

School Board Members

Barbara Horn, Chair

Julius Melendez, Vice Chair

Jay Wheeler

Cindy Hartig

Tom Long



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2012

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

Melba Luciano
Superintendent

William C. Collins
Chief Business & Finance Officer

Sarah E. Graber
Director of Finance

Student Achievement - Our Number One Priority

AN EQUAL OPPORTUNITY EMPLOYER

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012

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, 2012

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For the Fiscal Year Ended June 30, 2012

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INTRODUCTORY SECTION



THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

817 Bill Beck Boulevard • Kissimmee • Florida 34744-4492
Phone: 407-870-4600 • Fax: 407-870-4010 • www.osceola.k12.fl.us

SCHOOL BOARD MEMBERS

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



Superintendent of Schools
Melba Luciano

November 5, 2012

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

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

State law requires that all local governments publish, after the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the District School Board of Osceola County, Florida (District) for the fiscal year ended June 30, 2012.

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

The firm of Moore Stephens Lovelace, P.A. 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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion that the District's basic financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP.

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Districtwide Accreditation by the Southern Association of Colleges and Schools
An Equal Opportunity Agency

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

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

This report includes all funds of the District, Bellalago Educational Facilities Benefit District (Bellalago EFBD) and Four Corners Charter School, Inc., which comprise the reporting entity. Bellalago EFBD is a dependent special district created pursuant to Florida law to finance and construct the facilities housing Bellalago Charter School. Four Corners Charter School, Inc. is a separate not-for-profit corporation to enhance the education of those Osceola County students attending Four Corners Charter School. The Bellalago EFBD and Four Corners Charter School, Inc. are included as discretely presented component units.

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

PROFILE OF THE GOVERNMENT

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

The geographic boundaries of the District are those of Osceola County. During fiscal year 2011-12, the District operated 47 K-12 schools, including 24 elementary schools, 8 middle schools, 8 high schools, and 7 specialized schools. In addition, the District sponsored 8 charter schools. The District receives the majority of its operating funds through a State funding formula that is intended to equalize funding received from the State and local property tax between districts within the State. Charter schools operating through a contract with the District are provided with their proportionate share of these funds, based upon the number of full-time equivalent students enrolled at the charter school. In fiscal year 2011-12, the District provided general, special, vocational, and other educational programs to 54,183 un-weighted full-time equivalent students. The projected enrollment for fiscal year 2012-13, is 55,741 un-weighted 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 2012-13.

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

ECONOMIC CONDITION AND OUTLOOK

Osceola County is part of the Orlando Metropolitan Statistical Area (MSA) along with Orange, Seminole and Lake Counties. According to the 2011 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 2016. The Commission promotes Osceola County as being a world class tourism destination.

The population of Osceola County has increased 59.4 percent from 2000 to 2011, compared to the state of Florida, which increased 18.3 percent. According to the 2011 Commission's report, there were an estimated 275,010 people and 94,995 households residing in the County. The population is estimated to be 300,350 and households 112,574 in 2016. Based on the 2011 Commission's report, the racial makeup of the County was 71 percent white, 11.3 percent black and 17.8 percent from other races. Hispanics make up 47.5 percent of the total population.

Of Osceola County's population, 29.3 percent are 19 and younger, and 12.1 percent are 65 and older. The average household size is 2.9. The median age in the County is 35.5 years. The median income for a household was \$48,367. The per capita income for the County was \$21,406. Of the 25 and older population, 85.5 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 6,633 full and part-time employees, including 3,319 classroom teachers.

Major Initiatives

Class Size Reduction Amendment

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

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

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

Under the implementation schedule established by the Florida Legislature, compliance for 2011-12 was measured at the individual classroom level. The District was in compliance.

For 2012-13, 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 \$31,326,423. These projects included one new elementary school, one classroom wing addition and renovations to other schools. These schools opened for the 2012-13 school year.

Accomplishments

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

School districts throughout Florida are held accountable and receive school grades based on the results of the Florida Comprehensive Assessment Test (FCAT). The fiscal year 2011-12 marks the 13th 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 13 received a grade of 'A', 12 received a grade of 'B', 8 received a grade of 'C' and 2 received a grade of 'D'. Results for High Schools are pending. The District's overall letter grade will be released at a later date.

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Districtwide Accreditation by the Southern Association of Colleges and Schools
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Nearly 38 percent of District teachers have earned Master's degrees or higher.

The District has 192 teachers that have successfully completed the rigorous and time-intensive program of the National Board of Professional Teaching Standards. To achieve the highly esteemed National Certification, teachers are required to provide a portfolio of information regarding teaching styles, examples of work performed by students, and successfully pass an examination. Teachers who gain this certification are provided incentives including salary and mentoring bonuses.

Financial Information

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

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

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

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

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

Long-Term Financial Planning. 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 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 \$7.3 million of its operating fund balance during the 2011-12 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 few years.

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,



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



Melba Luciano
Superintendent

**OSCEOLA SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012**

SCHOOL BOARD MEMBERS

Tom Long
District 5

Barbara Horn, Chair
District 4

Cindy Hartig
District 3

Julius Melendez, Vice Chair
District 2

Jay Wheeler
District 1

SUPERINTENDENT

Terry Andrews

ASSISTANT SUPERINTENDENTS

ELEMENTARY CURRICULUM & INSTRUCTION
Melba Luciano

SECONDARY CURRICULUM & INSTRUCTION
Pam Tapley

SCHOOL SUPPORT SERVICES
Mark Munas

ADMINISTRATION/STUDENT SERVICES
Thomas Phelps

CHIEFS

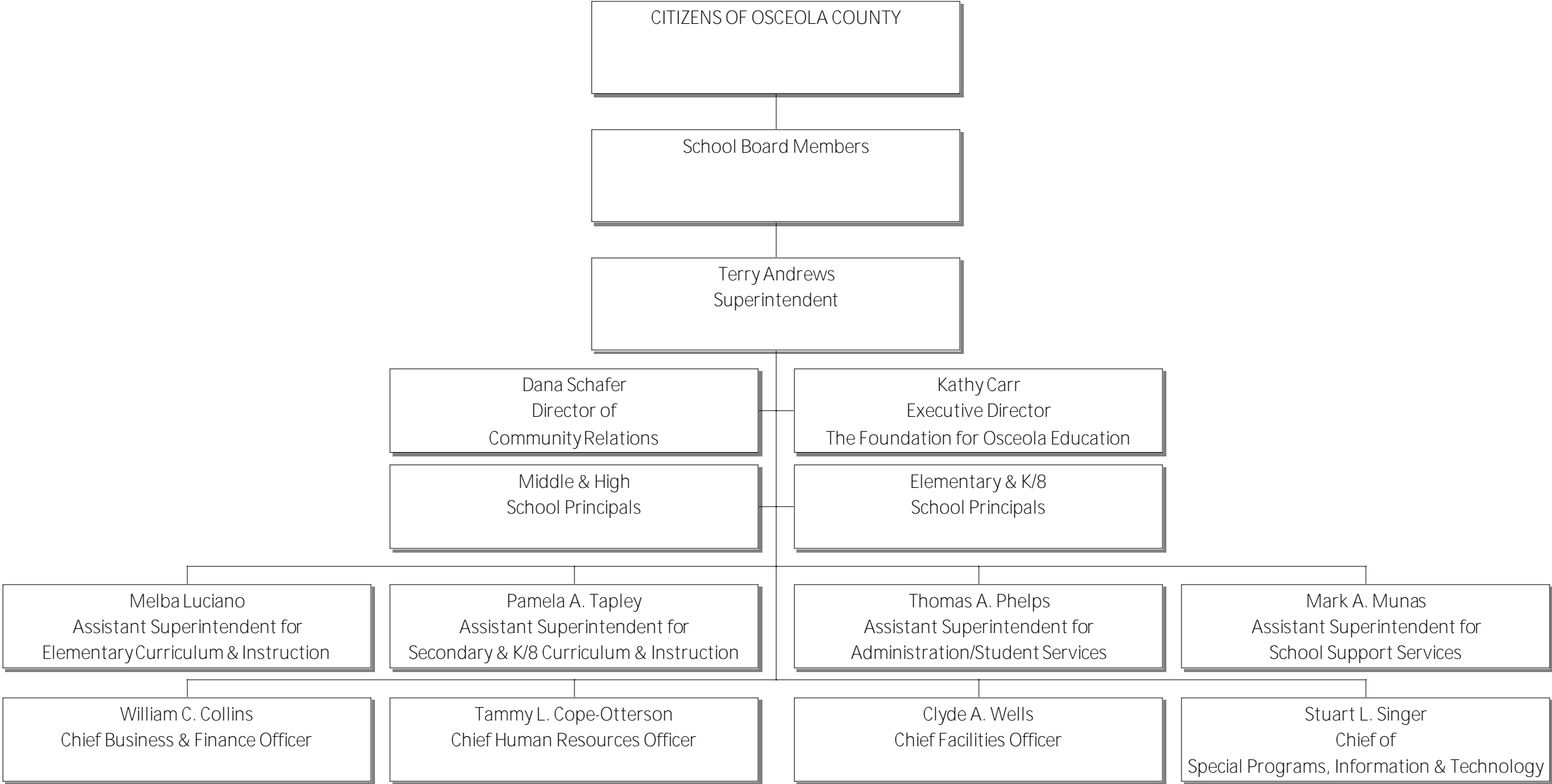
BUSINESS & FINANCE OFFICER
William C. Collins

FACILITIES OFFICER
Clyde Wells

SPECIAL PROGRAMS,
INFORMATION & TECHNOLOGY OFFICER
Stuart Singer

HUMAN RESOURCES OFFICER
Tammy Cope-Otterson

The School District of Osceola County, Florida
 DISTRICT ADMINISTRATIVE ORGANIZATIONAL CHART
 2011-2012



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, 2011

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



Linda C. Dandison

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION





MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Chair and Members of
The District School Board of Osceola County, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the District's agency funds, which represent 9% of the assets and 47% of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us and, our opinion, insofar as it relates to the amounts included for the agency funds and discretely presented component units, is based on the reports of those other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Chairman and Members of
The District School Board of Osceola County, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information on pages 66 through 71 and Schedule of Funding Progress – Other Postemployment Benefits Plan on page 72, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section 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.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 5, 2012

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, 2012.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-12 fiscal year are as follows:

- Total assets of the District exceed total liabilities at the close of the most recent fiscal year by \$604,490,296.
- The District's total net assets decreased by \$20,361,658 or 3.3 percent from the 2010-11 year.
- At June 30, 2012, the District's combined governmental fund balances totaled \$159,443,794, a decrease of \$40,419,952, or 20.2 percent, in comparison with the prior fiscal year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$52,631,593 at June 30, 2012, or 14.3 percent of total General Fund expenditures.
- The District's total bonded debt (Bonds Payable and Certificates of Participation, excluding premiums and discounts) decreased by \$11,540,000, or 3.9 percent during the current fiscal year. The key factor in this decrease was the payment of principal.
- The District's net capital assets increased by \$6,754,170, or 0.87 percent from the 2010-11 fiscal year.

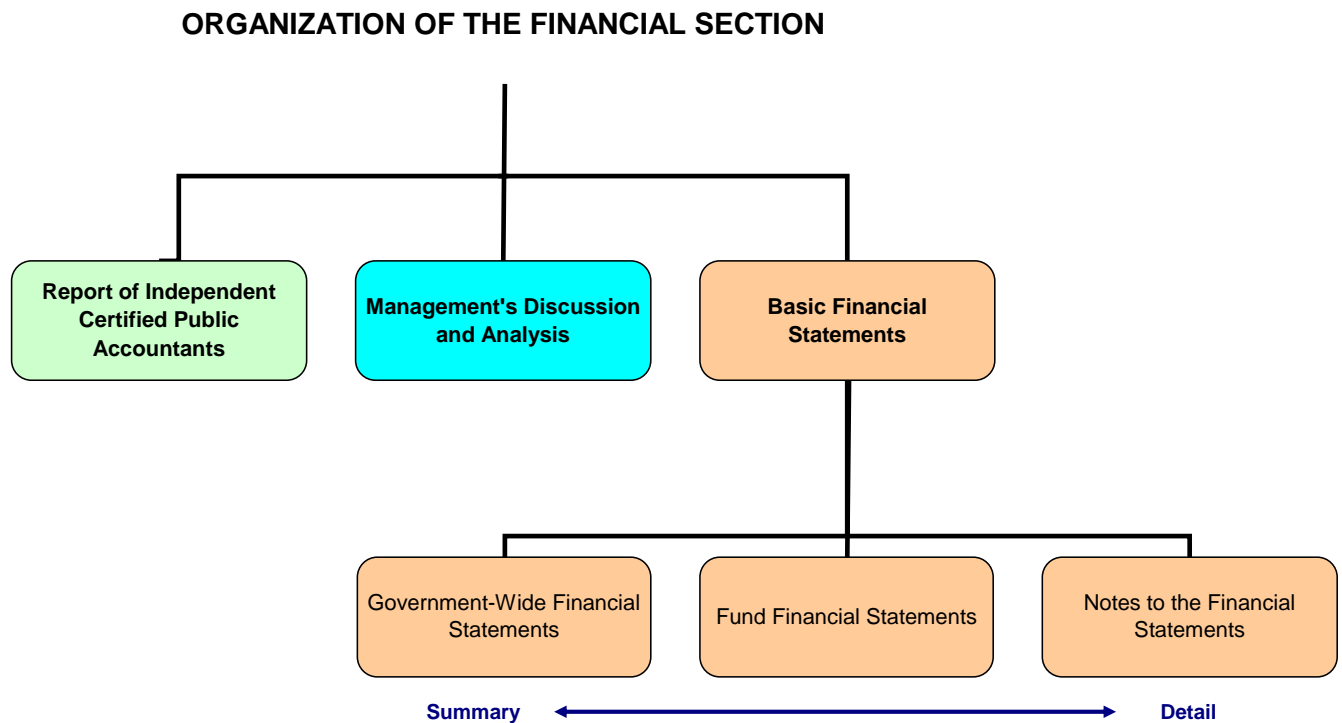
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The District maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds. The District’s major funds are the: (1) General Fund, (2) Special Revenue – Other Federal Programs, (3) Special Revenue – ARRA Economic Stimulus Funds, (4) Debt Service – ARRA Economic Stimulus Funds, (5) Capital Projects – Other Fund, and (6) Capital Projects – ARRA Economic Stimulus Funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund, Special Revenue – Other Federal Programs, and Special Revenue – ARRA Economic Stimulus Funds. Budgetary comparison schedules have been provided on pages 66 - 71 of this report to demonstrate compliance with the budget.

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

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

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

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

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

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

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

The Statement of Fiduciary Net Assets can be found on page 27.

Notes to the Financial Statements.

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

Other Supplemental Information.

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 73 – 99 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$604,490,296 at June 30, 2012. At the end of the current fiscal year, the District is able to report positive balances in all categories of net assets, for the government as a whole.

The following is a summary of the District's net assets as of June 30, 2012, compared to net assets as of June 30, 2011:

Net Assets, End of Year		Governmental	
		Activities	
		6/30/2012	6/30/2011
Current and Other Non-Capital Assets	\$	203,749,485	\$ 241,687,726
Capital Assets		785,785,145	779,030,975
Total Assets		989,534,630	1,020,718,701
Current Liabilities		39,632,424	26,721,728
Long-Term Liabilities		345,411,910	369,145,019
Total Liabilities		385,044,334	395,866,747
Net Assets:			
Invested in Capital Assets, Net of Related Debt		488,096,469	492,955,678
Restricted		75,558,613	81,462,943
Unrestricted		40,835,214	50,433,333
Total Net Assets	\$	604,490,296	\$ 624,851,954

By far, the largest portion of the District's net assets, \$488,096,469 or 80.7 percent, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to educate the students of Osceola County, Florida; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

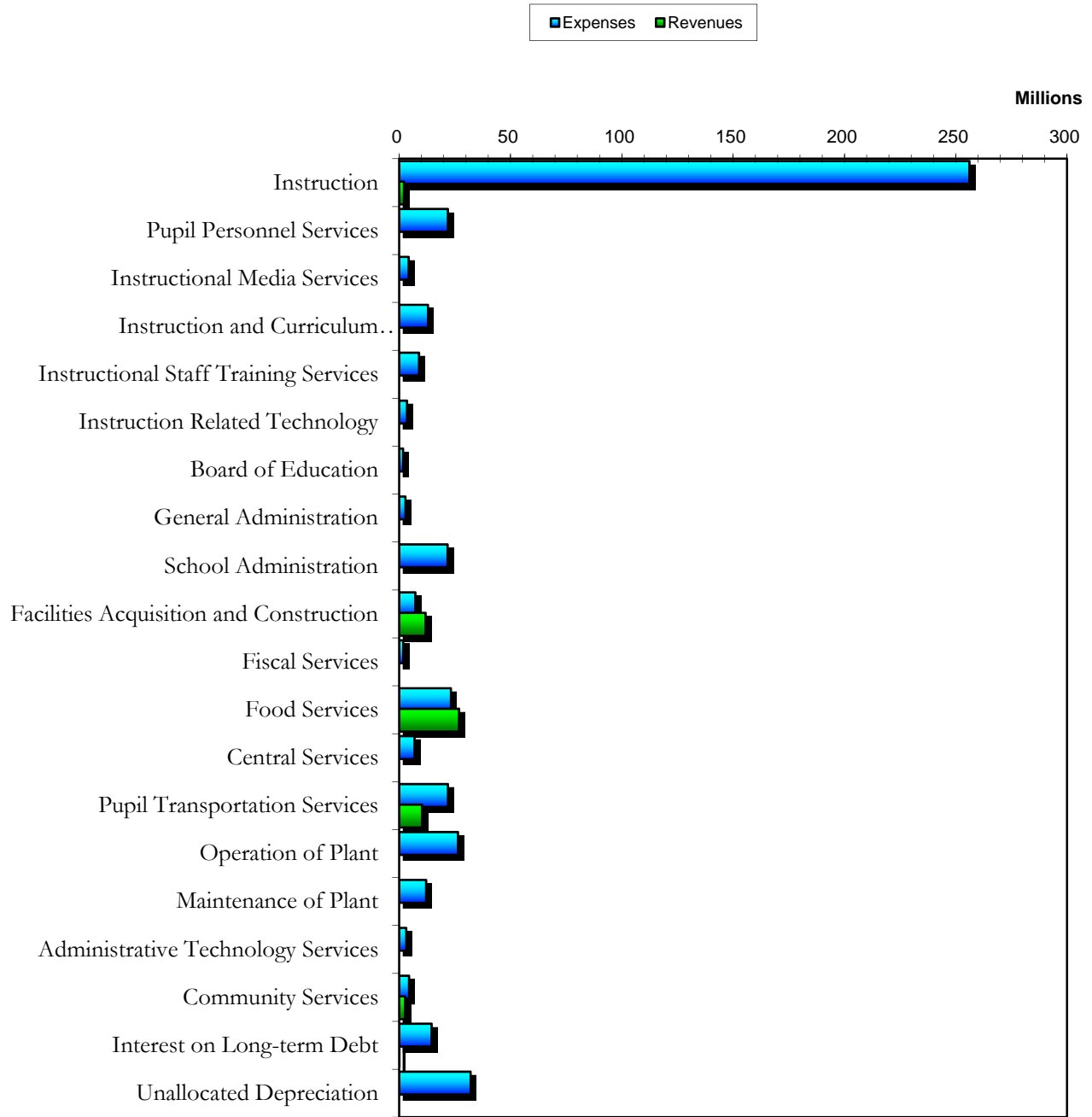
An additional portion of the District's net assets, \$75,558,613 (12.5 percent), represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$5,904,330 in restricted net assets reported in connection with the District's governmental activities. The decrease is the result of previously accumulated funds used to pay for capital projects during the current year. The remaining net assets, \$40,835,214 (6.8 percent), are unrestricted net assets. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net assets decreased by \$9,598,119 (19.0 percent), from the 2010-11 fiscal year.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2012, and June 30, 2011, are as follows:

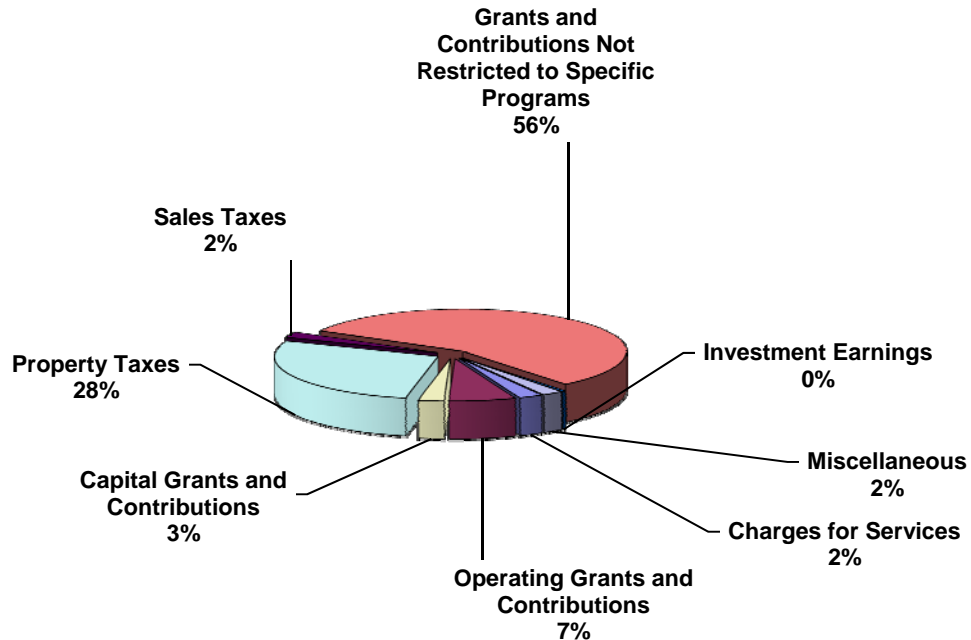
	Operating Results for the Year	
	Governmental	
	Activities	
	06-30-12	06-30-11
Revenues:		
Program Revenues:		
Charges for Services	\$ 11,056,441	\$ 11,420,166
Operating Grants and Contributions	30,791,827	28,379,405
Capital Grants and Contributions	11,873,722	11,042,590
General Revenues:		
Property Taxes	129,816,569	142,837,953
Local Sales Taxes	9,925,207	9,511,482
Grants and Contributions not Restricted to Specific Programs	262,026,194	294,754,205
Investment Earnings	1,801,749	2,099,168
Miscellaneous	9,660,582	15,930,845
Total Revenues	<u>466,952,291</u>	<u>515,975,814</u>
Functions/Program Expenses:		
Instruction	256,106,769	268,395,640
Pupil Personnel Services	21,838,137	21,854,182
Instructional Media Services	4,213,693	4,517,888
Instruction and Curriculum Development Services	12,918,163	15,053,689
Instructional Staff Training Services	8,893,254	10,019,346
Instruction Related Technology	3,506,394	3,371,658
Board of Education	1,735,224	1,365,918
General Administration	2,778,064	3,776,911
School Administration	21,712,072	22,598,190
Facilities Acquisition and Construction	7,231,837	11,792,702
Fiscal Services	1,795,816	1,861,512
Food Services	23,211,603	22,286,139
Central Services	6,866,451	6,467,196
Pupil Transportation Services	21,866,622	22,121,651
Operation of Plant	26,379,530	28,932,290
Maintenance of Plant	12,068,670	8,425,120
Administrative Technology Services	3,159,953	3,334,012
Community Services	4,427,474	4,194,564
Interest on Long-Term Debt	14,542,638	15,944,978
Unallocated Depreciation Expense	32,061,585	31,169,680
Total Expenses	<u>487,313,949</u>	<u>507,483,266</u>
Decrease in Net Assets	(20,361,658)	8,492,548
Net Assets, Beginning	<u>624,851,954</u>	<u>616,359,406</u>
Net Assets, Ending	<u>\$ 604,490,296</u>	<u>\$ 624,851,954</u>

The total government-wide net assets decreased by \$20,361,658 during the current fiscal year. The decrease represents an excess of expenses over revenues in the current year.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Governmental Activities.

