

School Board Members

Jay Wheeler, Chair
Barbara Horn, Vice Chair
Kelvin Soto
Tim Weisheyer
Tom Long



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

Melba Luciano
Superintendent

Todd C. Seis
Chief Business & Finance Officer

Migdalia Gonzalez Mercado
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, 2013

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, 2013

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INTRODUCTORY SECTION



THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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SCHOOL BOARD MEMBERS

- District 1 – Jay Wheeler
407-973-4141
- District 2 – Kelvin Soto – Vice Chair
407-361-2462
- District 3 – Tim Weisheyer - Chair
407-361-0235
- District 4 – Barbara Horn
407-462-5642
- District 5 – Tom Long
407-462-5782



Superintendent of Schools
Melba Luciano

December 20, 2013

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 an independent certified public accountant. 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, 2013.

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 Florida Auditor General 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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2013, 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 auditor's reports on the system of internal control and on compliance with applicable requirements, are included in the single audit section.

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 District is responsible for maintaining a uniform system of records and accounts as prescribed by the State Board of Education.

The geographic boundaries of the District are those of Osceola County. During fiscal year 2012-13, the District operated 68 schools. Of this number, 45 were K-12 schools including 24 elementary schools, 8 middle schools, 8 high schools, and 5 multilevel schools. In addition, the District sponsored 12 charter schools, 9 alternative schools and 2 adult centers. 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 2012-13, the District provided general, special, vocational, and other educational programs to 55,892 unweighted full-time equivalent students. The projected enrollment for fiscal year 2013-14, is 57,388 unweighted full-time equivalent students. The average age of the schools within the District is approximately 22 years. The District does not plan to open any new schools in fiscal year 2013-14.

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 2012 Metro Orlando Economic Development Commission (the Commission), Metro Orlando currently has a population of 2.2 million people and is projected to be 2.4 million in 2017. The Commission promotes Osceola County as being a world class tourism destination.

The population of Osceola County has increased 64 percent from 2000 to 2012, compared to the State of Florida, which increased 19 percent. According to the 2012 Commission's report, there were an estimated 282,676 people and 95,111 households residing in the County. The population is estimated to be 315,875 and households 106,417 in 2017. Based on the 2012 Commission's report, the racial makeup of the County was 71 percent white, 11 percent black and 18 percent from other races. Hispanics make up 46 percent of the total population.

Of Osceola County's population, 29 percent are 19 and younger, and 11 percent are 65 and older. The average household size is 3. The median age in the County is 36 years. The median income for a household was \$44,423. The per capita income for the County was \$27,171. Of the 25 and older population, 83 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 6,832 full and part-time employees, including 3,384 classroom teachers.

Major Initiatives

Class Size Reduction Amendment

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

Under the implementation schedule established by the Florida Legislature, compliance for 2012-13 was measured at the individual classroom level. The District was in compliance.

For 2013-14, compliance will again be measured at the individual classroom level. The District intends to comply fully with the constitutional requirement.

Capital Outlay Program

During the current fiscal year, the District completed several construction projects totaling \$111,796,229. These projects included comprehensive renovations at two high schools and renovations to other schools.

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 2012-13 marks the 14th year of this accountability program and the District continued its tradition of achievement. As of the date of this letter, for elementary, middle, and K-8 public schools, 7 received a grade of 'A', 14 received a grade of 'B', 13 received a grade of 'C' and 1 received a grade of 'D'. Results for 8 high schools and one multi-level school are pending. One alternative school and two adult centers do not receive school grades. The District's overall letter grade will be released at a later date.

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

In addition, the District has been required to hire additional teachers to comply with the class size reduction constitutional amendment.

As a result, the District spent down \$8.3 million of its operating fund balance during the 2012-13 fiscal year in order to maintain the same level of operations. Long-range State revenue forecasts predict that the State will continue to fall short of having enough resources to replace the lost federal revenues or fully fund class size reduction requirements in the near term.

The District plans to continue to use fund balance reserves to maintain operations in anticipation of these expected revenue reductions and expenditure increases over the next couple of years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the sixth consecutive year that the District has received this prestigious award. The Certificate is a national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements.

A GFOA Certificate of Achievement is valid for a period of one year. We believe our current report continues to meet the requirements of the Certificate of Achievement Program. Accordingly, we are submitting it to the GFOA for consideration for another award.

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

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

Respectfully submitted,



Todd C. Seis
Chief Business & Finance Officer



Melba Luciano
Superintendent

**OSCEOLA SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013**

SCHOOL BOARD MEMBERS

Tom Long
District 5

Barbara Horn, Vice Chair
District 4

Tim Weisheyer
District 3

Kelvin Soto
District 2

Jay Wheeler, Chair
District 1

SUPERINTENDENT
Melba Luciano

ASSISTANT SUPERINTENDENTS

ADMINISTRATION & STUDENT SERVICES
Tom Phelps

ELEMENTARY CURRICULUM & INSTRUCTION
Lissette Brizendine

MIDDLE SCHOOL CURRICULUM & INSTRUCTION
Michael Allen

HIGH SCHOOL CURRICULUM & INSTRUCTION
Pam Tapley

SCHOOL SUPPORT SERVICES
Mark Munas

CHIEFS

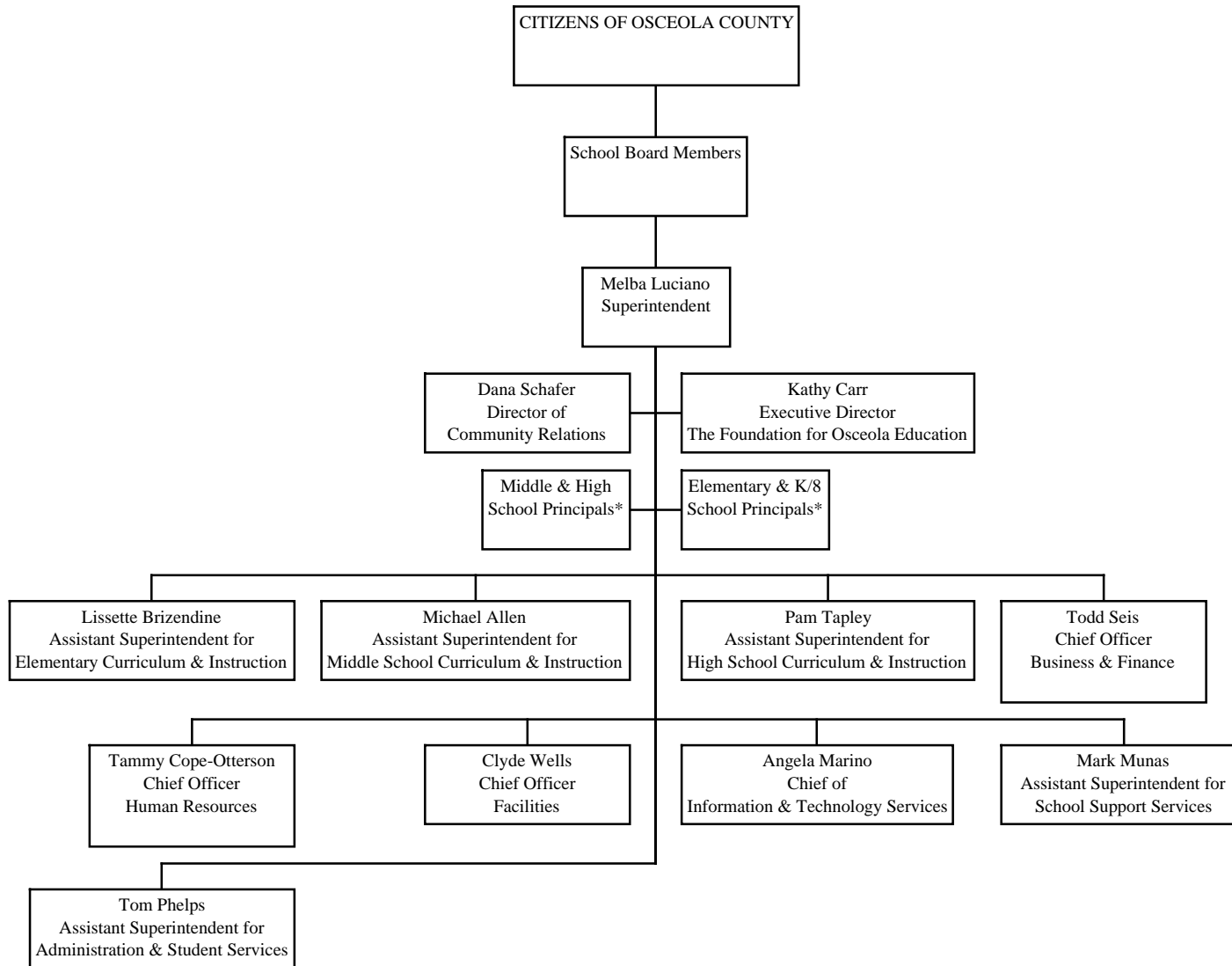
BUSINESS & FINANCE OFFICER
Todd C. Seis

FACILITIES OFFICER
Clyde Wells

INFORMATION & TECHNOLOGY OFFICER
Angela Marino

HUMAN RESOURCES OFFICER
Tammy Cope-Otterson

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA
DISTRICT ADMINISTRATIVE ORGANIZATIONAL CHART
 2012-2013





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**School District
of Osceola County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION





DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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Tallahassee, Florida 32399-1450



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

INDEPENDENT AUDITOR'S REPORT

Report on the 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, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the District's agency funds, which represent 10 percent of the assets and 39 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, as described in note 1 to the financial statements, which represents 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the agency funds and aggregate discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Effective for the 2012-13 fiscal year, Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, modified the criteria for determining financial reporting entity component units. As discussed in Note 2 to financial statements, certain component units included in the District financial reporting for the 2012-13 fiscal year, were excluded for the 2011-12 fiscal year, affecting the comparability of the 2012-13 fiscal year financial statements with the 2011-12 fiscal year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, BUDGETARY COMPARISON SCHEDULE - GENERAL AND MAJOR SPECIAL REVENUE FUNDS, SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN, and NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, and the introductory and statistical sections, as 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.

The combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 20, 2013

Audit Report No. 2014-072

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, 2013.

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 and notes to financial statements found on pages 20 to 64 of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-13 fiscal year are as follows:

- As of June 30, 2013, assets exceeded liabilities by \$586,372,020. Of this amount, \$16,937,578 represents unrestricted net position, which may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position decreased by \$18,118,276, or 3 percent, from the 2011-12 fiscal year.
- At June 30, 2013, the District's combined governmental fund balances totaled \$151,497,549, a decrease of \$7,946,245, or 5 percent, in comparison with the prior fiscal year.
- The unassigned fund balance of the General Fund, which is available for general appropriation by the Board, totals \$44,389,869 at June 30, 2013, or 11.7 percent, of total General Fund expenditures.
- The District's total debt (Bonds Payable, Certificates of Participation Payable, Installment Purchases Payable, Notes Payable, and Educational Facilities Benefit District Payable) decreased by \$15,668,711, or 5 percent, during the current fiscal year. The key factor in this was the payment of principal.
- The District's net capital assets decreased by \$19,649,600, or 2.5 percent, from the 2011-12 fiscal year.

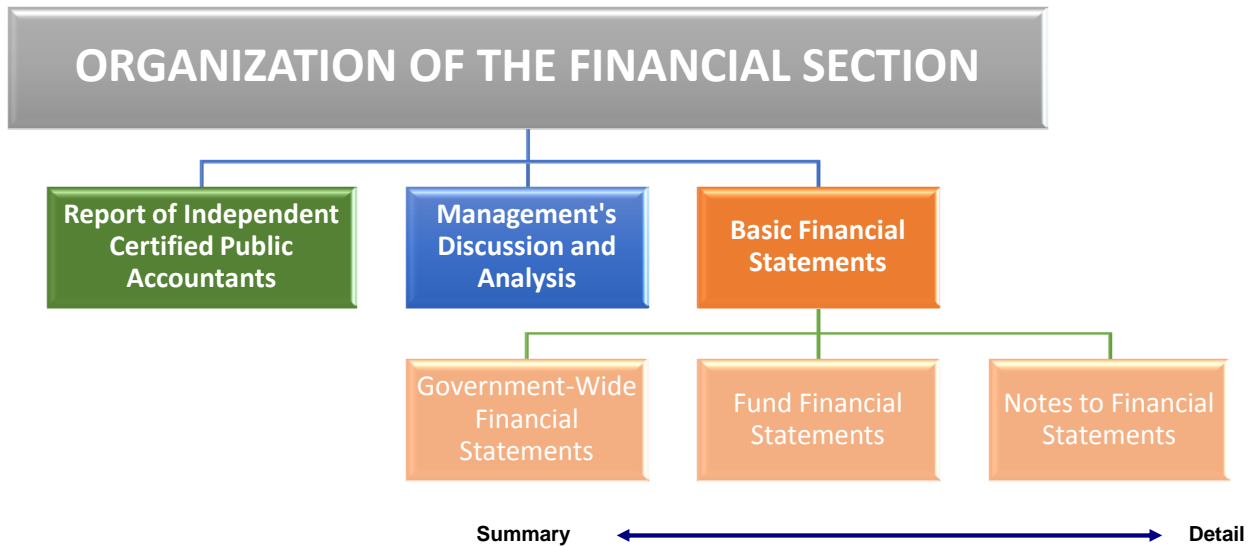
OVERVIEW OF THE FINANCIAL STATEMENTS

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 position 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 position 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 position, is a measure of the financial health of the District. The statement of activities presents information about the change in the District’s net position, the results of operations, during the fiscal year. An increase or decrease in net position 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 eleven separate legal entities in this report, including The Foundation for Osceola Education, Inc.; New Dimensions High School, Inc.; Four Corners Charter School, Inc.; Mavericks High School of Osceola County; Bellalago Educational Facilities Benefit District; Flora Ridge Educational Facilities Benefit District; Renaissance Charter School at Poinciana; UCP Osceola Charter School; iVirtual League Academy; Acclaim Academy Florida, Inc.; and Florida Virtual Charter Academy at Osceola. 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 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds. The District's major funds are the: (1) General Fund, (2) Special Revenue – Food Services, (3) Special Revenue – Other Federal Programs, (4) Special Revenue – ARRA Economic Stimulus Program Fund, (5) Debt Service – Other Fund, (6) Debt Service – ARRA Economic Stimulus Funds, (7) Capital Projects – Capital Improvement Fund (8) Capital Projects – Other Fund, and (9) 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, Special Revenue – Food Service Fund, Special Revenue – Other Federal Programs, and Special Revenue – ARRA Economic Stimulus Program Funds. Budgetary comparison schedules have been provided on pages 66 - 69 of this report to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 20 – 28 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 internal service funds to account for the Health and Life Insurance and Casualty Insurance self-insurance programs. 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 29 - 31 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 and (2) for the activities of Bellalago Charter Academy.

The Statement of Assets and Liabilities – Fiduciary Funds can be found on page 32.

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 33 - 64 of this report.

Other Supplemental Information

The combining and individual schedules referred to earlier in connection with nonmajor governmental funds are presented on pages 73 – 101 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. In the case of the District, assets exceed liabilities by \$586,372,020 at June 30, 2013. At the end of the current fiscal year, the District is able to report positive balances in all categories of net position, for the government as a whole. The following is a summary of the District's net position as of June 30, 2013, compared to net position as of June 30, 2012:

	Net Position, End of Year	
	Governmental Activities	
	6/30/2013	6/30/2012
Current and Other Non-Capital Assets	\$ 193,592,756	\$ 203,749,485
Capital Assets	766,135,545	785,785,145
Total Assets	959,728,301	989,534,630
Current Liabilities	16,980,568	39,632,424
Long-Term Liabilities	356,375,713	345,411,910
Total Liabilities	373,356,281	385,044,334
Net Position:		
Net Investment in Capital Assets	477,532,359	488,096,469
Restricted	91,902,083	75,558,613
Unrestricted	16,937,578	40,835,214
Total Net Position	\$ 586,372,020	\$ 604,490,296

By far, the largest portion of the District's net position, \$477,532,359 or 81.4 percent, is investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt 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.

The restricted portion of the District's net position, \$91,902,083 or 15.7 percent, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$16,343,470 in restricted net position reported in connection with the District's governmental activities. The increase is primarily the result of increases in assets restricted for State Categorical programs, debt service, capital projects, grants, and other programs. The unrestricted net position, \$16,937,578, or 2.9 percent, may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position decreased by \$23,897,636, or 58.5 percent, from the 2011-12 fiscal year. The decrease is primarily the result of increases in certain long-term liabilities and planned use of beginning fund balance of the General Fund for current year operations.

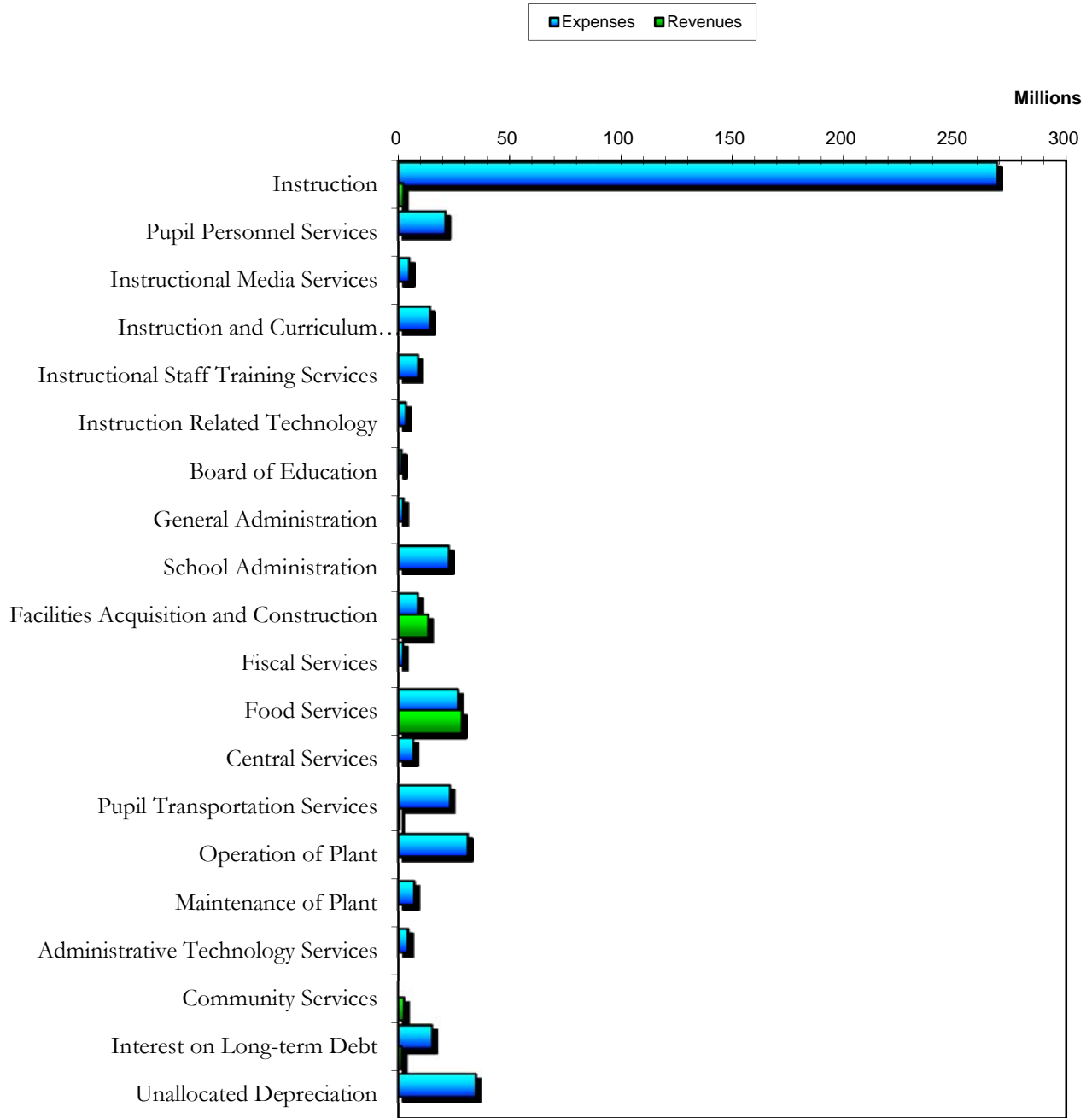
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The key elements of the changes in the District's net position for the fiscal years ended June 30, 2013, and June 30, 2012, are as follows:

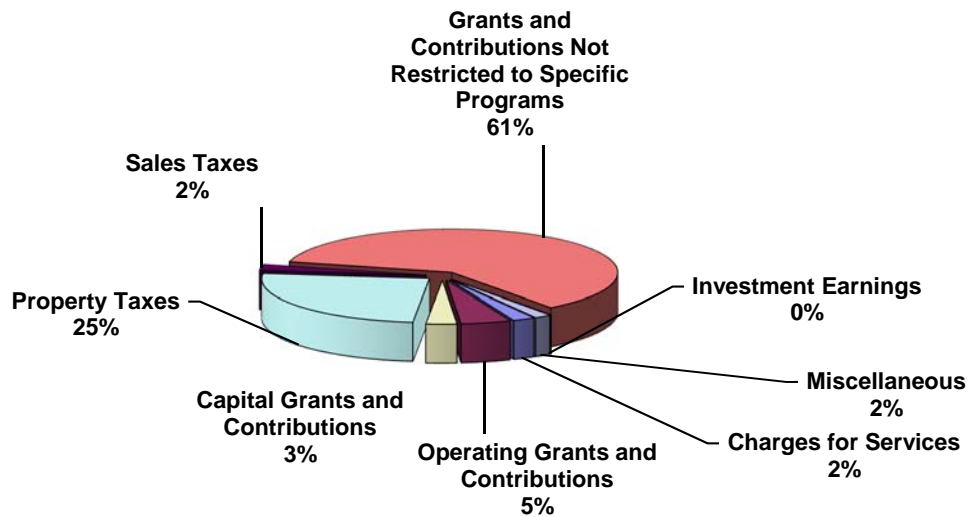
	Governmental	
	Activities	
	06-30-13	06-30-12
Revenues:		
Program Revenues:		
Charges for Services	\$ 10,434,887	\$ 11,056,441
Operating Grants and Contributions	23,618,227	30,791,827
Capital Grants and Contributions	2,239,173	2,222,240
General Revenues:		
Property Taxes	123,861,749	129,816,569
Local Sales Taxes	10,416,923	9,925,207
Impact Fees	12,286,659	9,651,482
Grants and Contributions not Restricted to Specific Programs	299,164,318	262,026,194
Investment Earnings	483,975	1,801,749
Miscellaneous	7,959,969	9,660,582
Total Revenues	<u>490,465,880</u>	<u>466,952,291</u>
Functions/Program Expenses:		
Instruction	268,705,463	256,106,769
Pupil Personnel Services	21,225,019	21,838,137
Instructional Media Services	4,590,168	4,213,693
Instruction and Curriculum Development Services	13,955,272	12,918,163
Instructional Staff Training Services	8,683,127	8,893,254
Instruction Related Technology	3,400,004	3,506,394
Board of Education	1,449,083	1,735,224
General Administration	2,223,978	2,778,064
School Administration	22,187,638	21,712,072
Facilities Acquisition and Construction	7,301,809	7,231,837
Fiscal Services	2,068,151	1,795,816
Food Services	26,792,335	23,211,603
Central Services	6,854,756	6,866,451
Pupil Transportation Services	22,887,687	21,866,622
Operation of Plant	30,799,393	26,379,530
Maintenance of Plant	7,116,029	12,068,670
Administrative Technology Services	3,920,100	3,159,953
Community Services	4,607,250	4,427,474
Interest on Long-Term Debt	15,195,406	14,542,638
Unallocated Depreciation Expense	34,621,488	32,061,585
Total Expenses	<u>508,584,156</u>	<u>487,313,949</u>
Decrease in Net Position	(18,118,276)	(20,361,658)
Net Position, Beginning	<u>604,490,296</u>	<u>624,851,954</u>
Net Position, Ending	<u>\$ 586,372,020</u>	<u>\$ 604,490,296</u>

The total government-wide net position decreased by \$18,118,276 during the current fiscal year.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Governmental Activities.

