

# **The School District of Osceola County, FL**

## **Continuing Disclosure Document**

**For The Fiscal Year Ended  
June 30, 2015**



**Superintendent  
Dr. Debra Pace**

**An Equal Opportunity Agency**

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## APPENDICES

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- B - FOUR CORNERS CHARTER SCHOOL, INC. 2014 AUDITED FINANCIAL STATEMENT

## GENERAL INFORMATION

### The School Board and District

The School Board is a public body corporate and politic existing under the laws of the State of Florida and is the governing body of the District. The School Board consists of five Board members elected to single member districts for overlapping four-year terms. The District is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Part II, Florida Statutes, as amended. The District covers the same geographic area as Osceola County, Florida (the "County"). Management of the District is independent of the County government and the other local governments within the County. The County Tax Collector collects ad valorem taxes for the District, but exercises no control over the disposition of the District's tax receipts.

### General Statistical Data

The following table presents a summary of certain general statistical data regarding the school board.

#### Summary of Statistical Data Five-Year History

<u>School Year</u>	<u>Number of Schools</u>	<u>Number of Classroom Instructors*</u>	<u>FTE Enrollment</u>	<u>Average Expenditure per FTE Student</u>
2014/15	67	3,638	58,569	8,158
2013/14	68	3,617	57,252	8,268
2012/13	59	3,384	55,892	7,876
2011/12	55	3,319	54,183	7,828
2010/11	55	3,237	52,900	8,384

\* Does not include teachers of charter.

Source: School Board of Osceola County.

### Employee Relations

The School Board presently employs 7,024 persons, of which approximately 3,645 instructional personnel and 1,483 Educational Support Personnel are represented by the Osceola County Education Association. In addition, approximately 1,265 other personnel are represented by Teamsters Local Union No. 385. The School Board has existing labor contracts with the Osceola County Education Association which expires August 15, 2018, and Education Staff Professional Association which expire June 30, 2018. The School Board has

an existing labor contract with the Teamsters Local Union No. 385 which expires on June 30, 2016. The School Board believes that it has a satisfactory relationship with its employees.

### **State and District Retirement Programs**

All regular employees of the District are covered by the Florida Retirement System (the "FRS"), a State-administered cost-sharing, multiple-employer, defined benefit retirement plan (the "Plan"). Included in the Plan is a Deferred Retirement Option Program (the "DROP"), a defined contribution pension plan titled the FRS Investment Plan (the "Investment Plan"), and a Retiree Health Insurance Subsidy (the "HIS") Program. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the normal retirement age. The Plan provides retirement, disability and death benefits and annual cost-of-living adjustments.

Essentially all regular employees of participating employers are eligible and must enroll as members of the FRS. Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees in the Plan on or after July 1, 2011 vest at eight years of creditable service. The District's pension expense for the fiscal year ended June 30, 2015 totaled \$9,297,089. The District's contributions, including employee contributions, to the Plan totaled \$27,614,136 and the proportionate share of the net pension liability totaled \$37,601,835.

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

The HIS Plan provides a monthly benefit payment to assist retirees pay their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive a HIS Plan benefit, the retiree must provide proof of health insurance coverage, which may include Medicare. The HIS Plan is funded by a required employer contributions, based on the gross compensation for all active FRS members. For the fiscal year ending June 30, 2015, the District's contributions to the HIS Plan totaled \$3,305,881, the recognized pension expense totaled \$5,780,551, and the net pension liability totaled \$81,345,641 for its proportionate share of the HIS Plan's net pension liability.

The Investment Plan is administered by the State of Florida SBA. Eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Essentially, the Investment Plan benefits depend on the performance of the investment

funds. The Investment Plan is funded with the same employer and employee contribution rates as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. The District's Investment Plan pension expense totaled \$2,270,405 for the fiscal year ended June 30, 2015.

Additional information regarding the retirement programs is included in Note 14 to the District's Comprehensive Annual Financial Report attached as Appendix A hereto.

### **Other Post Employment Benefit Programs**

In addition to its contributions under the State's retirement plan and the District's Plan described above, the District provides other post-employment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy, by providing access to health insurance plans requiring the use of the single "blended" or "common" rate for both active and retired employees. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

As with all governmental entities providing similar plans, the District was required to comply with the Governmental Accounting Standards Board Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* ("GASB 45") no later than its fiscal year ended June 30, 2008. The District implemented GASB 45 prospectively on July 1, 2007. Historically, the District accounted for its OPEB contributions on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities to OPEB and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded.

In order to comply with GASB 45, the District retained Gabriel Roeder Smith & Company (the "Actuary"), to actuarially review the District's OPEB liability and provide the District with a written valuation. The valuation indicated that the Annual Required Contribution (the "ARC") under GASB Statements 43 and 45 is \$5,943,359 for the fiscal year ended June 30, 2015. The District has elected not to fund the ARC at this time.

While the District does not know at this time what its ultimate OPEB liabilities will be in connection with GASB 45 compliance in the future or how much of the related ARCs it will need to budget in future years, it expects its OPEB liability to be significant, but manageable, within its normal budgeting process. Additional information regarding the District's OPEB liabilities is included in Note 15 to the District's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2015, attached as Appendix A hereto.

## Summary of General Fund Operations

### School District of Osceola County, Florida Summary of General Fund Operations

	Audited				Budget
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Revenues</b>					
Federal	\$ 632,933	\$ 635,796	\$ 568,761	\$ 455,402	\$ 500,000
State Sources	231,047,638	254,225,477	273,037,835	282,303,192	299,697,838
Local Sources	115,626,583	110,735,041	116,752,881	126,397,038	130,520,432
<b>Total Revenues</b>	<b>\$ 347,307,154</b>	<b>\$ 365,596,314</b>	<b>\$ 390,359,477</b>	<b>\$ 409,155,632</b>	<b>\$ 430,718,270</b>
<b>Expenditures</b>					
Current - Education:					
Instruction	\$ 234,732,978	\$ 241,533,787	\$ 262,242,312	\$ 270,577,578	\$ 305,485,076
Pupil Personnel	19,574,081	19,646,290	20,595,961	21,216,115	22,302,057
Instructional Media	4,166,487	4,456,891	4,715,798	4,430,125	4,657,518
Instruction & Curr. Dev.	6,706,294	8,568,558	9,493,205	9,837,744	10,352,730
Instructional Staff Training	4,774,541	4,739,642	5,289,968	5,416,388	5,848,805
Instruction Related Technology	3,378,035	3,190,990	3,756,114	3,900,768	4,088,931
Board of Education	1,737,280	1,433,640	1,466,041	1,872,534	2,001,123
General Administration	1,233,511	1,182,297	1,388,727	1,167,168	1,232,550
School Administration	21,533,944	21,858,802	22,476,668	22,518,181	23,678,825
Facilities Services	1,358,026	2,590,483	3,381,700	3,607,882	4,570,663
Fiscal Services	1,763,306	2,019,545	1,936,268	2,014,809	2,126,729
Food Services	238,343	197,614	148,495	115,563	121,136
Central Services	6,126,338	6,004,873	5,965,092	6,400,124	7,210,298
Pupil Transportation	18,174,049	19,256,961	20,578,868	20,321,372	21,471,124
Operation of Plant	27,341,210	30,579,969	31,735,275	32,746,151	34,908,468
Maintenance of Plant	12,010,627	7,022,659	8,275,106	7,697,959	8,661,289
Administrative Tech Services	3,064,205	3,663,270	3,535,038	3,902,468	4,115,068
Community Services	429,506	636,836	887,295	3,736,574	4,319,815
Fixed Capital Outlay:					
Facilities Acquisition and Construction	13,821	22,463	1,464,093	702,408	
Other Capital Outlay	672,055	1,009,888	1,376,397	1,765,659	
Debt Service	353,005	262,065	94,677		30,095
<b>Total Expenditures</b>	<b>\$ 369,381,642</b>	<b>\$ 379,877,523</b>	<b>\$ 410,803,098</b>	<b>\$ 423,947,570</b>	<b>\$ 467,182,301</b>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (22,074,488)</u>	<u>\$ (14,281,209)</u>	<u>\$ (20,443,621)</u>	<u>\$ (14,791,938)</u>	<u>\$ (36,464,031)</u>
Other Financing Sources (Uses)	\$ 14,789,924	\$ 6,017,919	\$ 14,628,040	\$ 11,016,546	\$ 13,673,234
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (7,284,564)</u>	<u>\$ (8,263,290)</u>	<u>\$ (5,815,581)</u>	<u>\$ (3,775,392)</u>	<u>\$ (22,790,797)</u>
Beginning Fund Balance	\$ 91,601,580	\$ 84,317,016	\$ 76,053,726	\$ 70,238,145	\$ 66,462,753
Ending Fund Balance	<u>\$ 84,317,016</u>	<u>\$ 76,053,726</u>	<u>\$ 70,238,145</u>	<u>\$ 66,462,753</u>	<u>\$ 43,671,956</u>

## Summary of Capital Projects Funds

### School District of Osceola County, Florida Summary of Revenues and Expenses - Capital Projects Funds

	Audited				Budget
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Revenues</b>					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	2,737,281	2,752,028	3,769,245	4,151,007	3,751,725
Local Sources	35,930,536	37,835,446	49,121,483	52,032,124	56,845,990
Total Revenues	\$ 38,667,817	\$ 40,587,474	\$ 52,890,728	\$ 56,183,131	\$ 60,597,715
<b>Expenditures</b>					
Current - Education:					
Facilities Acquisition and Construction	6,137,239	6,314,444	7,792,635	6,273,473	45,379,997
Fixed Capital Outlay:					
Facilities Acquisition and Construction	36,529,464	13,184,272	26,326,852	11,047,670	
Other Capital Outlay	2,592,891	1,082,266	4,142,249	3,616,759	
Debt Service	928	3,395	1,257	1,272	
Total Expenditures	\$ 45,260,522	\$ 20,584,377	\$ 38,262,993	\$ 20,939,174	\$ 45,379,997
Excess (Deficiency) of Revenues over Expenditures	\$ (6,592,705)	\$ 20,003,097	\$ 14,627,735	\$ 35,243,957	\$ 15,217,717
Other Financing Sources (Uses)	\$ (30,169,475)	\$ (23,222,069)	\$ (31,652,172)	\$ (23,029,181)	\$ (29,737,666)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (36,762,180)	\$ (3,218,972)	\$ (17,024,437)	\$ 12,214,776	\$ (14,519,949)
Beginning Fund Balance	\$ 97,401,579	\$ 60,639,399	\$ 57,420,427	\$ 40,395,990	\$ 52,610,766
Ending Fund Balance	\$ 60,639,399	\$ 57,420,427	\$ 40,395,990	\$ 52,610,766	\$ 38,090,817

Source: Audited financial statements for the Fiscal Year ended June 30, 2011 prepared Cherry, Bekaret & Holland, CPAs; Audited financial statements for Fiscal Year ended June 30, 2012 and 2014 prepared by Moore Stephens Lovelace, P.A.; Audited financial statements for the Fiscal Year ended June 30, 2013 prepared by the State of Florida Auditor General's Office; Annual Budget for the Fiscal Year ended June 30, 2015

## Indebtedness

### School District of Osceola County, Florida Summary of General Long-Term Debt As of June 30, 2014

General Description	Outstanding Balance
<b>Self-Supporting State Bonds <sup>(1)</sup></b>	
Series 2006A	1,285,000
Series 2009A	390,000
Series 2010A	820,000
Series 2011A	980,000
Series 2014A	1,724,000
Series 2014B	1,811,000
Plus unamortized bond premium	649,637
<b>District Revenue Bonds:</b>	
Series 2007A Sales Tax Revenue Bonds <sup>(2)</sup>	32,410,000
Series 2007B Sales Tax Revenue Bonds <sup>(2)</sup>	23,810,000
Plus unamortized bond premium	2,232,543
<b>Certificates of Participation</b>	
Series 2005A <sup>(3)</sup>	8,850,000
Series 2007	59,160,000
Series 2009	20,140,000
Series 2010A	40,500,000
Series 2013	39,580,000
Series 2014	10,460,000
Plus unamortized bond premium	3,775,005
<b>Notes Payable</b>	6,926,368
<b>Education Facilities Benefit District Agreement Payable <sup>(4)</sup></b>	3,863,449
<b>Impact Fee Credit Vouchers</b>	7,091,955
<b>Net Pension Liability</b>	118,947,476
<b>Liability for Compensated Absences</b>	35,323,102
<b>Liability for Other Postemployment Benefits</b>	51,399,056
Total	472,128,591

(1) Bonds are issued by the State Board of Education on behalf of the District, and are secured by the pledge of the District's portion of the State assessed motor vehicle license tax. The State faith and credit is also pledged as security for such bonds.

(2) Payable from certain sales tax revenues of the District.

(3) Not related to the Master Lease. See "RISK FACTORS – Additional Indebtedness and Obligations" herein.

(4) See "RISK FACTORS – Additional Indebtedness and Obligations" herein.

Source: The School District of Osceola County, Florida.

## Assessed Valuation

The following table shows the total assessed value and total taxable value for operating millage in each of the past ten years.

**Osceola County, Florida**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years (In thousands)**  
**Unaudited Last Ten Fiscal Years (In thousands)**

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Real Property Taxable Value</u>	<u>Personal Property Taxable Value<sup>(1)</sup></u>	<u>Total Taxable Value</u>
2004	2005	12,259,605	1,332,605	13,592,210
2005	2006	14,717,778	1,423,918	16,141,696
2006	2007	20,226,914	1,575,555	21,802,469
2007	2008	24,673,342	1,656,646	26,329,988
2008	2009	24,464,364	1,514,250	25,978,614
2009	2010	19,971,753	1,535,379	21,507,132
2010	2011	16,573,745	1,477,483	18,051,228
2011	2012	15,288,985	1,360,688	16,649,673
2012	2013	15,075,763	1,391,233	16,466,996
2013	2014	15,668,183	1,407,611	17,075,794

Source: Osceola County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014 Osceola County Property Appraiser.

- (1) Includes centrally assessed property consisting of the County's share of railroad and telegraph systems which are assessed by the State of Florida.

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## Historical Millage

The following table contains historical millage levels for the School District for the fiscal years ended June 30, 2011-2015 and budget millage for the fiscal year ending June 30, 2016.

### School District of Osceola County, Florida School District Levies

TAX LEVY	FISCAL YEAR					Budgeted
	2011	2012	Actual 2013	2014	2015	
<b>GENERAL FUND</b>						
District School Tax						
State - Required Local Effort	5.175	5.300	5.054	5.261	5.009	5.009
Prior Period Funding Adjustment	0.042	0.029	0.021	0.000	0.004	0.004
Local - Discretionary	0.748	0.748	0.748	0.748	0.748	0.748
Supplemental Discretionary	0.250	0.000	0.000	0.000	0.000	0.000
TOTAL GENERAL FUND	<u>6.215</u>	<u>6.077</u>	<u>5.823</u>	<u>6.009</u>	<u>5.761</u>	<u>5.761</u>
<b>CAPITAL PROJECTS FUND</b>						
Capital Outlay Millage	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>
TOTAL CAPITAL PROJECTS FUND	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>
<b>TOTAL DISTRICT MILLAGE LEVY</b>	<u><u>7.715</u></u>	<u><u>7.577</u></u>	<u><u>7.323</u></u>	<u><u>7.509</u></u>	<u><u>7.261</u></u>	<u><u>7.261</u></u>

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## Property Tax Levies

### Osceola County, Florida Property Tax Levies and Collections Last Ten Fiscal Years (In thousands) Unaudited

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected in the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent Collected		Total Tax Collections	Percent of Levy
2005	2004	96,365	92,511	96.00%	429	92,940	96.45%
2006	2005	118,206	114,030	96.47%	425	114,455	96.83%
2007	2006	159,045	153,238	96.35%	67	153,305	96.39%
2008	2007	162,326	155,767	95.96%	13	155,780	95.97%
2009	2008	164,210	158,007	96.22%	473	158,480	96.51%
2010	2009	162,224	156,411	96.42%	550	156,961	96.76%
2011	2010	142,051	140,208	98.70%	627	140,835	99.14%
2012	2011	135,080	129,701	96.02%	979	130,680	96.74%
2013	2012	132,459	128,224	96.80%	344	128,568	97.06%
2014	2013	138,657	132,835	95.80%	485	133,320	96.15%

Source: Osceola County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014

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## **RISK FACTORS**

### **Additional Indebtedness and Obligations**

The School Board may issue additional indebtedness other than in connection with the Master Lease secured by or payable from revenues which would otherwise be available to make Lease Payments without the consent of the Certificate Holders. The incurrence of such additional indebtedness by the School Board may adversely affect the School Board's ability to make Basic Lease Payments under the Leases.

### **Four Corners Charter School**

As of January 15, 2000, the District entered into a lease-purchase financing arrangement (the "Charter School Lease-Purchase Arrangement") with the Florida School Boards Association, Inc. and Four Corners Charter School, Inc. (the "Company") pursuant to which certain public educational facilities would be acquired, constructed and equipped (the "Charter School"). The Company was organized as a Florida not-for-profit corporation with a five member board of directors, three of which are from the School Board and two of which are from the School District of Lake County, Florida. The location of the Charter School was determined so that students from Osceola, Orange, Lake and Polk Counties could attend the Charter School. The Company was granted a 10-year charter (the "Operating Charter") to operate the Charter School, which Operating Charter is subject to certain renewals at the option of the School Board. On January 19, 2010, the School Board renewed the Four Corners Charter School Contract for three school years. The renewed Operating Charter expired at the conclusion of the 2012-2014 school year. On December 4, 2012, the School Board approved the Company's request to extend the renewed Operating Charter for an additional two school years (to extend to the 2014-15 school year). On April 22, 2014, the School Board approved an extension to the contract for an additional fifteen year, beginning with the 2015-2016 school year and expiring at the conclusion of the 2030-2031 school year.

Pursuant to the Charter School Lease-Purchase Arrangement, the Charter School is leased by the District to the Company, as a sub-lessee. In order to finance the acquisition, construction and equipping of the Charter School, Certificates of Participation, Series 2000A, Series 2000B, and Series 2000C were issued in February 2000 in the aggregate principal amount of \$17,080,000. A portion of the Certificates of Participation, Series 2000A and Series 2000B were refinanced with a portion of the proceeds of the Certificates of Participation, Series 2005. The Certificates of Participation, Series 2000A, Series 2000B, and Series 2000C are no longer outstanding. The Certificates of Participation, Series 2005 aggregate principal amount as of June 30, 2015 was \$8,850,000 and is referred to as the Charter School Certificate.

The Company is required by the terms of the Charter School Lease-Purchase Arrangement to make lease payments to the District (the "Charter School Rent Payments") in amounts sufficient to pay debt service on the Charter School Certificate. The Charter School Certificate has a final maturity of August 1, 2024, and the average annual debt service thereon is

approximately \$885,000. The Company may not charge tuition or fees (other than those types of fees that are normally charged by other public schools). The Company derives its funding principally from the District, in accordance with a statutory formula based on the number of weighted full-time equivalent students attending the Charter School. The District and the other participating school districts receive special appropriations from the State for funding of the Company and the Charter School. For Fiscal Year 2014-15 the District distributed approximately \$6.9 million to the Company. The District has budgeted approximately \$7.2 million to be distributed to the Company in Fiscal Year 2015-16. To date, the State special appropriations have been sufficient to satisfy the lease-purchase payments relating to the Charter School Certificate.

Pursuant to the Charter School Lease-Purchase Arrangement, the lease payments from the School Board to the Association (which are to be applied to payment of debt service on the Charter School Certificate) are payable solely from (1) the Charter School Rent Payments so long as the sub-lease to the Company is in effect and (2) upon the expiration or termination of such sub-lease, legally available revenues of the District appropriated by the School Board for such purpose from current or other funds authorized by law. The term of the sublease expired on June 30, 2010. The Company and the District extended the sublease on June 1, 2010, to the conclusion of the 2012-13 school year; provided that in the event that the School Board allows an extension of the Charter to the 2014-15 school year, the sublease will automatically extend until the conclusion of the 2014-15 school year. On December 4, 2012, the School Board approved the extension of the Charter to the 2014-15 school year. On June 23, 2015, concurrently with a subsequent Charter contract extension, the School Board approved a fifteen year extension to the sublease, beginning with the 2015-2016 school year and expiring at the conclusion of the 2030-2031 school year. The School Board is not legally required to appropriate monies to make lease payments with respect to the Charter School Lease-Purchase Arrangement; provided, however, upon the expiration or termination of the sub-lease to the Company, if the School Board appropriates sufficient funds to make Lease Payments under the Master Lease it is required to appropriate sufficient funds to make lease payments with respect to the Charter School Lease-Purchase Arrangement. To date, the Charter School Rent Payments have been sufficient.

### **Bellalago Academy**

The School Board has entered into a funding agreement dated as of December 16, 2003, as amended (the "Funding Agreement") with the Bellalago Educational Facilities Benefit District (the Bellalago Benefit District") and Avatar Properties Inc. to provide for the funding of a charter school (the "Bellalago Academy") to be constructed in a residential community within the District known as Bellalago. Pursuant to the terms of the Funding Agreement, the debt service on indebtedness issued to finance the acquisition, construction and equipping of the Bellalago Academy shall be paid from the proceeds of certain impact fees levied by Osceola County, proceeds of special assessments levied by the Bellalago Benefit District, certain monies appropriated by the State (the "State Charter School Funds") and other monies provided by the School Board. According to current projections, the School Board expects its required contributions to range from approximately \$14,363 to \$806,036 per

year through Fiscal Year 2035, averaging approximately \$488,344 each year during such period of time. However, the School Board could be responsible for significantly higher annual contributions if the other funding sources are substantially less than current projections. There is no assurance that the State will continue to provide State Charter School Funds in the future or at current levels. The School Board expects to satisfy its obligations under the Funding Agreement from the herein described Local Option Millage. Operating costs with respect to the Bellalago Academy will be funded in the same manner as other charter schools within the District, principally through monies provided by the State. The School Board's auditors have indicated that the School Board's obligations with respect to the Funding Agreement should be characterized as a debt. The School Board estimates the principal amount of the debt to be \$3,863,449 as of June 30, 2015.