Governmental activities decreased the District's net assets by \$20,361,658, accounting for all of the total decrease in the net assets of the District. Key elements of the decrease are as follows:

- Restricted Net Assets decreased by \$5,904,330 and Unrestricted Net Assets decreased by \$9,598,119.
- Investments in Capital Assets, Net of Related Debt, decreased by \$4,859,209.

The largest revenue sources are the State of Florida and local sources. Combined, these two revenue sources account for 87.2 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 decreased by \$32,728,011 or 11.1 percent primarily due to the loss of the non-recurring Education Jobs and State Fiscal Stabilization Funds. The FEFP revenues decreased due to a 4% reduction to the base student allocation despite an increase to student enrollment of 1,289 students. Revenues from local sources consist primarily of ad valorem taxes and impact fees. Property tax revenues decreased by \$13 million (9.1 percent) primarily due to the decrease in the local property tax base.

Instructional expenses represent 52.6 percent of total governmental expenses in the 2011-12 fiscal year. Instructional expenses decreased by \$12,288,871 or 4.6 percent, from the previous fiscal year due to the reduced 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 \$159,443,794, a decrease of \$40,419,952, in comparison with the 2010-11 fiscal year. Unassigned fund balance of \$52,631,593 represents 33 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 \$2,254,433 are considered nonspendable. Fund balances totaling \$90,119,942 are restricted for state required carryover programs, debt service payments, capital projects, and to fund other grants and programs. Fund balances totaling \$14,437,826 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 \$66,294,858, while total fund balance reached \$84,317,016. 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 17.9 percent of total General Fund expenditures, while total fund balance represents 22.8 percent of that same amount.

During the current fiscal year, the fund balance of the General Fund decreased by \$7,284,564. This was a planned decrease to account for the loss of ARRA funding.

There were no changes to the fund balances for the Special Revenue – Other Federal Programs or Special Revenue - ARRA Economic Stimulus Funds during the fiscal year since revenue cannot be recognized prior to incurring expenditures.

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

The fund balance for the Capital Projects - Other Fund decreased by \$18,475,702 to \$38,040,860. The decrease in this fund is mainly due to the timing differences between collecting funds for and expending these funds on construction projects.

The fund balance for the Capital Projects – ARRA Economic Stimulus Capital Projects Fund decreased by \$13,893,698 to \$4,337,866. The decrease in this fund is mainly due to the timing differences between collecting funds for and expending these funds on construction projects. This fund was created to account for proceeds from the issuance of qualified school construction bonds and expenditures incurred on the related construction renovation projects.

The fund balance for non-major funds – reported as Other Governmental Funds – decreased by \$755,831 to \$32,748,052. This is primarily due to the decrease in property tax revenues.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements. The District's proprietary fund includes two internal service funds that are used to account for its self-insurance programs. Net assets increased by \$6,609,690 due to casualty insurance premiums paid into the funds exceeding claims and other expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Estimated revenues were increased by \$1,305,313 to account for: (1) additional ROTC funding, (2) revised projections for local revenue including tax redemptions, rent, adult education fees, charter school transportation fees, Medicaid reimbursements and management/fiscal agent fees, (3) adjustments to transfers from the Capital Fund for property casualty insurance and charter school capital outlay, and (4) insurance loss reimbursements.
- Appropriations were reduced by \$1,571,925 due to adjustments for reductions in FEFP and Class Size Reduction funds.
- Other differences between the original and final budgets are the result of reclassifications between accounts.
- Ending fund balance increased by approximately \$266,612 due to the changes in estimated revenue and appropriations.

During the current fiscal year, the District's variance with final budget was \$29,251,494. The reason for this variance was primarily due to the reduction of District spending during the year to conserve fund balance, given anticipated State funding reductions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for the governmental activities as of June 30, 2012, amounts to \$785,785,145 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures and equipment; motor vehicles; investments in the educational facilities benefit district; and audio visual materials and computer software. The total increase in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$6,754,170, or a .87 percent increase from the 2010-11 fiscal year.

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

- Completion of major renovations for one elementary school.
- Completion of cafeteria expansion at one high school.
- Construction in progress for renovation of cafeteria/admin/media areas at one elementary school.
- Construction in progress for major renovations at two high schools.
- Completion of bus parking/fueling area at satellite facility.
- Completion of upgrades to the district server room.
- Completion of remodeling of core space at one middle school and one K-8 school.
- Completion of HVAC renovations at one middle school.

Following is a summary of the District's capital assets as of June 30, 2012, compared to June 30, 2011.

Schedule of Capital Assets
(net of accumulated depreciation)

	Governmental Activities	
	June 30, 2012	June 30, 2011
Land	\$ 50,023,884	\$ 49,997,414
Construction in Progress	111,437,783	106,146,043
Improvements Other Than Buildings	15,618,463	15,000,027
Buildings and Fixed Equipment	573,435,824	568,626,896
Furniture, Fixtures, and Equipment	16,179,504	18,184,094
Motor Vehicles	12,289,991	14,001,057
Investment In EFBD	6,275,889	6,425,019
Audio Visual Materials and Computer Software	523,807	650,425
Total	\$ 785,785,145	\$ 779,030,975

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

Long-Term Debt

At the end of the current fiscal year, the District's long-term debt principal, excluding premiums and discounts, totals \$309,674,728. Of this amount, \$283,940,000 is outstanding bonded debt, \$16,044,967 is outstanding notes payable, \$343,646 is installment-purchases payable and \$9,346,115 is other long-term debt. Bonded debt constituted the largest portion of long-term debt at the end of the fiscal year and was comprised of \$12,225,000 of bonds issued on behalf of and by the State Board of Education (SBE) and backed by the full faith and credit of the State of Florida; \$68,595,000 outstanding in District Revenue Bonds; and \$203,120,000 in certificates of participation.

Following is a summary of the District's long-term debt as of June 30, 2012, compared to June 30, 2011.

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

	Governmental Activities	
	June 30, 2012	June 30, 2011
State School (SBE) Bonds	\$ 12,225,000	\$ 12,755,000
District Revenue Bonds	68,595,000	72,385,000
Certificates of Participation	203,120,000	210,340,000
Notes Payable	16,044,967	18,779,496
Installment Purchases Payable	343,646	669,702
Other Long-Term Debt	9,346,115	9,715,199
Total Outstanding Long-Term Debt	<u>\$ 309,674,728</u>	<u>\$ 324,644,397</u>

The District's total debt decreased by \$14,969,669 or 4.6 percent, during the current fiscal year.

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

OTHER MATTERS OF SIGNIFICANCE

As of June 2012, the U.S. Bureau of Labor Statistics reports the unemployment rate for Osceola County, Florida, at 9.1 percent. This is a decrease from the rate of 11.1 percent a year ago and is higher than the State's average unemployment rate of 8.6 percent.

During the current fiscal year, assigned plus unassigned fund balance in the General Fund decreased by \$8,068,839 from the prior year (\$74,363,697 to \$66,294,858). This is due to a planned spending down of prior fund balance needed to maintain operations despite revenue shortfalls in the current year.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	\$ 83,380,338	\$ 5,407,762
Investments	105,465,671	
Accounts Receivable	1,378,039	244,305
Interest Receivable	132,210	
Due from Other Agencies	5,534,915	628,521
Inventories	2,254,433	
Prepaid Items	1,912,099	
Deferred Charges	3,446,196	480,073
Restricted Assets:		
Cash with Fiscal Agent	245,585	
Capital Assets:		
Land	50,023,884	1,000,000
Construction in Progress	111,437,783	
Improvements Other Than Buildings, Net	15,618,463	2,290,066
Buildings and Fixed Equipment, Net	573,435,823	19,330,269
Furniture, Fixtures and Equipment, Net	16,179,504	523,510
Motor Vehicles, Net	12,289,992	
Investment in Educational Facilities Benefit District, Net	6,275,888	
Audio Visual Materials and Computer Software, Net	523,807	
Total Assets	\$ 989,534,630	\$ 29,904,506
LIABILITIES		
Salaries and Benefits Payable	\$ 1,371,993	\$
Payroll Deductions and Withholdings	1,746,051	
Accounts Payable	3,489,005	415,512
Construction Contracts Payable	1,293,913	
Construction Contracts Payable-Retainage	3,408,421	
Due to Other Agencies	3,040,758	
Sales Tax Payable	3,256	
Unearned Revenue	502,426	
Accrued Interest Payable	2,328,316	619,770
Estimated Insurance Claims Payable	4,541,224	
Long-Term Liabilities:		
Portion Due Within One Year:		
Bonds Payable	5,269,754	560,000
Notes Payable	2,881,673	
Installment-Purchases Payable	250,366	
Certificates of Participation Payable	7,212,438	
Compensated Absences Payable	1,920,304	
Educational Facilities Benefit District Agreement Payable	372,526	
Portion Due After One Year:		
Bonds Payable	77,369,476	24,587,296
Notes Payable	13,163,295	
Installment-Purchases Payable	93,280	
Certificates of Participation Payable	192,163,198	
Compensated Absences Payable	20,153,550	
Other Postemployment Benefits Payable	33,495,522	
Educational Facilities Benefit District Agreement Payable	8,973,589	
Total Liabilities	385,044,334	26,182,578
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	488,096,469	512,132
Restricted For:		
State Required Carryover Programs	12,290,432	
Debt Service	745,356	
Capital Projects	50,578,480	
Other Purposes	11,944,345	1,597,529
Unrestricted	40,835,214	1,612,267
Total Net Assets	604,490,296	3,721,928
Total Liabilities and Net Assets	\$ 989,534,630	\$ 29,904,506

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, 2012

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Governmental Activities:						
Instruction	\$ 256,106,769	\$ 2,126,462	\$	\$	\$ (253,980,307)	\$
Pupil Personnel Services	21,838,137				(21,838,137)	
Instructional Media Services	4,213,693				(4,213,693)	
Instruction and Curriculum Development Services	12,918,163				(12,918,163)	
Instructional Staff Training Services	8,893,254				(8,893,254)	
Instruction Related Technology	3,506,394				(3,506,394)	
Board of Education	1,735,224				(1,735,224)	
General Administration	2,778,064				(2,778,064)	
School Administration	21,712,072				(21,712,072)	
Facilities Acquisition and Construction	7,231,837			11,851,852	4,620,015	
Fiscal Services	1,795,816				(1,795,816)	
Food Services	23,211,603	5,718,630	21,165,198		3,672,225	
Central Services	6,866,451				(6,866,451)	
Pupil Transportation Services	21,866,622	613,100	9,626,629		(11,626,893)	
Operation of Plant	26,379,530				(26,379,530)	
Maintenance of Plant	12,068,670				(12,068,670)	
Administrative Technology Services	3,159,953				(3,159,953)	
Community Services	4,427,474	2,598,249			(1,829,225)	
Interest on Long-term Debt	14,542,638			21,870	(14,520,768)	
Unallocated Depreciation Expense*	32,061,585				(32,061,585)	
Total Primary Government	\$ 487,313,949	\$ 11,056,441	\$ 30,791,827	\$ 11,873,722	(433,591,959)	
Component Units:						
Charter School Corporation/Benefit District	\$ 8,363,467	\$ -	\$ 378,025	\$ -		(7,985,442)
General Revenues:						
Taxes:						
Property Taxes, Levied for Operational Purposes					104,108,613	
Property Taxes, Levied for Capital Projects					25,707,956	
Local Sales Taxes					9,925,207	
Grants and Contributions Not Restricted to Specific Programs					262,026,194	7,440,426
Unrestricted Investment Earnings					1,801,749	
Miscellaneous					9,660,582	
Total General Revenues					413,230,301	7,440,426
Change in Net Assets					(20,361,658)	(545,016)
Net Assets - July 1, 2011					624,851,954	4,266,944
Net Assets - June 30, 2012					\$ 604,490,296	\$ 3,721,928

*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, 2012

	General Fund	Special Revenue - Other Federal Programs Funds	Special Revenue - ARRA Economic Stimulus Funds	Debt Service - ARRA Economic Stimulus Funds	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 42,196,173	\$ 5,442	\$ 4,911	\$	\$ 7,626,250	\$ 8,233,551	\$ 21,009,553	\$ 79,075,880
Investments	42,900,906				31,781,209		10,610,457	85,292,572
Accounts Receivable	340,662	1,054			49,384		866,904	1,258,004
Interest Receivable	20,313				44,321		35,938	100,572
Due from Other Funds	4,167,306							4,167,306
Due from Other Agencies	478,817	2,162,956	164,368		698,399		2,030,375	5,534,915
Inventories	1,838,068						416,365	2,254,433
Total Assets	\$ 91,942,245	\$ 2,169,452	\$ 169,279	\$	\$ 40,199,563	\$ 8,233,551	\$ 34,969,592	\$ 177,683,682
LIABILITIES AND FUND BALANCES								
Liabilities:								
Salaries and Benefits Payable	\$ 884,985	\$ 388,804	\$ 2,175	\$	\$	\$	\$ 96,029	\$ 1,371,993
Payroll Withholdings and Deductions	1,526,542	138,844	4,140				76,525	1,746,051
Accounts Payable	1,648,047	450,386	53,954		179,943	24,903	261,471	2,618,704
Construction Contracts Payable		9,532			352,285	909,777	22,319	1,293,913
Construction Contracts Payable-Retainage					1,605,745	1,436,990	365,685	3,408,420
Due to Other Funds	17,243	1,019,577	95,569		20,373	1,524,015	1,211,362	3,888,139
Due to Other Agencies	3,493,911	162,309	13,441				67,572	3,737,233
Sales Tax Payable	2,537				357		362	3,256
Deferred Revenue	51,964						120,215	172,179
Total Liabilities	7,625,229	2,169,452	169,279	\$	2,158,703	3,895,685	2,221,540	18,239,888
Fund Balances:								
Nonspendable	1,838,068						416,365	2,254,433
Restricted	16,184,090				38,040,860	4,337,866	31,557,126	90,119,942
Assigned	13,663,265						774,561	14,437,826
Unassigned	52,631,593							52,631,593
Total Fund Balances	84,317,016				38,040,860	4,337,866	32,748,052	159,443,794
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,942,245	\$ 2,169,452	\$ 169,279	\$	\$ 40,199,563	\$ 8,233,551	\$ 34,969,592	\$ 177,683,682

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total Fund Balances - Governmental Funds \$ 159,443,794

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 785,785,144

Debt issuance costs are not expensed in the government-wide statements, but are reported as deferred charges and amortized over the life of the debt. 2,140,997

Deferred amount on refunding is not expensed in the government-wide statements, but is reported as deferred charges until the refunded bonds become defeased. 1,305,199

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 21,792,696

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. (2,328,316)

Unearned revenue associated with noncash impact fee credits are accrued in the government-wide statements but are not recognized in the governmental funds. (330,247)

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	82,639,230	
Notes Payable	16,044,968	
Installment-Purchases Payable	343,646	
Certificates of Participation Payable	199,375,636	
Educational Facility Benefit District Agreement Payable	9,346,115	
Compensated Absences Payable	22,073,854	
Other Post-employment Benefits Obligations	33,495,522	(363,318,971)

Total Net Assets - Governmental Activities \$ 604,490,296

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, 2012

	General Fund	Special Revenue - Other Federal Programs Funds	Special Revenue - ARRA Economic Stimulus Funds	Debt Service - ARRA Economic Stimulus Funds	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Other Governmental Funds	Total Governmental Funds
REVENUES								
Intergovernmental:								
Federal Direct	\$ 456,554	\$ 3,527,772	\$	\$ 2,349,000	\$	\$	\$	\$ 6,333,326
Federal Through State	176,379	27,742,992	4,515,523				20,813,980	53,248,874
State	231,047,638				2,241,110		2,516,171	235,804,919
Local:								
Property Taxes	103,388,324						25,513,349	128,901,673
Local Sales Taxes							9,925,207	9,925,207
Impact Fees					9,651,482			9,651,482
Charges for Services - Food Service							5,718,630	5,718,630
Miscellaneous	12,238,259	67,019			275,027	6,921	4,403,651	16,990,877
Total Revenues	<u>347,307,154</u>	<u>31,337,783</u>	<u>4,515,523</u>	<u>2,349,000</u>	<u>12,167,619</u>	<u>6,921</u>	<u>68,890,988</u>	<u>466,574,988</u>
EXPENDITURES								
Current-Education:								
Instruction	234,732,978	17,063,104	1,926,437				44,964	253,767,483
Pupil Personnel Services	19,574,081	1,911,690	114,803					21,600,574
Instructional Media Services	4,166,487	234	4,823					4,171,544
Instruction and Curriculum Development Services	6,706,294	5,957,889	187,775				43	12,852,001
Instructional Staff Training Services	4,774,541	2,699,047	1,357,549					8,831,137
Instruction Related Technology	3,378,035	67,758						3,445,793
Board of Education	1,737,280							1,737,280
General Administration	1,233,511	1,366,903	137,067					2,737,481
School Administration	21,533,944	5,881	8,690					21,548,515
Facilities Services	1,358,026				2,905,686	984,239	2,247,314	7,495,265
Fiscal Services	1,763,306							1,763,306
Food Services	238,343						22,805,255	23,043,598
Central Services	6,126,338	141,661	581,485					6,849,484
Pupil Transportation Services	18,174,049	422,205	3,012					18,599,266
Operation of Plant	27,341,210						604	27,341,814
Maintenance of Plant	12,010,627						641	12,011,268
Administrative Technology Services	3,064,205		130,453					3,194,658
Community Services	429,506	1,331,131					2,648,421	4,409,058
Fixed Capital Outlay:								
Facilities Acquisition and Construction	13,821	101,348			17,358,083	12,712,591	6,458,790	36,644,633
Other Capital Outlay	672,055	268,932	63,429		1,310,895	203,789	1,591,970	4,111,070
Debt Service:								
Principal	326,056						15,238,612	15,564,668
Interest and Fiscal Charges	26,949			2,699,678			12,794,082	15,520,709
Total Expenditures	<u>369,381,642</u>	<u>31,337,783</u>	<u>4,515,523</u>	<u>2,699,678</u>	<u>21,574,664</u>	<u>13,900,619</u>	<u>63,830,696</u>	<u>507,240,605</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(22,074,488)</u>			<u>(350,678)</u>	<u>(9,407,045)</u>	<u>(13,893,698)</u>	<u>5,060,292</u>	<u>(40,665,617)</u>
OTHER FINANCING SOURCES (USES)								
Transfers In	14,595,122			340,521	2,707,852		17,994,111	35,637,606
Refunding Bonds Issued							1,135,000	1,135,000
Premium on Refunding Bonds							173,572	173,572
Proceeds from the Sale of Capital Assets					47,490			47,490
Insurance Loss Recoveries	194,802							194,802
Payments to Escrow Agent for Refunded Debt							(1,305,199)	(1,305,199)
Transfers Out					(11,823,999)		(23,813,607)	(35,637,606)
Total Other Financing Sources (Uses)	<u>14,789,924</u>			<u>340,521</u>	<u>(9,068,657)</u>		<u>(5,816,123)</u>	<u>245,665</u>
Net Change in Fund Balances	<u>(7,284,564)</u>			<u>(10,157)</u>	<u>(18,475,702)</u>	<u>(13,893,698)</u>	<u>(755,831)</u>	<u>(40,419,952)</u>
Fund Balances, July 1, 2011	<u>91,601,580</u>			<u>10,157</u>	<u>56,516,562</u>	<u>18,231,564</u>	<u>33,503,883</u>	<u>199,863,746</u>
Fund Balances, June 30, 2012	<u>\$ 84,317,016</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 38,040,860</u>	<u>\$ 4,337,866</u>	<u>\$ 32,748,052</u>	<u>\$ 159,443,794</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, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ (40,419,952)

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	40,755,703	
Depreciation Expense	<u>(35,200,079)</u>	5,555,624

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. 1,394,334

The cost of capital assets disposed of during the current year is expensed in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balances by the undepreciated cost of the disposed assets. (195,789)

Proceeds of refunding debt are reported as other financing sources in the governmental funds, while payments to the escrow agent for advance-refunding of outstanding debt are shown as other financing uses. Government-wide statements are affected only to the extent these amounts differ. Other long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the net effect of these transactions. 15,734,867

Unearned revenues associated with impact fee credits are accrued in the government-wide statements, but are not recognized in the governmental funds. 171,717

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. (276,798)

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. (167,789)

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. 120,335

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences paid in excess of the amount earned in the current period. (2,672,238)

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. (6,215,659)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities. 6,609,690

Change in Net Assets of Governmental Activities \$ (20,361,658)

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Governmental Activities - Internal Service Funds
	<u> </u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 4,550,043
Investments	20,173,099
Accounts Receivable	11,737
Interest Receivable	31,638
Prepaid Items	1,912,099
Total Assets	<u>\$ 26,678,616</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 156,583
Due to Other Funds	188,113
Estimated Insurance Claims Payable	4,541,224
Total Liabilities	<u>4,885,920</u>
NET ASSETS	
Unrestricted	21,792,696
Total Liabilities and Net Assets	<u>\$ 26,678,616</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2012

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Premium Revenues	\$ 51,264,335
Total Operating Revenues	<u>51,264,335</u>
OPERATING EXPENSES	
Purchased Services	5,732,995
Materials and Supplies	178
Insurance Claims	39,055,106
Total Operating Expenses	<u>44,788,279</u>
Operating Income	<u>6,476,056</u>
NONOPERATING REVENUES	
Interest	122,387
Miscellaneous	11,247
Total NonOperating Revenues	<u>133,634</u>
Change In Net Assets	6,609,690
Total Net Assets - July 1, 2011	15,183,006
Total Net Assets - June 30, 2012	<u>\$ 21,792,696</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, 2012

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	\$ 50,424,084
Cash Payments to Vendors for Goods and Services	(46,328,900)
Net Cash Provided by Operating Activities	<u>4,095,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(20,173,099)
Interest Income	101,996
Net Cash Used by Investing Activities	<u>(20,071,103)</u>
Net Decrease in Cash and Cash Equivalents	(15,975,919)
Cash and Cash Equivalents, Beginning	20,525,962
Cash and Cash Equivalents, Ending	<u>\$ 4,550,043</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 6,476,056
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,069)
Decrease in Due from Other Agencies	1,049
Increase in Prepaid Items	(672,381)
Decrease in Accounts Payable	(467,717)
Decrease in Due to Other Funds	(840,250)
Decrease in Estimated Insurance Claims Payable	(400,504)
Total Adjustments	<u>(2,380,872)</u>
Net Cash Provided by Operating Activities	<u>\$ 4,095,184</u>

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, 2012

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 5,977,346
Accounts Receivable	73,152
Due from School Board	248,571
Total Assets	\$ 6,299,069
LIABILITIES	
Salaries and Benefits Payable	\$ 2,269
Payroll Deductions and Withholdings	7,057
Accounts Payable	3,114,102
Due to School Board	108,298
Internal Accounts Payable	3,067,343
Total Liabilities	\$ 6,299,069

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

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

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

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

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

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

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

Four Corners Charter School, Inc. (Corporation) is a separate not-for-profit corporation 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 Four Corners Charter School (School). The Corporation operates the School under a charter approved by its sponsor, the Osceola County District School Board. The Corporation is considered to be component unit of the District since it is fiscally dependent on the District to levy taxes for its support. An audit of the Corporation's financial statements is conducted by an independent certified public accountant and is filed in the District's administrative office.