The largest revenue sources are the State of Florida and local sources. Combined, these two revenue sources account for 87 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 \$37,138,124, or 14.2 percent, primarily due to the increase in FEFP funding. Revenues from local sources consist primarily of ad valorem taxes and impact fees. Property tax revenues decreased by approximately \$6 million, or 4.6 percent, primarily due to the decrease in the local property tax base. Operating grants and contributions decreased by approximately \$7.2 million, or 23.3 percent, primarily due to a change in funding previously provided specifically for transportation, whereby such revenues are now reported as general revenues.

Instructional expenses represent 52.8 percent of total governmental expenses in the 2012-13 fiscal year. Instructional expenses increased by \$12,598,694, or 4.9 percent, from the previous fiscal year primarily due to increases in enrollment and the corresponding base student allocation.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds report combined ending fund balances of \$151,497,549, a decrease of \$7,946,245, in comparison with the 2011-12 fiscal year. Unassigned fund balance of \$44,389,869 represents 29.3 percent of the ending fund balances and is available to meet the District's short-term spending needs. Remaining fund balances are nonspendable, restricted, or assigned, to indicate that they are not available for new spending. Inventory balances of \$2,655,485 are considered nonspendable. Fund balances totaling \$94,681,853 are restricted for state required carryover programs, debt service payments, capital projects, and to fund other grants and programs. Fund balances totaling \$9,770,342 are assigned to cover outstanding contract commitments, carryover appropriations, a projected operating deficit, and other programs.

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the assigned plus unassigned fund balance of the General Fund was \$53,078,399, while total fund balance reached \$76,053,726. As a measure of the General Fund's liquidity, it may be useful to compare both assigned plus unassigned fund balance and total fund balance to total expenditures. Assigned plus unassigned fund balance represents 14 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 decreased by \$8,263,290. This was a planned decrease resulting primarily from a reduction in transfers of ad valorem funds for maintenance activities.

The Special Revenue – Food Service Fund balance increased by \$1,088,747, or 9.1 percent. This increase is the result of additional revenues in the form of Federal meal reimbursements and local food sales exceeding corresponding food service expenditures.

The Special Revenue – Other Federal Fund has total revenues and expenditures of \$33,178,260, an increase of approximately \$1.8 million, or 5.9 percent, over the previous fiscal year primarily due to increased funding for Title I grants. The Special Revenue - ARRA Economic Stimulus Funds has total revenues and total expenditures of \$4,504,518, virtually unchanged from the prior year. Because grant revenues are not recognized until expenditures are incurred, the grants accounted for in these funds generally do not accumulate fund balances.

The Debt Service – Other Fund is used to accumulate resources for and to make debt service payments on most of the District’s long-term debt obligations. Revenues, expenditures, and fund balance for the Debt Service – Other Fund was virtually unchanged from the prior fiscal year.

The Debt Service- ARRA Economic Stimulus Fund is used to accumulate resources for Federally subsidized bonds in a sinking fund until maturity at April 2027. The fund balance of the Debt Service- ARRA Economic Stimulus Fund increased by \$2,173,958, due to the annually required sinking fund payment that began in the 2012-13 fiscal year.

The Capital Projects – Local Capital Improvement Fund increased by \$4,351,923, or 25.4 percent, primarily as a result of reductions in transfers to the General Fund for maintenance expenditures.

The fund balance for the Capital Projects – Other Fund decreased by \$2,575,844 to \$35,465,016. The decrease in this fund is mainly due to the timing differences between collecting funds for and expending these funds on construction projects. Of this \$35,465,016 fund balance, approximately \$14.2 million is encumbered through outstanding purchase orders at June 30, 2013.

The fund balance for the ARRA Economic Stimulus Capital Projects Fund decreased by \$4,337,851 to \$15. This fund was created to account for proceeds from the issuance of qualified school construction bonds and expenditures incurred on the related construction renovation projects. The decrease in this fund is due to the spend-down requirements imposed upon these proceeds and completion of the approved projects.

The fund balance for nonmajor governmental funds decreased by \$386,280 to \$1,784,141. This is primarily due to the timing differences between collecting funds for and expending these funds on specific projects.

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 position increased by \$2,142,392 primarily due to health insurance premiums exceeding claims and other expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2012-13 fiscal year, the District amended its General Fund budget several times, which resulted in a decrease in total budgeted revenues of approximately \$2.3 million, or .6 percent. At the same time, final appropriations are less than the original budgeted amounts by \$3.3 million. Budget revisions occurred primarily from changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues are the same as final budgeted amounts while actual expenditures are \$29.5 million, or 7.2 percent, less than final budget amounts. The positive variance was primarily due to continued cost containment measures implemented by the District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for the governmental activities as of June 30, 2013, is \$766,135,545 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures and equipment; motor vehicles; investments in educational facilities benefit district; and audio visual materials and computer software. The total decrease in capital assets (net of accumulated depreciation) for the current fiscal year was \$19,649,600, or a 2.5 percent decrease from the 2011-12 fiscal year.

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

- Construction in Progress for classroom reconfiguration at two middle schools and one elementary school.
- Construction in Progress for renovation of cafeteria/admin/media areas at one elementary school.
- Completion of major renovations at two high schools.
- Completion of HVAC renovations at one middle school.
- Construction in Progress for wing addition at one high school.
- Construction in Progress for wing addition at one elementary school.
- Construction in Progress for roofing at one elementary school.

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Following is a summary of the District’s capital assets as of June 30, 2013, compared to June 30, 2012.

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

	Governmental Activities	
	June 30, 2013	June 30, 2012
Land	\$ 50,129,878	\$ 50,023,884
Construction in Progress	12,998,440	111,437,783
Improvements Other Than Buildings	14,532,576	15,618,463
Buildings and Fixed Equipment	657,406,670	573,435,824
Furniture, Fixtures, and Equipment	13,465,045	16,179,504
Motor Vehicles	10,507,927	12,289,991
Investment In EFBD	6,126,758	6,275,889
Audio Visual Materials and Computer Software	968,251	523,807
Total	\$ 766,135,545	\$ 785,785,145

Additional information on the District’s capital assets can be found in Notes 5 and 19 to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the District’s long-term debt principal, totals \$291,708,357. Of this amount, \$269,478,196 is outstanding bonded debt and certificates of participation, \$13,163,292 is outstanding notes payable, \$93,280 is installment-purchases payable and \$8,973,589 is educational facilities benefit district (EFBD) agreement payable.

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Following is a summary of the District's long-term debt as of June 30, 2013, compared to June 30, 2012.

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

	Governmental Activities	
	June 30, 2013	June 30, 2012
State School (SBE) Bonds	\$ 9,800,000	\$ 12,225,000
District Revenue Bonds	64,645,000	68,595,000
Certificates of Participation	194,500,000	203,120,000
Notes Payable	13,163,293	16,044,967
Installment Purchases Payable	93,280	343,646
EFBD Agreement Payable	8,973,589	9,346,115
Total Outstanding Long-Term Debt	\$ 291,175,162	\$ 309,674,728

The District's total debt decreased by \$18,499,566, or 6 percent, during the current fiscal year primarily as a result of scheduled payments on matured debt obligations.

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 2013, the U.S. Bureau of Labor Statistics reports the unemployment rate for Osceola County, Florida, at 7.4 percent. This is a decrease from the rate of 9.1 percent a year ago and reflects the State's average unemployment rate of 7.4 percent.

During the current fiscal year, assigned plus unassigned fund balance in the General Fund decreased by \$13,216,459, or 20 percent, from the prior fiscal year (\$66,294,858 to \$53,078,399). This is due to a planned spending down of prior fund balance maintained for operations.

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.

BASIC FINANCIAL STATEMENTS



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET POSITION**

June 30, 2013

	Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	\$ 94,314,072	\$ 12,367,203
Investments	81,756,653	4,088,499
Accounts Receivable	888,538	487,739
Interest Receivable	48,251	1,590
Due from Component Unit	883,609	
Deposits Receivable		84,578
Due from Other Agencies	5,577,531	2,293,265
Inventories	2,655,485	
Prepaid Items	1,912,099	90,286
Deferred Charges	3,246,228	620,858
Restricted Assets:		
Cash with Fiscal Agent	2,310,290	2,856,676
Investments		2,319,662
Capital Assets:		
Land	50,129,878	1,513,220
Construction in Progress	12,998,440	
Improvements Other Than Buildings, Net	14,532,576	2,245,975
Buildings and Fixed Equipment, Net	657,406,670	45,971,863
Furniture, Fixtures and Equipment, Net	13,465,045	1,164,365
Motor Vehicles, Net	10,507,927	7,250
Investment in Educational Facilities Benefit District, Net	6,126,758	
Audio Visual Materials and Computer Software, Net	968,251	470,867
Total Assets	\$ 959,728,301	\$ 76,583,896
LIABILITIES		
Salaries and Benefits Payable	\$ 2,160,616	\$ 377,067
Payroll Deductions and Withholdings	241,640	
Accounts Payable	3,106,151	2,765,411
Due to Primary Government		883,609
Construction Contracts Payable	1,929,297	
Construction Contracts Payable-Retainage	208,215	
Due to Other Agencies	3,504,591	1,313,414
Sales Tax Payable	1,860	
Unearned Revenue	163,724	8,447
Accrued Interest Payable	2,066,677	1,062,374
Estimated Insurance Claims Payable	3,597,797	
Long-Term Liabilities:		
Portion Due Within One Year:		
Obligations Under Capital Leases		170,833
Bonds Payable	5,485,706	1,171,580
Notes Payable	3,036,746	
Installment-Purchases Payable	93,280	
Certificates of Participation Payable	7,393,616	
Compensated Absences Payable	1,938,897	
Educational Facilities Benefit District Agreement Payable	374,153	
Portion Due After One Year:		
Obligations Under Capital Leases		13,542,993
Bonds Payable	70,663,903	47,463,271
Notes Payable	10,126,546	
Installment-Purchases Payable		
Certificates of Participation Payable	185,934,971	
Compensated Absences Payable	22,781,208	
Other Postemployment Benefits Payable	39,947,251	
Educational Facilities Benefit District Agreement Payable	8,599,436	
Total Liabilities	373,356,281	68,758,999
NET POSITION		
Net Investment in Capital Assets	477,532,359	(7,197,664)
Restricted For:		
State Required Carryover Programs	16,213,253	
Grants and Programs	4,830,759	
Debt Service	3,509,723	2,620,733
Capital Projects	54,315,256	420,283
Food Service	13,053,092	
Other Purposes		2,822,176
Unrestricted	16,937,578	9,159,369
Total Net Position	586,372,020	7,824,897
Total Liabilities and Net Position	\$ 959,728,301	\$ 76,583,896

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, 2013

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Governmental Activities:						
Instruction	\$ 268,705,463	\$ 2,303,121	\$	\$	\$ (266,402,342)	\$
Pupil Personnel Services	21,225,019				(21,225,019)	
Instructional Media Services	4,590,168				(4,590,168)	
Instruction and Curriculum Development Services	13,955,272				(13,955,272)	
Instructional Staff Training Services	8,683,127				(8,683,127)	
Instruction Related Technology	3,400,004				(3,400,004)	
Board of Education	1,449,083				(1,449,083)	
General Administration	2,223,978				(2,223,978)	
School Administration	22,187,638				(22,187,638)	
Facilities Services	7,301,809			584,483	(6,717,326)	
Fiscal Services	2,068,151				(2,068,151)	
Food Services	26,792,335	4,791,692	23,618,227		1,617,584	
Central Services	6,854,756				(6,854,756)	
Pupil Transportation Services	22,887,687	589,816			(22,297,871)	
Operation of Plant	30,799,393				(30,799,393)	
Maintenance of Plant	7,116,029				(7,116,029)	
Administrative Technology Services	3,920,100				(3,920,100)	
Community Services	4,607,250	2,750,258			(1,856,992)	
Interest on Long-term Debt	15,195,406			1,654,690	(13,540,716)	
Unallocated Depreciation Expense*	34,621,488				(34,621,488)	
Total Primary Government	\$ 508,584,156	\$ 10,434,887	\$ 23,618,227	\$ 2,239,173	(472,291,869)	
Component Units:						
Charter Schools, Foundation and Benefit Districts	\$ 42,637,916	\$ 399,431	\$ 4,704,946	\$ 558,184		(36,975,355)
General Revenues:						
Taxes:						
Property Taxes, Levied for Operational Purposes					98,493,989	
Property Taxes, Levied for Capital Projects					25,367,760	
Local Sales Taxes					10,416,923	
Impact Fees					12,286,659	
Grants and Contributions Not Restricted to Specific Programs					299,164,318	36,820,539
Unrestricted Investment Earnings					483,975	68,425
Miscellaneous					7,959,969	366,578
Total General Revenues					454,173,593	37,255,542
Change in Net Position					(18,118,276)	280,187
Net Position - Beginning					604,490,296	3,721,928
Adjustments to Beginning Net Position						3,822,782
Net Position - Beginning - Restated					604,490,296	7,544,710
Net Position - Ending					\$ 586,372,020	\$ 7,824,897

*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, 2013

	General Fund	Special Revenue - Food Services Fund	Special Revenue - Other Federal Programs Fund	Special Revenue - Federal Economic Stimulus Programs Fund
ASSETS				
Cash and Cash Equivalents	\$ 36,473,115	\$ 11,376,075	\$ 2,364	\$ 1,188
Investments	41,299,028	1,156,551		
Accounts Receivable	571,038	7,567	265	
Interest Receivable	22,362	1,775		
Due from Other Funds	1,314,674		475	
Due from Other Agencies	571,503	249,106	1,401,264	300,976
Inventories	1,931,315	724,170		
Restricted Cash with Fiscal Agent				
Total Assets	\$ 82,183,035	\$ 13,515,244	\$ 1,404,368	\$ 302,164
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries and Benefits Payable	\$ 1,889,046	\$ 62,956	\$ 172,843	\$ 13,819
Payroll Deductions and Withholdings	69,633	78,914	59,637	15,332
Accounts Payable	868,879	150,361	287,463	72,373
Construction Contracts Payable				72,169
Construction Contracts Payable-Retainage				
Due to Other Funds	475		732,636	112,738
Due to Other Agencies	3,262,544	63,069	151,789	15,733
Sales Tax Payable	1,581	279		
Deferred Revenue	37,151	126,573		
Total Liabilities	6,129,309	482,152	1,404,368	302,164
Fund Balances:				
Nonspendable	1,931,315	724,170		
Restricted	21,044,012	12,308,922		
Assigned	8,688,530			
Unassigned	44,389,869			
Total Fund Balances	76,053,726	13,033,092		
TOTAL LIABILITIES AND FUND BALANCES	\$ 82,183,035	\$ 13,515,244	\$ 1,404,368	\$ 302,164

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, 2013

	Debt Service - Other Fund	Debt Service - ARRA Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund
ASSETS				
Cash and Cash Equivalents	\$ 3,716	\$	\$ 11,583,777	\$ 14,882,884
Investments	496		10,655,961	20,325,846
Accounts Receivable	883,609			
Interest Receivable			6,805	12,126
Due from Other Funds				1,138,392
Due from Other Agencies	1,743,132		9,253	1,193,254
Inventories				
Restricted Cash with Fiscal Agent		2,173,958		
Total Assets	\$ 2,630,953	\$ 2,173,958	\$ 22,255,796	\$ 37,552,502
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries and Benefits Payable	\$	\$	\$	\$
Payroll Deductions and Withholdings				
Accounts Payable	3,000		262,340	493,415
Construction Contracts Payable			437,180	1,419,948
Construction Contracts Payable-Retainage			54,465	153,750
Due to Other Funds	1,142,163			20,373
Due to Other Agencies				
Sales Tax Payable				
Deferred Revenue				
Total Liabilities	1,145,163		753,985	2,087,486
Fund Balances:				
Nonspendable				
Restricted	1,485,790	2,173,958	21,501,811	35,465,016
Assigned				
Unassigned				
Total Fund Balances	1,485,790	2,173,958	21,501,811	35,465,016
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,630,953	\$ 2,173,958	\$ 22,255,796	\$ 37,552,502

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, 2013

	Capital Projects - ARRA Economic Stimulus Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 15	\$ 1,217,687	\$ 75,540,821
Investments		653,817	74,091,699
Accounts Receivable		6	1,462,485
Interest Receivable		195	43,263
Due from Other Funds			2,453,541
Due from Other Agencies		109,043	5,577,531
Inventories			2,655,485
Restricted Cash with Fiscal Agent			2,173,958
Total Assets	\$ 15	\$ 1,980,748	\$ 163,998,783
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salaries and Benefits Payable	\$	\$ 21,952	\$ 2,160,616
Payroll Deductions and Withholdings		18,124	241,640
Accounts Payable		36,032	2,173,863
Construction Contracts Payable			1,929,297
Construction Contracts Payable-Retainage			208,215
Due to Other Funds		109,043	2,117,428
Due to Other Agencies		11,456	3,504,591
Sales Tax Payable			1,860
Deferred Revenue			163,724
Total Liabilities		196,607	12,501,234
Fund Balances:			
Nonspendable			2,655,485
Restricted	15	702,329	94,681,853
Assigned		1,081,812	9,770,342
Unassigned			44,389,869
Total Fund Balances	15	1,784,141	151,497,549
TOTAL LIABILITIES AND FUND BALANCES	\$ 15	\$ 1,980,748	\$ 163,998,783

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 POSITION
June 30, 2013**

Total Fund Balances - Governmental Funds \$ 151,497,549

Amounts reported for governmental activities in the statement of net position 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. 766,135,545

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. 1,445,179

Deferred amount on refunding is not expensed in the government-wide statements, but is reported as deferred charges until the refunded bonds become defeased. 1,801,049

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 position. 23,935,088

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. (2,066,677)

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	\$	76,149,609	
Notes Payable		13,163,292	
Installment-Purchases Payable		93,280	
Certificates of Participation Payable		193,328,587	
Educational Facilities Benefit District Agreement Payable		8,973,589	
Compensated Absences Payable		24,720,105	
Other Post-employment Benefits Obligations		39,947,251	(356,375,713)
			<hr/>

Total Net Position - Governmental Activities \$ 586,372,020

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, 2013**

	General Fund	Special Revenue - Food Services Fund	Special Revenue - Other Federal Programs Fund	Special Revenue - Federal Economic Stimulus Programs Fund	Debt Service - Other Fund	Debt Service - ARRA Economic Stimulus Fund
REVENUES						
Intergovernmental:						
Federal Direct	\$ 472,652	\$	\$ 1,568,766	\$	\$	\$ 2,349,000
Federal Through State	163,144	23,252,727	31,609,494	4,504,518		
State	254,225,477	373,893				
Local:						
Property Taxes	98,493,989					
Local Sales Taxes					10,416,923	
Impact Fees						
Charges for Services - Food Service		4,791,692				
Miscellaneous	12,241,052	37,768			1,106,493	
Total Revenues	<u>365,596,314</u>	<u>28,456,080</u>	<u>33,178,260</u>	<u>4,504,518</u>	<u>11,523,416</u>	<u>2,349,000</u>
EXPENDITURES						
Current-Education:						
Instruction	241,533,787		20,957,207	1,697,992		
Pupil Personnel Services	19,646,290		1,122,607	61,661		
Instructional Media Services	4,456,891		50,958	8,298		
Instruction and Curriculum Development Services	8,568,558		4,787,819	313,794		
Instructional Staff Training Services	4,739,642		3,122,589	683,627		
Instruction Related Technology	3,190,990		128,747			
Board of Education	1,433,640		11,613			
General Administration	1,182,297		962,329	65,624		
School Administration	21,858,802		2,000	39		
Facilities Services	2,590,483			4,038		
Fiscal Services	2,019,545		750			
Food Services	197,614	26,395,207				
Central Services	6,004,873		160,059	615,784		
Pupil Transportation Services	19,256,961		437,972	1,566		
Operation of Plant	30,579,969					
Maintenance of Plant	7,022,659					
Administrative Technology Services	3,663,270			181,191		
Community Services	636,836		1,203,182			
Fixed Capital Outlay:						
Facilities Acquisition and Construction	22,463		3,615	152,746		
Other Capital Outlay	1,009,888	972,126	226,813	718,158		
Debt Service:						
Principal	250,366				14,664,201	
Interest and Fiscal Charges	11,699				12,109,870	2,702,704
Total Expenditures	<u>379,877,523</u>	<u>27,367,333</u>	<u>33,178,260</u>	<u>4,504,518</u>	<u>26,774,071</u>	<u>2,702,704</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,281,209)</u>	<u>1,088,747</u>			<u>(15,250,655)</u>	<u>(353,704)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	5,947,349				17,979,265	2,527,662
Certificates of Participation Issued					41,880,000	
Discount on Certificates of Participation					(118,042)	
Premium on Certificates of Participation					4,689,778	
Proceeds from the Sale of Capital Assets	1,378					
Insurance Loss Recoveries	69,192					
Payments to Escrow Agent for Refunded Debt					(45,991,044)	
Transfers Out					(3,186,910)	
Total Other Financing Sources (Uses)	<u>6,017,919</u>				<u>15,253,047</u>	<u>2,527,662</u>
Net Change in Fund Balances	<u>(8,263,290)</u>	<u>1,088,747</u>			<u>2,392</u>	<u>2,173,958</u>
Fund Balances, July 1, 2012	84,317,016	11,944,345			1,483,398	
Fund Balances, June 30, 2013	<u>\$ 76,053,726</u>	<u>\$ 13,033,092</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,485,790</u>	<u>\$ 2,173,958</u>

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, 2013**

	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Intergovernmental:					
Federal Direct	\$	\$	\$	\$	\$ 4,390,418
Federal Through State					59,529,883
State		2,211,065		2,195,653	259,006,088
Local:					
Property Taxes	25,367,760				123,861,749
Local Sales Taxes					10,416,923
Impact Fees		12,286,659			12,286,659
Charges for Services - Food Service					4,791,692
Miscellaneous	78,987	98,954	1,272	3,031,105	16,595,631
Total Revenues	<u>25,446,747</u>	<u>14,596,678</u>	<u>1,272</u>	<u>5,226,758</u>	<u>490,879,043</u>
EXPENDITURES					
Current-Education:					
Instruction				31,981	264,220,967
Pupil Personnel Services				6,520	20,837,078
Instructional Media Services					4,516,147
Instruction and Curriculum Development Services					13,670,171
Instructional Staff Training Services					8,545,858
Instruction Related Technology					3,319,737
Board of Education					1,445,253
General Administration					2,210,250
School Administration					21,860,841
Facilities Services	3,749,151	1,096,314	451,849	1,017,130	8,908,965
Fiscal Services					2,020,295
Food Services					26,592,821
Central Services					6,780,716
Pupil Transportation Services					19,696,499
Operation of Plant				5,201	30,585,170
Maintenance of Plant				878	7,023,537
Administrative Technology Services					3,844,461
Community Services					1,840,018
Fixed Capital Outlay:					
Facilities Acquisition and Construction	2,238,879	6,957,521	3,806,203	2,859,129	16,040,556
Other Capital Outlay	677,135	324,060	81,071		4,009,251
Debt Service:					
Principal				1,165,000	16,079,567
Interest and Fiscal Charges	249	1,968		527,199	15,353,689
Total Expenditures	<u>6,665,414</u>	<u>8,379,863</u>	<u>4,339,123</u>	<u>5,613,038</u>	<u>499,401,847</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>18,781,333</u>	<u>6,216,815</u>	<u>(4,337,851)</u>	<u>(386,280)</u>	<u>(8,522,804)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In		3,186,787			29,641,063
Certificates of Participation Issued					41,880,000
Discount on Certificates of Participation					(118,042)
Premium on Certificates of Participation					4,689,778
Proceeds from the Sale of Capital Assets	3,325	41,972			46,675
Insurance Loss Recoveries					69,192
Payments to Escrow Agent for Refunded Debt					(45,991,044)
Transfers Out	(14,432,735)	(12,021,418)			(29,641,063)
Total Other Financing Sources (Uses)	<u>(14,429,410)</u>	<u>(8,792,659)</u>			<u>576,559</u>
Net Change in Fund Balances	<u>4,351,923</u>	<u>(2,575,844)</u>	<u>(4,337,851)</u>	<u>(386,280)</u>	<u>(7,946,245)</u>
Fund Balances, July 1, 2012	17,149,888	38,040,860	4,337,866	2,170,421	159,443,794
Fund Balances, June 30, 2013	<u>\$ 21,501,811</u>	<u>\$ 35,465,016</u>	<u>\$ 15</u>	<u>\$ 1,784,141</u>	<u>\$ 151,497,549</u>

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, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ (7,946,245)

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	\$ 17,372,347	
Depreciation Expense	<u>(37,516,280)</u>	(20,143,933)

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. 478,061

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 position differs from the change in fund balances by the undepreciated cost of the disposed assets. (65,485)

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 position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net effect of these transactions.