### **Local Option Millage Revenues**

The amounts derived by the District from the levy of the Local Option Millage can be affected by a variety of factors which are not within the School Board's control, including, without limitation, fluctuations in the assessed valuation of the property within the District and the amount of general business activity, growth and new construction which occurs within the District. There can, therefore, be no assurances that such revenues will not decrease in the event that such growth and new construction, for whatever reason, decreases or ceases altogether within the District. See "*DISTRICT REVENUES – Local Revenue Sources*". The amounts derived from the levy of the Local Option Millage may also be affected by changes in applicable law. See "*Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes*" for information regarding legislation that reduced the Local Option Millage.

### **State Revenues**

A large portion of the District's funding is derived from State sources. See "*DISTRICT REVENUES - State Revenue Sources*". A significantly large percentage of such State revenues are generated from the levy of the State sales tax. The amounts budgeted for distribution from the State to the District are subject to change in the event that projected revenues are not realized. During fiscal year 2010-09, State revenues began to stabilize, relative to prior years, resulting in an increase to the District of approximately \$3.1 million, as compared to the original budget. This growth was offset by a \$3.7 million reduction in State revenues for the fiscal year 2011-12, \$3.8 million reduction for fiscal year 2012-13, and a \$5.9 million reduction for fiscal year 2013-14, as compared to the original budget, respectively. During Fiscal Year 2014-15, State revenues to the District were approximately \$8.8 million less than originally budgeted. Overall, the impact to the District was an approximately \$19.3 million reduction in State revenues over the last five fiscal years.

## **DISTRICT REVENUES**

The School Board derives its revenues from certain State and local sources. The major categories of these revenue sources are briefly described under the following subheadings.

### **Local Revenue Sources**

Local revenue for the support of school districts in the State is derived almost entirely from real and tangible personal property taxes. School districts in the State are permitted to levy ad valorem property taxes separately for (i) operational purposes, (ii) the payment of debt service, and (iii) capital outlays and maintenance of school facilities. The amount of each such levy is subject to various constitutional and statutory limitations. In addition, the District earns interest on cash invested and collects other miscellaneous revenues.

The School Board intends to make Lease Payments on the Leases from monies derived from a levy of a non-voted, real and tangible personal property tax millage, known as the "Local Option Millage Levy," for capital outlay and maintenance purposes. In its 2008 session, the Florida Legislature reduced the maximum amount of the levy from the 2.0 mills then in effect to 1.75 mills and in its 2009 session, the Florida Legislature further reduced the maximum levy from 1.75 mills to 1.50 mills (see "Recent Legislative Initiatives and Constitutional Amendments Affecting Ad Valorem Taxation – *Reduction in Local Option Millage Levy; Further Reduction in Local Option Millage Levy*" herein for information on such reduction and exceptions thereto). This levy may be used for new construction and remodeling; site acquisition and site improvement; auxiliary or ancillary facilities; maintenance, renovation and repair of existing school plants; school bus purchases; the purchase, lease-purchase or lease of new and replacement equipment; and amounts payable pursuant to lease purchase agreements for educational facilities and sites. Florida law restricts the use of the Local Option Millage Levy for payments on lease purchase agreements for educational facilities and sites to three-fourths (75%) of the millage levied; provided, however, that for fiscal year 2009-10, such limitation is not applicable for lease-purchase agreements entered into prior to June 30, 2009. Since revenues from the levy of the Local Option Millage Levy may be used for, but are not pledged to, the payment of Basic Lease Payments under the Transaction Leases, the failure of the District to levy all or a portion of the Local Option Millage Levy might have an adverse effect on available revenues from which the School Board may appropriate funds to make Basic Lease Payments. In the event that revenues generated from the Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make such Lease Payments. Additionally, pursuant to legislation, if the revenue from 1.50 mills is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical capital needs, a school board may elect to levy up to 0.25 for capital purposes in lieu of a like amount of discretionary operating millage. Such legislation further authorizes district school boards, by a super majority vote, to levy an additional 0.25 mills for critical capital outlay needs or for critical operating needs. In order for a school district to continue this levy it must be

approved by the voters of such school district in the next general election. See "Recent Legislative Initiatives and Constitutional Amendments Affecting Ad Valorem Taxation – Reduction in Local Option Millage Levy, Further Reduction in Local Option Millage Levy" herein.

For operational purpose, the Florida Legislature annually places requirements on each school district to levy a millage rate that is defined by law to be the “district required local effort” for those school districts desiring to participate in the allocation of State funds available to school districts. In 2014–15 the District’s required local effort was 5.1040 mills. For Fiscal Year 2015-16, the District's required local effort is 5.009 mills. School boards are also authorized to levy an additional "discretionary millage" for operations, not to exceed an amount established annually by the Legislature. In 2014-15, the discretionary millage for all school districts, including the District, was .748. For Fiscal Year 2015-16 the discretionary millage is .748 mills. Monies generated from the levy of the required local effort millage are not available to make Lease Payments on the Transaction Leases.

Historical operating millage rates (tax per \$1,000 of assessed value) are as follows:

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Required Local Effort	5.175	5.300	5.054	5.261	5.104	5.009
Prior Period Funding Adjustment	0.042	0.029	0.021	0.000	0.023	0.004
Discretionary	0.748	0.748	0.748	0.748	0.748	0.748
Critical Operating Needs Levy	<u>0.250</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Operating Millage	<u><u>5.965</u></u>	<u><u>6.077</u></u>	<u><u>5.823</u></u>	<u><u>6.009</u></u>	<u><u>5.875</u></u>	<u><u>5.761</u></u>

Prior to Fiscal Year 2010-11, budgeted revenues from ad valorem taxes are based on applying millage levies to ninety-five percent (95%) of the non-exempt assessed valuation of real and personal property. This was increased to ninety-six percent (96%) beginning with Fiscal Year 2011-12. Historically, the local taxes have been received at less than one hundred percent (100%) of assessed valuation due to the discounts for early payment. The County usually collects approximately ninety-six percent (96%) of the levied taxes.

Ad valorem tax receipts for operating purposes increased from \$132.0 million during the 2013-14 fiscal year to \$140.0 million during the 2014-15 fiscal year. The District has budgeted approximately \$116.8 million of ad valorem tax receipts for operating purposes for the 2014-15 Fiscal Year.

Commencing in calendar year 2000, the District began receiving a portion of a one-cent infrastructure sales surtax (the “Sales Surtax”) that is levied by the County on all taxable sales of tangible personal property sold at retail within the County. Pursuant to an interlocal agreement with the County, the District received 10% of the Sales Surtax receipts during calendar years 2000 through and including 2005 and 25% of the Sales Surtax receipts during the calendar years 2006 through and including 2025 (the amounts to be received by the District, the “Sales Tax Revenues”). The District issued \$42,325,000 of its Sales Tax Revenue

Bonds, Series 2001 (the "Series 2001 Sales Tax Bonds") in May 2001, and pledged proceeds of the Sales Surtax as security therefore. The District issued its Sales Tax Revenue Bonds, Series 2007A and Sales Tax Revenue Refunding Bonds, Series 2007B in the aggregate principal amount of \$79,835,000 (collectively, the "2007 Sales Tax Bonds") on April 12, 2007. A portion of the proceeds of the Sales Tax Revenue Refunding Bonds, Series 2007B were used to refund a portion of the 2001 Sales Tax Bonds. The 2007 Sales Tax Bonds are currently outstanding in the aggregate principal amount of \$56,220,000. Sales surtax proceeds for the District for Fiscal Year 2014-15 were \$12.1 million and are budgeted to be approximately \$11.79 million for Fiscal Year 2015-16.

The District also receives educational facilities impact fees which are collected for all new residential construction in the County. The District received \$21,612,978 in fiscal year 2013-14, \$23,145,152 in fiscal year 2014-15, and estimates receiving approximately \$26 million in fiscal year 2014-15. Effective July 27, 2015, Osceola County adjusted its educational system impact fees to \$10,147 per single-family residential unit, \$6,048 per multi-family residential unit and \$5,973 per mobile home.

### **State Revenue Sources**

Capital Outlay. State revenues represented \$4.15 million or approximately 7.38% of the District's total capital outlay revenues for fiscal year 2014-15. Budgeted State capital outlay revenues available to the District are expected to be \$3.32 million or approximately 5.17% of the District's budgeted total capital outlay revenues in the adopted budget for fiscal year 2015-16. Many of the capital outlay revenues budgeted to be received in fiscal year 2015-16 are not necessarily recurring items.

The State funding source for the District's educational facilities construction and fixed capital outlay requirements is the Florida Public Education Capital Outlay Program ("PECO"). The method of allocation of funds to the district school boards is provided by State law based upon a statutory formula, components of which are the number of students in various districts and the proposed uses of the funds by the various districts. The Commissioner of Education administers the PECO program and allocates or reallocates funds as authorized by law. Under PECO, the District received \$1,016,151 for fiscal year 2014-15, representing only renovation allocations. The District did not receive any funds under PECO for new construction allocations during fiscal year 2014-15. The District expects to receive \$655,269 in PECO funds for fiscal year 2015-16.

The District receives motor vehicle license revenues, also known as capital outlay and debt service ("CO&DS") funds. CO&DS funds can be used to make lease purchase payments, but only if the lease-purchase facility appears on the project priority list approved by the State Board of Education. None of the Facilities currently subject to the Master Lease are on the project priority list.

On November 24, 1997, the Governor of the State of Florida signed into law a bill creating the "Public School Capital Outlay Program Act" (the "Act"). Among the several programs

established by the Act is the "Classrooms First Program," which provides for the issuance by the State of revenue bonds, the proceeds of which are distributed to the various school districts based upon a formula similar to the formula used in allocating PECO funds. The proceeds of such revenue bonds must be applied by a school district for new construction, remodeling, renovation or major repairs, with a priority on construction of new, permanent classroom facilities. If a school district certifies that it has no unmet need for permanent classroom facilities or if its unmet needs are less than its proposed allocation of the revenue bond proceeds, it may choose to receive an annual distribution of State lottery revenues in lieu of all or a portion of its allocation of State bond proceeds. Such annual distribution must be used to construct, renovate, remodel, repair or maintain educational facilities. Such funds, whether in the form of State revenue bond proceeds or annual distributions, may not be used to make lease purchase payments. In addition, in order to receive any of such State funds, a school district must fully utilize State bonding capacity relating to its CO&DS funds allocation. In fiscal year 2014-15, the District received approximately \$600,697 in State bond proceeds with respect to such CO&DS funds. The District is budgeted to receive \$695,557 in CO&DS funds in Fiscal Year 2015-16.

Under the Act the District may be entitled to receive other State revenues pursuant to other programs if the District achieves certain standards relating to its capital outlay efforts. Some of such revenues may be used to make lease purchase payments. It is not possible at this time to determine or estimate the amount of such State revenues, if any, that the District may receive in the future.

Operating Revenue The three primary sources of educational funding from the State are (i) basic Florida Educational Finance Program ("FEFP") receipts, (ii) FEFP categorical program receipts, and (iii) certain other specified revenue sources.

The major portion of State support is distributed under the provisions of the FEFP, which was enacted by the Florida Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis using a formula that takes into account varying program cost factors and district cost differentials. The program cost factors which are used to determine the level of each school district's FEFP funding are determined by the Florida Legislature. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the weighing formula. In addition, the level of State funding is adjusted during each year to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in the County. General Fund receipts from FEFP were \$181.3 million for the 2012-13 fiscal year, \$198.9 million for the 2013-14 fiscal year, and \$207.7 million for the 2014-15 fiscal year. The district has budgeted approximately \$224.5 million of FEFP General Fund receipts for the 2015-16 fiscal year.

FEFP categorical program receipts are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each district. Among the larger categorical programs are the programs for class size reduction, supplemental academic instruction, school bus transportation and instructional materials. Allocations for these categorical appropriations are based on

funding formula and discretionary Florida Department of Education grants. The majority of the funds available require actual appropriation by the Board for the purposes for which they were provided. Total State categorical aid (excluding Class Size Reduction funds) was \$35.8 million in the 2012-13 fiscal year, \$36.3 million for the 2013-14 fiscal year, and \$37.8 million for the 2014-15 fiscal year. Total State categorical aid is budgeted at \$38.5 million for the 2015-16 fiscal year.

The District also receives State educational funding from a variety of miscellaneous State programs. These sources include Racing Commission funds, State mobile home license tax revenues, and the Florida State Lottery.

### **Special Revenue Sources**

The District also receives certain local, State and federal monies, substantially all of which are restricted for specific programs. Programs funded with these special revenue sources in the past include school food service operations and programs financed through the Educational Handicapped Act, now codified as the Individuals with Disabilities Education Act, the Education Consolidation and Improvement Act and other federally financed programs.

### **Constitutional Amendments Relating to Class Size Reduction and Pre-K Education**

In the November 5, 2002, general election, the voters of the State of Florida approved two amendments to the State Constitution that may affect the District's operations. Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010 school year. Amendment 9 and Section 1003.03, Florida Statutes, which implements Amendment 9, collectively, are referred to herein as the "Class Size Legislation."

The Class Size Legislation establishes constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. These maximums were originally scheduled to be implemented by the beginning of the 2010 school year. School districts that exceeded these class size maximums were required to reduce the average number of students per class in each of these grade groupings by at least two students each year, beginning with the 2003-2004 fiscal year. For fiscal years 2003-04 through 2005-06, compliance for each of the grade groupings was calculated to be the average at the district level. For fiscal years 2006-07 through 2008-09, compliance was scheduled to be determined at the average on a school-by-school basis. For fiscal year 2009-10 and thereafter, compliance is determined at the individual classroom level.

The Class Size Legislation further creates an "Operating Categorical Fund for Class Size Reduction," the "Classroom for Kids Program," the "District Effort Recognition Grant

Program” and the “Class Size Reduction Lottery Revenue Bond Program” to provide funding programs for capital outlays and operating expenditures necessary in relation to these mandated class size reductions.

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars. Failure to reduce class sizes by at least two students each year until the constitutional maximum is met may result in transfer of class size reduction operating funds to fixed capital outlay appropriations, required implementation of year-round schools, double sessions, extended school year or rezoning, implementation of a state-mandated constitutional compliance plan or withholding of various State funds.

The District is presently in compliance with current constitutional class size maximums. During its 2009 session, the State Legislature adopted, and the Governor signed into law, legislation to delay implementation of the mandated class size reductions for one year. Such legislation provides that compliance with the Class Size Legislation will be determined on a school-by-school basis through and including fiscal year 2009-10, and that final compliance on an individual classroom basis would be delayed until fiscal year 2010-11. In the event a school district is not in compliance with such requirements, the legislation provides that the State shall reduce categorical funds due to such school district for operational purposes. While the Class Size Legislation suggests that the State Legislature, and not local school districts, is generally responsible for the cost of compliance, it is uncertain what effect implementation might have upon the District. Further, there can be no assurance that the District will have funds sufficient to meet the capital and facility needs of the District required by the Class Size Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the District.

In the November 5, 2002, general election, the voters of the State of Florida also approved Amendment 8 to the State Constitution which provides that every 4-year old child in the State shall be offered a free, high quality pre-kindergarten learning opportunity by the State no later than the 2005 school year. In furtherance thereof, Section 411.012, Florida Statutes, created a voluntary universal pre-kindergarten education program for four-year olds within the Agency for Workforce Innovation and directed the State Board of Education to conduct a study and make recommendations for this education program regarding curriculum and standards, quality of instruction, delivery system, assessment and evaluation, funding and best practices.

During the 2004-A special session, the Florida Legislature passed House Bill I-A, codified in Part V of Chapter 1002, Florida Statutes, which creates a statewide Voluntary Pre-kindergarten Education Program. House Bill I-A, as codified in Part V, Chapter 1002, Florida Statutes, is referred to herein as the “Pre-K Legislation.” Among other things, the Pre-K Legislation provides eligibility and enrollment requirements, authorizes parents to enroll

their children in a school-year pre-kindergarten ("Pre-K") program delivered by a private Pre-K provider, a summer program delivered by a public school or private Pre-K provider or, if offered in a school district that meets class-size reduction requirements, a school year Pre-K program delivered by a public school. The Pre-K Legislation also requires school districts to deliver summer Pre-K programs and permits school districts to deliver school-year Pre-K programs. Additionally, the Pre-K Legislation appropriates State funds to finance the Pre-K programs and provides the method for calculating the funds allocated to each Pre-K program provider.

The Pre-K Legislation provides State funding for the Pre-K programs. The District currently has approximately 1,535 students in its Pre-K Program. To date, there has not been any adverse impact to the District's financial situation as a result of the institution of the Pre-K Program as the State funding levels have been sufficient. However, it is uncertain at this time what effect any substantial increase in the number of Pre-K students or any decrease in the level of State funding may have upon the District or the School Board in the future.

## **Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes**

Constitutional amendments related to ad valorem exemptions. On January 29, 2008, in a special election held in conjunction with Florida's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. The following is a brief summary of certain important provisions contained in the approved amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000. This exemption does not apply to school district taxes.
2. Permits owners of homestead property to transfer up to \$500,000 of their "Save Our Homes" benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then the assessed value of new homestead property shall equal the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. The Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. This exemption applies to all taxes, including school district taxes.
3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax. This exemption applies to all taxes, including school district taxes.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10 year period, subject to extension by an affirmative vote of electors. This limitation does not apply to school district taxes.

The amendments were effective for the 2008 tax year (2008-09 Fiscal Year for local governments). While certain members of the Florida Legislature publicly indicated that they would seek to replace the ad valorem revenues lost by school districts with other revenue sources, the Florida Legislature approved significant budget cuts for education during its 2008 regular session and approved further budget cuts for Fiscal Year 2008-09 during its 2009A special session. See "RISK FACTORS – State Revenues." At this time, it is impossible to estimate with any certainty the level of impact that the constitutional amendments will have on the District, but the impact could be substantial.

A lawsuit challenging the constitutionality of at least part of the amendments was filed prior to the referendum approval by the voters. In Bruner v. Hartsfield, filed in the Circuit Court in and for Leon County, Florida in November 2007, new Florida homestead owners (having paid ad valorem taxes for the past four years) filed a class action lawsuit challenging the constitutionality of the Save Our Homes assessment cap and the portability provision. The lawsuit charges that Save Our Homes constitutes an unlawful residency requirement for tax benefits on substantially similar property, in violation of the State Constitution's Equal Protection provisions and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution. The lawsuit argues that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The lawsuit requests a declaration of the unconstitutionality of both provisions and injunctive action preventing continued application of those provisions. On October 29, 2008, the Circuit Court dismissed the plaintiffs' complaint with prejudice. The plaintiffs appealed the decision to the First District Court of Appeals, and on November 17, 2009, the First District Court of Appeals affirmed the Circuit Court's final order of dismissal. The plaintiffs appealed the decision to the Florida Supreme Court, and on May 24, 2010, the Florida Supreme Court declined to accept jurisdiction.

On October 18, 2007, the same Circuit Court, in Lanning v. Pilcher, a case filed by out-of-state residents challenging the constitutionality of the Save Our Homes assessment cap, rejected the plaintiffs' arguments that the Save Our Homes assessment cap violates either the Commerce Clause or the Privileges and Immunities Clause of the U.S. Constitution or the Equal Protection Clause of either the U.S. or Florida Constitutions and dismissed the plaintiffs' allegations with prejudice. The Lanning Court noted that its decision was limited to the plaintiffs' complaints regarding the Save Our Homes assessment cap. The plaintiffs appealed the case to the First District Court of Appeals. On August 26, 2009, the First District Court of Appeals affirmed the lower Court decision. The plaintiffs appealed the case to the Florida Supreme Court, and on May 26, 2010, the Florida Supreme Court declined to accept jurisdiction. The plaintiffs appealed the case to the United States Supreme Court, and on November 29, 2010, the United States Supreme Court denied the petition.

A lawsuit brought by out-of-state residents (DeLuccio v. Havill) challenging the constitutionality of the Save Our Homes assessment cap and the portability provision was filed with the same Circuit Court as the Lanning case on May 2, 2008 naming the School Boards of Lake, Manatee, Miami-Dade and Lee, among other defendants. The allegations and relief requested by the plaintiffs in each of these cases are very similar, except that the portability provision was not challenged in Lanning v. Pilcher since the case was filed prior to the approval of the amendments implementing portability. The Circuit Court in DeLuccio ruled against the plaintiffs. The plaintiffs appealed the decision to the First District Court of Appeals, and on September 13, 2010 the First District Court of Appeals affirmed the lower Court decision. The plaintiffs appealed the case to the Florida Supreme Court, and on January 26, 2011, the Florida Supreme Court declined to accept jurisdiction.

