

The School District of Osceola County, Florida  
Student Achievement – Our Number One Priority



# Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2008

Michael A. Grego, Ed.D  
Superintendent

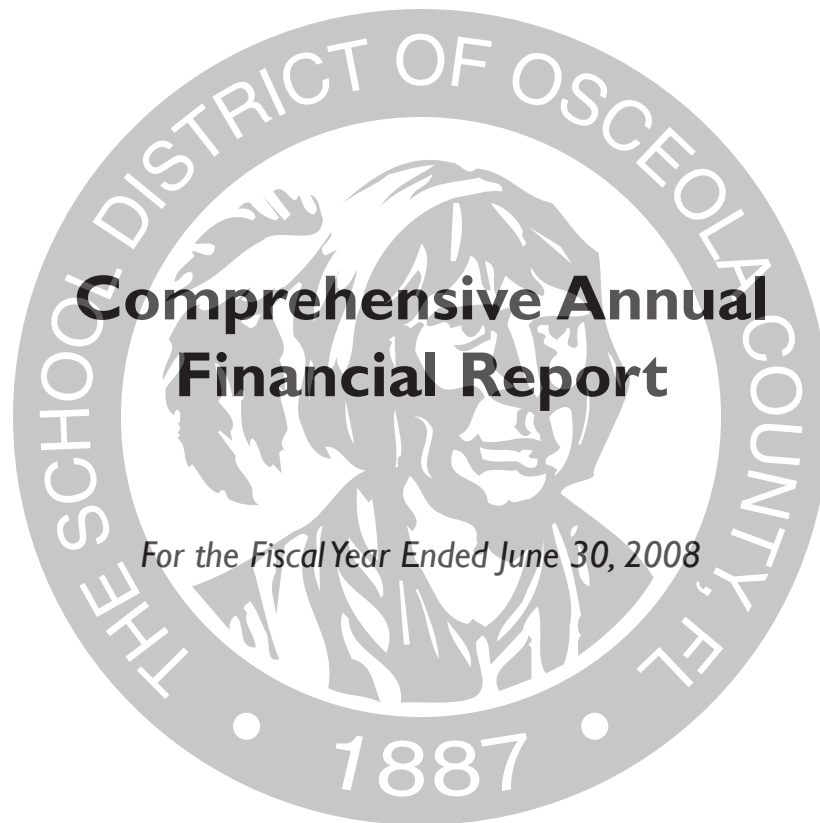
William C. Collins  
Assistant Superintendent

Todd Seis  
Director of Finance



The School District of Osceola County, Florida  
817 Bill Beck Boulevard  
Kissimmee, Florida 34744

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**Comprehensive Annual  
Financial Report**

*For the Fiscal Year Ended June 30, 2008*

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Prepared by:  
Business & Fiscal Services



THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

**Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2008*

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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](http://www.osceola.k12.fl.us)

## SCHOOL BOARD MEMBERS

- District 1 – Jay Wheeler  
407-390-0505
- District 2 – Julius Melendez  
407-922-5113
- District 3 – Cindy Lou Hartig  
407-832-3999
- District 4 – David Stone, Vice Chair  
407-933-2700
- District 5 – John McKay, Chair  
407-957-4056



## Superintendent of Schools

Michael A. Grego, Ed.D.

December 15, 2008

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

Dear Chairman and School Board Members:

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, 2008.

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

The firm of Cherry, Bekaert & Holland, L.L.P. has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2008, 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, 2008, are fairly presented in conformity with GAAP.

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

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

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

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

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

## **PROFILE OF THE GOVERNMENT**

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

The geographic boundaries of the District are those of Osceola County. During fiscal year 2007-08, the District operated 50 K-12 schools, including 23 elementary schools, 7 middle schools, 8 high schools, 5 specialized schools, and 7 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 2007-08, the District provided general, special, vocational, and other educational programs to 51,934 un-weighted full-time equivalent students. The projected enrollment, for fiscal year 2008-09, is 50,900 un-weighted full-time equivalent students. The average age of the schools within the District is approximately 20 years. The District plans to open 2 new schools in fiscal year 2008-09.

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**

The County is part of the Orlando Metropolitan Statistical Area (MSA) along with Orange, Seminole and Lake Counties. According to the 2007 Economic Development Commission of Mid-Florida, Inc. (the Commission), Metro Orlando currently has a population of 2 million people and is projected to be 2.3 million in 2012. The Commission promotes Osceola County as being a world class tourism destination.

The population of Osceola County has increased 60.1 percent from 1990 to 2000 compared to the state of Florida which increased 23.5 percent. As of the census of 2000, there were 172,493 people and 60,977 households residing in the county. The population is projected to be 306,383 and households 111,436 by 2012. Based on the 2000 census, the racial makeup of the county was 77.2 percent White, 7.4 percent Black and 15.4 percent from other races, with 29.4 percent of this population as Hispanic or Latino.

Of Osceola County's population, 29.5% are under the age of 19 and 11.3% are 65 and older. The average household size is 2.83. The median age in the county is 34.6 years. The median income for a household was \$38,425. The per capita income for the county was \$16,792. Of the 25 and older population, 33.9% 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 6,983 full and part-time employees, including 3,147 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 will be calculated:

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

For fiscal year 2007-08, the District reduced the average of the district-wide class size in pre kindergarten through grade 3 by .62 students to 16.53 students; reduced the average for grades 4 through 8 by 1.49 students to 18.32 students; and decreased the class size by .10 students in grades 9 through 12 to 22.58 students. The District has complied with the requirements of Senate Bill 30A at the district-level for all grade levels with one exception. Osceola School for the Arts was out of compliance with 22.15 students in grades 6–8. This has since been corrected. It is anticipated that the District will continue to meet the constitutional maximums for the three grade groupings at school-level during fiscal year 2008-09.

The reduction in the number of students that can be assigned to each core classroom has a substantial impact on the number of students that can be housed in existing schools. The student capacity of District schools was reduced by approximately 5,000 due to the class size reduction amendment.

### **Capital Outlay Program**

During the current fiscal year, the District completed several construction projects totaling \$97,631,470. These projects included 3 new elementary schools, one high school and renovations to other schools.

### **Accomplishments**

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

School districts throughout Florida are held accountable and receive school grades based on the results of the Florida Comprehensive Assessment Test (FCAT). The fiscal year 2007-08 marks the ninth year of this accountability program and the Osceola School District continued its tradition of achievement. This year 16 schools received a grade of 'A', 8 received a grade of 'B', 13 received a grade of 'C', 8 schools received a grade of 'D' and no schools received an 'F'. The district received an overall grade of 'B'.

Nearly 35 percent of Osceola School District teachers have earned Master's degrees or higher.

The Osceola School District has 89 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 control 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 School 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.

**Cash Management and Investments.** The intention of the cash management system is to limit the amount of funds placed in accounts where low or no interest is paid. Idle cash is invested in various instruments with various maturity dates, depending on the anticipated future cash requirements.

The overall strategy of holding deposits and making investments is to expose the district to a minimum amount of credit and market risks. All bank balances, as of the balance sheet date, are entirely insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

**Risk Management.** The district is self-insured for employees' health insurance, general and automobile liability, with outside contractors providing various administrative services. All funds make payment to the district's applicable Internal Service Fund based upon personnel staffing levels, number of vehicles, or square feet. Resources have been accumulated in order to meet potential losses.

#### **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 and the audit staff of Cherry, Bekaert & Holland, L.L.P. Each member of the department and the audit staff 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 School Board for their leadership and support in planning and conducting the financial operations of the district.

Sincerely,



William C. Collins  
Assistant Superintendent  
Business and Fiscal Services



Michael A. Grego, Ed.D.  
Superintendent

**OSCEOLA SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2008**

SCHOOL BOARD MEMBERS

**John McKay, Chairman**  
District 5

**Tom Greer**  
District 4

**David Stone**  
District 3

**Jay Wheeler**  
District 1

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

CHIEF ADMINISTRATION OFFICER  
**Jim DiGiacomo**

CHIEF of SCHOOL OPERATIONS  
**Bob Nanni**

DEPUTY SUPERINTENDENT for ELEMENTARY ADMINISTRATION  
**Beverly Carbaugh**

ASSISTANT SUPERINTENDENTS

BUSINESS & FISCAL SERVICES  
**William C. Collins**

ELEMENTARY CURRICULUM & INSTRUCTION  
**Melba Luciano**

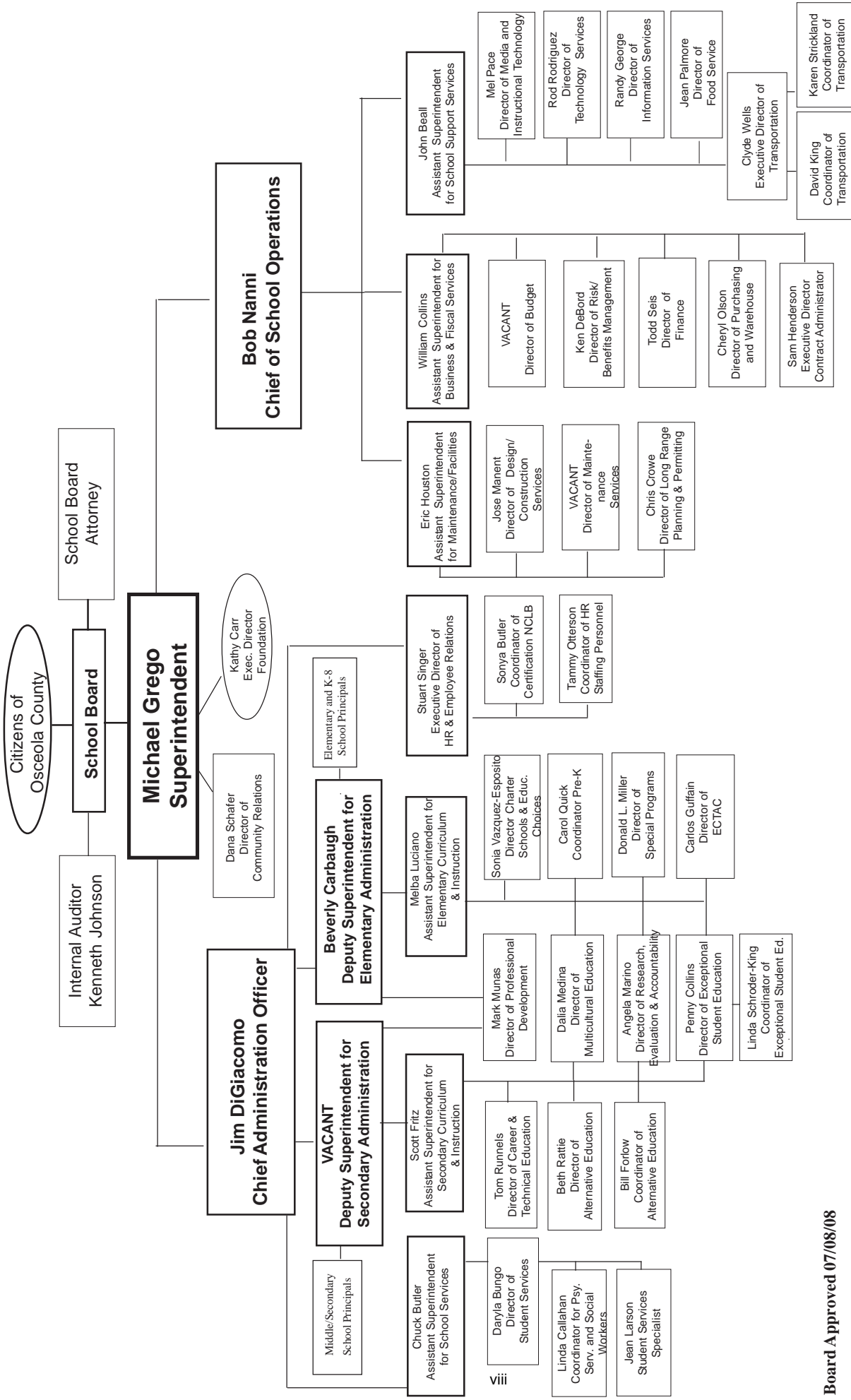
SECONDARY CURRICULUM & INSTRUCTION  
**Scott Fritz**

SCHOOL SERVICES  
**Chuck Butler**

SCHOOL SUPPORT SERVICES  
**John Beall**

MAINTENANCE & FACILITIES  
**Eric Houston**

# THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA ORGANIZATIONAL CHART



Board Approved 07/08/08

\*School Principals:

Cecille Diez	Bellalago Academy	Highlands Elem.	Reedy Creek Elem.	Cindy Mohen	Neptune Middle	Pamela Tapley	St. Cloud High
Linda Caswell	Boggy Creek Elem.	Neptune Elem.	St. Cloud Elem.	Annette Campbell	Parkway Middle	Dan White	PATHS
Kay Wong	Central Ave. Elem.	Kissimmee Elem.	Sunrise Elem.	Terry Andrews	St. Cloud Middle	Jeanette Rivers	School of the Arts
Randy Shuterra	Chestnut Elem.	Lakeview Elem.	Thacker Ave. Elem.	Laura Rhinehart	Celebration High	Wayne Kennedy	Celebration K-8
Stacy Burdette	Cypress Elem.	Michigan Ave. Elem.	Ventura Elem.	Susan Dupree	Gateway High	Tom Phelps	Narcoossee K-8
Jimmy Hendrix	Deerwood Elem.	Mill Creek Elem.	Denn John Middle	Debra Pace	Harmony High	Dave Welty	ALCOTECO
Mike Vondracek	Flora Ridge	Partin Settlement Elem.	Discovery Intern.	Robert Studly	Liberty High	Nina Wehmeyer	New Beginnings
Jonathan Davis	Harmony Comm.	Pleasant Hill Elem.	Horizon Middle	Gary Preisser	Osceola High	Sheryl/Alexander	Zenith Program
Scott Knoebel	Hickory Tree Elem.	Poinciana Elem.	Kissimmee Middle	Peter Straker	Poinciana High		

# 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, 2007

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



President

Executive Director

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**Financial Section**





## **Report of Independent Auditors**

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District"), as of and for the year ended June 30, 2008, 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 School Board of Osceola County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units listed in Note 1 to the financial statements. Those financial statements were audited by other auditors whose reports have been provided to us, and our opinions, insofar as they relate to the amounts included for the aggregate discretely presented component units, are based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida, as of June 30, 2008, 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 December 15, 2008 our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements and budgetary schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cherry, Beckett & Holland, L.L.P.*

Orlando, Florida  
December 15, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Osceola County District School Board, Florida (the "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, 2008. We encourage readers to consider the information presented here in conjunction with our financial statements found on pages 15 to 29 and 61 to 87 of this report.

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.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2007-08 fiscal year are as follows:

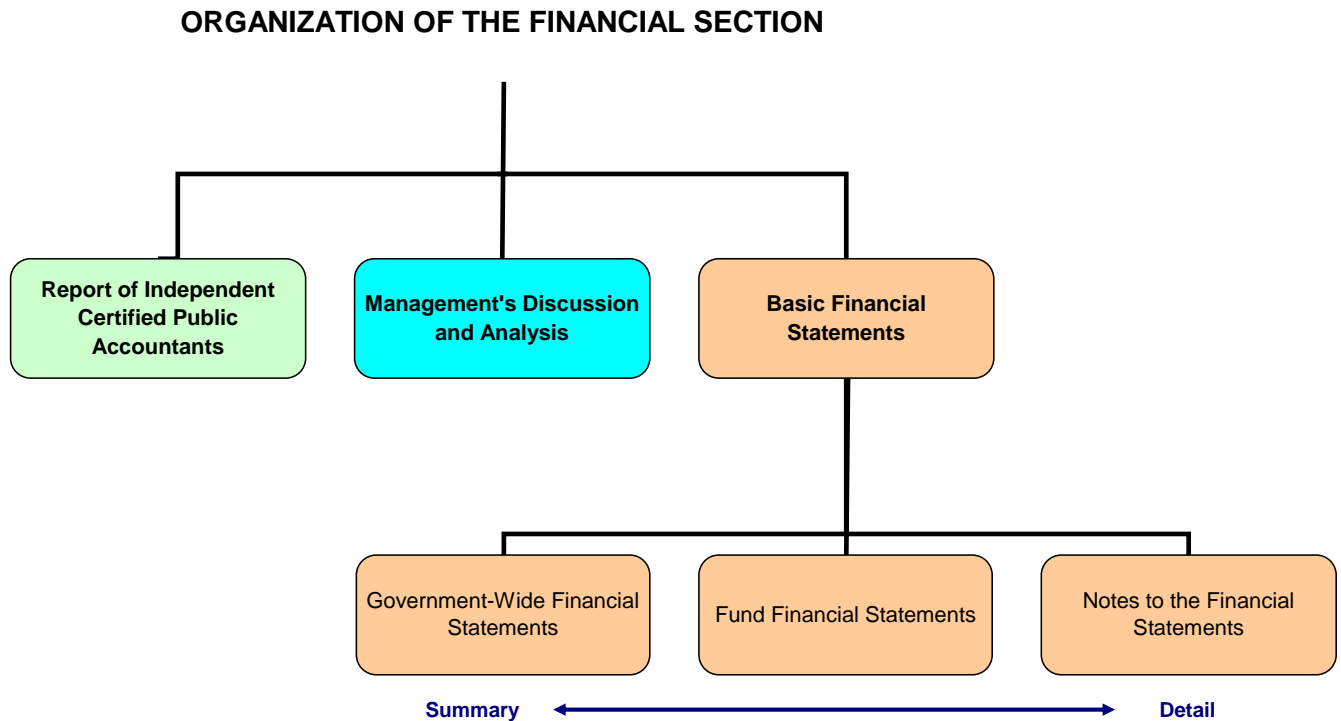
- Total assets of the District exceed total liabilities at the close of the most recent fiscal year by \$601,707,785.
- The District's total net assets increased by \$108,727,769, or 22.06 percent from the 2006-07 year.
- At June 30, 2008, the District's governmental funds report combined fund balances of \$328,674,412, an increase of \$64,880,427, in comparison with the prior year.
- At June 30, 2008, unreserved fund balance for the General Fund is \$52,509,629, or 13.31 percent of total General Fund expenditures. The unreserved fund balance is available for spending at the District's discretion.
- The District's total bonded debt (Bonds Payable and Certificates of Participation, excluding premiums and discounts) decreased by \$10,085,000, or 3.40 percent during the current fiscal year.
- The District's net capital assets increased by \$43,048,096, or 7.43 percent from the 2006-07 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 five separate legal entities in this report, including The Foundation for Osceola Education, Inc.; the New Dimensions High School, Inc.; the Four Corners Charter School, Inc.; the Bellalago Educational Facilities Benefit District; and the Flora Ridge Educational Facilities Benefit District. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 15 – 16 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 11 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) Federal Programs – Other Fund, (3) Capital Projects – Capital Improvement Fund, and (4) Capital Projects – Other Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Federal Programs – Other Fund. Budgetary comparison statements have been provided on pages 21-25 of this report to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17 – 25 of this report.

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 General and Automobile Liability Fund. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 26 – 28 of this report.

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

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

The Statement of Fiduciary Assets and Liabilities can be found on page 29.

#### **Notes to the Financial Statements.**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on page 30 of this report.

#### **Other Supplemental Information.**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to financial statements. Combining and individual fund statements and other schedules can be found on pages 61 – 87 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 \$601,707,785 at June 30, 2008. 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, 2008, compared to net assets as of June 30, 2007:

<b>Net Assets, End of Year</b>		
	Governmental Activities	
	6/30/2008	6/30/2007
Current and Other Assets	\$ 359,716,767	\$ 343,749,672
Capital Assets	622,460,169	579,412,073
<b>Total Assets</b>	<b>982,176,936</b>	<b>923,161,745</b>
Current Liabilities	28,214,260	76,775,663
Long-term Liabilities	352,254,891	353,406,066
<b>Total Liabilities</b>	<b>380,469,151</b>	<b>430,181,729</b>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	354,211,777	306,948,191
Restricted	220,147,769	144,452,132
Unrestricted	27,348,239	41,579,693
<b>Total Net Assets</b>	<b>\$ 601,707,785</b>	<b>\$ 492,980,016</b>

By far, the largest portion of the District's net assets, \$354,211,777 or 58.87 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.

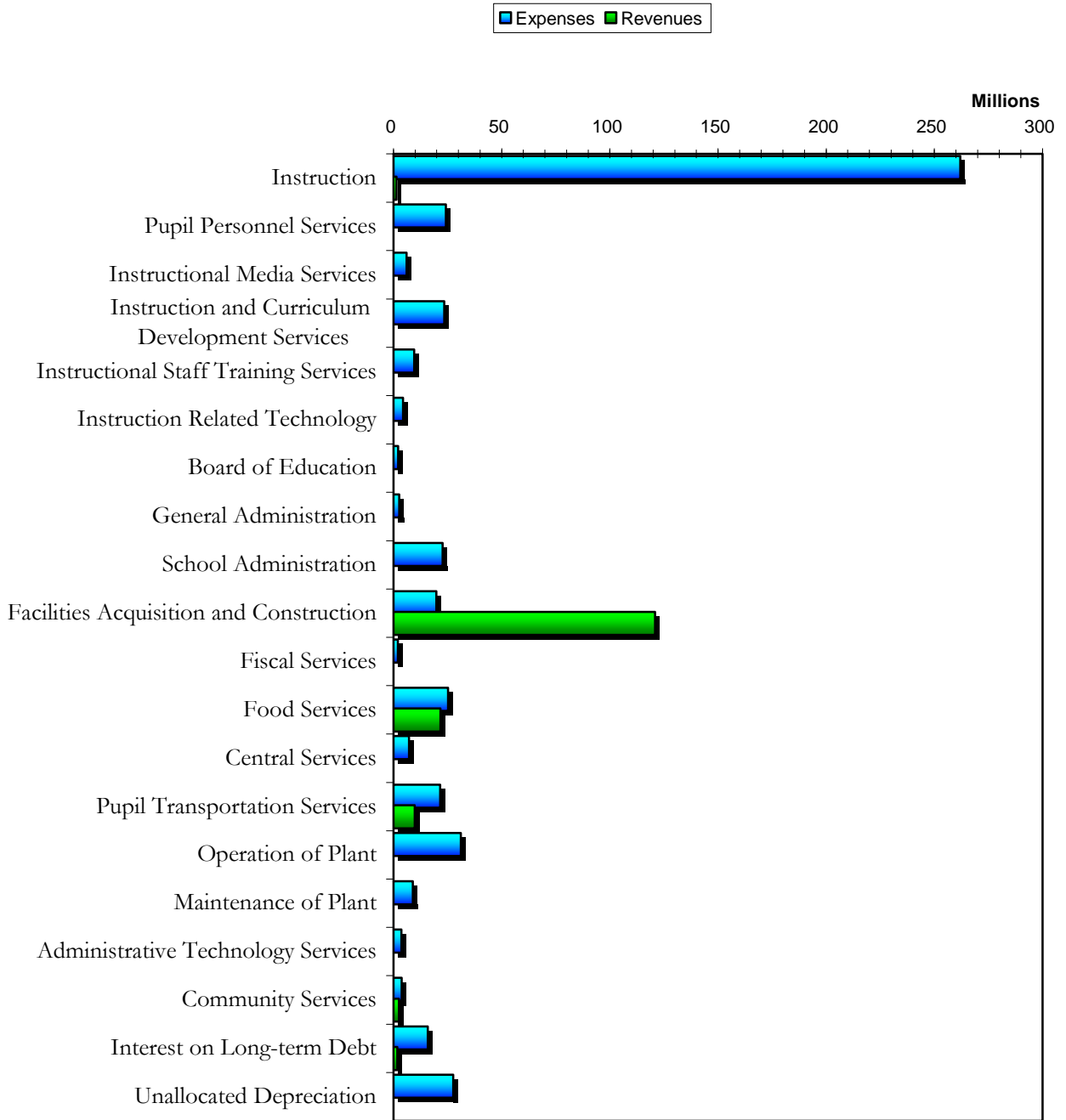
An additional portion of the District's net assets, \$220,147,769 (36.59 percent), represents resources that are subject to external restrictions on how they may be used. There was an increase of \$75,695,637 in restricted net assets reported in connection with the District's governmental activities. The increase is the result of accumulating funds to pay for future capital projects. The remaining net assets, \$27,348,239 (4.55 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 \$14,231,454, from the 2006-07 fiscal year.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2008, and June 30, 2007, are as follows:

