Cluster</b>			308,495
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	591	17,242,399
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	592	1,235,838
<b>Total State Fiscal Stabilization Fund Cluster</b>			18,478,237

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>Florida Department of Education:</b>			
Adult Education - Basic Grants to States	84.002	191, 193	387,370
Migrant Education - State Grant Program	84.011	217	96,526
Title I Program for Neglected and Delinquent Children	84.013	214	137,524
Career and Technical Education - Basic Grants to States	84.048	151, 161	681,361
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	229,899
Education for Homeless Children and Youth	84.196	127	63,267
Charter Schools	84.282	298	187,953
Twenty-First Century Community Learning Centers	84.287	244	2,552,138
English Language Acquisition Grants	84.365	102	1,286,919
Improving Teacher Quality State Grants	84.367	224	1,670,189
School Improvement Grants	84.377	126	49,357
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	28,862
<b>Valencia Community College:</b>			
Tech-Prep Education	84.243	None	69,886
<b>Washington County District School Board:</b>			
Early Reading First	84.359	None	7,050
<b>Total Indirect</b>			<u>55,381,163</u>
<b>Total United States Department of Education</b>			<u>59,384,471</u>
<b>United States Department of Health and Human Services:</b>			
Indirect:			
Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	None	192,230
Osceola County Health Department:			
Assistance Programs for Chronic Disease Prevention and Control	93.945 <sup>(3)</sup>		76,189
<b>Total United States Department of Health and Human Services</b>			<u>268,419</u>
<b>National Corporation for National and Community Service:</b>			
Indirect:			
Florida Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	234	8,130
<b>United States Department of Homeland Security:</b>			
Indirect:			
Florida Division of Emergency Management:			
Hazard Mitigation Grant	97.039 (2)(B)	None	1,693,336
<b>United States Department of Defense:</b>			
Direct:			
Air Force Junior Reserve Officers Training Corps	None	N/A	116,430
Army Junior Reserve Officers Training Corps	None	N/A	132,844
Marine Junior Reserve Officers Training Corps	None	N/A	57,103
Navy Junior Reserve Officers Training Corps	None	N/A	52,712
<b>Total United States Department of Defense</b>			<u>359,089</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 79,305,062</u>

- Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2009-10 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 2009-10 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.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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



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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Osceola County District School Board as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the Osceola County District School Board's financial statements. For the school internal funds and the aggregate discretely presented component units, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

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

A *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 deficiencies, in internal control such that there is a

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

We noted certain matters that we reported to District management in our operational audit report No. 2011-051, dated December 2010.

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

Respectfully submitted,



David W. Martin, CPA  
December 17, 2010



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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



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

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

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS 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*

### Compliance

We have audited the Osceola County District School Board's compliance with the types of compliance requirements described in the United States Office of Management and Budget (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 fiscal year ended June 30, 2010. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133*. 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB *Circular A-133* and which are described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 and 2.

## Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine 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 a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 and 2. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,



David W. Martin, CPA  
December 17, 2010

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	Yes
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB <i>Circular A-133</i> ?	Yes
Identification of major programs:	Child Nutrition Cluster (CFDA Nos.10.553, 10.555, 10.559); Title I Cluster (CFDA Nos. 84.010 and 84.389 ARRA); Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 ARRA, and 84.392 ARRA); Fund for the Improvement of Education (CFDA No. 84.215); Educational Technology Cluster (CFDA Nos. 84.318 and 84.386 ARRA); State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 ARRA and 84.397 ARRA)
Dollar threshold used to distinguish between Type A and Type B programs:	\$2,379,151
Auditee qualified as low-risk auditee?	Yes

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**FEDERAL AWARDS FINDINGS**

**Federal Awards Finding No. 1:**

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

**Pass-Through Entity:** Florida Department of Education

**Programs:** ARRA: Education Technology State Grants, Recovery Act (CFDA No. 84.386); Education for Homeless Children and Youth, Recovery Act (CFDA No. 84.387); Title I Grants to Local Educational Agencies, Recovery Act (CFDA No. 84.389); Special Education Grants to States, Recovery Act (CFDA No. 84.391); Special Education Preschool Grants, Recovery Act (CFDA No. 84.392)

**Finding Type:** Noncompliance and Significant Deficiency

**Questioned Costs:** Not Applicable

**Cash Management.** The District received advances of Federal cash to fund expenditures of Federal grants received through the Florida Department of Education (FDOE). Title 34, Section 80.20(b)(7), Code of Federal Regulations (CFR), establishes prerequisites for cash advances that include a requirement that the District adopt procedures that minimize the time elapsing between the drawdown of cash from the State and its disbursement by the District. Additionally, fiscal and program accountability guidance published by FDOE indicates that Federal project recipients, in accordance with the Cash Management Improvement Act, should not request cash more than three business days from the anticipated date of disbursement.