During recent years, various other legislative proposals and constitutional amendments relating to ad-valorem taxation have been introduced in the State. Many of these proposals sought to provide for new or increased exemptions to ad valorem taxation, limit the amount of revenues that local governments could generate from ad valorem taxation or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. Additionally, there have been certain proposals seeking to reduce the "required local effort" millage for school districts and to replace such millage with other revenue source(s) or to require that certain percentages of school district funding be spent on particular activities. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

Reduction in Local Option Millage Levy. In its 2008 session, the Florida Legislature, among other things, amended Section 1011.71(2), Florida Statutes, to reduce the maximum millage rate that school districts may levy for capital outlay and maintenance purposes (referred to as the "Local Option Millage Levy") from 2.0 mills to 1.75 mills commencing with Fiscal Year 2008-09. In conjunction with such reduction, the Florida Legislature increased the amount of the required local effort millage for school districts in the State which resulted in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes. This legislation became effective on July 1, 2008. As further discussed in "DISTRICT REVENUES - Local Revenue Sources", the Local Option Millage Levy constitutes the primary source of funds to make Lease Payments with respect to the Certificates issued in connection with the Master Lease. However, the legislation provides that if the revenues generated from the reduced Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount up to the revenue generated from 0.50 mills of the operating levy may be utilized to make such lease payments.

Accordingly, while such reduction may not adversely affect the District's ability to make Lease Payments under the Prior Leases or the Transaction Leases, it may adversely impact the District's ability to finance additional educational facilities under the Master Lease Program in the future.

*Further Reduction in Local Option Millage Levy.* The 2009 session of the Florida Legislature ended on Friday, May 8, 2009. During this session, the Florida Legislature approved legislation that amended Section 1011.71, Florida Statutes, relating to the Local Option Millage Levy and the permitted use thereof for Lease Payments. The legislation provides for the following: (i) a reduction of the maximum Local Option Millage Levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009 for the 2009-2010 fiscal year; (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 additional mills for capital improvement needs in lieu of an equivalent amount of the discretionary mills for operations as provided in the State General Appropriation Act; and (iv) authorization for school boards, by a super majority vote, to levy an optional 0.25 mills for critical capital outlay needs or for critical operating needs. If used for operations, districts in which 0.25 mills generate less than the State average are to be provided the difference in State funds allocated through the FEFP. In order to continue the levy described in clause (iv) above, it must be approved by the voters of the district in the next general election. The legislation was signed into law by the Governor on May 27, 2009 and became effective on July 1, 2009. In conjunction with the reduction of the Local Option Millage Levy described in clause (i) hereof, the State's Commissioner of Education has increased the amount of the basic discretionary millage for each school district in the State, which results in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes. The reduction of the maximum permitted Local Option Millage Levy will therefore directly reduce the amount of funds available to make Lease Payments with respect to certificates of participation issued in connection with the Master Lease unless action is taken pursuant to clauses (iii) or (iv) to levy an additional 0.25 mills for capital purposes. The District has levied an additional 0.25 mills for critical operating needs during Fiscal Year 2009-10 and Fiscal Year 2010-11 pursuant to the authorization described in clause (iv) above. The School Board has not sought to continue the optional .25 mills for critical operating needs beyond Fiscal Year 2010-11.

## **LITIGATION**

The School Board is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, Counsel to the School Board believes there are substantial defenses to such litigation and disputes and that any ultimate liability in excess of applicable insurance coverage resulting therefrom will not materially adversely affect the financial position or results of operations of the School Board or the District.

## SIGNIFICANT EVENTS

### Insurer Rating Changes

The Insurer Financial Strength (the “IFS”) Rating assigned by three major rating agencies, Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies (“S&P”) and Fitch Ratings (“Fitch”), is the respective rating agency’s opinion of the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms, and an explanation of the significance of such ratings may be obtained only from Moody’s, S&P and Fitch, respectively. The opinions of the rating agencies are not specific to any particular policy or contract, nor do they address the suitability of a particular policy or contract for a specific purpose or purchaser.

The School District of Osceola County, FL, purchased Financial Guaranty Insurance Policies (the “Policies”) for most of its issues. The following table outlines each outstanding insured issue and the organization that holds the respective Financial Guaranty Insurance Policy.

ISSUE	BOND INSURANCE COMPANY
<b><i>Sales Tax Revenue Bonds</i></b>	
2007 Sales Tax Revenue Bonds	Assured Guaranty Municipal Corp. <sup>(1)</sup>
<b><i>Certificates of Participation (COPs)</i></b>	
2007 COPs	Ambac Assurance Corporation
2009 COPs	Assured Guaranty Corp.

Note: The District’s Certificate of Participation, Series 2010, Certificate of Participation, Series 2013 and Certificate of Participation, Series 2014 are uninsured.

<sup>(1)</sup> Formerly Financial Security Assurance Inc.

The credit rating agencies have reassessed the financial strength of these organizations. Following is a summary of such Insurer Financial Strength Ratings as of March 17, 2015.

		Insurer Ratings		
		Moody’s	S&P	Fitch
<b>Sales Tax Revenue Bonds</b>				
2007 Sales Tax Revenue Bonds	Assured Guaranty Municipal Corp.	A1	Not Rated	A/Stable
<b>Certificates of Participation</b>				
2007 COPs	Ambac Assurance Corporation	Aa3	A	A+/Stable
2009 COPs	Assured Guaranty Corp.	Aa3	AA/Stable Outlook	A+/Stable Outlook
2010 COPs	N/A	Aa3	A/Stable	A+/Stable
2013 COPs	N/A	Aa3	A/Stable	A+/Stable

# ADDITIONAL INFORMATION 2005 CERTIFICATES OF PARTICIPATION

## Four Corners Charter School, Inc. 2014 Audited Financial Statements

See APPENDIX B.

### Four Corners Charter School, Inc. Statistical Data

#### Four Corners Charter School Summary of Statistical Data

School Year	Number Of Schools	Number of Classroom Instructors	F.T.E. Enrollment	Average Expenditure per F.T.E. Student
2014-15	1	57	1,072.00	6,754.68
	Total Revenues	Expenditures (Program Costs) and Management Fees		Net Income/(Loss)
Pre-K Program*	0.00	0.00	0.00	0.00
Before/After Program	91,111.00	54,743.00	36,368.00	0.00
Summer School Program*	0.00	0.00	0.00	0.00
	91,111.00	54,743.00	36,368.00	0.00
	91,111.00	54,743.00	36,368.00	0.00

\*No Pre-K or Summer School Programs offered during Fiscal Year 2014-15

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## ADDITIONAL INFORMATION 2007 SALES TAX BONDS

### One Cent Sales Surtax

The table below sets forth the total amount of the One Cent Sales Surtax distributed during the last five fiscal years of the School Board.

#### Historical One Cent Sales Surtax Distributions

Fiscal Year Ending June 30	Sales Tax Revenues Distributions to All Agencies <sup>(1,3)</sup>	Sales Tax Revenues Distributions to Issuer <sup>(2,3,4)</sup>
2011	36,855,252	9,511,482
2012	39,364,492	9,925,207
2013	41,509,345	10,416,923
2014	44,752,689	10,600,770
2015	48,452,754	12,129,743

Source: State of Florida, Department of Revenue

- (1) Represents the aggregate amount distributed to the Issuer, the County and the Cities of Kissimmee and St. Cloud.
- (2) In each of the calendar years 2001 through 2005, the Issuer received 10% of the One Cent Sales Surtax. In each of the calendar years 2006 through 2025, the Issuer shall receive 25% of the One Cent Sales Surtax.
- (3) Amounts are net of administrative charges of the State of Florida.
- (4) Amounts reported by the District vary slightly from State due to estimates in accruing June receipts.

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## Direct and Overlapping Debt and Debt Ratios

### School District of Osceola County, Florida Direct and Overlapping Debt Governmental Activities Debt As of June 30, 2015

	General Obligation Debt	Non-Self Supporting Debt	Self Supporting Debt
<b>DIRECT DEBT</b>			
State Bonds, 2006A			1,285,000
State Bonds, 2009A			390,000
State Bonds, 2010AR			820,000
State Bonds, 2011AR			980,000
State Bonds, 2014A			1,724,000
State Bonds, 2014B			1,811,000
Sales Tax Revenue Bonds, 2007A			32,410,000
Sales Tax Revenue Bonds, 2007B			23,810,000
Certificates of Participation, 2005A		8,850,000	
Certificates of Participation, 2007A and B		59,160,000	
Certificates of Participation, 2009A		20,140,000	
Certificates of Participation, 2010A		40,500,000	
Certificates of Participation, 2013		39,580,000	
Certificates of Participation, 2014		10,460,000	
Other <sup>(1)</sup>		223,551,406	
<b>Total Direct Debt</b>	<b>\$ -</b>	<b>\$ 402,241,406</b>	<b>\$ 63,230,000</b>
<b>OVERLAPPING<sup>(2)</sup></b>			
Limited General Obligation Bonds, Series 2006			10,950,000
Limited General Obligation Bonds, Series 2010			20,400,000
Infrastructure Sales Surtax Rev Bond 2007			57,235,000
Infrastructure Sales Surtax Rev Refunding Bond 2011			27,045,000
Sales Tax Revenue Bonds, 2009			45,045,000
Sales Tax Revenue Refunding Bonds, 2010			35,610,000
Tourist Development Tax (Fifth Cent) Revenue Bond 2012			12,235,000
Tourist Development Tax Revenue R & I Bond 2012			72,460,000
Capital Improvement Revenue Bonds, 2009			122,330,000
West 192 Redevelopment Area Municipality Service: Special Assessment Bonds (Phase IIC), Series 2003			2,675,000
Other <sup>(3)</sup>		50,325	
<b>Total Overlapping Debt</b>	<b>\$ -</b>	<b>\$ 50,325</b>	<b>\$ 405,985,000</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ -</b>	<b>\$ 402,291,731</b>	<b>\$ 469,215,000</b>

(1) Consists of notes payable, educational facilities benefit district agreement, impact fee credit vouchers, net pension liability, compensated absences and other post-employment benefits.

(2) Overlapping debt consists of the debt of Osceola County. Figures as of September 30, 2014.

(3) Consists of capital lease, concurrency management agreement, reimbursement due to The Wilder Companies for certain road improvements, other post employment benefits, and compensated absences.

Source: Comprehensive Annual Financial Report of School District of Osceola County, Florida for the fiscal year ended June 30, 2015 and Comprehensive Annual Financial Report of Osceola County, Florida for the fiscal year ended September 30, 2014

## ADDITIONAL INFORMATION 2005 CERTIFICATES OF PARTICIPATION

### Summary of Operations for Four Corners Charter School, Inc.

The following table summarizes the results of operations for Four Corners Charter School, Inc. for the three most recent years.

#### Four Corners Charter School, Inc.

	<b>Audited</b>		
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
<b>Revenues:</b>			
Program Revenues:			
Operating Grants and Contributions	\$ 363,689	\$ 461,745	\$ 386,159
Capital Grants and Contributions			
General Revenues:			
Osceola County School Board	6,094,471	6,370,880	6,551,837
Other (1)	-	7,556	
Interest Earnings	<u>573</u>	<u>652</u>	<u>659</u>
Total Revenues	<u>\$ 6,458,733</u>	<u>\$ 6,840,833</u>	<u>\$ 6,938,655</u>
<b>Expenditures:</b>			
Instruction	\$ 4,521,713	\$ 4,769,021	\$ 4,705,553
Board	-	6,800	9,000
General Administration (2)	677,165	714,983	733,942
Plant Operation (3)	1,336,686	1,341,646	1,343,358
Plant Maintenance			
Total Expenditures	<u>\$ 6,535,564</u>	<u>\$ 6,832,450</u>	<u>\$ 6,791,853</u>
Increase in net assets	\$ (76,831)	\$ 8,383	\$ 146,802
Net assets - Beginning of Fiscal Year	<u>3,767,128</u>	<u>3,690,297</u>	<u>3,698,680</u>
Net assets - End of Fiscal Year	<u>\$ 3,690,297</u>	<u>\$ 3,698,680</u>	<u>\$ 3,845,482</u>

(1) Includes energy rebate and permitting fees

(2) School Administration expense represents the management fee paid pursuant to the herein described Management Contract. Such fees are subordinate to required payments by the Corporation under the Sublease.

(3) All of such Plant Operation expenses represent amounts paid by the Corporation pursuant to the Sublease.

Source: Audited Financial Statements of Four Corners Charter School, Inc. prepared by Berman Hopkins Wright & Laham, CPAs.

## **APPENDIX A**

The School District of Osceola County, FL  
2015 Audited Comprehensive Annual Financial Report

School Board Members

Tim Weisheyer, Board Chair

Kelvin Soto, Vice Chair

Jay Wheeler

Clarence Thacker

Ricky Booth



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

THE SCHOOL DISTRICT OF OSCEOLA  
COUNTY, FLORIDA

Melba Luciano  
Superintendent

Todd C. Seis  
Chief Business & Finance Officer

Migdalia Gonzalez Mercado  
Director of Finance

Student Achievement - Our Number One Priority

*AN EQUAL OPPORTUNITY EMPLOYER*



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

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended June 30, 2015*

Prepared By:  
Business & Fiscal Services

---

*Education Which Inspires All to Their Highest Potential*

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THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

**Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2015*

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THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

**Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2015*

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THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

**Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2015*

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# INTRODUCTORY SECTION



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# 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  
407-973-4141
- District 2 – Kelvin Soto  
407-361-2462
- District 3 – Tim Weisheyer  
407-361-0235
- District 4 – Clarence Thacker - Chair  
407-361-7906
- District 5 – Ricky Booth – Vice Chair  
407-818-9464



Superintendent of Schools  
Melba Luciano

December 29, 2015

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

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

State law requires that all local governments publish, after the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America, 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, 2015.

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

The firm of Moore, Stephens, Lovelace, P.A. has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2015, 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, 2015, are fairly presented in conformity with GAAP.

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.

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 2014-15, the District operated 67 schools. Of this number, 46 were K-12 schools including 24 elementary schools, 8 middle schools, 8 high schools, and 6 multilevel schools. In addition, the District sponsored 14 charter schools, 6 alternative schools and 2 adult centers. The District receives the majority of its operating funds through a State funding formula that is intended to equalize funding received from the State and local property tax between districts within the State. Charter schools operating through a contract with the District are provided with their proportionate share of these funds, based upon the number of full-time equivalent students enrolled at the charter school. In fiscal year 2014-15, the District provided general, special, vocational, and other educational programs to 58,569 unweighted full-time equivalent students. The projected enrollment for fiscal year 2015-16, is 59,731 unweighted full-time equivalent students. The average age of the schools within the District is approximately 22 years. The District does not plan to open any new schools in fiscal year 2015-16.

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

According to the United States Census Bureau, the population of Osceola County increased 15.5 percent from 2010 to 2014, as compared to the state of Florida, which increased 5.8 percent. There were an estimated 310,211 people and 90,413 households residing in the County. The racial makeup of the County was 80 percent white, 13.4 percent black and 6.6 percent from other races. Hispanics make up 49.7 percent of the total population.

Of Osceola County's population, 25.1 percent are 17 and younger, and 12.7 percent are 65 and older. The average household size is 3. The median age in the County is 36 years. The median income for a household was \$42,838. The per capita income for the County was \$18,645. Of the 25 and older population, 83.8 percent are high school graduates.

The District recognizes that the continued enhancement of the local economy is of mutual benefit to both the District and the County and that an excellent system of public education is a significant factor in attracting new business and industry to the County. The District remains Osceola County's largest employer, employing 7,014 full and part-time employees, including 3,638 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 District complied with this requirement for the 2014-15 fiscal year.

### **Capital Outlay Program**

During the current fiscal year, the District undertook several construction projects totaling \$20,937,903. These projects included a comprehensive renovation at one high school, the addition of wings at one high school and two elementary schools and renovations to other schools.

### **Accomplishments**

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

School districts throughout Florida are held accountable and receive school grades based on the results of the Florida Comprehensive Assessment Test (FCAT). The fiscal year 2013-14 marks the 15th year of this accountability program and the District continued its tradition of achievement. For elementary, middle, and K-8 public schools, 9 received a grade of 'A', 7 received a grade of 'B', 21 received a grade of 'C' and 2 received a grade of 'D'. For high schools, 4 received a grade of 'A', 3 received a grade of 'B', and 3 received a grade of 'C'. The District received an overall letter grade of 'C'. As of the date of this letter, the District is awaiting the results of the 2014-15 fiscal year.

## **FINANCIAL INFORMATION**

**Internal Controls.** Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

Budgetary information is integrated into the accounting system, and, to facilitate budgetary control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end, and encumbrances outstanding are honored from the subsequent year's appropriations.

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

**Long-Term Financial Planning.** Over the last few years, revenues from non-recurring sources, such as the American Recovery and Reinvestment Act of 2009 (ARRA), the Education Jobs Fund, and funds from an optional critical needs ad valorem tax levy, have expired. However, during that same period, the District was able to accumulate a suitable fund balance reserve to offset future operating deficits.

As a result, the District spent down \$3.8 million of its operating fund balance during the 2014-15 fiscal year in order to maintain the same level of operations. The District's long range projections provide for a balanced budget in the 2015-16 fiscal year.

#### ACKNOWLEDGEMENTS

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

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

Respectfully submitted,



Melba Luciano  
Superintendent



Todd C. Seis  
Chief Business and Finance Officer

**OSCEOLA SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2015**

SCHOOL BOARD MEMBERS

**Ricky Booth**  
District 5

**Clarence Thacker**  
District 4

**Tim Weisheyer, Chair**  
District 3

**Kelvin Soto, Vice Chair**  
District 2

**Jay Wheeler**  
District 1

SUPERINTENDENT  
**Melba Luciano**

DEPUTY SUPERINTENDENT OF OPERATIONS  
**Tom Phelps**

ASSISTANT SUPERINTENDENTS

ELEMENTARY CURRICULUM & INSTRUCTION  
**Lissette Brizendine**

MIDDLE SCHOOL CURRICULUM & INSTRUCTION  
**Michael Allen**

HIGH SCHOOL CURRICULUM & INSTRUCTION  
**Michael Akes**

SCHOOL SUPPORT SERVICES  
**Mark Munas**

CHIEFS

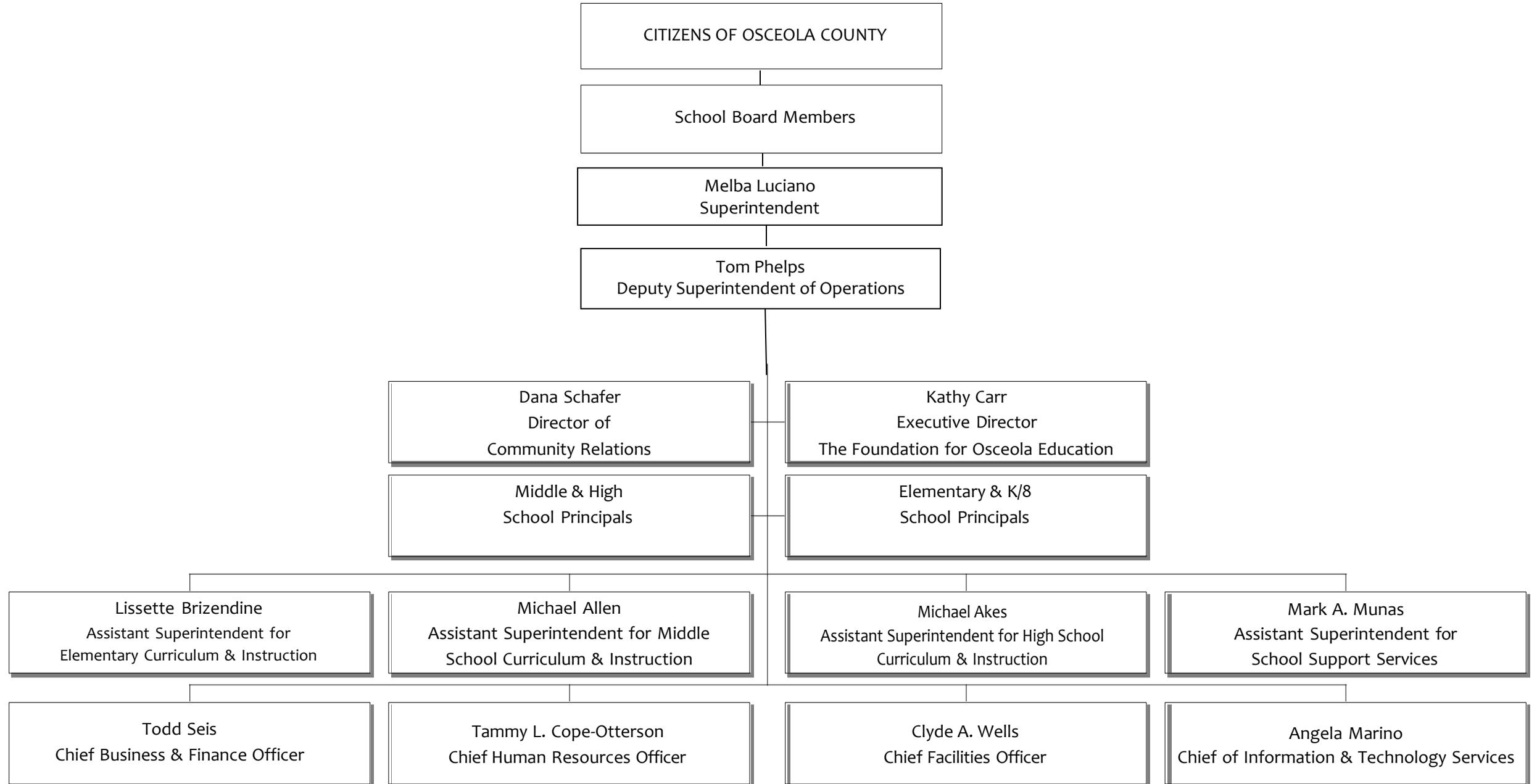
BUSINESS & FINANCE OFFICER  
**Todd C. Seis**

FACILITIES OFFICER  
**Clyde Wells**

INFORMATION & TECHNOLOGY OFFICER  
**Angela Marino**

HUMAN RESOURCES OFFICER  
**Tammy Cope-Otterson**

The School District of Osceola County, Florida  
 DISTRICT ADMINISTRATIVE ORGANIZATIONAL CHART  
 2014-2015





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**School District of Osceola County  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

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# FINANCIAL SECTION



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MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the District's agency funds, which represent 17% of the assets and 56% of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, as described in Note 1 to the financial statements, which comprise 100% of the transactions and account balances of the aggregate discretely presented component units of the District. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us and, our opinion, insofar as it relates to the amounts included for the agency funds and aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**INDEPENDENT AUDITOR'S REPORT**  
*(Continued)*

**Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund and major special revenue funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Change in Accounting Principle*

As discussed in Note 2 to the financial statements, in the fiscal year ended June 30, 2015, the District adopted the provisions of Government Accounting Standards Board Statement (GASBS) Number 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement Number 27*. As a result of the implementation of GASBS 68, the District reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules – General and Major Special Revenue Funds, Schedule of Funding Progress – Other Postemployment Benefits Plan, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions for both the Florida Retirement System and Health Insurance Subsidy Program, and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**INDEPENDENT AUDITOR'S REPORT**  
*(Concluded)*

*Other Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Moore Stephens Lovelace, P.A.*

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

Certified Public Accountants

Orlando, Florida  
December 29, 2015

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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As management of the Osceola County District School Board, Florida (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District's financial statements found on pages 20 to 66 of this report.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2014-15 fiscal year are as follows:

- Total assets and deferred outflows of the District exceed total liabilities and deferred inflows at the close of the most recent fiscal year by \$398,918,390.
- At June 30, 2015, the District's combined governmental fund balances totaled \$136,784,112, an increase of \$6,972,937, or 5.37 percent, in comparison with the prior fiscal year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$41,368,678 at June 30, 2015, or 9.76 percent of total General Fund expenditures.
- The District's total bonded debt (Bonds Payable and Certificates of Participation, excluding premiums and discounts) decreased by \$13,611,000, or 5.33 percent during the current fiscal year. The key factor in this was the payment of principal.
- The District's net capital assets decreased by \$16,200,081 or 2.12 percent from the 2013-14 fiscal year.