The GASB issue Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, (GASB 61) effective for reporting periods after June 15, 2012. The statement establishes new criteria for reporting discretely presented component units. We have elected to early implement this statement. In previous Comprehensive Annual Financial Reports (CAFRs), the District had reported a component unit column in the basic financial statements that included the financial data for Flora Ridge Educational Facilities Benefit District, The Foundation for Osceola Education, Inc., New Alternative Education High School of Osceola County, Inc. and New Dimensions Charter School, Inc. Based on our analysis under GASB 61, these organizations would not qualify as component units and are not included in our CAFR. Audits of the organizations are conducted by independent certified public accountants and are filed in the District's administrative office at 817 Bill Beck Boulevard, Kissimmee, Florida.

➤ **Basis of Presentation and Measurement Focus**

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

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

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

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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

The District reports the following major governmental funds:

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

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

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

➤ **Basis of Accounting**

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

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

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

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

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

The Bellalago Educational Facilities Benefit District and Four Corners Charter School, Inc., are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

➤ **Deposits and Investments**

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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

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

The District's investments in Florida PRIME, which SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2012, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.83481105 at June 30, 2012. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within Florida PRIME.

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

➤ **Inventories**

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

➤ **Capital Assets**

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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

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

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

➤ **Long-Term Liabilities**

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

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

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

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

➤ **State Revenue Sources**

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

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

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

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

➤ **District Property Taxes**

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

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

The School Board adopted the 2011 tax levy on September 6, 2011. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

➤ **Educational Impact Fees**

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

➤ **Federal Revenue Sources**

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

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

3. INVESTMENTS

As of June 30, 2012, the District has the following investments and maturities:

Investment	Maturities	Fair Value
State Board of Administration (SBA):		
Florida PRIME (1)	38 Day Average	\$ 2,238,923
Fund B Surplus Funds Trust Fund (Fund B)(2)	5.73 Year Average	983,117
Debt Service Accounts	6 Months	285,075
PFM Funds Money Market Fund (1)	47 Day Average	8,233,551
First American Money Market Fund (1)(3)	38 Day Average	78
Florida Education Investment Trust Fund (1)	7 Day Average	24,063,557
US Treasury Bonds	1.85 Year Average	28,189,022
Federal Agency Bonds	1.85 Year Average	56,008,457
Certificate of Deposit	1 Year Average	20,000,000
Certificate of Deposit (1)	90 Day Average	25,026,250
Total Investments		\$ 165,028,030

Notes:

(1) Investments classified as cash equivalents

(2) Includes \$87,905, which is being held under a trust agreement in connection with the Certificates of Participation, Series 2002A.

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

Interest Rate Risk

- The District's investment policy limits investments to a maximum of five years and the investment of current operating funds to no longer than two years.
- Florida PRIME had a weighted average days to maturity (WAM) of 38 days at June 30, 2012. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. Fund B had a weighted average life (WAL) of 5.73 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL, which also measures the sensitivity of the portfolio to interest rate changes, is based on legal final maturity dates for Fund B as of June 30, 2012. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL.

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

Credit Risk

- The District's investment policy allows for investments in certificates of deposit, time deposits, securities of the United States Government, other forms of authorized investments described in the Florida Statutes, and money market funds that are rated "AAAF", "AAm" or "AAm-G" or better by Standard & Poor's, or the equivalent by another rating agency.
- The District's investments in SBA Debt Service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by SBA for managing interest rate risk and credit risk for this account.
- As of June 30, 2012, the District's investments in Florida PRIME and the Florida Education Investment Trust Fund are rated "AAAm" by Standard & Poor's. All other rated investments were rated AA+ by Standard & Poor's. Fund B is unrated.

Concentration of Credit Risk

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

4. RECEIVABLES

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2012</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land & Improvements	\$ 49,997,414	\$ 26,470	\$ -	\$ 50,023,884
Construction in Progress	106,146,043	36,618,163	31,326,423	111,437,783
Total Capital Assets Not Being Depreciated	<u>156,143,457</u>	<u>36,644,633</u>	<u>31,326,423</u>	<u>161,461,667</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	31,852,926	2,381,574	-	34,234,500
Buildings and Fixed Equipment	787,577,196	28,944,850	-	816,522,046
Furniture, Fixtures, and Equipment	57,635,794	4,116,185	1,935,413	59,816,566
Investment in Educational Facilities Benefit				
District	8,255,001	-	-	8,255,001
Motor Vehicles	35,134,575	1,227,356	447,941	35,913,990
Audio-Visual Materials	64,560	-	-	64,560
Computer Software	6,455,343	161,863	16,312	6,600,894
Total Capital Assets Being Depreciated	<u>926,975,395</u>	<u>36,831,828</u>	<u>2,399,666</u>	<u>961,407,557</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	16,852,899	1,763,138	-	18,616,037
Buildings and Fixed Equipment	218,950,300	24,135,922	-	243,086,222
Furniture, Fixtures, and Equipment	39,451,700	5,925,082	1,739,720	43,637,062
Investment in Educational Facilities Benefit				
District	1,829,982	149,130	-	1,979,112
Motor Vehicles	21,133,518	2,938,422	447,941	23,623,999
Audio-Visual Materials	45,757	6,119	-	51,876
Computer Software	5,823,721	282,266	16,216	6,089,771
Total Accumulated Depreciation	<u>304,087,877</u>	<u>35,200,079</u>	<u>2,203,877</u>	<u>337,084,079</u>
Total Capital Assets Being Depreciated, Net	<u>622,887,518</u>	<u>1,631,749</u>	<u>195,789</u>	<u>624,323,478</u>
Governmental Activities Capital Assets, Net	<u>\$ 779,030,975</u>	<u>\$ 38,276,382</u>	<u>\$ 31,522,212</u>	<u>\$ 785,785,145</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ 3,138,495
Unallocated	32,061,584
Total Depreciation Expense - Governmental Activities	<u>\$ 35,200,079</u>

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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	\$ 2,371,566
Total	\$ 2,371,566

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

Fiscal Year Ending June 30	Installment-Purchases Payable		
	Total	Principal	Interest
2013	\$ 262,065	\$ 250,366	\$ 11,699
2014	94,677	93,280	1,397
Total	\$ 356,742	\$ 343,646	\$ 13,096

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

7. NOTES PAYABLE

Notes payable are comprised of the following:

School District of Indian River County, Florida	Balance at 6/30/2012
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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. \$ 3,801,759

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. 12,243,206

Total Notes Payable	\$ 16,044,965
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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
2013	\$ 3,708,892	\$ 2,881,673	\$ 827,219
2014	3,708,892	3,036,746	672,146
2015	3,708,892	3,200,178	508,714
2016	3,708,892	3,372,420	336,472
2017	3,708,894	3,553,950	154,944
Total	\$ 18,544,462	\$ 16,044,967	\$ 2,499,495

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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
2013	\$ 777,960	\$ 372,526	\$ 405,434
2014	763,427	374,153	389,274
2015	756,634	383,590	373,044
2016	742,431	386,028	356,403
2017	730,814	391,156	339,658
2018-2022	3,480,263	2,042,083	1,438,180
2023-2027	3,144,366	2,159,393	984,973
2028-2032	2,786,623	2,280,521	506,102
2033-2035	1,019,934	956,665	63,269
Total	\$ 14,202,452	\$ 9,346,115	\$ 4,856,337

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

9. CERTIFICATES OF PARTICIPATION

Certificates of Participation at June 30, 2012, are as follows:

Series	Amount Outstanding	Interest Rate	Lease Term Maturity	Original Amount
2004 COPS, Series A	\$ 50,710,000	3.0 - 5.0	2028	\$ 63,245,000
2004 COPS, Series B and C, Refunding	11,085,000	3.0 - 5.0	2019	18,850,000
2005 COPS Refunding	10,880,000	3.25 - 4.5	2025	12,095,000
2007 COPS, Series A and B Refunding	61,595,000	3.625 - 4.5	2027	62,755,000
2009 COPS Refunding	28,350,000	3.0 - 5.0	2024	35,165,000
2010 COPS, Series A (QSCB)	40,500,000	6.658 (1)	2027	40,500,000
Total	203,120,000			
Plus Unamortized Premium	1,326,154			
Less: Deferred Amount on Refunding Debt	(5,070,517)			
Total Certificates of Participation	<u>\$ 199,375,637</u>			

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

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

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

<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

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

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 School
Series 2010	Osceola High School Renovations, Thacker Avenue Elementary School Renovations, and Highlands Elementary School Renovations

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
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Fiscal Year Ending June 30	Total	Principal	Interest
2013	\$ 17,262,588	\$ 7,460,000	\$ 9,802,588
2014	17,266,731	7,720,000	9,546,731
2015	17,267,575	8,045,000	9,222,575
2016	17,259,150	8,355,000	8,904,150
2017	17,265,325	8,740,000	8,525,325
2018-2022	86,302,705	49,715,000	36,587,705
2022-2027	124,622,888	100,185,000	24,437,888
2028	13,503,737	12,900,000	603,737
Total Minimum Lease Payments	<u>\$ 310,750,699</u>	203,120,000	<u>\$ 107,630,699</u>
Plus: Unamortized Premium		1,326,154	
Less: Deferred Amount on Refunding Debt		<u>(5,070,517)</u>	
Total Certificates of Participation		<u>\$ 199,375,637</u>	

QUALIFIED SCHOOL CONSTRUCTION BONDS

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

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

10. BONDS PAYABLE

Bonds payable at June 30, 2012, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To	Original Amount
State School Bonds:				
Series 2003A	\$ 1,350,000	3.00 - 4.25	2023	1,985,000
Series 2004A	1,110,000	3.35 - 4.625	2024	1,595,000
Series 2005A	1,270,000	4.0 - 5.0	2025	1,685,000
Series 2005A, Refunding	2,915,000	4.0 - 5.0	2017	5,160,000
Series 2005B, Refunding	1,185,000	5.0	2020	1,715,000
Series 2006A	1,485,000	4.0 - 4.625	2026	1,810,000
Series 2009A, Refunding	640,000	3.0 - 5.0	2019	870,000
Series 2010A, Refunding	1,135,000	4.0 - 5.0	2022	1,205,000
Series 2011A, Refunding	1,135,000	3.0 - 5.0	2023	1,135,000
District Revenue Bonds:				
Sales Tax Revenue Series 2007A	38,715,000	3.6 - 5.0	2025	47,580,000
Sales Tax Revenue Series 2007B	29,880,000	3.5 - 5.0	2024	32,255,000
Total Bonds	80,820,000			
Plus: unamortized bond premium	3,607,390			
Less: deferred amount on refunding	(1,788,161)			
Total Bonds Payable	<u>\$ 82,639,229</u>			

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

➤ **State School Bonds**

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

➤ **District Revenue Bonds**

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

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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

The District has pledged a combined total of \$108,481,063 of discretionary surtax sales revenues (sales tax revenues) in connection with the Series 2001, 2007A and 2007B Sales Tax Revenue Bond issues described above. During the 2011-12 fiscal year, the District recognized sales tax revenues totaling \$9,925,207 and expended \$7,231,103 (73 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, 2012, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2013	\$ 1,674,984	\$ 1,165,000	\$ 509,984
2014	1,753,895	1,295,000	458,895
2015	1,770,245	1,370,000	400,245
2016	1,768,075	1,430,000	338,075
2017	1,732,981	1,460,000	272,981
2018-2022	4,649,890	3,940,000	709,890
2023-2026	1,691,088	1,565,000	126,088
Total State School Bonds	15,041,158	12,225,000	2,816,158
District Revenue Bonds:			
2013	7,229,877	3,950,000	3,279,877
2014	7,234,678	4,125,000	3,109,678
2015	7,229,687	4,300,000	2,929,687
2016	7,234,687	4,520,000	2,714,687
2017	7,233,688	4,745,000	2,488,688
2018-2022	36,158,150	27,260,000	8,898,150
2023-2025	21,696,750	19,695,000	2,001,750
Total District Revenue Bonds	94,017,517	68,595,000	25,422,517
Total	\$ 109,058,675	\$ 80,820,000	\$ 28,238,675

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11. DEFEASED DEBT

The Florida Department of Education issued Capital Outlay Refunding Bonds, Series 2010A, dated October 14, 2010, with an average interest rate of 4.82 percent, to refund callable portions of the District's State School Bonds, Series 2001A and Series 2002A. The Refunding Bonds are being issued to refund the \$835,000 principal amount of the District's State School Bonds, Series 2001A, that mature on or after January 1, 2012 and to refund the \$540,000 principal amount of the District's State School Bonds, Series 2002A, that mature on or after January 1, 2013.

The District's pro rata share of net proceeds totaling \$1,394,610 (after deduction of \$11,496 by the Florida Department of Education for the District's pro rata share of underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for future debt service payments. Of this amount, \$833,535 related to the Series 2001A bonds and \$561,075 related to the Series 2002A bonds. As a result, \$835,000 of the State School Bonds, Series 2001A and \$540,000 of the State School Bonds, Series 2001A are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

The Series 2010A bonds were issued to reduce the total debt service payments from the 2001A bonds over the next 10 years by approximately \$234,626 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$221,141.

The Series 2010A bonds were issued to reduce the total debt service payments from the 2002A bonds over the next 11 years by approximately \$45,911 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$66,276.

The Florida Department of Education issued Capital Outlay Refunding Bonds, Series 2011A, dated January 5, 2012, with an average interest rate of 4.55 percent, to refund callable portions of the District's State School Bonds, Series 2003A. The Refunding Bonds are being issued to refund the \$1,305,000 principal amount of the District's State School Bonds, Series 2003A, that mature on or after January 1, 2013.

The District's pro rata share of net proceeds totaling \$1,305,199 (after deduction of \$3,373 by the Florida Department of Education for the District's pro rata share of underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for future debt service payments.

The escrow payment of \$1,305,199 related to the Series 2003A bonds which was invested in the state treasury and not considered essentially risk-free. Therefore, the refunding of the callable portion of the Series 2003A bond issue is not considered an in-substance defeasance. The total outstanding amount of the Series 2003A bond issue (including the \$1,350,000 principal refunded) is still presented as a long-term

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liability on the face of the financial statements, and the \$1,305,199 payment to bond escrow agent is reported as a deferred asset at June 30, 2012. A gain on refunding will be recognized in the subsequent year, when the refunding becomes an in-substance defeasance and the debt is retired.

The Series 2011A bonds were issued to reduce the total debt service payments of the 2003A bonds over the next 11 years by approximately \$13,924 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$31,321.

On June 30, 2012, the following are considered defeased in substance:

<u>Series</u>	<u>Amount Defeased in Substance</u>
Certificates of Participation, Series 2002	\$57,620,000
Sales Tax Revenue Bonds, Series 2001	\$32,840,000
State School Bonds, Series 2001A	\$750,000
State School Bonds, Series 2002A	\$540,000

12. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-11	Additions	Deductions	Balance 6-30-12	Due in One Year
GOVERNMENTAL ACTIVITIES					
Installment-Purchases Payable	\$ 669,702	\$ -	\$ 326,056	\$ 343,646	\$ 250,366
Notes Payable	18,779,495	-	2,734,528	16,044,967	2,881,673
Bonds Payable	86,957,160	1,287,496	5,605,427	82,639,229	5,269,754
Certificates of Participation Payable	206,341,984	-	6,966,347	199,375,637	7,212,438
Educational Facilities Benefit District Agreement Payable	9,715,199	-	369,084	9,346,115	372,526
Other Postemployment Benefits Payable	27,279,863	8,125,347	1,909,688	33,495,522	-
Compensated Absences Payable	19,401,616	6,401,382	3,729,144	22,073,854	1,920,304
Total Governmental Activities	<u>\$ 369,145,019</u>	<u>\$ 15,814,225</u>	<u>\$ 21,640,274</u>	<u>\$ 363,318,970</u>	<u>\$ 17,907,061</u>

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

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13. FUND BALANCE REPORTING

The District has adopted GASB 54 as part of its 2011-12 fiscal year reporting. The intention of GASB 54 is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of these resources. GASB 54 provides for two major types of fund balances, which are non-spendable and spendable.

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

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

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

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

Non-spendable: The District has inventory of \$2,254,433 classified as non-spendable.

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

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

Florida Statute requires that certain revenues be specifically designated for the purposes of capital and debt service requirements and for certain designated state categorical spending. These funds have been included in the restricted category of fund balance. The restricted fund balances for State Categoricals, Debt Service, Capital Projects, and Grants and Programs total \$90,119,942 and are \$12,290,432, \$1,768,473, \$60,639,399, and \$15,421,638, respectively.

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

The School Board has set aside certain spendable fund balances for contract commitments, carryover appropriations, a projected operating deficit, and other programs. For fiscal year 2012, the assigned fund balance is \$14,437,825 of which \$955,435 is for contract commitments, \$1,707,830 is for carryover appropriations, \$11,000,000 is for a projected operating deficit, and \$774,560 are for other programs.

- Unassigned:

The unassigned fund balance for the General Fund is \$52,631,593.

	Major Funds				
	General Fund	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable:					
Inventory	\$ 1,838,068	\$ -	\$ -	\$ 416,365	\$ 2,254,433
Restricted:					
State Categoricals	12,290,432	-	-	-	12,290,432
Debt Service	-	-	-	1,768,473	1,768,473
Capital Projects	-	38,040,860	4,337,866	18,260,673	60,639,399
Grants and Programs	3,893,658	-	-	11,527,980	15,421,638
Assigned:					
Contract Commitments	955,435	-	-	-	955,435
Carryover Appropriations	1,707,830	-	-	-	1,707,830
Projected Operating Deficit	11,000,000	-	-	-	11,000,000
Other Programs	-	-	-	774,560	774,560
Unassigned	52,631,593	-	-	-	52,631,593
Total Fund Balances	\$ 84,317,016	\$ 38,040,860	\$ 4,337,866	\$ 32,748,051	\$ 159,443,793

**OSCEOLA COUNTY
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The District has set aside “contingency reserves” as per School Board Rule 7.10 to help sustain the financial stability of the District during times of emergency spending for items such as disaster recovery and revenue shortfalls that could potentially occur after the current year’s budget adoption. School Board Rule 7.10 requires an amount equal to 6 percent of the current year’s annual estimated general fund revenues to be reserved for contingency purposes. The Superintendent shall obtain approval from the School Board if at any time it is projected that this balance will not be maintained. The contingency funds of \$21,700,000 are included as part of the unassigned general fund balance of \$52,631,593.

14. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

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

Funding Policy. Plan contribution requirements of the District and Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2011-12 fiscal year, 360 retirees received other postemployment healthcare benefits, and another 179 retirees received only life insurance benefits. The District provided required contributions of \$2,118,105 toward the annual OPEB cost, net of retiree contributions totaling \$1,911,895, which represents 1 percent of covered payroll.

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

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 5,032,057
Amortization of Unfunded Actuarial Accrued Liability	<u>3,093,290</u>
Annual Required Contribution	8,125,347
Interest on Net OPEB Obligation	1,091,195
Adjustment to Annual Required Contribution	<u>(1,091,195)</u>
Annual OPEB Cost (Expense)	8,125,347
Contribution Toward the OPEB Cost	<u>(1,909,688)</u>
Increase in Net OPEB Obligation	6,215,659
Net OPEB Obligation, Beginning of Year	<u>27,279,863</u>
Net OPEB Obligation, End of Year	<u><u>\$ 33,495,522</u></u>

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The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2012 and the preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Beginning July 1, 2008				
June 30, 2009	\$ 5,880,825	\$ 1,354,740	23.0%	\$ 17,521,683
June 30, 2010	6,300,750	1,891,269	30.0%	21,931,164
June 30, 2011	7,467,458	2,118,759	28.4%	27,279,863
June 30, 2012	8,125,347	1,909,688	23.5%	33,495,522

Funded Status and Funding Progress. As of June 30, 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 31.87 percent.

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

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

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The District's last OPEB actuarial valuation as of June 30, 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, 2012. 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 4.0 percent per year, and an annual healthcare cost trend rate of 8.5 percent initially for the 2011-12 fiscal year, reduced to an ultimate rate of 5.37 percent for the fiscal year ending June 30, 2028. 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, 2012, is 25 years.

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15. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 4,167,306	\$ 17,243
Special Revenue:		
Other Federal Programs	-	1,019,577
ARRA Economic Stimulus	-	95,569
Capital Projects:		
Other	-	20,373
ARRA Economic Stimulus	-	1,524,015
Nonmajor Governmental	-	1,211,361
Internal Service	-	188,113
Agency	17,243	108,298
Total	<u>\$ 4,184,549</u>	<u>\$ 4,184,549</u>

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

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 14,595,122	\$ -
Debt Service:		
ARRA Economic Stimulus	340,521	-
Capital Projects:		
Other	2,707,852	11,823,999
Nonmajor Governmental	17,994,111	23,813,607
Total	<u>\$ 35,637,606</u>	<u>\$ 35,637,606</u>

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

**OSCEOLA COUNTY
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16. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2011-12 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 159,969,246
Categorical Educational Program - Class Size Reduction	59,789,301
Workforce Development Program	5,793,707
School Recognition Funds	2,919,967
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,192,874
Charter School Capital Outlay	1,872,361
Voluntary Prekindergarten Program	1,835,804
Food Service Supplement	351,218
Pari-Mutuel Tax	223,250
Discretionary Lottery Funds	176,529
Miscellaneous	680,662
Total	<u>\$ 235,804,919</u>

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 2011 tax roll for the 2011-12 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	5.329	\$ 94,831,588
Basic Discretionary Local Effort	0.748	13,310,945
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	26,693,072
Total	<u>7.577</u>	<u>\$ 134,835,605</u>

**OSCEOLA COUNTY
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18. FLORIDA RETIREMENT SYSTEM

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

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

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

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

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FRS Retirement Contribution Rates

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

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	4.91
Florida Retirement System, Elected County Officers	3.00	11.14
Florida Retirement System, Senior Management	3.00	6.27
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	4.42
Florida Retirement System, Reemployed Retiree	(B)	(B)

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

(B) Contribution rates are dependent upon 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, 2010, June 30, 2011, and June 30, 2012, totaled \$23,357,783, \$26,864,111, and \$19,127,358 respectively, which were equal to the required contributions for each fiscal year. There were 7,484 participants during the 2011-12 fiscal year. Required contributions made to PEORP totaled \$2,726,976.

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

**OSCEOLA COUNTY
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19. EARLY RETIREMENT PROGRAM

The Board has established an early retirement program as authorized by Section 1012.685, Florida Statutes, which it offers on a year-to-year basis. Under this program, the Board purchased annuities for employees with at least 25 years of creditable service but less than 30 years, as of June 30, 2012, who have reached the age of 55 but are less than age 62 at the effective date of retirement and have applied for retirement under the Florida Retirement System (described in the previous note). The Board may also consider employees ages 50 through 54 if the Board determines that it is economically feasible to do so. The annuities provide for the early retirees to receive additional income after retirement, not to exceed the difference between their Florida Retirement System early retirement benefits, which are reduced by 5 percent for each year prior to age 62, and the benefits that would have been received had they been eligible for full Florida Retirement System benefits on the date of retirement. In the event an employee has earned experience in a public school system in another state, the Board may choose to purchase such out-of-state experience (up to five years) as is necessary to provide regular retirement benefits. This experience may not be purchased in addition to an annuity. One employee retired and accepted early retirement benefits during the 2011-12 fiscal year. Annuities were purchased for these individuals at a total cost of \$145,574.