Refunding Certificates of Participation Issued	\$ (41,880,000)	
Payments to Escrow Agent for Refunding Debt	45,991,044	
Debt Principal Payments	<u>16,079,567</u>	20,190,611

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 in which additions exceed amortization in the current year. (3,214,090)

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. (199,968)

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrues in the statement of activities. This is the net change in accrued interest. (261,639)

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. (2,646,251)

In the statement of activities, the cost of other post-employment benefits is measured by the increase in the net OPEB obligation during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for the OPEB costs. This is the amount of the increase in the OPEB obligation in excess of the amount paid in the current period. (6,451,729)

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. 2,142,392

Change in Net Position of Governmental Activities \$ (18,118,276)

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Governmental Activities - Internal Service Funds
	<u> </u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 18,773,252
Investments	7,664,954
Accounts Receivable	309,660
Interest Receivable	4,988
Prepaid Items	1,912,099
Due from Other Funds	<u>48,000</u>
Total Current Assets	<u><u>28,712,953</u></u>
Noncurrent Assets:	
Cash with Fiscal Agent	<u>136,332</u>
Total Noncurrent Assets	<u><u>136,332</u></u>
Total Assets	<u><u>\$ 28,849,285</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 932,287
Due to Other Funds	384,113
Estimated Insurance Claims Payable	<u>3,597,797</u>
Total Liabilities	<u><u>4,914,197</u></u>
NET POSITION	
Unrestricted	<u>23,935,088</u>
Total Liabilities and Net Position	<u><u>\$ 28,849,285</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 POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Premium Revenues	\$ 51,794,238
Total Operating Revenues	<u>51,794,238</u>
OPERATING EXPENSES	
Purchased Services	6,588,767
Materials and Supplies	590
Insurance Claims	43,066,218
Total Operating Expenses	<u>49,655,575</u>
Operating Income	<u>2,138,663</u>
NONOPERATING REVENUES	
Interest	3,729
Total NonOperating Revenues	<u>3,729</u>
Change In Net Position	2,142,392
Total Net Position - July 1, 2012	21,792,696
Total Net Position - June 30, 2013	<u>\$ 23,935,088</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, 2013

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	\$ 51,644,313
Payments for Insurance Claims	(44,009,645)
Cash Payments to Vendors for Goods and Services	(5,813,651)
Net Cash Provided by Operating Activities	1,821,017
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of Investments	12,508,145
Interest	30,379
Net Cash Provided by Investing Activities	12,538,524
Net Increase in Cash and Cash Equivalents	14,359,541
Cash and Cash Equivalents, Beginning	4,550,043
Cash and Cash Equivalents, Ending	\$ 18,909,584
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 2,138,663
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(297,923)
Increase in Due from Other Funds	(48,000)
Increase in Accounts Payable	775,704
Increase in Due to Other Funds	196,000
Decrease in Estimated Insurance Claims Payable	(943,427)
Total Adjustments	(317,646)
Net Cash Provided by Operating Activities	\$ 1,821,017

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, 2013

	Agency Funds
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 3,569,681
Investments	3,034,592
Accounts Receivable	14,470
Due from School Board	8,646
Total Assets	<u><u>\$ 6,627,389</u></u>
 LIABILITIES	
Salaries and Benefits Payable	\$ 2,731
Payroll Deductions and Withholdings	8,248
Accounts Payable	3,480,143
Internal Accounts Payable	3,136,267
Total Liabilities	<u><u>\$ 6,627,389</u></u>

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separated component units for which the primary government is financially accountable. The District has no business-type activities.

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 pupil transportation services function, while remaining depreciation expenses are not readily associated with a particular function and are reported as unallocated.

➤ **Reporting Entity**

The Osceola County School Board (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, operates under the general direction of the Florida Department of Education, and is governed by State law and State Board of Education Rules. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the 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. Based on the application of these criteria, the following component units are included within the District's reporting entity:

Blended Component Units. The District's employee group health and life insurance program, described in Note 20 is administered through the Osceola County District School Board Group Health and Life Insurance Trust (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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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 unit columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District.

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.

The Bellalago Educational Facilities Benefit District and The Flora Ridge Education Facilities Benefit District (Benefit Districts) are separate districts 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 Benefit Districts are an alternate mechanism that allows for the sharing of educational facilities costs that are necessary to accommodate new growth and development. The Benefit Districts have imposed a specific financial burden on the Osceola County School District and are considered fiscally dependent in accordance with the criteria described in Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. A member of the Osceola County School District has been appointed to the board of each Benefit District. Audits of the Benefit Districts' annual financial statements are conducted by an independent certified public accountant and are filed in the District's administrative office.

Four Corners Charter School, Inc., Acclaim Academy Florida, Inc., Florida Virtual Charter Academy at Osceola, iVirtual League Academy, Mavericks High School of Osceola County, New Dimensions High School, Inc., Renaissance Charter School at Poinciana, and UCP Osceola Charter School, are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act; and Section 1002.33, Florida Statutes, to enhance the education of those Osceola County students attending these schools. The charter schools operate under a charter approved by their sponsor, the Osceola County District School Board. The charter schools are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for their support and there is a potential for the charter schools to provide specific financial benefits to, or impose specific financial burdens on, the District. 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: Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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The effects of interfund activity have been eliminated from the government-wide financial statements except for interfund services provided and used.

➤ **Basis of Presentation: Fund Financial Statements**

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 – Food Services Fund – to account for food service program resources.
- Special Revenue – Other Federal Programs Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Economic Stimulus Programs Fund - 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 costs for the District's certificates of participation.
- Debt Service – ARRA Economic Stimulus Fund – to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and fees related to Qualified School Construction Bonds.
- Capital Projects – 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 and renovation and remodeling projects.
- 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 Fund – 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 several schools in connection with school, student athletic, class, and club activities, and to account for the various resources of the Educational Facilities Benefit Districts accounted for by the District.

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During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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.

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➤ **Cash and Cash Equivalents**

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 amounts placed with the State Board of Administration (SBA) in Florida PRIME, formerly known as the Local Government Surplus Trust Fund Investment Pool, and the Florida Education Investment Trust Fund (FEITF).

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits, except for cash dividends and interest held in an investment account, 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**

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. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME and FEITF are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The SBA and the FEITF indicate that the District's investments in the Florida PRIME and FEITF are Securities and Exchange Commission Rule 2a7-like external investment pools. 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 1.11845939 at June 30, 2013. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to 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 United States Treasury Bonds, Federal Agency Bonds, and commercial paper 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 and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories held at the maintenance department, transportation 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 donated foods 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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➤ **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 position 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.

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 position. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the effective interest method. Bonds and certificates of participation payable are reported net of the applicable 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 debt premiums and discounts, as well as 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.

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

➤ **Net Position Flow Assumption**

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District’s policy to consider restricted - net position to have been depleted before unrestricted – net position is applied.

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➤ **Fund Balance Flow Assumption**

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

➤ **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the chief business and finance officer to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In addition, the District has adopted Board Policy 7.10 which establishes "contingency reserves" to help sustain the financial stability of the District during times of emergency spending for items such as disaster recovery and revenue shortfalls that could potentially occur after the current year's budget adoption. School Board Policy 7.10 requires an amount equal to 6 percent of the current year's annual estimated general fund revenues to be reserved for contingency purposes. The Superintendent shall obtain approval from the School Board if at any time it is projected that this balance will not be maintained.

➤ **Program Revenues**

Amounts reported as 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. 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.

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➤ **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.

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

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 2012 tax levy on September 4, 2012. 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.

**OSCEOLA COUNTY
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➤ **Educational Impact Fees**

Osceola County imposes an educational impact fee based on an ordinance adopted by the County Commission in 1992. This ordinance has been amended from time to time, most recently in August 2012, when Resolution No. 12-085R 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 credits granted in exchange for land are shown in the government-wide financial statements as unearned revenue until the credits are used, at which time the revenues are recognized.

➤ **Federal Revenue Sources**

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

➤ **Compensated Absences**

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. The liability for compensated absences includes salary-related benefits, where applicable.

➤ **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. ACCOUNTING CHANGE

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, effective for the 2012-13 fiscal year. This Statement, in part, modifies certain requirements for inclusion of component units in the financial reporting entity. As the District is required to operate, control, supervise, and fund certain entities, they are presented as discretely presented component units of the District. For the 2011-12 fiscal year, The Foundation for Osceola Education, Inc., a direct support organization, Flora Ridge Educational Facilities Benefit District, and certain charter schools, including Mavericks High School of Osceola County, New Dimensions High School, Inc., Acclaim Academy Florida, Inc. and UCP Osceola Charter Schools, were excluded from the District's reporting entity but were included for the 2012-13 fiscal year, affecting the comparability of financial statements for the 2011-12 and 2012-13 fiscal years. As a result of this change, beginning net position of the component units as a whole has been adjusted by \$3,822,782.

**OSCEOLA COUNTY
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3. INVESTMENTS

As of June 30, 2013, 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)	40 Day Average	\$ 43,899,872
Fund B Surplus Funds Trust Fund (Fund B)(2)	3.98 Year Average	626,596
Debt Service Accounts	6 Months	248,744
Florida Education Investment Trust Fund (FEITF) (1)	44 Day Average	24,112,040
US Treasury Bonds	5/2014 - 6/2016	44,980,432
Federal Instrumentality Securities	12/2013 - 3/2016	36,637,290
Commercial Paper	October 1, 2013	2,298,183
Total Investments		<u>\$ 152,803,157</u>

Notes:

(1) Investments classified as cash equivalents

(2) Includes \$56,027, which is being held under a trust agreement in connection with the Certificates of Participation, Series 2002A.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

- 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 40 days, and FEITF had a WAM of 44 days at June 30, 2013. 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. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB Statement No. 40 (i.e., specific identification, duration, weighted average maturity, segmented time distribution, or simulation model) is not available. An estimate of the weighted average life (WAL) is available. In the calculation of the WAL, the time at which an expected principal amount is to be received, measured in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL, based on expected future cash flows, of Fund B at June 30, 2013, is estimated at 3.98 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL. Participation in Fund B is involuntary.
- The District has \$6,071,485 in three obligations of Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) that include embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase

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in the interest rate. One security, for \$1,627,188, has an October 29, 2013, call date and an April 29, 2015, maturity date. The second security, for \$1,956,599, has an August 07, 2013, call date and an August 07, 2015, maturity date. The third security, for \$2,487,698, has a July 15, 2013, call date and a January 15, 2016, maturity date.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

- 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, 2013, the District's investments in Florida PRIME and the FEITF are rated "AAAm" by Standard & Poor's. Fund B is unrated.
- As of June 30, 2013, the District's investments in U.S. Federal Agency securities with PFM were rated AA+. The District's investments in commercial paper securities were rated A-1 (short-term) by Standard & Poor's.

Custodial credit risk is the risk of loss attributed to the failure of the depository bank.

- Section 218.415(18), Florida Statutes, requires the District to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; (2) if in a book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other State or territory in the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District's investments are held by a safekeeping agent, in the name of the District.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

- The District's investment policy limits the amounts the District may invest in any one issuer to a maximum of 10 percent of available funds. 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. Most of the District's investments are issued or explicitly guaranteed by the United States Government or are in external investment pools, which do not require disclosure for concentration of credit risk. Remaining investments are in compliance with investment policy limits.
- More than 5 percent of the District's investments are in Federal Agency Bonds including Federal Home Loan Bank Notes, Fannie Mac Global Notes, and Freddy Mac Global Notes, which are 8.7, 8.1, and 7.2 percent of total investments, respectively.

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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.

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2013</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land & Improvements	\$ 50,023,884	\$ 105,994	\$ -	\$ 50,129,878
Construction in Progress	111,437,783	13,356,886	111,796,229	12,998,440
Total Capital Assets Not Being Depreciated	<u>161,461,667</u>	<u>13,462,880</u>	<u>111,796,229</u>	<u>63,128,318</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	34,234,500	708,421		34,942,921
Buildings and Fixed Equipment	816,522,046	111,055,468		927,577,514
Furniture, Fixtures, and Equipment	59,816,566	2,693,340	1,273,862	61,236,044
Investment in Educational Facilities Benefit				
District	8,255,001			8,255,001
Motor Vehicles	35,913,990	1,112,727	1,121,373	35,905,344
Audio-Visual Materials and Computer Software	6,665,454	695,558	357,341	7,003,671
Total Capital Assets Being Depreciated	<u>961,407,557</u>	<u>116,265,514</u>	<u>2,752,576</u>	<u>1,074,920,495</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	18,616,037	1,794,308		20,410,345
Buildings and Fixed Equipment	243,086,222	27,084,622		270,170,844
Furniture, Fixtures, and Equipment	43,637,062	5,342,898	1,208,961	47,770,999
Investment in Educational Facilities Benefit				
District	1,979,112	149,131		2,128,243
Motor Vehicles	23,623,999	2,894,791	1,121,373	25,397,417
Audio-Visual Materials and Computer Software	6,141,647	250,530	356,757	6,035,420
Total Accumulated Depreciation	<u>337,084,079</u>	<u>37,516,280</u>	<u>2,687,091</u>	<u>371,913,268</u>
Total Capital Assets Being Depreciated, Net	<u>624,323,478</u>	<u>78,749,234</u>	<u>65,485</u>	<u>703,007,227</u>
Governmental Activities Capital Assets, Net	<u>\$ 785,785,145</u>	<u>\$ 92,212,114</u>	<u>\$ 111,861,714</u>	<u>\$ 766,135,545</u>

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Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ 2,894,792
Unallocated	34,621,488
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 37,516,280</u>

6. INSTALLMENT - PURCHASES PAYABLE

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

	<u>Asset Balance</u>
Districtwide Energy Contract	<u>\$ 2,371,566</u>
Total	<u>\$ 2,371,566</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Installment-Purchases Payable</u>		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$94,677	\$93,280	\$1,397

The stated interest rate is 4.67 percent.

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7. NOTES PAYABLE

Notes payable are comprised of the following:

	Balance at 6/30/2013
School District of Indian River County, Florida	
Pursuant to Section 1013.68(6), Florida Statutes, the Board entered into an inter-local agreement in which the Board received \$9,308,048 in Classrooms First Funds allocated to Indian River County District School Board by the State of Florida. In return, the Board agreed to pay Indian River County District School Board the Classrooms First Funds it would have otherwise received from the State. The effective interest rate on the loan is 5.776 percent. Proceeds were used as capital funding for new school construction. The Board's intent is to repay the loan and related interest in 15 annual installments of \$897,039 through August 1, 2016.	\$ 3,124,322
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.	10,038,970
Total Notes Payable	\$ 13,163,292

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
2014	\$ 3,708,892	\$ 3,036,746	\$ 672,146
2015	3,708,892	3,200,178	508,714
2016	3,708,892	3,372,420	336,472
2017	3,708,892	3,553,948	154,944
Total	\$ 14,835,568	\$ 13,163,292	\$ 1,672,276

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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
2014	\$ 763,427	\$ 374,153	\$ 389,274
2015	756,634	383,590	373,044
2016	742,431	386,028	356,403
2017	730,814	391,156	339,658
2018	721,487	398,798	322,689
2019-2023	3,418,283	2,068,688	1,349,595
2024-2028	3,075,621	2,184,322	891,299
2029-2033	2,706,605	2,299,432	407,173
2034-2035	509,190	487,422	21,768
Total	\$ 13,424,492	\$ 8,973,589	\$ 4,450,903

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.

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9. CERTIFICATES OF PARTICIPATION

Certificates of Participation at June 30, 2013, are as follows:

Series	Amount Outstanding	Interest Rate	Lease Term Maturity	Original Amount
2004 COPS, Series A	\$ 5,670,000	3.375 - 5.0	2028	\$ 63,245,000
2004 COPS, Series B and C, Refunding	9,695,000	3.375 - 5.0	2019	18,850,000
2005 COPS Refunding	10,230,000	4.0 - 4.5	2025	12,095,000
2007 COPS, Series A and B Refunding	60,810,000	3.625 - 4.5	2027	62,755,000
2009 COPS Refunding	25,715,000	3.0 - 5.0	2024	35,165,000
2010 COPS, Series A (QSCB)	40,500,000	6.658 (1)	2027	40,500,000
2013 COPS Refunding	41,880,000	2.0 - 5.0	2028	41,880,000
Total	194,500,000			
Plus Unamortized Premium	4,857,840			
Less: Deferred Amount on Refunding Debt	(6,029,253)			
Total Certificates of Participation	<u>\$ 193,328,587</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:

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<u>Certificates</u>	<u>Lease Term</u>
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
Series 2013	Earlier of date paid in full or June 30, 2028

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

<u>Certificates</u>	<u>Description of Properties</u>
Series 2004A, B, and C, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Kissimmee Elementary School, Liberty High School, and Chestnut Elementary School
Series 2005, Refunding	Four Corners Charter School
Series 2007, Refunding	Celebration High School, Poinciana High School Auditorium, and the Osceola County School for the Arts
Series 2009, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Horizon Middle School, Osceola High School Classroom Addition and Labs, and Kissimmee Elementary
Series 2010	Osceola High School Renovations, Thacker Avenue Elementary School Renovations, and Highlands Elementary School Renovations
Series 2013, Refunding	Liberty High School and Chestnut Elementary School

The lease payments are payable by the District, semiannually, on June 1 and December 1 for Series 2004, 2007, 2009, and 2013; February 1 and August 1 for Series 2005; and a bullet maturity due on April 1, 2027 for Series 2010. 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:

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Fiscal Year Ending June 30	Total	Principal	Interest
2014	\$ 17,104,029	\$ 7,875,000	\$ 9,229,029
2015	17,092,544	8,055,000	9,037,544
2016	17,086,519	8,325,000	8,761,519
2017	17,091,294	8,685,000	8,406,294
2018	17,091,234	9,045,000	8,046,234
2019-2023	85,419,685	51,495,000	33,924,685
2024-2028	119,997,010	101,020,000	18,977,010
Total Minimum Lease Payments	<u>\$ 290,882,315</u>	<u>\$ 194,500,000</u>	<u>\$ 96,382,315</u>
Plus: Unamortized Premium		4,857,840	
Less: Deferred Amount on Refunding Debt		<u>(6,029,253)</u>	
Total Certificates of Participation		<u>\$ 193,328,587</u>	

QUALIFIED SCHOOL CONSTRUCTION BONDS

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

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

**OSCEOLA COUNTY
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10. BONDS PAYABLE

Bonds payable at June 30, 2013, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To	Original Amount
State School Bonds:				
Series 2004A	\$ 1,045,000	4.0 - 4.625	2024	\$ 1,595,000
Series 2005A	1,195,000.00	4.0 - 5.0	2025	1,685,000
Series 2005A, Refunding	2,390,000.00	4.0 - 5.0	2017	5,160,000
Series 2005B, Refunding	1,025,000.00	5.0	2020	1,715,000
Series 2006A	1,420,000.00	4.0 - 4.625	2026	1,810,000
Series 2009A, Refunding	560,000.00	4.0 - 5.0	2019	870,000
Series 2010A, Refunding	1,030,000.00	4.0 - 5.0	2022	1,205,000
Series 2011A, Refunding	1,135,000.00	3.0 - 5.0	2023	1,135,000
District Revenue Bonds:				
Sales Tax Revenue Series 2007A	36,715,000.00	5.0	2025	47,580,000
Sales Tax Revenue Series 2007B	27,930,000.00	3.7 - 5.0	2024	32,255,000
Total Bonds	<u>74,445,000</u>			
Plus: unamortized bond premium	3,289,794			
Less: deferred amount on refunding	<u>(1,585,185)</u>			
Total Bonds Payable	<u><u>\$ 76,149,609</u></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
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The School Board issued Sales Tax Revenue Bonds, Series 2007A and 2007B on April 12, 2007, totaling \$47,580,000 and \$32,255,000, respectively. These bonds are authorized by Chapter 1001, Florida Statutes and Chapter 212, Part I, Florida Statutes. A resolution providing for the issuance of the bonds was adopted by the Board on March 20, 2007. Proceeds of the discretionary local government infrastructure sales tax surtax received by the District pursuant to an interlocal agreement between Osceola County, the cities of Kissimmee and St. Cloud, and the District are pledged for the payment of bonds. Proceeds of the 2007A bonds were used to finance the acquisition, construction, reconstruction, renovation, and equipping of certain capital improvements and educational facilities within the District. Proceeds of the 2007B bonds were used to advance-refund a portion of the District's outstanding Sales Tax Revenue Bonds, Series 2001.

The District has pledged a combined total of \$86,787,640 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 2012-13 fiscal year, the District recognized sales tax revenues totaling \$10,416,923 and expended \$7,232,078 (69 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, 2013, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2014	\$ 1,658,895	\$ 1,200,000	\$ 458,895
2015	1,670,245	1,270,000	400,245
2016	1,668,075	1,330,000	338,075
2017	1,627,981	1,355,000	272,981
2018	1,001,581	795,000	206,581
2019-2023	3,562,946	3,000,000	562,946
2024-2026	916,450	850,000	66,450
Total State School Bonds	12,106,173	9,800,000	2,306,173
District Revenue Bonds:			
2014	7,234,678	4,125,000	3,109,678
2015	7,229,688	4,300,000	2,929,688
2016	7,234,688	4,520,000	2,714,688
2017	7,233,688	4,745,000	2,488,688
2018	7,231,438	4,980,000	2,251,438
2019-2023	36,156,463	28,525,000	7,631,463
2024-2025	14,467,000	13,450,000	1,017,000
Total District Revenue Bonds	86,787,640	64,645,000	22,142,640
Total	\$ 98,893,813	\$ 74,445,000	\$ 24,448,813

**OSCEOLA COUNTY
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11. DEFEASED DEBT

On June 27, 2013, the District issued \$41,880,000 in Refunding Certificates of Participation, Series 2013A, with an average interest rate of 4.6 percent, to advance-refund \$43,040,000 of outstanding Certificates of Participation, Series 2004A, that mature on or after June 1, 2015.

The net proceeds of \$46,451,736 (including a premium of \$4,689,778 and payment of \$578,734 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for future debt service payments on the Certificates of Participation, Series 2004A. As a result, \$43,040,000 of Certificates of Participation, Series 2004A are considered to be in-substance defeased and the liability for these certificates has been removed from the government-wide financial statements.

The Series 2013A certificates were issued to reduce the total debt service payments from the 2004A certificates over the next 15 years by \$2,605,797 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,081,026.

12. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-12	Additions	Deductions	Balance 6-30-13	Due in One Year
GOVERNMENTAL ACTIVITIES					
Installment-Purchases Payable	\$ 343,646	\$ -	\$ 250,366	\$ 93,280	\$ 93,280
Notes Payable	16,044,967		2,881,675	13,163,292	3,036,746
Bonds Payable	82,639,229		6,489,620	76,149,609	5,579,686
Certificates of Participation Payable	199,375,637	45,122,657	51,169,707	193,328,587	7,393,616
Educational Facilities Benefit District Agreement Payable	9,346,115	-	372,526	8,973,589	374,153
Other Postemployment Benefits Payable	33,495,522	8,784,991	2,333,262	39,947,251	-
Compensated Absences Payable	22,073,854	6,797,867	4,151,616	24,720,105	1,938,897
Total Governmental Activities	\$ 363,318,970	\$ 60,705,515	\$ 67,648,772	\$ 356,375,713	\$ 18,416,378

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

**OSCEOLA COUNTY
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13. FUND BALANCE REPORTING

The following is a schedule of fund balances by category at June 30, 2013:

	Major Funds								Total Governmental Funds
	General Fund	Special Revenue - Food Services Fund	Debt Service - Other Fund	Debt Service - ARRA Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Fund	Other Governmental Funds	
Fund Balances									
Nonspendable:									
Inventories	\$ 1,931,315	\$ 724,170							\$ 2,655,485
Restricted:									
State Categoricals	16,213,253								16,213,253
Debt Service			1,485,790	2,173,958				248,744	3,908,492
Capital Projects					21,501,811	35,465,016	15	453,585	57,420,427
Grants and Programs	4,830,759	12,308,922							17,139,681
Assigned:									
Contract Commitments	447,847								447,847
Carryover Appropriations	1,940,683								1,940,683
Projected Operating Deficit	6,300,000								6,300,000
Other Programs								1,081,812	1,081,812
Unassigned	44,389,869								44,389,869
	<u>\$ 76,053,726</u>	<u>\$ 13,033,092</u>	<u>\$ 1,485,790</u>	<u>\$ 2,173,958</u>	<u>\$ 21,501,811</u>	<u>\$ 35,465,016</u>	<u>\$ 15</u>	<u>\$ 1,784,141</u>	<u>\$ 151,497,549</u>

In addition to committed and assigned fund balance categories discussed in the Fund Balance Policies note disclosure, fund balances may be classified as follows:

- **Nonspendable Fund Balance.** Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. The District has inventory of \$2,655,485 classified as nonspendable.
- **Restricted Fund Balance.** Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been

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assigned to other funds and that have not been restricted, committed, or assigned for specific purposes. As discussed in the Fund Balance Policies note disclosure, the District has set aside “contingency reserves” as per School Board Rule 7.10. The contingency funds of \$22,300,000 are included as part of the unassigned general fund balance of \$44,389,869.

14. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description. The Other Postemployment Benefits Plan (OPEB 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 dependents, 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 OPEB 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 OPEB 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 OPEB 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 OPEB 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 OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2012-13 fiscal year, 354 retirees received other postemployment healthcare benefits, and another 343 retirees received life insurance benefits. The District provided required contributions of \$2,333,262 toward the annual OPEB cost, net of retiree contributions totaling \$2,106,300, which represents 1 percent of covered payroll.

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 OPEB Plan, and changes in the District’s net OPEB obligation:

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<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 5,362,991
Amortization of Unfunded Actuarial Accrued Liability	3,217,022
Interest on Normal Cost and Amortization	<u> </u>
Annual Required Contribution	8,580,013
Interest on Net OPEB Obligation	1,339,821
Adjustment to Annual Required Contribution	<u>(1,134,843)</u>
Annual OPEB Cost (Expense)	8,784,991
Contribution Toward the OPEB Cost	<u>(2,333,262)</u>
Increase in Net OPEB Obligation	6,451,729
Net OPEB Obligation, Beginning of Year	<u>33,495,522</u>
Net OPEB Obligation, End of Year	<u><u>\$ 39,947,251</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, 2013 and the two 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>
June 30, 2011	\$ 7,467,458	\$ 2,118,759	28.4%	\$ 27,279,863
June 30, 2012	8,125,347	1,909,688	23.5%	33,495,522
June 30, 2013	8,784,991	2,333,262	26.6%	39,947,251

Funded Status and Funding Progress. As of January 1, 2012, the most recent valuation date, the actuarial accrued liability for benefits was \$75,830,525, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability of \$75,830,525. The covered payroll (annual payroll for active participating employees) was \$237,960,095, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 31.9 percent.

Actuarial valuations of an ongoing OPEB 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 OPEB 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

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notes to the financial statements presents multiyear trend information about whether the actuarial value of OPEB 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 OPEB 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 OPEB actuarial valuation, as of January 1, 2012, 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, 2013. 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 4 percent per year, projected salary increases of 4.5 percent to 8.38 percent, and an annual healthcare cost trend rate of 8.5 percent initially for the 2012 calendar year, reduced to an ultimate rate of 5.37 percent for the calendar year ending 2028. The investment rate and projected salary increases include an inflation rate of 3 percent. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis over 30 years. The remaining amortization period at June 30, 2013, is 24 years.

15. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

**OSCEOLA COUNTY
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Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 1,314,674	\$ 475
Debt Service:		
Other Debt Service	-	1,142,163
Capital Projects:		
Other	1,138,392	20,373
Special Revenue:		
Other Federal	475	732,636
Federal Economic Stimulus Program		112,738
Nonmajor Governmental		109,043
Internal Service	48,000	384,113
Total	<u>\$ 2,501,541</u>	<u>\$ 2,501,541</u>

The interfund amounts represent temporary loans to cover expenditures incurred prior to reimbursement from outside sources. 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	\$ 5,947,349	\$ -
Debt Service:		
Other	17,979,265	3,186,910
ARRA Economic Stimulus	2,527,662	
Capital Projects:		
Local Capital Improvement		14,432,735
Other	3,186,787	12,021,418
Total	<u>\$ 29,641,063</u>	<u>\$ 29,641,063</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 transfer out of the Debt Service – Other Fund was for the return of sales tax revenues not needed for debt repayment. The remaining transfers between funds were operational in nature.

16. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2012-13 fiscal year:

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

Source	Amount
Florida Education Finance Program	\$ 181,319,754
Categorical Educational Program - Class Size Reduction	61,955,511
Workforce Development Program	5,914,419
School Recognition Funds	2,416,244
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,228,664
Voluntary Prekindergarten Program	2,090,430
Charter School Capital Outlay	2,065,994
Food Service Supplement	365,499
Miscellaneous	649,573
Total	\$ 259,006,088

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 2012 tax roll for the 2012-13 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort (RLE)	5.054	\$ 88,429,359
RLE Prior Period Adjustment	0.021	367,435
Basic Discretionary Local Effort	0.748	13,087,685
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	26,245,358
Total	7.323	\$ 128,129,837

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

18. FLORIDA RETIREMENT SYSTEM

Essentially all regular employees of the District are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to the 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. The 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 Florida Retirement System Investment Plan (Investment Plan).

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011 vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, 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 the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2012-13 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	5.18
Florida Retirement System, Elected County Officers	3.00	10.23
Florida Retirement System, Senior Management	3.00	6.30
Teachers' Retirement System, Plan E	3.00	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	0.00	5.44
Florida Retirement System, Reemployed Retiree	(B)	(B)

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

(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, 2011, June 30, 2012, and June 30, 2013, totaled \$26,864,111, \$19,127,358, and \$16,399,033, respectively, which were equal to the required contributions for each fiscal year.

There were 1,396 participants in the Investment Plan during the 2012-13 fiscal year. The District's contributions including employee contributions to the Investment Plan totaled \$3,947,266, which was equal to the required contribution for the 2012-13 fiscal year.

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

19. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

The following is a schedule of encumbrances at June 30, 2013:

Major Funds						
General Fund	Special Revenue - Other Federal Programs	Special Revenue - ARRA Economic Stimulus Program	Food Service	Capital Projects - Other Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,562,331	\$ 923,752	\$ 1,086,696	\$ 303,925	\$ 14,163,545	\$ 77,835	\$ 20,118,084

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

DESCRIPTION	CONTRACT AMOUNT	TOTAL COMPLETED	BALANCE COMMITTED
Thacker Ave. Elem. core renovation & HVAC			
Contractor - Clancy & Theys Construction C	\$11,224,334.64	\$ 6,333,516.13	\$ 4,890,818.51
Architect - Schenkel & Shultz Inc.	996,752.00	857,399.74	139,352.26
Kissimmee Elementary wing addition			
Contractor - Balfour Beatty Construction	1,796,795.52	575,358.33	1,221,437.19
Architect - Song & Associates	153,605.00	114,031.00	39,574.00
OHS wing addition			
Contractor - Clancy & Theys Construction C	1,656,248.81	889,133.16	767,115.65
Architect - C T Hsu & Associates, P.A.	109,823.50	96,035.50	13,788.00
Deerwood Elementary roofing			
Contractor - Ajax Building Corporation	1,269,680.20	286,360.00	983,320.20
Architect - ECS - Florida, LLC	97,634.00	86,911.50	10,722.50
Poinciana High School culinary arts lab			
Contractor - Semco Construction	616,998.00	125,741.00	491,257.00
Architect - C T Hsu & Associates, P.A.	44,018.50	38,611.93	5,406.57
Kissimmee Middle School space configuration			
Contractor - Welbro/Quinn Constructors	327,484.00	0.00	327,484.00
Architect - Rhodes & Brito Associates	32,670.00	28,772.39	3,897.61
Reedy Creek Elementary space reconfiguration			
Contractor - Wharton-Smith, Inc.	221,020.00	4,104.58	216,915.42
Architect - Florida Architects, Inc.	23,535.00	0.00	23,535.00
Horizon Middle School space reconfiguration			
Contractor - Wharton-Smith, Inc.	67,025.93	0.00	67,025.93
Architect - Florida Architects, Inc.	11,715.00	0.00	11,715.00
Total	\$18,649,340.10	\$ 9,435,975.26	\$ 9,213,364.84

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

20. 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. 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 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. Except for one claim that resulted in a payout of \$18,440, 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 \$3,382,000 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable for the group health program at June 30, 2013.

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 \$136,332 at June 30, 2013, which the District reports as cash with fiscal agent in the internal service funds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. A liability of \$215,797 was established based on reserves for outstanding claims at June 30, 2013, as reported by the program administrator.

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
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June 30, 2013**

Fiscal Year	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2011-12	\$ 4,941,729	\$ 39,055,106	\$ (39,455,611)	\$ 4,541,224
2012-13	4,541,224	43,066,218	(44,009,645)	3,597,797

21. BOND RATINGS

Following is a summary of the bond insurer for each of the District's issues and its rating as of June 30, 2013.

		Insurer Ratings		
		Fitch	Moody's	Standard & Poor's
Sales Tax Revenue Bonds				
2007 Sales Tax Revenue	Assured Guaranty Municipal Corp.**	Not Rated	A2/Outlook Stable	AA-/Outlook Stable
Certificates of Participation				
2002 COPs	Ambac Assurance Corporation	Not Rated	Rating Withdrawn	Not Rated
2004 COPs	Financial Guaranty Insurance Company*	Not Rated	Baa1/Outlook Positive	A/Outlook Stable
2005 COPs	National Public Finance Guarantee Corporation***	Not Rated	Baa1/Outlook Positive	A/Outlook Stable
2007 COPs	Ambac Assurance Corporation	Not Rated	Rating Withdrawn	Not Rated
2009 COPs	Assured Guaranty Corporation	Not Rated	A3/Outlook Stable	AA-/Outlook Stable

Note: The District's Certificates of Participation, Series 2010 and Certificates of Participation, Series 2013 are uninsured.

* Financial Guaranty Insurance Company ("FGIC") provided the financial guaranty insurance policy for these issues. Effective September 30, 2008, 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 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.

22. LITIGATION

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

REQUIRED SUPPLEMENTARY INFORMATION



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Direct	\$ 550,000	\$ 472,652	\$ 472,652	\$
Federal Through State	154,732	163,144	163,144	
State	258,072,996	254,225,477	254,225,477	
Local:				
Property Taxes	109,090,383	98,493,989	98,493,989	
Miscellaneous		12,241,052	12,241,052	
Total Revenues	<u>367,868,111</u>	<u>365,596,314</u>	<u>365,596,314</u>	
EXPENDITURES				
Current - Education:				
Instruction	272,300,017	264,544,849	241,533,787	23,011,062
Pupil Personnel Services	19,801,025	19,668,170	19,646,290	21,880
Instructional Media Services	4,358,669	4,486,327	4,456,891	29,436
Instruction and Curriculum Development Services	8,004,186	8,652,996	8,568,558	84,438
Instructional Staff Training Services	5,299,827	4,921,251	4,739,642	181,609
Instruction Related Technology	3,538,247	3,190,990	3,190,990	
Board of Education	1,743,198	1,748,380	1,433,640	314,740
General Administration	1,384,494	1,255,288	1,182,297	72,991
School Administration	21,147,691	21,859,102	21,858,802	300
Facilities Services	2,665,261	3,246,395	2,590,483	655,912
Fiscal Services	1,873,241	2,019,545	2,019,545	
Food Services	25,242	197,614	197,614	
Central Services	6,114,428	6,256,465	6,004,873	251,592
Pupil Transportation Services	19,829,912	19,667,100	19,256,961	410,139
Operation of Plant	29,044,859	33,581,982	30,579,969	3,002,013
Maintenance of Plant	10,304,118	7,851,368	7,022,659	828,709
Administrative Technology Services	3,421,885	3,924,100	3,663,270	260,830
Community Services	506,278	815,267	636,836	178,431
Fixed Capital Outlay:				
Facilities Acquisition and Construction	678,470	22,463	22,463	
Other Capital Outlay	258,357	1,125,297	1,009,888	115,409
Debt Service:				
Principal	250,366	316,693	250,366	66,327
Interest and Fiscal Charges	79,124	12,784	11,699	1,085
Total Expenditures	<u>412,628,895</u>	<u>409,364,426</u>	<u>379,877,523</u>	<u>29,486,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,760,784)</u>	<u>(43,768,112)</u>	<u>(14,281,209)</u>	<u>29,486,903</u>
OTHER FINANCING SOURCES				
Transfers In	14,947,187	5,947,349	5,947,349	
Proceeds from the Sale of Capital Assets		1,378	1,378	
Insurance Loss Recoveries		69,192	69,192	
Total Other Financing Sources	<u>14,947,187</u>	<u>6,017,919</u>	<u>6,017,919</u>	
Net Change in Fund Balances	(29,813,597)	(37,750,193)	(8,263,290)	29,486,903
Fund Balances, July 1, 2012	84,317,016	84,317,016	84,317,016	
Fund Balances, June 30, 2013	<u>\$ 54,503,419</u>	<u>\$ 46,566,823</u>	<u>\$ 76,053,726</u>	<u>\$ 29,486,903</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - FOOD SERVICE
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Through State	\$ 21,935,654	\$ 23,252,727	\$ 23,252,727	
State	355,600	373,893	373,893	
Local:				
Charges for Service - Food Service	5,818,400	4,791,692	4,791,692	
Miscellaneous		37,768	37,768	
Total Revenues	<u>28,109,654</u>	<u>28,456,080</u>	<u>28,456,080</u>	
EXPENDITURES				
Current - Education:				
Food Services	27,117,434	27,452,580	26,395,207	1,057,373
Operation of Plant		128		128
Maintenance of Plant		1,321		1,321
Facilities Acquisition and Construction		67,445		67,445
Other Capital Outlay	1,226,649	972,126	972,126	
Total Expenditures	<u>28,344,083</u>	<u>28,493,600</u>	<u>27,367,333</u>	<u>1,126,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(234,429)</u>	<u>(37,520)</u>	<u>1,088,747</u>	<u>1,126,267</u>
Net Change in Fund Balances	(234,429)	(234,429)	1,088,747	1,323,176
Fund Balances, July 1, 2012	11,944,345	11,944,345	11,944,345	
Fund Balances, June 30, 2013	<u>\$ 11,709,916</u>	<u>\$ 11,709,916</u>	<u>\$ 13,033,092</u>	<u>\$ 1,323,176</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 - OTHER FEDERAL PROGRAMS
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Direct	\$ 2,235,746	\$ 2,235,746	\$ 1,568,766	\$ (666,980)
Federal Through State	37,047,671	40,763,582	31,609,494	(9,154,088)
Total Revenues	<u>39,283,417</u>	<u>42,999,328</u>	<u>33,178,260</u>	<u>(9,821,068)</u>
EXPENDITURES				
Current - Education:				
Instruction	25,406,319	26,363,443	20,957,207	5,406,236
Pupil Personnel Services	1,177,731	1,358,685	1,122,607	236,078
Instructional Media Services	13,320	84,619	50,958	33,661
Instruction and Curriculum Development Services	7,285,498	7,294,392	4,787,819	2,506,573
Instructional Staff Training Services	2,340,115	3,608,415	3,122,589	485,826
Instruction Related Technology	62,623	130,748	128,747	2,001
Board		11,613	11,613	
General Administration	1,022,644	1,271,314	962,329	308,985
School Administration	2,297	4,606	2,000	2,606
Fiscal Services		750	750	
Central Services	102,625	182,502	160,059	22,443
Pupil Transportation Services	476,121	849,801	437,972	411,829
Community Services	1,303,000	1,335,825	1,203,182	132,643
Fixed Capital Outlay:				
Facilities Acquisition and Construction	28,615	28,615	3,615	25,000
Other Capital Outlay	62,509	474,000	226,813	247,187
Total Expenditures	<u>39,283,417</u>	<u>42,999,328</u>	<u>33,178,260</u>	<u>9,821,068</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2012				
Fund Balances, June 30, 2013	<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 - FEDERAL ECONOMIC STIMULUS PROGRAMS FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Through State	\$ 5,603,764	\$ 7,530,994	\$ 4,504,518	\$ (3,026,476)
Total Revenues	<u>5,603,764</u>	<u>7,530,994</u>	<u>4,504,518</u>	<u>(3,026,476)</u>
EXPENDITURES				
Current - Education:				
Instruction	626,988	2,065,663	1,697,992	367,671
Pupil Personnel Services	11,455	66,054	61,661	4,393
Instructional Media Services	509	8,298	8,298	
Instruction and Curriculum Development Services	106,652	325,438	313,794	11,644
Instructional Staff Training Services	1,506,992	1,504,508	683,627	820,881
General Administration	116,460	77,031	65,624	11,407
School Administration		39	39	
Facilities Services	164,533	4,038	4,038	
Central Services	1,188,522	1,035,054	615,784	419,270
Pupil Transportation Services	7,000	1,566	1,566	
Operation of Plant				
Administrative Technology Services	391,151	388,023	181,191	206,832
Fixed Capital Outlay:				
Facilities Acquisition and Construction		160,495	152,746	7,749
Other Capital Outlay	1,483,502	1,894,787	718,158	1,176,629
Total Expenditures	<u>5,603,764</u>	<u>7,530,994</u>	<u>4,504,518</u>	<u>3,026,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2012				
Fund Balances, June 30, 2013	<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) (1)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
6-30-2009	\$ 0	\$ 51,307,965	\$ 51,307,965	0.00%	\$ 251,098,472	20.43%
6-30-2011	0	56,466,367	56,466,367	0.00%	239,564,716	23.57%
1-01-2012	0	75,830,525	75,830,525	0.00%	237,960,095	31.87%

Note (1): The District uses the entry age normal cost actuarial method .

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013**

1. 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 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 legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund-function level. The Board made several supplemental budgetary appropriations throughout the year. Supplemental budgetary appropriations are presented in budget and actual comparison statements by original budget and final budget amounts and discussed in the Management's Discussion and Analysis (MD&A).

2. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

The District is required to perform periodic actuarial valuations of its postemployment benefits other than pensions. For the January 1, 2012, valuation, the following key assumptions were modified to reflect current experience: (1) the cost of coverage per OPEB Plan member increased with no increase in the premiums required from retirees; (2) populations of both retirees and active employees increased; (3) trend rates for medical and prescription costs increased; (4) rates of retiree participation once eligible for Medicare were revised; and (5) certain demographic assumptions were revised to reflect the changes made by the Florida Retirement System in its July 1, 2009 actuarial valuation.

COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS AND
SCHEDULES



DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,140,305	\$	\$ 77,382	\$ 1,217,687
Investments		248,744	405,073	653,817
Accounts Receivable	6			6
Interest Receivable	59		136	195
Due from Other Agencies			109,043	109,043
Total Assets	<u>\$ 1,140,370</u>	<u>\$ 248,744</u>	<u>\$ 591,634</u>	<u>\$ 1,980,748</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries and Benefits Payable	\$ 21,952	\$	\$	\$ 21,952
Payroll and Withholdings Deductions	18,124			18,124
Accounts Payable	7,026		29,006	36,032
Due to Other Funds			109,043	109,043
Due to Other Agencies	11,456			11,456
Total Liabilities	<u>58,558</u>		<u>138,049</u>	<u>196,607</u>
FUND BALANCES				
Restricted		248,744	453,585	702,329
Assigned	1,081,812			1,081,812
Total Fund Balances	<u>1,081,812</u>	<u>248,744</u>	<u>453,585</u>	<u>1,784,141</u>
Total Liabilities and Fund Balances	<u>\$ 1,140,370</u>	<u>\$ 248,744</u>	<u>\$ 591,634</u>	<u>\$ 1,980,748</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental:				
State	\$	\$ 1,654,690	\$ 540,963	\$ 2,195,653
Local:				
Miscellaneous	3,029,291		1,814	3,031,105
Total Revenues	<u>3,029,291</u>	<u>1,654,690</u>	<u>542,777</u>	<u>5,226,758</u>
EXPENDITURES				
Current - Education:				
Instruction	31,981			31,981
Pupil Personnel Services	6,520			6,520
Facilities Services			1,017,130	1,017,130
Operation of Plant	5,201			5,201
Maintenance of Plant	878			878
Fixed Capital Outlay:				
Facilities Acquisition and Construction	2,677,460		181,669	2,859,129
Debt Service:				
Principal		1,165,000		1,165,000
Interest and Fiscal Charges		526,021	1,178	527,199
Total Expenditures	<u>2,722,040</u>	<u>1,691,021</u>	<u>1,199,977</u>	<u>5,613,038</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>307,251</u>	<u>(36,331)</u>	<u>(657,200)</u>	<u>(386,280)</u>
Net Change in Fund Balances	307,251	(36,331)	(657,200)	(386,280)
Fund Balances, July 1, 2012	774,561	285,075	1,110,785	2,170,421
Fund Balances, June 30, 2013	<u>\$ 1,081,812</u>	<u>\$ 248,744</u>	<u>\$ 453,585</u>	<u>\$ 1,784,141</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
June 30, 2013

	Special Revenue Funds	
	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,140,305	\$ 1,140,305
Accounts Receivable	6	6
Interest Receivable	59	59
Total Assets	<u>\$ 1,140,370</u>	<u>\$ 1,140,370</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Salaries and Benefits Payable	\$ 21,952	\$ 21,952
Payroll Deductions and Withholdings	18,124	18,124
Accounts Payable	7,026	7,026
Due to Other Agencies	11,456	11,456
Total Liabilities	<u>58,558</u>	<u>58,558</u>
FUND BALANCES		
Assigned	<u>1,081,812</u>	<u>1,081,812</u>
Total Fund Balances	<u>1,081,812</u>	<u>1,081,812</u>
Total Liabilities and Fund Balances	<u>\$ 1,140,370</u>	<u>\$ 1,140,370</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds	
	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds
REVENUES		
Local:		
Miscellaneous	\$ 3,029,291	\$ 3,029,291
Total Revenues	<u>3,029,291</u>	<u>3,029,291</u>
EXPENDITURES		
Current - Education:		
Instruction	31,981	31,981
Pupil Personnel Services	6,520	6,520
Operation of Plant	5,201	5,201
Maintenance of Plant	878	878
Fixed Capital Outlay:		
Facilities Acquisition and Construction	<u>2,677,460</u>	<u>2,677,460</u>
Total Expenditures	<u>2,722,040</u>	<u>2,722,040</u>
Excess of Revenues Over Expenditures	<u>307,251</u>	<u>307,251</u>
Net Change in Fund Balances	307,251	307,251
Fund Balances, July 1, 2012	<u>\$ 774,561</u>	<u>\$ 774,561</u>
Fund Balances, June 30, 2013	<u>\$ 1,081,812</u>	<u>\$ 1,081,812</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
June 30, 2013

	Debt Service Funds	
	SBE/COBI	Total Nonmajor
	Bonds	Debt Service
	<u> </u>	<u> </u>
ASSETS		
Investments	\$ 248,744	\$ 248,744
Total Assets	<u>\$ 248,744</u>	<u>\$ 248,744</u>
FUND BALANCES		
Restricted	<u>\$ 248,744</u>	<u>\$ 248,744</u>
Total Fund Balances	<u>248,744</u>	<u>248,744</u>
Total Liabilities and Fund Balances	<u>\$ 248,744</u>	<u>\$ 248,744</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2013