The District accounts for activities of American Recovery and Reinvestment Act (ARRA) projects in a special revenue fund. District personnel indicated that, for the 2009-10 fiscal year, the District received certain ARRA grants covering a two-year period, but made an incorrect assumption that these awards, like the Stabilization funds, expired on June 30, 2010. Consequently, when estimating the project balances and District needs at the end of June 2010, District personnel withdrew excess cash for these two-year ARRA grants from the FDOE distributive aid system. In addition, the District incorrectly estimated July 2010 expenditures to be comparable to June 2010 expenditures for certain other ARRA projects. As a result, the District had ARRA cash balances, exceeding \$1.5 million at June 30, 2010, but had expenditures of only \$88,000 from these funds in July 2010. Further, as of September 2010, over \$450,000 of these cash balances remained unspent, as noted below:



Program Title	CFDA No.	June 30, 2010 Cash Balance	July through September 2010 Disbursements	September 30, 2010 Cash Balance
ARRA – Education Technology State Grants, Recovery Act	84.386	\$ 9,227.39	\$ 242.46	8,984.93
ARRA – Education for Homeless Children and Youth, Recovery Act	84.387	53,418.75	6,540.28	46,878.47
ARRA – Title I Grants to Local Educational Agencies, Recovery Act	84.389	805,464.07	547,103.36	258,360.71
ARRA – Special Education Grants to States, Recovery Act	84.391	589,768.86	559,302.57	30,466.29
ARRA – Special Education Preschool Grants, Recovery Act	84.392	118,269.09	9,377.06	108,892.03
Totals		\$1,576,148.16	\$ 1,122,565.73	\$453,582.43

Failure by the District to properly monitor and manage Federal cash needs increases the risk for noncompliance with Federal regulations and, as specified by Title 34, Section 80.21, CFR, could result in the termination of advance cash payments to the District.

---

**Recommendation:** The District should strengthen its cash management procedures, as necessary, to ensure that Federal cash balances are kept at appropriate levels.

---

District Contact Person: Sarah Graber, Director of Finance

**Federal Awards Finding No. 2:**  
**Federal Agency:** United States Department of Education  
**Pass-Through Entity:** Florida Department of Education  
**Programs:** Special Education – Grants to States (CFDA No. 84.027) and ARRA - Special Education Grants to States, Recovery Act (CFDA No. 84.391)  
**Finding Type:** Noncompliance and Significant Deficiency  
**Questioned Costs:** Not Applicable

**Allowable Costs/Cost Principles.** United States Office of Management and Budget *Circular A-87* provides that charges to Federal awards for salaries and wages be based on payrolls documented in accordance with generally accepted practices of the governmental unit and approved by a responsible official of the unit. Where employees are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by monthly personnel activity reports or equivalent documentation. These reports must reflect an after-the-fact distribution of the actual activity of each employee and must be signed by the employee. Where employees are expected to work solely on a single Federal award or cost objective, charges for salaries and wages are to be supported by periodic certifications, prepared at least semiannually, that the employees worked solely on that program for the period of certification.

The District incurred Special Education program expenditures, totaling approximately \$14 million, for the 2009-10 fiscal year employees. Contrary to the above Federal requirements, no semiannual certifications were prepared for employees that worked solely for a Special Education program during the 2009-10 fiscal year. District personnel indicated that the required semiannual certifications were not maintained for any Special Education employees

because they initially believed that the employee's time records satisfied the Federal requirement. In October 2010, subsequent to our audit inquiries, District personnel prepared the required certifications to support the salary charges to the programs.

Without properly monitoring of charges and related expenditures of Federal programs, the risk increases that services may not be performed in accordance with grant terms and District intentions.

---

**Recommendation:**     **The District should enhance procedures to provide for the required semiannual certifications.**

---

District Contact Person: Penny Collins, Director of Exceptional Student Education

---

**PRIOR AUDIT FOLLOW-UP**

---

Except as noted in our operational audit report No. 2011-051, dated December 2010, the District had taken corrective actions for findings included in previous audit reports.

---

**MANAGEMENT'S RESPONSE**

---

Management's response is included as Exhibit A.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2010*

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

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
None				

This page left intentionally blank.

**EXHIBIT A  
MANAGEMENT'S RESPONSE**

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**

817 Bill Beck Boulevard • Kissimmee • Florida 34744-4492  
Phone: 407-870-4600 • Fax: 407-870-4010 • [www.osceola.k12.fl.us](http://www.osceola.k12.fl.us)

**SCHOOL BOARD MEMBERS**

District 1 – Jay Wheeler  
407-390-0505  
District 2 – Marjorie Guillen-Melendez, Vice Chair  
407-922-5113  
District 3 – Cindy Lou Hartig, Chair  
407-832-3999  
District 4 – Barbara Horn  
407-744-3009  
District 5 – Tom Long  
407-892-5836



Superintendent of Schools  
Michael A. Grego, Ed.D.

November 29, 2010

David W. Martin, CPA  
Auditor General  
5015 S. Florida Avenue, Suite 406  
Lakeland, FL 33813

Dear Mr. Martin:

We appreciate the thorough review of District federal compliance performed by the Auditor General's staff and the guidance they provided to us in improving our operations.

**Finding No. 1: Cash Management**

Cash management procedures could be strengthened to ensure that Federal cash balances are kept at appropriate levels.

Recommendation: The District should strengthen its cash management procedures, as necessary, to ensure that Federal cash balances are kept at appropriate levels.

Response:

During the 2009-10 year, the District requested federal cash advance draws based on prior expenditures plus an estimate of upcoming expenditures. At June 30, 2010 certain funds related to ARRA grants were drawn down and not expended timely. We have since revised our cash management procedures to only draw down federal cash advance funds on a reimbursement basis. This will avoid the situation where funds may be drawn down and not expended timely. As of the date of this letter, the District does not have any positive cash balances.

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

**EXHIBIT A**  
**MANAGEMENT'S RESPONSE (CONTINUED)**

November 29, 2010  
Page 2 of 2

**Finding No. 2: Allowable Costs / Cost Principles**

Semiannual certifications were not maintained for employees working 100 percent in the Special Education program, contrary to Federal requirements.

Recommendation: The District should enhance procedures to provide for the required semiannual certifications.

Response:

The Exceptional Student Education Department has implemented procedures to ensure that the required semiannual certifications are obtained.

Sincerely,



Michael A. Grego  
Superintendent

MAG/sg