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

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
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20. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

The following is a schedule of encumbrances at June 30, 2012:

Major Funds						
General Fund	Special Revenue - Other Federal Programs	Special Revenue - ARRA Economic Stimulus Funds	Capital Projects - Other Fund	Capital Projects - ARRA Economic Stimulus Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,778,999	\$ 3,583,428	\$ 204,137	\$ 2,936,946	\$ 3,807,001	\$ 2,254,166	\$ 14,564,677

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

DESCRIPTION	CONTRACT AMOUNT	TOTAL COMPLETED	BALANCE COMMITTED
#3002031 OHS COMPREHENSIVE RENOVATION CONTR-CLANCY & THEYS CONSTRUCTION CO. ARCH - C T HSU & ASSOCIATES, PA	\$ 44,425,629 3,025,000.00	\$ 41,080,515 2,959,123.00	\$ 3,345,114 65,877.00
#300203 SCHS COMPREHENSIVE RENOVATION CONTR-JAMES A CUMMINGS, INC. ARCH - BRPH ARCHITECT/ENGINEERS, INC.	44,254,215.00 3,064,000.00	42,839,129.00 2,961,812.00	1,415,086.00 102,188.00
#300390- THACKER AVENUE ELEM CORE RENOVATION CONTR-CLANCY & THEYS CONSTRUCTION CO ARCH - SCHENKEL & SCHULTZ INC	8,022,040.00 595,480.00	6,366,767.00 565,321.00	1,655,273.00 30,159.00
#3203001 CELEBRATION K-8 HEARTH RECONFIGURATION CONTR - CLANCY & THEYS CONSTRUCTION CO	2,617,044.00	2,405,695.00	211,349.00
#300380- GATEWAY HIGH SCHOOL CAMPUS IMPROVEMENTS CONTR-BRPH CONSTRUCTION SERVICES INC ARCH - C T HSU AND ASSOCIATES PA	1,424,881.00 139,287.00	1,346,530.00 139,287.00	78,351.00 -
#3202131- BOGGY CREEK CABINET REPLACEMENT SEMCO CONSTRUCTION INC ARCH-RHODES & BRITO ASSOCIATES	286,725.00 16,260.00	16,027.00 13,006.00	270,698.00 3,254.00
#320231- NEW BEGINNINGS FENCING CONTR-CLANCY & THEYS CONSTRUCTION CO	36,871.00	21,162.00	15,709.00
	\$ 107,907,432	\$ 100,714,374	\$ 7,193,058

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21. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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. 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 \$3,816,000 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable for the group health program at June 30, 2012.

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 \$245,585 at June 30, 2012, which the District reports as cash with fiscal agent in the internal service funds. A liability of \$725,224 was established based on reserves for outstanding claims at June 30, 2012, 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:

Fiscal Year	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2010-11	\$ 5,423,542	\$ 38,125,738	\$ (38,607,551)	\$ 4,941,729
2011-12	\$ 4,941,729	\$ 38,654,601	\$ (39,055,106)	\$ 4,541,224

**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

22. INTERNAL SERVICE FUNDS

The following is a summary of financial information as reported in the Internal Service Funds for the 2011-12 fiscal year:

	Total	Self-Insurance Health Trust Fund	Casualty Insurance Loss Fund
Total Assets	\$ 26,678,616	\$ 18,658,218	\$ 8,020,398
Liabilities and Net Assets:			
Accounts Payable	\$ 156,583	\$ 138,083	\$ 18,500
Due to Other Funds	188,113	188,113	-
Estimated Insurance Claims Payable	4,541,224	3,816,000	725,224
Net Assets:			
Unrestricted Net Assets	21,792,696	14,516,022	7,276,674
Total Liabilities and Net Assets	\$ 26,678,616	\$ 18,658,218	\$ 8,020,398
Revenues:			
Premium Revenues	\$ 51,264,334	\$ 46,880,349	\$ 4,383,985
Other	133,634	96,055	37,579
Total Revenues	51,397,968	46,976,404	4,421,564
Total Expenses	(44,788,278)	(41,438,115)	(3,350,163)
Change in Net Assets	\$ 6,609,690	\$ 5,538,289	\$ 1,071,401

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**OSCEOLA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

23. BOND RATINGS

Following is a summary of the bond insurer for each of the District's issues and its rating as of June 30, 2012.

		Insurer Ratings		
		Fitch	Moody's	Standard & Poor's
Sales Tax Revenue Bonds				
2001 Sales Tax Revenue	Financial Guaranty Insurance Company*	Not Rated	Baa2/Negative Outlook	BBB/Outlook Developing
2007 Sales Tax Revenue	Assured Guaranty Municipal Corp.**	Not Rated	Aa3/On Review for Possible Downgrade	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	Baa2/Negative Outlook	BBB/Outlook Developing
2005 COPs	National Public Finance Guarantee Corporation***	Not Rated	Baa2/Negative Outlook	BBB/Outlook Developing
2007 COPs	Ambac Assurance Corporation	Not Rated	Rating Withdrawn	Not Rated
2009 COPs	Assured Guaranty Corporation	Not Rated	Aa3/On Review for Possible Downgrade	AA-/Outlook Stable

Note: The District's Series 2010 COPs 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.

24. LITIGATION

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

**REQUIRED
SUPPLEMENTARY
INFORMATION**

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Direct	\$ 400,000	\$ 456,554	\$ 456,554	\$
Federal Through State	194,355	177,386	176,379	(1,007)
State	234,768,678	231,064,430	231,047,638	(16,792)
Local:				
Property Taxes	103,816,832	103,568,578	103,388,324	(180,254)
Miscellaneous	11,977,665	13,821,231	12,238,259	(1,582,972)
Total Revenues	351,157,530	349,088,179	347,307,154	(1,781,025)
EXPENDITURES				
Current - Education:				
Instruction				
Salaries	145,603,649	147,062,389	146,923,031	139,358
Employee Benefits	40,860,605	39,536,687	39,381,302	155,385
Purchased Services	34,129,795	37,066,443	36,569,082	497,361
Energy Services		12,260	12,260	
Materials and Supplies	43,737,090	32,061,841	7,700,189	24,361,652
Capital Outlay	29,500	1,008,227	986,322	21,905
Other Expenses	842,788	3,214,619	3,160,792	53,827
Pupil Personnel Services				
Salaries	14,334,451	15,257,350	15,243,190	14,160
Employee Benefits	4,013,664	4,147,791	4,147,791	
Purchased Services		53,398	53,398	
Materials and Supplies	233,862	200,939	100,728	100,211
Capital Outlay	6	11,715	11,715	
Other Expenses		17,259	17,259	
Instructional Media Services				
Salaries	2,574,297	2,768,417	2,768,417	
Employee Benefits	683,473	704,880	704,880	
Purchased Services	32,788	359,240	357,740	1,500
Materials and Supplies	67,211	87,483	47,859	39,624
Capital Outlay	257,102	285,274	281,888	3,386
Other Expenses		5,703	5,703	
Instruction and Curriculum Development Services				
Salaries	4,725,194	5,250,255	5,250,255	
Employee Benefits	1,218,160	1,273,929	1,273,929	
Purchased Services	26	48,740	48,715	25
Energy Services	702	4,724	4,022	702
Materials and Supplies	311,004	127,469	57,773	69,696
Capital Outlay	1	20,284	20,284	
Other Expenses		51,316	51,316	
Instructional Staff Training Services				
Salaries	2,638,450	3,435,969	3,428,415	7,554
Employee Benefits	677,528	748,877	748,815	62
Purchased Services	2,513	445,785	438,908	6,877
Materials and Supplies	2,234,126	233,540	102,585	130,955
Capital Outlay	9	15,975	15,016	959
Other Expenses		42,899	40,802	2,097
Instruction Related Technology				
Salaries	2,623,145	2,610,639	2,610,639	
Employee Benefits	763,773	754,631	754,631	
Purchased Services		108	108	
Materials and Supplies		11,163	11,163	
Capital Outlay		292	292	
Other Expenses		1,202	1,202	
Board of Education				
Salaries	185,765	176,058	166,275	9,783
Employee Benefits	153,020	155,181	64,040	91,141
Purchased Services	1,416,776	1,725,083	1,468,879	256,204
Materials and Supplies	15,200	4,933	1,260	3,673
Capital Outlay		2,181	2,004	177
Other Expenses		34,822	34,822	

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
General Administration				
Salaries	955,557	896,995	896,995	
Employee Benefits	195,512	191,131	191,131	
Purchased Services	74,867	88,439	57,877	30,562
Materials and Supplies	160,592	73,055	37,222	35,833
Capital Outlay	23	20,217	20,217	
Other Expenses	40,000	30,069	30,069	
School Administration				
Salaries	16,741,801	16,753,587	16,753,587	
Employee Benefits	4,401,386	4,352,538	4,352,538	
Purchased Services	1,822	237,882	237,832	50
Materials and Supplies	1,422,017	69,203	69,128	75
Capital Outlay	903	83,178	81,555	1,623
Other Expenses		39,304	39,304	
Facilities Services				
Salaries	1,041,317	1,055,193	105,489	949,704
Employee Benefits	255,090	236,609	16,230	220,379
Purchased Services	1,493,167	1,598,819	1,036,591	562,228
Energy Services		13,507	13,507	
Materials and Supplies	87,360	10,207	9,048	1,159
Capital Outlay	44,081	185,395	176,353	9,042
Other Expenses		808	808	
Fiscal Services				
Salaries	1,428,754	1,356,762	1,356,762	
Employee Benefits	347,654	347,462	347,462	
Purchased Services		6,141	6,141	
Materials and Supplies	144,480	107,339	34,512	72,827
Capital Outlay		15,071	15,071	
Other Expenses		7,978	3,358	4,620
Food Services				
Salaries	23,179	214,865	214,865	
Employee Benefits	13,348	17,018	17,018	
Purchased Services		2,444	1,908	536
Materials and Supplies	2,202	3,437	2,672	765
Capital Outlay		1,940	1,823	117
Other Expenses		57	57	
Central Services				
Salaries	4,004,494	3,851,983	3,850,483	1,500
Employee Benefits	1,016,774	981,580	981,580	
Purchased Services	523,640	1,164,024	1,010,329	153,695
Energy Services		29,052	29,052	
Materials and Supplies	706,237	253,793	168,258	85,535
Capital Outlay		30,428	30,428	
Other Expenses	25,850	86,758	56,208	30,550
Pupil Transportation Services				
Salaries	10,674,498	9,555,630	9,462,120	93,510
Employee Benefits	4,474,029	4,376,030	4,376,030	
Purchased Services	107,107	558,800	514,155	44,645
Energy Services	3,200,000	3,164,384	2,950,454	213,930
Materials and Supplies	1,409,019	749,844	488,044	261,800
Capital Outlay	1,485	49,147	49,147	
Other Expenses		334,099	334,099	
Operation of Plant				
Salaries	7,178,358	7,598,740	7,554,927	43,813
Employee Benefits	4,017,106	2,921,423	2,747,663	173,760
Purchased Services	3,476,625	5,839,910	5,124,889	715,021
Energy Services	13,000,004	11,469,301	10,844,709	624,592
Materials and Supplies	272,730	913,052	909,939	3,113
Capital Outlay	4,347	104,869	104,633	236
Other Expenses	25,000	68,587	54,450	14,137

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Maintenance of Plant				
Salaries	4,658,461	4,428,842	4,428,842	
Employee Benefits	1,356,334	1,437,268	1,437,268	
Purchased Services	1,111,639	953,081	736,827	216,254
Energy Services		288,221	288,221	
Materials and Supplies	2,614,720	4,276,152	4,212,173	63,979
Capital Outlay		53,739	53,739	
Other Expenses		853,557	853,557	
Administrative Technology Services				
Salaries	2,048,475	2,007,200	2,007,200	
Employee Benefits	481,818	477,044	477,044	
Purchased Services	543,776	558,856	492,765	66,091
Energy Services		2,297	2,297	
Materials and Supplies	205,460	89,517	30,541	58,976
Capital Outlay		34,037	33,312	725
Other Expenses		21,592	21,046	546
Community Services				
Salaries	110,406	114,200	114,200	
Employee Benefits	38,553	37,595	37,595	
Purchased Services		145,576	72,350	73,226
Materials and Supplies	109,837	139,321	3,008	136,313
Capital Outlay		1,959	1,959	
Other Expenses	220,000	200,394	200,394	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	540,532	50,084	13,821	36,263
Other Capital Outlay	207,670	707,228	672,055	35,173
Debt Service:				
Principal	315,242	326,149	326,056	93
Interest and Fiscal Charges	37,826	26,949	26,949	
Total Expenditures	401,958,837	400,386,912	369,381,642	31,005,270
Excess (Deficiency) of Revenues Over Expenditures	(50,801,307)	(51,298,733)	(22,074,488)	29,224,245
OTHER FINANCING SOURCES				
Transfers In	13,998,637	14,590,186	14,595,122	(4,936)
Insurance Loss Recoveries		172,489	194,802	22,313
Total Other Financing Sources	13,998,637	14,762,675	14,789,924	27,249
Net Change in Fund Balances	(36,802,670)	(36,536,058)	(7,284,564)	29,251,494
Fund Balances, July 1, 2011	91,601,580	91,601,580	91,601,580	
Fund Balances, June 30, 2012	\$ 54,798,910	\$ 55,065,522	\$ 84,317,016	\$ 29,251,494

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Direct	\$ 3,178,234	\$ 4,500,374	\$ 3,527,772	\$ (972,602)
Federal Through State	35,640,253	40,255,541	27,742,992	(12,512,549)
Miscellaneous		67,019	67,019	
Total Revenues	38,818,487	44,822,934	31,337,783	(13,485,151)
EXPENDITURES				
Current - Education:				
Instruction				
Salaries	7,145,152	8,671,217	7,866,773	804,444
Employee Benefits	3,079,607	3,193,460	3,079,793	113,667
Purchased Services	3,483,977	5,310,543	3,605,202	1,705,341
Materials and Supplies	13,690,313	4,438,824	1,222,159	3,216,665
Capital Outlay	95,454	3,832,998	916,957	2,916,041
Other Expenses	51,031	459,288	372,220	87,068
Pupil Personnel Services				
Salaries	603,647	1,060,170	966,197	93,973
Employee Benefits	188,585	288,686	260,566	28,120
Purchased Services	164,492	569,655	464,129	105,526
Materials and Supplies	86,377	264,198	185,065	79,133
Capital Outlay		33,444	33,237	207
Other Expenses	38,618	16,396	2,496	13,900
Instructional Media Services				
Salaries	21,442	33,478	204	33,274
Employee Benefits	3,581	4,887	26	4,861
Purchased Services	120			
Capital Outlay	456	456	4	452
Other Expenses	2,070	2,070		2,070
Instruction and Curriculum Development Services				
Salaries	4,352,711	4,484,977	4,350,479	134,498
Employee Benefits	1,095,702	1,069,197	1,028,565	40,632
Purchased Services	79,417	480,525	412,227	68,298
Materials and Supplies		1,845,221	57,861	1,787,360
Capital Outlay	2,710	161,174	107,656	53,518
Other Expenses		14,880	1,101	13,779
Instructional Staff Training Services				
Salaries	514,108	945,825	877,496	68,329
Employee Benefits	125,464	174,940	161,385	13,555
Purchased Services	111,949	1,184,253	849,709	334,544
Materials and Supplies	759,717	1,130,963	584,188	546,775
Capital Outlay	220	77,596	77,238	358
Other Expenses	2,111	164,213	149,031	15,182
Instruction Related Technology				
Salaries	65,458	55,580	53,917	1,663
Employee Benefits	15,971	14,324	13,841	483
Purchased Services		2,000		2,000
General Administration				
Salaries	77,903	237,577	181,459	56,118
Employee Benefits	29,566	51,249	41,570	9,679
Purchased Services	44,061	341,276	195,938	145,338
Materials and Supplies	741,952	313,856	12,523	301,333
Capital Outlay	4,531	2,127	337	1,790
Other Expenses	77,097	1,038,395	935,076	103,319
School Administration				
Purchased Services		8,178	5,881	2,297
Central Services				
Salaries	58,798	72,805	69,124	3,681
Employee Benefits	13,861	14,902	14,448	454
Purchased Services	1,200	76,690	51,747	24,943
Materials and Supplies		6,342	6,342	
Other Expenses	1,663,225			
Pupil Transportation Services				
Purchased Services	190,068	817,383	402,700	414,683
Energy Services	11	3,559	3,559	
Capital Outlay	450	428	428	

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (continued)
 SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Other Expenses	7,180	36,835	15,518	21,317
Community Services				
Purchased Services		400		400
Other Expenses	19,227	1,333,731	1,331,131	2,600
Fixed Capital Outlay				
Facilities Acquisition and Construction	26,346	147,134	101,348	45,786
Other Capital Outlay	82,551	334,629	268,932	65,697
Total Expenditures	38,818,487	44,822,934	31,337,783	13,485,151
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2011				
Fund Balances, June 30, 2012	\$	\$	\$	\$

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 - ARRA ECONOMIC STIMULUS FUNDS
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Through State	\$ 7,487,634	\$ 10,126,858	\$ 4,515,523	\$ (5,611,335)
Total Revenues	7,487,634	10,126,858	4,515,523	(5,611,335)
EXPENDITURES				
Current - Education:				
Instruction				
Salaries	114,820	692,237	518,728	173,509
Employee Benefits	12,884	107,399	83,521	23,878
Purchased Services	752,070	681,451	401,470	279,981
Materials and Supplies	167,395	397,717	320,959	76,758
Capital Outlay	221,734	643,877	591,622	52,255
Other Expenses	350	29,483	10,137	19,346
Pupil Personnel Services				
Salaries	3,631	38,438	33,920	4,518
Employee Benefits	747	4,841	4,115	726
Purchased Services	2,518	9,313	4,313	5,000
Materials and Supplies	39,932	73,666	72,455	1,211
Capital Outlay	42			
Instructional Media Services				
Salaries		4,744	4,301	443
Employee Benefits		587	522	65
Instruction and Curriculum Development Services				
Salaries	9,684	170,077	136,275	33,802
Employee Benefits	1,873	34,734	25,792	8,942
Purchased Services	10,935	12,331	6,880	5,451
Materials and Supplies	64,466	18,828	18,828	
Instructional Staff Training Services				
Salaries	1,097,381	1,052,603	446,395	606,208
Employee Benefits	143,891	139,180	87,516	51,664
Purchased Services	1,381,608	1,396,972	620,737	776,235
Materials and Supplies	93,701	221,470	186,043	35,427
Capital Outlay	1,000	3,029	2,029	1,000
Other Expenses	99,058	118,652	14,829	103,823
General Administration				
Other Expenses	140,077	257,764	137,067	120,697
School Administration				
Purchased Services		8,690	8,690	
Facilities Services				
Capital Outlay		164,533		164,533
Central Services				
Salaries	286,786	398,870	123,343	275,527
Employee Benefits	64,282	86,389	27,749	58,640
Purchased Services	1,071,748	1,201,881	430,393	771,488
Materials and Supplies		3,346		3,346
Pupil Transportation Services				
Purchased Services	1,000	10,013	3,012	7,001
Administrative Technology Services				
Salaries	429,398	407,129	101,352	305,777
Employee Benefits	92,974	86,532	22,601	63,931
Purchased Services	345,231	46,500	6,500	40,000
Fixed Capital Outlay				
Other Capital Outlay	836,418	1,603,582	63,429	1,540,153
Total Expenditures	7,487,634	10,126,858	4,515,523	5,611,335
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2011				
Fund Balances, June 30, 2012	\$	\$	\$	\$

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
6-30-2009	\$ 0	\$ 51,307,965	\$ 51,307,965	0.00%	\$ 251,098,472	20.43%
6-30-2010	0	56,590,389	56,590,389	0.00%	245,871,769	23.02%
6-30-2011	0	56,466,367	56,466,367	0.00%	239,564,716	23.57%
6-30-2012	0	75,830,525	75,830,525	0.00%	237,960,095	31.87%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 12,621,087	\$ 23,640	\$ 8,364,826	\$ 21,009,553
Investments		285,853	10,324,604	10,610,457
Accounts Receivable	6,464	860,440		866,904
Interest Receivable		1,263	34,675	35,938
Due from Other Agencies	214,185	1,703,545	112,645	2,030,375
Inventory	416,365			416,365
Total Assets	<u>\$ 13,258,101</u>	<u>\$ 2,874,741</u>	<u>\$ 18,836,750</u>	<u>\$ 34,969,592</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries and Benefits	\$ 96,029	\$	\$	\$ 96,029
Payroll Deductions and Withholdings Payable	76,525			76,525
Accounts Payable	178,492	3,950	79,029	261,471
Construction Contracts Payable			22,319	22,319
Construction Contracts Payable-Retainage Percentage			365,685	365,685
Sales Tax Payable	362			362
Due to Other Agencies	67,572			67,572
Due to Other Funds		1,102,318	109,044	1,211,362
Deferred Revenue	120,215			120,215
Total Liabilities	<u>539,195</u>	<u>1,106,268</u>	<u>576,077</u>	<u>2,221,540</u>
FUND BALANCES				
Nonspendable	416,365			416,365
Restricted	11,527,980	1,768,473	18,260,673	31,557,126
Assigned	774,561			774,561
Total Fund Balances	<u>12,718,906</u>	<u>1,768,473</u>	<u>18,260,673</u>	<u>32,748,052</u>
Total Liabilities and Fund Balances	<u>\$ 13,258,101</u>	<u>\$ 2,874,741</u>	<u>\$ 18,836,750</u>	<u>\$ 34,969,592</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, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental:				
Federal Through State	\$ 20,813,980	\$	\$	\$ 20,813,980
State	355,862	1,664,138	496,171	2,516,171
Local:				
Property Taxes			25,513,349	25,513,349
Local Sales Taxes		9,925,207		9,925,207
Charges for Services - Food Service	5,718,630			5,718,630
Miscellaneous	2,815,899	1,103,995	483,757	4,403,651
Total Revenues	<u>29,704,371</u>	<u>12,693,340</u>	<u>26,493,277</u>	<u>68,890,988</u>
EXPENDITURES				
Current - Education:				
Instruction	44,964			44,964
Instruction and Curriculum Development Services	43			43
Facilities Services			2,247,314	2,247,314
Food Services	22,805,255			22,805,255
Operation of Plant	604			604
Maintenance of Plant	641			641
Community Services	2,648,421			2,648,421
Fixed Capital Outlay:				
Facilities Acquisition and Construction			6,458,790	6,458,790
Other Capital Outlay	513,763		1,078,207	1,591,970
Debt Service:				
Principal		15,238,612		15,238,612
Interest and Fiscal Charges		12,793,154	928	12,794,082
Total Expenditures	<u>26,013,691</u>	<u>28,031,766</u>	<u>9,785,239</u>	<u>63,830,696</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,690,680</u>	<u>(15,338,426)</u>	<u>16,708,038</u>	<u>5,060,292</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		17,994,111		17,994,111
Refunding Bonds Issued		1,135,000		1,135,000
Premium on Refunding Bonds		173,572		173,572
Payments to Escrow Agent for Refunded Debt		(1,305,199)		(1,305,199)
Transfers Out	(4,937)	(2,707,852)	(21,100,818)	(23,813,607)
Total Other Financing Sources (Uses)	<u>(4,937)</u>	<u>15,289,632</u>	<u>(21,100,818)</u>	<u>(5,816,123)</u>
Net Change in Fund Balances	3,685,743	(48,794)	(4,392,780)	(755,831)
Fund Balances, July 1, 2011	9,033,163	1,817,267	22,653,453	33,503,883
Fund Balances, June 30, 2012	<u>\$ 12,718,906</u>	<u>\$ 1,768,473</u>	<u>\$ 18,260,673</u>	<u>\$ 32,748,052</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
June 30, 2012