	Debt Service Funds	
	SBE/COBI Bonds	Total Nonmajor Debt Service Funds
REVENUES		
Intergovernmental:		
State	\$ 1,654,690	\$ 1,654,690
Total Revenues	<u>1,654,690</u>	<u>1,654,690</u>
EXPENDITURES		
Debt Service:		
Principal	1,165,000	1,165,000
Interest and Fiscal Charges	526,021	526,021
Total Expenditures	<u>1,691,021</u>	<u>1,691,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,331)</u>	<u>(36,331)</u>
Net Change in Fund Balances	(36,331)	(36,331)
Fund Balances, July 1, 2012	<u>285,075</u>	<u>285,075</u>
Fund Balances, June 30, 2013	<u><u>\$ 248,744</u></u>	<u><u>\$ 248,744</u></u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
 June 30, 2013**

	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)	
ASSETS				
Cash and Cash Equivalents	\$ 42,005	\$	\$ 35,377	\$ 77,382
Investments			405,073	405,073
Interest Receivable	132		4	136
Due from Other Agencies		109,043		109,043
Total Assets	<u>\$ 42,137</u>	<u>\$ 109,043</u>	<u>\$ 440,454</u>	<u>\$ 591,634</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 29,006	\$	\$	\$ 29,006
Due to Other Funds		109,043		109,043
Total Liabilities	<u>29,006</u>	<u>109,043</u>		<u>138,049</u>
FUND BALANCES				
Restricted	<u>13,131</u>		<u>440,454</u>	<u>453,585</u>
Total Fund Balances	<u>13,131</u>		<u>440,454</u>	<u>453,585</u>
Total Liabilities and Fund Balances	<u>\$ 42,137</u>	<u>\$ 109,043</u>	<u>\$ 440,454</u>	<u>\$ 591,634</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, 2013

	Capital Projects Funds		Total Nonmajor Capital Project Funds
	Capital Outlay Bond Issues (COBI)	Capital Outlay and Debt Service Funds (CO & DS)	
REVENUES			
Intergovernmental:			
State	\$	\$ 540,963	\$ 540,963
Local:			
Miscellaneous	1,580	234	1,814
Total Revenues	<u>1,580</u>	<u>541,197</u>	<u>542,777</u>
EXPENDITURES			
Current - Education:			
Facilities Services	298,289	718,841	1,017,130
Fixed Capital Outlay:			
Facilities Acquisition and Construction	181,669		181,669
Debt Service:			
Interest and Fiscal Charges		1,178	1,178
Total Expenditures	<u>479,958</u>	<u>720,019</u>	<u>1,199,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(478,378)</u>	<u>(178,822)</u>	<u>(657,200)</u>
OTHER FINANCING SOURCES (USES)			
Net Change in Fund Balances	(478,378)	(178,822)	(657,200)
Fund Balances, July 1, 2012	491,509	\$ 619,276	1,110,785
Fund Balances, June 30, 2013	<u>\$ 13,131</u>	<u>\$ 440,454</u>	<u>\$ 453,585</u>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$ 2,761,324	\$ 3,029,291	\$ 3,029,291	\$
Total Revenues	<u>2,761,324</u>	<u>3,029,291</u>	<u>3,029,291</u>	
EXPENDITURES				
Current - Education:				
Instruction	58,271	31,981	31,981	
Pupil Personnel Services		6,520	6,520	
Instructional Media Services	36,430			
Operation of Plant		5,201	5,201	
Maintenance of Plant		878	878	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	2,894,732	3,212,820	2,677,460	535,360
Total Expenditures	<u>2,989,433</u>	<u>3,257,400</u>	<u>2,722,040</u>	<u>535,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(228,109)</u>	<u>(228,109)</u>	<u>307,251</u>	<u>535,360</u>
Net Change in Fund Balances	(228,109)	(228,109)	307,251	535,360
Fund Balances, July 1, 2012	<u>774,561</u>	<u>774,561</u>	<u>774,561</u>	
Fund Balances, June 30, 2013	<u>\$ 546,452</u>	<u>\$ 546,452</u>	<u>\$ 1,081,812</u>	<u>\$ 535,360</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 1,619,357	\$ 1,654,690	\$ 1,654,690	\$
Total Revenues	<u>1,619,357</u>	<u>1,654,690</u>	<u>1,654,690</u>	
EXPENDITURES				
Current - Education:				
Debt Service:				
Principal	1,165,000	1,165,000	1,165,000	
Interest and Fiscal Charges	<u>509,984</u>	<u>526,021</u>	<u>526,021</u>	
Total Expenditures	<u>1,674,984</u>	<u>1,691,021</u>	<u>1,691,021</u>	
Deficiency of Revenues Under Expenditures	<u>(55,627)</u>	<u>(36,331)</u>	<u>(36,331)</u>	
Net Change in Fund Balances	(55,627)	(36,331)	(36,331)	
Fund Balances, July 1, 2012	285,075	285,075	285,075	
Fund Balances, June 30, 2013	<u>\$ 229,448</u>	<u>\$ 248,744</u>	<u>\$ 248,744</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Local Sales Taxes	\$ 9,950,720	\$ 10,416,923	\$ 10,416,923	\$
Miscellaneous	1,118,503	1,121,109	1,106,493	(14,616)
Total Revenues	<u>11,069,223</u>	<u>11,538,032</u>	<u>11,523,416</u>	<u>(14,616)</u>
EXPENDITURES				
Current - Education:				
Debt Service:				
Principal	14,664,199	14,664,201	14,664,201	
Interest and Fiscal Charges	11,644,320	12,113,384	12,109,870	3,514
Total Expenditures	<u>26,308,519</u>	<u>26,777,585</u>	<u>26,774,071</u>	<u>3,514</u>
Deficiency of Revenues Under Expenditures	<u>(15,239,296)</u>	<u>(15,239,553)</u>	<u>(15,250,655)</u>	<u>(11,102)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	17,976,385	17,979,265	17,979,265	
Certificates of Participation Issued		41,880,000	41,880,000	
Discount on Certificates of Participation		(118,042)	(118,042)	
Premium on Certificates of Participation		4,689,778	4,689,778	
Payments to Escrow Agent for Refunded Debt		(45,991,044)	(45,991,044)	
Transfers Out	<u>(2,720,443)</u>	<u>(3,186,910)</u>	<u>(3,186,910)</u>	
Total Other Financing Sources (Uses)	<u>15,255,942</u>	<u>15,253,047</u>	<u>15,253,047</u>	
Net Change in Fund Balances	16,646	13,494	2,392	(11,102)
Fund Balances, July 1, 2012	1,483,398	1,483,398	1,483,398	
Fund Balances, June 30, 2013	<u>\$ 1,500,044</u>	<u>\$ 1,496,892</u>	<u>\$ 1,485,790</u>	<u>\$ (11,102)</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE - ARRA ECONOMIC STIMULUS FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Direct	\$ 2,349,000	\$ 2,349,000	\$ 2,349,000	\$
Total Revenues	2,349,000	2,349,000	2,349,000	
EXPENDITURES				
Current - Education:				
Debt Service:				
Principal	2,173,958	2,173,958		2,173,958
Interest and Fiscal Charges	2,706,490	2,702,704	2,702,704	
Total Expenditures	4,880,448	4,876,662	2,702,704	2,173,958
Deficiency of Revenues Under Expenditures	(2,531,448)	(2,527,662)	(353,704)	2,173,958
OTHER FINANCING SOURCES (USES)				
Transfers In	2,531,448	2,527,662	2,527,662	
Total Other Financing Sources (Uses)	2,531,448	2,527,662	2,527,662	
Net Change in Fund Balances			2,173,958	2,173,958
Fund Balances, July 1, 2012				
Fund Balances, June 30, 2013	\$	\$	\$ 2,173,958	\$ 2,173,958

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$	\$ 1,580	\$ 1,580	\$
Total Revenues		1,580	1,580	
EXPENDITURES				
Current - Education:				
Facilities Services	413,835	303,411	298,289	5,122
Fixed Capital Outlay:				
Facilities Acquisition and Construction	75,778	189,226	181,669	7,557
Total Expenditures	489,613	492,637	479,958	12,679
Deficiency of Revenues Under Expenditures	(489,613)	(491,057)	(478,378)	(12,679)
Net Change in Fund Balances	(489,613)	(491,057)	(478,378)	(12,679)
Fund Balances, July 1, 2012	491,509	491,509	491,509	
Fund Balances, June 30, 2013	\$ 1,896	\$ 452	\$ 13,131	\$ (12,679)

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 466,497	\$ 540,963	\$ 540,963	\$
Local:				
Miscellaneous		234	234	
Total Revenues	<u>466,497</u>	<u>541,197</u>	<u>541,197</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	1,081,921	1,062,790	718,841	343,949
Debt Service:				
Interest and Fiscal Charges		1,178	1,178	
Total Expenditures	<u>1,081,921</u>	<u>1,063,968</u>	<u>720,019</u>	<u>343,949</u>
Deficiency of Revenues Under Expenditures	<u>(615,424)</u>	<u>(522,771)</u>	<u>(178,822)</u>	<u>343,949</u>
Net Change in Fund Balances	(615,424)	(522,771)	(178,822)	343,949
Fund Balances, July 1, 2012	619,276	619,276	619,276	
Fund Balances, June 30, 2013	<u>\$ 3,852</u>	<u>\$ 96,505</u>	<u>\$ 440,454</u>	<u>\$ 343,949</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS - LOCAL CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Property Taxes	\$ 25,089,000	\$ 25,367,760	\$ 25,367,760	\$
Miscellaneous	117,094	78,987	78,987	
Total Revenues	<u>25,206,094</u>	<u>25,446,747</u>	<u>25,446,747</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	4,750,020	3,749,151	3,749,151	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	11,366,450	7,705,424	2,238,879	5,466,545
Other Capital Outlay	1,249,149	1,194,960	677,135	517,825
Debt Service:				
Interest and Fiscal Charges		249	249	
Total Expenditures	<u>17,365,619</u>	<u>12,649,784</u>	<u>6,665,414</u>	<u>5,984,370</u>
Excess of Revenues Over Expenditures	<u>7,840,475</u>	<u>12,796,963</u>	<u>18,781,333</u>	<u>5,984,370</u>
OTHER FINANCING (USES)				
Proceeds from the Sale of Capital Assets		3,325	3,325	
Transfers Out	<u>(23,061,589)</u>	<u>(14,432,735)</u>	<u>(14,432,735)</u>	
Total Other Financing Sources (Uses)	<u>(23,061,589)</u>	<u>(14,429,410)</u>	<u>(14,429,410)</u>	
Net Change in Fund Balances	(15,221,114)	(1,632,447)	4,351,923	5,984,370
Fund Balances, July 1, 2012	<u>17,149,888</u>	<u>17,149,888</u>	<u>17,149,888</u>	
Fund Balances, June 30, 2013	<u>\$ 1,928,774</u>	<u>\$ 15,517,441</u>	<u>\$ 21,501,811</u>	<u>\$ 5,984,370</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 2,430,637	\$ 2,211,065	\$ 2,211,065	\$
Local:				
Impact Fees	6,696,000	12,286,659	12,286,659	
Miscellaneous	257,649	98,954	98,954	
Total Revenues	<u>9,384,286</u>	<u>14,596,678</u>	<u>14,596,678</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	3,899,589	3,567,054	1,096,314	2,470,740
Fixed Capital Outlay:				
Facilities Acquisition and Construction	9,278,581	14,945,036	6,957,521	7,987,515
Other Capital Outlay	68,325	1,147,976	324,060	823,916
Debt Service:				
Interest and Fiscal Charges		1,968	1,968	
Total Expenditures	<u>13,246,495</u>	<u>19,662,034</u>	<u>8,379,863</u>	<u>11,282,171</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,862,209)</u>	<u>(5,065,356)</u>	<u>6,216,815</u>	<u>11,282,171</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,720,443	3,186,787	3,186,787	
Proceeds from the Sale of Capital Assets		41,972	41,972	
Transfers Out	<u>(12,389,645)</u>	<u>(12,021,418)</u>	<u>(12,021,418)</u>	
Total Other Financing Sources (Uses)	<u>(9,669,202)</u>	<u>(8,792,659)</u>	<u>(8,792,659)</u>	
Net Change in Fund Balances	<u>(13,531,411)</u>	<u>(13,858,015)</u>	<u>(2,575,844)</u>	<u>11,282,171</u>
Fund Balances, July 1, 2012	<u>38,040,860</u>	<u>38,040,860</u>	<u>38,040,860</u>	
Fund Balances, June 30, 2013	<u>\$ 24,509,449</u>	<u>\$ 24,182,845</u>	<u>\$ 35,465,016</u>	<u>\$ 11,282,171</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS - ARRA ECONOMIC STIMULUS FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$	\$ 1,272	\$ 1,272	\$
Total Revenues		1,272	1,272	
EXPENDITURES				
Current - Education:				
Facilities Services	316,756	451,849	451,849	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	4,020,867	3,806,203	3,806,203	
Other Capital Outlay		81,071	81,071	
Total Expenditures	4,337,623	4,339,123	4,339,123	
Deficiency of Revenues Under Expenditures	(4,337,623)	(4,337,851)	(4,337,851)	
Fund Balances, July 1, 2012	4,337,866	4,337,866	4,337,866	
Fund Balances, June 30, 2013	\$ 243	\$ 15	\$ 15	\$

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 14,671,274	\$ 4,101,978	\$ 18,773,252
Investments	6,263,374	1,401,580	7,664,954
Accounts Receivable	309,660		309,660
Interest Receivable	4,313	675	4,988
Prepaid Items		1,912,099	1,912,099
Due from Other Funds	45,000	3,000	48,000
Total Current Assets	<u>21,293,621</u>	<u>7,419,332</u>	<u>28,712,953</u>
Noncurrent Assets:			
Cash with Fiscal Agent		136,332	136,332
Total Noncurrent Assets		<u>136,332</u>	<u>136,332</u>
 Total Assets	 <u>\$ 21,293,621</u>	 <u>\$ 7,555,664</u>	 <u>\$ 28,849,285</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 919,952	\$ 12,335	\$ 932,287
Due to Other Funds	384,113		384,113
Estimated Insurance Claims Payable	3,382,001	215,796	3,597,797
Total Liabilities	<u>4,686,066</u>	<u>228,131</u>	<u>4,914,197</u>
NET POSITION			
Unrestricted	16,607,555	7,327,533	23,935,088
Total Liabilities and Net Position	<u>\$ 21,293,621</u>	<u>\$ 7,555,664</u>	<u>\$ 28,849,285</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2013

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
OPERATING REVENUES			
Premium Revenues	\$ 47,502,316	\$ 4,291,922	\$ 51,794,238
Total Operating Revenues	<u>47,502,316</u>	<u>4,291,922</u>	<u>51,794,238</u>
OPERATING EXPENSES			
Purchased Services	3,486,093	3,102,674	6,588,767
Materials and Supplies	224	366	590
Insurance Claims	41,924,465	1,141,753	43,066,218
Total Operating Expenses	<u>45,410,782</u>	<u>4,244,793</u>	<u>49,655,575</u>
Operating Income	<u>2,091,534</u>	<u>47,129</u>	<u>2,138,663</u>
NONOPERATING REVENUES			
Interest Revenue		3,729	3,729
Total Nonoperating Revenues		<u>3,729</u>	<u>3,729</u>
Change In Net Position	2,091,534	50,858	2,142,392
Net Position - July 1, 2012	14,516,021	7,276,675	21,792,696
Net Position - June 30, 2013	<u>\$ 16,607,555</u>	<u>\$ 7,327,533</u>	<u>\$ 23,935,088</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2013

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Board Funds and Participants	\$ 47,355,391	\$ 4,288,922	\$ 51,644,313
Payments for Insurance Claims	(42,358,464)	(1,651,181)	(44,009,645)
Cash Payments to Vendors for Goods and Services	(2,704,447)	(3,109,204)	(5,813,651)
Net Cash Provided by Operating Activities	<u>2,292,480</u>	<u>(471,463)</u>	<u>1,821,017</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	8,056,215	4,451,930	12,508,145
Interest	18,145	12,234	30,379
Net Cash Provided by Investing Activities	<u>8,074,360</u>	<u>4,464,164</u>	<u>12,538,524</u>
Net Increase in Cash and Cash Equivalents	10,366,840	3,992,701	14,359,541
Cash and Cash Equivalents - Beginning	4,304,434	245,609	4,550,043
Cash and Cash Equivalents - Ending	<u>\$ 14,671,274</u>	<u>\$ 4,238,310</u>	<u>\$ 18,909,584</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 2,091,533	\$ 47,130	\$ 2,138,663
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(297,923)		(297,923)
Increase in Due from Other Funds	(45,000)	(3,000)	(48,000)
Increase (Decrease) in Accounts Payable	781,869	(6,165)	775,704
Increase in Due to Other Funds	196,000		196,000
Decrease in Estimated Insurance Claims Payable	(433,999)	(509,428)	(943,427)
Total Adjustments	<u>200,947</u>	<u>(518,593)</u>	<u>(317,646)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,292,480</u>	<u>\$ (471,463)</u>	<u>\$ 1,821,017</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, 2013

	Balances July 1, 2012	Additions	Deductions	Balances June 30, 2013
ASSETS				
Cash and Cash Equivalents	\$ 3,089,641	\$ 10,210,152	\$ 10,038,084	\$ 3,261,709
Accounts Receivable	73,150	12,880	73,150	12,880
Due from School Board	17,245	7,205	17,245	7,205
Total Assets	<u>\$ 3,180,036</u>	<u>\$ 10,230,237</u>	<u>\$ 10,128,479</u>	<u>\$ 3,281,794</u>
LIABILITIES				
Accounts Payable	\$ 112,693	\$ 145,527	\$ 112,693	\$ 145,527
Internal Accounts Payable	3,067,343	10,084,710	10,015,786	3,136,267
Total Liabilities	<u>\$ 3,180,036</u>	<u>\$ 10,230,237</u>	<u>\$ 10,128,479</u>	<u>\$ 3,281,794</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, 2013

	Balances July 1, 2012	Additions	Deductions	Balances June 30, 2013
ASSETS				
Cash and Cash Equivalents	\$ 2,887,705	\$ 9,727,013	\$ 12,306,746	\$ 307,972
Investments		3,765,927	731,335	3,034,592
Accounts Receivable		1,631	41	1,590
Due from School Board	231,328	499,015	728,902	1,441
Total Assets	<u>\$ 3,119,033</u>	<u>\$ 13,993,586</u>	<u>\$ 13,767,024</u>	<u>\$ 3,345,595</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 2,269	\$ 5,011,780	\$ 5,011,318	\$ 2,731
Payroll Deductions and Withholdings	7,057	2,240,250	2,239,059	8,248
Accounts Payable	3,109,707	4,316,066	4,091,157	3,334,616
Total Liabilities	<u>\$ 3,119,033</u>	<u>\$ 11,568,096</u>	<u>\$ 11,341,534</u>	<u>\$ 3,345,595</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2013

	Balances July 1, 2012	Additions	Deductions	Balances June 30, 2013
ASSETS				
Cash and Cash Equivalents	\$ 5,977,346	\$ 19,937,165	\$ 22,344,830	\$ 3,569,681
Investments		3,765,927	731,335	3,034,592
Accounts Receivable	73,150	14,511	73,191	14,470
Due from School Board	248,573	506,220	746,147	8,646
Total Assets	<u>\$ 6,299,069</u>	<u>\$ 24,223,823</u>	<u>\$ 23,895,503</u>	<u>\$ 6,627,389</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 2,269	\$ 5,011,780	\$ 5,011,318	\$ 2,731
Payroll Deductions and Withholdings	7,057	2,240,250	2,239,059	8,248
Accounts Payable	3,222,400	4,461,593	4,203,850	3,480,143
Internal Accounts Payable	3,067,343	10,084,710	10,015,786	3,136,267
Total Liabilities	<u>\$ 6,299,069</u>	<u>\$ 21,798,333</u>	<u>\$ 21,470,013</u>	<u>\$ 6,627,389</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET POSITION
COMBINING STATEMENT OF COMPONENT UNITS
June 30, 2013

	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	Four Corners Charter School, Inc.	The Foundation for Osceola Education, Inc.	Mavericks High School of Osceola County	New Dimensions High School, Inc.
ASSETS						
Cash and Cash Equivalents	\$ 2,968,529	\$ 954,427	\$ 3,370,763	\$ 2,371,233	\$ 612,591	\$ 1,152,224
Investments				4,088,499		
Accounts Receivable	250,626		89,350	52,483	38,880	
Interest Receivable				1,590		
Deposits Receivable				43,990	31,817	8,771
Due from Other Agencies	747,060			70,692		
Prepaid Items				12,418	77,868	
Deferred Charges				587,480		33,378
Restricted Assets:						
Cash with Fiscal Agent				2,626,565		
Investments	459,323	348,446		1,511,893		
Capital Assets:						
Land	1,000,000			238,220		275,000
Improvements Other Than Buildings, Net	332,356		1,805,335	30,045		78,239
Buildings and Fixed Equipment, Net	18,878,350			10,807,868		4,080,668
Furniture, Fixtures and Equipment, Net	263,652		64,304	159,555	205,543	29,415
Motor Vehicles, Net						7,250
Audio Visual Materials and Computer Software, Net			68,884	130,023		45,288
Total Assets	<u>\$ 24,899,896</u>	<u>\$ 1,302,873</u>	<u>\$ 5,398,636</u>	<u>\$ 22,732,554</u>	<u>\$ 966,699</u>	<u>\$ 5,710,233</u>
LIABILITIES						
Salaries and Benefits Payable	\$	\$	\$	\$	\$	\$ 183,701
Accounts Payable	20,000	23,156	824,730	1,011,264	74,063	
Due to Primary Government			883,609			
Due to Other Agencies				1,294,557		18,857
Unearned Revenue						
Accrued Interest Payable	606,175	162,754		293,445		
Long-Term Liabilities:						
Portion Due Within One Year:						
Obligations Under Capital Leases						
Bonds Payable	590,000	50,000		470,000		61,580
Portion Due After One Year:						
Obligations Under Capital Leases						
Bonds Payable	24,004,947	7,289,641		14,074,263		2,094,420
Total Liabilities	<u>25,221,122</u>	<u>7,525,551</u>	<u>1,708,339</u>	<u>17,143,529</u>	<u>74,063</u>	<u>2,358,558</u>
NET POSITION						
Net Investment in Capital Assets	(1,625,677)	(6,318,764)	1,938,523	(3,178,552)	205,543	2,393,238
Restricted For:						
Debt Service				2,620,733		
Capital Projects				420,283		
Other Purposes	1,304,451			1,517,725		
Unrestricted		96,086	1,751,774	4,208,836	687,093	958,437
Total Net Position	<u>(321,226)</u>	<u>(6,222,678)</u>	<u>3,690,297</u>	<u>5,589,025</u>	<u>892,636</u>	<u>3,351,675</u>
Total Liabilities and Net Position	<u>\$ 24,899,896</u>	<u>\$ 1,302,873</u>	<u>\$ 5,398,636</u>	<u>\$ 22,732,554</u>	<u>\$ 966,699</u>	<u>\$ 5,710,233</u>

Acclaim Academy Florida, Inc.	Florida Virtual Charter Academy at Osceola	iVirtual League Academy	Renaissance Charter School at Poinciana	UCP Osceola Charter School	Total Component Units
\$ 24,606	\$ 204,298	\$ 20,330	\$ 688,202	\$	\$ 12,367,203
9,852		45,780	768		4,088,499
	55,918		1,253	1,418,342	487,739
					1,590
					84,578
					2,293,265
					90,286
					620,858
			230,111		2,856,676
					2,319,662
					1,513,220
					2,245,975
			12,204,977		45,971,863
34,567		19,907	385,617	1,805	1,164,365
					7,250
			226,672		470,867
<u>\$ 69,025</u>	<u>\$ 260,216</u>	<u>\$ 86,017</u>	<u>\$ 13,737,600</u>	<u>\$ 1,420,147</u>	<u>\$ 76,583,896</u>
\$ 177,917	\$ 260,216	\$ 65,118	\$ 193,366	\$ 22,165	\$ 377,067
			286,782		2,765,411
					883,609
8,447					1,313,414
					8,447
					1,062,374
			170,833		170,833
					1,171,580
			13,542,993		13,542,993
186,364	260,216	65,118	14,193,974	22,165	47,463,271
34,567		19,907	(666,449)		68,758,999
					(7,197,664)
					2,620,733
					420,283
					2,822,176
(151,906)		992	210,075	1,397,982	9,159,369
(117,339)		20,899	(456,374)	1,397,982	7,824,897
<u>\$ 69,025</u>	<u>\$ 260,216</u>	<u>\$ 86,017</u>	<u>\$ 13,737,600</u>	<u>\$ 1,420,147</u>	<u>\$ 76,583,896</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF ACTIVITIES
COMBINING STATEMENT OF COMPONENT UNITS
For the Fiscal Year Ended June 30, 2013