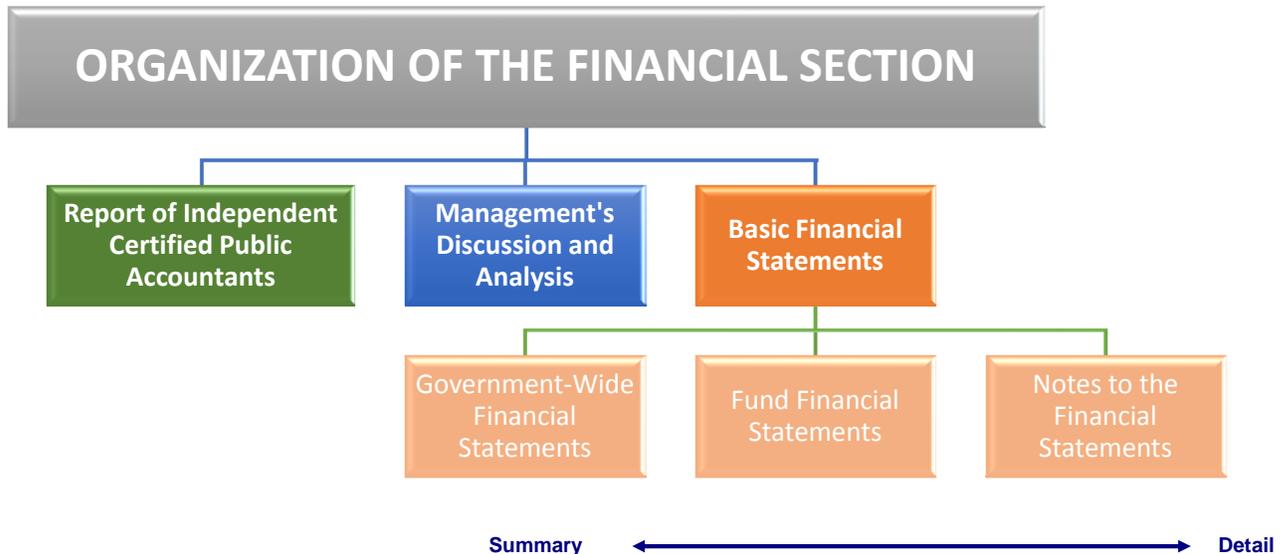
### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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



### Government-Wide Financial Statements

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

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

- Governmental activities – This represents most of the District’s services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State’s education finance program provide most of the resources that support these activities.
- Component units – The District presents ten separate legal entities in this report, including The Foundation for Osceola Education, Inc., New Dimensions Charter School, Inc., Four Corners Charter School, Inc., New Alternative Education (Mavericks) High School of Osceola County, Inc., Florida Virtual Academy at Osceola, Renaissance Charter School at Poinciana, Avant Garde Academy, Inc., St. Cloud Preparatory Academy, Bellalago Educational Facilities Benefit District, and Flora Ridge Educational Facilities Benefit District. Although legally separate organizations, the component units

are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 20 to 21 of this report.

## **Fund Financial Statements**

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

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

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

The District maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds. The District's major funds are the: (1) General Fund, (2) Special Revenue – Food Service, (3) Special Revenue – Other Federal Programs, (4) Debt Service – Other Debt Service, (5) Capital Projects – Nonvoted Capital Improvement Fund, and (6) Capital Projects – Other Capital Projects. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund, Special Revenue – Food Service Funds, and Special Revenue – Other Federal Program Funds. Budgetary comparison schedules have been provided on pages 68 to 71 of this report to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 22 and 24 of this report.

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

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

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

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

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

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

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

## Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30 to 66 of this report.

## Other Supplemental Information

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 80 to 107 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceed liabilities and deferred inflows by \$398,918,390 at June 30, 2015. The following is a summary of the District's net position as of June 30, 2015, compared to net position as of June 30, 2014:

	Governmental Activities	
	6/30/2015	6/30/2014
Current and Other Non-Capital Assets	\$ 174,069,397	\$ 169,637,835
Capital Assets	749,625,509	765,825,589
<b>Total Assets</b>	<b>923,694,906</b>	<b>935,463,424</b>
Deferred Outflow of Resources	34,802,881	6,895,431
<b>Total Deferred Outflow of Resources</b>	<b>34,802,881</b>	<b>6,895,431</b>
Current Liabilities	17,436,678	22,045,636
Long-Term Liabilities	472,128,591	359,433,028
<b>Total Liabilities</b>	<b>489,565,269</b>	<b>381,478,664</b>
Deferred Inflow of Resources	70,014,128	4,578,997
<b>Total Deferred Inflow of Resources</b>	<b>70,014,128</b>	<b>4,578,997</b>
Net Position:		
Net Investment in Capital Assets	487,069,988	488,609,887
Restricted	83,317,955	70,723,819
Unrestricted	(171,469,553)	(3,032,512)
<b>Total Net Position</b>	<b>\$ 398,918,390</b>	<b>\$ 556,301,194</b>

By far, the largest portion of the District's net position, \$487,069,988 or 122.1 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.

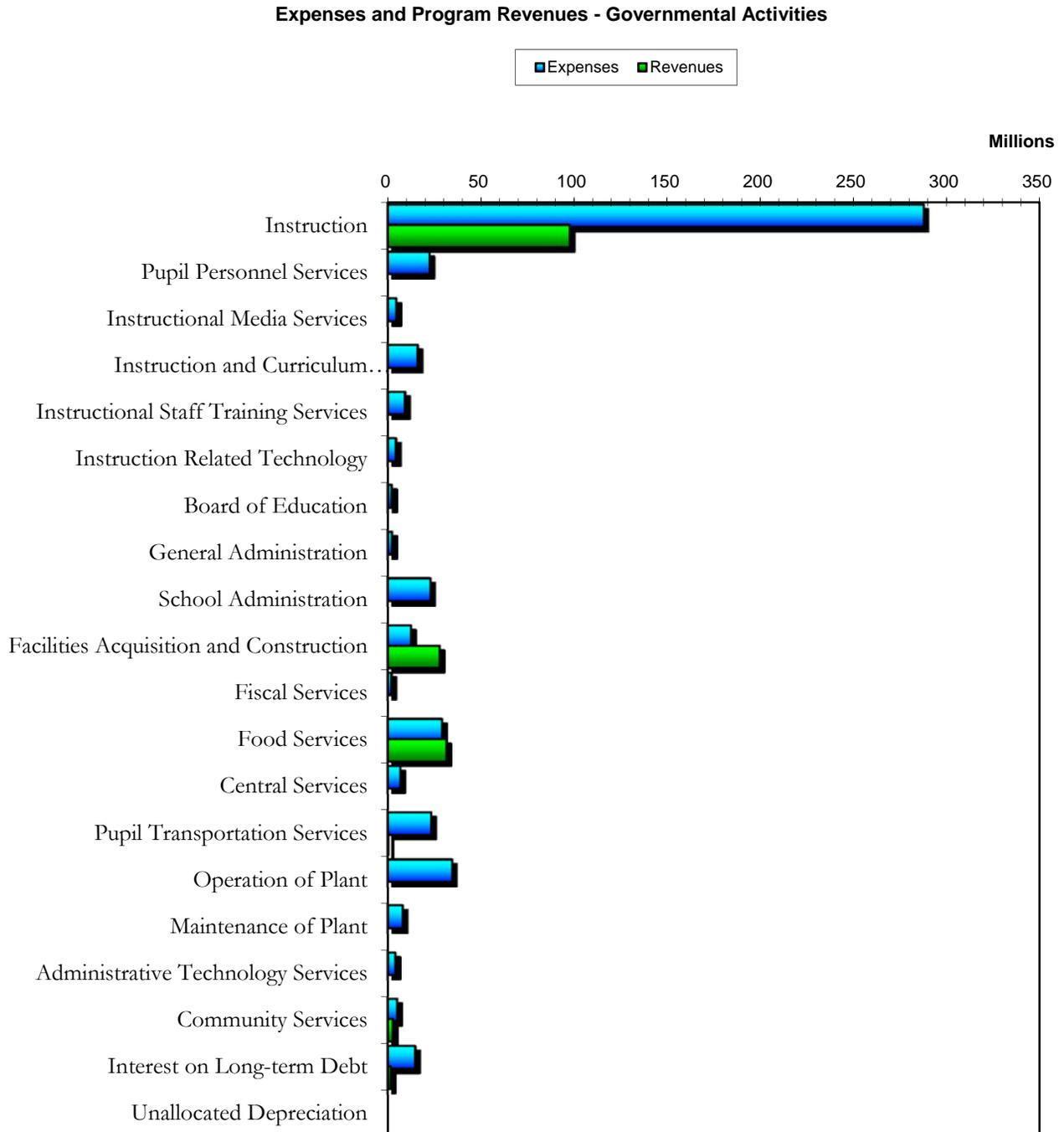
An additional portion of the District's net position, \$83,317,955 or 20.89 percent, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$12,594,136 in restricted net position reported in connection with the District's governmental activities. This increase is primarily due to the increase in the District's reserve for capital projects. The remaining net position represents resources that are not subject to external restrictions on how they may be used. The balance of unrestricted net position of (\$171,469,553) or (42.98) percent is primarily the result of a (\$163.6) million adjustment to beginning net position due to the implementation of *Governmental Accounting Standards Board Statement No. 68 – Accounting and Financial Reporting for Pensions*. More information on the adoption of this standard and its effect on the financial statements can be found in Note 14 to the financial statements.

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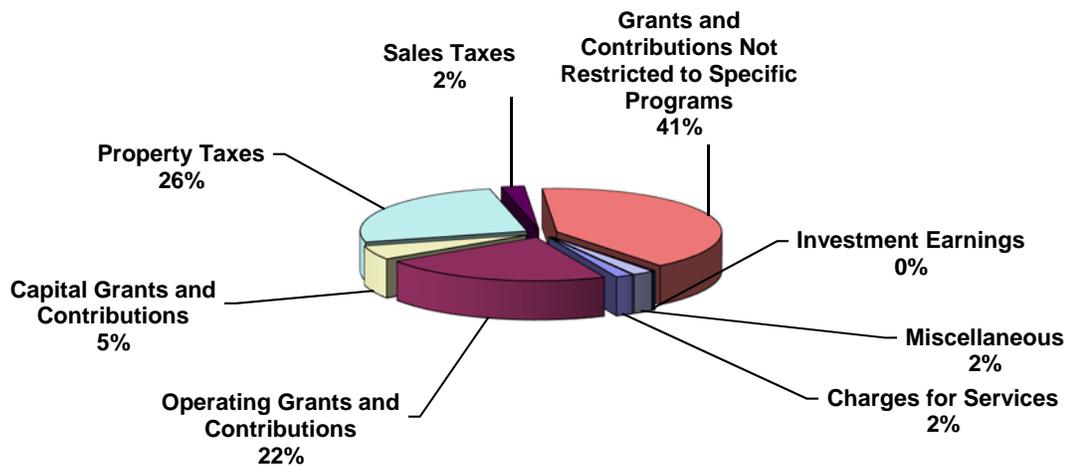
The key elements of the changes in the District's net position for the fiscal years ended June 30, 2015, and June 30, 2014, are as follows:

	Operating Results for the Year	
	Governmental	
	Activities	
	6/30/2015	6/30/2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 9,321,247	\$ 9,634,965
Operating Grants and Contributions	122,697,701	60,665,545
Capital Grants and Contributions	28,679,184	19,110,678
General Revenues:		
Property Taxes	140,038,363	132,338,648
Local Sales Taxes	12,129,743	10,600,770
Grants and Contributions not Restricted to Specific Programs	223,592,024	278,251,669
Investment Earnings	1,389,318	1,375,756
Miscellaneous	11,503,406	10,007,569
Total Revenues	<u>549,350,986</u>	<u>521,985,600</u>
Functions/Program Expenses:		
Instruction	287,060,332	289,204,178
Pupil Personnel Services	22,519,240	25,492,366
Instructional Media Services	4,493,306	4,925,391
Instruction and Curriculum Development Services	15,765,392	16,183,836
Instructional Staff Training Services	8,908,032	9,266,366
Instruction Related Technology	4,327,747	4,042,170
Board of Education	1,862,188	1,476,291
General Administration	2,255,012	2,485,353
School Administration	22,432,816	23,481,657
Facilities Acquisition and Construction	12,186,629	11,207,862
Fiscal Services	1,998,168	2,058,395
Food Services	28,841,287	31,570,344
Central Services	6,771,155	6,790,680
Pupil Transportation Services	23,123,277	21,373,354
Operation of Plant	34,174,683	32,358,059
Maintenance of Plant	7,520,421	8,541,140
Administrative Technology Services	3,889,429	3,988,727
Community Services	5,082,800	4,963,439
Interest on Long-Term Debt	14,635,622	13,886,389
Unallocated Depreciation Expense	35,257,896	35,516,948
Total Expenses	<u>543,105,434</u>	<u>548,812,945</u>
Increase in Net Position	6,245,552	(26,827,345)
Net Position, Beginning	556,301,196	583,128,539
Adjustment to Net Position	<u>(163,628,358)</u>	
Net Position, Ending	<u>\$ 398,918,390</u>	<u>\$ 556,301,194</u>

The government-wide net position increased by \$6,245,552 during the current fiscal year. The increase represents an excess of revenues over expenses in the current year.



## Revenues by Source - Governmental Activities



### Governmental Activities.

Governmental activities increased the District's net position by \$6,245,552, accounting for the total increase in the net position of the District. Key elements of the increase are as follows:

- Increased program revenues are being held in reserve for future construction projects.
- Program expenses were decreased from the prior year.

The largest revenue sources are the State of Florida and local sources. Combined, these two revenue sources account for 88.8 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. Total state sources increased by \$9,656,996 or 3.46 percent primarily due to the increase in FEFP funding. Revenues from local sources consist primarily of ad valorem taxes and impact fees. Property tax revenues increased by \$7.69 million or 5.8 percent, primarily due to the increase in the local property tax base.

Instructional expenses represent 53.25 percent of total governmental expenses in the 2014-15 fiscal year. Instructional expenses decreased by \$2,143,846 or .74 percent, from the previous fiscal year as a result of the lapse in appropriations provided for salaries due to vacant positions.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds report combined ending fund balances of \$136,784,112, an increase of \$6,972,937, in comparison with the 2013-14 fiscal year. Unassigned fund balance of \$41,368,678 represents 30.24 percent of the ending fund balances and is available to meet the District's short-term spending needs. Remaining fund balances are non-spendable, restricted, or assigned, to indicate that they are not available for new spending. Inventory balances of \$3,277,419 are considered non-spendable. Fund balances totaling \$88,834,932 are restricted for state required carryover programs, debt service payments, capital projects, other grants and programs, and food service. Fund balances totaling \$3,303,083 are assigned to cover contract commitments and carryover appropriations.

### Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the assigned plus unassigned fund balance of the General Fund was \$44,671,761, while total fund balance reached \$66,462,753. As a measure of the General Fund's liquidity, it may be useful to compare both assigned plus unassigned fund balance and total fund balance to total expenditures. Assigned plus unassigned fund balance represents 10.54 percent of total General Fund expenditures, while total fund balance represents 15.68 percent of that same amount.

During the current fiscal year, the fund balance of the General Fund decreased by \$3,775,392. This was a planned decrease resulting primarily from a reduction in transfers of ad valorem funds for maintenance activities.

The fund balance for the Special Revenue – Food Services Fund decreased by \$1,414,866 during the fiscal year. This was a planned decrease to meet the needs of the District's growing student population.

There were no changes to the fund balance for the Special Revenue – Other Federal Programs since revenues are recognized once expenditures are incurred for these programs.

There were no changes to the fund balances for the ARRA Economic Stimulus Capital Projects Fund since no qualifying expenditures were incurred during the current fiscal year.

The fund balance for the Other Debt Service Fund increased by \$16,674. This was the amount by which revenues exceeded expenditures after annual debt service obligations were met.

The fund balances for the Capital Projects – Nonvoted Capital Improvement Fund and Capital Projects – Other Fund increased by \$4,121,743 and \$8,063,072, respectively. These were planned increases to provide for future construction projects.

The fund balance for non-major funds – reported as Other Governmental Funds – decreased by \$38,294 to \$7,642,375. This is primarily due to certain planned spend-downs as well as the timing differences between collecting funds for and expending these funds on specific projects.

### **Proprietary Funds**

The District's proprietary funds provide the same type of information found in the government-wide financial statements. The District's proprietary fund includes two internal service funds that are used to account for its self-insurance programs. Net position increased by \$868,587 due to premiums exceeding insurance claims and other expenses.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the 2014-15 fiscal year, the District amended its General Fund budget several times, which resulted in a decrease in total budgeted revenues of approximately \$5.3 million, or 1.29 percent. At the same time, final appropriations were less than the original budgeted amounts by approximately \$4.3 million, or .96 percent. Budget revisions occurred primarily from changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues are \$1,265,114, or .31 percent, more than final budget amounts while actual expenditures are \$29,377,798, or 6.48 percent, less than final budget amounts. The positive variance was primarily due to continued cost containment measures implemented by the District.

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## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for the governmental activities as of June 30, 2015, amounts to \$749,625,508 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures and equipment; motor vehicles; investments in the educational facilities benefit district; and audio visual materials and computer software. The total decrease in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$16,200,081, or a 2.12 percent decrease from the 2013-14 fiscal year.

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

- Completion of an expansion at the technical education center.
- Completion of renovations at two high schools, one middle school and one elementary school.
- Completion of a cafeteria renovation at one elementary school.
- Completion of wing additions at two elementary schools and one high school.
- Construction in Progress for a wing addition at one high school.
- Construction in Progress for a new high school.

Following is a summary of the District's capital assets as of June 30, 2015, compared to June 30, 2014.

Schedule of Capital Assets  
(net of accumulated depreciation)

	Governmental Activities	
	June 30, 2015	June 30, 2014
Land	\$ 51,799,397	\$ 51,744,731
Construction in Progress	7,645,194	28,426,153
Improvements Other Than Buildings	12,110,383	13,463,464
Buildings and Fixed Equipment	648,573,236	640,897,017
Furniture, Fixtures, and Equipment	13,297,623	14,199,062
Motor Vehicles	8,299,149	8,703,650
Investment In EFBD	5,828,498	5,977,628
Audio Visual Materials and Computer Software	2,072,029	2,413,884
Total	<u>\$ 749,625,508</u>	<u>\$ 765,825,589</u>

Additional information on the District's capital assets can be found in Note 6 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 \$252,709,807. Of this amount, \$241,920,000 is outstanding bonded debt, \$6,926,368 is outstanding notes payable, and \$3,863,439 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 \$7,010,000 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; \$56,220,000 outstanding in District Revenue Bonds; and \$178,690,000 in certificates of participation.

Following is a summary of the District's long-term debt as of June 30, 2015, compared to June 30, 2014.

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

	Governmental Activities	
	June 30, 2015	June 30, 2014
State School (SBE) Bonds	\$ 7,010,000	\$ 8,386,000
District Revenue Bonds	56,220,000	60,520,000
Certificates of Participation	178,690,000	186,625,000
Notes Payable	6,926,368	10,126,547
Installment Purchases Payable		-
Other Long-Term Debt	3,863,449	4,020,439
Total Outstanding Long-Term Debt	<u>\$ 252,709,817</u>	<u>\$ 269,677,986</u>

The District's total debt decreased by \$16,968,179 or 6.29 percent, during the current fiscal year.

Additional information on the District's long term debt can be found in Notes 7 through 12 to the financial statements.

### OTHER MATTERS OF SIGNIFICANCE

As of September 2015, the U.S. Bureau of Labor Statistics reports the unemployment rate for Osceola County, Florida, at 5.5 percent. This is a decrease from the rate of 6.1 percent a year ago and is slightly higher than the State's average unemployment rate of 5.2 percent.