	Special Revenue Funds		
	Food Service	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and Cash Equivalents	\$ 11,761,765	\$ 859,322	\$ 12,621,087
Accounts Receivable	6,441	23	6,464
Due from Other Agencies	214,185		214,185
Inventory	416,365		416,365
Total Assets	<u>\$ 12,398,756</u>	<u>\$ 859,345</u>	<u>\$ 13,258,101</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and Benefits	\$ 55,994	\$ 40,035	\$ 96,029
Payroll Deductions and Withholdings Payable	59,628	16,897	76,525
Accounts Payable	162,069	16,423	178,492
Sales Tax Payable	362		362
Due to Other Agencies	56,143	11,429	67,572
Deferred Revenue	120,215		120,215
Total Liabilities	<u>454,411</u>	<u>84,784</u>	<u>539,195</u>
FUND BALANCES			
Nonspendable	416,365		416,365
Restricted	11,527,980		11,527,980
Assigned		774,561	774,561
Total Fund Balances	<u>11,944,345</u>	<u>774,561</u>	<u>12,718,906</u>
Total Liabilities and Fund Balances	<u>\$ 12,398,756</u>	<u>\$ 859,345</u>	<u>\$ 13,258,101</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, 2012

	Special Revenue Funds		Total Nonmajor Special Revenue Funds
	Food Service	Miscellaneous Special Revenue	
REVENUES			
Intergovernmental:			
Federal Through State	\$ 20,813,980	\$	\$ 20,813,980
State	355,862		355,862
Local:			
Charges for Services - Food Service	5,718,630		5,718,630
Miscellaneous	24,095	2,791,804	2,815,899
Total Revenues	<u>26,912,567</u>	<u>2,791,804</u>	<u>29,704,371</u>
EXPENDITURES			
Current - Education:			
Instruction		44,964	44,964
Instruction and Curriculum Development Services		43	43
Food Services	22,805,255		22,805,255
Operation of Plant		604	604
Maintenance of Plant		641	641
Community Services		2,648,421	2,648,421
Fixed Capital Outlay:			
Other Capital Outlay	511,339	2,424	513,763
Total Expenditures	<u>23,316,594</u>	<u>2,697,097</u>	<u>26,013,691</u>
Excess of Revenues Over Expenditures	<u>3,595,973</u>	<u>94,707</u>	<u>3,690,680</u>
OTHER FINANCING SOURCES (USES)			
Transfers In			
Transfers Out		(4,937)	(4,937)
Total Other Financing Sources (Uses)		<u>(4,937)</u>	<u>(4,937)</u>
Net Change in Fund Balances	3,595,973	89,770	3,685,743
Fund Balances, July 1, 2011	8,348,372	684,791	9,033,163
Fund Balances, June 30, 2012	<u>\$ 11,944,345</u>	<u>\$ 774,561</u>	<u>\$ 12,718,906</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
 June 30, 2012**

	Debt Service Funds		
	SBE/COBI Bonds	Other Debt Service	Total Nonmajor Debt Service Funds
ASSETS			
Cash and Cash Equivalents	\$	\$ 23,640	\$ 23,640
Investments	285,075	778	285,853
Accounts Receivable		860,440	860,440
Interest Receivable		1,263	1,263
Due from Other Agencies		1,703,545	1,703,545
Total Assets	<u>\$ 285,075</u>	<u>\$ 2,589,666</u>	<u>\$ 2,874,741</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$	\$ 3,950	\$ 3,950
Due to Other Funds:			
Budgetary Funds		1,102,318	1,102,318
Total Liabilities		<u>1,106,268</u>	<u>1,106,268</u>
FUND BALANCES			
Restricted	<u>285,075</u>	<u>1,483,398</u>	<u>1,768,473</u>
Total Fund Balances	<u>285,075</u>	<u>1,483,398</u>	<u>1,768,473</u>
Total Liabilities and Fund Balances	<u>\$ 285,075</u>	<u>\$ 2,589,666</u>	<u>\$ 2,874,741</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, 2012

	Debt Service Funds		
	SBE/COBI Bonds	Other Debt Service	Total Nonmajor Debt Service Funds
REVENUES			
Intergovernmental:			
State	\$ 1,664,138	\$	\$ 1,664,138
Local		11,029,202	11,029,202
Total Revenues	<u>1,664,138</u>	<u>11,029,202</u>	<u>12,693,340</u>
EXPENDITURES			
Debt Service:			
Principal	1,125,000	14,113,612	15,238,612
Interest and Fiscal Charges	568,150	12,225,004	12,793,154
Total Expenditures	<u>1,693,150</u>	<u>26,338,616</u>	<u>28,031,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,012)</u>	<u>(15,309,414)</u>	<u>(15,338,426)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In		17,994,111	17,994,111
Refunding Bonds Issued	1,135,000		1,135,000
Premium on Refunding Bonds	173,572		173,572
Payments to Escrow Agent for Refunded Debt	(1,305,199)		(1,305,199)
Transfers Out		(2,707,852)	(2,707,852)
Total Other Financing Sources (Uses)	<u>3,373</u>	<u>15,286,259</u>	<u>15,289,632</u>
Net Change in Fund Balances	<u>(25,639)</u>	<u>(23,155)</u>	<u>(48,794)</u>
Fund Balances, July 1, 2011	310,714	1,506,553	1,817,267
Fund Balances, June 30, 2012	<u>\$ 285,075</u>	<u>\$ 1,483,398</u>	<u>\$ 1,768,473</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
June 30, 2012

	Capital Projects Funds				Total Nonmajor
	Capital Outlay Bond Issues (COBI)	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	Capital Improvement Section 1011.71(2) F.S.	Capital Project Funds
ASSETS					
Cash and Cash Equivalents	\$ 336,786	\$	\$ 679,886	\$ 7,348,154	\$ 8,364,826
Investments	154,481			10,170,123	10,324,604
Interest Receivable	242			34,433	34,675
Due from Other Agencies		109,044		3,601	112,645
Total Assets	<u>\$ 491,509</u>	<u>\$ 109,044</u>	<u>\$ 679,886</u>	<u>\$ 17,556,311</u>	<u>\$ 18,836,750</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$	\$	\$ 60,610	\$ 18,419	\$ 79,029
Construction Contracts Payable				22,319	22,319
Construction Contracts Payable-Retainage Percentage				365,685	365,685
Due to Other Funds		109,044			109,044
Total Liabilities		<u>109,044</u>	<u>60,610</u>	<u>406,423</u>	<u>576,077</u>
FUND BALANCES					
Restricted	<u>491,509</u>		<u>619,276</u>	<u>17,149,888</u>	<u>18,260,673</u>
Total Fund Balances	<u>491,509</u>		<u>619,276</u>	<u>17,149,888</u>	<u>18,260,673</u>
Total Liabilities and Fund Balances	<u>\$ 491,509</u>	<u>\$ 109,044</u>	<u>\$ 679,886</u>	<u>\$ 17,556,311</u>	<u>\$ 18,836,750</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, 2012

	Capital Projects Funds				Total Nonmajor Capital Project Funds
	Capital Outlay Bond Issues (COBI)	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	Capital Improvement Section 1011.71(2) F.S.	
REVENUES					
Intergovernmental:					
State	\$	\$	\$ 496,171	\$	\$ 496,171
Local:					
Property Taxes				25,513,349	25,513,349
Miscellaneous	1,982	267	530	480,978	483,757
Total Revenues	<u>1,982</u>	<u>267</u>	<u>496,701</u>	<u>25,994,327</u>	<u>26,493,277</u>
EXPENDITURES					
Current - Education:					
Facilities Services	601,290	217,432	552,570	876,022	2,247,314
Fixed Capital Outlay:					
Facilities Acquisition and Construction	41,784	1,052,283	33,900	5,330,823	6,458,790
Other Capital Outlay			2,293	1,075,914	1,078,207
Debt Service:					
Interest and Fiscal Charges			928		928
Total Expenditures	<u>643,074</u>	<u>1,269,715</u>	<u>589,691</u>	<u>7,282,759</u>	<u>9,785,239</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(641,092)</u>	<u>(1,269,448)</u>	<u>(92,990)</u>	<u>18,711,568</u>	<u>16,708,038</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out				(21,100,818)	(21,100,818)
Total Other Financing Sources (Uses)				<u>(21,100,818)</u>	<u>(21,100,818)</u>
Net Change in Fund Balances	(641,092)	(1,269,448)	(92,990)	(2,389,250)	(4,392,780)
Fund Balances, July 1, 2011	1,132,601	1,269,448	712,266	19,539,138	22,653,453
Fund Balances, June 30, 2012	<u>\$ 491,509</u>	<u>\$</u>	<u>\$ 619,276</u>	<u>\$ 17,149,888</u>	<u>\$ 18,260,673</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - FOOD SERVICES
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal Through State	\$ 19,416,328	\$ 20,813,980	\$ 20,813,980	\$
State	312,300	355,862	355,862	
Local:				
Charges for Services - Food Service	5,901,372	5,751,223	5,718,630	(32,593)
Miscellaneous			24,095	24,095
Total Revenues	<u>25,630,000</u>	<u>26,921,065</u>	<u>26,912,567</u>	<u>(8,498)</u>
EXPENDITURES				
Current - Education:				
Instructional Media Services				
Salaries	15,774			
Employee Benefits	8,125			
Food Services				
Salaries	7,650,991	7,012,446	7,012,446	
Employee Benefits	3,562,348	3,169,607	3,169,607	
Purchased Services	301,666	293,812	243,819	49,993
Energy Services	1,033,900	132,686	132,686	
Materials and Supplies	11,805,387	14,520,894	11,659,532	2,861,362
Capital Outlay	98,793	80,548	62,595	17,953
Other Expenses	430,500	524,570	524,570	
Fixed Capital Outlay				
Facilities Acquisition and Construction	14,000			
Other Capital Outlay	155,000	632,986	511,339	
Total Expenditures	<u>25,076,484</u>	<u>26,367,549</u>	<u>23,316,594</u>	<u>2,929,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>553,516</u>	<u>553,516</u>	<u>3,595,973</u>	<u>3,042,457</u>
Net Change in Fund Balances	553,516	553,516	3,595,973	3,042,457
Fund Balances, July 1, 2011	8,348,372	8,348,372	8,348,372	
Fund Balances, June 30, 2012	<u>\$ 8,901,888</u>	<u>\$ 8,901,888</u>	<u>\$ 11,944,345</u>	<u>\$ 3,042,457</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$ 2,718,309	\$ 2,792,257	\$ 2,791,804	\$ (453)
Total Revenues	<u>2,718,309</u>	<u>2,792,257</u>	<u>2,791,804</u>	<u>(453)</u>
EXPENDITURES				
Current - Education:				
Instruction				
Salaries	38,648	30,976	30,976	
Employee Benefits	17,159	13,988	13,988	
Materials and Supplies	59,377			
Instructional Media Services				
Salaries	26,819			
Employee Benefits	9,538			
Instruction and Curriculum Development				
Salaries	5,755			
Employee Benefits	1,347			
Purchased Services		43	43	
Operation of Plant				
Salaries		537	537	
Employee Benefits		67	67	
Maintenance of Plant				
Materials and Supplies		641	641	
Community Services				
Salaries	1,259,543	1,505,677	1,505,677	
Employee Benefits	582,532	575,474	575,474	
Purchased Services	19,355	202,430	202,430	
Energy Services		12,073	12,073	
Materials and Supplies	920,849	439,725	126,889	312,836
Capital Outlay		5,114	5,114	
Other Expenses		220,764	220,764	
Fixed Capital Outlay				
Other Capital Outlay		2,424	2,424	
Total Expenditures	<u>2,940,922</u>	<u>3,009,933</u>	<u>2,697,097</u>	<u>312,836</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(222,613)</u>	<u>(217,676)</u>	<u>94,707</u>	<u>312,383</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out		(4,937)	(4,937)	
Total Other Financing Sources (Uses)		<u>(4,937)</u>	<u>(4,937)</u>	
Net Change in Fund Balances	<u>(222,613)</u>	<u>(222,613)</u>	<u>89,770</u>	<u>312,383</u>
Fund Balances, July 1, 2011	684,791	684,791	684,791	
Fund Balances, June 30, 2012	<u>\$ 462,178</u>	<u>\$ 462,178</u>	<u>\$ 774,561</u>	<u>\$ 312,383</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 1,634,360	\$ 1,634,360	\$ 1,664,138	\$ 29,778
Total Revenues	<u>1,634,360</u>	<u>1,634,360</u>	<u>1,664,138</u>	<u>29,778</u>
EXPENDITURES				
Current - Education:				
Debt Service				
Principal	1,125,000	1,125,000	1,125,000	
Interest and Fiscal Charges	563,807	568,150	568,150	
Total Expenditures	<u>1,688,807</u>	<u>1,693,150</u>	<u>1,693,150</u>	
Deficiency of Revenues Under Expenditures	<u>(54,447)</u>	<u>(58,790)</u>	<u>(29,012)</u>	<u>29,778</u>
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued		1,135,000	1,135,000	
Premium on Refunding Bonds		173,572	173,572	
Payments to Escrow Agent for Refunded Debt		(1,305,199)	(1,305,199)	
Total Other Financing Sources (Uses)		<u>3,373</u>	<u>3,373</u>	
Net Change in Fund Balances	<u>(54,447)</u>	<u>(55,417)</u>	<u>(25,639)</u>	<u>29,778</u>
Fund Balances, July 1, 2011	<u>310,714</u>	<u>310,714</u>	<u>310,714</u>	
Fund Balances, June 30, 2012	<u>\$ 256,267</u>	<u>\$ 255,297</u>	<u>\$ 285,075</u>	<u>\$ 29,778</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Local Sales Taxes	\$ 9,567,678	\$ 9,925,207	\$ 9,925,207	\$
Miscellaneous	1,090,397	1,103,995	1,103,995	
Total Revenues	<u>10,658,075</u>	<u>11,029,202</u>	<u>11,029,202</u>	
EXPENDITURES				
Current - Education:				
Debt Service				
Principal	14,113,614	14,113,614	14,113,612	2
Interest and Fiscal Charges	<u>12,245,695</u>	<u>12,225,004</u>	<u>12,225,004</u>	
Total Expenditures	<u>26,359,309</u>	<u>26,338,618</u>	<u>26,338,616</u>	<u>2</u>
Deficiency of Revenues Under Expenditures	<u>(15,701,234)</u>	<u>(15,309,416)</u>	<u>(15,309,414)</u>	<u>2</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	18,014,763	17,994,113	17,994,111	(2)
Certificates of Participation Issued				
Premium on Certificates of Participation				
Payments to Escrow Agent for Refunded Debt				
Transfers Out	<u>(2,337,000)</u>	<u>(2,707,852)</u>	<u>(2,707,852)</u>	
Total Other Financing Sources (Uses)	<u>15,677,763</u>	<u>15,286,261</u>	<u>15,286,259</u>	<u>(2)</u>
Net Change in Fund Balances	<u>(23,471)</u>	<u>(23,155)</u>	<u>(23,155)</u>	
Fund Balances, July 1, 2011	<u>1,506,553</u>	<u>1,506,553</u>	<u>1,506,553</u>	
Fund Balances, June 30, 2012	<u>\$ 1,483,082</u>	<u>\$ 1,483,398</u>	<u>\$ 1,483,398</u>	<u>\$</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE - ARRA ECONOMIC STIMULUS FUNDS
For the Fiscal Year Ended June 30, 2012

	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	\$
Local:				
Miscellaneous				
Total Revenues	<u>2,349,000</u>	<u>2,349,000</u>	<u>2,349,000</u>	
EXPENDITURES				
Current - Education:				
Debt Service				
Principal				
Interest and Fiscal Charges	<u>2,706,490</u>	<u>2,699,678</u>	<u>2,699,678</u>	
Total Expenditures	<u>2,706,490</u>	<u>2,699,678</u>	<u>2,699,678</u>	
Deficiency of Revenues Under Expenditures	<u>(357,490)</u>	<u>(350,678)</u>	<u>(350,678)</u>	
OTHER FINANCING SOURCES (USES)				
Transfers In	357,490	340,521	340,521	
Certificates of Participation Issued				
Premium on Certificates of Participation				
Payments to Escrow Agent for Refunded Debt				
Transfers Out				
Total Other Financing Sources (Uses)	<u>357,490</u>	<u>340,521</u>	<u>340,521</u>	
Net Change in Fund Balances		(10,157)	(10,157)	
Fund Balances, July 1, 2011	<u>10,157</u>	<u>10,157</u>	<u>10,157</u>	
Fund Balances, June 30, 2012	<u>\$ 10,157</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS - CAPITAL OUTLAY BOND ISSUES (COBI)
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$	\$ 1,982	\$ 1,982	\$
Total Revenues		1,982	1,982	
EXPENDITURES				
Current - Education:				
Facilities Services	896,986	1,015,125	601,290	413,835
Fixed Capital Outlay:				
Facilities Acquisition and Construction	182,795	117,561	41,784	75,777
Total Expenditures	1,079,781	1,132,686	643,074	489,612
Deficiency of Revenues Under Expenditures	(1,079,781)	(1,130,704)	(641,092)	489,612
Net Change in Fund Balances	(1,079,781)	(1,130,704)	(641,092)	489,612
Fund Balances, July 1, 2011	1,132,601	1,132,601	1,132,601	
Fund Balances, June 30, 2012	\$ 52,820	\$ 1,897	\$ 491,509	\$ 489,612

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS - PUBLIC EDUCATION CAPITAL OUTLAY (PECO)
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$	\$ 267	\$ 267	\$
Total Revenues		267	267	
EXPENDITURES				
Current - Education:				
Facilities Services	239,900	217,432	217,432	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	1,026,655	1,052,283	1,052,283	
Total Expenditures	1,266,555	1,269,715	1,269,715	
Deficiency of Revenues Under Expenditures	(1,266,555)	(1,269,448)	(1,269,448)	
Net Change in Fund Balances	(1,266,555)	(1,269,448)	(1,269,448)	
Fund Balances, July 1, 2011	1,269,448	1,269,448	1,269,448	
Fund Balances, June 30, 2012	\$ 2,893	\$	\$	\$

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 466,497	\$ 496,171	\$ 496,171	\$
Local:				
Miscellaneous		530	530	
Total Revenues	<u>466,497</u>	<u>496,701</u>	<u>496,701</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	1,086,622	1,169,490	552,570	616,920
Fixed Capital Outlay:				
Facilities Acquisition and Construction	88,463	33,900	33,900	
Other Capital Outlay		2,293	2,293	
Debt Service				
Interest and Fiscal Charges		928	928	
Total Expenditures	<u>1,175,085</u>	<u>1,206,611</u>	<u>589,691</u>	<u>616,920</u>
Deficiency of Revenues Under Expenditures	<u>(708,588)</u>	<u>(709,910)</u>	<u>(92,990)</u>	<u>616,920</u>
Net Change in Fund Balances	<u>(708,588)</u>	<u>(709,910)</u>	<u>(92,990)</u>	<u>616,920</u>
Fund Balances, July 1, 2011	<u>712,266</u>	<u>712,266</u>	<u>712,266</u>	
Fund Balances, June 30, 2012	<u>\$ 3,678</u>	<u>\$ 2,356</u>	<u>\$ 619,276</u>	<u>\$ 616,920</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Property Taxes	\$ 25,742,427	\$ 25,513,349	\$ 25,513,349	\$
Miscellaneous		480,978	480,978	
Total Revenues	<u>25,742,427</u>	<u>25,994,327</u>	<u>25,994,327</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	5,308,135	2,941,042	876,022	2,065,020
Fixed Capital Outlay:				
Facilities Acquisition and Construction	9,083,992	7,783,274	5,330,823	2,452,451
Other Capital Outlay	1,415,096	1,205,063	1,075,914	129,149
Total Expenditures	<u>15,807,223</u>	<u>11,929,379</u>	<u>7,282,759</u>	<u>4,646,620</u>
Excess of Revenues Over Expenditures	<u>9,935,204</u>	<u>14,064,948</u>	<u>18,711,568</u>	<u>4,646,620</u>
OTHER FINANCING (USES)				
Transfers Out	<u>(19,982,588)</u>	<u>(21,100,818)</u>	<u>(21,100,818)</u>	
Net Change in Fund Balances	<u>(10,047,384)</u>	<u>(7,035,870)</u>	<u>(2,389,250)</u>	<u>4,646,620</u>
Fund Balances, July 1, 2011	<u>19,539,138</u>	<u>19,539,138</u>	<u>19,539,138</u>	
Fund Balances, June 30, 2012	<u>\$ 9,491,754</u>	<u>\$ 12,503,268</u>	<u>\$ 17,149,888</u>	<u>\$ 4,646,620</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 2,730,637	\$ 2,241,110	\$ 2,241,110	\$
Local:				
Impact Fees	5,916,000	9,651,482	9,651,482	
Miscellaneous	220,122	275,027	275,027	
Total Revenues	<u>8,866,759</u>	<u>12,167,619</u>	<u>12,167,619</u>	
EXPENDITURES				
Current - Education:				
Facilities Services	4,963,915	4,485,275	2,905,686	1,579,589
Fixed Capital Outlay:				
Facilities Acquisition and Construction	24,993,058	24,401,664	17,358,083	7,043,581
Other Capital Outlay	1,323,224	1,379,220	1,310,895	68,325
Total Expenditures	<u>31,280,197</u>	<u>30,266,159</u>	<u>21,574,664</u>	<u>8,691,495</u>
Deficiency of Revenues Under Expenditures	<u>(22,413,438)</u>	<u>(18,098,540)</u>	<u>(9,407,045)</u>	<u>8,691,495</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,337,000	2,707,852	2,707,852	
Proceeds from the Sale of Capital Assets		47,490	47,490	
Transfers Out	(12,388,302)	(11,823,999)	(11,823,999)	
Total Other Financing Sources (Uses)	<u>(10,051,302)</u>	<u>(9,068,657)</u>	<u>(9,068,657)</u>	
Net Change in Fund Balances	(32,464,740)	(27,167,197)	(18,475,702)	8,691,495
Fund Balances, July 1, 2011	56,516,562	56,516,562	56,516,562	
Fund Balances, June 30, 2012	<u>\$ 24,051,822</u>	<u>\$ 29,349,365</u>	<u>\$ 38,040,860</u>	<u>\$ 8,691,495</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS - ARRA ECONOMIC STIMULUS FUNDS
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local:				
Miscellaneous	\$	\$ 6,921	\$ 6,921	\$
Total Revenues		6,921	6,921	
EXPENDITURES				
Current - Education:				
Facilities Services	1,292,691	1,300,995	984,239	316,756
Fixed Capital Outlay:				
Facilities Acquisition and Construction	16,692,029	16,733,458	12,712,591	4,020,867
Other Capital Outlay	240,704	203,789	203,789	
Total Expenditures	18,225,424	18,238,242	13,900,619	4,337,623
Deficiency of Revenues Under Expenditures	(18,225,424)	(18,231,321)	(13,893,698)	4,337,623
Fund Balances, July 1, 2011	18,231,564	18,231,564	18,231,564	
Fund Balances, June 30, 2012	\$ 6,140	\$ 243	\$ 4,337,866	\$ 4,337,623