	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	Four Corners Charter School, Inc.	The Foundation for Osceola Education, Inc.	Mavericks High School of Osceola County	New Dimensions High School, Inc.
Component Unit Activities:						
Instruction	\$	\$	\$ 4,521,713	\$ 10,053,306	\$ 1,050,294	\$ 1,438,965
Pupil Personnel Services						
Instructional Media Services						
Instruction and Curriculum Development					192,175	
Instructional Staff Training Services						
Instruction Related Technology						
Board	8,479	37,998				
General Administration			677,165		229,158	62,963
School Administration				2,929,814		383,219
Facilities Acquisition and Construction	850,577	20,000	1,336,686	831,174		141,736
Fiscal Services	20,000				627,860	
Food Services						
Central Services						
Pupil Transportation Services					104,639	74,211
Operation of Plant				2,817,984	820,351	55,471
Maintenance of Plant						64,650
Community Services				2,733,762		
Interest on Long Term Debt	1,473,853	391,692		717,635		135,120
Unallocated Depreciation/Amortization		15,508				
Total Expenses	<u>2,352,909</u>	<u>465,198</u>	<u>6,535,564</u>	<u>20,083,675</u>	<u>3,024,477</u>	<u>2,356,335</u>
Program Revenues						
Charges for Services				232,487		72,590
Operating Grants and Contributions			363,689	3,442,953	230,378	38,483
Capital Grants and Contributions					194,004	209,416
Net (Expenses) Revenue	<u>(2,352,909)</u>	<u>(465,198)</u>	<u>(6,171,875)</u>	<u>(16,408,235)</u>	<u>(2,600,095)</u>	<u>(2,035,846)</u>
General Revenues						
Grants and Contributions						
not restricted to specific programs	2,076,710	512,983	6,094,471	16,753,043	2,890,455	2,050,358
Investment Earnings	173	57	573	55,576	11,141	905
Miscellaneous				274,530	3,556	
Total General Revenues	<u>2,076,883</u>	<u>513,040</u>	<u>6,095,044</u>	<u>17,083,149</u>	<u>2,905,152</u>	<u>2,051,263</u>
Change in Net Position	<u>(276,026)</u>	<u>47,842</u>	<u>(76,831)</u>	<u>674,914</u>	<u>305,057</u>	<u>15,417</u>
Net Position - beginning	(45,200)		3,767,128			
Adjustments to Beginning Net Position		(6,270,520)		4,914,111	587,579	3,336,258
Net Position - beginning - restated	(45,200)	(6,270,520)	3,767,128	4,914,111	587,579	3,336,258
Net Position - ending	<u>\$ (321,226)</u>	<u>\$ (6,222,678)</u>	<u>\$ 3,690,297</u>	<u>\$ 5,589,025</u>	<u>\$ 892,636</u>	<u>\$ 3,351,675</u>

Acclaim Academy Florida, Inc.	Florida Virtual Charter Academy at Osceola	iVirtual League Academy	Renaissance Charter School at Poinciana	UCP Osceola Charter School	Total Component Units
\$ 650,377	\$ 51,212	\$ 67,356	\$ 1,922,749	\$ 562,424	\$ 20,318,396
164,857	2,649		153,113		320,619
	144,587		11,471		11,471
1,360			11,369		348,131
	5,850		1,785		3,145
7,449					5,850
66,577	10,970			382,360	53,926
545,700		417	257,476		1,429,193
					4,116,626
46,135		1,756	213,880		3,180,173
9,003			235,488		909,631
330			27,044		244,491
233,351			52,672		27,374
185,540	4,512	57,816	931,335		464,873
			138,840		4,873,009
			49,404		203,490
805			609,739		2,783,166
					3,328,844
					15,508
<u>1,911,484</u>	<u>219,780</u>	<u>127,345</u>	<u>4,616,365</u>	<u>944,784</u>	<u>42,637,916</u>
			94,354		399,431
223,890		35,191	370,362		4,704,946
			154,764		558,184
<u>(1,687,594)</u>	<u>(219,780)</u>	<u>(92,154)</u>	<u>(3,996,885)</u>	<u>(944,784)</u>	<u>(36,975,355)</u>
1,589,039	219,398	68,053	3,520,188	1,045,841	36,820,539
	382	45,000	20,323	22,787	68,425
<u>1,589,039</u>	<u>219,780</u>	<u>113,053</u>	<u>3,540,511</u>	<u>1,068,628</u>	<u>37,255,542</u>
<u>(98,555)</u>		<u>20,899</u>	<u>(456,374)</u>	<u>123,844</u>	<u>280,187</u>
					3,721,928
<u>(18,784)</u>				1,274,138	3,822,782
<u>(18,784)</u>				1,274,138	7,544,710
<u>\$ (117,339)</u>	<u>\$</u>	<u>\$ 20,899</u>	<u>\$ (456,374)</u>	<u>\$ 1,397,982</u>	<u>\$ 7,824,897</u>

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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 Position by Component
Schedule 2	Changes in Net Position
Schedule 3	General Revenues and Total Changes in Net Position
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.*

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

	For the Fiscal Year ending June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities				
Net investment in capital assets	\$ 196,477,250	\$ 222,190,069	\$ 266,793,746	\$ 306,948,191
Restricted	69,958,909	109,140,237	119,218,431	144,452,132
Unrestricted	<u>15,426,993</u>	<u>22,008,531</u>	<u>31,290,686</u>	<u>41,579,693</u>
Total governmental activities net position	<u>\$ 281,863,152</u>	<u>\$ 353,338,837</u>	<u>\$ 417,302,863</u>	<u>\$ 492,980,016</u>

Source:
 District records

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	354,211,777	\$ 438,988,320	\$ 471,185,896	\$ 492,955,678	\$ 488,096,469	\$ 477,532,359
	220,147,769	155,942,301	116,539,697	81,462,943	75,558,613	91,902,083
	<u>27,348,239</u>	<u>22,289,318</u>	<u>28,633,813</u>	<u>50,433,333</u>	<u>40,835,214</u>	<u>16,937,578</u>
\$	<u>601,707,785</u>	<u>\$ 617,219,939</u>	<u>\$ 616,359,406</u>	<u>\$ 624,851,954</u>	<u>\$ 604,490,296</u>	<u>\$ 586,372,020</u>

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

For the Fiscal Year ending June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Primary Government:				
Expenses				
Governmental activities:				
Instruction	\$ 151,791,603	\$ 175,571,358	\$ 198,468,516	\$ 232,617,922
Pupil personnel services	15,103,776	16,119,414	18,442,786	20,886,005
Instructional media services	4,388,317	4,163,815	4,835,861	5,161,195
Instruction and curriculum development services	14,294,346	15,828,787	16,961,003	22,429,022
Instructional staff training services	2,921,221	5,109,676	6,011,555	4,569,743
Instruction related technology			3,512,400	3,946,935
Board of education	1,645,425	1,285,843	1,419,189	1,823,925
General administration	2,665,768	2,256,900	2,575,054	2,228,563
School administration	13,526,338	14,785,560	17,214,383	19,747,072
Facilities services	12,051,652	14,678,682	16,612,944	16,584,696
Fiscal services	1,348,845	1,268,262	1,601,831	1,887,436
Food services	13,268,560	15,822,309	18,965,217	20,795,040
Central services	7,726,064	7,698,586	5,941,266	6,536,936
Pupil transportation services	12,746,417	15,176,499	17,657,424	19,413,234
Operation of plant	17,478,299	26,500,887	24,722,169	27,205,818
Maintenance of plant	5,169,937	5,136,806	7,570,851	7,968,053
Administrative technology services			3,188,644	2,949,505
Community services	1,841,101	1,982,934	2,262,183	3,487,806
Interest on long-term debt	12,928,476	14,312,804	14,760,893	12,752,067
Loss on disposal of capital assets	151,948	346,800	308,966	
Unallocated depreciation expense	17,884,480	21,895,591	22,312,499	24,223,111
Total expenses - Primary Government	<u>\$ 308,932,573</u>	<u>\$ 359,941,513</u>	<u>\$ 405,345,634</u>	<u>\$ 457,214,084</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Instruction	\$ 2,842,166	\$ 3,130,251	\$ 1,123,318	\$ 1,421,447
Food services	5,246,692	5,524,431	6,437,902	7,100,817
Pupil transportation services	144,614	2,124,247	141,429	172,377
Community services			2,028,638	2,236,882
Operating Grants and Contributions				
Food services	9,415,803	10,988,391	12,144,814	13,391,527
Pupil transportation services	8,157,374	8,095,754	10,364,641	9,701,290
Capital Grants and Contributions				
Facilities acquisition and construction	30,314,568	74,103,881	48,575,015	48,636,658
Maintenance of plant				2,059,611
Interest on long-term debt	1,373,681	1,487,504	1,581,675	1,767,682
Total Program Revenues - Primary Government	<u>\$ 57,494,898</u>	<u>\$ 105,454,459</u>	<u>\$ 82,397,432</u>	<u>\$ 86,488,291</u>
Net (Expense) - Primary Government	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>	<u>\$ (322,948,202)</u>	<u>\$ (370,725,793)</u>

Source:
 District records

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	261,976,401	\$ 243,009,744	\$ 255,220,829	\$ 268,395,640	\$ 256,106,769	\$ 268,705,463
	24,153,125	23,755,838	21,883,642	21,854,182	21,838,137	21,225,019
	6,059,524	5,292,967	4,562,986	4,517,888	4,213,693	4,590,168
	23,464,063	20,144,676	15,244,383	15,053,689	12,918,163	13,955,272
	9,507,952	6,556,067	8,854,691	10,019,346	8,893,254	8,683,127
	4,373,774	4,534,355	3,624,384	3,371,658	3,506,394	3,400,004
	2,179,387	1,594,329	1,678,822	1,365,918	1,735,224	1,449,083
	2,589,737	2,988,478	2,906,023	3,776,911	2,778,064	2,223,978
	22,649,997	20,969,528	23,215,807	22,598,190	21,712,072	22,187,638
	19,814,471	15,224,107	14,397,625	11,792,702	7,231,837	7,301,809
	2,062,828	1,872,802	1,807,456	1,861,512	1,795,816	2,068,151
	25,147,719	22,822,423	21,173,003	22,286,139	23,211,603	26,792,335
	7,135,483	6,693,873	6,711,505	6,467,196	6,866,451	6,854,756
	21,620,725	21,163,277	20,792,056	22,121,651	21,866,622	22,887,687
	31,115,952	29,917,708	31,691,252	28,932,290	26,379,530	30,799,393
	8,896,778	8,415,184	8,075,524	8,425,120	12,068,670	7,116,029
	3,604,125	3,435,841	3,590,304	3,334,012	3,159,953	3,920,100
	3,798,924	3,670,126	3,690,087	4,194,564	4,427,474	4,607,250
	15,859,473	15,144,497	16,245,397	15,944,978	14,542,638	15,195,406
		963,035				
	27,626,338	28,832,502	29,437,348	31,169,680	32,061,585	34,621,488
<u>\$</u>	<u>523,636,776</u>	<u>\$ 487,001,357</u>	<u>\$ 494,803,124</u>	<u>\$ 507,483,266</u>	<u>\$ 487,313,949</u>	<u>\$ 508,584,156</u>
\$	1,426,889	\$ 1,577,484	\$ 1,828,659	\$ 2,220,174	\$ 2,126,462	\$ 2,303,121
	6,861,017	6,905,070	6,136,837	5,881,978	5,718,630	4,791,692
	190,009	470,324	370,221	543,684	613,100	589,816
	2,568,696	2,572,933	2,527,935	2,774,330	2,598,249	2,750,258
	14,897,448	15,988,714	17,894,469	19,400,609	21,165,198	23,618,227
	9,633,899	9,315,616	9,436,136	8,978,796	9,626,629	
	120,851,798	11,622,121	11,544,613	11,019,085	11,851,852	584,483
		10,719,386				
	1,758,040	20,557	23,037	23,505	21,870	1,654,690
<u>\$</u>	<u>158,187,796</u>	<u>\$ 59,192,205</u>	<u>\$ 49,761,907</u>	<u>\$ 50,842,161</u>	<u>\$ 53,721,990</u>	<u>\$ 36,292,287</u>
<u>\$</u>	<u>(365,448,980)</u>	<u>\$ (427,809,152)</u>	<u>\$ (445,041,217)</u>	<u>\$ (456,641,105)</u>	<u>\$ (433,591,959)</u>	<u>\$ (472,291,869)</u>

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

	For the Fiscal Year ending June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense)/Revenue - Primary Government	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>	<u>\$ (322,948,202)</u>	<u>\$ (370,725,793)</u>
General Revenues and Changes in Net Position				
Taxes:				
Property taxes, levied for operational purposes	75,677,603	\$ 81,989,285	\$ 95,898,951	\$ 121,689,421
Property taxes, levied for debt service	3,729,032	3,753,855	3,728,353	7,326
Property taxes, levied for capital projects	23,360,298	26,321,324	31,289,374	42,088,335
Local sales taxes	3,031,802	3,704,309	7,948,681	9,998,541
Impact Fees				
Grants and contributions not restricted to specific programs	176,317,825	200,943,463	225,092,552	248,564,737
Investment earnings	1,405,504	4,344,278	8,893,900	12,932,806
Miscellaneous	<u>6,382,712</u>	<u>4,906,224</u>	<u>13,956,269</u>	<u>11,121,780</u>
Total General Revenues - Primary Government	<u>\$ 289,904,776</u>	<u>\$ 325,962,738</u>	<u>\$ 386,808,080</u>	<u>\$ 446,402,946</u>
Changes in Net Position - Primary Government	<u>\$ 38,467,101</u>	<u>\$ 71,475,684</u>	<u>\$ 63,859,878</u>	<u>\$ 75,677,153</u>

Source:
District records

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>\$ (365,448,980)</u>	<u>\$ (427,809,152)</u>	<u>\$ (445,041,217)</u>	<u>\$ (456,641,105)</u>	<u>\$ (433,591,959)</u>	<u>\$ (472,291,869)</u>
\$ 145,250,546	\$ 151,594,547	\$ 135,881,016	\$ 115,231,090	\$ 104,108,613	\$ 98,493,989
	1,671				
50,327,124	46,094,101	33,142,748	27,606,863	25,707,956	25,367,760
10,292,844	9,143,244	9,035,938	9,511,482	9,925,207	10,416,923
					12,286,659
248,186,167	223,928,922	253,310,535	294,754,205	262,026,194	299,164,318
9,128,755	3,253,100	2,345,647	2,099,168	1,801,749	483,975
10,991,313	9,305,721	10,464,800	15,930,845	9,660,582	7,959,969
<u>\$ 474,176,749</u>	<u>\$ 443,321,306</u>	<u>\$ 444,180,684</u>	<u>\$ 465,133,653</u>	<u>\$ 413,230,301</u>	<u>\$ 454,173,593</u>
<u>\$ 108,727,769</u>	<u>\$ 15,512,154</u>	<u>\$ (860,533)</u>	<u>\$ 8,492,548</u>	<u>\$ (20,361,658)</u>	<u>\$ (18,118,276)</u>

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

	For the Fiscal Year Ending June 30			
	Restated (a) <u>2004</u>	Restated (a) <u>2005</u>	Restated (a) <u>2006</u>	Restated (a) <u>2007</u>
General Fund				
Nonspendable	\$	\$	\$	\$
Restricted	3,422,216	3,618,175	2,453,921	2,468,816
Assigned				
Unassigned	<u>17,877,768</u>	<u>14,725,944</u>	<u>33,914,236</u>	<u>52,649,019</u>
Total General Fund	<u>\$ 21,299,984</u>	<u>\$ 18,344,119</u>	<u>\$ 36,368,157</u>	<u>\$ 55,117,835</u>
All Other Governmental Funds				
Nonspendable	\$	\$	\$	\$
Restricted	25,453,942	61,106,271	74,955,676	40,229,851
Assigned				
Unassigned	<u>54,065,267</u>	<u>115,968,050</u>	<u>90,056,429</u>	<u>168,446,299</u>
Total All Other Governmental Funds	<u>\$ 79,519,209</u>	<u>\$ 177,074,321</u>	<u>\$ 165,012,105</u>	<u>\$ 208,676,150</u>
Total Governmental Funds	<u>\$ 100,819,193</u>	<u>\$ 195,418,440</u>	<u>\$ 201,380,262</u>	<u>\$ 263,793,985</u>

Note:

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

Source:

District records

Restated (a) <u>2008</u>	Restated (a) <u>2009</u>	Restated (a) <u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	\$	\$	\$	\$	\$
2,270,876	15,237,098	18,790,895	1,805,173	1,838,068	1,931,315
			15,432,710	16,184,090	21,044,012
			21,373,716	13,663,265	8,688,530
<u>52,509,629</u>	<u>44,255,581</u>	<u>51,822,880</u>	<u>52,989,981</u>	<u>52,631,593</u>	<u>44,389,869</u>
<u>\$ 54,780,505</u>	<u>\$ 59,492,679</u>	<u>\$ 70,613,775</u>	<u>\$ 91,601,580</u>	<u>\$ 84,317,016</u>	<u>\$ 76,053,726</u>
\$	\$	\$	\$	\$	\$
91,963,365	29,301,405	72,871,696	535,522	416,365	724,170
			107,041,853	73,935,852	73,637,841
			684,791	774,561	1,081,812
<u>181,930,542</u>	<u>167,008,297</u>	<u>101,538,230</u>			
<u>\$ 273,893,907</u>	<u>\$ 196,309,702</u>	<u>\$ 174,409,926</u>	<u>\$ 108,262,166</u>	<u>\$ 75,126,778</u>	<u>\$ 75,443,823</u>
<u>\$ 328,674,412</u>	<u>\$ 255,802,381</u>	<u>\$ 245,023,701</u>	<u>\$ 199,863,746</u>	<u>\$ 159,443,794</u>	<u>\$ 151,497,549</u>

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

	For the Fiscal Year Ending June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Federal direct	\$ 524,778	\$ 538,586	\$ 507,224	\$ 1,053,161
Federal through State	28,130,728	33,514,246	41,607,113	38,267,515
State sources	178,249,029	211,747,093	227,589,538	244,655,637
Local sources	<u>139,787,849</u>	<u>174,534,294</u>	<u>203,133,467</u>	<u>244,404,884</u>
 Total revenues	 <u>\$ 346,692,384</u>	 <u>\$ 420,334,219</u>	 <u>\$ 472,837,342</u>	 <u>\$ 528,381,197</u>

Source:
 District records

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,850,561	\$ 3,544,576	\$ 4,346,224	\$ 6,773,076	\$ 6,333,326	\$ 4,390,418
43,185,868	44,917,130	74,445,447	86,017,868	53,248,874	59,529,883
320,426,143	214,028,791	205,192,571	236,185,377	235,804,919	259,006,088
<u>258,384,589</u>	<u>239,855,958</u>	<u>209,624,727</u>	<u>182,822,924</u>	<u>171,187,869</u>	<u>167,952,654</u>
<u>\$ 623,847,161</u>	<u>\$ 502,346,455</u>	<u>\$ 493,608,969</u>	<u>\$ 511,799,245</u>	<u>\$ 466,574,988</u>	<u>\$ 490,879,043</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenditures				
Instruction	\$ 154,305,607	\$ 177,377,831	\$ 195,786,614	\$ 228,926,351
Pupil personnel services	15,381,152	16,435,466	18,082,451	20,467,855
Instructional media services	4,457,309	4,241,207	4,772,082	5,083,212
Instruction and curriculum development services	14,471,465	16,094,907	16,700,234	21,798,585
Instructional staff training services	2,927,494	5,078,031	5,958,714	4,624,539
Instruction related technology			3,380,672	3,884,887
Board of Education	1,648,558	1,290,353	1,414,978	1,823,258
General administration	2,613,238	2,270,644	2,526,892	2,186,576
School administration	13,762,428	14,874,908	16,704,133	19,189,405
Facilities services	12,054,265	14,723,275	16,580,781	16,535,413
Fiscal services	1,380,748	1,251,447	1,534,493	1,870,512
Food services	13,366,460	15,930,723	18,828,603	20,563,324
Central services	7,807,327	7,758,248	5,863,915	6,470,672
Pupil transportation services	11,541,466	13,948,013	15,598,236	17,014,402
Operation of plant	18,245,493	27,017,226	24,784,882	27,710,926
Maintenance of plant	5,205,591	5,216,672	7,419,369	7,809,981
Administrative technology services			3,038,578	2,860,025
Community services	1,860,842	2,004,318	2,236,213	3,397,490
Capital outlay				
Facilities acquisition and construction	33,461,068	40,545,616	62,304,787	73,466,105
Other capital outlay	10,123,806	9,862,578	13,907,537	6,092,674
Debt service				
Principal	10,030,498	13,444,462	17,176,291	19,293,444
Interest and fees	12,749,442	13,309,796	14,204,319	14,379,361
Total expenditures	<u>\$ 347,394,257</u>	<u>\$ 402,675,721</u>	<u>\$ 468,804,774</u>	<u>\$ 525,448,997</u>
Debt Service as a Percentage of Noncapital Expenditures	8.11%	8.22%	8.69%	8.17%

Source:

District records

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	252,436,907	\$ 242,419,425	\$ 252,269,672	\$ 266,865,399	\$ 253,767,483	\$ 264,220,967
	23,004,870	23,775,514	21,596,468	21,710,031	21,600,574	20,837,078
	5,860,992	5,308,109	4,528,355	4,500,290	4,171,544	4,516,147
	22,507,401	20,161,819	15,096,682	14,940,593	12,852,001	13,670,171
	9,150,787	6,589,861	8,768,979	10,034,314	8,831,137	8,545,858
	4,151,534	4,514,440	3,552,968	3,274,513	3,445,793	3,319,737
	2,150,486	1,596,656	1,680,070	1,363,448	1,737,280	1,445,253
	2,605,401	2,991,604	2,847,678	3,742,052	2,737,481	2,210,250
	21,535,497	21,017,289	22,478,323	22,458,336	21,548,515	21,860,841
	19,708,502	15,195,444	14,275,962	11,790,607	7,495,265	8,908,965
	2,028,443	1,840,274	1,784,591	1,818,535	1,763,306	2,020,295
	24,583,165	22,795,237	20,976,967	22,195,655	23,043,598	26,592,821
	6,773,727	6,656,102	6,597,053	6,368,452	6,849,484	6,780,716
	18,468,240	17,861,972	17,280,750	18,853,529	18,599,266	19,696,499
	30,798,725	30,466,641	34,035,187	29,305,887	27,341,814	30,585,170
	8,512,770	8,366,744	7,919,591	8,351,687	12,011,268	7,023,537
	3,439,879	3,431,664	3,527,874	3,396,158	3,194,658	3,844,461
	3,666,415	3,680,873	3,643,310	4,174,899	4,409,058	1,840,018
	51,547,603	97,801,621	68,920,961	66,602,017	36,644,633	16,040,556
	14,507,098	9,803,355	4,238,945	5,859,310	4,111,070	4,009,251
	16,271,911	14,186,717	14,817,845	14,034,285	15,564,668	16,079,567
	15,473,269	14,819,480	14,933,194	15,475,625	15,520,709	15,353,689
<u>\$</u>	<u>559,183,622</u>	<u>\$ 575,280,841</u>	<u>\$ 545,771,425</u>	<u>\$ 557,115,622</u>	<u>\$ 507,240,605</u>	<u>\$ 499,401,847</u>

6.88%

6.61%

6.30%

6.48%

7.14%

7.02%

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Excess of revenues over (under) expenditures	\$ (701,873)	\$ 17,658,498	\$ 4,032,568	\$ 2,932,200
Other Financing Sources	20,896,262	131,626,971	66,941,168	154,306,121
Other Financing Uses	<u>15,447,684</u>	<u>54,686,222</u>	<u>64,898,617</u>	<u>94,824,598</u>
Net change in fund balances	<u>\$ 4,746,705</u>	<u>\$ 94,599,247</u>	<u>\$ 6,075,119</u>	<u>\$ 62,413,723</u>

Source:
 District records

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>\$ 64,663,539</u>	<u>\$ (72,934,386)</u>	<u>\$ (52,162,456)</u>	<u>\$ (45,316,377)</u>	<u>\$ (40,665,617)</u>	<u>\$ (8,522,804)</u>
35,948,759	37,734,305	112,616,204	34,699,272	37,188,470	76,326,708
<u>35,731,871</u>	<u>37,671,950</u>	<u>71,232,428</u>	<u>34,542,850</u>	<u>36,942,805</u>	<u>75,750,149</u>
<u><u>\$ 64,880,427</u></u>	<u><u>\$ (72,872,031)</u></u>	<u><u>\$ (10,778,680)</u></u>	<u><u>\$ (45,159,955)</u></u>	<u><u>\$ (40,419,952)</u></u>	<u><u>\$ (7,946,245)</u></u>

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

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$ 9,814,249	\$ 10,309,085	\$ 1,177,811	\$ 1,237,196
2004	10,761,639	11,198,376	1,278,296	1,330,173
2005	12,259,605	12,986,870	1,326,423	1,405,109
2006	14,717,778	15,283,259	1,420,128	1,474,692
2007	20,226,914	22,154,342	1,570,993	1,720,693
2008	24,673,342	25,228,366	1,652,151	1,689,316
2009	24,464,364	24,562,614	1,510,465	1,516,531
2010	19,971,753	19,832,923	1,531,250	1,520,606
2011	16,573,745	16,673,788	1,473,806	1,482,702
2012	15,288,985	15,942,633	1,356,605	1,414,604

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

2013 information not available.