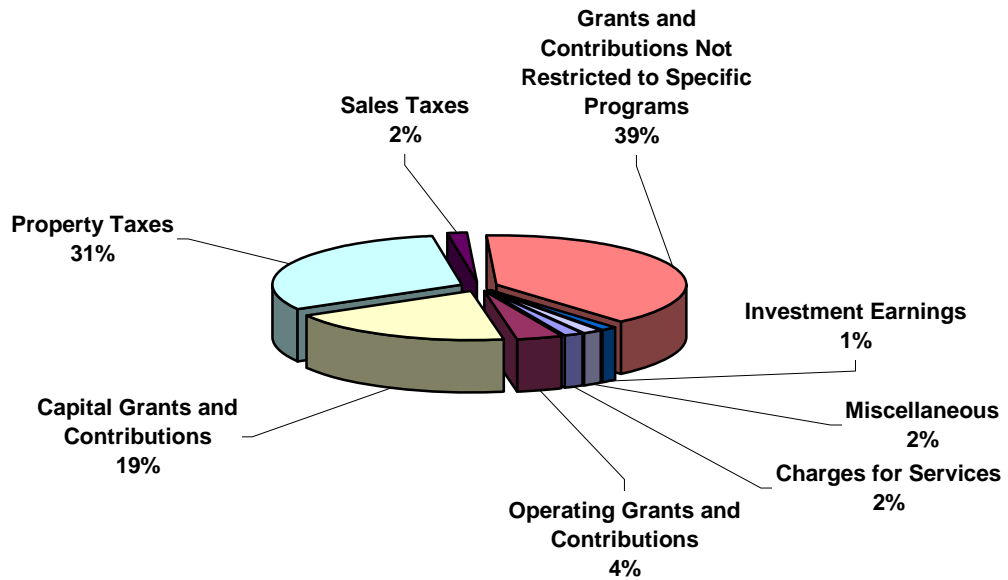
	Operating Results for the Year	
	Governmental	
	Activities	
	06-30-08	06-30-07
Revenues:		
Program Revenues:		
Charges for Services	\$ 11,046,611	\$ 10,931,523
Operating Grants and Contributions	24,531,347	23,092,817
Capital Grants and Contributions	122,609,838	52,463,951
General Revenues:		
Property Taxes	195,577,670	163,785,082
Local Sales Taxes	10,292,844	9,998,541
Grants and Contributions not Restricted to Specific Programs	248,186,167	248,564,737
Investment Earnings	9,128,755	12,932,806
Miscellaneous	10,991,313	11,121,780
Total Revenues	<u>632,364,545</u>	<u>532,891,237</u>
Functions/Program Expenses:		
Instruction	261,976,401	232,617,922
Pupil Personnel Services	24,153,125	20,886,005
Instructional Media Services	6,059,524	5,161,195
Instruction and Curriculum Development	23,464,063	22,429,022
Instructional Staff Training Services	9,507,952	4,569,743
Instruction Related Technology	4,373,774	3,946,935
Board of Education	2,179,387	1,823,924
General Administration	2,589,737	2,228,563
School Administration	22,649,997	19,747,072
Facilities Acquisition and Construction	19,814,471	16,584,696
Fiscal Services	2,062,828	1,887,436
Food Services	25,147,719	20,795,040
Central Services	7,135,483	6,536,936
Pupil Transportation Services	21,620,725	19,413,234
Operation of Plant	31,115,952	27,205,818
Maintenance of Plant	8,896,778	7,968,053
Administrative Technology Services	3,604,125	2,949,505
Community Services	3,798,924	3,487,806
Interest on Long-Term Debt	15,859,473	12,752,067
Unallocated Depreciation Expense	27,626,338	24,223,112
Total Expenses	<u>523,636,776</u>	<u>457,214,084</u>
Increase in Net Assets	108,727,769	75,677,153
Net Assets, Beginning	<u>492,980,016</u>	<u>417,302,863</u>
Net Assets, Ending	<u>\$ 601,707,785</u>	<u>\$ 492,980,016</u>

The total government-wide net assets increased by \$108,727,769 during the current fiscal year. The increase represents the degree to which increases in ongoing revenues have outpaced increases in ongoing expenses.

**Expenses and Program Revenues - Governmental Activities**



## Revenues by Source - Governmental Activities



### Governmental Activities.

Governmental activities increased the District's net assets by \$108,727,769, accounting for all of the total growth in the net assets of the District. Key elements of the increase are as follows:

- Restricted Net Assets increased by \$75,695,637.
- Investments in Capital Assets, Net of Related Debt, increased by \$47,263,586.
- For the most part, increases in expenses closely parallel inflation and growth in the number of students.

State revenues increased by \$75,770,506 or 30.97 percent due to State funds received for the construction of new educational facilities to assist in complying with class size requirements.

The largest revenue sources are the State of Florida and local sources. Combined, these two revenue sources account for 92.78 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. Revenues from local sources consist primarily of ad valorem taxes and impact fees.

Instructional expenses represent 45.14 percent of total governmental expenses in the 2007-08 fiscal year. Instructional expenses increased by \$23,510,556 or 10.27 percent, from the previous year due mainly to a 6 percent across-the-board pay raise and the employment of additional instructional staff to comply with class size requirements and growth in the District.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds report combined ending fund balances of \$328,674,412, an increase of \$64,880,427, in comparison with the 2006-07 fiscal year. Combined unreserved fund balances of \$234,440,171 represents 71.33 percent of the ending fund balances and are available to meet the District's short-term spending needs within the corresponding fund types. Remaining fund balances are reserved to indicate that they are not available for new spending, because they have already been committed: 1) to liquidate contracts and purchase orders outstanding at year-end of \$40,146,057; 2) to pay debt service of \$1,896,164; 3) to fund state categorical programs of \$284,056; and 4) to earmark state required carryover for capital projects of \$51,907,964.

### Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$52,509,629, while total fund balance reached \$54,780,505. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 13.31 percent of total General Fund expenditures, while total fund balance represents 13.88 percent of that same amount.

During the current fiscal year, the fund balance of the General Fund decreased by \$337,330. This was the result of a conservative budgeting approach that incorporated a planned reduction to the District's general fund balance.

The fund balance for the Other Capital Projects Fund increased by \$47,461,202 to \$211,665,714. The increase in this fund is mainly due to the timing differences between collecting funds for and expending these funds on construction projects.

The Capital Projects – Capital Improvement Section 1011.71(2) must be reported as a major fund in the District's financial statements for the 2007-08 fiscal year. Thus, it was removed from the Other Governmental Funds and reported a beginning fund balance of \$22,401,413. The fund balance increased by \$12,341,571 to \$34,742,985, mainly due to the timing differences between collecting funds for and expending these funds on construction projects.

The Other Federal Programs Fund must be reported as a major fund for the 2007-08 fiscal year as well. It was removed from the Other Governmental Funds and reported no beginning fund balance. There was no change to

the fund balance during the year since revenue can not be recognized in the Other Federal Programs Fund prior to incurring expenditures.

The fund balance for non-major funds – reported as Other Governmental Funds – increased by \$5,414,983 to \$27,485,208. This increase is due to the cumulative ongoing revenues outpacing cumulative ongoing expenses.

### **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 decreased by \$1,534,786 due to claims and other expenses exceeding premiums paid into the funds.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the current fiscal year, the District received approximately \$18,500,000 of State formula revenues less than the initially projected amount. This decrease was partially due to the over projection of students. The projected student increase for the year (upon which the budget was based) was 2,008. The actual student increase for the year was 853.

The final budget exceeded the final expenditures by \$15,919,020. The primary reasons for this variance are explained below:

- Vacancies occurred when positions were authorized, but were not filled or were filled at a later date than projected.
- A planned reduction in spending as a result of the projected students not materializing.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The District's investment in capital assets for the governmental activities as of June 30, 2008, amounts to \$622,460,169 (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; property under capital leases; investments in the educational facilities benefit districts; 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 \$43,048,096, or a 7.43 percent increase from the 2006-07 fiscal year.

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

- The start-up of construction of one multi-level school and two elementary schools.
- The final stages of construction of two elementary schools.
- Conversion of a commercial building to an alternative education facility.

- The start-up of roofing at two elementary schools and one high school, the final stages of roofing at five elementary schools and one ancillary facility, and the completion of roofing at two elementary schools and one high school.
- The design phase in progress for a theater at one high school.
- Acquisition of land for a new high school.

Following is a summary of the District's capital assets as of June 30, 2008, compared to June 30, 2007.

Schedule of Capital Assets  
(net of accumulated depreciation)

	Governmental Activities	
	June 30, 2008	June 30, 2007
Land	\$ 42,889,488	\$ 31,970,913
Construction in Progress	32,018,196	90,497,821
Improvements Other Than Buildings	14,826,812	12,898,344
Buildings and Fixed Equipment	486,727,477	395,913,753
Furniture, Fixtures, and Equipment	19,775,638	18,124,700
Motor Vehicles	18,211,136	13,582,752
Property Under Capital Leases	-	3,209,825
Investment In EFBD	7,072,032	12,045,710
Audio Visual Materials and Computer Software	939,390	1,168,255
Total	\$ 622,460,169	\$ 579,412,073

Additional information on the District's capital assets can be found in Note 5 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 \$325,426,324. Of this amount, \$286,435,000 is outstanding bonded debt, \$26,173,571 is outstanding notes payable, and \$12,817,753 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 \$15,615,000 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; \$82,910,000 outstanding in District Revenue Bonds; and \$187,910,000 in certificates of participation.

Following is a summary of the District's long-term debt as of June 30, 2008, compared to June 30, 2007.

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

	Governmental Activities	
	June 30, 2008	June 30, 2007
State School (SBE) Bonds	\$ 15,615,000	\$ 16,580,000
District Revenue Bonds	82,910,000	86,145,000
Certificates of Participation	187,910,000	193,795,000
Notes Payable	26,173,571	28,391,020
Other Long-Term Debt	12,817,753	16,676,400
<b>Total Outstanding Long-Term Debt</b>	<b>\$ 325,426,324</b>	<b>\$ 341,587,420</b>

The District's total debt decreased by \$16,161,096 or 4.73 percent, during the current fiscal year.

**OTHER MATTERS OF SIGNIFICANCE**

As of May 2008, the Florida Legislature's Office of Economic and Demographic Statistics reports the unemployment rate for Osceola County, Florida, at 4.3 percent. This is an increase from the rate of 3.4 percent a year ago and is slightly higher than the State's average unemployment rate of 4.0 percent. Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unreserved fund balance in the General Fund decreased from \$52,649,019 to \$52,509,629. The District budgeted approximately \$19,428,338 of this amount for spending in the 2008-09 fiscal year. This use of unreserved fund balance may be partially replenished at year-end through unspent appropriations.

**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.

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**

**STATEMENT OF NET ASSETS**

**June 30, 2008**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Component Units</b>
Cash and Cash Equivalents	\$ 177,244,054	\$ 9,496,925
Investments	79,073,231	4,005,095
Accounts Receivable	414,698	1,272,246
Prepaid Items		147,067
Due from Other Agencies	96,731,341	4,016,046
Inventories	2,495,844	
Other Current Assets		49,688
Deferred Charges	3,035,085	1,917,830
Restricted Assets:		
Cash with Fiscal Agent	722,514	2,655,698
Capital Assets:		
Land	42,889,488	4,550,000
Construction in Progress	32,018,196	13,903,952
Improvements Other Than Buildings, Net	14,826,812	321,874
Buildings and Fixed Equipment, Net	486,727,477	35,673,019
Furniture, Fixtures and Equipment, Net	19,775,638	2,319,772
Motor Vehicles, Net	18,211,136	15,969
Investment in Educational Facilities Benefit District, Net	7,072,032	
Audio Visual Materials and Computer Software, Net	939,390	251,810
<b>Total Assets</b>	<b>\$ 982,176,936</b>	<b>\$ 80,596,991</b>
<b>LIABILITIES</b>		
Salaries and Benefits Payable	\$ 1,476,486	\$ 146,559
Payroll Deductions and Withholdings	1,462,853	
Accounts Payable	6,398,938	4,247,482
Construction Contracts Payable	3,785,947	
Construction Contracts Payable-Retainage	1,558,111	
Accrued Interest Payable	2,135,519	1,034,736
Due to Other Agencies	4,723,381	1,266,573
Sales Tax Payable	1,470	
Deferred Revenue	2,574,918	27,660
Estimated Insurance Claims Payable	4,096,637	
Long-Term Liabilities:		
Portion Due Within One Year:		
Obligations Under Capital Leases		16,482
Bonds Payable	4,504,306	835,000
Notes Payable	2,336,728	168,196
Installment Purchases Payable	1,239,989	
Certificates of Participation Payable	5,974,126	
Compensated Absences Payable	1,443,563	
Portion Due After One Year:		
Obligations Under Capital Leases		4,286
Bonds Payable	95,971,687	50,260,606
Notes Payable	23,836,842	620,400
Installment Purchases Payable	2,554,486	
Certificates of Participation Payable	177,228,279	
Compensated Absences Payable	14,668,958	
Other Post-employment Benefits Payable	12,995,598	
Arbitrage Rebate Payable	477,049	
Educational Facilities Benefit District Agreement Payable	9,023,280	
<b>Total Liabilities</b>	<b>380,469,151</b>	<b>58,627,980</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	354,211,777	8,900,979
Restricted For:		
State Categorical Programs	293,195	
Debt Service	2,795,729	4,294,188
Capital Projects	215,325,603	
Other Purposes	1,733,242	1,052,746
Unrestricted	27,348,239	7,721,098
<b>Total Net Assets</b>	<b>601,707,785</b>	<b>21,969,011</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 982,176,936</b>	<b>\$ 80,596,991</b>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2008**

FUNCTIONS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
<b>Governmental Activities:</b>						
Instruction	\$ 261,976,401	\$ 1,426,889	\$	\$	\$ (260,549,512)	\$
Pupil Personnel Services	24,153,125				(24,153,125)	
Instructional Media Services	6,059,524				(6,059,524)	
Instruction and Curriculum Development Services	23,464,063				(23,464,063)	
Instructional Staff Training Services	9,507,952				(9,507,952)	
Instruction Related Technology	4,373,774				(4,373,774)	
Board of Education	2,179,387				(2,179,387)	
General Administration	2,589,737				(2,589,737)	
School Administration	22,649,997				(22,649,997)	
Facility Services - Non-Capitalized	19,814,471			120,851,798	101,037,327	
Fiscal Services	2,062,828				(2,062,828)	
Food Services	25,147,719	6,861,017	14,897,448		(3,389,254)	
Central Services	7,135,483				(7,135,483)	
Pupil Transportation Services	21,620,725	190,009	9,633,899		(11,796,817)	
Operation of Plant	31,115,952				(31,115,952)	
Maintenance of Plant	8,896,778				(8,896,778)	
Administrative Technology Services	3,604,125				(3,604,125)	
Community Services	3,798,924	2,568,696		1,758,040	(1,230,228)	
Interest on Long-term Debt	15,859,473				(14,101,433)	
Unallocated Depreciation Expense	27,626,338				(27,626,338)	
<b>Total Primary Government</b>	<b>\$ 523,636,776</b>	<b>\$ 11,046,611</b>	<b>\$ 24,531,347</b>	<b>\$ 122,609,838</b>	<b>\$ (365,448,980)</b>	<b>(16,726,422)</b>
<b>Component Units:</b>						
Educational Foundation	\$ 21,026,863	\$ 491,501	\$ 3,808,940	\$ 9,952,833		7,441,370
Educational Facilities Benefit Districts	2,511,463			271,944		(7,716,965)
Charter Schools	8,741,053	38,888	713,256			
<b>Total Component Units</b>	<b>\$ 32,279,379</b>	<b>\$ 530,389</b>	<b>\$ 4,522,196</b>	<b>\$ 10,224,777</b>		<b>(17,002,017)</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property Taxes, Levied for Operational Purposes					145,250,546	
Property Taxes, Levied for Capital Projects					50,327,124	
Local Sales Taxes					10,292,844	
Grants and Contributions Not Restricted to Specific Programs					248,186,167	25,513,939
Unrestricted Investment Earnings					9,128,755	716,794
Miscellaneous					10,991,313	200,574
Special Item						383,804
Total General Revenues and Special Item					474,176,749	26,815,111
Change in Net Assets					108,727,769	9,813,094
Net Assets - July 1, 2007					492,980,016	12,155,917
Net Assets - June 30, 2008					\$ 601,707,785	\$ 21,969,011

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, 2008

	General Fund	Federal Programs - Other Fund	Capital Projects - Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 32,194,238	\$ 2,985,139	\$ 29,546,738	\$ 93,945,992	\$ 7,718,710	\$ 166,390,817
Investments	18,599,617		6,444,306	53,597,699	431,610	79,073,232
Accounts Receivable	263,169	297		51	139,949	403,466
Due from Other Funds	9,995,247			128,212	418,441	10,541,900
Due from Other Agencies	652,542	411,114	51,795	72,614,025	23,001,865	96,731,341
Inventories	1,978,337				517,507	2,495,844
<b>Total Assets</b>	<b>\$ 63,683,150</b>	<b>\$ 3,396,550</b>	<b>\$ 36,042,839</b>	<b>\$ 220,285,979</b>	<b>\$ 32,228,082</b>	<b>\$ 355,636,600</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Salaries and Benefits Payable	\$ 1,132,766	\$ 277,983	\$	\$	\$ 66,637	\$ 1,476,486
Payroll Withholdings and Deductions	1,234,076	150,786			77,991	1,462,853
Accounts Payable	2,590,707	584,106	596,106	1,067,868	474,553	5,313,340
Construction Contracts Payable	31,830		585,328	2,484,125	684,664	3,785,947
Construction Contracts Payable-Retainage			118,420	1,223,687	216,004	1,558,111
Due to Other Funds	416,954	965,495		2,367,536	3,061,493	6,811,478
Due to Other Agencies	3,470,205	173,003		1,477,049	80,173	5,200,430
Sales Tax Payable	1,026				444	1,470
Deferred Revenue	25,081	1,246,077			80,915	1,352,073
<b>Total Liabilities</b>	<b>\$ 8,902,645</b>	<b>\$ 3,396,550</b>	<b>\$ 1,299,854</b>	<b>\$ 8,620,265</b>	<b>\$ 4,742,874</b>	<b>\$ 26,962,188</b>
Fund Balances:						
Reserved for State Categorical Programs	284,056			51,907,964		52,192,020
Reserved for Encumbrances	1,986,820		9,309,141	25,158,005	3,692,091	40,146,057
Reserved for Debt Service					1,896,164	1,896,164
Unreserved, Reported in:						
General Fund	52,509,629					52,509,629
Special Revenue Funds					2,127,479	2,127,479
Capital Projects Funds			25,433,844	134,599,745	19,769,474	179,803,063
<b>Total Fund Balances</b>	<b>\$ 54,780,505</b>		<b>\$ 34,742,985</b>	<b>\$ 211,665,714</b>	<b>\$ 27,485,208</b>	<b>\$ 328,674,412</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 63,683,150</b>	<b>\$ 3,396,550</b>	<b>\$ 36,042,839</b>	<b>\$ 220,285,979</b>	<b>\$ 32,228,082</b>	<b>\$ 355,636,600</b>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2008**

**Total Fund Balances - Governmental Funds** \$ 328,674,412

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. 622,460,169

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. 3,035,085

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. 2,674,327

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. (2,135,519)

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

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of :

Bonds Payable	100,475,993	
Notes Payable	26,173,571	
Installment-Purchases Payable	3,794,475	
Certificates of Participation Payable	183,202,405	
Educational Facility Benefit District Agreement Payable	9,023,280	
Compensated Absences Payable	16,112,521	
Other Post-employment Benefits Obligations	12,995,598	(351,777,843)

**Total Net Assets - Governmental Activities** \$ 601,707,785

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, 2008**

	General Fund	Federal Programs - Other Fund	Capital Projects - Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Intergovernmental:						
Federal Direct	\$ 380,844	\$ 1,469,717	\$	\$	\$	\$ 1,850,561
Federal Through State	157,221	28,434,041			14,594,606	43,185,868
State	224,301,617			76,222,917	19,901,609	320,426,143
Local	156,628,268		51,553,369	28,572,503	21,630,449	258,384,589
Total Revenues	381,467,950	29,903,758	51,553,369	104,795,420	56,126,664	623,847,161
<b>EXPENDITURES</b>						
Current-Education:						
Instruction	237,466,400	14,968,949			1,558	252,436,907
Pupil Personnel Services	21,936,591	1,068,279				23,004,870
Instructional Media Services	5,295,391	565,601				5,860,992
Instruction and Curriculum Development Services	15,631,437	6,875,964				22,507,401
Instructional Staff Training Services	5,967,557	3,183,230				9,150,787
Instruction Related Technology	4,018,462	133,072				4,151,534
Board of Education	2,150,486					2,150,486
General Administration	1,776,522	828,879				2,605,401
School Administration	21,535,297	200				21,535,497
Facilities Acquisition and Construction	6,609,899		5,025,142	5,999,562	2,073,899	19,708,502
Fiscal Services	2,028,443					2,028,443
Food Services	14,317				24,568,848	24,583,165
Central Services	6,516,909	256,818				6,773,727
Pupil Transportation Services	17,513,338	954,902				18,468,240
Operation of Plant	30,797,452	1,273				30,798,725
Maintenance of Plant	8,511,861	72			837	8,512,770
Administrative Technology Services	3,439,294	585				3,439,879
Community Services	280,161	220,559			3,165,695	3,666,415
Fixed Capital Outlay:						
Facilities Acquisition and Construction	76,320	32,163	3,815,001	43,967,755	3,656,364	51,547,603
Other Capital Outlay	2,360,139	813,212	3,764,775	7,280,349	288,623	14,507,098
Debt Service:						
Principal	549,312					549,312
Interest and Fiscal Charges	98,943		9,011			107,954
Total Expenditures	394,574,531	29,903,758	12,613,929	57,247,666	64,843,738	559,183,622
Excess (Deficiency) of Revenues Over Expenditures	(13,106,581)		38,939,440	47,547,754	(8,717,074)	64,663,539
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	13,243,015		1,008,244	3,107,180	18,373,432	35,731,871
Proceeds from the Sale of Capital Assets				61,000		61,000
Insurance Loss Recoveries	155,888					155,888
Transfers Out	(629,652)		(27,606,112)	(3,254,732)	(4,241,375)	(35,731,871)
Total Other Financing Sources (Uses)	12,769,251		(26,597,868)	(86,552)	14,132,057	216,888
Net Change in Fund Balances	(337,330)		12,341,572	47,461,202	5,414,983	64,880,427
Fund Balances, July 1, 2007	55,117,835		22,401,413	164,204,512	22,070,225	263,793,985
Fund Balances, June 30, 2008	\$ 54,780,505	\$	\$ 34,742,985	\$ 211,665,714	\$ 27,485,208	\$ 328,674,412

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, 2008**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	64,880,427
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	\$	64,565,017
Depreciation expense		<u>(30,303,070)</u>
		34,261,947
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.		8,087,929
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.		(133,475)
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 the transactions.		16,161,095
Deferred revenues associated with non cash impact fee credits are accrued in the government-wide statements but are not recognized in the governmental funds.		1,608,849
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.		(131,568)
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 increase in deferred charges during the current period.		(180,814)
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.		109,469
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period.		(1,405,706)
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.		(12,995,598)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net expense of internal service funds is reported with governmental activities.		<u>(1,534,786)</u>
<b>Change in Net Assets - Governmental Activities</b>	<b>\$</b>	<b><u>108,727,769</u></b>