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY
June 30, 2012

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 4,304,434	\$ 245,609	\$ 4,550,043
Investments	14,319,588	5,853,511	20,173,099
Prepaid Items		1,912,099	1,912,099
Accounts Receivable	11,737		11,737
Interest Receivable	22,458	9,180	31,638
Total Assets	<u>\$ 18,658,217</u>	<u>\$ 8,020,399</u>	<u>\$ 26,678,616</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 138,083	\$ 18,500	\$ 156,583
Due to Other Funds	188,113		188,113
Estimated Insurance Claims Payable	3,816,000	725,224	4,541,224
Total Liabilities	<u>4,142,196</u>	<u>743,724</u>	<u>4,885,920</u>
NET ASSETS			
Unrestricted	14,516,021	7,276,675	21,792,696
Total Liabilities and Net Assets	<u>\$ 18,658,217</u>	<u>\$ 8,020,399</u>	<u>\$ 26,678,616</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY
For the Fiscal Year Ended June 30, 2012

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
OPERATING REVENUES			
Premium Revenues	\$ 46,880,349	\$ 4,383,986	\$ 51,264,335
Total Operating Revenues	<u>46,880,349</u>	<u>4,383,986</u>	<u>51,264,335</u>
OPERATING EXPENSES			
Purchased Services	3,450,527	2,282,468	5,732,995
Materials and Supplies	178		178
Insurance Claims	37,987,411	1,067,695	39,055,106
Total Operating Expenses	<u>41,438,116</u>	<u>3,350,163</u>	<u>44,788,279</u>
Operating Income	<u>5,442,233</u>	<u>1,033,823</u>	<u>6,476,056</u>
NONOPERATING REVENUES			
Interest Revenue	84,808	37,579	122,387
Miscellaneous Local Sources	11,247		11,247
Total Nonoperating Revenues	<u>96,055</u>	<u>37,579</u>	<u>133,634</u>
Change In Net Assets	5,538,288	1,071,402	6,609,690
Net Assets - July 1, 2011	8,977,733	6,205,273	15,183,006
Net Assets - June 30, 2012	<u>\$ 14,516,021</u>	<u>\$ 7,276,675</u>	<u>\$ 21,792,696</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY
For the Fiscal Year Ended June 30, 2012**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Board Funds and Participants	\$ 46,040,099	\$ 4,383,985	\$ 50,424,084
Cash Payments to Vendors for Goods and Services	(42,120,352)	(4,208,548)	(46,328,900)
Net Cash Provided by Operating Activities	<u>3,919,747</u>	<u>175,437</u>	<u>4,095,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	(14,319,588)	(5,853,511)	(20,173,099)
Interest Income	73,597	28,399	101,996
Net Cash Used by Investing Activities	<u>(14,245,991)</u>	<u>(5,825,112)</u>	<u>(20,071,103)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,326,244)	(5,649,675)	(15,975,919)
Cash and Cash Equivalents - Beginning	14,630,678	5,895,284	20,525,962
Cash and Cash Equivalents - Ending	<u>\$ 4,304,434</u>	<u>\$ 245,609</u>	<u>\$ 4,550,043</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 5,442,234	\$ 1,033,822	\$ 6,476,056
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(1,069)		(1,069)
Decrease in Due from Other Funds	1,049		1,049
Increase in Prepaid Items		(672,381)	(672,381)
Increase (Decrease) in Accounts Payable	(486,217)	18,500	(467,717)
Decrease in Due to Other Funds	(840,250)		(840,250)
Decrease in Estimated Insurance Claims Payable	(196,000)	(204,504)	(400,504)
Total Adjustments	<u>(1,522,487)</u>	<u>(858,385)</u>	<u>(2,380,872)</u>
Net Cash Provided by Operating Activities	<u>\$ 3,919,747</u>	<u>\$ 175,437</u>	<u>\$ 4,095,184</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, 2012

	Agency Fund Balances July 1, 2011	Additions	Deductions	Agency Fund Balances June 30, 2012
ASSETS				
Cash and Cash Equivalents	\$ 2,931,634	\$ 9,991,826	\$ 9,833,819	\$ 3,089,641
Accounts Receivable	16,920	73,152	16,920	73,152
Due from School Board	5,972	17,243	5,972	17,243
Total Assets	<u>\$ 2,954,526</u>	<u>\$ 10,082,221</u>	<u>\$ 9,856,711</u>	<u>\$ 3,180,036</u>
LIABILITIES				
Accounts Payable	\$ 5,600	\$ 4,395	\$ 5,600	\$ 4,395
Due to School Board	142,147	108,298	142,147	108,298
Internal Accounts Payable	2,806,779	9,969,528	9,708,964	3,067,343
Total Liabilities	<u>\$ 2,954,526</u>	<u>\$ 10,082,221</u>	<u>\$ 9,856,711</u>	<u>\$ 3,180,036</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, 2012

	Agency Fund Balances July 1, 2011	Additions	Deductions	Agency Fund Balances June 30, 2012
ASSETS				
Cash and Cash Equivalents	\$ 3,204,382	\$ 16,181,195	\$ 16,497,872	\$ 2,887,705
Investments		3,821,941	3,821,941	
Accounts Receivable		236	236	
Due from School Board		779,559	548,231	231,328
Total Assets	<u>\$ 3,204,382</u>	<u>\$ 20,782,931</u>	<u>\$ 20,868,280</u>	<u>\$ 3,119,033</u>
LIABILITIES				
Salaries and Benefits Payable	\$	\$ 4,812,760	\$ 4,810,491	\$ 2,269
Payroll Deductions and Withholdings	6,792	2,096,892	2,096,627	7,057
Accounts Payable	3,197,590	6,688,644	6,776,527	3,109,707
Total Liabilities	<u>\$ 3,204,382</u>	<u>\$ 13,598,296</u>	<u>\$ 13,683,645</u>	<u>\$ 3,119,033</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2012

	Agency Fund Balances July 1, 2011	Additions	Deductions	Agency Fund Balances June 30, 2012
ASSETS				
Cash and Cash Equivalents	\$ 6,136,016	\$ 26,173,021	\$ 26,331,691	\$ 5,977,346
Investments		3,821,941	3,821,941	
Accounts Receivable	16,920	73,388	17,156	73,152
Due from School Board	5,972	796,802	554,203	248,571
Total Assets	<u>\$ 6,158,908</u>	<u>\$ 30,865,152</u>	<u>\$ 30,724,991</u>	<u>\$ 6,299,069</u>
LIABILITIES				
Salaries and Benefits Payable	\$	\$ 4,812,760	\$ 4,810,491	\$ 2,269
Payroll Deductions and Withholdings	6,792	2,096,892	2,096,627	7,057
Accounts Payable	3,203,190	6,693,039	6,782,127	3,114,102
Due to School Board	142,147	108,298	142,147	108,298
Internal Accounts Payable	2,806,779	9,969,528	9,708,964	3,067,343
Total Liabilities	<u>\$ 6,158,908</u>	<u>\$ 23,680,517</u>	<u>\$ 23,540,356</u>	<u>\$ 6,299,069</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET ASSETS
COMBINING STATEMENT OF COMPONENT UNITS
June 30, 2012

	Bellalago Educational Facilities Benefit District	Four Corners Charter School, Inc.	Total Component Units
ASSETS			
Cash and Cash Equivalents	\$ 3,399,983	\$ 2,007,779	\$ 5,407,762
Accounts Receivable	244,305		244,305
Due from Other Agencies	628,521		628,521
Deferred Charges	480,073		480,073
Capital Assets:			
Land	1,000,000		1,000,000
Improvements Other Than Buildings, Net	357,990	1,932,076	2,290,066
Buildings and Fixed Equipment, Net	19,330,269		19,330,269
Furniture, Fixtures and Equipment, Net	300,725	222,785	523,510
Total Assets	\$ 25,741,866	\$ 4,162,640	\$ 29,904,506
LIABILITIES			
Accounts Payable	\$ 20,000	\$ 395,512	\$ 415,512
Accrued Interest Payable	619,770		619,770
Long-Term Liabilities:			
Portion Due Within One Year:			
Bonds Payable	560,000		560,000
Portion Due After One Year:			
Bonds Payable	24,587,296		24,587,296
Total Liabilities	25,787,066	395,512	26,182,578
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	(1,642,729)	2,154,861	512,132
Restricted For:			
Other Purposes	1,597,529		1,597,529
Unrestricted	(45,200)	1,612,267	1,612,267
Total Net Assets	(45,200)	3,767,128	3,721,928
Total Liabilities and Net Assets	\$ 25,741,866	\$ 4,162,640	\$ 29,904,506

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF ACTIVITIES
COMBINING STATEMENT OF COMPONENT UNITS
For the Fiscal Year Ended June 30, 2012

	Bellalago Educational Facilities Benefit District	Four Corners Charter School, Inc.	Total Component Units
Component Unit Activities:			
Instruction	\$	\$ 4,263,991	\$ 4,263,991
Board	45,930	6,800	52,730
General Administration		662,487	662,487
Facilities Acquisition and Construction	591,456	1,267,342	1,858,798
Fiscal Services	20,000		20,000
Interest on Long Term Debt	1,505,461		1,505,461
Total Expenses	<u>2,162,847</u>	<u>6,200,620</u>	<u>8,363,467</u>
Program Revenues			
Operating Grants and Contributions		378,025	378,025
Net (Expenses) Revenue	<u>(2,162,847)</u>	<u>(5,822,595)</u>	<u>(7,985,442)</u>
General Revenues			
Grants and Contributions not restricted to specific programs	1,431,370	6,009,056	7,440,426
Total General Revenues	<u>1,431,370</u>	<u>6,009,056</u>	<u>7,440,426</u>
Change in Net Assets	<u>(731,477)</u>	<u>186,461</u>	<u>(545,016)</u>
Net Assets - beginning	686,277	3,580,667	4,266,944
Net Assets - ending	<u>\$ (45,200)</u>	<u>\$ 3,767,128</u>	<u>\$ 3,721,928</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 Assets by Component
Schedule 2	Changes in Net Assets
Schedule 3	General Revenues and Total Changes in Net Assets
Schedule 4	Fund Balances, Governmental Funds
Schedule 5	Governmental Funds Revenues
Schedule 6	Governmental Funds Expenditures and Debt Service Ratio
Schedule 7	Other Financing Sources and Uses and Net Change in Fund Balances

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

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

Operating Information

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

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

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

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

	For the Fiscal Year ending June 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 192,547,413	\$ 196,477,250	\$ 222,190,069	\$ 266,793,746
Restricted	39,066,898	69,958,909	109,140,237	119,218,431
Unrestricted	<u>11,781,741</u>	<u>15,426,993</u>	<u>22,008,531</u>	<u>31,290,686</u>
Total governmental activities net assets	<u>\$ 243,396,052</u>	<u>\$ 281,863,152</u>	<u>\$ 353,338,837</u>	<u>\$ 417,302,863</u>

Source:
 District records

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	306,948,191	\$ 354,211,777	\$ 438,988,320	\$ 471,185,896	\$ 492,955,678	\$ 488,096,469
	144,452,132	220,147,769	155,942,301	116,539,697	81,462,943	75,558,613
	<u>41,579,693</u>	<u>27,348,239</u>	<u>22,289,318</u>	<u>28,633,813</u>	<u>50,433,333</u>	<u>40,855,214</u>
\$	<u>492,980,016</u>	<u>\$ 601,707,785</u>	<u>\$ 617,219,939</u>	<u>\$ 616,359,406</u>	<u>\$ 624,851,954</u>	<u>\$ 604,490,296</u>

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

	For the Fiscal Year ending June 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Primary Government:				
Expenses				
Governmental activities:				
Instruction	\$ 129,183,723	\$ 151,791,603	\$ 175,571,358	\$ 198,468,516
Pupil personnel services	13,719,751	15,103,776	16,119,414	18,442,786
Instructional media services	3,690,905	4,388,317	4,163,815	4,835,861
Instruction and curriculum development services	12,482,618	14,294,346	15,828,787	16,961,003
Instructional staff training services	2,218,777	2,921,221	5,109,676	6,011,555
Instruction related technology				3,512,400
Board of education	1,372,148	1,645,425	1,285,843	1,419,189
General administration	1,559,762	2,665,768	2,256,900	2,575,054
School administration	12,456,098	13,526,338	14,785,560	17,214,383
Facilities Services	9,051,649	12,051,652	14,678,682	16,612,944
Fiscal services	1,275,696	1,348,845	1,268,262	1,601,831
Food services	11,853,765	13,268,560	15,822,309	18,965,217
Central services	7,005,304	7,726,064	7,698,586	5,941,266
Pupil transportation services	11,006,137	12,746,417	15,176,499	17,657,424
Operation of plant	17,498,573	17,478,299	26,500,887	24,722,169
Maintenance of plant	4,461,889	5,169,937	5,136,806	7,570,851
Administrative technology services				3,188,644
Community services	1,782,642	1,841,101	1,982,934	2,262,183
Interest on long-term debt	13,182,368	12,928,476	14,312,804	14,760,893
Loss on disposal of capital assets	72,112	151,948	346,800	308,966
Unallocated depreciation/amortization	16,448,337	17,884,480	21,895,591	22,312,499
Total expenses - Primary Government	<u>\$ 270,322,254</u>	<u>\$ 308,932,573</u>	<u>\$ 359,941,513</u>	<u>\$ 405,345,634</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Instruction	\$ 2,704,575	\$ 2,842,166	\$ 3,130,251	\$ 1,123,318
Food services	4,969,088	5,246,692	5,524,431	6,437,902
Pupil transportation services	154,846	144,614	2,124,247	141,429
Community services				2,028,638
Operating Grants and Contributions				
Food services	7,736,281	9,415,803	10,988,391	12,144,814
Pupil transportation services	7,597,898	8,157,374	8,095,754	10,364,641
Capital Grants and Contributions				
Facilities acquisition and construction	16,698,060	30,314,568	74,103,881	48,575,015
Maintenance of plant				
Interest on long-term debt	1,223,763	1,373,681	1,487,504	1,581,675
Total Program Revenues - Primary Government	<u>\$ 41,084,511</u>	<u>\$ 57,494,898</u>	<u>\$ 105,454,459</u>	<u>\$ 82,397,432</u>
Net (Expense) - Primary Government	<u>\$ (229,237,743)</u>	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>	<u>\$ (322,948,202)</u>

Source:
District records

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	232,617,922	\$ 261,976,401	\$ 243,009,744	\$ 255,220,829	\$ 268,395,640	\$ 256,106,769
	20,886,005	24,153,125	23,755,838	21,883,642	21,854,182	21,838,137
	5,161,195	6,059,524	5,292,967	4,562,986	4,517,888	4,213,693
	22,429,022	23,464,063	20,144,676	15,244,383	15,053,689	12,918,163
	4,569,743	9,507,952	6,556,067	8,854,691	10,019,346	8,893,254
	3,946,935	4,373,774	4,534,355	3,624,384	3,371,658	3,506,394
	1,823,925	2,179,387	1,594,329	1,678,822	1,365,918	1,735,224
	2,228,563	2,589,737	2,988,478	2,906,023	3,776,911	2,778,064
	19,747,072	22,649,997	20,969,528	23,215,807	22,598,190	21,712,072
	16,584,696	19,814,471	15,224,107	14,397,625	11,792,702	7,231,837
	1,887,436	2,062,828	1,872,802	1,807,456	1,861,512	1,795,816
	20,795,040	25,147,719	22,822,423	21,173,003	22,286,139	23,211,603
	6,536,936	7,135,483	6,693,873	6,711,505	6,467,196	6,866,451
	19,413,234	21,620,725	21,163,277	20,792,056	22,121,651	21,866,622
	27,205,818	31,115,952	29,917,708	31,691,252	28,932,290	26,379,530
	7,968,053	8,896,778	8,415,184	8,075,524	8,425,120	12,068,670
	2,949,505	3,604,125	3,435,841	3,590,304	3,334,012	3,159,953
	3,487,806	3,798,924	3,670,126	3,690,087	4,194,564	4,427,474
	12,752,067	15,859,473	15,144,497	16,245,397	15,944,978	14,542,638
			963,035			
	24,223,111	27,626,338	28,832,502	29,437,348	31,169,680	32,061,585
<u>\$</u>	<u>457,214,084</u>	<u>\$ 523,636,776</u>	<u>\$ 487,001,357</u>	<u>\$ 494,803,124</u>	<u>\$ 507,483,266</u>	<u>\$ 487,313,949</u>
\$	1,421,447	\$ 1,426,889	\$ 1,577,484	\$ 1,828,659	\$ 2,220,174	\$ 2,126,462
	7,100,817	6,861,017	6,905,070	6,136,837	5,881,978	5,718,630
	172,377	190,009	470,324	370,221	543,684	613,100
	2,236,882	2,568,696	2,572,933	2,527,935	2,774,330	2,598,249
	13,391,527	14,897,448	15,988,714	17,894,469	19,400,609	21,165,198
	9,701,290	9,633,899	9,315,616	9,436,136	8,978,796	9,626,629
	48,636,658	120,851,798	11,622,121	11,544,613	11,019,085	11,851,852
	2,059,611		10,719,386			
	1,767,682	1,758,040	20,557	23,037	23,505	21,870
<u>\$</u>	<u>86,488,291</u>	<u>\$ 158,187,796</u>	<u>\$ 59,192,205</u>	<u>\$ 49,761,907</u>	<u>\$ 50,842,161</u>	<u>\$ 53,721,990</u>
<u>\$</u>	<u>(370,725,793)</u>	<u>\$ (365,448,980)</u>	<u>\$ (427,809,152)</u>	<u>\$ (445,041,217)</u>	<u>\$ (456,641,105)</u>	<u>\$ (433,591,959)</u>

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

	For the Fiscal Year ending June 30			
	2003	2004	2005	2006
Net (Expense)/Revenue - Primary Government	<u>\$ (229,237,743)</u>	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>	<u>\$ (322,948,202)</u>
General Revenues and Changes in Net Assets				
Taxes:				
Property taxes, levied for operational purposes	68,971,530	75,677,603	\$ 81,989,285	\$ 95,898,951
Property taxes, levied for debt service	3,700,228	3,729,032	3,753,855	3,728,353
Property taxes, levied for capital projects	21,329,126	23,360,298	26,321,324	31,289,374
Local sales taxes	2,704,202	3,031,802	3,704,309	7,948,681
Grants and contributions not restricted to specific programs	157,529,074	176,317,825	200,943,463	225,092,552
Investment earnings	1,675,033	1,405,504	4,344,278	8,893,900
Miscellaneous	6,550,981	6,382,712	4,906,224	13,956,269
Total General Revenues - Primary Government	<u>\$ 262,460,174</u>	<u>\$ 289,904,776</u>	<u>\$ 325,962,738</u>	<u>\$ 386,808,080</u>
Changes in Net Assets - Primary Government	<u>\$ 33,222,431</u>	<u>\$ 38,467,101</u>	<u>\$ 71,475,684</u>	<u>\$ 63,859,878</u>

Source:
 District records

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>\$ (370,725,793)</u>	<u>\$ (365,448,980)</u>	<u>\$ (427,809,152)</u>	<u>\$ (445,041,217)</u>	<u>\$ (456,641,105)</u>	<u>\$ (433,591,959)</u>
\$ 121,689,421	\$ 145,250,546	\$ 151,594,547	\$ 135,881,016	\$ 115,231,090	\$ 104,108,613
7,326		1,671			
42,088,335	50,327,124	46,094,101	33,142,748	27,606,863	25,707,956
9,998,541	10,292,844	9,143,244	9,035,938	9,511,482	9,925,207
248,564,737	248,186,167	223,928,922	253,310,535	294,754,205	262,026,194
12,932,806	9,128,755	3,253,100	2,345,647	2,099,168	1,801,749
11,121,780	10,991,313	9,305,721	10,464,800	15,930,845	9,660,582
<u>\$ 446,402,946</u>	<u>\$ 474,176,749</u>	<u>\$ 443,321,306</u>	<u>\$ 444,180,684</u>	<u>\$ 465,133,653</u>	<u>\$ 413,230,301</u>
<u>\$ 75,677,153</u>	<u>\$ 108,727,769</u>	<u>\$ 15,512,154</u>	<u>\$ (860,533)</u>	<u>\$ 8,492,548</u>	<u>\$ (20,361,658)</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>2003</u>	Restated (a) <u>2004</u>	Restated (a) <u>2005</u>	Restated (a) <u>2006</u>
General Fund				
Nonspendable	\$	\$	\$	\$
Restricted	2,176,084	3,422,216	3,618,175	2,453,921
Assigned				
Unassigned	<u>18,989,026</u>	<u>17,877,768</u>	<u>14,725,944</u>	<u>33,914,236</u>
Total General Fund	<u>\$ 21,165,110</u>	<u>\$ 21,299,984</u>	<u>\$ 18,344,119</u>	<u>\$ 36,368,157</u>
All Other Governmental Funds				
Nonspendable	\$	\$	\$	\$
Restricted	38,671,458	25,453,942	61,106,271	74,955,676
Assigned				
Unassigned	<u>36,235,920</u>	<u>54,065,267</u>	<u>115,968,050</u>	<u>90,056,429</u>
Total All Other Governmental Funds	<u>\$ 74,907,378</u>	<u>\$ 79,519,209</u>	<u>\$ 177,074,321</u>	<u>\$ 165,012,105</u>
Total Governmental Funds	<u>\$ 96,072,488</u>	<u>\$ 100,819,193</u>	<u>\$ 195,418,440</u>	<u>\$ 201,380,262</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>2007</u>	Restated (a) <u>2008</u>	Restated (a) <u>2009</u>	Restated (a) <u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,468,816	\$ 2,270,876	\$ 15,237,098	\$ 18,790,895	\$ 1,805,173	\$ 1,838,068
52,649,019	52,509,629	44,255,581	51,822,880	15,432,710	16,184,090
<u>\$ 55,117,835</u>	<u>\$ 54,780,505</u>	<u>\$ 59,492,679</u>	<u>\$ 70,613,775</u>	21,373,716	13,663,265
				<u>52,989,981</u>	<u>52,631,593</u>
				<u>\$ 91,601,580</u>	<u>\$ 84,317,016</u>
\$ 40,229,851	\$ 91,963,365	\$ 29,301,405	\$ 72,871,696	\$ 535,522	\$ 416,365
168,446,299	181,930,542	167,008,297	101,538,230	107,041,853	73,935,852
<u>\$ 208,676,150</u>	<u>\$ 273,893,907</u>	<u>\$ 196,309,702</u>	<u>\$ 174,409,926</u>	684,791	774,561
				<u>\$ 108,262,166</u>	<u>\$ 75,126,778</u>
<u>\$ 263,793,985</u>	<u>\$ 328,674,412</u>	<u>\$ 255,802,381</u>	<u>\$ 245,023,701</u>	<u>\$ 199,863,746</u>	<u>\$ 159,443,794</u>

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

	For the Fiscal Year Ending June 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Federal direct	\$ 502,588	\$ 524,778	\$ 538,586	\$ 507,224
Federal through State	25,126,714	28,130,728	33,514,246	41,607,113
State sources	154,886,649	178,249,029	211,747,093	227,589,538
Local sources	<u>120,567,914</u>	<u>139,787,849</u>	<u>174,534,294</u>	<u>203,133,467</u>
Total revenues	<u>\$ 301,083,865</u>	<u>\$ 346,692,384</u>	<u>\$ 420,334,219</u>	<u>\$ 472,837,342</u>