⁽¹⁾ Per \$1,000 of assessed value

Source:
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/12

Centrally Assessed Property		Total		Total Direct Rate ⁽¹⁾
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$ 3,400	\$ 3,571	\$ 10,995,460	\$ 11,549,852	\$ 8.812
5,426	5,646	12,045,361	12,534,195	8.798
6,182	6,549	13,592,210	14,398,528	8.514
3,790	3,936	16,141,696	16,761,887	8.367
4,562	4,997	21,802,469	23,880,032	7.782
4,495	4,596	26,329,988	26,922,278	7.772
3,785	3,800	25,978,614	26,082,945	7.513
4,129	4,100	21,507,132	21,357,629	7.699
3,677	3,699	18,051,228	18,160,189	7.715
4,083	4,258	16,649,673	17,361,495	7.577

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

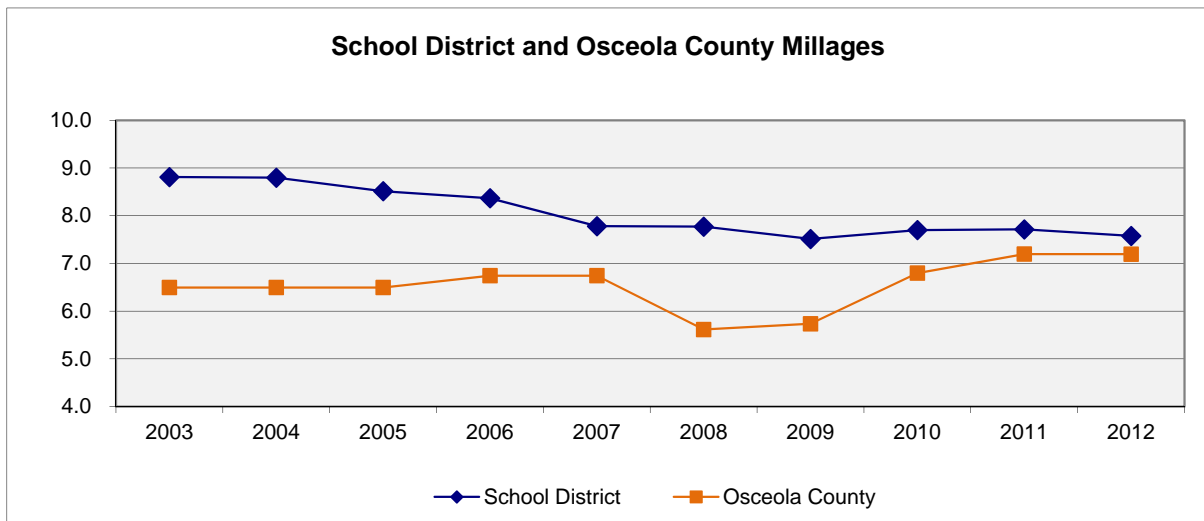
(rate per \$1,000 of assessed value)
 Unaudited

Levy Year	District Direct Rates						Overlapping Rates
	Required Local Effort	Capital Outlay	Basic Discretionary	Supplemental Discretionary	Voted Debt Service	Total Direct	Osceola County
2003	5.761	2.000	0.510	0.195	0.346	8.812	6.495
2004	5.784	2.000	0.510	0.185	0.319	8.798	6.495
2005	5.540	2.000	0.510	0.179	0.285	8.514	6.495
2006	5.369	2.000	0.510	0.250	0.238	8.367	6.744
2007	5.022	2.000	0.510	0.250		7.782	6.744
2008	5.052	2.000	0.510	0.210		7.772	5.615
2009	5.059	1.750	0.498	0.206		7.513	5.736
2010	5.201	1.500	0.748	0.250		7.699	6.797
2011	5.217	1.500	0.748	0.250		7.715	7.196
2012	5.329	1.500	0.748			7.577	7.195

Source:

District records
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/12

2013 information not available.



Schedule 10
District School Board of Osceola County
Principal Osceola County Property Tax Payers
September 30, 2012 and Nine Years Earlier
(In thousands)
Unaudited

Taxpayer	September 30, 2012			September 30, 2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westgate Properties/Resorts/Towers	\$ 774,841	1	4.65%	\$		
The Walt Disney Company	569,735	2	3.42%	562,658	1	4.67%
Lando Resorts Corporation	364,134	3	2.19%	101,019	9	0.84%
Star Island/Vacation Break/Wyndham	259,885	4	1.56%	95,284	10	0.79%
Progress Energy Florida Inc.	257,792	5	1.55%			
Tempus Palms International	257,723	6	1.55%	153,168	5	1.27%
G.P. Limited Partnership	249,196	7	1.50%	228,297	3	1.90%
Genon Florida LP	122,062	8	0.73%			
Silver Lake Resort	110,091	9	0.66%			
Omni-Championsgate Resort Hotel LLC	98,875	10	0.59%			
Central Florida Investments				554,390	2	4.60%
Florida Power Corporation				186,937	4	1.55%
Fairfield Communities				146,210	6	1.21%
Reliant Energy Osceola LLC				138,455	7	1.15%
Embarq Florida Inc/Sprint				103,491	8	0.86%
Total taxable assessed value ten largest taxpayers	3,064,334		18.40%	2,269,909		18.85%
Total taxable assessed value all other taxpayers	13,585,339		81.60%	9,770,026		81.15%
Total taxable assessed value all taxpayers	\$ 16,649,673		100.00%	\$ 12,039,935		100.00%

Source:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/12

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
2004	\$ 106,301,541	\$ 102,339,173	96.27%	\$ 355,857	\$ 102,695,029	96.61%
2005	116,134,509	111,708,607	96.19%	811,581	112,520,188	96.89%
2006	135,485,708	130,105,098	96.03%	91,059	130,196,157	96.10%
2007	171,119,959	160,954,578	94.06%	26,733	160,981,311	94.08%
2008	206,374,025	195,550,937	94.76%	1,962,978	197,513,915	95.71%
2009	203,106,867	195,727,342	96.37%	981,585	195,727,342	96.37%
2010	174,578,023	168,042,178	96.26%	845,047	168,887,225	96.74%
2011	148,427,619	141,992,906	95.66%	914,896	142,907,802	96.28%
2012	134,835,605	128,901,673	95.60%	555,818	129,457,491	96.01%
2013	128,129,837	123,305,931	96.24%		123,305,931	96.24%

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

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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
2004	\$ 8,675,839	\$ 34,387,126	\$ 67,008,622	\$ 137,417,453
2005	11,308,878	32,492,160	66,274,574	199,595,993
2006	5,962,320	30,495,288	63,716,002	194,270,400
2007	7,763,937	28,391,020	104,795,299	188,836,531
2008	3,794,475	26,173,571	100,475,993	183,202,405
2009	2,554,486	23,836,843	95,971,687	177,228,279
2010	1,454,074	21,374,409	91,284,157	211,997,778
2011	669,702	18,779,496	86,957,159	206,341,984
2012	343,646	16,044,967	82,639,229	199,375,637
2013	93,280	13,163,292	76,149,609	193,328,587

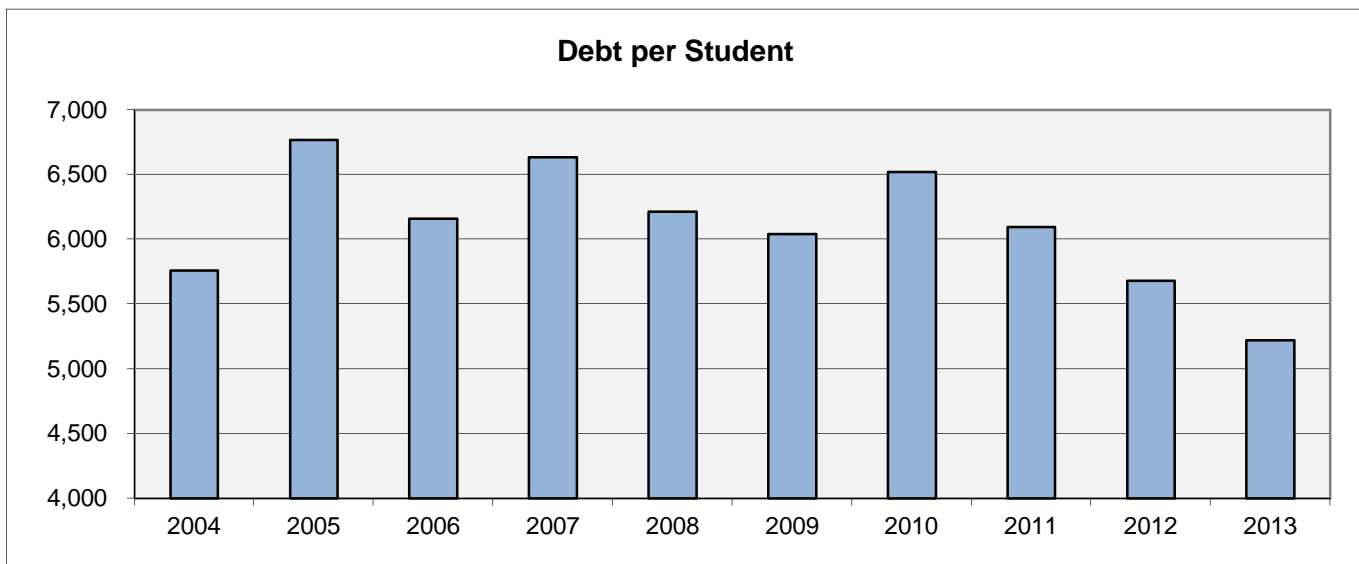
(1) Schedule 16 Personal Income (thousands) divided by Total Debt.

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

N/A = Not Available

Source:

District records



EFBD Agreement Payable	Total	Percentage of Personal Income ⁽¹⁾	Outstanding Debt Per Student ⁽²⁾
\$ 3,941,380	\$ 251,430,420	1.66%	\$ 5,760
7,764,964	317,436,569	1.45%	6,770
8,805,939	303,249,949	1.71%	6,162
8,912,464	338,699,251	1.69%	6,633
9,023,280	322,669,724	1.89%	6,213
9,139,035	308,730,330	1.97%	6,040
9,519,989	335,630,407	2.03%	6,522
9,715,198	322,463,539	2.18%	6,096
9,346,115	307,749,594	2.44%	5,680
8,973,589	291,708,357	N/A	5,219

Schedule 13
 District School Board of Osceola County
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2013
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Osceola County			
Limited General Obligation Bonds	\$ 35,345,000	100.00%	\$ 35,345,000
Revenue Bonds	402,455,000	100.00%	402,455,000
Special Assessment Bonds	2,885,000	100.00%	<u>2,885,000</u>
Subtotal, overlapping debt			<u>440,685,000</u>
District direct debt			<u>291,708,357</u>
Total direct and overlapping debt			<u><u>\$ 732,393,357</u></u>

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

Source:

District records
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/12

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed value	\$ 10,995,460	\$ 12,045,361	\$ 13,592,210	\$ 16,141,696
Debt limit (10% of assessed value)	1,099,546	1,204,536	1,359,221	1,614,170
Debt applicable to limit:				
Bonds payable	<u>68,880</u>	<u>67,009</u>	<u>66,275</u>	<u>63,716</u>
Total net debt applicable to limit	<u>68,880</u>	<u>67,009</u>	<u>66,275</u>	<u>63,716</u>
Legal debt margin	<u>\$ 1,030,666</u>	<u>\$ 1,137,527</u>	<u>\$ 1,292,946</u>	<u>\$ 1,550,454</u>
Total net debt applicable to the limit as a percentage of debt limit	6.26%	5.56%	4.88%	3.95%

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.

2013 information not available.

Source:

District records
Osceola County Comprehensive Annual Financial Report, FYE 9/30/12

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	21,802,469	\$ 26,329,988	\$ 25,978,614	\$ 21,507,132	\$ 18,051,228	\$ 16,649,673
	2,180,247	2,632,999	2,597,861	2,150,713	1,805,123	1,664,967
	104,795	100,476	95,972	91,284	86,957	82,639
	104,795	100,476	95,972	91,284	86,957	82,639
<u>\$</u>	<u>2,075,452</u>	<u>\$ 2,532,523</u>	<u>\$ 2,501,889</u>	<u>\$ 2,059,429</u>	<u>\$ 1,718,166</u>	<u>\$ 1,582,328</u>
	4.81%	3.82%	3.69%	4.24%	4.82%	4.96%

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

Fiscal Year	Sales Tax Revenue Bonds				
	Local Sales Tax Revenue	Debt Service		Coverage	
		Principal	Interest		
2004	\$ 3,031,802	\$	\$	2,112,393	143.5%
2005	3,704,309			2,112,393	175.4%
2006	7,948,681			2,112,393	376.3%
2007	9,998,541	1,420,000		2,112,393	283.1%
2008	10,292,844	3,235,000		3,996,563	142.3%
2009	9,143,244	3,370,000		3,864,203	126.4%
2010	9,035,938	3,510,000		3,724,783	124.9%
2011	9,511,482	3,645,000		3,587,442	131.5%
2012	9,925,207	3,790,000		3,441,102	137.3%
2013	10,416,923	3,950,000		3,279,877	144.1%

Source: District records

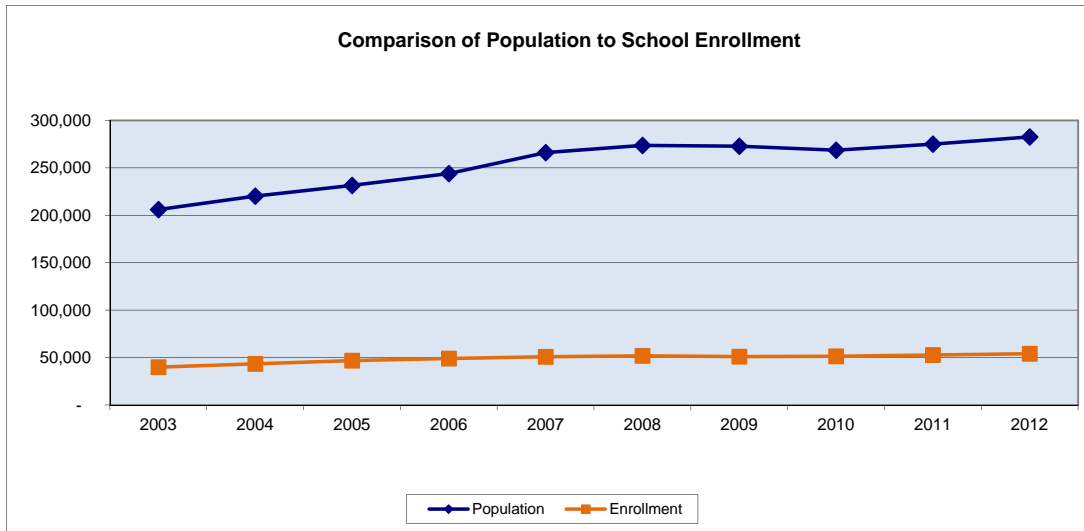
Schedule 16
 District School Board of Osceola County
 Demographic and Economic Statistics
 Last Ten Calendar Years
 Unaudited

Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (in thousands)	Per Capita Personal Income ⁽²⁾	Median Age ⁽¹⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽²⁾
2003	206,095	\$ 3,871,702	\$ 19,986	34.5	40,086	5.2%
2004	220,217	4,175,478	20,325	34.4	43,652	4.5%
2005	231,482	4,611,683	21,025	34.3	46,891	3.8%
2006	244,045	5,195,652	22,514	34.5	49,214	3.1%
2007	266,123	5,708,018	23,359	34.9	51,060	4.3%
2008	273,709	6,087,831	23,797	34.4	51,934	6.4%
2009	272,788	6,086,173	22,311	34.6	51,118	11.3%
2010	268,685	6,814,171	25,180	35.6	51,458	12.4%
2011	275,010	7,022,084	26,033	35.5	52,900	11.6%
2012	282,676	7,503,530	27,171	36.0	54,197	9.4%

Note: Information not available for 2013

Sources:

- ⁽¹⁾ Metro Orlando Economic Development Commission
- ⁽²⁾ State of Florida Office of Economic and Demographic Research
- ⁽³⁾ Osceola School District



Schedule 17
District School Board of Osceola County
Osceola County Principal Employers
September 30, 2012 and Nine Years Earlier
Unaudited

Employer	September 30, 2012			September 30, 2003 ⁽⁴⁾		
	Employees	Rank	Percentage of Total Labor Force Employed	Employees	Rank	Percentage of Total Labor Force Employed
Total Labor Force Employed ⁽¹⁾	129,876			98,266		
Osceola School District ⁽²⁾	6,633	1	5.11%	4,383	1	4.46%
Walt Disney World (Osceola County only) ⁽³⁾	3,114	2	2.40%			
Osceola County Government	2,305	3	1.77%	1,500	2	1.53%
Wal-Mart Stores, Inc.	2,227	4	1.71%			
Publix Supermarkets	2,000	5	1.54%			
Wyndam Hotels	1,975	6	1.52%			
Florida Hospital Celebration/Kissimmee	1,750	7	1.35%	900	3	0.92%
Westgate Vacation Villas	1,577	8	1.21%			
Gaylord Palms Resort & Convention Center	1,434	9	1.10%			
Total principal employers	23,015		17.72%	6,783		6.90%

Note:

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

⁽²⁾ School District employees are shown as of June 30, 2012 and 2003. (Schedule 18 and Prior Year CAFR)

⁽³⁾ Walt Disney World is a primary employer. Total employment in 2012 ranged between 54,000 and 60,000 employees. Number of employees from Osceola County is estimated.

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

Source:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/12
(includes information on only nine employers)
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

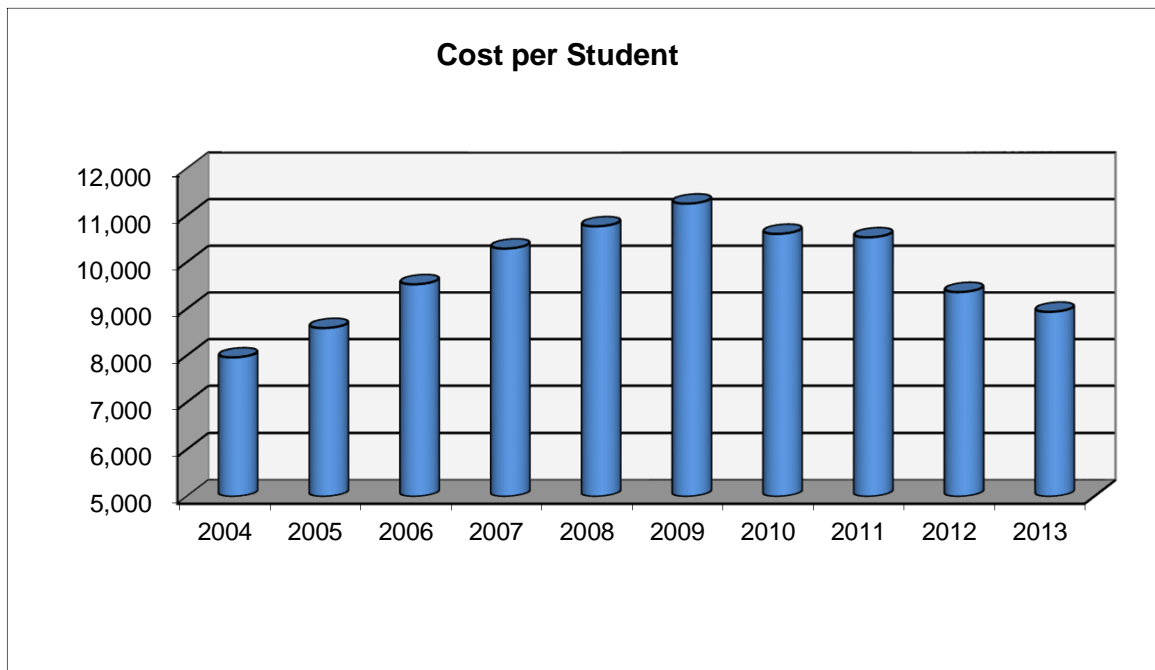
	Full-time-Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Supervisory										
Officials, Administrators and Managers	37	35	42	43	44	44	44	43	43	51
Consultants/Supervisors of Instruction	5	4	5	7	8	8	11	11	11	11
Principals	45	46	46	45	48	52	55	55	55	58
Assistant Principals	52	56	64	66	70	63	66	69	64	69
Deans/Curriculum Coordinators	5	5	2	4	7	2	5	6	9	9
Total supervisory	<u>144</u>	<u>146</u>	<u>159</u>	<u>165</u>	<u>177</u>	<u>169</u>	<u>181</u>	<u>184</u>	<u>182</u>	<u>198</u>
Instruction										
Classroom Teachers, Elementary (PK, K-5)	940	1,052	1,157	1,242	1,297	1,290	1,291	1,401	1,438	1,447
Classroom Teachers, Secondary (6-12)	951	1,063	1,138	1,210	1,336	1,279	1,245	1,307	1,359	1,405
Exceptional Education Teachers	335	377	399	424	421	407	410	411	395	402
Other Teachers	86	95	76	86	93	80	102	118	127	130
Total instruction	<u>2,312</u>	<u>2,587</u>	<u>2,770</u>	<u>2,962</u>	<u>3,147</u>	<u>3,056</u>	<u>3,048</u>	<u>3,237</u>	<u>3,319</u>	<u>3,384</u>
Student Services										
Guidance Counselors	90	96	95	93	97	90	92	99	98	100
Social Workers	8	10	11	13	14	14	12	9	9	11
School Psychologists	29	31	31	34	34	37	33	31	31	30
Librarians/Audio-Visual Workers	35	35	39	39	46	45	47	48	47	45
Other Professional Staff, Instructional	229	273	321	334	387	356	267	261	262	277
Other Professional Staff, Non-Instructional	175	189	190	196	210	224	199	190	186	183
Aides	706	735	805	779	775	696	575	666	694	728
Technicians	51	55	78	96	107	102	110	65	124	119
Total student services	<u>1,323</u>	<u>1,424</u>	<u>1,570</u>	<u>1,584</u>	<u>1,670</u>	<u>1,564</u>	<u>1,335</u>	<u>1,369</u>	<u>1,451</u>	<u>1,493</u>
Support and Administration										
Clerical/Secretarial	440	467	508	539	561	564	537	536	494	519
Service Workers	951	906	1,162	1,275	1,331	1,301	1,101	1,108	1,101	1,147
Skilled Crafts Workers	53	55	63	65	71	72	67	66	66	67
Unskilled Laborers	23	22	18	23	26	23	22	21	20	24
Total support and administration	<u>1,467</u>	<u>1,450</u>	<u>1,751</u>	<u>1,902</u>	<u>1,989</u>	<u>1,960</u>	<u>1,727</u>	<u>1,731</u>	<u>1,681</u>	<u>1,757</u>
Total	<u>5,246</u>	<u>5,607</u>	<u>6,250</u>	<u>6,613</u>	<u>6,983</u>	<u>6,749</u>	<u>6,291</u>	<u>6,521</u>	<u>6,633</u>	<u>6,832</u>