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 - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$ 300,000	\$ 300,000	\$ 380,844	\$ 80,844
Federal Through State		149,796	157,221	7,425
State	242,920,289	224,441,911	224,301,617	(140,294)
Local	151,656,581	156,906,131	156,628,268	(277,863)
Total Revenues	<u>394,876,870</u>	<u>381,797,838</u>	<u>381,467,950</u>	<u>(329,888)</u>
<b>EXPENDITURES</b>				
Current - Education:				
Instruction				
Salaries	150,345,370	142,074,403	140,525,376	1,549,027
Employee Benefits	42,939,735	45,321,308	45,201,817	119,491
Purchased Services	37,248,332	36,153,338	36,153,338	
Energy Services		3,720	3,720	
Materials and Supplies	29,811,543	18,965,087	10,540,066	8,425,021
Capital Outlay	675,960	2,029,095	1,842,368	186,727
Other Expenses	1,714,967	3,201,412	3,199,714	1,698
Pupil Personnel Services				
Salaries	15,586,887	16,525,707	16,344,566	181,141
Employee Benefits	4,734,699	5,311,852	5,298,867	12,985
Purchased Services	51,125	73,319	73,175	144
Materials and Supplies	156,893	149,322	140,819	8,503
Capital Outlay	3,950	13,221	13,221	
Other Expenses	145	65,943	65,943	
Instructional Media Services				
Salaries	3,298,146	3,483,133	3,467,431	15,702
Employee Benefits	1,014,006	1,184,736	1,184,736	
Purchased Services	157,053	137,177	126,658	10,519
Materials and Supplies	266,617	182,719	91,380	91,339
Capital Outlay	532,228	411,156	405,188	5,968
Other Expenses	23,890	21,884	19,998	1,886
Instruction and Curriculum Development Services				
Salaries	13,136,601	11,597,273	11,553,290	43,983
Employee Benefits	3,669,275	3,523,633	3,523,633	
Purchased Services	238,214	186,412	161,575	24,837
Energy Services		538	538	
Materials and Supplies	1,047,286	370,895	288,507	82,388
Capital Outlay	57,524	71,088	70,739	349
Other Expenses	58,637	34,522	33,155	1,367
Instructional Staff Training Services				
Salaries	443,047	4,010,360	3,912,765	97,595
Employee Benefits	93,020	1,069,160	1,066,257	2,903
Purchased Services	350,818	546,865	475,684	71,181
Materials and Supplies	841,951	654,103	304,001	350,102
Capital Outlay	4,891	47,488	46,071	1,417
Other Expenses	38,202	175,507	162,779	12,728
Instruction Related Technology				
Salaries	2,706,364	3,041,392	3,035,690	5,702
Employee Benefits	821,376	973,473	973,473	
Purchased Services		4,543	1,943	2,600
Materials and Supplies		61	61	
Capital Outlay		3,519	3,519	
Other Expenses	500	3,776	3,776	
Board of Education				
Salaries	234,333	296,047	285,323	10,724
Employee Benefits	460,938	121,298	106,447	14,851
Purchased Services	1,372,000	1,914,352	1,714,730	199,622
Materials and Supplies	13,048	9,141	9,141	
Capital Outlay	1,400			
Other Expenses	37,000	34,845	34,845	

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
General Administration				
Salaries	1,110,085	1,350,473	1,198,173	152,300
Employee Benefits	307,074	312,077	311,760	317
Purchased Services	207,343	190,200	175,244	14,956
Energy Services	750	1,000	123	877
Materials and Supplies	191,139	259,397	41,911	217,486
Capital Outlay	23,150	33,330	31,651	1,679
Other Expenses	39,679	20,979	17,660	3,319
School Administration				
Salaries	15,391,305	16,369,831	16,193,795	176,036
Employee Benefits	4,363,208	4,878,490	4,878,490	
Purchased Services	316,199	294,198	293,104	1,094
Materials and Supplies	977,701	950,621	82,445	868,176
Capital Outlay	19,187	56,291	56,221	70
Other Expenses	19,837	31,242	31,242	
Facilities Acquisition and Construction				
Salaries	1,536,209	1,415,278	1,394,414	20,864
Employee Benefits	414,569	401,517	401,517	
Purchased Services	4,061,403	4,621,984	4,570,510	51,474
Energy Services	18,000	12,164	9,106	3,058
Materials and Supplies	50,711	16,248	14,561	1,687
Capital Outlay	165,047	190,037	188,643	1,394
Other Expenses	4,650	31,148	31,148	
Fiscal Services				
Salaries	1,415,551	1,627,733	1,512,533	115,200
Employee Benefits	448,885	464,791	463,384	1,407
Purchased Services	45,106	33,041	13,849	19,192
Materials and Supplies	48,054	39,147	22,061	17,086
Capital Outlay	27,144	22,729	8,618	14,111
Other Expenses	9,700	10,775	7,998	2,777
Food Services				
Salaries		12,664	10,054	2,610
Employee Benefits		38	38	
Materials and Supplies		144	144	
Capital Outlay		4,081	4,081	
Central Services				
Salaries	3,794,955	4,076,063	3,927,289	148,774
Employee Benefits	1,151,309	1,292,344	1,292,344	
Purchased Services	1,505,596	1,297,581	933,578	364,003
Energy Services	34,300	23,951	23,721	230
Materials and Supplies	552,591	657,062	174,888	482,174
Capital Outlay	54,520	94,231	40,542	53,689
Other Expenses	100,891	124,647	124,547	100
Pupil Transportation Services				
Salaries	9,818,666	8,996,155	8,958,091	38,064
Employee Benefits	4,367,607	4,637,756	4,636,973	783
Purchased Services	957,412	613,217	585,337	27,880
Energy Services	2,209,695	2,575,647	2,575,647	
Materials and Supplies	919,640	374,114	374,114	
Capital Outlay	39,500	50,836	50,275	561
Other Expenses	75,100	332,901	332,901	
Operation of Plant				
Salaries	6,810,508	7,263,031	7,229,331	33,700
Employee Benefits	2,562,616	3,167,945	3,063,011	104,934
Purchased Services	9,629,768	7,587,488	7,499,915	87,573
Energy Services	12,152,606	11,444,918	11,386,899	58,019
Materials and Supplies	622,191	821,739	781,537	40,202
Capital Outlay	122,642	204,458	201,452	3,006
Other Expenses	76,078	635,654	635,307	347

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Maintenance of Plant				
Salaries	4,704,560	4,366,746	4,366,746	
Employee Benefits	1,454,697	1,856,986	1,856,986	
Purchased Services	607,380	548,549	437,335	111,214
Energy Services	142,000	228,201	228,201	
Materials and Supplies	1,238,636	1,732,109	1,495,081	237,028
Capital Outlay	100,259	71,838	69,966	1,872
Other Expenses	11,750	58,351	57,546	805
Administrative Technology Services				
Salaries	1,695,731	1,936,427	1,901,476	34,951
Employee Benefits	514,136	591,035	591,035	
Purchased Services	458,314	690,164	674,488	15,676
Materials and Supplies	71,129	100,474	42,347	58,127
Capital Outlay	293,090	94,572	88,217	6,355
Other Expenses	73,148	141,732	141,732	
Community Services				
Salaries	137,906	159,775	159,775	
Employee Benefits	53,734	62,208	62,208	
Purchased Services	6,217	54,953	54,953	
Capital Outlay		1,011	1,011	
Other Expenses		2,214	2,214	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	47,525	80,097	76,320	3,777
Other Capital Outlay	1,804,322	3,679,630	2,360,139	1,319,491
Debt Service:				
Principal	508,419	549,312	549,312	
Interest and Fiscal Charges	6,595	98,943	98,943	
Total Expenditures	<u>416,887,396</u>	<u>411,027,536</u>	<u>394,574,531</u>	<u>16,453,005</u>
Excess (Deficiency) of Revenues Over Expenditures	(22,010,526)	(29,229,698)	(13,106,581)	16,123,117
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	12,929,137	13,523,319	13,243,015	(280,304)
Insurance Loss Recoveries		91,681	155,888	64,207
Transfers Out	<u>(239,040)</u>	<u>(641,652)</u>	<u>(629,652)</u>	<u>12,000</u>
Total Other Financing Sources	<u>12,690,097</u>	<u>12,973,348</u>	<u>12,769,251</u>	<u>(204,097)</u>
Net Change in Fund Balances	<u>(9,320,429)</u>	<u>(16,256,350)</u>	<u>(337,330)</u>	<u>15,919,020</u>
Fund Balances, July 1, 2007	<u>55,117,835</u>	<u>55,117,835</u>	<u>55,117,835</u>	
Fund Balances, June 30, 2008	<u>\$ 45,797,406</u>	<u>\$ 38,861,485</u>	<u>\$ 54,780,505</u>	<u>\$ 15,919,020</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$	\$ 220,559	\$ 1,469,717	\$ 1,249,158
Federal Through State	19,805,020	41,978,204	28,434,041	(13,544,163)
Total Revenues	19,805,020	42,198,763	29,903,758	(12,295,005)
<b>EXPENDITURES</b>				
Current - Education:				
Instruction				
Salaries	6,443,856	8,468,104	7,431,480	1,036,624
Employee Benefits	2,752,517	3,231,905	3,006,957	224,948
Purchased Services	1,501,503	3,448,139	2,452,346	995,793
Materials and Supplies	236,989	2,243,365	1,209,490	1,033,875
Capital Outlay	54,372	1,034,338	666,410	367,928
Other Expenses	21,972	244,150	202,265	41,885
Pupil Personnel Services				
Salaries	323,456	928,274	664,661	263,613
Employee Benefits	116,849	328,657	224,706	103,951
Purchased Services	56,091	447,343	56,614	390,729
Materials and Supplies	8,118	131,550	84,905	46,645
Capital Outlay	374	39,552	37,243	2,309
Other Expenses		150	150	
Instructional Media Services				
Salaries	85,750	140,794	97,576	43,218
Employee Benefits	19,197	31,391	22,977	8,414
Purchased Services	72,180	68,870	68,866	4
Capital Outlay	263,839	389,000	376,182	12,818
Other Expenses	560	561		561
Instruction and Curriculum Development Services				
Salaries	2,340,601	5,429,196	4,636,470	792,726
Employee Benefits	689,273	1,511,736	1,267,304	244,432
Purchased Services	237,286	1,127,145	804,165	322,980
Materials and Supplies	625,753	2,122,207	106,047	2,016,160
Capital Outlay	6,673	75,200	55,646	19,554
Other Expenses		8,666	6,333	2,333
Instructional Staff Training Services				
Salaries	214,177	1,151,811	782,025	369,786
Employee Benefits	26,013	200,592	150,178	50,414
Purchased Services	537,889	1,655,938	1,359,391	296,547
Materials and Supplies	307,502	1,188,942	590,723	598,219
Capital Outlay	15,284	92,690	86,770	5,920
Other Expenses	119,245	234,885	214,143	20,742
Instruction Related Technology				
Salaries	127,633	128,123	100,672	27,451
Employee Benefits	37,274	39,451	31,777	7,674
Purchased Services	1,309	2,309	623	1,686
General Administration				
Salaries		207,685	92,388	115,297
Employee Benefits		55,850	29,935	25,915
Purchased Services		186,281	68,959	117,322
Materials and Supplies		6,581	4,942	1,639
Capital Outlay		10,665	8,924	1,741
Other Expenses	1,304,036	2,095,804	623,731	1,472,073
School Administration				
Purchased Services		368	200	168
Central Services				
Salaries	4,196	130,911	127,611	3,300
Employee Benefits	1,433	38,128	36,923	1,205
Purchased Services	40,648	115,034	47,949	67,085
Materials and Supplies	1,780	55,639	22,815	32,824
Capital Outlay		14,893	14,893	
Other Expenses	2,911	9,538	6,627	2,911
Pupil Transportation Services				
Salaries	1,135	67,892	67,892	
Employee Benefits	199	17,400	17,400	
Purchased Services	625,131	1,015,139	869,610	145,529
Materials and Supplies	300			

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Purchased Services		4,080	1,273	2,807
Salaries		1,489	61	1,428
Employee Benefits		11	11	
Administrative Technology Services				
Salaries		1,128	498	630
Employee Benefits		207	87	120
Purchased Services		48,286		48,286
Community Services				
Salaries	1,500	3,264		3,264
Employee Benefits	263	508		508
Materials and Supplies		660		660
Capital Outlay		9,560		9,560
Other Expenses		220,559	220,559	
Fixed Capital Outlay				
Facilities Acquisition and Construction	1,050	122,263	32,163	90,100
Other Capital Outlay	576,848	1,613,851	813,212	800,639
Debt Service				
Principal	3	3		3
Interest and Fiscal Charges	52	52		52
Total Expenditures	19,805,020	42,198,763	29,903,758	12,295,005
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2007				
Fund Balances, June 30, 2008	\$	\$	\$	\$

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, 2008**

	Governmental Activities - Internal Service Funds
	<u>                    </u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 11,575,754
Accounts Receivable	11,230
<b>Total Assets</b>	<u>\$ 11,586,984</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 1,085,598
Due to Other Funds	3,730,422
Estimated Insurance Claims Payable	4,096,637
<b>Total Liabilities</b>	<u>8,912,657</u>
 <b>NET ASSETS</b>	
Unrestricted	2,674,327
<b>Total Liabilities and Net Assets</b>	<u>\$ 11,586,984</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 FUND NET ASSETS  
PROPRIETARY FUNDS**

**For the Fiscal Year Ended June 30, 2008**

	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>	
Premium Revenues	\$ 45,180,083
Other Operating Revenues	10
<b>Total Operating Revenues</b>	<u>45,180,093</u>
<b>OPERATING EXPENSES</b>	
Salaries	4,322
Employee Benefits	757
Purchased Services	4,277,607
Materials and Supplies	5,433
Insurance Claims	42,581,161
<b>Total Operating Expenses</b>	<u>46,869,280</u>
<b>Operating Loss</b>	<u>(1,689,187)</u>
<b>NONOPERATING REVENUES</b>	
Interest	154,401
<b>Change In Net Assets</b>	<u>(1,534,786)</u>
Total Net Assets - July 1, 2007	4,209,113
<b>Total Net Assets - June 30, 2008</b>	<u><u>\$ 2,674,327</u></u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Board Funds and Participants	\$ 45,680,094
Cash Payments to Vendors for Goods and Services	(41,469,082)
Cash Payments to Employees and for Interfund Services	(4,322)
<b>Net Cash Provided by Operating Activities</b>	<b>4,206,690</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sale and Maturity of Investments	5,741,388
Interest Income	154,401
<b>Net Cash Provided by Investing Activities</b>	<b>5,895,789</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>10,102,479</b>
Cash and Cash Equivalents, Beginning	1,473,275
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 11,575,754</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>	
Operating Loss	\$ (1,689,187)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	154,344
Decrease in Due from Other Funds	500,000
Decrease in Due from Other Agencies	2,337
Increase in Due to Other Funds	3,730,422
Increase in Accounts Payable	223,795
Increase in Estimated Insurance Claims Payable	1,284,979
<b>Total Adjustments</b>	<b>5,895,877</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 4,206,690</b>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2008**

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,515,091
Accounts Receivable	11,614
<b>Total Assets</b>	<b>\$ 4,526,705</b>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	\$ 13,214
Payroll Deductions and Withholdings	13,897
Accounts Payable	1,664,154
Internal Accounts Payable	2,835,440
<b>Total Liabilities</b>	<b>\$ 4,526,705</b>

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

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**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 is considered part of the Florida system of public education. The governing body of the school district is the Osceola County District School 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 which 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 District School Board is financially accountable and other organizations for which the nature and significance of their relationship with the School 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 District School Board's reporting entity:

- **Blended Component Unit.** 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.
- **Discretely Presented Component Units.** The component units' columns in the basic financial statements, Exhibits A and B, include the financial data of the District's other component units as follows:

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

The Bellalago Educational Facilities Benefit District (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. Thus, the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. An audit of the Bellalago Benefit District's annual financial statements is conducted by an independent certified public accountant and is filed in the District's administrative office.

The Flora Ridge Education Facilities Benefit District (Flora Ridge Benefit District), was also organized pursuant to Chapter 125, Florida Statutes, to provide for timely construction and

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

maintenance of school facilities. The Flora Ridge Benefit District is an alternate mechanism that allows for the sharing of educational facilities costs that are necessary to accommodate new growth and development. An audit of the Flora Ridge Benefit District's annual financial statements is conducted by an independent certified public accountant and is filed in the District's administrative office. The Benefit Districts have imposed a specific financial burden on the Osceola County School District and are considered fiscally dependant in accordance with the criteria described in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*.

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

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School District as a whole. These statements include the non-fiduciary 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 is 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.

Fund Financial Statements - Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. 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.

The District reports the following major governmental funds:

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DISTRICT SCHOOL BOARD  
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- 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.
- Federal Programs – Other Funds – to account for funds from the State or Federal Government which are restricted for Federal programs.
- Capital Projects – Capital Improvement Funds – to account for funds from the State which are restricted for capital improvement.
- Capital Projects – Other Fund – to account for other miscellaneous funds from various sources which are restricted for capital outlay purposes.

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 Districts accounted for by the District.

➤ **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.

The 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, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The 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'

**OSCEOLA COUNTY  
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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 non-operating revenues and expenses.

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

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

➤ **Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, and except for funds held in connection with an escrow account, are collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash as those accounts used as demand deposit accounts and considers cash equivalents as those accounts used as demand deposit accounts and cash maintained with the District's fiscal agent.

Investments consist of amounts placed in State Board of Administration Debt Service accounts for investment of debt service moneys, amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes, and those made locally. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at fair value, which is amortized cost.

Investments made locally consist of money market funds and investments procured by third-party providers through guaranteed investment contracts 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 \$750 for tangible personal property and \$25,000 for real property. Such assets are

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
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recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

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

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

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net 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 is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

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

➤ **State Revenue Sources**

Revenues from State sources for current operations are primarily from 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 nine 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

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
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reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain categorical 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 categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved in the governmental fund financial statements for the unencumbered balance of categorical 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 and Class Size Reduction Construction Programs. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department. Accordingly, the District recognizes the allocation of Public Education Capital Outlay, Classrooms for Kids, and Class Size Reduction Construction Program funds as deferred revenue until such time as an encumbrance authorization is received.

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 2007 tax levy on September 11, 2007. Taxes become an enforceable lien on property as of January 1; 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 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.

➤ **Educational Impact Fees**

Osceola County imposes an educational impact fee based on an ordinance adopted by the County Commission in 1992. This ordinance has been amended from time to time, most recently in December 2003, when Ordinance No. 03-42 established the revised rates to be collected. The educational impact fee is collected for all new residential construction within the County. The fees

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
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are collected by the County and each municipality within the County based on an interlocal agreement. The fees can only be used for capital expenditures directly affected by new residential growth. Educational impact fee revenues are recognized similar to that for property taxes, but are reported as program revenue in the government-wide financial statements.

➤ **Federal Revenue Sources**

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

**2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY**

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

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

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**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**3. INVESTMENTS**

As of June 30, 2008, the District has the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration Local Government		
Surplus Funds Trust Fund Investment Pool	26 Day Average	\$ 24,017,820
Surplus Funds Trust Fund Investment Pool-Fund B	26 Day Average	\$ 2,673,472
State Board of Administration		
Debt Service Accounts	6 Months	398,826
Guaranteed Investment Contract -		
Sales Tax Revenue Bonds, Series 2007	September 1, 2009	46,939,540
First American Money Market Fund	90 Day Average	<u>5,043,574</u>
Total Investments, Primary Government (1)		<u>79,073,231</u>
Component Units		<u>4,005,095</u>
Total Investments, Reporting Entity		<u><u>\$ 83,078,326</u></u>

Interest Rate Risk

- Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. 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.
- The District's investment policy authorizes investing in certificates of deposit, time deposits, securities of the United States Government, and other forms of authorized investments described in the Florida Statutes.
- The District's investments include a guaranteed investment contract for the construction proceeds of its 2007 Sales Tax Revenues Bonds (STB) issues. The contract guarantees a fixed rate of interest of 4.927 percent for the period the funds are on deposit or until the expiration date of the contract. The investment is subject to interest rate risk in a rising interest rate environment.-

Credit Risk

- Section 218.415(17), Florida Statutes, provides the authority to invest in the State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool and limits investments in money market funds to Securities and Exchange Commission (SEC) registered money

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

market funds with the highest credit quality rating from a nationally recognized rating agency, and investments in interest-bearing time deposits to qualified public depositories, as defined in Section 280.02, Florida Statutes. The District's investment policy allows for investments in 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 the State Board of Administration 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 the State Board of Administration for managing credit risk for this account.
- As of June 30, 2008, the District's investment in the First American Funds Money Market Fund is rated "AAAm" by Standard and Poor's.
- As of June 30, 2008, the District's investment in the Local Government Surplus Funds Trust Fund investment pool is rated "AAAm" by Standard and Poor's.

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. The Trust Agreement associated with the 2007 STB issue provides for certain authorized investment agreements but places no limit on the amount of proceeds that may be invested with one issuer. More than 5 percent of the District's investments are in a guaranteed investment contract with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., also trading under the name Rabobank International, which represents 59.36 percent of the District's total investments, and 87.58 percent of the investments in the Capital Projects – Other Fund.

**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  
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**5. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	<u>Balance 6/30/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2008</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land & Improvements	\$ 31,970,913	\$ 10,918,574		\$ 42,889,487
Construction in Progress	90,497,821	35,968,087	94,447,713	32,018,195
Total Capital Assets Not Being Depreciated	<u>122,468,734</u>	<u>46,886,661</u>	<u>94,447,713</u>	<u>74,907,682</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	23,285,921	3,356,093	0	26,642,014
Buildings and Fixed Equipment	531,153,618	109,566,833	0	640,720,451
Furniture, Fixtures, and Equipment	51,984,097	8,728,987	3,172,815	57,540,269
Investment in Educational Facilities Benefit				
District	12,839,998	16,856,171	21,441,168 *	8,255,001
Motor Vehicles	27,759,205	7,323,019	1,497,628	33,584,596
Property Under Capital Lease	3,209,825	0	3,209,825 **	-
Audio-Visual Materials	68,329	3,627	5,873	66,083
Computer Software	6,086,196	428,498	205,945	6,308,749
Total Capital Assets Being Depreciated	<u>656,387,189</u>	<u>146,263,228</u>	<u>29,533,254</u>	<u>773,117,163</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	10,387,577	1,427,625	0	11,815,202
Buildings and Fixed Equipment	135,239,865	18,753,110	0	153,992,975
Furniture, Fixtures, and Equipment	33,859,397	6,492,375	2,587,141	37,764,631
Investment in Educational Facilities Benefit				
District	794,288	388,680		1,182,968
Motor Vehicles	14,176,453	2,665,094	1,468,088	15,373,459
Audio-Visual Materials	60,212	1,756	4,098	57,870
Computer Software	4,926,058	574,428	122,915	5,377,571
Total Accumulated Depreciation	<u>199,443,850</u>	<u>30,303,068</u>	<u>4,182,242</u>	<u>225,564,676</u>
Total Capital Assets Being Depreciated, Net	<u>456,943,339</u>	<u>115,960,160</u>	<u>25,351,012</u>	<u>547,552,487</u>
Governmental Activities Capital Assets, Net	<u>\$ 579,412,073</u>	<u>\$ 162,846,821</u>	<u>\$ 119,798,725</u>	<u>\$ 622,460,169</u>

\*The reduction in the Investment in Educational Facilities Benefit District is attributable to the transfer of Flora Ridge Elementary (land and building) to The School District of Osceola County, FL.

\*\*The reduction in Property Under Capital Lease is due to the District exercising its option to purchase the former Sports Authority building it was leasing from Vine Street Square, LLP.