Source:
 District records

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,053,161	\$ 1,850,561	\$ 3,544,576	\$ 4,346,224	\$ 6,773,076	\$ 6,333,326
38,267,515	43,185,868	44,917,130	74,445,447	86,017,868	53,248,874
244,655,637	320,426,143	214,028,791	205,192,571	236,185,377	235,804,919
<u>244,404,884</u>	<u>258,384,589</u>	<u>239,855,958</u>	<u>209,624,727</u>	<u>182,822,924</u>	<u>171,187,869</u>
<u>\$ 528,381,197</u>	<u>\$ 623,847,161</u>	<u>\$ 502,346,455</u>	<u>\$ 493,608,969</u>	<u>\$ 511,799,245</u>	<u>\$ 466,574,988</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenditures				
Instruction	\$ 130,420,875	\$ 154,305,607	\$ 177,377,831	\$ 195,786,614
Pupil personnel services	13,936,383	15,381,152	16,435,466	18,082,451
Instructional media services	3,744,022	4,457,309	4,241,207	4,772,082
Instruction and curriculum development services	12,658,370	14,471,465	16,094,907	16,700,234
Instructional staff training services	2,218,607	2,927,494	5,078,031	5,958,714
Instruction related technology				3,380,672
Board of Education	1,378,541	1,648,558	1,290,353	1,414,978
General administration	1,568,707	2,613,238	2,270,644	2,526,892
School administration	12,578,340	13,762,428	14,874,908	16,704,133
Facilities services	9,047,754	12,054,265	14,723,275	16,580,781
Fiscal services	1,279,620	1,380,748	1,251,447	1,534,493
Food services	11,885,242	13,366,460	15,930,723	18,828,603
Central services	7,035,623	7,807,327	7,758,248	5,863,915
Pupil transportation services	9,926,767	11,541,466	13,948,013	15,598,236
Operation of plant	17,615,832	18,245,493	27,017,226	24,784,882
Maintenance of plant	4,476,170	5,205,591	5,216,672	7,419,369
Administrative technology services				3,038,578
Community services	1,806,161	1,860,842	2,004,318	2,236,213
Capital outlay				
Facilities acquisition and construction	65,330,740	33,461,068	40,545,616	62,304,787
Other capital outlay	4,644,487	10,123,806	9,862,578	13,907,537
Debt service				
Principal	10,667,185	10,030,498	13,444,462	17,176,291
Interest and fees	12,644,549	12,749,442	13,309,796	14,204,319
Total expenditures	<u>\$ 334,863,975</u>	<u>\$ 347,394,257</u>	<u>\$ 402,675,721</u>	<u>\$ 468,804,774</u>

Debt Service as a Percentage of Noncapital Expenditures

2003	2004	2005	2006
9.65%	8.11%	8.22%	8.69%

Source:

District records

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	228,926,351	\$ 252,436,907	\$ 242,419,425	\$ 252,269,672	\$ 266,865,399	\$ 253,767,483
	20,467,855	23,004,870	23,775,514	21,596,468	21,710,031	21,600,574
	5,083,212	5,860,992	5,308,109	4,528,355	4,500,290	4,171,544
	21,798,585	22,507,401	20,161,819	15,096,682	14,940,593	12,852,001
	4,624,539	9,150,787	6,589,861	8,768,979	10,034,314	8,831,137
	3,884,887	4,151,534	4,514,440	3,552,968	3,274,513	3,445,793
	1,823,258	2,150,486	1,596,656	1,680,070	1,363,448	1,737,280
	2,186,576	2,605,401	2,991,604	2,847,678	3,742,052	2,737,481
	19,189,405	21,535,497	21,017,289	22,478,323	22,458,336	21,548,515
	16,535,413	19,708,502	15,195,444	14,275,962	11,790,607	7,495,265
	1,870,512	2,028,443	1,840,274	1,784,591	1,818,535	1,763,306
	20,563,324	24,583,165	22,795,237	20,976,967	22,195,655	23,043,598
	6,470,672	6,773,727	6,656,102	6,597,053	6,368,452	6,849,484
	17,014,402	18,468,240	17,861,972	17,280,750	18,853,529	18,599,266
	27,710,926	30,798,725	30,466,641	34,035,187	29,305,887	27,341,814
	7,809,981	8,512,770	8,366,744	7,919,591	8,351,687	12,011,268
	2,860,025	3,439,879	3,431,664	3,527,874	3,396,158	3,194,658
	3,397,490	3,666,415	3,680,873	3,643,310	4,174,899	4,409,058
	73,466,105	51,547,603	97,801,621	68,920,961	66,602,017	36,644,633
	6,092,674	14,507,098	9,803,355	4,238,945	5,859,310	4,111,070
	19,293,444	16,271,911	14,186,717	14,817,845	14,034,285	15,564,668
	14,379,361	15,473,269	14,819,480	14,933,194	15,475,625	15,520,709
	<u>\$ 525,448,997</u>	<u>\$ 559,183,622</u>	<u>\$ 575,280,841</u>	<u>\$ 545,771,425</u>	<u>\$ 557,115,622</u>	<u>\$ 507,240,605</u>

8.17%

6.88%

6.61%

6.30%

6.48%

7.14%

Schedule 7
 District School Board of Osceola C
 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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Excess of revenues over (under) expenditures	<u>\$ (33,780,110)</u>	<u>\$ (701,873)</u>	<u>\$ 17,658,498</u>	<u>\$ 4,032,568</u>
Other Financing Sources	62,436,302	20,896,262	131,626,971	66,941,168
Other Financing Uses	<u>19,632,886</u>	<u>15,447,684</u>	<u>54,686,222</u>	<u>64,898,617</u>
Net change in fund balances	<u><u>\$ 9,023,306</u></u>	<u><u>\$ 4,746,705</u></u>	<u><u>\$ 94,599,247</u></u>	<u><u>\$ 6,075,119</u></u>

Source:
 District records

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>\$ 2,932,200</u>	<u>\$ 64,663,539</u>	<u>\$ (72,934,386)</u>	<u>\$ (52,162,456)</u>	<u>\$ (45,316,377)</u>	<u>\$ (40,665,617)</u>
154,306,121	35,948,759	37,734,305	112,616,204	34,699,272	37,188,470
<u>94,824,598</u>	<u>35,731,871</u>	<u>37,671,950</u>	<u>71,232,428</u>	<u>34,542,850</u>	<u>36,942,805</u>
<u><u>\$ 62,413,723</u></u>	<u><u>\$ 64,880,427</u></u>	<u><u>\$ (72,872,031)</u></u>	<u><u>\$ (10,778,680)</u></u>	<u><u>\$ (45,159,955)</u></u>	<u><u>\$ (40,419,952)</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
2002	\$ 8,664,276	\$ 8,823,092	\$ 1,044,167	\$ 1,063,307
2003	9,814,249	10,309,085	1,177,811	1,237,196
2004	10,761,639	11,198,376	1,278,296	1,330,173
2005	12,259,605	12,986,870	1,326,423	1,405,109
2006	14,717,778	15,283,259	1,420,128	1,474,692
2007	20,226,914	22,154,342	1,570,993	1,720,693
2008	24,673,342	25,228,366	1,652,151	1,689,316
2009	24,464,364	24,562,614	1,510,465	1,516,531
2010	19,971,753	19,832,923	1,531,250	1,520,606
2011	16,573,745	16,673,788	1,473,806	1,482,702

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

2012 information not available.

⁽¹⁾ Per \$1,000 of assessed value

Source:
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/11

Centrally Assessed Property		Total		Total Direct Rate ⁽¹⁾
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$ 3,271	\$ 3,331	\$ 9,711,714	\$ 9,889,730	\$ 8.871
3,400	3,571	10,995,460	11,549,852	8.812
5,426	5,646	12,045,361	12,534,195	8.798
6,182	6,549	13,592,210	14,398,528	8.514
3,790	3,936	16,141,696	16,761,887	8.367
4,562	4,997	21,802,469	23,880,032	7.782
4,495	4,596	26,329,988	26,922,278	7.772
3,785	3,800	25,978,614	26,082,945	7.513
4,129	4,100	21,507,132	21,357,629	7.699
3,677	3,699	18,051,228	18,160,189	7.715

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)

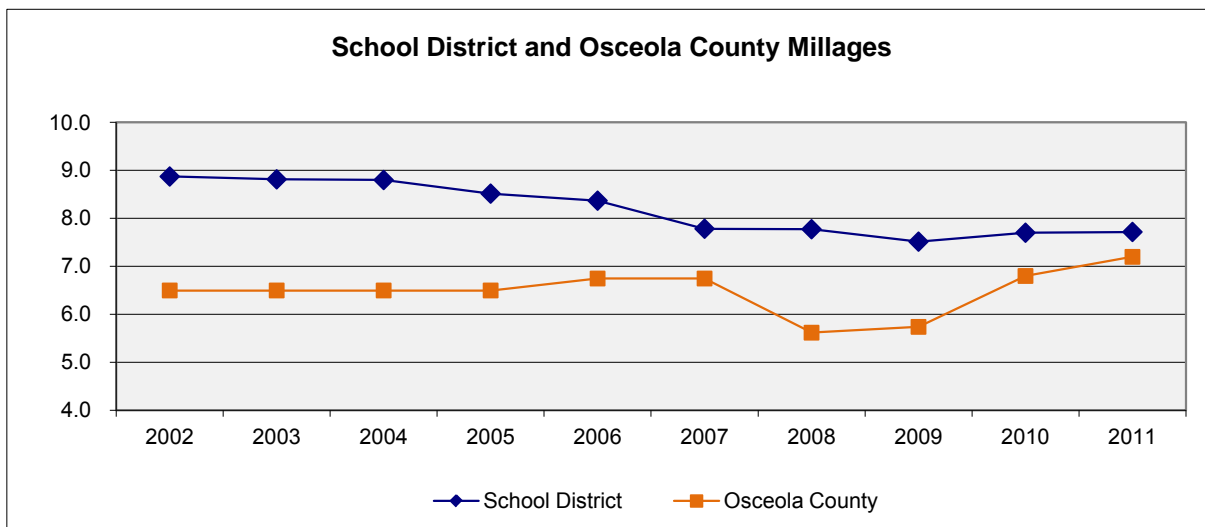
Unaudited

Levy Year	District Direct Rates						Overlapping Rates
	Required Local Effort	Capital Outlay	Basic Discretionary	Supplemental Discretionary	Voted Debt Service	Total Direct	Osceola County
2002	5.758	2.000	0.510	0.196	0.407	8.871	6.495
2003	5.761	2.000	0.510	0.195	0.346	8.812	6.495
2004	5.784	2.000	0.510	0.185	0.319	8.798	6.495
2005	5.540	2.000	0.510	0.179	0.285	8.514	6.495
2006	5.369	2.000	0.510	0.250	0.238	8.367	6.744
2007	5.022	2.000	0.510	0.250		7.782	6.744
2008	5.052	2.000	0.510	0.210		7.772	5.615
2009	5.059	1.750	0.498	0.206		7.513	5.736
2010	5.201	1.500	0.748	0.250		7.699	6.797
2011	5.217	1.500	0.748	0.250		7.715	7.196

Source:

District records
Osceola County Comprehensive Annual Financial Report, FYE 9/30/11

2012 information not available.



Schedule 10

District School Board of Osceola County
Principal Osceola County Property Tax Payers
September 30, 2011 and Nine Years Earlier
(In thousands)

Unaudited

Taxpayer	September 30, 2011			September 30, 2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westgate Properties/Resorts/Towers	\$ 772,994	1	4.28%	\$		
The Walt Disney Company	536,181	2	2.97%	602,420	1	6.20%
Lando Resorts Corporation	365,610	3	2.03%	63,831	10	0.66%
Tempus Palms International	274,270	4	1.52%	95,809	8	0.99%
Progress Energy Florida Inc.	260,610	5	1.44%			
G.P. Limited Partnership	246,987	6	1.37%	193,764	3	2.00%
Star Island/Vacation Break/Wyndham	245,200	7	1.36%	133,184	5	1.37%
Genon Florida LP	124,099	8	0.69%			
Adventist Health System	117,755	9	0.65%			
Silver Lake Resort	112,781	10	0.62%	71,736	9	0.74%
Central Florida Investments				382,285	2	3.94%
Florida Power Corporation				151,744	4	1.56%
Fairfield Communities				120,175	6	1.24%
Embarq Florida Inc/Sprint				103,820	7	1.20%
Total taxable assessed value ten largest taxpayers	3,056,487		16.93%	1,918,768		19.76%
Total taxable assessed value all other taxpayers	14,994,741		83.07%	7,792,946		80.24%
Total taxable assessed value all taxpayers	\$ 18,051,228		100.00%	\$ 9,711,714		100.00%

Source:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/11

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected with the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 96,980,298	\$ 93,261,967	96.17%	\$ 427,760	\$ 93,689,727	96.61%
2004	106,301,541	102,339,173	96.27%	355,857	102,695,029	96.61%
2005	116,134,509	111,708,607	96.19%	811,581	112,520,188	96.89%
2006	135,485,708	130,105,098	96.03%	91,059	130,196,157	96.10%
2007	171,119,959	160,954,578	94.06%	26,733	160,981,311	94.08%
2008	206,374,025	195,550,937	94.76%	1,962,978	197,513,915	95.71%
2009	203,106,867	195,727,342	96.37%	981,585	195,727,342	96.37%
2010	174,578,023	168,042,178	96.26%	845,047	168,887,225	96.74%
2011	148,427,619	141,992,906	95.66%	914,896	142,907,802	96.28%
2012	134,835,605	128,901,673	95.60%		128,901,673	95.60%

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

Source:
District records

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

Fiscal Year	Capital Leases and Installment Purchases	Notes	Bonds	Certificates Of Participation
2003	\$ 6,375,658	\$ 36,185,393	\$ 68,880,015	\$ 140,606,742
2004	8,675,839	34,387,126	67,008,622	137,417,453
2005	11,308,878	32,492,160	66,274,574	199,595,993
2006	5,962,320	30,495,288	63,716,002	194,270,400
2007	7,763,937	28,391,020	104,795,299	188,836,531
2008	3,794,475	26,173,571	100,475,993	183,202,405
2009	2,554,486	23,836,843	95,971,687	177,228,279
2010	1,454,074	21,374,409	91,284,157	211,997,778
2011	669,702	18,779,496	86,957,159	206,341,984
2012	343,646	16,044,967	82,639,229	199,375,637

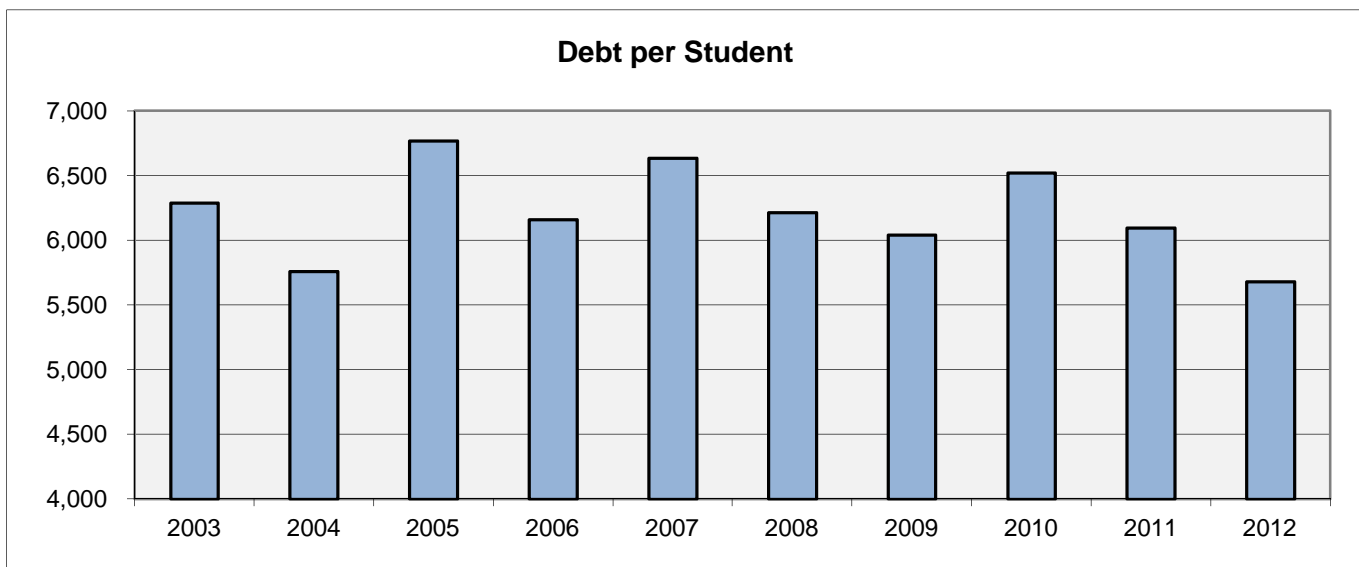
(1) Schedule 16 Personal Income (thousands) divided by Total Debt.

(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⁾
\$ -	\$ 252,047,808	1.54	6,288
3,941,380	251,430,420	1.66	5,760
7,764,964	317,436,569	1.45	6,770
8,805,939	303,249,949	1.71	6,162
8,912,464	338,699,251	1.69	6,633
9,023,280	322,669,724	1.89	6,213
9,139,035	308,730,330	1.97	6,040
9,519,989	335,630,407	2.03	6,522
9,715,198	322,463,539	2.18	6,096
9,346,115	307,749,594	N/A	5,680

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Schedule 13
 District School Board of Osceola County
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2012
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Osceola County			
Limited General Obligation Bonds	\$ 37,245,000	100.00%	\$ 37,245,000
Revenue Bonds	399,831,000	100.00%	399,831,000
Special Assessment Bonds	4,320,000	100.00%	4,320,000
Subtotal, overlapping debt			441,396,000
District direct debt			307,749,594
Total direct and overlapping debt			\$ 749,145,594

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 9/30/11

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed value	\$ 9,711,714	\$ 10,995,460	\$ 12,045,361	\$ 13,592,210	\$ 16,141,696
Debt limit (10% of assessed value)	971,171	1,099,546	1,204,536	1,359,221	1,614,170
Debt applicable to limit:					
Bonds payable	<u>69,343</u>	<u>68,880</u>	<u>67,009</u>	<u>66,275</u>	<u>63,716</u>
Total net debt applicable to limit	<u>69,343</u>	<u>68,880</u>	<u>67,009</u>	<u>66,275</u>	<u>63,716</u>
Legal debt margin	<u>\$ 901,828</u>	<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	7.14%	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.

2012 information not available.

Source:
District records
Osceola County Comprehensive Annual Financial Report, FYE 9/30/11

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	21,802,469	\$ 26,329,988	\$ 25,978,614	\$ 21,507,132	\$ 18,051,228
	2,180,247	2,632,999	2,597,861	2,150,713	1,805,123
	<u>104,795</u>	<u>100,476</u>	<u>95,972</u>	<u>91,284</u>	<u>86,957</u>
	<u>104,795</u>	<u>100,476</u>	<u>95,972</u>	<u>91,284</u>	<u>86,957</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>
	4.81%	3.82%	3.69%	4.24%	4.82%

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

Fiscal Year	State Board of Education Bonds					Coverage
	Motor Vehicle License Tax	Debt Service				
		Principal	Interest			
2003	\$ 1,657,627	\$ 570,000	\$ 657,971		74.1%	
2004	1,793,356	595,000	643,741		69.1%	
2005	1,921,521	685,000	668,601		70.4%	
2006	2,044,076	800,000	767,103		76.7%	
2007	2,118,063	925,000	773,432		80.2%	
2008	2,158,213	965,000	762,304		80.0%	
2009	2,202,617	1,015,000	719,104		78.7%	
2010	2,193,050	1,060,000	672,009		79.0%	
2011	2,194,266	1,100,000	621,248		78.4%	
2012	2,192,874	1,125,000	591,261		78.3%	

Source: District records

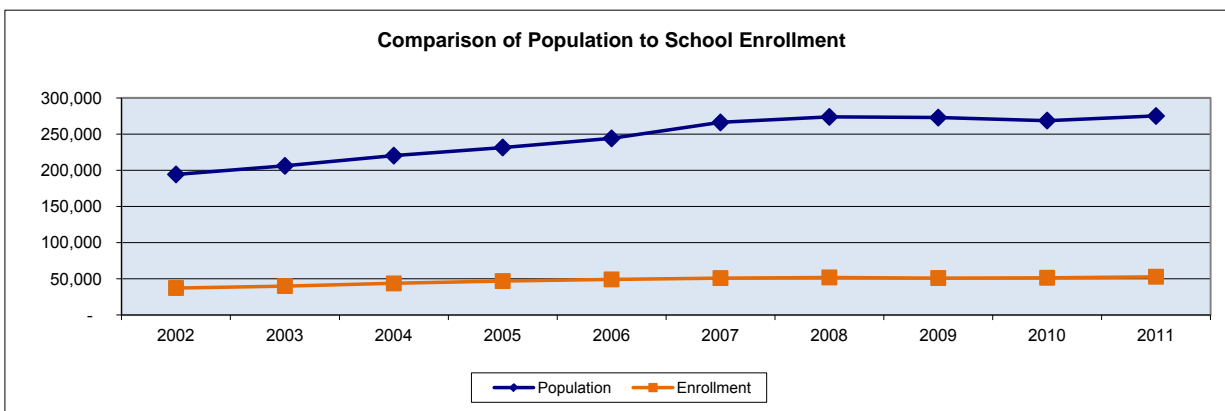
Schedule 16
 District School Board of Osceola County
 Demographic and Economic Statistics
 Last Ten Calendar Years
 Unaudited

Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (in thousands)	Per Capita Personal Income ⁽²⁾	Median Age ⁽¹⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽²⁾
2002	194,281	\$ 3,646,332	\$ 19,898	35.6	37,334	5.8%
2003	206,095	3,871,702	19,986	34.5	40,086	5.2%
2004	220,217	4,175,478	20,325	34.4	43,652	4.5%
2005	231,482	4,611,683	21,025	34.3	46,891	3.8%
2006	244,045	5,195,652	22,514	34.5	49,214	3.1%
2007	266,123	5,708,018	23,359	34.9	51,060	4.3%
2008	273,709	6,087,831	23,797	34.4	51,934	6.4%
2009	272,788	6,086,173	22,311	34.6	51,118	11.3%
2010	268,685	6,814,171	25,180	35.6	51,458	12.4%
2011	275,010	7,022,084	26,033	35.5	52,900	11.6%

Note: 2012 information not available.

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, 2011 and Nine Years Earlier
Unaudited

Employer	September 30, 2011			September 30, 2002 ⁽⁴⁾		
	Employees	Rank	Percentage of Total Labor Force Employed	Employees	Rank	Percentage of Total Labor Force Employed
Total Labor Force Employed ⁽¹⁾	126,431			94,348		
Osceola School District ⁽²⁾	6,521	1	5.16%	4,146	1	4.39%
Walt Disney World (Osceola County only) ⁽³⁾	3,123	2	2.47%			
Osceola County Government	2,352	3	1.86%	2,187	2	2.32%
Wal-Mart Stores, Inc.	2,318	4	1.83%			
Wyndam Hotels	2,239	5	1.77%			
Holiday Inn Hotels	1,792	6	1.42%			
Publix Supermarkets	1,759	7	1.39%	1,260	5	1.34%
Florida Hospital Celebration/Kissimmee	1,750	8	1.38%	1,504	4	1.59%
Westgate Vacation Villas	1,500	9	1.19%			
Gaylord Palms Resort & Convention Center	1,433	10	1.13%	1,846	3	1.96%
Total principal employers	24,787		19.61%	10,943		11.60%

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, 2011 and 2002.

⁽³⁾ Walt Disney World is a primary employer. Total employment in 2011 ranged between 54,000 and 60,000 employees. Number of employees from Osceola County is estimated.