During the current fiscal year, assigned plus unassigned fund balance in the General Fund decreased by \$2,406,231 from the prior year (\$47,077,992 to \$44,671,761). This is due to a planned spending of prior fund balance maintained for operations.

## **REQUESTS FOR INFORMATION**

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

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# BASIC FINANCIAL STATEMENTS



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	<b>Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 33,259,394	\$ 11,085,743
Investments	120,295,928	4,257,309
Accounts Receivable	1,449,121	1,390,321
Interest Receivable	83,470	
Deposits Receivable		404,647
Due from Other Agencies	7,654,413	2,060,328
Inventories	3,277,419	
Prepaid Items	1,522,466	96,699
Other Assets:		
Bond Issuance Costs, net		29,678
Restricted Assets:		
Cash with Fiscal Agent	6,527,187	3,832,174
Capital Assets:		
Land	50,441,213	1,513,220
Land Improvements, Nondepreciable	1,358,184	281,088
Construction in Progress	7,645,194	
Improvements Other Than Buildings, Net	12,110,383	1,681,099
Buildings and Fixed Equipment, Net	648,573,236	32,004,732
Furniture, Fixtures and Equipment, Net	13,297,623	882,942
Motor Vehicles, Net	8,299,149	3,770
Investment in Educational Facilities Benefit District, Net	5,828,498	
Audio Visual Materials and Computer Software, Net	2,072,029	415,291
<b>Total Assets</b>	<b>923,694,906</b>	<b>59,939,041</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amount on Debt Refunding	6,207,148	
Pension	28,595,733	671,908
<b>Total Deferred Outflows of Resources</b>	<b>34,802,881</b>	<b>671,908</b>
<b>LIABILITIES</b>		
Salaries and Benefits Payable	1,497,174	722,340
Payroll Deductions and Withholdings	1,342,535	
Accounts Payable	2,209,157	3,362,151
Construction Contracts Payable	1,336,188	
Construction Contracts Payable-Retainage	409,286	
Due to Other Agencies	4,486,522	1,748,723
Due to Management Company		154,307
Sales Tax Payable	2,933	
Unearned Revenue	317,232	
Accrued Interest Payable	1,846,704	746,420
Estimated Insurance Claims Payable	3,988,947	
Long-Term Liabilities:		
Portion Due Within One Year:		
Bonds Payable	6,386,547	1,466,295
Notes Payable	3,372,420	130,273
Lease-Purchases Payable	8,700,675	
Compensated Absences Payable	2,136,555	14,822
Educational Facilities Benefit District Agreement Payable	183,703	
Portion Due After One Year:		
Bonds Payable	59,725,633	42,020,302
Notes Payable	3,553,948	1,960,106
Lease-Purchases Payable	173,764,330	
Compensated Absences Payable	33,186,547	
Other Postemployment Benefits Payable	51,399,056	
Pension Liability	118,947,476	2,825,615
Impact Fee Credit Vouchers	7,091,956	
Educational Facilities Benefit District Agreement Payable	3,679,745	
<b>Total Liabilities</b>	<b>489,565,269</b>	<b>55,151,354</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amount on Debt Refunding	4,764,103	578,664
Pension	65,250,025	1,663,744
<b>Total Deferred Inflows of Resources</b>	<b>70,014,128</b>	<b>2,242,408</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	487,069,988	(2,055,775)
Restricted For:		
State Required Carryover Programs	14,843,301	
Debt Service	6,852,625	2,344,441
Capital Projects	52,610,765	513,180
Other Purposes	9,011,264	3,163,949
Unrestricted	(171,469,553)	(748,608)
<b>Total Net Position</b>	<b>\$ 398,918,390</b>	<b>\$ 3,217,187</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, 2015

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
<b>Governmental Activities:</b>						
Instruction	\$ 287,060,332	\$ 2,339,173	\$ 95,237,159	\$	\$ (189,484,000)	
Pupil Personnel Services	22,519,240				(22,519,240)	
Instructional Media Services	4,493,306				(4,493,306)	
Instruction and Curriculum Development Services	15,765,392				(15,765,392)	
Instructional Staff Training Services	8,908,032				(8,908,032)	
Instruction Related Technology	4,327,747				(4,327,747)	
Board of Education	1,862,188				(1,862,188)	
General Administration	2,255,012				(2,255,012)	
School Administration	22,432,816				(22,432,816)	
Facilities Services	12,186,629			27,067,210	14,880,581	
Fiscal Services	1,998,168				(1,998,168)	
Food Services	28,841,287	3,678,965	27,460,542		2,298,220	
Central Services	6,771,155				(6,771,155)	
Pupil Transportation Services	23,123,277	497,908			(22,625,369)	
Operation of Plant	34,174,683				(34,174,683)	
Maintenance of Plant	7,520,421				(7,520,421)	
Administrative Technology Services	3,889,429				(3,889,429)	
Community Services	5,082,800	2,805,201			(2,277,599)	
Interest on Long-term Debt	14,635,622			1,611,974	(13,023,648)	
Unallocated Depreciation Expense*	35,257,897				(35,257,897)	
<b>Total Primary Government</b>	<b>\$ 543,105,434</b>	<b>\$ 9,321,247</b>	<b>\$ 122,697,701</b>	<b>\$ 28,679,184</b>	<b>(382,407,302)</b>	
<b>Component Units:</b>						
Charter Schools, Foundation and Benefit Districts	\$ 50,253,494	\$ 273,617	\$ 3,160,790	\$ 1,125,338		\$ (45,693,749)
General Revenues:						
Taxes:						
Property Taxes, Levied for Operational Purposes					111,668,108	
Property Taxes, Levied for Capital Projects					28,370,255	
Local Sales Taxes					12,129,743	
Grants and Contributions Not Restricted to Specific Programs					223,592,024	44,590,619
Unrestricted Investment Earnings					1,389,318	2,263
Miscellaneous					11,503,406	1,361,804
Transfers						1,046,762
Total General Revenues					388,652,854	47,001,448
Change in Net Position					6,245,552	1,307,699
Net Position - Beginning - Restated					392,672,838	1,909,488
Net Position - Ending					\$ 398,918,390	\$ 3,217,187

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

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	General Fund	Special Revenue - Food Services Fund	Special Revenue - Other Federal Programs Fund	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 26,311,524	\$ 4,645,528	\$ 593	\$ 952,102	\$ 5,013,761	\$ 14,733,461	\$ 6,988,408	\$ 58,645,377
Investments	42,735,132	3,455,175		1	11,627,866	19,591,130	173,505	77,582,809
Accounts Receivable	436,543	10,273	145		93,911	19,504		560,376
Interest Receivable	39,229	3,171			10,667	17,981		71,048
Due from Other Funds	1,605,404		50,739		54,120	586,063	150,907	2,447,233
Due from Other Agencies	385,271	343,391	1,926,265	1,172,285	13,839	2,493,755	1,319,607	7,654,413
Inventories	2,303,278	974,141						3,277,419
<b>Total Assets</b>	<b>\$ 73,816,381</b>	<b>\$ 9,431,679</b>	<b>\$ 1,977,742</b>	<b>\$ 2,124,388</b>	<b>\$ 16,814,164</b>	<b>\$ 37,441,894</b>	<b>\$ 8,632,427</b>	<b>\$ 150,238,675</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Salaries and Benefits Payable	\$ 1,055,603	\$ 53,144	\$ 388,427	\$	\$	\$	\$	\$ 1,497,174
Payroll Deductions and Withholdings	1,065,530	98,694	178,311					1,342,535
Accounts Payable	935,251	47,871	331,926	700	199,203	207,244	246,125	1,968,320
Construction Contracts Payable						1,310,231		1,310,231
Construction Contracts Payable-Retainage						409,286		409,286
Due to Other Funds	79,974		807,406	586,062			646,888	2,120,330
Due to Other Agencies	4,119,812	95,039	271,672					4,486,523
Sales Tax Payable	2,265	667						2,932
Unearned Revenue	95,193	125,000					97,039	317,232
<b>Total Liabilities</b>	<b>7,353,628</b>	<b>420,415</b>	<b>1,977,742</b>	<b>586,762</b>	<b>199,203</b>	<b>1,926,761</b>	<b>990,052</b>	<b>13,454,563</b>
Fund Balances:								
Nonspendable	2,303,278	974,141						3,277,419
Restricted	19,487,714	8,037,123		1,537,626	16,614,961	35,515,133	7,642,375	88,834,932
Assigned	3,303,083							3,303,083
Unassigned	41,368,678							41,368,678
<b>Total Fund Balances</b>	<b>66,462,753</b>	<b>9,011,264</b>		<b>1,537,626</b>	<b>16,614,961</b>	<b>35,515,133</b>	<b>7,642,375</b>	<b>136,784,112</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 73,816,381</b>	<b>\$ 9,431,679</b>	<b>\$ 1,977,742</b>	<b>\$ 2,124,388</b>	<b>\$ 16,814,164</b>	<b>\$ 37,441,894</b>	<b>\$ 8,632,427</b>	<b>\$ 150,238,675</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 POSITION  
June 30, 2015**

**Total Fund Balances - Governmental Funds** \$ 136,784,112

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 749,625,508

Deferred amount on refunding (loss) are not recognized in the fund level statements but are included in the government-wide statements. 6,207,148

Deferred amount on refunding (gain) are not recognized in the fund level statements but are included in the government-wide statements. (4,764,103)

Deferred amount for pensions (contributions, assumptions, investments, and proportionate change) are not recognized in the fund level statements but are included in the government-wide statements. 28,595,733

Deferred amount for pensions (experience, investments, and proportionate change) are not recognized in the fund level statements but are included in the government-wide statements. (65,250,025)

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. (1,846,705)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 21,695,313

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	\$	66,112,180	
Notes Payable		6,926,368	
Lease Purchases Payable		182,465,005	
Compensated Absences Payable		35,323,102	
Other Post-employment Benefits Obligations		51,399,056	
Pension Liability		118,947,476	
Impact Fee Credit Vouchers		7,091,956	
Educational Facilities Benefit District Agreement Payable		3,863,448	
		(472,128,591)	

**Total Net Position - Governmental Activities** \$ 398,918,390

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, 2015**

	General Fund	Special Revenue - Food Services Fund	Special Revenue - Other Federal Programs Fund	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Intergovernmental:								
Federal Direct	\$ 453,402		\$ 1,388,788	\$	\$	\$	\$ 2,178,697	\$ 4,020,887
Federal Through State	2,000	27,122,885	29,098,932				695,104	56,918,921
State	282,303,192	423,770				2,519,063	3,243,918	288,489,943
Local:								
Property Taxes	111,556,872				28,481,490			140,038,362
Local Sales Taxes				12,129,743				12,129,743
Impact Fees						23,145,152		23,145,152
Charges for Services - Food Service		3,678,965						3,678,965
Miscellaneous	14,840,166	123,009	50,739	1,134,011	284,363	121,118	251,705	16,805,111
Total Revenues	<u>409,155,632</u>	<u>31,348,629</u>	<u>30,538,459</u>	<u>13,263,754</u>	<u>28,765,853</u>	<u>25,785,333</u>	<u>6,369,424</u>	<u>545,227,084</u>
<b>EXPENDITURES</b>								
Current-Education:								
Instruction	270,577,578		16,426,970				9,308	287,013,856
Pupil Personnel Services	21,216,115		1,481,341					22,697,456
Instructional Media Services	4,430,125		95,681					4,525,806
Instruction and Curriculum Development Services	9,837,744		5,665,235				316,534	15,819,513
Instructional Staff Training Services	5,416,388		3,447,633				138,873	9,002,894
Instruction Related Technology	3,900,768		209,362				176,314	4,286,444
Board of Education	1,872,534							1,872,534
General Administration	1,167,168		1,111,057				20,778	2,299,003
School Administration	22,518,181							22,518,181
Facilities Services	3,607,882				2,696,687	2,801,449	775,337	9,881,355
Fiscal Services	2,014,809							2,014,809
Food Services	115,563	28,552,215						28,667,778
Central Services	6,400,124		369,898				381	6,770,403
Pupil Transportation Services	20,321,372		210,872					20,532,244
Operation of Plant	32,746,151						31,389	32,777,540
Maintenance of Plant	7,697,959							7,697,959
Administrative Technology Services	3,902,468							3,902,468
Community Services	3,736,574		1,345,360					5,081,934
Fixed Capital Outlay:								
Facilities Acquisition and Construction	702,408	3,593,904			2,264,602	7,957,708	825,360	15,343,982
Other Capital Outlay	1,765,659	617,376	175,050		1,138,129	2,478,630	1,527	6,176,371
Debt Service:								
Principal				15,741,917			1,272,000	17,013,917
Interest and Fiscal Charges				9,675,934			3,012,506	12,688,440
Dues, Fees and Issuance Costs				156,237			17,344	173,581
Total Expenditures	<u>423,947,570</u>	<u>32,763,495</u>	<u>30,538,459</u>	<u>25,574,088</u>	<u>6,099,418</u>	<u>13,237,787</u>	<u>6,597,651</u>	<u>538,758,468</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,791,938)</u>	<u>(1,414,866)</u>		<u>(12,310,334)</u>	<u>22,666,435</u>	<u>12,547,546</u>	<u>(228,227)</u>	<u>6,468,616</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	10,752,328			17,631,180		4,911,344	2,703,936	35,998,788
Refunding Bonds Issued							1,811,000	1,811,000
Premium on Refunding Bonds							134,739	134,739
Proceeds of Lease-Purchase Agreements				12,005,000				12,005,000
Proceeds from the Sale of Capital Assets						1,489,500		1,489,500
Insurance Loss Recoveries	264,218							264,218
Payments to Escrow Agent for Refunded Debt				(12,134,168)			(3,065,968)	(15,200,136)
Transfers Out				(5,175,004)	(18,544,692)	(10,885,318)	(1,393,774)	(35,998,788)
Total Other Financing Sources (Uses)	<u>11,016,546</u>			<u>(12,327,008)</u>	<u>(18,544,692)</u>	<u>(4,484,474)</u>	<u>189,933</u>	<u>504,321</u>
Net Change in Fund Balances	<u>(3,775,392)</u>	<u>(1,414,866)</u>		<u>16,674</u>	<u>4,121,743</u>	<u>8,063,072</u>	<u>(38,294)</u>	<u>6,972,937</u>
Fund Balances, July 1, 2014	70,238,145	10,426,130		1,520,952	12,493,218	27,452,061	7,680,669	129,811,175
Fund Balances, June 30, 2015	<u>\$ 66,462,753</u>	<u>\$ 9,011,264</u>	<u>\$</u>	<u>\$ 1,537,626</u>	<u>\$ 16,614,961</u>	<u>\$ 35,515,133</u>	<u>\$ 7,642,375</u>	<u>\$ 136,784,112</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2015**

**Net Change in Fund Balances - Total Governmental Funds** \$ 6,972,937

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current period. (16,346,641)

The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs from the change in fund balances by the cost of assets sold. (2,134,722)

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,281,282

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments in the current period. 18,263,313

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds. (3,659,204)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities. 868,587

**Change in Net Position of Governmental Activities** \$ 6,245,552

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



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>	
Premium Revenues	\$ 53,520,333
<b>Total Operating Revenues</b>	<u>53,520,333</u>
<b>OPERATING EXPENSES</b>	
Purchased Services	6,072,519
Insurance Claims	46,668,129
<b>Total Operating Expenses</b>	<u>52,740,648</u>
<b>Operating Income</b>	<u>779,685</u>
<b>NONOPERATING REVENUES</b>	
Interest	88,902
<b>Total NonOperating Revenues</b>	<u>88,902</u>
<b>Change In Net Position</b>	868,587
Total Net Position - July 1, 2014	20,826,727
<b>Total Net Position - June 30, 2015</b>	<u><u>\$ 21,695,314</u></u>

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



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2015**

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,058,986
Investments	2,755,772
Accounts Receivable	47,734
Due from School Board	37,613
<b>Total Assets</b>	<u><u>\$ 6,900,105</u></u>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	\$ 6,212
Payroll Deductions and Withholdings	9,028
Accounts Payable	3,296,843
Internal Accounts Payable	3,588,022
<b>Total Liabilities</b>	<u><u>\$ 6,900,105</u></u>

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

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent, on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separated component units for which the primary government is financially accountable. The District has no business-type activities. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation department is allocated to the pupil transportation services function, while remaining depreciation expense are not readily associated with a particular function and are reported as unallocated.

➤ **Reporting Entity**

The Osceola County School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Osceola County School District (District) is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education, and is governed by State law and State Board of Education Rules. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Osceola County.

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

- **Blended Component Units.** The District's employee group health and life insurance program, described in Note 19, is administered through the Osceola County District School Board Group Health and Life Insurance Trust (Trust). Assets necessary to fund the program are transferred to the Trust; however, under the terms of the Trust agreement, the District retains control of the assets. Therefore, the financial activities of the Trust are reported in the District's financial statements. Separate financial statements for the Trust are not published.

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

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

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

The Bellalago Educational Facilities Benefit District and the Flora Ridge Educational Facilities Benefit District (Benefit Districts) are separate districts organized pursuant to Chapter 125, Florida Statutes, and Section 1013.355, Florida Statutes, to provide for the timely construction and maintenance of school facilities. The Benefit Districts are an alternate mechanism that allows for the sharing of educational facilities costs that are necessary to accommodate new growth and development. The Benefit Districts have imposed a specific financial burden on the Osceola County School District and are considered fiscally dependent in accordance with the criteria described in Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. A member of the Osceola County School District has been appointed to the board of each Benefit District. Audits of the Benefit District's annual financial statements are conducted by an independent certified public accountant and are filed in the District's administrative office.

Acclaim Academy Florida, Inc., Avant Garde Charter School, Florida Virtual Charter Academy at Osceola, Four Corners Charter School, Inc., Mavericks High School of Osceola County, New Dimensions High School, Inc., Renaissance Charter School at Poinciana, St. Cloud Preparatory Academy and UCP Osceola Charter School, are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act; and Section 1002.33, Florida Statutes, to enhance the education of those Osceola County students attending these schools. The charter schools operate under a charter approved by their sponsor, the Osceola County District School Board. The charter schools are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for their support and there is a potential for the charter school to provide specific financial benefits to, or impose specific financial burdens on, the District. Audits of the charter schools' financial statements are conducted by independent certified public accountants and are filed in the District's administrative office.

➤ **Basis of Presentation: Government-wide Financial Statements**

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

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

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

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Food Services – to account for financial transactions related to food service operations.
- Special Revenue – Other Federal Programs – to account for funds from the State or Federal Government which are restricted for Federal programs.
- Debt Service – Other Debt Service – to account for accumulation of resources for, and the payment of, certain long-term debt principal, interest and related costs.
- Capital Projects – Nonvoted Capital Improvement Fund – to account for financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs.
- 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 Bellalago Charter Academy accounted for by the District.

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

➤ **Basis of Accounting**

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

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The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under the accrual accounting. However, debt service expenditures, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when payment is due. General capital asset acquisition are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

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

➤ **Cash and Cash Equivalents**

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

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

➤ **Investments**

Investments consist of amounts placed in SBA Debt Service accounts for investment of debt service moneys, and amounts placed with the SBA for participation in Florida PRIME investment pool created by Section 218.405, Florida Statutes, and those made locally. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

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

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Investments made locally consist of United States Treasury Bonds, Federal Agency Bonds, and commercial paper and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

➤ **Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories held at the maintenance department, transportation department, central warehouse and for the District's food service program are stated at cost valued on a weighted-average basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The District applies the consumption method to account for its inventories. As such, the expenditure for supplies inventory is recognized when the supplies are actually used.

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

➤ **Capital Assets**

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

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

<b><u>Description</u></b>	<b><u>Estimated Lives</u></b>
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.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of financial net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future periods(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The District has one item that qualifies for reporting in each of these categories, which is the deferred amount on debt refunding. A deferred amount on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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➤ **Pensions**

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The District's retirement plans and related amounts are described in a subsequent note.

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Bonds and certificates of participation payable are reported net of the applicable premium or discount.

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

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

➤ **Net Position Flow Assumption**

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

➤ **Fund Balance Flow Assumption**

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

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➤ **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

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

➤ **Program Revenues**

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

➤ **State Revenue Sources**

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

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

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 2014 tax levy on September 16, 2014. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

➤ **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 April 2015, when Resolution No. 15-030R established the revised rates to be collected. The educational impact fee is collected for all new residential construction within the County. The fees are collected by the County and each municipality within the County based on an interlocal agreement. The fees can only be used for capital expenditures directly affected by new residential growth. Educational impact fee credits granted in exchange for land are shown in the government-wide financial statements as unearned revenue until the credits are used, at which time the revenues are recognized.

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➤ **Federal Revenue Sources**

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

➤ **Compensated Absences**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**2. ACCOUNTING CHANGES**

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective with the fiscal year ended June 30, 2015. This statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The implementation of this statement resulted in a restatement of beginning net position, as well as related deferred outflows of resources and deferred inflows of resources due to recording of the District's net pension liability on the statement of net position.

In November 2013, the GASB issued Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This Statement is effective for fiscal years beginning June 15, 2014. The District adopted this statement for fiscal year 2015. The implementation of Statement No. 71 resulted in the reporting of the District's net pension liability, as well as related deferred outflows of resources and deferred inflows of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

In February 2015, the GASB issued Statement 72, Fair Value Measurement and Application. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting

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purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

**3. PRIOR PERIOD ADJUSTMENTS**

GASB Statement No. 68 requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. As a result of implementing this statement, the District's beginning net position was decreased by \$164,637,494. The District's proportionate share of the net pension liabilities at July 1, 2014 totaled \$118,947,476.