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Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ 2,676,730
Unallocated	27,626,338
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 30,303,068</u>

**6. INSTALLMENT-PURCHASES PAYABLE**

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

	<u>Asset Balance</u>
School Buses	\$ 4,630,681
Computer Equipment	150,643
Copy Machines	397,828
Instructional Software	501,357
Maintenance Trucks	<u>268,322</u>
Capitalized Property Under Installment-Purchases	5,948,831
Districtwide Energy Contract	<u>2,371,566</u>
Total	<u>\$ 8,320,397</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Installment-Purchases Payable</u>		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,390,500	\$ 1,239,989	\$ 150,511
2010	1,196,940	1,100,412	96,528
2011	839,822	784,372	55,450
2012	352,975	326,056	26,919
2013	261,975	250,366	11,609
2014	94,677	93,280	1,397
Total	<u>\$ 4,136,889</u>	<u>\$ 3,794,475</u>	<u>\$ 342,414</u>

The stated and imputed interest rates range from 3.96 to 4.841 percent.

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**7. NOTES PAYABLE**

Notes payable are comprised of the following:

	Balance at 6/30/2008
School District of Indian River County, Florida	
Pursuant to Section 1013.68(6), Florida Statutes, the Board entered into an inter-local agreement in which the Board received \$9,308,048 in Classrooms First funds allocated to Indian River County District School Board by the State of Florida. In return, the Board agreed to pay Indian River County District School Board the Classrooms First funds it would have otherwise received from the State. The effective interest rate on the loan is 5.776 percent. Proceeds were used as capital funding for new school construction. The Board's intent is to repay the loan and related interest in 15 annual installments of \$897,039 through August 1, 2016.	\$ 6,161,224
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.	20,012,347
Total Notes Payable	\$ 26,173,571

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
2009	\$ 3,708,892	\$ 2,336,728	\$ 1,372,164
2010	3,708,892	2,462,434	1,246,458
2011	3,708,892	2,594,913	1,113,979
2012	3,708,892	2,734,531	974,361
2013	3,708,892	2,881,673	827,219
2014-2017	14,835,567	13,163,292	1,672,275
Total	\$ 33,380,027	\$ 26,173,571	\$ 7,206,456

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**8. EDUCATIONAL FACILITIES BENEFIT DISTRICT AGREEMENT PAYABLE**

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

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

Fiscal Year Ending June 30	Total	Principal	Interest
2009	\$ 273,613	(115,279)	388,892
2010	15,000	(381,431)	396,431
2011	217,768	(195,209)	412,977
2012	790,529	369,084	421,445
2013	777,960	372,526	405,434
2014-2018	3,714,793	1,933,725	1,781,068
2019-2023	3,418,283	2,068,688	1,349,595
2024-2028	3,075,621	2,184,322	891,299
2029-2033	2,706,605	2,299,432	407,173
2034-2035	509,190	487,422	21,768
<b>Total</b>	<b>\$ 15,499,362</b>	<b>\$ 9,023,280</b>	<b>\$ 6,476,082</b>

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

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**9. CERTIFICATES OF PARTICIPATION**

Certificates of Participation at June 30, 2008, are as follows:

Series	Amount Outstanding	Interest Rate	Lease Term Maturity	Original Amount
1999 COPS (Partially Refunded)	\$ 36,930,000	4.2 - 5.0	2024	\$ 47,365,000
2000 COPS (Partially Refunded)	1,410,000	5.100 - 5.375	2011	17,080,000
2002 COPS (Partially Refunded)	1,710,000	4.0 - 4.5	2012	59,730,000
2004 COPS, Series A	58,235,000	2.5 - 5.0	2028	63,245,000
2004 COPS, Series B and C, Refunding	15,155,000	2.5 - 5.0	2019	18,850,000
2005 COPS Refunding	11,835,000	2.8 - 4.5	2025	12,095,000
2007 COPS, Series A and B Refunding	<u>62,635,000</u>	3.6 - 4.5	2027	62,755,000
Total	187,910,000			
Plus Unamortized Premium	1,263,546			
Less: Deferred Amount on Refunding Debt	<u>(5,971,141)</u>			
Total Certificates of Participation	<u><u>\$ 183,202,405</u></u>			

The District entered into a master financing arrangement on April 1, 1992, which arrangement was characterized as a lease-purchase agreement, with the Florida School Board Association, 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 Florida School Board Association, 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:

Certificates	Lease Term
Series 1999	Earlier of date paid in full or June 30, 2024
Series 2000	Earlier of date paid in full or June 30, 2024
Series 2002	Earlier of date paid in full or May 31, 2032
Series 2004A	Earlier of date paid in full or June 30, 2028
Series 2004 B and C	Earlier of date paid in full or June 30, 2019
Series 2005	Earlier of date paid in full or June 30, 2034
Series 2007	Earlier of date paid in full or June 30, 2027

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

<u>Certificates</u>	<u>Description of Properties</u>
Series 1999	Horizon Middle School and Classrooms, Osceola High School Labs, Poinciana High School (correct defects/deficiencies to original construction), and Kissimmee Elementary School
Series 2000 and 2005, Refunding	Four Corners Charter School
Series 2002 and 2007, Refunding	Celebration High School and the Tupperware Performing Arts High School
Series 2004A, B, and C, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Kissimmee Elementary School, High School EEE, and Chestnut Elementary School

The lease payments are payable by the District, semiannually, on June 1 and December 1 for Series 1999, 2002, 2004, and 2007, and February 1 and August 1 for Series 2000 and 2005. 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:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 14,577,975	\$ 6,225,000	\$ 8,352,975
2010	14,578,895	6,465,000	8,113,895
2011	14,580,698	6,725,000	7,855,698
2012	14,581,165	6,990,000	7,591,165
2013	14,573,018	7,260,000	7,313,018
2014-2018	72,883,178	41,250,000	31,633,178
2019-2023	72,848,735	51,745,000	21,103,735
2024-2028	69,593,213	61,250,000	8,343,213
Total Minimum Lease Payments	<u>\$ 288,216,877</u>	<u>\$ 187,910,000</u>	<u>\$ 100,306,877</u>
Plus: Unamortized Premium		1,263,546	
Less: Deferred Amount on Refunding Debt		<u>(5,971,141)</u>	
Total Certificates of Participation		<u>\$ 183,202,405</u>	

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**10. BONDS PAYABLE**

Bonds payable at June 30, 2008, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To	Original Amount
State School Bonds:				
Series 1999A	990,000	4.00 - 4.75	2019	1,400,000
Series 2000A	50,000	5.0 - 6.0	2010	110,000
Series 2001A	1,120,000	4.1 - 5.0	2021	1,775,000
Series 2002A	710,000	3.875 - 5.000	2022	935,000
Series 2003A	1,660,000	3.00 - 4.25	2023	1,985,000
Series 2004A	1,370,000	3.000 - 4.625	2024	1,595,000
Series 2005A	1,535,000	4.0 - 5.0	2025	1,685,000
Series 2005A, Refunding	4,760,000	4.0 - 5.0	2017	5,160,000
Series 2005B, Refunding	1,705,000	5.0	2020	1,715,000
Series 2006A	1,715,000	4.0 - 5.0	2026	1,810,000
District Revenue Bonds:				
Sales Tax Revenue Series 2001	4,830,000	4.2 - 4.5	2011	7,730,000
Sales Tax Revenue Series 2007A	45,940,000	3.5 - 5.0	2025	47,580,000
Sales Tax Revenue Series 2007B	32,140,000	3.5 - 5.0	2024	32,255,000
Total Bonds	<u>\$ 98,525,000</u>			
Plus: unamortized bond premium	4,373,123			
Less: deferred amount on refunding	<u>(2,422,131)</u>			
Total Bonds Payable	<u><u>\$ 100,475,992</u></u>			

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

➤ **State School Bonds**

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

➤ **District Revenue Bonds**

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

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The School Board issued Sales Tax Revenue Bonds, Series 2007A and 2007B on April 12, 2007, totaling \$47,580,000 and \$32,255,000, respectively. These bonds are authorized by Chapter 1001, Florida Statutes and Chapter 212, Part I, Florida Statutes. A resolution providing for the issuance of the bonds was adopted by the School 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 School District. Proceeds of the 2007B bonds were used to advance-refund a portion of the School District's outstanding Sales Tax Revenue Bonds, Series 2001.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2008, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2009	\$ 1,734,104	\$ 1,015,000	\$ 719,104
2010	1,722,710	1,050,000	672,710
2011	1,724,804	1,100,000	624,804
2012	1,719,464	1,145,000	574,464
2013	1,716,561	1,195,000	521,561
2014-2018	7,860,398	6,150,000	1,710,398
2019-2023	3,696,221	3,110,000	586,221
2024-2026	916,450	850,000	66,450
Total State School Bonds	21,090,712	15,615,000	5,475,712
District Revenue Bonds:			
2009	7,234,203	3,370,000	3,864,203
2010	7,234,783	3,510,000	3,724,783
2011	7,232,443	3,645,000	3,587,443
2012	7,231,103	3,790,000	3,441,103
2013	7,229,878	3,950,000	3,279,878
2014-2018	36,164,178	22,670,000	13,494,178
2019-2023	36,156,463	28,525,000	7,631,463
2024-2026	14,467,000	13,450,000	1,017,000
Total District Revenue Bonds	122,950,051	82,910,000	40,040,051
Total	\$ 144,040,763	\$ 98,525,000	\$ 45,515,763

**OSCEOLA COUNTY  
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**11. DEFEASED DEBT**

In prior years, portions of the Certificates of Participation, Series 2002, Sales Tax Revenue Bonds, Series 2001, and State School Bonds, Series 1998A and 2000A, were refunded and considered defeased in substance by placing a portion of the proceeds of the refunding issues in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liability for the in-substance defeased Certificates of Participation, Sales Tax Revenue Bonds, and State School Bonds are not included in the District's financial statements. On June 30, 2008, the following are considered defeased in substance:

<u>Series</u>	<u>Amount Defeased in Substance</u>
Certificates of Participation, Series 2002	\$57,620,000
Sales Tax Revenue Bonds, Series 2001	\$34,595,000
State School Bonds, Series 1998A	\$1,425,000
State School Bonds, Series 2000A	\$345,000

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

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

Description	Balance 7-1-07	Additions	Deductions	Balance 6-30-08	Due in One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Obligations Under Capital Leases	\$ 2,801,844		\$ 2,801,844	\$ -	\$ -
Installment-Purchases Payable	4,962,093		1,167,618	3,794,475	1,239,989
Notes Payable	28,391,020		2,217,449	26,173,571	2,336,728
Bonds Payable	104,795,299		4,319,306	100,475,993	4,504,306
Certificates of Participation Payable	188,836,531		5,634,126	183,202,405	5,974,126
Educational Facilities Benefit District					
Agreement Payable	8,912,464	350,373	239,557	9,023,280	-
Other Postemployment Benefits	-	14,267,785	1,272,187	12,995,598	-
Arbitrage Rebate Payable	-	477,049		477,049	-
Compensated Absences Payable	14,706,815	4,958,460	3,552,754	16,112,521	1,443,563
<b>Total Governmental Activities</b>	<b>\$ 353,406,066</b>	<b>\$ 20,053,667</b>	<b>\$ 21,204,841</b>	<b>\$ 352,254,892</b>	<b>\$ 15,498,712</b>

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

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**13. RESERVE FOR ENCUMBRANCES**

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

The Florida Department of Education requires that fund balances be reserved at fiscal year-end to report an amount likely to be expended from the 2008-09 fiscal year budget as a result of purchase orders outstanding at June 30, 2008.

**14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

Plan Description. Pursuant to the provision of Section 112.0801, Florida Statutes, former 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.

Funding Policy. The District plans to fund this postemployment benefit on a pay-as-you-go basis. For fiscal year 2007-08, 268 retirees received postemployment life and 281 retirees received health care benefits. The District provided required contributions of \$1,272,187 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees net of retiree contributions totaling \$1,175,119.

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Annual OPEB Cost and Net OPEB Obligations. 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:

Description	2008
Normal Cost (service cost for one year)	\$ 9,662,740
Amortization of Unfunded Actuarial Accrued Liability	4,056,284
Interest on Normal Cost and Amortization	<u>548,761</u>
Annual Required Contribution	14,267,785
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	<u>-</u>
Annual OPEB Cost (Expense)	14,267,785
Contribution Toward the OPEB Cost	<u>(1,272,187)</u>
Increase in Net OPEB Obligation	12,995,598
Net OPEB Obligation, Beginning of Year	<u>-</u>
Net OPEB Obligation, End of Year	<u><u>\$ 12,995,598</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2008 (first year of implementation), was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	New OPEB Obligation
June 30, 2008	14,267,785	8.92%	12,995,598

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2008, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2007	0	93,388,311	93,388,311	0	258,362,035	36.15%

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

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employment and termination, mortality, and the 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.

Actuarial Methods and Assumptions. Projection of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and participating members.

Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the accumulated postretirement benefit obligation is equal to the present value of the portion of the projected benefit attributable to service before the valuation date. Service from hire date through the date of full eligibility was used in allocating costs. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent discount rate. The actuarial assumptions also included an annual healthcare cost trend rate of 11 percent initially for the 2008 fiscal year, reduced by 1 percent per year through the 2011 fiscal year then by .5 percent per year thereafter, to an ultimate rate of 5 percent beginning in fiscal year 2015. The unfunded actuarial accrued liability is being amortized as a level percent of pay on an open basis over a 30 year period, based on a 4 percent investment rate and the assumption that the payroll will increase by 3 percent annually. The remaining amortization period at June 30, 2008, is 29 years.

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**15. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 9,995,247	\$ 416,954
Capital Projects:		
Other	128,212	2,367,536
Federal Programs-Other Fund	-	965,495
Nonmajor Governmental	418,441	3,061,493
Internal Service		3,730,422
Total	<u>\$ 10,541,900</u>	<u>\$ 10,541,900</u>

The interfund amounts represent temporary loans to cover expenditures incurred prior to reimbursement from outside sources. These amounts are expected to be repaid within one year.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 13,243,015	\$ 629,652
Capital Projects:		
Other	3,107,180	3,254,732
Capital Improvements	1,008,244	27,606,112
Nonmajor Governmental	18,373,432	4,241,375
Total	<u>\$ 35,731,871</u>	<u>\$ 35,731,871</u>

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

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**16. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the District's State revenue for the 2007-08 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 142,651,439
Categorical Educational Programs:	
Class Size Reduction	53,047,147
Transportation	9,633,899
Instructional Materials	5,459,801
School Recognition	1,688,699
Voluntary Prekindergarten Program	1,913,168
Florida Teacher Lead Program	967,543
Excellent Teaching Program	991,727
Gross Receipts Tax (Public Education Capital Outlay)	17,453,825
Workforce Development Program	4,778,424
Charter School Capital Outlay	3,486,319
Class Size Reduction Capital Outlay	72,387,523
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,158,213
Discretionary Lottery Funds	2,579,461
Food Service Supplement	302,842
Pari-Mutuel Tax	223,250
Miscellaneous	702,863
<b>Total</b>	<b>\$ 320,426,143</b>

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

**17. PROPERTY TAXES**

The following is a summary of millages and taxes levied on the 2007 tax roll for the 2007-08 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	5.052	\$ 127,441,005
Basic Discretionary Local Effort	0.510	12,865,185
Supplemental Discretionary Local Effort	0.210	5,297,429
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	2.000	50,451,704
<b>Total</b>	<b>7.772</b>	<b>\$ 196,055,323</b>

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
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**18. STATE RETIREMENT PROGRAM**

Defined Benefit Plan. All regular employees of the District are covered by the Florida Retirement System (FRS). FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). Plan provisions 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.

Benefits in the Plan vest at six years of service. All 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, but imposes a penalty 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.

A Deferred Retirement Option Program (DRO) 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 DRO 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 DRO participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Funding Policy. The contribution rates for members are established, and may be amended, by the State of Florida. During the 2007-08 fiscal year, contribution rates were as follows:

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

- Notes:
- (A) Employer rates include 1.11 percent for the postemployment health insurance supplement. Also, employer rates, other than for DRO participants, include 0.05 percent for administrative costs of the Public Employee Optional Retirement Program.
  - (B) Contribution rates are dependent upon the retirement class or plan in which reemployed.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
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June 30, 2008**

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, 2006, June 30, 2007, and June 30, 2008, totaled \$15,859,750, \$19,443,791, and \$25,536,695 respectively, which were equal to the required contributions for each fiscal year.

Defined Contribution Plan. Effective July 1, 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. Employer contributions are defined by law, but 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 Class, Elected County Officers Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. There were 796 District participants in PEORP during the 2007-08 fiscal year. Required employer contributions made to the program for the fiscal year ending June 30, 2008, totaled \$2,960,174.

Pension Reporting. The financial statements and other supplementary information of the 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, may be obtained from the Florida Department of Management Services, Division of Retirement.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**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, 2008, 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. Three employees retired and accepted early retirement benefits during the 2007-08 fiscal year. Annuities were purchased for these individuals at a total cost of \$131,105.

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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**20. CONSTRUCTION CONTRACT COMMITMENTS**

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

PROJECT	CONTRACT AMOUNT	TOTAL COMPLETED	BALANCE COMMITTED
<b>HIGH SCHOOL EEE</b>			
CONTR-TURNER CONSTRUCTIC	\$ 37,941,701	\$ 37,941,701	\$ -
ARCH - SCHENKEL & SCHULTZ	1,681,874	1,663,140	18,734
<b>ELEM L</b>			
CONTR-W G MILLS INC	14,458,246	1,267,660	13,190,586
ARCH - SCHENKEL & SCHULTZ	503,430	409,482	93,948
<b>ELEM J (HARMONY ELEM)</b>			
CONTR-CLANCY & THEYS	10,534,258	10,304,644	229,614
ARCH - SCHENKEL & SCHULTZ	566,980	538,465	28,515
<b>SPORTS AUTHORITY CONVERSION</b>			
CONTR-CLANCY & THEYS	7,510,690	2,204,838	5,305,852
ARCH - SCHENKEL & SCHULTZ	366,250	314,872	51,378
<b>ELEM M</b>			
CONTR-W G MILLS INC	763,670	442,629	321,041
ARCH - SCHENKEL & SCHULTZ	576,480	338,783	237,697
<b>MIDDLE SCHOOL CC</b>			
CONTR-TURNER CONSTRUCTIC	90,000	0	90,000
ARCH - SCHENKEL & SCHULTZ	1,192,200	827,400	364,800
<b>OCSA ROOF REPLACEMENT</b>			
CONTR-GENERAL WORKS LLC	652,253	587,028	65,225
ARCH - DBY BUILDING SCIENCI	30,580	29,251	1,329
<b>TAE WINDOWS &amp; CASEWORK</b>			
CONTR-SEMCO CONSTRUCTION	498,714	95,309	403,405
ARCH - BRPH ARCHITECT/ENGI	17,880	9,851	8,029
<b>GATEWAY HS REPAIRS</b>			
CONTR-SKANSKA USA BUILDIN	482,787	121,960	360,827
ARCH - HARVARD JOLLY	25,630	22,414	3,216
<b>CYPRESS, PARKWAY, VENTURA PAINTING</b>			
CONTR-BRPH CONSTRUCTION	447,289	226,297	220,992
<b>DISCOVERY INTERMED PAINTING</b>			
CONTR-SEMCO CONSTRUCTION	347,850	150,227	197,623
ARCH - HARVARD JOLLY	12,125	10,913	1,212
<b>NARCOOSSEE COMMUNITY PAINTING</b>			
CONTR-SEMCO CONSTRUCTION	329,821	105,959	223,862
ARCH - HARVARD JOLLY	12,125	10,913	1,212
<b>PHS BLACK BOX THEATER</b>			
CONTR-PPI CONSTRUCTION MC	19,974	0	19,974
ARCH-SCHENKEL & SCHULTZ	225,000	170,748	54,252
	<u>\$ 79,287,807</u>	<u>\$ 57,794,484</u>	<u>\$ 21,493,323</u>

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**21. RISK MANAGEMENT PROGRAMS**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Osceola County District School Board is a member of the Florida School Boards Insurance Trust (Trust) which was established by the Florida School Boards Association, Inc., to provide combined self-insurance and risk management services to participating members. The Trust is a public entity risk pool and provides a combined self-insurance program for property protection, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Trust. Section 1001.42(10)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Trust is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Trust is composed of one board member from each participating district and a superintendent and a district-level business official selected from one of the participating districts. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Board has established the Osceola County School Board Group Health and Life Insurance Trust to provide for a health, hospitalization, and life insurance program. These programs are accounted for in the District's Internal Service funds. The program is on a self-insured basis up to specified limits. The District did not elect to purchase the aggregate stop-loss coverage due to the rising premium cost and the high attachment point. The District elected to continue coverage for a specific stop-loss for any one claim of \$550,000. The Board has contracted with a professional administrator to administer the self-insurance program, including the processing, investigating, and payment of claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. A liability in the amount of \$3,047,000 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable for the group health program at June 30, 2008.

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 District intends to accumulate a casualty loss fund of \$5,000,000 by funding approximately \$500,000 per year to the internal service fund established for these programs. The program administrator held prefunded cash deposits of \$722,514 at June 30, 2008, which the District reports as cash with fiscal agent in the internal service funds. A liability of \$1,049,637 was established based on reserves for outstanding claims at June 30, 2008, as reported by the program administrator.

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

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
2006-07	\$ 2,668,090	\$ 36,162,487	\$ (36,018,917)	\$ 2,811,660
2007-08	2,811,660	42,581,161	(41,296,184)	\$ 4,096,637

**22. INTERNAL SERVICE FUNDS**

The following is a summary of financial information as reported in the Internal Service Funds for the 2007-08 fiscal year:

	Total	Group Health Insurance	Auto and General Liability
Total Assets	\$ 11,586,984	\$ 8,054,615	\$ 3,532,369
Liabilities and Net Assets:			
Accounts Payable	\$ 1,085,598	\$ 1,085,598	
Due to Other Agencies	3,730,422	3,730,422	
Estimated Insurance Claims Payable	4,096,637	3,047,000	1,049,637
Net Assets:			
Unrestricted Net Assets	2,674,327	191,595	2,482,732
Total Liabilities and Net Assets	\$ 11,586,984	\$ 8,054,615	\$ 3,532,369
Revenues:			
Premium Revenues	\$ 45,180,083	\$ 44,097,365	\$ 1,082,718
Other	10	10	
Total Revenues	45,180,093	44,097,375	1,082,718
Total Expenses	(46,869,280)	(46,021,488)	(847,792)
Change in Net Assets	\$ (1,689,187)	\$ (1,924,113)	\$ 234,926

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**23. BOND RATINGS**

The credit ratings of the District's bond insurers have changed during the past year. Following is a summary of the bond insurer for each of the District's issues and its rating as of June 30, 2008.