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

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

Fiscal Year	Expenditures	Student Enrollment	Cost per Student	Number of Schools
2004	\$ 347,394,257	43,652	\$ 7,958	35
2005	402,675,721	46,891	8,587	39
2006	468,804,774	49,214	9,526	39
2007	525,448,997	51,060	10,291	43
2008	559,183,622	51,934	10,767	43
2009	575,280,841	51,118	11,254	47
2010	545,771,425	51,458	10,606	46
2011	557,115,622	52,900	10,531	47
2012	507,240,605	54,197	9,359	47
2013	499,401,847	55,892	8,935	47

Source: District records
 Florida Department of Education, Education Information and Accountability Services,
 PK - 12 Public School Data Publications and Reports, Students,
 Free/Reduced Price Lunch Eligibility



Number of Classroom Teachers	Pupil/Teacher Ratio	Percentage of Students Receiving Free/Reduced Meals	
		Osceola	Statewide
2,312	18.9	54.3%	45.4%
2,587	18.1	55.1%	46.0%
2,770	17.8	55.7%	45.8%
2,962	17.2	57.2%	45.4%
3,147	16.5	58.7%	45.8%
3,056	16.7	62.7%	49.6%
3,048	16.9	67.4%	53.5%
3,237	16.3	68.4%	56.0%
3,319	16.3	70.7%	57.6%
3,384	16.5	71.7%	58.6%

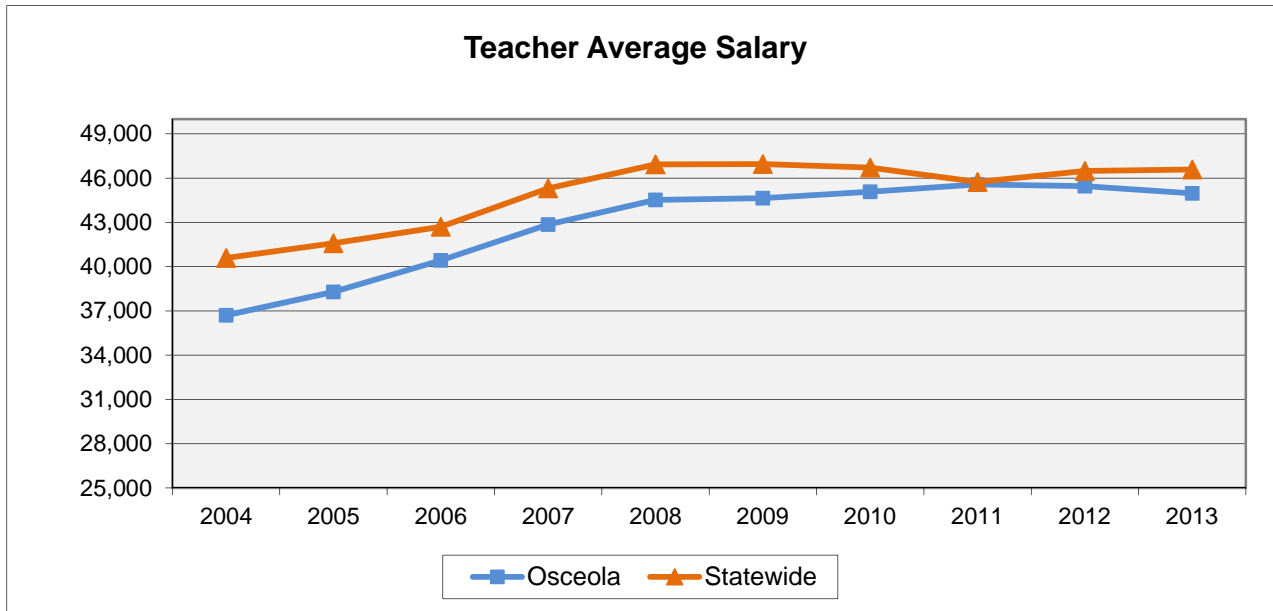
Schedule 20
 District School Board of Osceola County
 Teacher Salaries
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Minimum Salary ⁽¹⁾	Maximum Salary ⁽¹⁾	Osceola Average Salary ⁽²⁾	Statewide Average Salary ⁽²⁾
2004	\$ 30,600	\$ 53,575	\$ 36,702	\$ 40,587
2005	31,600	55,350	38,292	41,581
2006	33,400	58,850	40,418	42,705
2007	36,000	61,275	42,851	45,307
2008	37,500	65,685	44,519	46,930
2009	37,500	65,685	44,639	46,950
2010	37,650	66,185	45,070	46,708
2011	37,800	66,485	45,574	45,732
2012	38,036	66,485	45,457	46,479
2013	38,036	66,485	44,965	46,583

Source:

⁽¹⁾ District records

⁽²⁾ Florida Department of Education
 Education Information and Accountability Services



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

	Current		Unweighted Full-Time Equivalent Enrollment Data			
	Square Footage	Student Capacity	2012-13	2011-12	2010-11	2009-10
Elementary Schools (Placed in Service)						
Boggy Creek (1982)	103,810	896	720	718	702	698
Central Avenue (1934)	112,763	726	711	686	608	610
Chestnut (2005)	125,005	1,026	671	683	664	680
Cypress (1991)	109,578	800	755	727	728	797
Deerwood (1990)	130,077	990	676	698	636	685
East Lake (2010)	111,172	986	867	859	764	
Flora Ridge (2007)	122,977	1,062	1,122	1,071	994	967
Hickory Tree (1983)	113,348	646	620	604	607	514
Highlands (1959)	133,987	1,009	963	905	755	735
Kissimmee (2000)	130,749	1,118	843	835	801	725
Koa (2009)	108,348	898	816	863	860	881
Lakeview (1985)	113,017	808	645	637	636	685
Michigan Avenue (1971)	96,385	738	618	608	635	700
Mill Creek (1986)	141,177	1,120	786	867	908	978
Narcoossee (2009)	113,913	920	748	734	620	1,129
Neptune (2007)	119,701	1,066	886	882	828	737
Partin Settlement (2002)	126,706	877	790	818	782	857
Pleasant Hill (1986)	140,278	1,056	880	936	935	951
Poinciana Academy of Fine Arts (2001)	142,990	890	714	707	704	615
Reedy Creek (1980)	104,872	955	730	763	813	784
Saint Cloud (2005)	125,891	1,098	924	921	901	836
Sunrise (2005)	121,880	1,066	814	817	827	799
Thacker Avenue (1963)	136,598	928	791	729	777	685
Ventura (1987)	135,995	1,084	967	917	897	977
Total Elementary Schools			19,057	18,985	18,382	18,025
Middle Schools (Placed in Service)						
Denn John (1973)	132,401	1,431	1,169	1,181	1,156	1,148
Discovery (2000)	278,322	1,638	1,219	1,291	1,376	1,398
Horizon (1993)	177,814	1,433	1,158	1,199	1,209	1,163
Kissimmee (1995)	179,538	1,579	1,307	1,215	1,182	1,119
Narcoossee (2000)	186,927	1,565	1,069	1,041	892	666
Neptune (1987)	185,744	1,660	1,385	1,399	1,281	1,423
Parkway (1986)	154,416	1,290	1,011	929	871	897
Saint Cloud (1974)	136,084	1,593	1,180	1,230	1,349	1,204
Total Middle Schools			9,498	9,485	9,316	9,018
High Schools (Placed in Service)						
Celebration (2001)	311,777	2,235	1,995	1,864	1,860	1,694
Gateway (1981)	292,871	2,832	2,317	2,241	2,287	2,324
Harmony (2004)	308,075	2,207	1,806	1,858	1,832	1,880
Liberty (2007)	303,318	2,331	1,898	2,052	2,146	2,062
Osceola (1962)	313,013	2,626	2,285	2,080	1,963	1,945
PATHS Technical Education Center (1990)	153,031	1,528	681	694	681	684
Poinciana (1991)	308,575	1,851	1,447	1,348	1,230	1,203
Saint Cloud (1962)	273,621	2,331	2,057	1,886	1,747	1,683
Total High Schools			14,486	14,023	13,746	13,475
Multilevel Schools (Placed in Service)						
Celebration (1995)	218,871	1,682	1,282	1,319	1,172	1,197
Harmony (2007)	106,691	915	799	800	921	930
New Beginnings Educational Complex (2009)	75,372	816	269	296	268	288
Osceola County School for the Arts (2002)	177,693	1,068	852	828	740	736
Westside K-8 (2009)	189,495	1,697	1,523	1,359	1,481	1,206
Total Multilevel Schools			4,725	4,602	4,582	4,357
Total K-12 Schools			47,766	47,095	46,026	44,875

Note: The District's two adult schools, Technical Education Center Osceola (TECO) and Adult Learning Center Osceola (ALCO), are not included on this report.

Source:
District records

2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
711	740	825	858	779	881
661	716	850	850	832	858
982	1,084	1,117	1,037		
789	815	930	982	939	939
976	1,079	1,074	1,049	1,507	1,334
950	750				
563	899	909	744	738	727
767	794	779	853	876	831
726	744	1,063	1,157	1,259	1,158
717	725	1,016	928	790	760
688	950	992	997	849	806
997	1,045	952	952	892	930
1,127					
660	707				
971	963	1,024	957	961	836
1,039	991	991	970	924	1,080
916	1,017	1,112	1,153	1,517	1,224
1,150	1,138	989	901	1,331	1,266
832	989	984	797		
895	896	990	737		
589	642	695	718	632	640
1,004	1,120	1,128	1,106	1,114	1,001
<u>18,710</u>	<u>18,804</u>	<u>18,420</u>	<u>17,746</u>	<u>15,939</u>	<u>15,271</u>
1,132	1,083	1,157	1,236	1,347	1,345
1,471	1,596	1,619	1,593	1,504	1,445
1,472	1,553	1,609	1,423	1,353	1,219
1,151	1,106	1,030	1,112	1,206	1,224
663	1,738	1,579	1,362	1,232	1,105
1,449	1,473	1,509	1,432	1,676	1,632
889	886	1,023	1,029	1,114	1,172
1,200	1,216	1,311	1,200	884	848
<u>9,427</u>	<u>10,651</u>	<u>10,837</u>	<u>10,387</u>	<u>10,317</u>	<u>9,990</u>
1,654	1,704	1,847	1,738	1,731	1,443
2,377	2,333	2,269	2,354	2,580	2,621
1,859	1,891	1,696	1,481	1,306	
1,974	2,020				
2,147	2,359	2,433	2,374	2,443	2,418
691	696	660	685	599	516
1,366	2,785	2,785	2,568	2,454	2,094
1,753	1,741	1,674	1,595	1,644	2,528
<u>13,821</u>	<u>15,529</u>	<u>13,364</u>	<u>12,795</u>	<u>12,757</u>	<u>11,620</u>
1,284	1,338	1,248	1,176	1,270	1,270
747					
334					
498	678	750	659	599	503
<u>2,863</u>	<u>2,016</u>	<u>1,998</u>	<u>1,835</u>	<u>1,869</u>	<u>1,773</u>
<u>44,821</u>	<u>47,000</u>	<u>44,619</u>	<u>42,763</u>	<u>40,882</u>	<u>38,654</u>

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SINGLE AUDIT SECTION



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	321	\$ 4,381,402	\$
National School Lunch Program	10.555 ^{(2)(a)}	300	17,798,374	
Summer Food Service Program for Children	10.559	323	755,226	
Total United States Department of Agriculture			<u>22,935,002</u>	
United States Department of Transportation:				
Indirect:				
Florida Department of Transportation:				
Highway Training and Education	20.215	None	4,733	
United States Department of Energy:				
Indirect:				
University of Central Florida:				
ARRA - State Energy Program, Recovery Act	81.041 ^{(2)(b)}		199,358	
United States Department of Education:				
Direct:				
Federal Pell Grant Program	84.063	N/A	1,170,470	
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	142,373	
Fund for the Improvement of Education	84.215	N/A	251,190	
Total Direct			<u>1,564,033</u>	
Indirect:				
Title I, Part A Cluster:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	15,729,971	405,746
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212,222,226	11,859	
Total Title I, Part A Cluster			<u>15,741,830</u>	<u>405,746</u>
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	9,029,386	
Special Education - Preschool Grants	84.173	267	192,886	
Total Special Education Cluster			<u>9,222,273</u>	
School Improvement Grants Cluster:				
Florida Department of Education:				
School Improvement Grants	84.377	126	278,586	
ARRA - School Improvement Grants, Recovery Act	84.388	126	2,410,392	
Total School Improvement Grant Cluster			<u>2,688,978</u>	
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	505,597	
Migrant Education - State Grant Program	84.011	217	128,682	
Career and Technical Education - Basic Grants to States	84.048	161	585,474	8,090
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	2,157	
Education for Homeless Children and Youth	84.196	127	111,833	
Charter Schools	84.282	298	408,785	408,785
Twenty-First Century Community Learning Centers	84.287	244	1,673,067	
English Language Acquisition Grants	84.365	102	1,481,484	22,645
Improving Teacher Quality State Grants	84.367	224	1,482,315	
ARRA - Education Technology State Grants, Recovery Act	84.386	121	2	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RL1, RD2, RG3, RG4, RS6	2,081,537	113,705
Total Indirect			<u>36,114,014</u>	<u>958,971</u>
Total United States Department of Education			<u>37,678,047</u>	<u>958,971</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Health and Human Services:				
Indirect:				
Florida Department of Health:				
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	DOH-COH9Y-2013	\$ 75,000	\$ -
Early Learning Coalition of Osceola County: Child Care and Development Block Grant	93.575	None	163,066	
Total United States Department of Health and Human Services			<u>238,066</u>	
United States Department of Defense:				
Direct:				
Air Force Junior Reserve Officers Training Corps	None	N/A	125,471	
Army Junior Reserve Officers Training Corps	None	N/A	236,980	
Marine Junior Reserve Officers Training Corps	None	N/A	60,861	
Navy Junior Reserve Officers Training Corps	None	N/A	49,340	
Total United States Department of Defense			<u>472,652</u>	
Total Expenditures of Federal Awards			<u>\$ 61,527,858</u>	<u>\$ 958,971</u>

- Notes:
- (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2012-13 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. Includes \$1,131,093 of donated food used during the 2012-13 fiscal year. Donated foods are valued at fair value as determined at the time of donation.
 - (b) State Energy Program. Represents the value of solar panel generators donated to various schools by the University of Central Florida.



DAVID W. MARTIN, CPA
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AUDITOR GENERAL STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT ON 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*

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2013, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the agency funds and aggregate discretely presented component units, as described in our report on the Osceola County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 a certain additional matter that is discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report. In addition, we noted certain matters that we reported to District management in our operational audit report No. 2014-071, dated December 2013.

Management's response to the finding 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 it.

Purpose of this Report

The purpose of the **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** is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 20, 2013

Audit Report No. 2014-072



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Report on Compliance for Each Major Federal Program

We have audited the Osceola County District School Board's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2013. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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. Our opinion on each major Federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the Exhibit A. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 and 2 that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit is included as Exhibit A. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 20, 2013

Audit Report No. 2014-072

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes
Identification of major programs:	
CFDA Number(s):	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
81.041	ARRA – State Energy Program
84.377 and 84.388	School Improvement Grant Cluster
84.395	ARRA – State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,845,835
Auditee qualified as low-risk auditee?	Yes

ADDITIONAL MATTER

Finding No. 1: Reporting Entity

Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, effective for the 2012-13 fiscal year, modifies certain requirements for inclusion of discretely presented component units as part of the District’s financial statements. In October 2012, the Florida Department of Education provided guidance directing school districts to report charter schools as discretely presented component units of a school districts’ reporting entity in accordance with generally accepted accounting principles. However, the District did not report, in the aggregate discretely presented component unit columns of the District’s financial statements, the following five charter schools: Acclaim Academy of Florida, Inc.; Florida Virtual Charter Academy at Osceola; iVirtual League Academy; Renaissance Charter School at Poinciana; and the UCP Osceola Child Development Center Charter School. The financial activities of these five charter schools comprise 22 percent of assets, 22 percent of liabilities, 17 percent of revenues, 19 percent of expenses, and 26 percent of net position, of the financial activities reported for aggregate discretely presented component units.

We extended our audit procedures to determine the adjustments necessary to ensure the District’s financial statements were properly reported, and District personnel accepted these adjustments. However, our extended audit procedures cannot substitute for management’s responsibility to implement adequate controls over financial reporting.

Recommendation: The District should enhance controls to ensure to proper reporting of its discretely presented component units on the District’s financial statements.

FEDERAL AWARDS FINDINGS

Federal Awards Finding No. 1:
Federal Agency: United States Department of Agriculture
Pass-Through Entity: Florida Department of Agriculture
Program: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: Not applicable

Allowable Costs/Cost Principles – Documentation of Time and Effort. 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 governmental unit. Where employees are expected to work on multiple cost activities or cost objectives, a distribution of their salaries or wages will be supported by 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 their salaries and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. District procedures require semiannual certification preparations in June and January.

The District reported approximately \$23 million of expenditures for the Child Nutrition Cluster (CNC) programs for the 2012-13 fiscal year. The District allocated custodial salaries and benefits totaling \$587,578 to the CNC programs

based on custodian salaries at each school and an estimated number of hours, ranging from 2.25 hours to 5 hours per work day. However, personnel activity reports or equivalent documentation were not prepared to document the amount of time worked by the custodial personnel for CNC programs. We extended our procedures to interview custodial personnel and confirmed the respective salary charges were proper.

Absent the required personnel activity reports or equivalent documentation to demonstrate that the work activities of the custodians benefited the CNC programs, there is an increased risk that personnel costs may be inappropriately charged to the programs.

Recommendation: The District should enhance its procedures to ensure that required documentation is maintained to support salary and benefits charges to Federal programs.

District Contact Person: Rae Hollenbeck, Director, School Nutrition Services

Federal Awards Finding No. 2:
Federal Agency: United States Department of Agriculture
Pass-Through Entity: Florida Department of Agriculture
Program: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: Not applicable

Program Administration. At June 30, 2013, the food service inventories totaled \$724,000 for the Special Revenue - Food Service (SRFS) Fund and consisted primarily of purchased food and nonfood items. As noted in our operational report, the duties of recordkeeping and custody of inventories was not appropriately separated and controls were not established to monitor daily inventory usage variances. These control deficiencies impact the administration of the Federally-funded food service program as discussed below.

At the three schools we tested, food service inventories totaled \$14,571; however, food service managers performed year-end physical inventory counts, recorded year-end physical inventory counts, prepared production reports, and documented comparisons of production report inventory usage to meals served. For these three schools, we noted daily differences for each of the 35 days tested between the production reports total servings prepared and left over and the total meals served on the food sales reports. The differences ranged from 8 to 115 meals, or up to a 17 percent difference. District personnel independent of inventory custody had not researched or documented explanations for these differences. While the food service department established written procedures that provided for proper separation of duties during inventory counts, all food service managers were not aware of these procedures. Without effectively separating the duties of inventory recording keeping and asset custody, there is an increased risk of theft or inappropriate use of inventories without timely detection.

Recommendation: The District should enhance controls to ensure the separation of duties for food service inventories, to the extent practicable with existing personnel, or implement compensating controls such as periodic review of inventory purchases and issues by personnel independent of the inventory function.

District Contact Person: Rae Hollenbeck, Director, School Nutrition Services

PRIOR AUDIT FOLLOW-UP

As discussed in our operational audit report, the two findings included in the 2011-12 fiscal year financial audit report had not been corrected.

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, 2013*

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
Moore Stephens Lovelace, P.A.		There were no prior Federal audit findings.		

**EXHIBIT A
MANAGEMENT'S RESPONSE**

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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SCHOOL BOARD MEMBERS

District 1 – Jay Wheeler
407-973-4141
District 2 – Kelvin Soto – Vice Chair
407-361-2462
District 3 – Tim Weisheyer - Chair
407-361-0235
District 4 – Barbara Horn
407-462-5642
District 5 – Tom Long
407-462-5782

Superintendent of Schools
Melba Luciano



December 16, 2013

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 compliance with Federal regulations and generally accepted accounting principles. Following are management's responses to the preliminary findings and recommendations relative to our financial audit for the fiscal year ended June 30, 2013.

Finding No. 1: Reporting Entity

The District did not include, as part of its financial reporting entity, five charter schools as discretely presented component units, contrary to generally accepted accounting principles and Florida Department of Education guidance.

Recommendation: The District should enhance controls to ensure [the] proper reporting of its discretely presented component units on the District's financial statements.

Response: Governmental Accounting Standards Board (GASB) Statement No. 61, which clarifies the proper accounting treatment for component units, was effective for financial statements for periods beginning after June 15, 2012 (2012-13 fiscal year). The District early implemented Statement No. 61 for the fiscal year ended June 30, 2012, and through consultation with the District's external auditors, it was determined at the time charter schools did not meet the criteria for consideration as a component unit.

Based on recommendations from the Department of Education (DOE), and aided by the Auditor General's interpretation of GASB Statement No. 61, it was later determined that charter schools shall be included in school districts' financial statements. In the District's effort to fully comply with the DOE's request and the AG's interpretation of GASB Statement No. 61, the District decided to include only those charter schools that operated exclusively within Osceola County, FL, and could not be included in the financial statements of another entity. For the fiscal year ended June 30, 2013, the District applied the same criteria and did not initially report the financial activities of the following entities as aggregate discretely presented component units in its financial statements: (1) Acclaim Academy of Florida, Inc.; (2) Florida Virtual Charter Academy at Osceola; (3) iVirtual League Academy; (4) Renaissance Charter School at Poinciana; and (5) UCP Osceola Child Development Center Charter School. This

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EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

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definition of a component unit was used by the District prior to the 2011-12 fiscal year and was supported by the AG and the District's external auditors.

After further discussions with the AG's office, the interpretation was to include all charter schools operating within the boundaries of Osceola County, FL, that were not included in the financial statements of another governmental entity. The District made the appropriate adjustments based on the AG's clarifying statement, and will adopt this methodology going forward.

Federal Awards Finding No. 1: Allowable Costs/Cost Principles – Documentation of Time and Effort

Required documentation to support personnel charges of Federal programs was not always maintained, contrary to Federal regulations.

Recommendation: The District should enhance its procedures to ensure that required documentation is maintained to support salary and benefits charges to Federal programs.

Response: Custodial personnel costs were allocated to the Food Service Fund based on actual meal service hours. This methodology provided a reasonable and appropriate allocation of the federal program's share of custodial salary costs, and a more accurate representation of the true cost of operations.

District staff will improve time-keeping procedures to ensure that salary and benefits charged to Federal programs are supported by documentation that is consistent with Federal requirements.

Federal Awards Finding No. 2: Program Administration

Controls over Federal program inventories could be enhanced.

Recommendation: The District should enhance controls to ensure the separation of duties for food service inventories, to the extent practicable with existing personnel, or implement compensating controls such as periodic review of inventory purchases and issues by personnel independent of the inventory function.

Response: The District will ensure the separation of duties during inventory by improving the communication of existing controls with food service managers.

We would like to thank your audit staff for their assistance and technical advice during the audit and for bringing to light areas upon which the District can improve.

Sincerely,



Melba Luciano
Superintendent