The effect of the amount reported as Cash held by Fiscal Agent for Advance Refunding for the fiscal year ending June 30, 2014, was removed from the government-wide statements. As a result, the District's beginning net position was increased by \$1,009,136.

	<u>Governmental Activities</u>
Beginning net position as previously reported at June 30, 2014	\$ 556,301,194
Prior period adjustment - Implementation of GASB 68:	
Net pension liability, July 1, 2013	\$ (181,116,804)
Deferred outflows - District's contributions made during fiscal year ended June 30, 2014	16,479,310
Prior period adjustment - Cash held by Fiscal Agent	<u>1,009,136</u>
Total prior period adjustment	<u>(163,628,358)</u>
Net position as restated, July 1, 2014	<u>\$ 392,672,836</u>

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**4. INVESTMENTS**

As of June 30, 2015, the District has the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration (SBA):		
Florida PRIME (1)	34 Day Average	\$ 28,588,061
Debt Service Accounts	6 Months	639,915
Florida Education Investment Trust Fund (1)	32 Day Average	130,300
US Treasury Bonds	11/2016 - 3/2018	46,609,439
Municipal Bond	May 15, 2018	501,759
Federal Agency Collateralized Mortgage	8/2017 - 4/2041	2,898,096
Federal Agency Bonds	3/2016 - 9/2017	18,402,693
Corporate Note	3/2017 - 7/2018	20,884,389
Commercial Paper	8/2015 - 1/2016	11,684,240
Total Investments		<u>\$ 130,338,891</u>

Notes:

(1) Investments classified as cash equivalents

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

- The District's investment policy limits investments to a maximum of five and one-half years and the investment of current operating funds to no longer than two years.
- Florida PRIME had a weighted average days to maturity (WAM) of 34 days, and FEITF had a WAM of 32 days at June 30, 2015. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.
- The District has \$3,405,615 in two obligations of Federal Home Loan Bank that include embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. One security, for \$1,702,451.40 has a September 17, 2015 call date and a September 17, 2017 maturity date. The second security, for \$1,703,163.70 has a March 24, 2016 call date and a March 24, 2017 maturity date.

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

- The District's investment policy allows for investments in certificates of deposit, time deposits, securities of the United States Government, other forms of authorized investments described in the Florida Statutes, and money market funds based on the highest rating by any one Nationally Recognized Statistical Ratings Organization (NRSRO).
- The District's investments in SBA Debt Service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by SBA for managing interest rate risk and credit risk for this account.

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- As of June 30, 2015, the District’s investments in Florida PRIME and the FEITF are rated “AAAm” by Standard & Poor’s.
- As of June 30, 2015, the District’s investments in U.S. Treasury and Federal Agency securities with PFM were rated AA+ by Standard & Poor’s. The District’s investments in municipal bonds were rated AA, corporate securities were rated A- to AA+ and commercial paper securities were rated A-1 to A-1+ by Standard & Poor’s.

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

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

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

- The District’s investment policy limits the amounts the District may invest in any one issuer, based on the type of instrument as follows:

Florida Local Government Surplus Funds Trust Fund (SBA)	50%
United States Government Securities	100%
United States Government Agencies	75%
Corporates	25%
Municipals	25%
Agency Mortgage-Backed Securities	25%
Non-Negotiable Collateralized Bank Deposits/Savings Accounts	50%
Commercial Paper	25%
Bankers' Acceptances	10%
Repurchase Agreements	40%
Money Market Funds	50%

- Most of the District’s investments are issued or explicitly guaranteed by the United States Government or are in external investment pools, which do not require disclosure for concentration of credit risk. Remaining investments are in compliance with investment policy limits.
- As of June 30, 2015, more than 36 percent of the District’s investment were in US Treasury Bonds, followed by Florida Prime at 22%, and Corporate Notes at 16%. Debt Service Accounts, Florida Education Investment Trust Fund, Municipal Bonds, Federal Agency and Commercial Paper represent an aggregate investment of 26 percent of total investments.

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**5. 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.

**6. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land & Improvements	\$ 51,744,731	\$ 2,079,667	\$ 2,025,000	\$ 51,799,397
Construction in Progress	28,426,153	15,289,316	36,070,275	7,645,194
Total Capital Assets Not Being Depreciated	<u>80,170,884</u>	<u>17,368,982</u>	<u>38,095,275</u>	<u>59,444,591</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	35,648,057	390,105		36,038,162
Buildings and Fixed Equipment	938,881,908	35,608,031		974,489,938
Furniture, Fixtures, and Equipment	61,194,545	4,821,244	3,215,049	62,800,740
Investment in Educational Facilities Benefit District	8,255,001			8,255,001
Motor Vehicles	35,968,134	2,207,456	189,842	37,985,749
Audio-Visual Materials	63,173	2,110	1,403	63,881
Computer Software	8,869,318	624,071	266,447	9,226,942
Total Capital Assets Being Depreciated	<u>1,088,880,136</u>	<u>43,653,017</u>	<u>3,672,741</u>	<u>1,128,860,412</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	22,184,593	1,743,186		23,927,779
Buildings and Fixed Equipment	297,984,891	27,931,811		325,916,702
Furniture, Fixtures, and Equipment	46,995,483	4,528,946	2,021,311	49,503,118
Investment in Educational Facilities Benefit District	2,277,373	149,130		2,426,503
Motor Vehicles	27,264,484	2,609,097	186,981	29,686,600
Audio-Visual Materials	53,732	3,855	1,403	56,184
Computer Software	6,464,876	900,969	203,235	7,162,610
Total Accumulated Depreciation	<u>403,225,431</u>	<u>37,866,993</u>	<u>2,412,929</u>	<u>438,679,495</u>
Total Capital Assets Being Depreciated, Net	<u>685,654,705</u>	<u>5,786,024</u>	<u>1,259,812</u>	<u>690,180,917</u>
Governmental Activities Capital Assets, Net	<u>\$ 765,825,589</u>	<u>\$ 23,155,006</u>	<u>\$ 39,355,087</u>	<u>\$ 749,625,508</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
<b>GOVERNMENTAL ACTIVITIES</b>	
Pupil Transportation Services	\$ 2,609,097
Unallocated	35,257,897
Total Depreciation Expense - Governmental Activities	<u>\$ 37,866,993</u>

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**7. NOTES PAYABLE**

Notes payable are comprised of the following:

School District of Indian River County, Florida	Balance at 6/30/2015
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Pursuant to Section 1013.68(6), Florida Statutes, the Board entered into an inter-local agreement in which the Board received \$9,308,048 in Classrooms First Funds allocated to Indian River County District School Board by the State of Florida. In return, the Board agreed to pay Indian River County District School Board the Classrooms First Funds it would have otherwise received from the State. The effective interest rate on the loan is 5.776 percent. Proceeds were used as capital funding for new school construction. The Board's intent is to repay the loan and related interest in 15 annual installments of \$897,039 through August 1, 2016.

\$ 1,649,794

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.

5,276,574

Total Notes Payable

\$ 6,926,368

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
2016	\$ 3,708,892	\$ 3,372,420	\$ 336,472
2017	3,708,892	3,553,948	154,944
Total	\$ 7,417,784	\$ 6,926,368	\$ 491,416

**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 Academy. 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.,

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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.

On May 28, 2014, the District issued \$23,150,000 in refunding Capital Improvement Refunding Bonds, Series 2014A, with an average interest rate of 3.48 percent, to refund and redeem \$23,535,000 of the District's outstanding Capital Improvement Revenue Bonds Series 2004A and 2004B. The 2014A Series were issued to reduce the total debt service payments from the 2004A and 2004B certificates, resulting in savings to the District of \$6,181,793 over the next 20 years.

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

Fiscal Year Ending June 30	Total	Principal	Interest
2016	\$ 440,727	\$ 183,703	\$ 257,024
2017	428,502	190,194	238,308
2018	422,480	202,369	220,111
2019	407,509	205,339	202,170
2020	392,972	208,108	184,864
2021-2025	2,001,948	1,317,890	684,058
2026-2030	1,420,699	1,086,178	334,521
2031-2034	537,545	469,669	67,877
Total	<u>\$ 6,052,381</u>	<u>\$ 3,863,449</u>	<u>\$ 2,188,932</u>

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, 2015, are as follows:

Series	Amount Outstanding	Interest Rate (percent)	Lease Term Maturity	Original Amount
2005 COPS Refunding	\$ 8,850,000	3.25 - 4.5	2024	\$ 12,095,000
2007 COPS, Series A and B Refunding	59,160,000	3.625 - 4.5	2027	62,755,000
2009 COPS Refunding	20,140,000	3.0 - 5.0	2024	35,165,000
2010 COPS, Series A (QSCB)	40,500,000	6.658 <sup>(1)</sup>	2027	40,500,000
2013 COPS Refunding	39,580,000	2.0 - 5.0	2028	41,880,000
2014 COPS Refunding	10,460,000	2.24	2028	12,005,000
Total	178,690,000			
Plus: Unamortized Premium	3,775,005			
Total Certificates of Participation	<u>\$ 182,465,005</u>			

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

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

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

Certificates	Lease Term
Series 2005	Earlier of date paid in full or August 30, 2024
Series 2007	Earlier of date paid in full or June 30, 2027
Series 2009	Earlier of date paid in full or June 30, 2024
Series 2010	Earlier of date paid in full or April 30, 2027
Series 2013	Earlier of date paid in full or June 30, 2028
Series 2014	Earlier of date paid in full or June 30, 2028

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

Certificates	Description of Properties
Series 2005, Refunding	Four Corners Charter School
Series 2007, Refunding	Celebration High School, Poinciana High School Auditorium, and the Osceola County School for the Arts
Series 2009, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Horizon Middle School, Osceola High School Classroom Addition and Labs, and Kissimmee Elementary School
Series 2010	Osceola High School Renovations, Thacker Avenue Elementary School Renovations, and Highlands Elementary School Renovations
Series 2013, Refunding	Liberty High School and Chestnut Elementary School
Series 20014, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Kissimmee Elementary School, Liberty High School, and Chestnut Elementary School

The lease payments are payable by the District, semiannually, on June 1 and December 1 for Series 2007, 2009, 2013 and 2014; February 1 and August 1 for Series 2005; and a bullet maturity due on April 1, 2027 for Series 2010. The following is a schedule by years of future minimum lease payments under the lease agreements together with the present value of minimum lease payments as of June 30:

Fiscal Year Ending June 30	Total	Principal	Interest
2016	\$ 16,939,325	8,405,000	\$ 8,534,325
2017	16,945,866	8,735,000	8,210,866
2018	16,945,601	9,060,000	7,885,601
2019-2023	84,946,158	51,470,000	33,476,158
2024-2028	119,589,645	101,020,000	18,569,645
Total Minimum Lease Payments	<u>\$ 255,366,596</u>	<u>178,690,000</u>	<u>\$ 76,676,596</u>
Plus: Unamortized Premium		<u>3,775,005</u>	
Total Certificate of Participation		<u>\$ 182,465,005</u>	

➤ **Qualified School Construction Bonds**

The District issued Certificates of Participation (COPs) dated April 29, 2010, under the Qualified School Construction Bond (QSCB) Program pursuant to Section 54F of the United States Internal Revenue Code of 1986 as amended (the Code). The QSCB Program provides for an issuer interest rate subsidy on certain bonds or COPs. The School District of Osceola County received an approved allocation of funds from the Florida Department of Education sufficient for the designation of the Series 2010A COP as a QSCB

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under the Code. Pursuant to Section 6431 of the Code, the District has elected to receive Federal subsidy payments (the Issuer Subsidy) from the United States Treasury on each interest payment date for the 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate pursuant to Section 54A(b)(3) of the Code. The tax credit rate which would have been applicable to the Series 2010A Certificates is 5.80 percent.

The Series 2010A Certificates were issued in the amount of \$40,500,000. Interest payments are to be made to the holders of the Certificates on April 1<sup>st</sup> and October 1<sup>st</sup> of each year at the stated coupon rate of 6.658 percent with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on April 1, 2027. Beginning in 2013, the District is to deposit \$2,851,855 into a Sinking Fund annually on April 1<sup>st</sup>. The accumulated amount in this fund plus interest at a projected 3 percent is to be used to repay the principal amount of these certificates upon maturity.

**10. BONDS PAYABLE**

Bonds payable at June 30, 2015, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To	Original Amount
State School Bonds:				
Series 2006A	\$ 1,285,000	4.0 - 4.625	2026	\$ 1,810,000
Series 2009A, Refunding	390,000	4.0 - 5.0	2019	870,000
Series 2010A, Refunding	820,000	4.0 - 5.0	2022	1,205,000
Series 2011A, Refunding	980,000	3.0 - 5.0	2023	1,135,000
Series 2014A, Refunding	1,724,000	2.0 - 5.0	2025	1,796,000
Series 2014B, Refunding	1,811,000	2.0 - 5.0	2020	1,811,000
District Revenue Bonds:				
Sales Tax Revenue Series 2007A	32,410,000	5.0	2025	47,580,000
Sales Tax Revenue Series 2007B	23,810,000	3.7 - 5.0	2024	32,255,000
Total Bonds	63,230,000			
Plus: Unamortized Bond Premium	2,882,180			
Total Bonds Payable	<u>\$ 66,112,180</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**

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The School Board issued Sales Tax Revenue Bonds, Series 2007A and 2007B on April 12, 2007, totaling \$47,580,000 and \$32,255,000, respectively. These bonds are authorized by Chapter 1001, Florida Statutes and Chapter 212, Part I, Florida Statutes. A resolution providing for the issuance of the bonds was adopted by the Board on March 20, 2007. Proceeds of the discretionary local government infrastructure sales tax surtax received by the District pursuant to an interlocal agreement between Osceola County, the cities of Kissimmee and St. Cloud, and the District are pledged for the payment of bonds. Proceeds of the 2007A bonds were used to finance the acquisition, construction, reconstruction, renovation, and equipping of certain capital improvements and educational facilities within the District. Proceeds of the 2007B bonds were used to advance-refund a portion of the District's outstanding Sales Tax Revenue Bonds, Series 2001. The District has pledged a combined total of \$72,323,275 of discretionary surtax sales revenues (sales tax revenues) in connection with the Series 2007A and 2007B Sales Tax Revenue Bond issues described above. During the 2014-15 fiscal year, the District recognized sales tax revenues totaling \$12,129,743 and expended \$7,232,187 (60 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax revenues are committed until final maturity of the debt, or June 1, 2025. Assuming a nominal growth rate in the collection of sales tax revenues, which are levied through June 30, 2025, approximately 49 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2015, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2016	\$ 1,877,137	\$ 1,541,000	\$ 336,137
2017	1,289,285	1,034,000	255,285
2018	968,625	763,000	205,625
2019-2023	3,416,431	2,858,000	558,431
2024-2026	876,981	814,000	62,981
Total State School Bonds	<u>8,428,459</u>	<u>7,010,000</u>	<u>1,418,459</u>
District Revenue Bonds:			
2016	7,234,688	4,520,000	2,714,688
2017	7,233,688	4,745,000	2,488,688
2018	7,231,438	4,980,000	2,251,438
2019-2023	36,156,463	28,525,000	7,631,463
2024-2025	14,467,000	13,450,000	1,017,000
Total District Revenue Bonds	<u>72,323,275</u>	<u>56,220,000</u>	<u>16,103,275</u>
Total	<u>\$ 80,751,734</u>	<u>\$ 63,230,000</u>	<u>\$ 17,521,734</u>

**11. DEFEASED DEBT**

The Florida Department of Education issued \$1,811,000 Capital Outlay Refunding Bonds, Series 2014B, dated December 2, 2014, with an average interest rate of 4.40 percent, to refund callable portions of the District's State School Bonds, Series 2005A and Series 2005B. The Refunding Bonds are being issued to refund the \$1,240,000 principal amount of the District's State School Bonds, Series 2005A, that mature on or after January 1, 2020 and to refund the \$675,000 principal amount of the District's State School Bonds, Series 2005B, that mature on or after January 1, 2020.

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The District's pro rata share of net proceeds totaling \$1,979,420 (after deduction of \$3,108 by the Florida Department of Education for the District's pro rata share of underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for future debt service payments. As a result, \$1,240,000 of the State School Bonds, Series 2005A and \$675,000 of the State School Bonds, Series 2005B are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

On November 12, 2014, the District issued \$12,005,000 in Refunding Certificates of Participation, Series 2014A, with an interest rate of 2.24 percent, to refund \$11,850,000 of outstanding Certificates of Participation, Series 2004A, 2004B, and 2004C that mature on or after June 1, 2019.

The net proceeds of \$11,870,507 (including a payment of \$134,493 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for future debt service payments on the Certificates of Participation, Series 2004A, 2004B, and 2004C. As a result, \$11,850,000 of Certificate of Participation, Series 2004A, 2004B, and 2004C are considered to be in-substance defeased and the liability for these certificates has been removed from the government-wide financial statements.

The Series 2014A certificates were issued to reduce the total debt service payments from the 2004A, 2004B, and 2004C certificates over the next 14 years by \$1,399,159 and to obtain an economic gain (difference between the present value of the debt service payments on the old and the new debt) of \$1,226,814.

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

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

Description	Balance 7-1-14	Additions	Deductions	Balance 6-30-15	Due in One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Notes Payable	\$ 10,126,546	\$ -	\$ 3,200,178	\$ 6,926,368	\$ 3,372,420
Bonds Payable	72,118,291	1,945,739	7,951,850	66,112,180	6,386,547
Certificates of Participation Payable	191,116,815	12,005,000	20,656,810	182,465,005	8,700,675
Educational Facilities Benefit District					
Agreement Payable	4,020,439	-	156,990	3,863,449	183,703
Impact Fee Credit Vouchers	6,250,107	1,287,037	445,189	7,091,955	-
Net Pension Liability	-	187,668,168	68,720,692	118,947,476	-
Other Postemployment Benefits Payable	46,277,359	5,121,697	-	51,399,056	-
Compensated Absences Payable	29,523,470	5,799,632	-	35,323,102	2,136,555
<b>Total Governmental Activities</b>	<b>\$ 359,433,027</b>	<b>\$ 213,827,273</b>	<b>\$ 101,131,709</b>	<b>\$ 472,128,591</b>	<b>\$ 20,779,900</b>

The District issues educational impact fee credits in exchange for land in connection with the construction of school facilities within the Bellalago Educational Facilities Benefit Districts (BEFBD) and Flora Ridge Educational Facilities Benefit District. Impact fee credits issued to the BEFBD are related to the K-8 portion of the educational impact fees authorized, while the FREFBD impact fee credits are related to the K-5 portion of the educational impact fees authorized. As of June 30, 2015 the balance of unused impact fee credits included \$3,738,240 for Bellalago EFBD, \$2,053,203 for Flora Ridge EFBD, \$13,475 for KOA-Fountains at San Remo, and \$1,287,037 for Celebration.

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

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**13. FUND BALANCE REPORTING**

The following is a schedule of fund balances by category at June 30, 2015:

	Major Funds							Total Governmental Funds
	General Fund	Special Revenue - Food Service	Special Revenue - Federal Programs	Debt Service - Other Debt Service	Capital Project - Nonvoted Capital Improvement Fund	Capital Projects - Other Capital Projects	Nonmajor Governmental Funds	
<b>Fund Balances</b>								
<b>Nonspendable:</b>								
Inventory	\$ 2,303,278	\$ 974,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,277,419
<b>Restricted:</b>								
State Categoricals	14,843,301	-	-	-	-	-	-	14,843,301
Debt Service	-	-	-	1,537,626	-	-	7,161,703	8,699,329
Capital Projects	-	-	-	-	16,614,961	35,515,133	480,672	52,610,766
Grants and Programs	4,644,413	-	-	-	-	-	-	4,644,413
Food Services	-	8,037,123	-	-	-	-	-	8,037,123
<b>Assigned:</b>								
Contract Commitments	1,195,219	-	-	-	-	-	-	1,195,219
Carryover Appropriations	2,107,863	-	-	-	-	-	-	2,107,863
<b>Unassigned</b>	41,368,679	-	-	-	-	-	-	41,368,679
<b>Total Fund Balances</b>	<b>\$ 66,462,753</b>	<b>\$ 9,011,264</b>	<b>\$ -</b>	<b>\$ 1,537,626</b>	<b>\$ 16,614,961</b>	<b>\$ 35,515,133</b>	<b>\$ 7,642,375</b>	<b>\$ 136,784,112</b>

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

➤ **Non-spendable Fund Balance**

Non-spendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. The District has inventory of \$3,277,419 classified as non-spendable.

➤ **Restricted Fund Balance**

Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District has a total of \$88,834,932 in restricted fund balance as of June 30, 2015.

➤ **Unassigned Fund Balance**

The unassigned fund balance is the portion of fund balance that is the residual classification for the general fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes. As discussed in the Fund Balance Policies note disclosure, the District has set aside “contingency reserves” as per School Board Rule 7.10. The contingency funds of \$25,210,331 are included as part of the unassigned general fund balance of \$41,368,679.

**14. FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS**

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The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. A comprehensive annual financial report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's pension expense totaled \$9,297,089 for the fiscal year ended June 30, 2015.

➤ **FRS Pension Plan**

*Plan Description.* The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- FRS, Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- FRS, Elected County Officers Class – Members who hold specified elective offices in local government.
- FRS, Senior Management Service Class – Members in senior management level positions.

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

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

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Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b>Elected County Officers</b>	3.00
<b>Senior Management Service Class</b>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The State of Florida established contribution rates for participating employers and employees. Contribution rates during the 2014-15 fiscal year were as follows:

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Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	7.37
Florida Retirement System, Elected County Officers	3.00	43.24
Florida Retirement System, Senior Management	3.00	21.14
Teachers' Retirement System, Plan E	6.25	11.50
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	0.00	12.28
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The District's contributions, including employee contributions, to the Plan totaled \$27,614,136 for the fiscal years ending June 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the District reported a liability of \$37,601,835 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the District's proportionate share was .6163 percent, which was a decrease of .0014 from its proportionate share measured as of June 30, 2013.