		Insured Ratings		
		Fitch	Moody's	Standard & Poor's
<b>Sales Tax Revenue Bonds</b>				
2001 Sales Tax Revenue Bonds	Financial Guaranty Insurance Corp (FGIC)	BB Outlook Negative	B1 Outlook Negative	BB Credit Watch Negative
2007 Sales Tax Revenue Bonds	Financial Security Assurance Inc. (FSA)	AAA Outlook Stable	AAA Outlook Stable	AAA Stable Outlook
<b>Certificates of Participation</b>				
1999 COPs	Ambac Financial Group Inc.	Ratings Withdrawn June 26th	Aa3 Outlook Negative	AA Credit Watch Negative
2000 COPs	MBIA Inc.	Ratings Withdrawn June 26th	A2 Outlook Negative	AA Credit Watch Negative
2002 COPs	Ambac Financial Group Inc.	Ratings Withdrawn June 26th	Aa3 Outlook Negative	AA Credit Watch Negative
2004 COPs	Financial Guaranty Insurance Corp (FGIC)	BB Outlook Negative	B1 Outlook Negative	BB Credit Watch Negative
2005 COPs	MBIA Inc.	Ratings Withdrawn June 26th	A2 Outlook Negative	AA Credit Watch Negative
2007 COPs	Ambac Financial Group Inc.	Ratings Withdrawn June 26th	Aa3 Outlook Negative	AA Credit Watch Negative

Since June 30, 2008, the District's bond insurer ratings have changed. Following are the ratings as of November 7, 2008:

	Fitch	Moody's	Standard & Poor's
Ambac Financial Group	Ratings Withdrawn	Baa1/Watchlist Developing	AA/Negative Outlook
Financial Guaranty Insurance Corp-FGIC	CCC/Evolving Watch	B1/Negative Credit Watch	BB/Credit Watch Negative
Financial Security Assurance Inc.-FSA	AAA/Negative Watch	Aaa/Negative Credit Watch	AAA/Credit Watch Negative
MBIA Inc.	Ratings Withdrawn	A2/Negative Credit Watch	AA/Negative Outlook

**24. LITIGATION**

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

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**Combining & Individual  
Fund Statements**



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2008**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,415,439	\$ 1,063,550	\$ 5,239,721	\$ 7,718,710
Investments		431,610		431,610
Accounts Receivable	5,734	134,215		139,949
Due From Other Funds:				
Budgetary Funds	416,954			416,954
Internal Funds	1,487			1,487
Due from Other Agencies	2,118,151	1,712,883	19,170,831	23,001,865
Inventory	517,507			517,507
<b>Total Assets</b>	<b>\$ 4,475,272</b>	<b>\$ 3,342,258</b>	<b>\$ 24,410,552</b>	<b>\$ 32,228,082</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Salaries and Benefits	66,637	\$		66,637
Payroll Deductions and Withholdings Payable	77,991			77,991
Accounts Payable	293,787	9,116	171,650	474,553
Construction Contracts Payable			684,664	684,664
Construction Contracts Payable-Retainage Percentage			216,004	216,004
Sales Tax Payable	444			444
Due to Other Agencies	80,173			80,173
Due to Other Funds:				
Budgetary Funds	1,624,515	1,436,978		3,061,493
Deferred Revenue	80,915			80,915
<b>Total Liabilities</b>	<b>2,224,462</b>	<b>1,446,094</b>	<b>1,072,318</b>	<b>4,742,874</b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	123,331			123,331
Debt Service		1,896,164	3,568,760	1,896,164
Unreserved, Reported in:				
Special Revenue Funds	2,127,479			2,127,479
Capital Projects Funds			19,769,474	19,769,474
<b>Total Fund Balances</b>	<b>2,250,810</b>	<b>1,896,164</b>	<b>23,338,234</b>	<b>27,485,208</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,475,272</b>	<b>\$ 3,342,258</b>	<b>\$ 24,410,552</b>	<b>\$ 32,228,082</b>

**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, 2008**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental:				
Federal Through State	\$ 14,594,606	\$	\$	\$ 14,594,606
State	306,219	1,708,615	17,886,775	19,901,609
Local	10,038,716	11,497,243	94,490	21,630,449
Total Revenues	24,939,541	13,205,858	17,981,265	56,126,664
<b>EXPENDITURES</b>				
Current - Education:				
Instruction	1,558			1,558
Facilities Acquisition and Construction			2,073,899	2,073,899
Food Services	24,568,848			24,568,848
Maintenance of Plant	837			837
Community Services	3,165,695			3,165,695
Fixed Capital Outlay:				
Facilities Acquisition and Construction			3,656,364	3,656,364
Other Capital Outlay	219,196		69,427	288,623
Debt Service:				
Principal				
Interest and Fiscal Changes		12,981,610	2,740,989	15,722,599
Total Expenditures	27,956,134	15,364,306	1,009	43,321,449
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,016,593)	(15,140,058)	9,439,577	(8,717,074)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	636,219	17,737,213		18,373,432
Transfers Out	(125,911)	(4,115,464)		(4,241,375)
Total Other Financing Sources (Uses)	510,308	13,621,749		14,132,057
Net Change in Fund Balances	(2,506,285)	(1,518,309)	9,439,577	5,414,983
Fund Balances, July 1, 2007	4,757,095	3,414,473	13,898,657	22,070,225
Fund Balances, June 30, 2008	\$ 2,250,810	\$ 1,896,164	\$ 23,338,234	\$ 27,485,208

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2008**

	Special Revenue Funds		Total Nonmajor Special Revenue Funds
	Food Service	Miscellaneous Special Revenue	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 754,155	\$ 661,284	\$ 1,415,439
Accounts Receivable	5,734		5,734
Due From Other Funds:			
Budgetary Funds		416,954	416,954
Internal Funds	1,487		1,487
Due from Other Agencies	2,118,151		2,118,151
Inventory	517,507		517,507
Total Assets	<u>\$ 3,397,034</u>	<u>\$ 1,078,238</u>	<u>\$ 4,475,272</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries and Benefits	\$ 52,291	\$ 14,346	\$ 66,637
Payroll Deductions and Withholdings Payable	64,110	13,881	77,991
Accounts Payable	268,028	25,759	293,787
Sales Tax Payable	444		444
Due to Other Agencies	66,929	13,244	80,173
Due to Other Funds:			
Budgetary Funds	1,131,074	493,441	1,624,515
Deferred Revenue	80,915		80,915
Total Liabilities	<u>1,663,791</u>	<u>560,671</u>	<u>2,224,462</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	97,618	25,713	123,331
Unreserved, Reported in:			
Special Revenue Funds	1,635,625	491,854	2,127,479
Total Fund Balances	<u>1,733,243</u>	<u>517,567</u>	<u>2,250,810</u>
Total Liabilities and Fund Balances	<u>\$ 3,397,034</u>	<u>\$ 1,078,238</u>	<u>\$ 4,475,272</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2008**

	Food Service	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>			
Intergovernmental:			
Federal Through State	\$ 14,594,606	\$	\$ 14,594,606
State	306,219		306,219
Local	6,945,725	3,092,991	10,038,716
Total Revenues	21,846,550	3,092,991	24,939,541
<b>EXPENDITURES</b>			
Current - Education:			
Instruction		1,558	1,558
Food Services	24,568,848		24,568,848
Maintenance of Plant		837	837
Community Services		3,165,695	3,165,695
Fixed Capital Outlay:			
Other Capital Outlay	217,207	1,989	219,196
Total Expenditures	24,786,055	3,170,079	27,956,134
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,939,505)	(77,088)	(3,016,593)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In			
Transfers Out		636,219	636,219
Total Other Financing Sources (Uses)		(125,911)	(125,911)
Net Change in Fund Balances	(2,939,505)	510,308	510,308
Fund Balances, July 1, 2007	4,672,748	433,220	(2,506,285)
Fund Balances, June 30, 2008	1,733,243	84,347	4,757,095
	\$	\$ 517,567	\$ 2,250,810

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2008**

	Debt Service Funds		Total Nonmajor Debt Service Funds
	SBE/COBI Bonds	Other Debt Service	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$	1,063,550	\$ 1,063,550
Investments	398,826	32,784	431,610
Accounts Receivable		134,215	134,215
Due from Other Agencies		1,712,883	1,712,883
Total Assets	\$ 398,826	\$ 2,943,432	\$ 3,342,258
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable		9,116	\$ 9,116
Due to Other Funds:			
Budgetary Funds		1,436,978	1,436,978
Total Liabilities		1,446,094	1,446,094
<b>FUND BALANCES</b>			
Reserved for:			
Debt Service	398,826	1,497,338	1,896,164
Total Fund Balances	398,826	1,497,338	1,896,164
Total Liabilities and Fund Balances	\$ 398,826	\$ 2,943,432	\$ 3,342,258

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended June 30, 2008**

	Debt Service Funds		Total Nonmajor Debt Service Funds
	SBE/COBI Bonds	Other Debt Service	
<b>REVENUES</b>			
Intergovernmental:			
State	\$ 1,708,615	\$ 11,497,243	\$ 1,708,615
Local	1,708,615	11,497,243	11,497,243
Total Revenues			13,205,858
<b>EXPENDITURES</b>			
Current - Education:			
Debt Service:			
Principal	965,000	12,016,610	12,981,610
Interest and Fiscal Charges	763,707	14,600,599	15,364,306
Total Expenditures	1,728,707	26,617,209	28,345,916
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,092)	(15,119,966)	(15,140,058)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		17,737,213	17,737,213
Transfers Out		(4,115,464)	(4,115,464)
Total Other Financing Sources (Uses)		13,621,749	13,621,749
Net Change in Fund Balances	(20,092)	(1,498,217)	(1,518,309)
Fund Balances, July 1, 2007	418,918	2,995,555	3,414,473
Fund Balances, June 30, 2008	\$ 398,826	\$ 1,497,338	\$ 1,896,164

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2008

	Capital Projects Funds				Total Nonmajor Capital Project Funds
	Capital Outlay Bond Issues (COBI)	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,821,272	\$ 1,658,716	\$ 759,733	\$	\$ 5,239,721
Due from Other Agencies		19,170,831			19,170,831
Total Assets	\$ 2,821,272	\$ 20,829,547	\$ 759,733	\$	\$ 24,410,552
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 56,537	\$ 115,113	\$	\$	\$ 171,650
Construction Contracts Payable		684,664			684,664
Construction Contracts Payable-Retainage Percentage		216,004			216,004
Total Liabilities	56,537	1,015,781			1,072,318
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	8,746	3,546,520	13,494		3,568,760
Unreserved, Reported in:					
Capital Projects Funds	2,755,989	16,267,246	746,239		19,769,474
Total Fund Balances	2,764,735	19,813,766	759,733		23,338,234
Total Liabilities and Fund Balances	\$ 2,821,272	\$ 20,829,547	\$ 759,733	\$	\$ 24,410,552

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended June 30, 2008**

	Capital Projects Funds			Total Nonmajor Capital Project Funds
	Capital Outlay Bond Issues (COBI)	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	
<b>REVENUES</b>				
Intergovernmental:				
State		\$ 17,453,826	\$ 432,949	\$ 17,886,775
Local	68,550	20,610	5,330	94,490
Total Revenues	68,550	17,474,436	438,279	17,981,265
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Acquisition and Construction	414,191	1,485,112	174,596	2,073,899
Fixed Capital Outlay:				
Facilities Acquisition and Construction	118,614	3,537,750		3,656,364
Other Capital Outlay		69,427		69,427
Debt Service:				
Principal		2,740,989		2,740,989
Dues, Fees and Issuance Costs			1,009	1,009
Total Expenditures	532,805	7,833,278	175,605	8,541,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	(464,255)	9,641,158	262,674	9,439,577
Net Change in Fund Balances	(464,255)	9,641,158	262,674	9,439,577
Fund Balances, July 1, 2007	3,228,990	10,172,608	497,059	13,898,657
Fund Balances, June 30, 2008	\$ 2,764,735	\$ 19,813,766	\$ 759,733	\$ 23,338,234

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Through State	\$ 14,795,646	\$ 14,795,646	\$ 14,594,606	\$ (201,040)
State	956,505	956,505	306,219	(650,286)
Local	5,759,174	5,764,569	6,945,725	1,181,156
Total Revenues	21,511,325	21,516,720	21,846,550	329,830
<b>EXPENDITURES</b>				
Current - Education:				
Food Services				
Salaries	8,470,374	7,681,944	7,681,944	
Employee Benefits	3,804,760	4,264,908	4,264,908	
Purchased Services	382,800	463,739	463,715	24
Energy Services	113,100	154,050	154,050	
Materials and Supplies	9,625,325	11,508,661	11,447,030	61,631
Capital Outlay	49,074	110,563	110,563	
Other Expenses	88,125	446,638	446,638	
Fixed Capital Outlay				
Facilities Acquisition and Construction	5,050	50		50
Other Capital Outlay	72,387	346,447	217,207	129,240
Total Expenditures	22,610,995	24,977,000	24,786,055	190,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,099,670)	(3,460,280)	(2,939,505)	520,775
Net Change in Fund Balances	(1,099,670)	(3,460,280)	(2,939,505)	520,775
Fund Balances, July 1, 2007	4,672,748	4,672,748	4,672,748	
Fund Balances, June 30, 2008	\$ 3,573,078	\$ 1,212,468	\$ 1,733,243	\$ 520,775

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 3,216,917	\$ 3,092,991	\$ 3,092,991	\$
Total Revenues	<u>3,216,917</u>	<u>3,092,991</u>	<u>3,092,991</u>	
<b>EXPENDITURES</b>				
Current - Education:				
Instruction				
Purchased Services		1,558	1,558	
Instruction and Curriculum Development				
Materials and Supplies		390,612		390,612
Maintenance of Plant				
Materials and Supplies		837	837	
Community Services				
Salaries	1,768,363	1,865,536	1,844,250	21,286
Employee Benefits	707,438	796,438	787,617	8,821
Purchased Services	95,361	148,030	132,860	15,170
Energy Services	9,500	14,264	14,264	
Materials and Supplies	725,355	155,894	148,660	7,234
Capital Outlay	21,190	7,031	6,873	158
Other Expenses	126,050	231,171	231,171	
Fixed Capital Outlay				
Other Capital Outlay	2,700	1,989	1,989	
Total Expenditures	<u>3,455,957</u>	<u>3,613,360</u>	<u>3,170,079</u>	<u>443,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(239,040)</u>	<u>(520,369)</u>	<u>(77,088)</u>	<u>443,281</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	239,040	636,219	636,219	
Transfers Out		(125,910)	(125,911)	
Total Other Financing Sources (Uses)	<u>239,040</u>	<u>510,309</u>	<u>510,308</u>	
Net Change in Fund Balances		(10,060)	433,220	443,281
Fund Balances, July 1, 2007	84,347	84,347	84,347	
Fund Balances, June 30, 2008	<u>\$ 84,347</u>	<u>\$ 74,287</u>	<u>\$ 517,567</u>	<u>\$ 443,281</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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 1,705,704	\$ 1,657,575	\$ 1,708,615	\$ 51,040
Total Revenues	<u>1,705,704</u>	<u>1,657,575</u>	<u>1,708,615</u>	<u>51,040</u>
<b>EXPENDITURES</b>				
Current - Education:				
Debt Service				
Principal	965,000	980,523	965,000	15,523
Interest and Fiscal Charges	762,304	762,304	762,304	
Dues, Fees and Issuance Costs		1,403	1,403	
Total Expenditures	<u>1,727,304</u>	<u>1,744,230</u>	<u>1,728,707</u>	<u>15,523</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,600)</u>	<u>(86,655)</u>	<u>(20,092)</u>	<u>66,563</u>
Net Change in Fund Balances	(21,600)	(86,655)	(20,092)	66,563
Fund Balances, July 1, 2007	418,918	418,918	418,918	
Fund Balances, June 30, 2008	<u>\$ 397,318</u>	<u>\$ 332,263</u>	<u>\$ 398,826</u>	<u>\$ 66,563</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUNDS - OTHER DEBT SERVICE**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 12,170,361	\$ 11,497,955	\$ 11,497,243	\$ (712)
Total Revenues	12,170,361	11,497,955	11,497,243	(712)
<b>EXPENDITURES</b>				
Current - Education:				
Debt Service				
Principal	14,658,050	12,016,610	12,016,610	
Interest and Fiscal Charges	14,690,000	14,545,727	14,545,727	
Dues, Fees and Issuance Costs	83,801	57,521	54,872	2,649
Total Expenditures	29,431,851	26,619,858	26,617,209	2,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,261,490)	(15,121,903)	(15,119,966)	1,937
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	21,072,094	17,737,213	17,737,213	
Transfers Out	(3,797,441)	(4,115,464)	(4,115,464)	
Total Other Financing Sources (Uses)	17,274,653	13,621,749	13,621,749	
Net Change in Fund Balances	13,163	(1,500,154)	(1,498,217)	1,937
Fund Balances, July 1, 2007	2,995,555	2,995,555	2,995,555	
Fund Balances, June 30, 2008	\$ 3,008,718	\$ 1,495,401	\$ 1,497,338	\$ 1,937

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local	\$	\$ 68,550	\$ 68,550	\$
Total Revenues		68,550	68,550	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Acquisition and Construction	2,683,063	2,677,663	414,191	2,263,472
Fixed Capital Outlay:				
Facilities Acquisition and Construction	519,485	484,671	118,614	366,057
Other Capital Outlay	9,383			
Total Expenditures	3,211,931	3,162,334	532,805	2,629,529
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,211,931)	(3,093,784)	(464,255)	2,629,529
Net Change in Fund Balances	(3,211,931)	(3,093,784)	(464,255)	2,629,529
Fund Balances, July 1, 2007	3,228,990	3,228,990	3,228,990	
Fund Balances, June 30, 2008	\$ 17,059	\$ 135,206	\$ 2,764,735	\$ 2,629,529

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 17,453,815	\$ 17,453,825	\$ 17,453,826	\$
Local		20,611	20,610	
Total Revenues	<u>17,453,815</u>	<u>17,474,436</u>	<u>17,474,436</u>	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Acquisition and Construction	4,970,131	4,889,477	1,485,112	3,404,365
Fixed Capital Outlay:				
Facilities Acquisition and Construction	19,566,823	19,935,492	3,537,750	16,397,742
Other Capital Outlay	638,146	73,000	69,427	3,573
Debt Service				
Principal		2,740,989	2,740,989	
Total Expenditures	<u>25,175,100</u>	<u>27,638,958</u>	<u>7,833,278</u>	<u>19,805,680</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,721,285)</u>	<u>(10,164,522)</u>	<u>9,641,158</u>	<u>19,805,680</u>
Net Change in Fund Balances	<u>(7,721,285)</u>	<u>(10,164,522)</u>	<u>9,641,158</u>	<u>19,805,680</u>
Fund Balances, July 1, 2007	<u>10,172,608</u>	<u>10,172,608</u>	<u>10,172,608</u>	
Fund Balances, June 30, 2008	<u>\$ 2,451,323</u>	<u>\$ 8,086</u>	<u>\$ 19,813,766</u>	<u>\$ 19,805,680</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECT FUNDS - CAPITAL OUTLAY & DEBT SERVICE (CO&DS)**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 332,940	\$ 432,950	\$ 432,950	\$
Local		5,329	5,329	
Total Revenues	<u>332,940</u>	<u>438,279</u>	<u>438,279</u>	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Acquisition and Construction	513,787	545,266	174,596	370,670
Fixed Capital Outlay:				
Facilities Acquisition and Construction	281,479	250,000		250,000
Debt Service				
Dues, Fees and Issuance Costs		1,009	1,009	
Total Expenditures	<u>795,266</u>	<u>796,275</u>	<u>175,605</u>	<u>620,670</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(462,326)</u>	<u>(357,996)</u>	<u>262,674</u>	<u>620,670</u>
Net Change in Fund Balances	(462,326)	(357,996)	262,674	620,670
Fund Balances, July 1, 2007	497,059	497,059	497,059	
Fund Balances, June 30, 2008	<u>\$ 34,733</u>	<u>\$ 139,063</u>	<u>\$ 759,733</u>	<u>\$ 620,670</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECT FUNDS - CAPITAL IMPROVEMENT SECTION 1011.71(2) F.S.**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 52,695,219	\$ 51,553,369	\$ 51,553,369	\$
Total Revenues	52,695,219	51,553,369	51,553,369	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Acquisition and Construction	13,402,814	10,148,090	5,025,142	5,122,948
Fixed Capital Outlay:				
Facilities Acquisition and Construction	28,797,807	22,854,977	3,815,001	19,039,976
Other Capital Outlay	9,400,730	9,725,825	3,764,775	5,961,050
Debt Service				
Interest and Fiscal Charges		9,011	9,011	
Total Expenditures	51,601,351	42,737,903	12,613,929	30,123,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,093,868	8,815,466	38,939,440	30,123,974
<b>OTHER FINANCING (USES)</b>				
Transfers In	1,008,245	1,008,245	1,008,244	
Transfers Out	(20,410,619)	(27,606,112)	(27,606,112)	
Net Change in Fund Balances	(18,308,506)	(17,782,401)	12,341,572	30,123,974
Fund Balances, July 1, 2007	22,401,413	22,401,413	22,401,413	
Fund Balances, June 30, 2008	\$ 4,092,907	\$ 4,619,012	\$ 34,742,985	\$ 30,123,974

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECT FUNDS - OTHER CAPITAL PROJECTS**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 76,128,795	\$ 76,222,917	\$ 76,222,917	\$
Local	44,287,443	28,572,503	28,572,503	
Total Revenues	<u>120,416,238</u>	<u>104,795,420</u>	<u>104,795,420</u>	
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Acquisition and Construction	17,920,432	16,929,958	5,999,562	10,930,396
Fixed Capital Outlay:				
Facilities Acquisition and Construction	151,263,949	159,142,484	43,967,755	115,174,729
Other Capital Outlay	<u>12,350,851</u>	<u>11,811,317</u>	<u>7,280,349</u>	<u>4,530,968</u>
Total Expenditures	<u>181,535,232</u>	<u>187,883,759</u>	<u>57,247,666</u>	<u>130,636,093</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(61,118,994)</u>	<u>(83,088,339)</u>	<u>47,547,754</u>	<u>130,636,093</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	3,797,441	3,107,180	3,107,180	
Proceeds from the Sale of Capital Assets			61,000	61,000
Transfers Out	<u>(13,053,340)</u>	<u>(3,348,826)</u>	<u>(3,254,732)</u>	<u>94,094</u>
Total Other Financing Sources (Uses)	<u>(9,255,899)</u>	<u>(241,646)</u>	<u>(86,552)</u>	<u>155,094</u>
Net Change in Fund Balances	<u>(70,374,893)</u>	<u>(83,329,985)</u>	<u>47,461,202</u>	<u>130,791,187</u>
Fund Balances, July 1, 2007	164,204,512	164,204,512	164,204,512	
Fund Balances, June 30, 2008	<u>\$ 93,829,619</u>	<u>\$ 80,874,527</u>	<u>\$ 211,665,714</u>	<u>\$ 130,791,187</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY**  
**June 30, 2008**

	Self Insurance Trust	Self Insurance AL/GL	Total Internal Service Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 8,043,385	\$ 3,532,369	\$ 11,575,754
Accounts Receivable	11,230		11,230
Total Assets	<u>\$ 8,054,615</u>	<u>\$ 3,532,369</u>	<u>\$ 11,586,984</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 1,085,598	\$	\$ 1,085,598
Due to Other Funds	3,730,422		3,730,422
Estimated Unpaid Claims	3,047,000	1,049,637	4,096,637
Total Liabilities	<u>7,863,020</u>	<u>1,049,637</u>	<u>8,912,657</u>
<b>NET ASSETS</b>			
Unrestricted	191,595	2,482,732	2,674,327
Total Liabilities and Net Assets	<u>\$ 8,054,615</u>	<u>\$ 3,532,369</u>	<u>\$ 11,586,984</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, 2008**

	Self Insurance Trust	Self Insurance AL/GL	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Premium Revenues	\$ 44,097,365	\$ 1,082,718	\$ 45,180,083
Other Operating Revenues	10		10
Total Operating Revenues	<u>44,097,375</u>	<u>1,082,718</u>	<u>45,180,093</u>
<b>OPERATING EXPENSES</b>			
Salaries	4,322		4,322
Employee Benefits	757		757
Purchased Services	4,277,607		4,277,607
Materials and Supplies	1,348		1,348
Capital Outlay	4,085		4,085
Insurance Claims	41,733,370	847,791	42,581,161
Total Operating Expenses	<u>46,021,489</u>	<u>847,791</u>	<u>46,869,280</u>
Operating Loss	<u>(1,924,114)</u>	<u>234,927</u>	<u>(1,689,187)</u>
<b>NONOPERATING REVENUES</b>			
Interest Revenue	100,243	54,158	154,401
Total Nonoperating Revenues	<u>100,243</u>	<u>54,158</u>	<u>154,401</u>
Change In Net Assets	(1,823,871)	289,085	(1,534,786)
Net Assets - July 1, 2007	2,015,466	2,193,647	4,209,113
Net Assets - June 30, 2008	<u>\$ 191,595</u>	<u>\$ 2,482,732</u>	<u>\$ 2,674,327</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS - NONMAJOR PROPRIETARY  
For the Fiscal Year Ended June 30, 2008**