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

Source:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/11
Metro Orlando Economic Development Commission
District Records

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

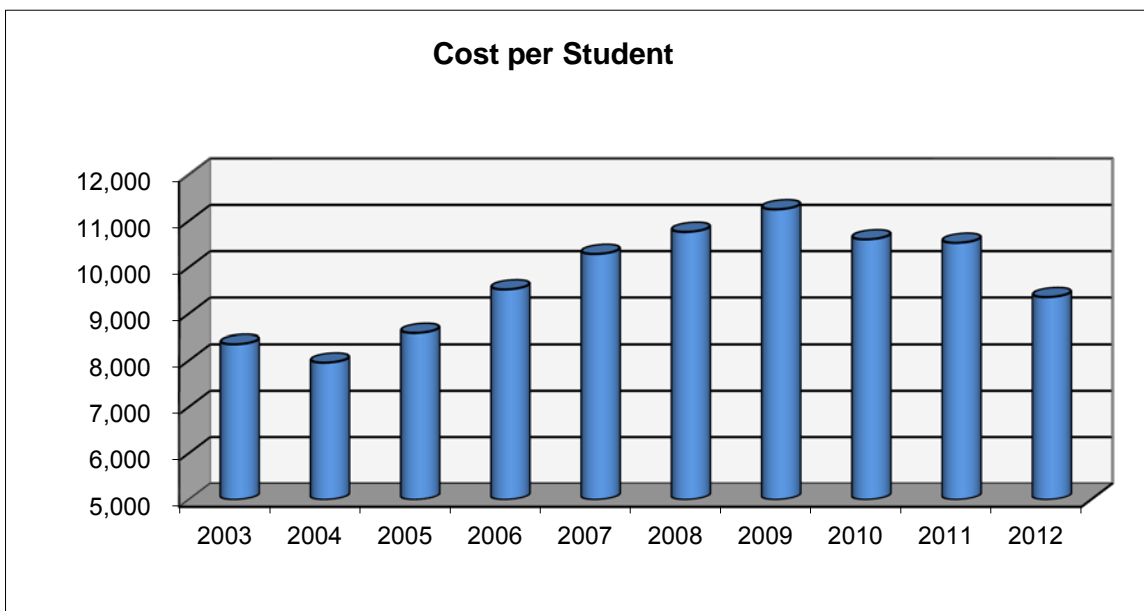
	Full-time-Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Supervisory										
Officials, Administrators and Managers	32	37	35	42	43	44	44	44	43	43
Consultants/Supervisors of Instruction	4	5	4	5	7	8	8	11	11	11
Principals	35	45	46	46	45	48	52	55	55	55
Assistant Principals	47	52	56	64	66	70	63	66	69	64
Deans/Curriculum Coordinators	1	5	5	2	4	7	2	5	6	9
Total supervisory	119	144	146	159	165	177	169	181	184	182
Instruction										
Classroom Teachers, Elementary (PK, K-5)	719	940	1,052	1,157	1,242	1,297	1,290	1,291	1,401	1,438
Classroom Teachers, Secondary (6-12)	777	951	1,063	1,138	1,210	1,336	1,279	1,245	1,307	1,359
Exceptional Education Teachers	294	335	377	399	424	421	407	410	411	395
Other Teachers	85	86	95	76	86	93	80	102	118	127
Total instruction	1,875	2,312	2,587	2,770	2,962	3,147	3,056	3,048	3,237	3,319
Student Services										
Guidance Counselors	76	90	96	95	93	97	90	92	99	98
Social Workers	7	8	10	11	13	14	14	12	9	9
School Psychologists	28	29	31	31	34	34	37	33	31	31
Librarians/Audio-Visual Workers	31	35	35	39	39	46	45	47	48	47
Other Professional Staff, Instructional	197	229	273	321	334	387	356	267	261	262
Other Professional Staff, Non-Instructional	162	175	189	190	196	210	224	199	190	186
Aides	670	706	735	805	779	775	696	575	666	694
Technicians	46	51	55	78	96	107	102	110	65	124
Total student services	1,217	1,323	1,424	1,570	1,584	1,670	1,564	1,335	1,369	1,451
Support and Administration										
Clerical/Secretarial	391	440	467	508	539	561	564	537	536	494
Service Workers	708	951	906	1,162	1,275	1,331	1,301	1,101	1,108	1,101
Skilled Crafts Workers	48	53	55	63	65	71	72	67	66	66
Unskilled Laborers	25	23	22	18	23	26	23	22	21	20
Total support and administration	1,172	1,467	1,450	1,751	1,902	1,989	1,960	1,727	1,731	1,681
Total	4,383	5,246	5,607	6,250	6,613	6,983	6,749	6,291	6,521	6,633

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
2003	\$ 334,863,975	40,086	\$ 8,354	34
2004	347,394,257	43,652	7,958	35
2005	402,675,721	46,891	8,587	39
2006	468,804,774	49,214	9,526	39
2007	525,448,997	51,060	10,291	43
2008	559,183,622	51,934	10,767	43
2009	575,280,841	51,118	11,254	47
2010	545,771,425	51,458	10,606	46
2011	557,115,622	52,900	10,531	47
2012	507,240,605	54,197	9,359	47

Source: District records



Number of Classroom Teachers	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals	
		Free	Reduced
1,875	21.4	39.5%	12.0%
2,312	18.9	41.6%	12.7%
2,587	18.1	43.3%	11.8%
2,770	17.8	43.6%	12.1%
2,962	17.2	43.5%	13.7%
3,147	16.5	44.5%	14.2%
3,056	16.7	49.0%	13.7%
3,048	16.9	54.7%	12.6%
3,237	16.3	58.7%	9.7%
3,319	16.3	61.7%	9.0%

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

Fiscal Year	Minimum Salary ⁽¹⁾	Maximum Salary ⁽¹⁾	Osceola Average Salary ⁽²⁾	Statewide Average Salary ⁽²⁾
2003	\$ 30,000	\$ 52,575	\$ 36,567	\$ 40,267
2004	30,600	53,575	36,702	40,587
2005	31,600	55,350	38,292	41,581
2006	33,400	58,850	40,418	42,705
2007	36,000	61,275	42,851	45,307
2008	37,500	65,685	44,519	46,930
2009	37,500	65,685	44,639	46,950
2010	37,650	66,185	45,070	46,708
2011	37,800	66,485	45,574	45,732
2012	38,036	66,485	N/A	N/A

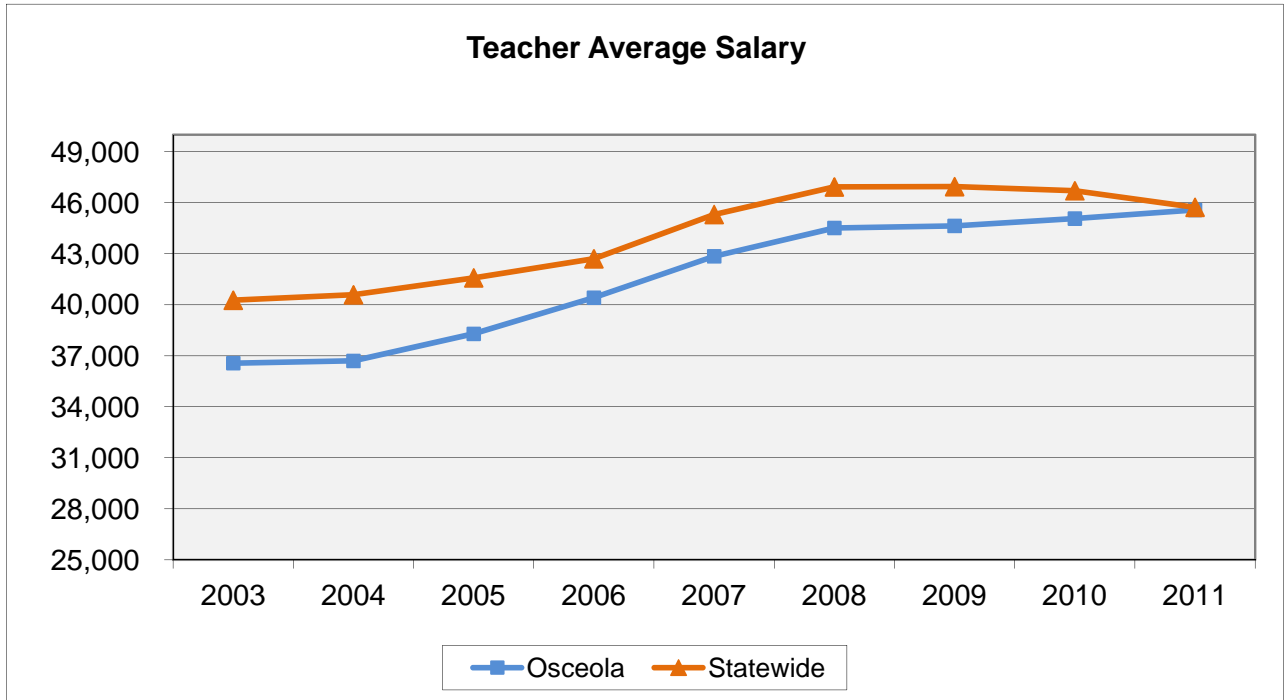
Source:

⁽¹⁾ District records

⁽²⁾ Florida Department of Education

Education Information and Accountability Services

N/A = Not Available



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	2011-12	2010-11	2009-10	2008-09
Elementary Schools (Placed in Service)						
Boggy Creek (1982)	88,245	580	718	702	698	711
Central Avenue (1934)	111,962	708	686	608	610	661
Chestnut (2005)	125,005	1,026	683	664	680	982
Cypress (1991)	108,731	782	727	728	797	789
East Lake (2010)	111,172	986	859	764		
Kissimmee (2000)	108,726	744	835	801	725	726
Narcoossee (2009)	113,913	920	734	620	1,129	1,127
Highlands (1959)	133,987	1,009	905	755	735	767
Thacker Avenue (1963)	135,458	874	729	777	685	589
Saint Cloud (2005)	124,337	1,062	921	901	836	832
Michigan Avenue (1971)	93,864	702	608	635	700	688
Koa (2009)	108,348	898	863	860	881	
Reedy Creek (1980)	88,747	660	763	813	784	1,150
Ventura (1987)	135,995	1,084	917	897	977	1,004
Hickory Tree (1983)	113,348	646	604	607	514	563
Mill Creek (1986)	141,177	1,120	867	908	978	997
Lakeview (1985)	108,600	736	637	636	685	717
Pleasant Hill (1986)	140,278	1,056	936	935	951	1,039
Deerwood (1990)	113,164	734	698	636	685	976
Poinciana (2001)	130,987	658	707	704	615	916
Partin Settlement (2002)	121,123	751	818	782	857	971
Flora Ridge (2007)	122,977	1,062	1,071	994	967	950
Neptune (2007)	119,701	1,066	882	828	737	660
Sunrise (2005)	121,880	1,066	817	827	799	895
Total Elementary Schools			18,985	18,382	18,025	18,710
Middle Schools (Placed in Service)						
Narcoossee (2000)	186,927	1,565	1,041	892	666	663
Discovery (2000)	268,073	1,417	1,291	1,376	1,398	1,471
Denn John (1973)	126,939	1,299	1,181	1,156	1,148	1,132
Kissimmee (1995)	191,862	1,243	1,215	1,182	1,119	1,151
Saint Cloud (1974)	136,000	1,589	1,230	1,349	1,204	1,200
Neptune (1987)	159,158	1,154	1,399	1,281	1,423	1,449
Horizon (1993)	168,903	1,278	1,199	1,209	1,163	1,472
Parkway (1986)	152,915	1,179	929	871	897	889
Total Middle Schools			9,485	9,316	9,018	9,427
High Schools (Placed in Service)						
Osceola (1962)	294,386	2,390	2,080	1,963	1,945	2,147
Saint Cloud (1962)	269,041	2,161	1,886	1,747	1,683	1,753
Gateway (1981)	274,173	2,232	2,241	2,287	2,324	2,377
Poinciana (1991)	308,338	1,851	1,348	1,230	1,203	1,366
Liberty (2007)	303,319	2,354	2,052	2,146	2,062	1,974
PATHS (1990)	125,729	817	694	681	684	691
Celebration (2001)	307,435	1,924	1,864	1,860	1,694	1,654
Harmony (2004)	300,038	1,957	1,858	1,832	1,880	1,859
Total High Schools			14,023	13,746	13,475	13,821
Other Schools (Placed in Service)						
Harmony (2007)	109,336	915	800	921	930	747
Westside (2009)	173,625	1,293	1,359	1,481	1,206	
Celebration (1995)	218,871	1,682	1,319	1,172	1,197	1,284
School for the Arts (2002)	148,186	151	828	740	736	498
New Beginnings (2009)	75,372	816	296	268	288	334
Total Other Schools			4,602	4,582	4,357	2,863
Total All Schools			47,095	46,026	44,875	44,821

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

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
740	825	858	779	881	915
716	850	850	832	858	748
1,084	1,117	1,037			
815	930	982	939	939	917
744	1,063	1,157	1,259	1,158	1,109
794	779	853	876	831	743
642	695	718	632	640	662
989	984	797			
950	992	997	849	806	735
1,138	989	901	1,331	1,266	1,165
1,120	1,128	1,106	1,114	1,001	1,022
899	909	744	738	727	786
1,045	952	952	892	930	951
725	1,016	928	790	760	721
991	991	970	924	1,080	976
1,079	1,074	1,049	1,507	1,334	1,084
1,017	1,112	1,153	1,517	1,224	711
963	1,024	957	961	836	655
750					
707					
896	990	737			
<u>18,804</u>	<u>18,420</u>	<u>17,746</u>	<u>15,939</u>	<u>15,271</u>	<u>13,900</u>
1,738	1,579	1,362	1,232	1,105	1,046
1,596	1,619	1,593	1,504	1,445	1,647
1,083	1,157	1,236	1,347	1,345	1,263
1,106	1,030	1,112	1,206	1,224	1,280
1,216	1,311	1,200	884	848	900
1,473	1,509	1,432	1,676	1,632	1,566
1,553	1,609	1,423	1,353	1,219	1,169
886	1,023	1,029	1,114	1,172	1,220
<u>10,651</u>	<u>10,837</u>	<u>10,387</u>	<u>10,317</u>	<u>9,990</u>	<u>10,091</u>
2,359	2,433	2,374	2,443	2,418	2,343
1,741	1,674	1,595	1,644	2,528	2,382
2,333	2,269	2,354	2,580	2,621	2,598
2,785	2,785	2,568	2,454	2,094	2,633
2,020					
696	660	685	599	516	383
1,704	1,847	1,738	1,731	1,443	1,443
1,891	1,696	1,481	1,306		
<u>15,529</u>	<u>13,364</u>	<u>12,795</u>	<u>12,757</u>	<u>11,620</u>	<u>11,782</u>
1,338	1,248	1,176	1,270	1,270	1,339
678	750	659	599	503	503
<u>2,016</u>	<u>1,998</u>	<u>1,835</u>	<u>1,869</u>	<u>1,773</u>	<u>1,842</u>
<u>47,000</u>	<u>44,619</u>	<u>42,763</u>	<u>40,882</u>	<u>38,654</u>	<u>37,615</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, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Florida Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
Noncash Assistance:			
National School Lunch Program	10.555 ^{(2)(A)}	300	\$ 1,079,896
Summer Food Service Program for Children	10.555 ^{(2)(A)}	323	107,824
			1,187,720
Florida Department of Education:			
Cash Assistance:			
School Breakfast Program	10.553	321	3,862,326
National School Lunch Program	10.555	300	15,286,150
Summer Food Service Program for Children	10.559	323	586,766
			19,735,242
Total Child Nutrition Cluster			20,922,962
Total United States Department of Agriculture			20,922,962
United States Department of Transportation:			
Indirect:			
Florida Department of Transportation:			
Garrett A. Morgan Technology and Transportation Grant	20.215	None	83,591
United States Department of Education:			
Direct:			
Federal Pell Grant Program	84.063	N/A	1,322,140
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	1,723,821
Fund for the Improvement of Education	84.215	N/A	413,221
Total Direct			3,459,182
Indirect:			
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	10,744,999
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212,222,223,226	776,906
Total Title I, Part A Cluster			11,521,905
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	10,721,333
Special Education - Preschool Grants	84.173	267	240,423
ARRA - Special Education Grants to States, Recovery Act	84.391	263	725,119
ARRA - Special Education Preschool Grants, Recovery Act	84.392	267	78,329
Total Special Education Cluster			11,765,204
Educational Technology State Grants Cluster:			
Florida Department of Education:			
Education Technology State Grants	84.318	121, 122	6,545
ARRA - Education Technology State Grants, Recovery Act	84.386	121	1,213
Total Educational Technology State Grants Cluster			7,758
School Improvement Grants Cluster:			
Florida Department of Education:			
School Improvement Grants	84.377	126	198,515
ARRA - School Improvement Grants, Recovery Act	84.388	126	1,573,469
Total School Improvement Grant Cluster			1,771,984
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191, 193	658,450
Migrant Education - State Grant Program	84.011	217	81,041

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
Title I Program for Neglected and Delinquent Children	84.013	214	224,795
Career and Technical Education - Basic Grants to States	84.048	151, 161	583,931
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	20,666
Education for Homeless Children and Youth	84.196	127	113,886
Charter Schools	84.282	298	74,969
Twenty-First Century Community Learning Centers	84.287	244	1,492,689
English Language Acquisition Grants	84.365	102	1,274,222
Improving Teacher Quality State Grants	84.367	224	1,374,192
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	16,581
ARRA - Race to the Top Incentive Grants, Recover Act	84.395	RL1	1,164,008
Education Jobs Fund	84.410	541	163,020
Total Indirect			<u>32,309,301</u>
Total United States Department of Education			<u>35,768,483</u>
United States Department of Health and Human Services:			
Indirect:			
Osceola County Health Department:			
Centers for Disease Control and Prevention, Investigations and Technical Assistance	93.283 ⁽³⁾	None	75,000
Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	None	148,219
Total United States Department of Health and Human Services			<u>223,219</u>
National Corporation for National and Community Service:			
Indirect:			
Florida Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	234	1,234
United States Department of Defense:			
Direct:			
Air Force Junior Reserve Officers Training Corps	None	N/A	124,707
Army Junior Reserve Officers Training Corps	None	N/A	225,301
Marine Junior Reserve Officers Training Corps	None	N/A	54,873
Navy Junior Reserve Officers Training Corps	None	N/A	51,673
Total United States Department of Defense			<u>456,554</u>
Total Expenditures of Federal Awards			<u>\$ 57,456,043</u>

- Notes:
- (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2011-12 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.
 - (2) Noncash Assistance.
(A) National School Lunch Program. Represents the amount of donated food used during the 2011-12 fiscal year. Commodities are valued at fair value as determined at the time of donation.
 - (3) Centers for Disease Control and Prevention, Investigations and Technical Assistance. Expenditures for contract number DOH-COH7S-2012.



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

Chair and Members of
The District School Board of Osceola County, Florida

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the “District”), as of and for the year ended June 30, 2012, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the District’s agency funds and discretely presented component units, as described in our report on the District’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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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

Chairman and Members of
The District School Board of Osceola County, Florida

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the District in a separate letter dated November 5, 2012.

This report is intended solely for the information and use of the District's management, the School Board, State of Florida Auditor General, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 5, 2012



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Chair and Members of
The District School Board of Osceola County, Florida

Compliance

We have audited the compliance of the District School Board of Osceola County, Florida (the "District"), with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133, *Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2012.

Internal Control over Compliance

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

Chairman and Members of
The District School Board of Osceola County, Florida

Internal Control over Compliance (Continued)

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

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. Our report on the basic financial statements included disclosures regarding our reference to the reports of other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the District's management, the School Board, State of Florida Auditor General, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 5, 2012

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2012

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unqualified Opinion

- Internal control over financial reporting:
 - Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of report issued on compliance for major federal program:

Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

Yes No

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

84.184	Safe and Drug-Free Schools and Communities – National Program
84.027, 84.173, 84.391, 84.392	Special Education Cluster (IDEA)
84.377, 84.388	School Improvement Grants Cluster
84.395	Race To-The-Top Incentive Grants

Dollar threshold used to distinguish between

Type A and Type B programs: \$1,723,681

Auditee qualified as low-risk auditee? Yes

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

For The Year Ended June 30, 2012

Section II - Findings Related to the Financial Statement Audit, as required to be reported in accordance with *Government Auditing Standards*.

No matters are reported.

Section III - Federal Award Findings and Questioned Costs Section reported in accordance with OMB Circular A-133.

No matters are reported.

**District School Board of Osceola County
 Summary Schedule of Prior Audit Findings - Federal Awards
 For the Fiscal Year Ended June 30, 2012**

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

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

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**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Chair and Members of
The District School Board of Osceola County, Florida

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2012. This report included disclosures regarding our reference to the reports of 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, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. We issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on a Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*, Report of Independent Certified Public Accountants on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, dated November 5, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.800, Rules of the Auditor General, which govern the conduct of school board audits performed in the state of Florida. The letter includes the following, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. In connection with our audit, we did not have any such recommendations.
- Section 10.804(1)(f)3., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.
- Section 10.804(1)(f)4., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted certain matters, as reported in Appendix A attached hereto. Included in our observations are management's responses which we did not audit, and, accordingly, we express no opinion on them.
- Section 10.804(1)(f)5., Rules of the Auditor General, requires that we address violations of provisions of contract or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Chairman and Members of
The District School Board of Osceola County, Florida

- Section 10.804(1)(f)6., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report on the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.804(1)(f)2., Rules of the Auditor General, requires a statement be included as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.804(1)(f)7a. and 10.805(6), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by the same. The assessment was prepared as of fiscal year end.
- Section 10.804(1)(f)8., Rules of the Auditor General, requires the auditor to state whether or not the District complied with transparency requirements. Section 2, Specific Appropriation 116 through 130 of Chapter 2010-152, Laws of Florida, provides that district school boards include a link on their web sites to the Transparency Florida Web Site. In connection with our audit, we determined that the District complied with transparency requirements.

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

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 5, 2012

APPENDIX A
DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA
Current Year Observations, Recommendations and Management Responses
June 30, 2012

2012-1 Monitoring and Tracking of Level 2 FBI Screenings

Observation: During our testing of payroll transactions, we noted that three employees had not had Level 2 FBI Screenings within the past five years.

Criteria: Florida Statutes, Sections 1012.32 and 1012.465 establishes the requirement for Level 2 screenings for instructional and non-instructional personnel. There is an increased risk that students could be endangered by employees not meeting the requirement. Subsection (3) of Statute 1012.465, states, in part, if it is found that a person who is employed or under contract in a capacity described in subsection (1) of the statute does not meet the Level 2 requirements, the person should be immediately suspended from working in that capacity and shall remain suspended until final resolution of any appeals.

Recommendation: We recommend that the District establish monitoring procedures to determine when employees are approaching the five-year rescreening period.

Management Response: The District will review current procedures in place for determining when employees are approaching the five year rescreening period and make appropriate changes to ensure monitoring procedures are operating effectively.

2012-2 Information Systems Assessment

Observation: During our audit of the District's financial statements, we performed an assessment of the District's Information Systems ("IS") operations and controls. During this assessment, we noted several areas which could improve the District's IS processes. These findings did not disclose any significant deficiencies or material weaknesses related to financial accounting and reporting. The following areas for improvement noted during our assessment are provided here for your consideration: user account management, data backup and recovery controls, network security controls, IS policies and procedures, and disaster recovery programs. Specific details of these observations are not disclosed in this report to avoid the possibility of compromising District information. However, appropriate District personnel have been notified of our specific findings.

Criteria: To ensure proper financial accounting and reporting, security of financial information, as well as operational effectiveness, appropriate IS controls should be implemented, maintained, and updated, as necessary, to keep pace with the constantly changing technology environment.

Recommendation: We recommend that the District evaluate the IS issues noted above and implement cost-effective procedures to ensure the continued security of the District's IS environment.

Management Response: The Information Services Department will review the recommendations noted above and implement cost-effective procedures to ensure the continued security of the District.