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For the fiscal year ended June 30, 2015, the District recognized pension expense of \$3,516,358 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,326,915
Change of assumptions	6,512,012	-
Net difference between projected and actual earnings on FRS pension plan investments	-	62,726,102
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	-	197,008
District FRS contributions subsequent to the measurement date	15,027,048	-
<b>Total</b>	<b>\$ 21,539,060</b>	<b>\$ 65,250,025</b>

The deferred outflows of resources related to pensions, totaling \$15,027,048, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ 17,386,419
2017	17,386,419
2018	17,386,419
2019	17,386,419
2020	1,704,893
Thereafter	511,468

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA. The actuarial assumptions used in the July 1, 2014 valuation

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were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (A)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	<u>12.00%</u>	7.11%	6.35%	13.00%
<b>Total</b>	<b><u>100.00%</u></b>			
Assumed inflation - Mean		2.60%		2.00%

Note: (A) As outlined in the Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	\$ 160,828,042	\$ 37,601,835	\$ (64,898,857)

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

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Payable to the Pension Plan. At June 30, 2015, the District reported a payable of \$37,601,835 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2015.

➤ **HIS Pension Plan**

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$3,305,881 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the District reported a net pension liability of \$81,345,641 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on the District's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the District's proportionate share was .8670 percent, which was an increase of .0109 from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$5,780,551. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	2,894,601	-
Net difference between projected and actual earnings on HIS pension plan investments	39,048	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	817,437	-
District contributions subsequent to the measurement date	3,305,881	-
Total	<u>\$ 7,056,967</u>	<u>\$ -</u>

The deferred outflows of resources totaling \$3,305,881, was related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ 608,478
2017	608,478
2018	608,478
2019	608,478
2020	598,716
Thereafter	718,459

Actuarial Assumptions. The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	4.29 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 4.29 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because

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the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.29 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.29 percent) or 1 percentage point higher (5.29 percent) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
District's proportionate share of the net pension liability	\$ 92,524,079	\$ 81,345,640	\$ 72,014,843

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payable to the Pension Plan. At June 30, 2015, the District reported a payable of \$81,345,640 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2015.

➤ **FRS – Defined Contribution Pension Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year were as follows:

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Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$2,270,405 for the fiscal year ended June 30, 2015.

**15. OTHER POSTEMPLOYMENT BENEFITS PAYABLE**

➤ **Plan Description**

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

➤ **Funding Policy**

Plan contribution requirements of the District and Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the annual OPEB costs or the net OPEB

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obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2014-15 fiscal year, 402 retirees received other postemployment healthcare benefits, and another 465 retirees received only life insurance benefits. The District provided required contributions of \$660,697 toward the annual OPEB cost, net of retiree contributions totaling \$1,987,871, which represents 1 percent of covered payroll.

➤ **Annual OPEB Cost and Net OPEB Obligation**

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

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 3,698,235
Amortization of Unfunded Actuarial Accrued Liability	<u>2,245,124</u>
Annual Required Contribution	5,943,359
Interest on Net OPEB Obligation	1,851,094
Adjustment to Annual Required Contribution	<u>(2,012,059)</u>
Annual OPEB Cost (Expense)	5,782,394
Contribution Toward the OPEB Cost	<u>(660,697)</u>
Increase in Net OPEB Obligation	5,121,697
Net OPEB Obligation, Beginning of Year	<u>46,277,359</u>
Net OPEB Obligation, End of Year	<u>\$ 51,399,056</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, 2015 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 8,784,991	\$ 2,333,262	26.56%	\$ 39,947,251
June 30, 2014	8,382,176	2,052,068	24.48%	46,277,359
June 30, 2015	5,782,394	660,697	11.43%	51,399,056

➤ **Funded Status and Funding Progress**

As of January 1, 2014, the most recent valuation date, the actuarial accrued liability for benefits was \$48,687,597, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability of \$48,687,597. The covered payroll (annual payroll for active participating employees) was \$252,453,236, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 19 percent.

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

➤ **Actuarial Methods and Assumptions.**

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

The District's OPEB actuarial valuation, as of January 1, 2014, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution as of June 30, 2015. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, projected salary increases of 4.5 percent to 8.38 percent, and an annual healthcare cost trend rate of 8 percent initially for the 2015 calendar year, reduced to an ultimate rate of 5.37 percent for the calendar year ending 2028. The investment rate and projected salary increases include an inflation rate of 3 percent. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis over 30 years. The remaining amortization period at June 30, 2015, is 22 years.

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**16. 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	\$ 1,505,735	\$ 50,739
Special Revenue:		
Food Service	-	-
Other Federal Programs	50,739	-
Debt Service:		
Other Debt Service	-	-
Capital Projects:		
Nonvoted Capital Impr. Fund	54,120	-
Other Capital Projects	586,062	807,406
Nonmajor Governmental	150,907	1,232,951
Internal Service	-	256,467
Total	<u>\$ 2,347,563</u>	<u>\$ 2,347,563</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	\$ 10,752,328	\$ -
Special Revenue:		
Food Service	-	-
Other Federal Programs	-	-
Debt Service:		
Other Debt Service	4,403,830.00	-
Capital Projects:		
Nonvoted Capital Impr. Fund	-	18,544,692
Other Capital Projects	4,911,344	8,306,141
Nonmajor Governmental	15,931,286	9,147,955
Internal Service	417,319	417,319
Total	<u>\$ 36,416,107</u>	<u>\$ 36,416,107</u>

The major transfers out of the Capital Projects funds were to provide debt service principal and interest payments and to assist in funding maintenance operations of the District. The transfer out of the Debt Service – Other Fund was for the return of sales tax revenues not needed for debt repayment. The remaining transfers between funds were operational in nature.

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**17. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the District's State revenue for the 2014-15 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 207,674,545
Categorical Educational Program - Class Size Reduction	63,827,880
Workforce Development Program	6,159,721
School Recognition Funds	1,483,702
Motor Vehicle License Tax (Including Capital Outlay & Debt Service)	2,262,279
Charter School Capital Outlay	2,391,362
Voluntary Prekindergarten Program	2,404,847
Food Service Supplement	423,770
Miscellaneous	1,861,836
Total	<u>\$ 288,489,942</u>

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

**18. PROPERTY TAXES**

The following is a summary of millages and taxes levied on the 2015 tax roll for the 2015-16 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	5.009	\$ 101,606,241
RLE Prior Period Adjustment	0.004	81,139
Basic Discretionary Local Effort	0.748	15,172,982
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	30,427,104
Total	<u>7.261</u>	<u>\$ 147,287,466</u>

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**19. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

➤ **Encumbrances**

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

The following is a schedule of encumbrances at June 30, 2015:

Major Funds							
General Fund	Special Revenue - Food Services	Special Revenue - Other Federal Programs	Debt Service - Others	Capital Projects - Nonvoted Capital Impr. Fund	Capital Projects - Others	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,574,298	\$ 23,943	\$ 1,363,923	\$ -	\$ 3,764,659	\$ 3,953,913	\$ 371,393	\$ 12,052,130

➤ **Construction Contracts**

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

Description	Contract Amount	Total Completed	Balance Committed
Celebration K-8 Space Reconfiguration			
Contractor - Welbro/Quinn Co.	\$ 1,593,685	\$ 366,635	\$ 1,227,050
Architect - Florida Architects Inc.	94,660	82,719	11,941
Chestnut Elementary School Space Reconfiguration			
Contractor - SEMCO Construction Inc.	100,000	9,928	90,072
Architect - Schenkel & Shultz Inc.	15,859	15,859	-
Harmony High Wing Addition			
Contractor - Gilbane Building Company	4,137,588	3,537,366	600,222
Architect - C T HSU & Associates, P.A.	252,676	243,545	9,131
Horizon Middle School Space Reconfiguration			
Contractor - ARNCO Construction Co.	548,196	150,851	397,345
Architect - Paul Stresing Associates, Inc.	27,346	21,727	5,619
Kissimmee Middle School Space Reconfiguration			
Contractor - Clancy & Theys Construction Co.	624,514	-	624,514
Architect - Paul Stresing Associates, Inc.	27,346	21,727	5,619
Sunrise Elementary School Space Reconfiguration			
Contractor - SEMCO Construction Inc.	100,485	29,251	71,235
Architect - Schenkel & Shultz Inc.	16,700	10,635	6,065
	<u>\$ 7,539,054</u>	<u>\$ 4,490,242</u>	<u>\$ 3,048,812</u>

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**20. RISK MANAGEMENT PROGRAMS**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective May 1, 2010, for Property Insurance and effective July 1, 2010 for all other Casualty and Workers' Compensation coverage, the School Board chose to leave the Florida School Boards Insurance Trust (FSBIT) program and implement a stand-alone program of self-insurance and insurance as recommended by the Board's Broker, Arthur J. Gallagher Risk Management Services.

The Board has established the Osceola County School Board Group Health and Life Insurance Trust to provide for a health, hospitalization, and life insurance program. These programs are accounted for in the District's Internal Service funds. The program is on a self-insured basis up to specified limits. The District did not elect to purchase the aggregate stop-loss coverage due to the rising premium cost and the high attachment point. The District elected to continue coverage for a specific stop-loss for any one claim of \$550,000. The Board has contracted with a professional administrator to administer the self-insurance program, including the processing, investigating, and payment of claims. 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 \$3,851,000 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable for the group health program at June 30, 2015.

Effective July 1, 2003, the District's general liability and auto liability programs were established on a self-insured basis. These programs are administered by the Trust and are accounted for in the District's internal service funds. The program administrator held prefunded cash deposits of \$196,454 at June 30, 2015, which the District reports as cash with fiscal agent in the internal service funds. A liability of \$137,947 was established based on reserves for outstanding claims at June 30, 2015, as reported by the program administrator. The following schedule represents the changes in claims liability for the past two fiscal years for the District's self-insurance programs:

Fiscal Year	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2013-14	\$ 3,597,797	\$ 50,224,233	\$ (49,593,555)	\$ 4,228,475
2014-15	4,228,475	45,830,110	(46,069,638)	3,988,947

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**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**21. BOND RATINGS**

Following is a summary of the bond insurer for each of the District's issues and its rating as of June 30, 2015.

		Insurer Ratings		
		Fitch	Moody's	Standard & Poor's
<b>Sales Tax Revenue Bonds</b>				
2007 Sales Tax Revenue	Assured Guaranty Municipal Corp.*	Not Rated	Aa3 to A2	AA- to AA
<b>Certificates of Participation</b>				
2005 COPs	National Public Finance Guarantee Corporation***	Not Rated	Baa1 to A3	A to AA-
2007 COPs	Ambac Assurance Corporation	Not Rated	Rating Withdrawn	Rating Withdrawn
2009 COPs	Assured Guaranty Corporation	Not Rated	Aa3 to A3	AA- to AA

**Notes:**

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

\* Formerly known as Financial Security Assurance Inc.

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

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

**22. LITIGATION**

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

REQUIRED  
SUPPLEMENTARY  
INFORMATION



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

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$ 624,000	\$ 550,000	\$ 453,402	\$ (96,598)
Federal Through State	117,171	2,000	2,000	-
State	291,158,634	282,312,419	282,303,192	(9,227)
Local:				
Property Taxes	110,998,805	110,998,805	111,556,872	558,067
Miscellaneous	10,309,412	14,027,294	14,840,166	812,872
Total Revenues	<u>413,208,022</u>	<u>407,890,518</u>	<u>409,155,632</u>	<u>1,265,114</u>
<b>EXPENDITURES</b>				
Current - Education:				
Instruction	307,470,501	293,789,263	270,577,578	23,211,685
Pupil Personnel Services	21,174,607	21,303,764	21,216,115	87,649
Instructional Media Services	4,616,070	4,495,760	4,430,125	65,635
Instruction and Curriculum Development Services	10,806,907	10,527,656	9,837,744	689,912
Instructional Staff Training Services	5,264,259	5,585,210	5,416,388	168,822
Instruction Related Technology	3,747,491	3,909,609	3,900,768	8,841
Board of Education	1,789,477	2,004,164	1,872,534	131,630
General Administration	1,395,327	1,401,498	1,167,168	234,330
School Administration	22,079,292	22,520,423	22,518,181	2,242
Facilities Services	1,673,339	3,730,449	3,607,882	122,567
Fiscal Services	2,116,666	2,139,352	2,014,809	124,543
Food Services	8,428	115,563	115,563	-
Central Services	6,090,841	7,277,550	6,400,124	877,426
Pupil Transportation Services	18,854,759	20,811,087	20,321,372	489,715
Operation of Plant	34,682,910	34,635,511	32,746,151	1,889,360
Maintenance of Plant	8,314,269	8,062,777	7,697,959	364,818
Administrative Technology Services	4,429,018	4,191,589	3,902,468	289,121
Community Services	919,366	4,159,935	3,736,574	423,361
Fixed Capital Outlay:				
Facilities Acquisition and Construction	1,352,077	751,548	702,408	49,140
Other Capital Outlay	839,775	1,911,560	1,765,659	145,901
Debt Service:				
Principal	36,000	1,100	-	1,100
Total Expenditures	<u>457,661,379</u>	<u>453,325,368</u>	<u>423,947,570</u>	<u>29,377,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,453,357)</u>	<u>(45,434,850)</u>	<u>(14,791,938)</u>	<u>30,642,912</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	15,892,550	16,653,954	10,752,328	(5,901,626)
Proceeds from the Sale of Capital Assets	-	-	-	-
Insurance Loss Recoveries	64,000	264,218	264,218	-
Total Other Financing Sources	<u>15,956,550</u>	<u>16,918,172</u>	<u>11,016,546</u>	<u>(5,901,626)</u>
Net Change in Fund Balances	(28,496,807)	(28,516,678)	(3,775,392)	24,741,286
Fund Balances, July 1, 2014	70,238,145	70,238,145	70,238,145	-
Fund Balances, June 30, 2015	<u>\$ 41,741,338</u>	<u>\$ 41,721,467</u>	<u>\$ 66,462,753</u>	<u>\$ 24,741,286</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND - FOOD SERVICE**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Through State	\$ 26,650,000	\$ 27,122,885	\$ 27,122,885	\$ -
State	303,400	423,770	423,770	-
Local:				
Charges for Service - Food Service	6,035,000	3,678,965	3,678,965	-
Miscellaneous	41,000	119,867	123,009	3,142
Total Revenues	<u>33,029,400</u>	<u>31,345,487</u>	<u>31,348,629</u>	<u>3,142</u>
<b>EXPENDITURES</b>				
Current - Education:				
Food Services	32,723,878	31,792,404	28,552,215	3,240,189
Fixed Capital Outlay:				
Facilities Acquisition and Construction	3,978,937	3,614,173	3,593,904	20,269
Other Capital Outlay	1,005,051	617,376	617,376	-
Total Expenditures	<u>37,707,866</u>	<u>36,023,953</u>	<u>32,763,495</u>	<u>3,260,458</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,678,466)</u>	<u>(4,678,466)</u>	<u>(1,414,866)</u>	<u>3,263,600</u>
Net Change in Fund Balances	<u>(4,678,466)</u>	<u>(4,678,466)</u>	<u>(1,414,866)</u>	<u>3,263,600</u>
Fund Balances, July 1, 2014	10,426,130	10,426,130	10,426,130	-
Fund Balances, June 30, 2015	<u>\$ 5,747,664</u>	<u>\$ 5,747,664</u>	<u>\$ 9,011,264</u>	<u>\$ 3,263,600</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$ 1,100,000	\$ 1,476,208	\$ 1,388,788	\$ (87,420)
Federal Through State	34,654,843	38,915,318	29,098,932	(9,816,386)
Local:				
Miscellaneous	-	-	50,739	50,739
Total Revenues	<u>35,754,843</u>	<u>40,391,526</u>	<u>30,538,459</u>	<u>(9,853,067)</u>
<b>EXPENDITURES</b>				
Current - Education:				
Instruction	21,644,887	21,702,069	16,426,970	5,275,099
Pupil Personnel Services	1,630,632	1,932,501	1,481,341	451,160
Instructional Media Services	78,434	131,506	95,681	35,825
Instruction and Curriculum Development Services	6,613,240	6,381,200	5,665,235	715,965
Instructional Staff Training Services	3,016,857	5,001,929	3,447,633	1,554,296
Instruction Related Technology	185,280	272,907	209,362	63,545
General Administration	653,670	1,269,192	1,111,057	158,135
Central Services	206,879	506,112	369,898	136,214
Pupil Transportation Services	126,053	379,349	210,872	168,477
Community Services	1,111,902	1,369,763	1,345,360	24,403
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	41,000	-	41,000
Other Capital Outlay	487,009	1,403,998	175,050	1,228,948
Total Expenditures	<u>35,754,843</u>	<u>40,391,526</u>	<u>30,538,459</u>	<u>9,853,067</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances	-	-	-	-
Fund Balances, July 1, 2014	-	-	-	-
Fund Balances, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b) (1)</u>	<u>Unfunded AAL (UAAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
6/30/2015	\$ -	\$ 48,687,597	\$ 48,687,597	0.00%	\$ 252,423,236	19.29%
6/30/2014	-	75,830,525	75,830,525	0.00%	275,178,737	27.56%
6/30/2013	-	75,830,525	75,830,525	0.00%	243,874,665	31.09%

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
FLORIDA RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS\***

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Proportion of the net pension liability	0.616274953%	0.617635316%
Proportionate share of the net pension liability (asset)	\$ 37,601,835	\$ 106,322,527
Covered-employee payroll	\$ 264,519,865	\$ 252,711,788
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.22%	42.07%
Plan fiduciary net position as a percentage of the total pension liability	96.09%	88.54%

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Note: \*The amounts presented for each fiscal year were determined as of June 30.

*Note: Data was unavailable prior to 2013.*

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
SCHEDULE OF CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS\***

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 15,026,754	\$ 13,499,037
Contributions in relation to the contractually required contribution	<u>(15,026,754)</u>	<u>(13,499,037)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 270,935,861	\$ 269,652,834
Contributions as a percentage of covered-employee payroll	5.55%	5.01%

Note: \*The amounts presented for each fiscal year were determined as of June 30.

*Note: Data was unavailable prior to 2014.*

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 HEALTH INSURANCE SUBSIDY PROGRAM  
 LAST TEN FISCAL YEARS\***

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Proportion of the net pension liability	0.870195724%	0.858869196%
Proportionate share of the net pension liability (asset)	\$ 81,345,641	\$ 74,794,277
Covered-employee payroll	\$ 258,179,454	\$ 249,182,663
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32%	30%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	1.78%

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Note: \*The amounts presented for each fiscal year were determined as of June 30.

*Note: Data was unavailable prior to 2013.*

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
 SCHEDULE OF CONTRIBUTIONS  
 HEALTH INSURANCE SUBSIDY PROGRAM  
 LAST TEN FISCAL YEARS\***

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Contractually required contribution	\$ 2,973,955	\$ 2,814,131
Contributions in relation to the contractually required contribution	<u>(2,973,955)</u>	<u>(2,814,131)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 258,179,454	\$ 249,182,663
Contributions as a percentage of covered-employee payroll	1.15%	1.13%

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Note: \*The amounts presented for each fiscal year were determined as of June 30.

*Note: Data was unavailable prior to 2014.*

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015**

**1. BUDGETARY COMPLIANCE AND ACCOUNTABILITY**

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are numbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund-function level. The Board made several supplemental budgetary appropriations throughout the year. Supplemental budgetary appropriations are presented in budget and actual comparison statements by original budget and final budget amounts and discussed in the Management's Discussion and Analysis (MD&A).

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

The District is required to perform periodic actuarial valuations of its postemployment benefits other than pensions. For the January 1, 2014, valuation, the following key assumptions were modified to reflect current experience: (1) the cost of coverage per OPEB Plan member increased with no increase in the premiums required from retirees; (2) populations of both retirees and active employees increased; (3) trend rates for medical and prescription costs increased; (4) rates of retiree participation once eligible for Medicare were revised; and (5) certain demographic assumptions were revised to reflect the changes made by the Florida Retirement System in its July 1, 2013 actuarial valuation.