	Self Insurance Trust	Self Insurance AL/GL	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Board Funds and Participants	\$ 44,097,376	\$ 1,582,718	\$ 45,680,094
Cash Payments to Vendors for Goods and Services	(41,398,661)	(70,421)	(41,469,082)
Cash Payments to Employees and for Interfund Services Used	(4,322)		(4,322)
Net Cash Provided by Operating Activities	<u>2,694,393</u>	<u>1,512,297</u>	<u>4,206,690</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale and Maturity of Investments	3,985,550	1,755,838	5,741,388
Interest Income	100,243	54,158	154,401
Net Cash Provided by Investing Activities	<u>4,085,793</u>	<u>1,809,996</u>	<u>5,895,789</u>
Net Increase in Cash and Cash Equivalents	6,780,186	3,322,293	10,102,479
Cash and Cash Equivalents - Beginning	1,263,199	210,076	1,473,275
Cash and Cash Equivalents - Ending	<u>\$ 8,043,385</u>	<u>\$ 3,532,369</u>	<u>\$ 11,575,754</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ (1,924,113)	\$ 234,926	\$ (1,689,187)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	4,950	149,394	154,344
Decrease in Due from Other Funds		500,000	500,000
Decrease in Due from Other Agencies	2,337		2,337
Increase in Due to Other Funds	3,730,422		3,730,422
Increase in Accounts Payable	223,795		223,795
Increase in Estimated Insurance Claims Payable	657,000	627,979	1,284,979
Total Adjustments	<u>4,618,504</u>	<u>1,277,373</u>	<u>5,895,877</u>
Net Cash Provided by Operating Activities	<u>\$ 2,694,391</u>	<u>\$ 1,512,299</u>	<u>\$ 4,206,690</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**SCHOOL INTERNAL FUNDS AGENCY FUND**  
**June 30, 2008**

	Agency Fund Balances July 1, 2007	Additions	Deductions	Agency Fund Balances June 30, 2008
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,887,824	\$ 9,530,356	\$ 9,508,341	\$ 2,909,839
Accounts Receivable	19,191		7,577	11,614
Total Assets	<u>\$ 2,907,015</u>	<u>\$ 9,530,356</u>	<u>\$ 9,515,918</u>	<u>\$ 2,921,453</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 64,807	\$ 29,882	\$ 8,676	\$ 86,013
Internal Accounts Payable	2,842,208	9,500,473	9,507,241	2,835,440
Total Liabilities	<u>\$ 2,907,015</u>	<u>\$ 9,530,355</u>	<u>\$ 9,515,917</u>	<u>\$ 2,921,453</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 BELLALAGO CHARTER ACADEMY AGENCY FUND  
 June 30, 2008**

	Agency Fund Balances July 1, 2007	Additions	Deductions	Agency Fund Balances June 30, 2008
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,686,240	\$ 10,934,373	\$ 11,043,681	\$ 1,576,932
Investments	1,034,165	20,101	1,054,266	
Total Assets	<u>\$ 2,720,405</u>	<u>\$ 10,954,474</u>	<u>\$ 12,097,947</u>	<u>\$ 1,576,932</u>
<b>LIABILITIES</b>				
Salaries and Benefits Payable	\$ 115,676	\$ 4,853,861	\$ 4,956,323	\$ 13,214
Payroll Deductions and Withholdings	13,777	2,201,290	2,201,170	13,897
Accounts Payable	2,590,952	1,190,362	2,231,493	1,549,821
Total Liabilities	<u>\$ 2,720,405</u>	<u>\$ 8,245,513</u>	<u>\$ 9,388,986</u>	<u>\$ 1,576,932</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**BELLALAGO EDUCATIONAL FACILITIES BENEFIT DISTRICT AGENCY FUND**  
**June 30, 2008**

	Agency Fund Balances July 1, 2007	Additions	Deductions	Agency Fund Balances June 30, 2008
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 28,095	\$ 225	\$	\$ 28,320
Total Assets	<u>\$ 28,095</u>	<u>\$ 225</u>	<u>\$</u>	<u>\$ 28,320</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 28,095	\$ 225	\$	\$ 28,320
Total Liabilities	<u>\$ 28,095</u>	<u>\$ 225</u>	<u>\$</u>	<u>\$ 28,320</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FLORA RIDGE EDUCATIONAL FACILITIES BENEFIT DISTRICT AGENCY FUND**  
**June 30, 2008**

	Agency Fund Balances July 1, 2007	Additions	Deductions	Agency Fund Balances June 30, 2008
<b>ASSETS</b>				
Due from Other Agencies	\$ 2,431,424	\$ 7,504,685	\$ 9,936,109	\$
Total Assets	<u>\$ 2,431,424</u>	<u>\$ 7,504,685</u>	<u>\$ 9,936,109</u>	<u>\$</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,431,424	\$	\$ 2,431,424	\$
Total Liabilities	<u>\$ 2,431,424</u>	<u>\$</u>	<u>\$ 2,431,424</u>	<u>\$</u>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2008**

	Agency Fund Balances July 1, 2007	Additions	Deductions	Agency Fund Balances June 30, 2008
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,602,160	\$ 20,464,954	\$ 20,552,023	\$ 4,515,091
Investments	1,034,165	20,101	1,054,266	
Accounts Receivable	19,191		7,577	11,614
Due from Other Agencies	2,431,424	7,504,685	9,936,109	
Total Assets	<u>\$ 8,086,940</u>	<u>\$ 27,989,740</u>	<u>\$ 31,549,975</u>	<u>\$ 4,526,705</u>
<b>LIABILITIES</b>				
Salaries and Benefits Payable	\$ 115,676	\$ 4,853,861	\$ 4,956,323	\$ 13,214
Payroll Deductions and Withholdings	13,777	2,201,290	2,201,170	13,897
Accounts Payable	5,115,279	1,220,469	4,671,594	1,664,154
Internal Accounts Payable	2,842,208	9,500,473	9,507,241	2,835,440
Total Liabilities	<u>\$ 8,086,940</u>	<u>\$ 17,776,093</u>	<u>\$ 21,336,328</u>	<u>\$ 4,526,705</u>

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
STATEMENT OF NET ASSETS  
COMBINING STATEMENT OF COMPONENT UNITS  
June 30, 2008

	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	Four Corners Charter School, Inc.	New Dimensions Charter School, Inc.	The Foundation for Osceola Education, Inc.	Total Component Units
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,515,789	\$ 900,029	\$ 2,900,119	\$ 709,987	\$ 3,471,001	\$ 9,496,925
Investments	4,005,095					4,005,095
Accounts Receivable	26,193			8,771	1,237,282	1,272,246
Prepaid Items					147,067	147,067
Due from Other Agencies	1,310,411	1,944,970	94,095		666,570	4,016,046
Other Current Assets	46,211	3,477				49,688
Deferred Charges	540,056	406,782		33,947	937,045	1,917,830
Restricted Assets:						
Cash with Fiscal Agent					2,655,698	2,655,698
Capital Assets:						
Land	1,000,000	2,400,000		275,000	875,000	4,550,000
Construction in Progress		13,903,952				13,903,952
Improvements Other Than Buildings, Net	270,000		18,926	32,948		321,874
Buildings and Fixed Equipment, Net	21,137,946			2,455,573	12,079,500	35,673,019
Furniture, Fixtures and Equipment, Net	1,408,191		153,089	57,129	701,363	2,319,772
Motor Vehicles, Net				15,969		15,969
Audio Visual Materials and Computer Software, Net			1,252	44,198	206,360	251,810
<b>Total Assets</b>	<b>\$ 31,259,892</b>	<b>\$ 19,559,210</b>	<b>\$ 3,167,481</b>	<b>\$ 3,633,522</b>	<b>\$ 22,976,886</b>	<b>\$ 80,596,991</b>
<b>LIABILITIES</b>						
Salaries and Benefits Payable	\$	\$	\$	\$ 146,559	\$	\$ 146,559
Accounts Payable		1,944,969	252,716		2,049,797	4,247,482
Accrued Interest Payable	533,492	164,742			336,502	1,034,736
Due to Other Agencies	35,338			6,131	1,225,104	1,266,573
Deferred Revenue	27,660					27,660
Long-Term Liabilities:						
Portion Due Within One Year:						
Obligations Under Capital Leases				16,482		16,482
Bonds Payable	445,000				390,000	835,000
Notes Payable				168,196		168,196
Portion Due After One Year:						
Obligations Under Capital Leases				4,286		4,286
Bonds Payable	26,611,693	7,423,426			16,225,487	50,260,606
Notes Payable				620,400		620,400
<b>Total Liabilities</b>	<b>27,653,183</b>	<b>9,533,137</b>	<b>252,716</b>	<b>962,054</b>	<b>20,226,890</b>	<b>58,627,980</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	(628,995)	9,967,589	173,267	2,071,453	(2,682,335)	8,900,979
Restricted For:						
Debt Service	4,235,704	58,484				4,294,188
Other Purposes					1,052,746	1,052,746
Unrestricted			2,741,498	600,015	4,379,585	7,721,098
<b>Total Net Assets</b>	<b>3,606,709</b>	<b>10,026,073</b>	<b>2,914,765</b>	<b>2,671,468</b>	<b>2,749,996</b>	<b>21,969,011</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 31,259,892</b>	<b>\$ 19,559,210</b>	<b>\$ 3,167,481</b>	<b>\$ 3,633,522</b>	<b>\$ 22,976,886</b>	<b>\$ 80,596,991</b>

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF ACTIVITIES**  
**COMBINING STATEMENT OF COMPONENT UNITS**  
For the Fiscal Year Ended June 30, 2008

Component Unit Activities:	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	Four Corners Charter School, Inc.	New Dimensions Charter School, Inc.	The Foundation for Osceola Education, Inc.	Total Component Units
Instruction	\$	\$	\$ 4,429,810	\$ 1,372,341	\$ 11,248,988	\$ 17,051,139
Board	19,032		8,292			27,324
General Administration			763,552	97,375		860,927
School Administration				504,084	2,859,139	3,363,223
Facilities Acquisition and Construction	815,513		1,127,838	103,071	679,623	2,726,045
Pupil Transportation Services				61,511		61,511
Operation of Plant				74,570	3,201,026	3,275,596
Maintenance of Plant			44,581	73,361		117,942
Community Services					2,228,922	2,228,922
Interest on Long Term Debt	1,644,089	32,829		80,667	809,165	2,566,750
<b>Total Expenses</b>	<u>2,478,634</u>	<u>32,829</u>	<u>6,374,073</u>	<u>2,366,980</u>	<u>21,026,863</u>	<u>32,279,379</u>
<b>Program Revenues</b>						
Charges for Services				38,888	491,501	530,389
Operating Grants and Contributions			713,256		3,808,940	4,522,196
Capital Grants and Contributions	7,642	9,945,191		271,944		10,224,777
<b>Net (Expenses) Revenue</b>	<u>(2,470,992)</u>	<u>9,912,362</u>	<u>(5,660,817)</u>	<u>(2,056,148)</u>	<u>(16,726,422)</u>	<u>(17,002,017)</u>
<b>General Revenues</b>						
Grants and Contributions						
not restricted to specific programs	1,794,043		5,774,138	1,928,844	16,016,914	25,513,939
Investment Earnings	350,669	113,711	104,024	27,218	121,172	716,794
Miscellaneous					200,574	200,574
Special Items					383,804	383,804
<b>Total General Revenues</b>	<u>2,144,712</u>	<u>113,711</u>	<u>5,878,162</u>	<u>1,956,062</u>	<u>16,722,464</u>	<u>26,815,111</u>
<b>Change in Net Assets</b>	<u>(326,280)</u>	<u>10,026,073</u>	<u>217,345</u>	<u>(100,086)</u>	<u>(3,958)</u>	<u>9,813,094</u>
Net Assets - beginning	3,932,989		2,697,420	2,771,554	2,753,954	12,155,917
<b>Net Assets - ending</b>	<u>\$ 3,606,709</u>	<u>\$ 10,026,073</u>	<u>\$ 2,914,765</u>	<u>\$ 2,671,468</u>	<u>\$ 2,749,996</u>	<u>\$ 21,969,011</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 Seven Fiscal Years (A)  
*(accrual basis of accounting)*  
 Unaudited

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

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

**Source:**  
 District records

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 222,190,069	\$ 266,793,746	\$ 306,948,191	\$ 354,211,777
109,140,237	119,218,431	144,452,132	220,147,769
22,008,531	31,290,686	41,579,693	27,348,239
<u>\$ 353,338,837</u>	<u>\$ 417,302,863</u>	<u>\$ 492,980,016</u>	<u>\$ 601,707,785</u>

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

	<b>For the Fiscal Year ending June 30</b>			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Primary Government:				
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 117,374,025	\$ 129,183,723	\$ 151,791,603	\$ 175,571,358
Pupil personnel services	13,230,530	13,719,751	15,103,776	16,119,414
Instructional media services	3,897,297	3,690,905	4,388,317	4,163,815
Instruction and curriculum development services	12,926,856	12,482,618	14,294,346	15,828,787
Instructional staff training services	2,127,850	2,218,777	2,921,221	5,109,676
Instruction related technology				
Board of education	1,335,600	1,372,148	1,645,425	1,285,843
General administration	1,829,476	1,559,762	2,665,768	2,256,900
School administration	11,476,453	12,456,098	13,526,338	14,785,560
Facilities acquisition and construction	18,157,268	9,051,649	12,051,652	14,678,682
Fiscal services	1,284,357	1,275,696	1,348,845	1,268,262
Food services	10,628,225	11,853,765	13,268,560	15,822,309
Central services	9,193,049	7,005,304	7,726,064	7,698,586
Pupil transportation services	9,349,212	11,006,137	12,746,417	15,176,499
Operation of plant	14,202,118	17,498,573	17,478,299	26,500,887
Maintenance of plant	6,274,892	4,461,889	5,169,937	5,136,806
Administrative technology services				
Community services	1,460,520	1,782,642	1,841,101	1,982,934
Interest on long-term debt	9,310,186	13,182,368	12,928,476	14,312,804
Loss on disposal of fixed assets	27,562	72,112	151,948	346,800
Unallocated depreciation/amortization	13,382,525	16,448,337	17,884,480	21,895,591
<b>Total expenses - Primary Government</b>	<u>\$ 257,468,001</u>	<u>\$ 270,322,254</u>	<u>\$ 308,932,573</u>	<u>\$ 359,941,513</u>
<b>Program Revenues</b>				
Governmental Activities				
Charges for Services				
Instruction	2,082,903	2,704,575	2,842,166	3,130,251
Food services	4,554,524	4,969,088	5,246,692	5,524,431
Central services	2,867,462			
Pupil transportation services	167,049	154,846	144,614	2,124,247
Community services				
Operating Grants and Contributions				
Food services	6,811,768	7,736,281	9,415,803	10,988,391
Pupil transportation services	6,725,842	7,597,898	8,157,374	8,095,754
Capital Grants and Contributions				
Facilities acquisition and construction	12,616,860	16,698,060	30,314,568	74,103,881
Maintenance of plant				
Interest on long-term debt	4,943,241	1,223,763	1,373,681	1,487,504
<b>Total Program Revenues - Primary Government</b>	<u>\$ 40,769,649</u>	<u>\$ 41,084,511</u>	<u>\$ 57,494,898</u>	<u>\$ 105,454,459</u>
<b>Net (Expense)/Revenue - Primary Government</b>	<u>\$ (216,698,352)</u>	<u>\$ (229,237,743)</u>	<u>\$ (251,437,675)</u>	<u>\$ (254,487,054)</u>

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

**Source:**  
District records

	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	198,468,516	\$ 232,617,922	\$ 261,976,401
	18,442,786	20,886,005	24,153,125
	4,835,861	5,161,195	6,059,524
	16,961,003	22,429,022	23,464,063
	6,011,555	4,569,743	9,507,952
	3,512,400	3,946,935	4,373,774
	1,419,189	1,823,925	2,179,387
	2,575,054	2,228,563	2,589,737
	17,214,383	19,747,072	22,649,997
	16,612,944	16,584,696	19,814,471
	1,601,831	1,887,436	2,062,828
	18,965,217	20,795,040	25,147,719
	5,941,266	6,536,936	7,135,483
	17,657,424	19,413,234	21,620,725
	24,722,169	27,205,818	31,115,952
	7,570,851	7,968,053	8,896,778
	3,188,644	2,949,505	3,604,125
	2,262,183	3,487,806	3,798,924
	14,760,893	12,752,067	15,859,473
	308,966		
	<u>22,312,499</u>	<u>24,223,111</u>	<u>27,626,338</u>
\$	<u>405,345,634</u>	<u>457,214,084</u>	<u>523,636,776</u>
	1,123,318	1,421,447	1,426,889
	6,437,902	7,100,817	6,861,017
	141,429	172,377	190,009
	2,028,638	2,236,882	2,568,696
	12,144,814	13,391,527	14,897,448
	10,364,641	9,701,290	9,633,899
	48,575,015	48,636,658	120,851,798
		2,059,611	
	<u>1,581,675</u>	<u>1,767,682</u>	<u>1,758,040</u>
\$	<u>82,397,432</u>	<u>86,488,291</u>	<u>158,187,796</u>
\$	<u>(322,948,202)</u>	<u>(370,725,793)</u>	<u>(365,448,980)</u>

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

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

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

**Source:**  
District records

<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>\$ (322,948,202)</u>	<u>\$ (370,725,793)</u>	<u>\$ (365,448,980)</u>
95,898,951	121,689,421	145,250,546
3,728,353	7,326	
31,289,374	42,088,335	50,327,124
7,948,681	9,998,541	10,292,844
225,092,552	248,564,737	248,186,167
8,893,900	12,932,806	9,128,755
<u>13,956,269</u>	<u>11,121,780</u>	<u>10,991,313</u>
<u>\$ 386,808,080</u>	<u>\$ 446,402,946</u>	<u>\$ 474,176,749</u>
<u>\$ 63,859,878</u>	<u>\$ 75,677,153</u>	<u>\$ 108,727,769</u>

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

	For the Fiscal Year Ending June 30			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>General Fund</b>				
Reserved	\$ 2,229,369	\$ 2,342,231	\$ 2,164,960	\$ 1,691,963
Unreserved	<u>9,182,897</u>	<u>10,937,734</u>	<u>13,976,235</u>	<u>14,822,596</u>
Total General Fund	<u>\$ 11,412,266</u>	<u>\$ 13,279,965</u>	<u>\$ 16,141,195</u>	<u>\$ 16,514,559</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ 37,439,557	\$ 20,196,482	\$ 28,083,768	\$ 36,230,343
Unreserved, reported in:				
Special Revenue Funds	1,927,357	2,305,859	2,623,372	3,341,690
Debt Service Funds	1,519,314	1,693,330	2,044,836	
Capital Projects Funds	<u>13,416,305</u>	<u>30,367,625</u>	<u>38,047,002</u>	<u>30,962,590</u>
Total All Other Governmental Funds	<u>\$ 54,302,533</u>	<u>\$ 54,563,296</u>	<u>\$ 70,798,978</u>	<u>\$ 70,534,623</u>
Total Governmental Funds	<u>\$ 65,714,799</u>	<u>\$ 67,843,261</u>	<u>\$ 86,940,173</u>	<u>\$ 87,049,182</u>

Source:  
District records

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 2,176,084	\$ 3,422,216	\$ 3,618,175	\$ 2,453,921	\$ 2,468,816	\$ 2,270,876
18,989,026	17,877,768	14,725,944	33,914,236	52,649,019	52,509,629
<u>\$ 21,165,110</u>	<u>\$ 21,299,984</u>	<u>\$ 18,344,119</u>	<u>\$ 36,368,157</u>	<u>\$ 55,117,835</u>	<u>\$ 54,780,505</u>
\$ 38,671,458	\$ 25,453,942	\$ 61,106,271	\$ 74,955,676	\$ 40,229,851	\$ 91,963,365
4,031,399	5,238,715	5,261,266	5,087,682	4,646,100	2,127,479
32,204,521	48,826,552	110,706,784	84,968,747	163,800,199	179,803,063
<u>\$ 74,907,378</u>	<u>\$ 79,519,209</u>	<u>\$ 177,074,321</u>	<u>\$ 165,012,105</u>	<u>\$ 208,676,150</u>	<u>\$ 273,893,907</u>
<u>\$ 96,072,488</u>	<u>\$ 100,819,193</u>	<u>\$ 195,418,440</u>	<u>\$ 201,380,262</u>	<u>\$ 263,793,985</u>	<u>\$ 328,674,412</u>

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

	For the Fiscal Year Ending June 30			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Revenues</b>				
Federal direct	\$ 322,702	\$ 232,894	\$ 421,367	\$ 394,614
Federal through state and local	9,541,437	12,858,164	17,488,567	19,428,970
State sources	112,658,177	143,714,846	130,306,551	132,422,549
Local sources	<u>78,403,809</u>	<u>85,909,578</u>	<u>98,070,757</u>	<u>111,316,789</u>
 Total revenues	 <u>\$ 200,926,125</u>	 <u>\$ 242,715,482</u>	 <u>\$ 246,287,242</u>	 <u>\$ 263,562,922</u>

**Source:**  
 District records

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 502,588	\$ 524,778	\$ 538,586	\$ 507,224	\$ 1,053,161	\$ 1,850,561
25,126,714	28,130,728	33,514,246	41,607,113	38,267,515	43,185,868
154,886,649	178,249,029	211,747,093	227,589,538	244,655,637	320,426,143
<u>120,567,914</u>	<u>139,787,849</u>	<u>174,534,294</u>	<u>203,133,467</u>	<u>244,404,884</u>	<u>258,384,589</u>
<u>\$ 301,083,865</u>	<u>\$ 346,692,384</u>	<u>\$ 420,334,219</u>	<u>\$ 472,837,342</u>	<u>\$ 528,381,197</u>	<u>\$ 623,847,161</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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Expenditures</b>				
Instruction	\$ 88,920,547	\$ 91,557,807	\$ 106,243,124	\$ 117,079,631
Pupil personnel services	10,147,584	10,413,185	11,961,662	13,112,326
Instructional media services	3,376,872	3,043,367	3,341,836	3,842,829
Instruction and curriculum development services	7,854,170	9,408,184	11,527,749	12,771,611
Instructional staff training services	1,262,423	1,506,512	2,085,825	2,146,962
Instruction related technology				
Board of Education	960,129	1,140,373	1,344,231	1,333,677
General administration	2,711,734	1,288,411	3,437,187	1,786,685
School administration	9,266,774	9,888,930	10,616,101	11,256,991
Facilities acquisition and construction	18,851,784	15,079,171	20,772,335	18,146,087
Fiscal services	887,052	937,582	1,126,374	1,266,688
Food services	7,599,091	8,356,361	9,331,625	10,632,834
Central services	5,089,278	5,377,626	6,228,655	6,292,786
Pupil transportation services	5,867,068	6,690,182	7,950,655	8,429,705
Operation of plant	10,923,843	12,238,131	13,346,190	14,160,088
Maintenance of plant	3,596,536	3,562,173	4,087,950	6,240,084
Administrative technology services				
Community services	91,890	1,248,204	1,215,656	1,450,218
Capital outlay				
Facilities acquisition and construction	18,788,346	70,595,550	32,572,912	66,719,184
Other capital outlay	3,300,014	3,979,253	6,132,858	4,396,413
Debt service				
Principal	5,774,775	6,035,721	10,479,727	16,089,358
Interest and fees	5,340,863	6,747,774	7,614,412	10,102,410
Total expenditures	<u>\$ 210,610,773</u>	<u>\$ 269,094,497</u>	<u>\$ 271,417,064</u>	<u>\$ 327,256,567</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	6.27%	7.03%	8.43%	11.39%

Source:

District records

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	130,420,875	\$ 154,305,607	\$ 177,377,831	\$ 195,786,614	\$ 228,926,351	\$ 252,436,907
	13,936,383	15,381,152	16,435,466	18,082,451	20,467,855	23,004,870
	3,744,022	4,457,309	4,241,207	4,772,082	5,083,212	5,860,992
	12,658,370	14,471,465	16,094,907	16,700,234	21,798,585	22,507,401
	2,218,607	2,927,494	5,078,031	5,958,714	4,624,539	9,150,787
				3,380,672	3,884,887	4,151,534
	1,378,541	1,648,558	1,290,353	1,414,978	1,823,258	2,150,486
	1,568,707	2,613,238	2,270,644	2,526,892	2,186,576	2,605,401
	12,578,340	13,762,428	14,874,908	16,704,133	19,189,405	21,535,497
	9,047,754	12,054,265	14,723,275	16,580,781	16,535,413	19,708,502
	1,279,620	1,380,748	1,251,447	1,534,493	1,870,512	2,028,443
	11,885,242	13,366,460	15,930,723	18,828,603	20,563,324	24,583,165
	7,035,623	7,807,327	7,758,248	5,863,915	6,470,672	6,773,727
	9,926,767	11,541,466	13,948,013	15,598,236	17,014,402	18,468,240
	17,615,832	18,245,493	27,017,226	24,784,882	27,710,926	30,798,725
	4,476,170	5,205,591	5,216,672	7,419,369	7,809,981	8,512,770
				3,038,578	2,860,025	3,439,879
	1,806,161	1,860,842	2,004,318	2,236,213	3,397,490	3,666,415
	65,330,740	33,461,068	40,545,616	62,304,787	73,466,105	51,547,603
	4,644,487	10,123,806	9,862,578	13,907,537	6,092,674	14,507,098
	10,667,185	10,030,498	13,444,462	17,176,291	19,293,444	16,271,911
	12,644,549	12,749,442	13,309,796	14,204,319	14,379,361	15,473,269
<u>\$</u>	<u>334,863,975</u>	<u>\$ 347,394,257</u>	<u>\$ 402,675,721</u>	<u>\$ 468,804,774</u>	<u>\$ 525,448,997</u>	<u>\$ 559,183,622</u>
	9.65%	8.11%	8.22%	8.69%	8.17%	6.88%

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

	<b>For the Fiscal Year Ending June 30</b>			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Excess of revenues over (under) expenditures</b>	<u>\$ (9,684,648)</u>	<u>\$ (26,379,015)</u>	<u>\$ (25,129,822)</u>	<u>\$ (63,693,645)</u>
<b>Other Financing Sources</b>	62,851,165	36,714,256	56,370,559	97,057,827
<b>Other Financing Uses</b>	<u>32,523,653</u>	<u>8,014,477</u>	<u>12,140,009</u>	<u>33,255,171</u>
<b>Net change in fund balances</b>	<u><u>\$ 20,642,864</u></u>	<u><u>\$ 2,320,764</u></u>	<u><u>\$ 19,100,728</u></u>	<u><u>\$ 109,011</u></u>

Source:  
 District records

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ (33,780,110)	\$ (701,873)	\$ 17,658,498	\$ 4,032,568	\$ 2,932,200	\$ 64,663,539
62,436,302	20,896,262	131,626,971	66,941,168	154,306,121	35,948,759
19,632,886	15,447,684	54,686,222	64,898,617	94,824,598	35,731,871
<u>\$ 9,023,306</u>	<u>\$ 4,746,705</u>	<u>\$ 94,599,247</u>	<u>\$ 6,075,119</u>	<u>\$ 62,413,723</u>	<u>\$ 64,880,427</u>

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

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1998	\$ 5,509,865,475	\$ 5,610,860,973	\$ 752,870,476	\$ 766,670,546
1999	6,065,185,546	6,201,621,213	846,870,659	865,920,919
2000	6,638,571,770	6,767,147,574	897,938,893	915,330,166
2001	7,470,361,984	7,545,820,186	947,490,882	957,061,497
2002	8,664,276,021	8,823,091,671	1,044,166,546	1,063,306,055
2003	9,814,249,330	10,309,085,431	1,177,810,970	1,237,196,397
2004	10,761,639,276	11,198,375,938	1,278,295,594	1,330,172,314
2005	12,259,604,996	12,986,869,699	1,326,423,191	1,405,109,313
2006	14,717,777,890	15,283,258,453	1,420,128,367	1,474,691,970
2007	20,226,913,679	22,154,341,379	1,570,992,956	1,720,693,271

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

(1) Per \$1,000 of assessed value

**Source:**  
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/07

Centrally Assessed Property		Total		Total Direct Rate (1)
Assessed Value	Estimated Actual Value	Assessed Assessed Value	Estimated Actual Value	
\$ 4,020,470	\$ 4,094,165	\$ 6,266,756,421	\$ 6,381,625,684	\$ 9.719
4,020,542	4,110,984	6,916,076,747	7,071,653,116	9.773
4,015,909	4,093,689	7,540,526,572	7,686,571,429	9.270
3,680,145	3,717,318	8,421,533,011	8,506,599,001	9.231
3,271,804	3,331,776	9,711,714,371	9,889,729,502	8.871
3,399,674	3,571,086	10,995,459,974	11,549,852,914	8.812
5,426,045	5,646,249	12,045,360,915	12,534,194,501	8.798
6,181,316	6,548,004	13,592,209,503	14,398,527,016	8.514
3,790,135	3,935,758	16,141,696,392	16,761,886,181	8.367
4,562,834	4,997,628	21,802,469,469	23,880,032,278	7.782

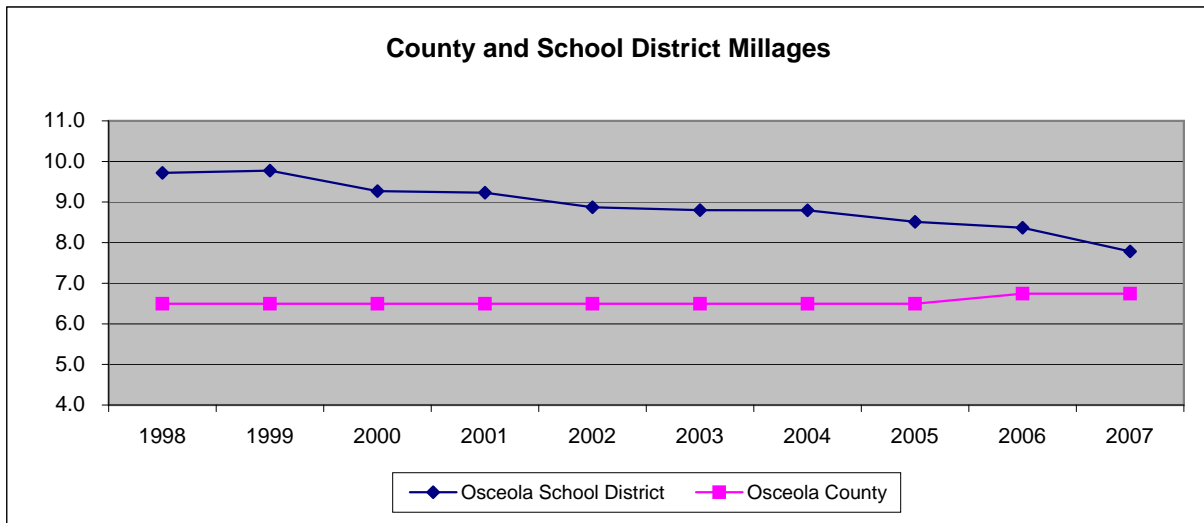
**Schedule 9**  
**District School Board of Osceola County**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Levy Years**

*(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
1998	6.351	2.000	0.510	0.243	0.615	9.719	6.495
1999	6.473	2.000	0.510	0.230	0.560	9.773	6.495
2000	6.078	2.000	0.510	0.216	0.466	9.270	6.495
2001	6.000	2.000	0.510	0.207	0.514	9.231	6.495
2002	5.758	2.000	0.510	0.196	0.407	8.871	6.495
2003	5.761	2.000	0.510	0.195	0.346	8.812	6.495
2004	5.784	2.000	0.510	0.185	0.319	8.798	6.495
2005	5.540	2.000	0.510	0.179	0.285	8.514	6.495
2006	5.369	2.000	0.510	0.250	0.238	8.367	6.745
2007	5.022	2.000	0.510	0.250	-	7.782	6.745

**Source:**

District records  
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/07



Schedule 10  
District School Board of Osceola County  
Principal Osceola County Property Tax Payers  
September 30, 2007 and Nine Years Earlier  
Unaudited

Taxpayer	September 30, 2007			September 30, 1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Central Florida Investments	\$ 601,064,619	1	2.76%	\$ 242,218,000	2	3.87%
The Walt Disney Company	596,657,823	2	2.74%	471,372,000	1	7.52%
Tempus Palms International	263,947,652	3	1.21%			
G.P. Limited Partnership	261,356,331	4	1.20%			
Fairfield Communities	256,390,652	5	1.18%			
Progress Energy	210,102,112	6	0.96%	114,011,000	3	1.82%
Lando Resorts Corporation	198,755,500	7	0.91%			0.00%
Reliant Energy Osceola, LLC	145,469,729	8	0.67%			
Sprint Florida	134,053,376	9	0.61%	75,930,000	4	1.21%
Ginn-IA Orlando Ltd LLP	113,180,620	10	0.52%			
Star Island Development Corporation				46,205,000	5	0.74%
Osceola Regional Hospital				44,010,000	6	0.70%
First Continental Corporation				42,234,000	7	0.67%
Orlando Hyatt				40,257,000	8	0.64%
Avatar Properties, Inc.				39,091,000	9	0.62%
Florida Gas Transmission				36,320,000	10	0.58%
Total taxable assessed value ten largest taxpayers	<u>2,780,978,414</u>		<u>12.76%</u>	<u>1,151,648,000</u>		<u>18.38%</u>
Total taxable assessed value all other taxpayers	<u>19,021,491,055</u>		<u>87.24%</u>	<u>5,115,108,421</u>		<u>81.62%</u>
Total taxable assessed value all taxpayers	<u>\$ 21,802,469,469</u>		<u>100.00%</u>	<u>\$ 6,266,756,421</u>		<u>100.00%</u>

Source:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/07

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
1999	\$ 67,590,818	\$ 64,893,810	96.01%	\$ 369,628	\$ 65,263,438	96.56%
2000	69,900,681	67,329,316	96.32%	327,429	67,656,745	96.79%
2001	77,739,171	74,630,517	96.00%	225,960	74,856,477	96.29%
2002	86,152,618	82,766,326	96.07%	738,913	83,505,239	96.93%
2003	96,980,298	93,261,967	96.17%	427,760	93,689,727	96.61%
2004	106,301,541	102,339,173	96.27%	355,857	102,695,029	96.61%
2005	116,134,509	111,708,607	96.19%	811,581	112,520,188	96.89%
2006	135,485,708	130,105,098	96.03%	91,059	130,196,157	96.10%
2007	162,563,961	160,954,578	99.01%	26,733	160,981,311	99.03%
2008	196,055,323	195,550,937	99.74%		195,550,937	99.74%

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

Source:  
District records

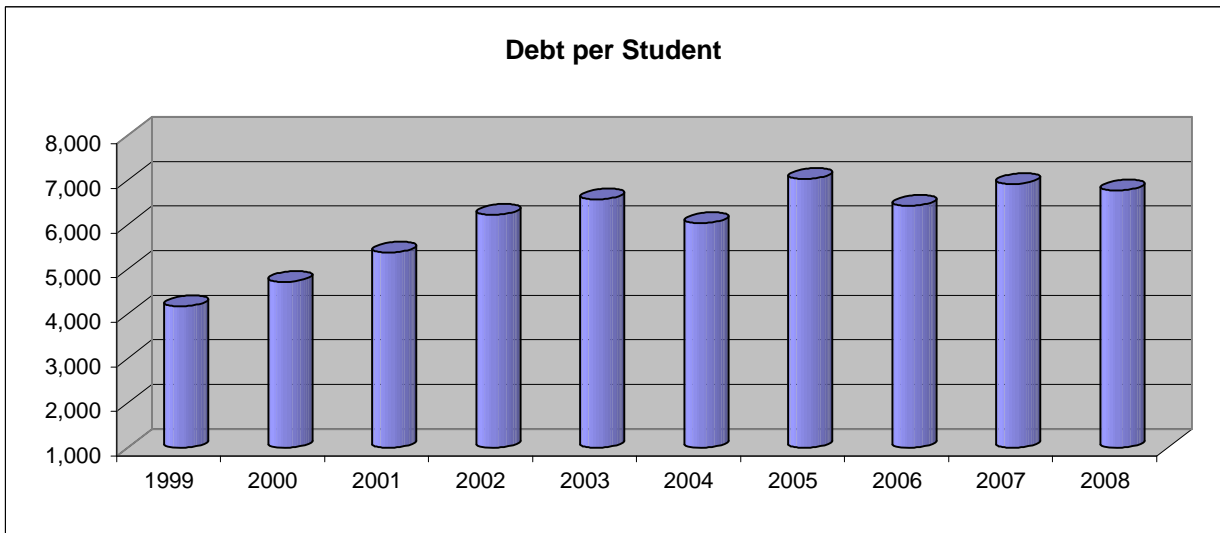
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Schedule 12  
 District School Board of Osceola County  
 Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year	Capital Leases and Installment Purchases	Notes	Bonds	Certificates Of Participation	EFBD Agreement Payable
1999	\$ 2,933,273	\$	\$ 36,505,000	\$ 77,995,000	\$
2000	2,287,205	10,944,000	33,900,000	92,815,000	
2001	1,655,956	9,547,769	74,695,000	87,970,000	
2002	4,944,598	3,823,000	69,342,534	143,641,031	
2003	6,375,658	36,185,393	68,880,015	140,606,742	
2004	8,675,839	34,387,126	67,008,622	137,417,453	3,941,380
2005	11,308,878	32,492,160	66,274,574	199,595,993	7,764,964
2006	5,962,320	30,495,288	63,716,002	194,270,400	8,805,939
2007	7,763,937	28,391,020	104,795,299	188,836,531	8,912,464
2008	3,794,475	26,173,571	100,475,993	183,202,405	9,023,280

(1) See schedule 16 for Personal Income data.  
 (2) See schedule 19 for Enrollment data.  
 N/A = not available

Source:  
 District records



<b>Post Employment Benefits</b>	<b>Other</b>	<b>Total</b>	<b>Percentage of Personal Income (1)</b>	<b>Outstanding Debt Per Student (2)</b>
\$	\$ 8,796,043	\$ 126,229,316	2.56 %	\$ 4,175
	8,924,829	148,871,034	2.35	4,726
	9,952,374	183,821,099	1.98	5,377
	10,814,070	232,565,233	1.66	6,229
	11,458,710	263,506,518	1.58	6,574
	12,129,359	263,559,779	1.75	6,038
	12,173,728	329,610,297	1.55	7,029
	13,103,129	316,353,078	1.76	6,428
	14,706,815	353,406,066	1.46	6,921
12,995,598	16,112,521	351,777,843	N/A	6,774

Schedule 13  
 District School Board of Osceola County  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2008  
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Osceola County</b>			
Limited General Obligation Bonds	\$ 15,295,000	100.00%	\$ 15,295,000
Revenue Bonds	251,450,000	100.00%	251,450,000
Special Assessment Bonds	15,965,000	100.00%	<u>15,965,000</u>
Subtotal, overlapping debt			<u>282,710,000</u>
<b>District direct debt</b>			<u>351,777,843</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 634,487,843</u></u>

**Source:**

District records  
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/07

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

	<u>Fiscal Year</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Assessed value	\$ 6,266,756,421	\$ 6,916,076,747	\$ 7,540,526,572	\$ 8,421,533,011
Debt limit (10% of assessed value)	626,675,642	691,607,675	754,052,657	842,153,301
Debt applicable to limit:				
Bonds payable	<u>38,055,000</u>	<u>36,505,000</u>	<u>33,900,000</u>	<u>74,695,000</u>
Total net debt applicable to limit	<u>38,055,000</u>	<u>36,505,000</u>	<u>33,900,000</u>	<u>74,695,000</u>
Legal debt margin	<u>\$ 588,620,642</u>	<u>\$ 655,102,675</u>	<u>\$ 720,152,657</u>	<u>\$ 767,458,301</u>
Total net debt applicable to the limit as a percentage of debt limit	6.07%	5.28%	4.50%	8.87%

**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.

**Source:**

District records  
Osceola County Comprehensive Annual Financial Report, FYE 9/30/07

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 9,711,714,371	\$ 10,995,459,974	\$ 12,045,360,915	\$ 13,592,209,503	\$ 16,141,696,392	\$ 21,802,469,469
971,171,437	1,099,545,997	1,204,536,092	1,359,220,950	1,614,169,639	2,180,246,947
69,342,534	68,880,015	67,008,622	66,274,574	63,716,002	104,795,299
<u>69,342,534</u>	<u>68,880,015</u>	<u>67,008,622</u>	<u>66,274,574</u>	<u>63,716,002</u>	<u>104,795,299</u>
<u>\$ 901,828,903</u>	<u>\$ 1,030,665,982</u>	<u>\$ 1,137,527,470</u>	<u>\$ 1,292,946,376</u>	<u>\$ 1,550,453,637</u>	<u>\$ 2,075,451,648</u>
7.14%	6.26%	5.56%	4.88%	3.95%	4.81%

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		Debt Service				
	License Tax		Principal	Interest			
1999	\$	1,250,059	\$	480,000	\$	736,958	97.4%
2000		1,324,660		520,000		777,535	98.0%
2001		1,381,049		540,000		791,558	96.4%
2002		1,531,419		510,000		623,490	74.0%
2003		1,657,627		570,000		657,971	74.1%
2004		1,793,356		595,000		643,741	69.1%
2005		1,921,521		685,000		668,601	70.4%
2006		2,044,076		800,000		767,103	76.7%
2007		2,118,063		925,000		773,432	80.2%
2008		2,158,213		965,000		762,304	80.0%

Source: District records

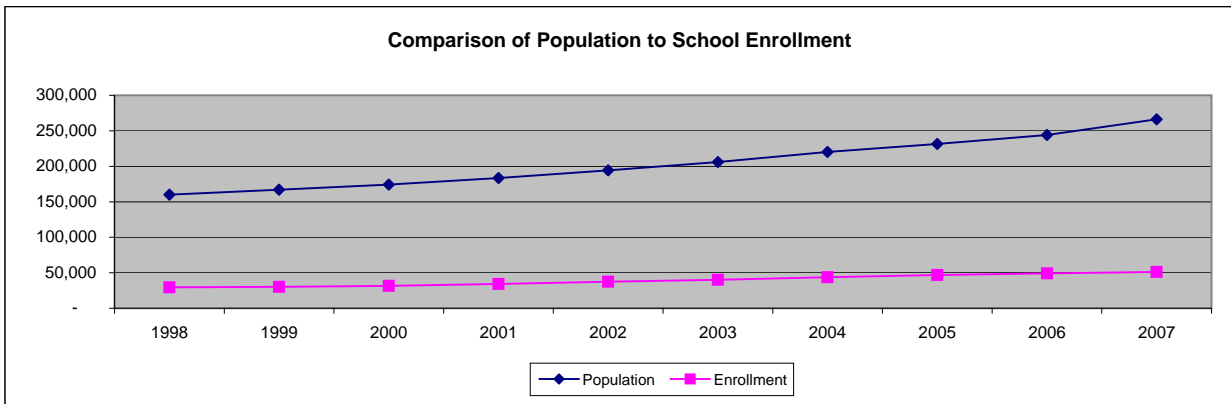
Schedule 16  
 District School Board of Osceola County  
 Demographic and Economic Statistics  
 Last Ten Calendar Years  
 Unaudited

Year	Population (1)	Personal Income (1) (in thousands)	Per Capita Personal (1) Income	Median Age (2)	School Enrollment (3)	Unemployment Rate (1)
1998	160,069	\$ 2,930,561	\$ 18,308	36.3	29,493	3.2%
1999	167,021	3,233,548	19,360	36.7	30,236	2.8%
2000	174,198	3,502,985	20,112	34.6	31,503	3.3%
2001	183,443	3,646,332	19,888	35.0	34,186	4.4%
2002	194,281	3,871,702	19,965	35.6	37,334	5.8%
2003	206,095	4,175,478	20,295	34.5	40,086	5.2%
2004	220,217	4,611,683	20,987	34.4	43,652	4.5%
2005	231,482	5,112,809	22,107	34.2	46,891	3.8%
2006	244,045	5,569,748	22,778	34.5	49,214	3.1%
2007	266,123	5,173,963 *	19,442 *	34.9 *	51,060	4.3%

\* = Estimates

Sources:

- (1) State of Florida Office of Economic and Demographic Research
- (2) US Census Bureau, American Community Survey
- (3) Osceola School District



**Schedule 17**

**District School Board of Osceola County  
Osceola County Principal Employers  
September 30, 2007 and Nine Years Earlier  
Unaudited**

<b>Employer</b>	<b>September 30, 2007</b>		<b>September 30, 1998</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Walt Disney World (including Orange County)	61,500	1	50,000	1
Osceola School District	6,613	2	3,329	2
Osceola County Government	2,677	3	1,941	3
Wal-Mart Stores, Inc.	2,000	4		
Gaylord Palms Resort & Convention Center	1,650	5		
Orange Lake Country Club and Affiliates	1,200	6	700	5
McLane/Suneast, Inc.	980	7		
Lowe's Distribution Center	969	8		
Florida Hospital Kissimmee	794	9		
Florida Hospital Celebration	710	10		
Publix Supermarkets			960	4
Tupperware Corporation			620	6
City of Kissimmee			590	7
Hyatt Orlando-Kissimmee			475	8
Mercury Marine			340	9
City of St. Cloud			327	10
Total principal employers	<u>79,093</u>		<u>59,282</u>	

**Note:** Walt Disney World is a primary employer, but the number of employees located in Osceola County is not available.  
School district employees are shown as of June 30, 2007 and 1998.

**Source:**

Osceola County Comprehensive Annual Financial Report, FYE 9/30/07  
Florida Department of Education

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

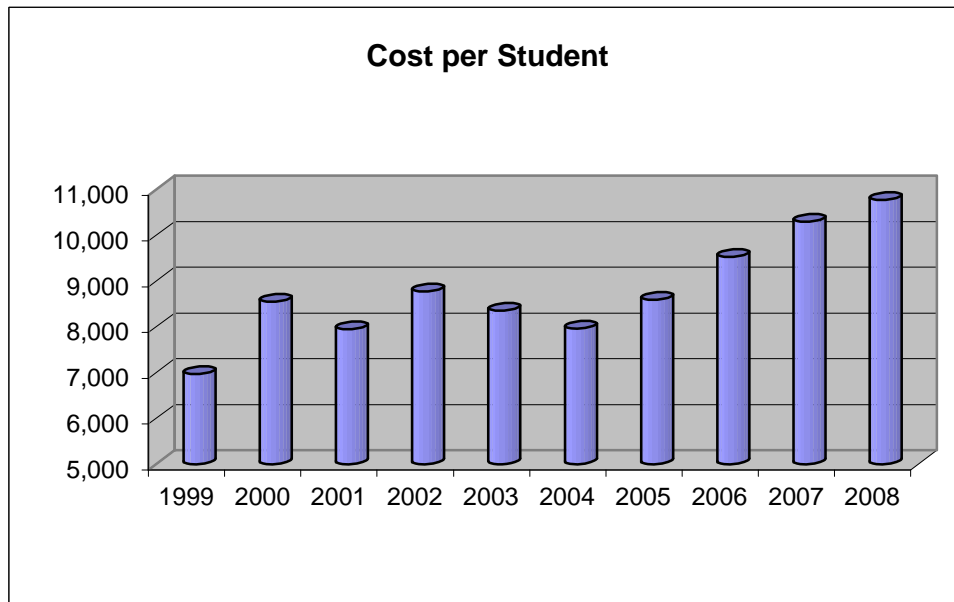
	Full-time-Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Supervisory</b>										
Officials, Administrators and Managers	25	24	35	35	32	37	35	42	43	44
Consultants/Supervisors of Instruction		2	3	3	4	5	4	5	7	8
Principals	25	29	31	32	35	45	46	46	45	48
Assistant Principals	37	39	39	43	47	52	56	64	66	70
Total supervisory	87	94	108	113	118	139	141	157	161	170
<b>Instruction</b>										
Deans/Curriculum Coordinators	1	1	1	1	1	5	5	2	4	7
Classroom Teachers, Elementary (PK, K-5)	615	660	663	708	719	940	1,052	1,157	1,242	1,297
Classroom Teachers, Secondary (6-12)	627	676	684	735	777	951	1,063	1,138	1,210	1,336
Exceptional Education Teachers	220	239	245	255	294	335	377	399	424	421
Other Teachers	67	65	69	73	85	86	95	76	86	93
Other Professional Staff, Instructional	150	171	184	186	197	229	273	321	334	387
Total instruction	1,680	1,812	1,846	1,958	2,073	2,546	2,865	3,093	3,300	3,541
<b>Student Services</b>										
Guidance Counselors	68	68	69	72	76	90	96	95	93	97
Social Workers	8	8	8	6	7	8	10	11	13	14
School Psychologists	17	19	20	25	28	29	31	31	34	34
Librarians/Audio-Visual Workers	30	29	28	30	31	35	35	39	39	46
Other Professional Staff, Non-Instructional	106	120	133	148	162	175	189	190	196	210
Aides	591	610	596	624	670	706	735	805	779	775
Technicians	30	30	34	43	46	51	55	78	96	107
Total student services	850	884	888	948	1,020	1,094	1,151	1,249	1,250	1,283
<b>Support and Administration</b>										
Clerical/Secretarial	328	364	360	386	391	440	467	508	539	561
Service Workers	513	563	610	673	708	951	906	1,162	1,275	1,331
Skilled Crafts Workers	34	42	45	44	48	53	55	63	65	71
Unskilled Laborers	22	22	24	24	25	23	22	18	23	26
Total support and administration	897	991	1,039	1,127	1,172	1,467	1,450	1,751	1,902	1,989
<b>Total</b>	<b>3,514</b>	<b>3,781</b>	<b>3,881</b>	<b>4,146</b>	<b>4,383</b>	<b>5,246</b>	<b>5,607</b>	<b>6,250</b>	<b>6,613</b>	<b>6,983</b>

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
1999	\$ 210,610,773	30,236	\$ 6,966	27
2000	269,094,497	31,503	8,542	30
2001	271,417,064	34,186	7,939	32
2002	327,256,567	37,334	8,766	34
2003	334,863,975	40,086	8,354	34
2004	347,394,257	43,652	7,958	35
2005	402,675,721	46,891	8,587	39
2006	468,804,774	49,214	9,526	39
2007	525,448,997	51,060	10,291	43
2008	559,183,622	51,934	10,767	43

Source: District records



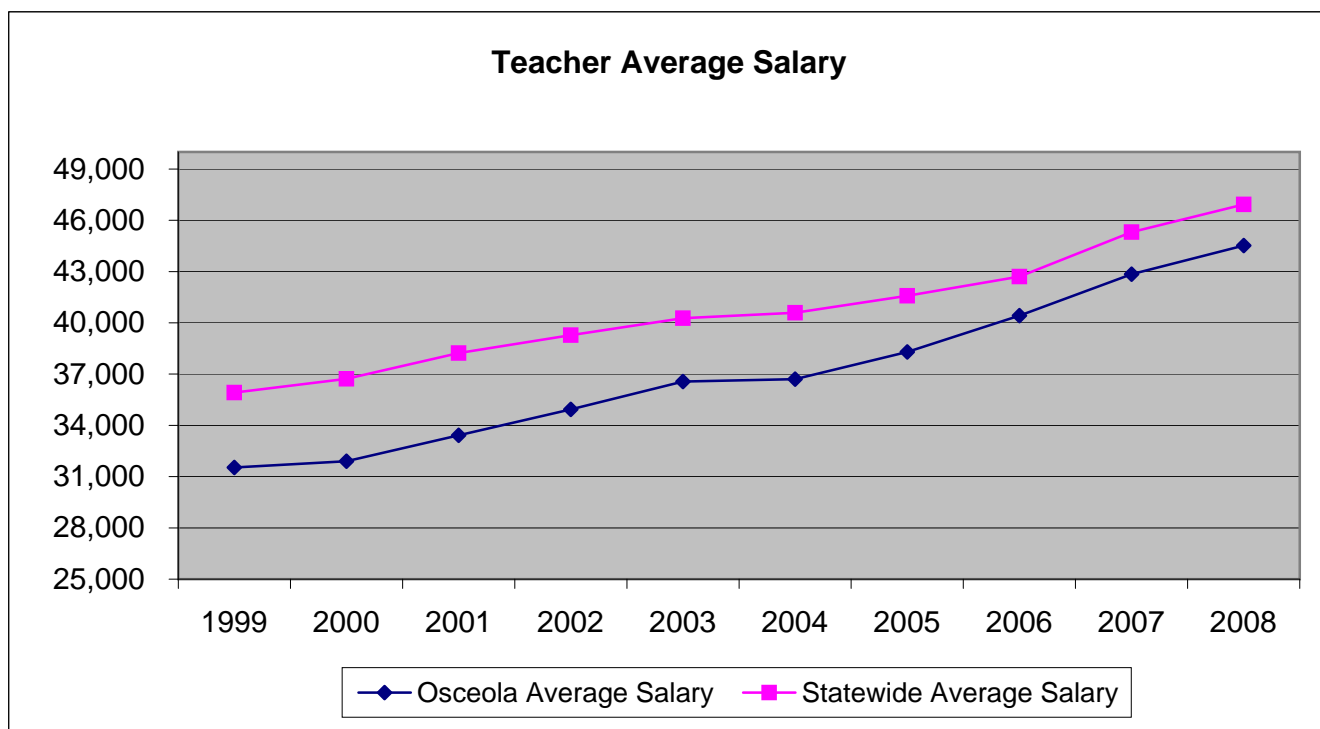
Number of Classroom Teachers	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals	
		Free	Reduced
1,529	19.8	32.9%	10.4%
1,640	19.2	33.8%	11.2%
1,661	20.6	34.3%	11.6%
1,771	21.1	37.6%	11.9%
1,875	21.4	39.5%	12.0%
2,312	18.9	41.6%	12.7%
2,587	18.1	43.3%	11.8%
2,770	17.8	43.6%	12.1%
2,962	17.2	43.5%	13.7%
3,147	16.5	44.5%	14.2%

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)
1999	\$ 25,100	\$ 46,850	\$ 31,537	\$ 35,916
2000	25,400	47,850	31,897	36,720
2001	27,400	49,400	33,421	38,230
2002	28,400	51,550	34,939	39,275
2003	30,000	52,575	36,567	40,267
2004	30,600	53,575	36,702	40,587
2005	31,600	55,350	38,292	41,581
2006	33,400	58,850	40,418	42,705
2007	36,000	61,275	42,851	45,307
2008	37,500	65,685	44,519	46,930

Source:

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



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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Elementary Schools</b>										
Boggy Creek (1982)										
Square Feet	82,782	82,782	82,782	82,782	82,782	94,769	94,769	94,769	88,243	88,243
Student Capacity	864	864	864	853	632	1,147	883	883	635	635
Enrollment					915	881	779	858	825	740
Central Avenue (1934)										
Square Feet	85,534	85,534	101,862	101,862	101,862	101,862	101,862	101,862	101,862	111,962
Student Capacity	745	740	924	924	725	902	726	726	726	729
Enrollment					748	858	832	850	850	716
Chestnut (2005)										
Square Feet							118,948	118,998	118,998	119,122
Student Capacity							1,164	1,110	1,110	1,110
Enrollment								1,037	1,117	1,084
Cypress (1991)										
Square Feet	108,547	108,547	108,547	108,547	108,547	108,547	108,547	108,547	108,547	107,508
Student Capacity	1,052	1,071	1,071	1,067	790	1,067	826	826	826	808
Enrollment					917	939	939	982	930	815
Deerwood (1990)										
Square Feet	108,490	108,490	110,437	110,437	110,437	122,340	122,340	122,340	110,437	114,619
Student Capacity	962	989	989	989	734	1,299	1,034	1,034	770	788
Enrollment					1,084	1,334	1,507	1,049	1,074	1,079
Flora Ridge (2007)										
Square Feet									118,237	118,237
Student Capacity									1,149	1,106
Enrollment										750
Harmony (2007)										
Square Feet									99,870	99,711
Student Capacity									1,006	1,006
Enrollment										
Hickory Tree (1983)										
Square Feet	102,670	102,670	102,670	102,670	102,670	102,865	102,865	102,665	102,865	113,311
Student Capacity	953	953	953	953	698	953	703	703	703	780
Enrollment					786	727	738	744	909	899
Highlands (1959)										
Square Feet	81,990	81,990	81,990	80,975	80,975	80,975	80,975	80,975	80,975	87,093
Student Capacity	778	778	778	800	634	800	644	644	644	644
Enrollment					743	831	876	853	779	794
Kissimmee (2000)										
Square Feet		90,169	116,591	107,913	107,913	107,913	107,913	107,913	107,913	112,552
Student Capacity		980	980	1,000	760	1,000	762	762	762	852
Enrollment					1,109	1,158	1,259	1,157	1,063	744
Lakeview (1985)										
Square Feet	107,181	107,181	107,181	107,181	107,181	107,174	107,174	107,174	107,174	108,600
Student Capacity	967	1,006	1,006	1,015	756	1,025	778	778	778	785
Enrollment					721	760	790	928	1,016	725
Michigan Avenue (1971)										
Square Feet	88,176	88,176	88,176	88,176	88,176	88,536	88,536	88,536	88,536	93,864
Student Capacity	956	975	975	975	721	975	724	724	724	727
Enrollment					735	806	849	997	992	950
Mill Creek (1986)										
Square Feet	105,945	105,945	105,945	105,980	105,980	105,980	105,980	105,980	105,980	125,287
Student Capacity	952	952	952	952	721	987	726	726	726	858
Enrollment					951	930	892	952	952	1,045
Neptune (2007)										
Square Feet									116,311	118,854
Student Capacity									1,164	1,128
Enrollment										707
Partin Settlement (2002)										
Square Feet				106,614	106,614	120,694	120,694	120,694	120,694	132,458
Student Capacity				697	579	964	767	767	767	774
Enrollment					655	836	961	957	1,024	963
Pleasant Hill (1986)										
Square Feet	106,553	106,553	106,553	106,553	106,553	106,553	106,553	106,553	106,553	117,197
Student Capacity	1,042	1,038	1,038	1,038	764	1,038	775	775	775	782

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Enrollment					976	1,080	924	970	991	991
Poinciana (2001)										
Square Feet			116,893	102,385	102,385	129,098	129,098	129,098	117,111	130,987
Student Capacity			970	970	742	1,238	978	978	746	746
Enrollment					711	1,224	1,517	1,153	1,112	1,017
Reedy Creek (1980)										
Square Feet	62,773	87,578	87,578	88,255	88,255	103,372	103,372	103,372	87,978	88,747
Student Capacity	750	994	994	997	748	1,302	1,002	1,002	730	730
Enrollment					1,165	1,266	1,331	901	989	1,138
Ross E Jeffries (1917)										
Square Feet	70,734	61,367	61,746	61,743	61,743	61,743	61,479	57,525	57,525	57,430
Student Capacity	467	407	407	407	375	407	362	362	406	406
Enrollment					690	734	771	362		
Saint Cloud (2005)										
Square Feet							119,473	118,948	118,948	124,718
Student Capacity							1,164	1,110	1,110	1,110
Enrollment							797	984	984	989
Sunrise (2005)										
Square Feet							118,948	118,948	118,948	127,063
Student Capacity							1,164	1,110	1,110	1,110
Enrollment							737	990	896	
Thacker Avenue (1963)										
Square Feet	85,914	85,914	85,876	85,534	85,534	85,872	85,872	85,972	85,872	105,974
Student Capacity	778	787	787	795	665	791	669	669	669	647
Enrollment					662	640	632	718	695	642
Ventura (1987)										
Square Feet	105,420	105,420	105,420	105,420	105,420	105,420	105,420	123,472	129,251	134,766
Student Capacity	975	980	980	980	725	980	728	1,128	1,128	1,128
Enrollment					1,022	1,001	1,114	1,106	1,128	1,120
<b>Middle Schools</b>										
Denn John (1973)										
Square Feet	110,100	110,100	118,443	119,606	119,606	119,606	119,606	119,606	126,939	126,939
Student Capacity	1,177	1,198	1,198	1,407	1,243	1,475	1,329	1,329	1,329	1,284
Enrollment					1,263	1,345	1,347	1,236	1,157	1,083
Discovery (2000)										
Square Feet		158,404	184,885	184,885	184,885	184,885	184,885	184,885	184,885	268,073
Student Capacity		1,346	1,707	1,707	1,502	1,728	1,521	1,521	1,521	1,427
Enrollment					1,647	1,445	1,504	1,593	1,619	1,596
Horizon (1993)										
Square Feet	150,142	150,142	150,142	150,142	150,142	148,542	148,542	148,540	148,540	168,903
Student Capacity	1,202	1,281	1,281	1,260	1,150	1,305	1,393	1,383	1,383	1,356
Enrollment					1,169	1,219	1,353	1,423	1,609	1,553
Kissimmee (1995)										
Square Feet	119,925	148,108	148,108	148,108	148,108	148,108	147,270	147,314	146,670	191,862
Student Capacity	852	1,339	1,339	1,339	1,214	1,339	1,340	1,340	1,340	1,251
Enrollment					1,280	1,224	1,206	1,112	1,030	1,106
Neptune (1987)										
Square Feet	128,738	128,435	136,778	138,957	161,561	161,561	161,561	161,561	138,977	159,949
Student Capacity	1,112	1,140	1,140	1,338	1,566	1,774	1,515	1,515	1,136	1,138
Enrollment					1,566	1,632	1,676	1,432	1,509	1,473
Parkway (1986)										
Square Feet	138,900	138,900	138,914	138,914	138,914	138,914	138,914	138,914	138,914	150,394
Student Capacity	1,247	1,250	1,257	1,197	1,045	1,227	1,064	1,064	1,099	1,041
Enrollment					1,220	1,172	1,114	1,029	1,023	886
Saint Cloud (1974)										
Square Feet	90,116	90,116	98,271	97,728	97,728	97,728	127,779	127,779	127,779	127,779
Student Capacity	1,114	1,114	1,072	1,166	933	1,181	1,642	1,642	1,642	1,620
Enrollment					900	848	884	1,200	1,311	1,216
<b>High Schools</b>										
Celebration (2001)										
Square Feet			306,633	309,600	309,600	309,600	309,600	309,600	309,600	304,843
Student Capacity			2,093	2,072	1,932	2,054	2,010	2,010	2,010	1,921
Enrollment					1,443	1,443	1,731	1,738	1,847	1,704

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

	<b>Fiscal Year</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Gateway (1981)										
Square Feet	231,900	231,900	241,794	248,879	248,879	248,879	248,879	247,178	247,178	243,101
Student Capacity	2,053	2,053	2,053	2,110	1,915	2,110	1,924	1,924	1,924	1,865
Enrollment					2,598	2,621	2,580	2,354	2,269	2,333
Harmony (2004)										
Square Feet						299,499	299,499	299,499	299,499	345,864
Student Capacity						2,030	2,003	2,003	2,003	1,963
Enrollment							1,306	1,481	1,696	1,891
Liberty (2007)										
Square Feet									252,059	252,854
Student Capacity									2,434	2,405
Enrollment										2,020
Osceola (1962)										
Square Feet	193,625	193,625	215,751	215,905	215,905	215,905	215,905	218,036	218,036	253,764
Student Capacity	1,886	1,886	1,877	1,865	1,739	1,865	1,758	1,758	1,758	1,717
Enrollment					2,343	2,418	2,443	2,374	2,433	2,359
PATHS (1990)										
Square Feet	58,048	58,048	98,964	111,230	112,042	112,042	112,044	112,044	112,044	110,981
Student Capacity	207	207	207	725	672	725	705	705	705	705
Enrollment					383	516	599	685	660	696
Poinciana (1991)										
Square Feet	232,263	232,263	232,263	239,857	239,857	239,857	240,404	240,404	240,404	240,404
Student Capacity	1,953	1,946	1,916	1,937	1,882	1,959	1,916	1,916	1,916	1,916
Enrollment					2,633	2,094	2,454	2,568	2,785	2,785
Saint Cloud (1962)										
Square Feet	189,022	192,962	201,705	201,491	201,491	201,491	201,491	201,491	208,908	208,908
Student Capacity	1,934	1,911	1,911	1,878	1,758	1,878	1,807	1,807	1,807	1,717
Enrollment					2,382	2,528	1,644	1,595	1,674	1,741
<b>Other Schools</b>										
Celebration (1995)										
Square Feet	173,454	213,345	213,345	229,577	230,621	232,324	232,324	232,324	232,324	228,988
Student Capacity	1,325	1,391	1,391	1,640	1,450	1,590	1,603	1,603	1,603	1,749
Enrollment					1,339	1,270	1,270	1,176	1,248	1,338
Narcoossee (2000)										
Square Feet		158,068	151,662	198,724	198,724	198,724	198,724	198,724	198,724	209,803
Student Capacity		1,287	1,647	1,754	1,449	1,743	1,484	1,484	1,484	1,484
Enrollment					1,046	1,105	1,232	1,362	1,579	1,738
New Beginnings (1990)										
Square Feet	15,505	15,313	20,233	20,233	50,019	50,019	50,019	50,019	20,233	35,510
Student Capacity	254	302	227	192	353	360	400	400	183	183
Enrollment					239	325	333	466	426	362
School for the Arts (2002)										
Square Feet				92,488	126,437	126,437	129,962	133,487	101,329	144,659
Student Capacity				526	526	526	766	876	119	218
Enrollment					503	503	599	659	750	678
Zenith (2005)										
Square Feet							82,161	82,161	82,161	89,541
Student Capacity							1,028	1,028	1,028	1,007
Enrollment								530	380	416

**Source:**  
District records

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Single Audit Section





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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2008. We did not audit the financial statements of the aggregate discretely presented component units; those financial statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

### **Compliance and Other Matters**

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

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

*Cherry, Beckett & Holland, L.L.P.*

Orlando, Florida  
December 15, 2008



**Independent Auditors' Report on Compliance  
with Requirements Applicable to Each Major  
Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited the compliance of the District School Board of Osceola County (the "District") with the types of compliance requirements described in the *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, 2008. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**Internal Control over Compliance**

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

A *control deficiency* in an Entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Entity's internal control.

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

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

*Cherry, Bekaert & Holland, L.L.P.*

Orlando, Florida  
December 15, 2008

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>United States Department of Agriculture:</b>			
Indirect:			
Florida Department of Agriculture and Consumer Services:			
Food Donation	10.550(2)	None	\$ 1,099,676
Florida Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	321	2,696,328
National School Lunch Program	10.555	300	10,203,002
Summer Food Service Program for Children	10.559	323	574,635
<b>Total Child Nutrition Cluster</b>			<b>13,473,965</b>
<b>Total United States Department of Agriculture</b>			<b>14,573,641</b>
<b>United States Department of Education:</b>			
Direct:			
Federal Pell Grant Program	84.063	N/A	220,559
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	434,924
Teaching American History	84.215	N/A	262,682
Carol M. White Physical Education Program	84.215	N/A	169,821
Fund for the Improvement of Education	84.215	N/A	381,731
<b>Total Direct</b>			<b>1,469,717</b>
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	262, 263	9,106,254
Special Education - Preschool Grants	84.173	267	192,771
<b>Total Special Education Cluster</b>			<b>9,299,025</b>
Florida Department of Education:			
Adult Education - State Grant Program	84.002	191, 193, 212, 222, 223,226,228	391,463
Title I Grants to Local Educational Agencies	84.010	226, 228	9,282,149
Migrant Education - State Grant Program	84.011	217	103,344
Vocational Education - Basic Grants to States	84.048	151	557,916
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	273,772
Education for Homeless Children and Youth	84.196	127	68,859
Twenty-First Century Community Learning Centers	84.287	244	2,007,364
State Grants for Innovative Programs	84.298	113	68,128
Education Technology State Grants	84.318	121, 122	1,076,377
Comprehensive School Reform Demonstration	84.332	128	14,988
English Language Acquisition Grants	84.365	102	1,584,539
Mathematics and Science Partnerships	84.366	235	1,978,277
Improving Teacher Quality State Grants	84.367	224	1,669,510
Valencia Community College:			
Tech-Prep Education	84.243	None	84,036
<b>Total Indirect</b>			<b>28,459,747</b>
<b>Total United States Department of Education</b>			<b>29,929,464</b>
<b>United States Department of Health and Human Services:</b>			
Indirect:			
Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	None	147,650
<b>United States Department of Defense:</b>			
Direct:			
Air Force Junior Reserve Officers Training Corps	None	N/A	144,736
Army Junior Reserve Officers Training Corps	None	N/A	124,607
Marine Junior Reserve Officers Training Corps	None	N/A	44,851
Navy Junior Reserve Officers Training Corps	None	N/A	66,650
<b>Total United States Department of Defense</b>			<b>380,844</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 45,031,599</b>

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2007-08 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule

(2) Noncash Assistance - Food Donation. Represents the amount of donated food used during the 2007-08 fiscal year. Commodities are valued at fair value as determined at the time of donation.

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2008**

**Part I - Summary of Audit Results**

1. The auditors report on the financial statements expresses an unqualified opinion.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unqualified opinion.
6. The programs tested as major programs were:

Name of Program	CFDA #
Title I, Part A	84.010
Mathematics and Science Partnerships	84.366

7. The threshold for distinguishing Types A and B programs was \$1,350,948.
8. The District was determined to be a low risk auditee.

**Part II - Financial Statement Findings Section**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None reported.

**Part III - Federal Award Finding and Questioned Costs Section**

None reported.

**District School Board of Osceola County**  
**Summary Schedule of Prior Audit Findings - Federal Awards**  
For the Fiscal Year Ended June 30, 2008

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
State of Florida, Auditor General No. 1	Child Nutrition Cluster CFDA Nos. 10.553, 10.555 and 10.559 Noncompliance	OMB Circular A-133 requires the District to determine that entities receiving subawards and procure- ment contracts are not suspended or debarred.	Corrected	Debarment Certification Form now included in solicitations issued by the Purchasing Department. Vendor status is verified by checking the Excluded Parties Listing System.



## **Independent Auditors' Management Letter**

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2008. 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 school internal funds or the aggregate discretely presented component units; those financial statements were audited by other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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* dated December 15, 2008, and it should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.800, Rules of the Auditor General. Those rules (Section 10.804(1)(f)1.) require that we address in the management letter, if not already addressed in the auditors' report on internal controls over financial reporting and on compliance and other matters, whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the prior year annual financial audit report.

As required by the Rules of the Auditor General (Section 10.804(1)(f)2.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit of the financial statements of the District, the results of our tests did not indicate that the District met any of the conditions of a financial emergency contained in Section 218.503(1), Florida Statutes. However, our audit does not provide a legal determination on the District's compliance with this requirement.

The Rules of the Auditor General (Section 10.804(1)(f)3.) state that a management letter shall include a statement as to whether or not the District complied with Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit of the financial statements of the District, the results of our tests did not indicate that the District was in noncompliance with Section 218.415 regarding the investment of public funds. However, our audit was not directed toward obtaining knowledge regarding the District's compliance with this requirement.

The Rules of the Auditor General (Section 10.804(1)(f)4.) require disclosure of recommendations to improve financial management. In connection with our audit, there were no such recommendations.

The Rules of the Auditor General (Section 10.804(1)(f)5.) require disclosure of violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, there were no such matters noted.

The Rules of the Auditor General (Section 10.804(1)(f)6.) allow for the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors, to be reported based on professional judgment: (a) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred; (b) control deficiencies that are not significant deficiencies. In connection with our audit, there were no such items reported.

The Rules of the Auditor General (Section 10.804(1)(f)7.) require a statement that the auditor has applied financial condition assessment procedures pursuant to Rule 10.805(6). In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations by management and review of financial information provided by them.

In planning and performing our audit of the financial statements for the year ended June 30, 2008, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

We wish to thank the District's finance and accounting personnel and others involved in the conduct of the audit for their courtesy and cooperation.

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

*Cherry, Bekaert & Holland, L.L.P.*

Orlando, Florida  
December 15, 2008

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