**3. SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS – FRS PENSION PLAN**

➤ **Changes in Benefit Terms**

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at:  
[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports)

**OSCEOLA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015**

➤ **Changes in Assumptions**

A summary of key changes implemented since June 1, 2013 valuation are described in the Florida Department of Management Services, Actuarial Valuations at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/actuarial\\_valuations](http://www.dms.myflorida.com/workforce_operations/retirement/publications/actuarial_valuations)

**4. SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS – HIS PENSION PLAN**

➤ **Changes in Benefit Terms**

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports)

➤ **Changes in Assumptions**

A summary of key changes implemented since June 1, 2013 valuation are described in the Florida Department of Management Services, Actuarial Valuations at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/actuarial\\_valuations](http://www.dms.myflorida.com/workforce_operations/retirement/publications/actuarial_valuations)

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 6,988,407	\$ 1	\$ 6,988,408
Investments	-	173,296	209	173,505
Due from Other Funds	-	-	150,907	150,907
Due from Other Agencies	231,073	-	1,088,534	1,319,607
Total Assets	<u>\$ 231,073</u>	<u>\$ 7,161,703</u>	<u>\$ 1,239,651</u>	<u>\$ 8,632,427</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 176,315	\$ -	\$ 69,810	\$ 246,125
Due to Other Funds	54,758	-	592,130	646,888
Unearned Revenue	-	-	97,039	97,039
Total Liabilities	<u>231,073</u>	<u>-</u>	<u>758,979</u>	<u>990,052</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	7,161,703	480,672	7,642,375
Total Fund Balances	<u>-</u>	<u>7,161,703</u>	<u>480,672</u>	<u>7,642,375</u>
Total Liabilities and Fund Balances	<u>\$ 231,073</u>	<u>\$ 7,161,703</u>	<u>\$ 1,239,651</u>	<u>\$ 8,632,427</u>

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

**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, 2015**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$ -	\$ 2,178,697	\$ -	\$ 2,178,697
Federal Through State	695,104	-	-	695,104
State	-	1,611,974	1,631,944	3,243,918
Local:				
Miscellaneous	-	251,704	1	251,705
Total Revenues	<u>695,104</u>	<u>4,042,375</u>	<u>1,631,945</u>	<u>6,369,424</u>
<b>EXPENDITURES</b>				
Current - Education:				
Instruction	9,308	-	-	9,308
Instruction and Curriculum Development Services	316,534	-	-	316,534
Instructional Staff Training Services	138,873	-	-	138,873
Instruction Related Technology	176,314	-	-	176,314
General Administration	20,778	-	-	20,778
Facilities Services	-	-	775,337	775,337
Central Services	381	-	-	381
Operation of Plant	31,389	-	-	31,389
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	-	825,360	825,360
Other Capital Outlay	1,527	-	-	1,527
Debt Service:				
Principal	-	1,272,000	-	1,272,000
Interest and Fiscal Charges	-	3,012,506	-	3,012,506
Dues, Fees and Issuance Costs	-	16,072	1,272	17,344
Total Expenditures	<u>695,104</u>	<u>4,300,578</u>	<u>1,601,969</u>	<u>6,597,651</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(258,203)</u>	<u>29,976</u>	<u>(228,227)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	2,703,936	-	2,703,936
Refunding Bonds Issued	-	1,811,000	-	1,811,000
Premium on Refunding Bonds	-	134,739	-	134,739
Payments to Escrow Agent for Refunded Debt	-	(3,065,968)	-	(3,065,968)
Transfers Out	(1,393,759)	-	(15)	(1,393,774)
Total Other Financing Sources (Uses)	<u>(1,393,759)</u>	<u>1,583,707</u>	<u>(15)</u>	<u>189,933</u>
Net Change in Fund Balances	<u>(1,393,759)</u>	<u>1,325,504</u>	<u>29,961</u>	<u>(38,294)</u>
Fund Balances, July 1, 2014	<u>1,393,759</u>	<u>5,836,199</u>	<u>450,711</u>	<u>7,680,669</u>
Fund Balances, June 30, 2015	<u>\$ -</u>	<u>\$ 7,161,703</u>	<u>\$ 480,672</u>	<u>\$ 7,642,375</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**June 30, 2015**

	Special Revenue Funds	
	Federal Economic Stimulus Programs	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>		
Due from Other Agencies	\$ 231,073	\$ 231,073
Total Assets	<u>\$ 231,073</u>	<u>\$ 231,073</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 176,315	\$ 176,315
Due to Other Funds	54,758	54,758
Total Liabilities	<u>231,073</u>	<u>231,073</u>
<b>FUND BALANCES</b>		
Total Fund Balances	-	-
Total Liabilities and Fund Balances	<u>\$ 231,073</u>	<u>\$ 231,073</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Special Revenue Funds		
	Federal Economic Stimulus Programs	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>			
Intergovernmental:			
Federal Through State	\$ 695,104	\$ -	\$ 695,104
Total Revenues	<u>695,104</u>	<u>-</u>	<u>695,104</u>
<b>EXPENDITURES</b>			
Current - Education:			
Instruction	9,308	-	9,308
Instruction and Curriculum Development Services	316,534	-	316,534
Instructional Staff Training Services	138,873	-	138,873
Instruction Related Technology	176,314	-	176,314
General Administration	20,778	-	20,778
Central Services	381	-	381
Operation of Plant	31,389	-	31,389
Fixed Capital Outlay:			
Other Capital Outlay	1,527	-	1,527
Total Expenditures	<u>695,104</u>	<u>-</u>	<u>695,104</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	-	(1,393,759)	(1,393,759)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,393,759)</u>	<u>(1,393,759)</u>
Net Change in Fund Balances	-	(1,393,759)	(1,393,759)
Fund Balances, July 1, 2014	-	1,393,759	1,393,759
Fund Balances, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**June 30, 2015**

	Debt Service Funds		
	SBE/COBI Bonds	ARRA Economic Stimulus Debt Service	Total Nonmajor Debt Service Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 6,988,407	\$ 6,988,407
Investments	173,296	-	173,296
Total Assets	<u>\$ 173,296</u>	<u>\$ 6,988,407</u>	<u>\$ 7,161,703</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCES</b>			
Restricted	173,296	6,988,407	7,161,703
Total Fund Balances	<u>173,296</u>	<u>6,988,407</u>	<u>7,161,703</u>
Total Liabilities and Fund Balances	<u>\$ 173,296</u>	<u>\$ 6,988,407</u>	<u>\$ 7,161,703</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Debt Service Funds		
	SBE/COBI Bonds	ARRA Economic Stimulus Debt Service	Total Nonmajor Debt Service Funds
<b>REVENUES</b>			
Intergovernmental:			
Federal Direct	\$ -	\$ 2,178,697	\$ 2,178,697
State	1,611,974	-	1,611,974
Local	-	251,704	251,704
Total Revenues	<u>1,611,974</u>	<u>2,430,401</u>	<u>4,042,375</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal	1,272,000	-	1,272,000
Interest and Fiscal Charges	316,016	2,696,490	3,012,506
Dues, Fees and Issuance Costs	3,885	12,187	16,072
Total Expenditures	<u>1,591,901</u>	<u>2,708,677</u>	<u>4,300,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,073</u>	<u>(278,276)</u>	<u>(258,203)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	2,703,936	2,703,936
Refunding Bonds Issued	1,811,000	-	1,811,000
Premium on Refunding Bonds	134,739	-	134,739
Payments to Escrow Agent for Refunded Debt	<u>(3,065,968)</u>	<u>-</u>	<u>(3,065,968)</u>
Total Other Financing Sources (Uses)	<u>(1,120,229)</u>	<u>2,703,936</u>	<u>1,583,707</u>
Net Change in Fund Balances	(1,100,156)	2,425,660	1,325,504
Fund Balances, July 1, 2014	<u>1,273,452</u>	<u>4,562,747</u>	<u>5,836,199</u>
Fund Balances, June 30, 2015	<u>\$ 173,296</u>	<u>\$ 6,988,407</u>	<u>\$ 7,161,703</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**June 30, 2015**

	Capital Projects Funds			Total Nonmajor
	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	ARRA Economic Stimulus Capital Projects	Capital Project Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 1	\$ 1
Investments	209	-	-	209
Due from Other Funds	-	150,907	-	150,907
Due from Other Agencies	376,974	711,560	-	1,088,534
Total Assets	<u>\$ 377,183</u>	<u>\$ 862,467</u>	<u>\$ 1</u>	<u>\$ 1,239,651</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 47,796	\$ 22,014	\$ -	\$ 69,810
Due to Other Funds	301,957	290,173	-	592,130
Unearned Revenue	-	97,039	-	97,039
Total Liabilities	<u>349,753</u>	<u>409,226</u>	<u>-</u>	<u>758,979</u>
<b>FUND BALANCES</b>				
Restricted	<u>27,430</u>	<u>453,241</u>	<u>1</u>	<u>480,672</u>
Total Fund Balances	<u>27,430</u>	<u>453,241</u>	<u>1</u>	<u>480,672</u>
Total Liabilities and Fund Balances	<u>\$ 377,183</u>	<u>\$ 862,467</u>	<u>\$ 1</u>	<u>\$ 1,239,651</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Capital Projects Funds			Total Nonmajor Capital Project Funds
	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	ARRA Economic Stimulus Capital Projects	
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 1,016,151	\$ 615,793	\$ -	\$ 1,631,944
Local:				
Miscellaneous	-	-	1	1
Total Revenues	<u>1,016,151</u>	<u>615,793</u>	<u>1</u>	<u>1,631,945</u>
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	163,361	611,976	-	775,337
Fixed Capital Outlay:				
Facilities Acquisition and Construction	825,360	-	-	825,360
Debt Service:				
Dues, Fees and Issuance Costs	-	1,272	-	1,272
Total Expenditures	<u>988,721</u>	<u>613,248</u>	<u>-</u>	<u>1,601,969</u>
Excess of Revenues Over Expenditures	<u>27,430</u>	<u>2,545</u>	<u>1</u>	<u>29,976</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(15)	(15)
Total Other Financing Sources (Uses)			<u>(15)</u>	<u>(15)</u>
Net Change in Fund Balances	27,430	2,545	(14)	29,961
Fund Balances, July 1, 2014	-	450,696	15	450,711
Fund Balances, June 30, 2015	<u>\$ 27,430</u>	<u>\$ 453,241</u>	<u>\$ 1</u>	<u>\$ 480,672</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE - FEDERAL ECONOMIC STIMULUS PROGRAMS FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Through State	\$ 957,170	\$ 1,468,476	\$ 695,104	\$ (773,372)
Total Revenues	957,170	1,468,476	695,104	(773,372)
<b>EXPENDITURES</b>				
Current - Education:				
Instruction	-	9,541	9,308	233
Instruction and Curriculum Development Services	562,390	639,581	316,534	323,047
Instructional Staff Training Services	345,521	337,972	138,873	199,099
Instruction Related Technology	-	191,492	176,314	15,178
General Administration	40,690	43,719	20,778	22,941
Central Services	6,929	6,929	381	6,548
Operation of Plant	-	31,389	31,389	-
Fixed Capital Outlay:				
Other Capital Outlay	1,640	207,853	1,527	206,326
Total Expenditures	957,170	1,468,476	695,104	773,372
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances	-	-	-	-
Fund Balances, July 1, 2014	-	-	-	-
Fund Balances, June 30, 2015	\$ -	\$ -	\$ -	\$ -

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND - MISCELLANEOUS**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local:				
Miscellaneous	\$ 2,979,520	\$ -	\$ -	\$ -
Total Revenues	<u>2,979,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current - Education:				
Community Services	3,079,520	-	-	-
Total Expenditures	<u>3,079,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(1,393,759)	(1,393,759)
Total Other Financing Sources (Uses)	-	-	(1,393,759)	(1,393,759)
Net Change in Fund Balances	<u>(100,000)</u>	<u>-</u>	<u>(1,393,759)</u>	<u>(1,393,759)</u>
Fund Balances, July 1, 2014	1,393,759	-	1,393,759	1,393,759
Fund Balances, June 30, 2015	<u>\$ 1,293,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUNDS - SBE/COBI BONDS**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 445,864	\$ 1,611,974	\$ 1,611,974	\$ -
Total Revenues	445,864	1,611,974	1,611,974	-
<b>EXPENDITURES</b>				
Current - Education:				
Debt Service:				
Principal	1,192,000	1,272,000	1,272,000	-
Interest and Fiscal Charges	359,891	316,016	316,016	-
Dues, Fees and Issuance Costs	-	3,885	3,885	-
Total Expenditures	1,551,891	1,591,901	1,591,901	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,106,027)	20,073	20,073	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued	-	1,811,000	1,811,000	-
Premium on Refunding Bonds	-	134,739	134,739	-
Payments to Escrow Agent for Refunded Debt	-	(3,065,968)	(3,065,968)	-
Total Other Financing Sources (Uses)	-	(1,120,229)	(1,120,229)	-
Net Change in Fund Balances	(1,106,027)	(1,100,156)	(1,100,156)	-
Fund Balances, July 1, 2014	1,273,452	1,273,452	1,273,452	-
Fund Balances, June 30, 2015	\$ 167,425	\$ 173,296	\$ 173,296	\$ -

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUNDS - OTHER**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local:				
Local Sales Taxes	\$ 11,914,749	\$ 12,129,743	\$ 12,129,743	\$ -
Miscellaneous	1,118,710	1,134,011	1,134,011	-
Total Revenues	<u>13,033,459</u>	<u>13,263,754</u>	<u>13,263,754</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current - Education:				
Debt Service:				
Principal	15,706,916	15,741,917	15,741,917	-
Interest and Fiscal Charges	9,892,383	9,939,595	9,675,934	263,661
Dues, Fees and Issuance Costs	28,400	156,237	156,237	-
Total Expenditures	<u>25,627,699</u>	<u>25,837,749</u>	<u>25,574,088</u>	<u>263,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,594,240)</u>	<u>(12,573,995)</u>	<u>(12,310,334)</u>	<u>263,661</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	17,282,313	17,367,519	17,631,180	263,661
Proceeds of Lease-Purchase Agreements	-	12,268,661	12,005,000	(263,661)
Face Value of Refunding Bonds				
Payments to Escrow Agent for Refunded Debt	-	(12,134,168)	(12,134,168)	-
Transfers Out	<u>(4,684,711)</u>	<u>(4,911,343)</u>	<u>(5,175,004)</u>	<u>(263,661)</u>
Total Other Financing Sources (Uses)	<u>12,597,602</u>	<u>12,590,669</u>	<u>12,327,008</u>	<u>(263,661)</u>
Net Change in Fund Balances	3,362	16,674	16,674	-
Fund Balances, July 1, 2014	1,520,952	1,520,952	1,520,952	-
Fund Balances, June 30, 2015	<u>\$ 1,524,314</u>	<u>\$ 1,537,626</u>	<u>\$ 1,537,626</u>	<u>\$ -</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE - ARRA ECONOMIC STIMULUS FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal Direct	\$ 2,179,872	\$ 2,178,697	\$ 2,178,697	\$ -
Local:				
Miscellaneous		251,704	251,704	-
Total Revenues	<u>2,179,872</u>	<u>2,430,401</u>	<u>2,430,401</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current - Education:				
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	2,696,490	2,696,490	2,696,490	-
Dues, Fees and Issuance Costs	3,450	12,187	12,187	-
Total Expenditures	<u>2,699,940</u>	<u>2,708,677</u>	<u>2,708,677</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(520,068)</u>	<u>(278,276)</u>	<u>(278,276)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,690,026	2,703,936	2,703,936	-
Total Other Financing Sources (Uses)	<u>2,690,026</u>	<u>2,703,936</u>	<u>2,703,936</u>	<u>-</u>
Net Change in Fund Balances		2,425,660	2,425,660	-
Fund Balances, July 1, 2014	<u>4,562,746</u>	<u>4,562,747</u>	<u>4,562,747</u>	<u>-</u>
Fund Balances, June 30, 2015	<u>\$ 4,562,746</u>	<u>\$ 6,988,407</u>	<u>\$ 6,988,407</u>	<u>\$ -</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECT FUNDS - PUBLIC EDUCATION CAPITAL OUTLAY (PECO)**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 1,016,151	\$ 1,016,151	\$ 1,016,151	\$ -
Total Revenues	1,016,151	1,016,151	1,016,151	-
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	16,151	163,361	163,361	-
Fixed Capital Outlay:				
Facilities Acquisition and Construction	1,000,000	825,360	825,360	-
Total Expenditures	1,016,151	988,721	988,721	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	27,430	27,430	-
Net Change in Fund Balances		27,430	27,430	-
Fund Balances, July 1, 2014	-	-	-	-
Fund Balances, June 30, 2015	\$ -	\$ 27,430	\$ 27,430	\$ -

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECT FUNDS - CAPITAL OUTLAY & DEBT SERVICE (CO&DS)**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 539,786	\$ 615,793	\$ 615,793	\$ -
Total Revenues	539,786	615,793	615,793	-
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	1,190,440	1,190,440	611,976	578,464
Debt Service:				
Dues, Fees and Issuance Costs	-	1,272	1,272	-
Total Expenditures	1,190,440	1,191,712	613,248	578,464
Excess (Deficiency) of Revenues Over (Under) Expenditures	(650,654)	(575,919)	2,545	578,464
Net Change in Fund Balances	(650,654)	(575,919)	2,545	578,464
Fund Balances, July 1, 2014	450,696	450,696	450,696	-
Fund Balances, June 30, 2015	\$ (199,958)	\$ (125,223)	\$ 453,241	\$ 578,464

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS - LOCAL CAPITAL IMPROVEMENT FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local:				
Property Taxes	\$ 28,263,525	\$ 28,263,525	\$ 28,481,490	\$ 217,965
Miscellaneous	15,462	20,785	284,363	263,578
Total Revenues	<u>28,278,987</u>	<u>28,284,310</u>	<u>28,765,853</u>	<u>481,543</u>
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	9,162,838	3,933,944	2,696,687	1,237,257
Fixed Capital Outlay:				
Facilities Acquisition and Construction	5,542,221	7,600,233	2,264,602	5,335,631
Other Capital Outlay	2,143,639	2,993,955	1,138,129	1,855,826
Total Expenditures	<u>16,848,698</u>	<u>14,528,132</u>	<u>6,099,418</u>	<u>8,428,714</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,430,289</u>	<u>13,756,178</u>	<u>22,666,435</u>	<u>8,910,257</u>
<b>OTHER FINANCING (USES)</b>				
Transfers Out	(23,599,990)	(23,919,691)	(18,544,692)	5,374,999
Total Other Financing Sources (Uses)	<u>(23,599,990)</u>	<u>(23,919,691)</u>	<u>(18,544,692)</u>	<u>5,374,999</u>
Net Change in Fund Balances	(12,169,701)	(10,163,513)	4,121,743	14,285,256
Fund Balances, July 1, 2014	12,493,218	12,493,218	12,493,218	-
Fund Balances, June 30, 2015	<u>\$ 323,517</u>	<u>\$ 2,329,705</u>	<u>\$ 16,614,961</u>	<u>\$ 14,285,256</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS - OTHER FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 3,050,200	\$ 2,391,362	\$ 2,519,063	\$ 127,701
Local:				
Impact Fees	17,000,000	24,000,000	23,145,152	(854,848)
Miscellaneous	35,875	85,378	121,118	35,740
Total Revenues	<u>20,086,075</u>	<u>26,476,740</u>	<u>25,785,333</u>	<u>(691,407)</u>
<b>EXPENDITURES</b>				
Current - Education:				
Facilities Services	4,102,281	3,631,057	2,801,449	829,608
Fixed Capital Outlay:				
Facilities Acquisition and Construction	13,395,144	12,644,456	7,957,708	4,686,748
Other Capital Outlay	5,747,281	3,269,908	2,478,630	791,278
Total Expenditures	<u>23,244,706</u>	<u>19,545,421</u>	<u>13,237,787</u>	<u>6,307,634</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,158,631)</u>	<u>6,931,319</u>	<u>12,547,546</u>	<u>5,616,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,684,711	3,740,823	4,911,344	1,170,521
Proceeds from the Sale of Capital Assets			1,489,500	1,489,500
Transfers Out	(12,264,899)	(10,885,318)	(10,885,318)	-
Total Other Financing Sources (Uses)	<u>(7,580,188)</u>	<u>(7,144,495)</u>	<u>(4,484,474)</u>	<u>2,660,021</u>
Net Change in Fund Balances	(10,738,819)	(213,176)	8,063,072	8,276,248
Fund Balances, July 1, 2014	27,452,061	27,452,061	27,452,061	-
Fund Balances, June 30, 2015	<u>\$ 16,713,242</u>	<u>\$ 27,238,885</u>	<u>\$ 35,515,133</u>	<u>\$ 8,276,248</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS - ARRA ECONOMIC STIMULUS FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local:				
Miscellaneous	\$ -	\$ -	\$ 1	\$ 1
Total Revenues	-	-	1	1
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	1	1
<b>OTHER FINANCING SOURCES</b>				
Transfers Out	-	(15)	(15)	-
Total Other Financing Sources	-	(15)	(15)	-
Net Change in Fund Balances		(15)	(14)	1
Fund Balances, July 1, 2014	15	15	15	-
Fund Balances, June 30, 2015	\$ 15	\$ -	\$ 1	\$ 1

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2015**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 7,200,323	\$ 3,120,275	\$ 10,320,598
Investments	11,961,126	1,585,019	13,546,145
Accounts Receivable	789,076		789,076
Prepaid Items		1,522,466	1,522,466
Total Current Assets	<u>19,950,525</u>	<u>6,227,760</u>	<u>26,178,285</u>
 Total Assets	<u><u>\$ 19,950,525</u></u>	<u><u>\$ 6,227,760</u></u>	<u><u>\$ 26,178,285</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 219,109	\$ 18,450	\$ 237,559
Due to Other Funds	256,466		256,466
Estimated Insurance Claims Payable	3,851,000	137,946	3,988,946
Total Liabilities	<u>4,326,575</u>	<u>156,396</u>	<u>4,482,971</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,623,950	6,071,364	21,695,314
Total Liabilities and Net Position	<u><u>\$ 19,950,525</u></u>	<u><u>\$ 6,227,760</u></u>	<u><u>\$ 26,178,285</u></u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Premium Revenues	\$ 49,471,787	\$ 4,048,546	\$ 53,520,333
Total Operating Revenues	<u>49,471,787</u>	<u>4,048,546</u>	<u>53,520,333</u>
<b>OPERATING EXPENSES</b>			
Purchased Services	3,243,352	2,829,167	6,072,519
Insurance Claims	44,100,969	2,567,160	46,668,129
Total Operating Expenses	<u>47,344,321</u>	<u>5,396,327</u>	<u>52,740,648</u>
Operating Income (loss)	<u>2,127,466</u>	<u>(1,347,781)</u>	<u>779,685</u>
<b>NONOPERATING REVENUES</b>			
Interest Revenue	72,897	16,005	88,902
Total Nonoperating Revenues	<u>72,897</u>	<u>16,005</u>	<u>88,902</u>
Change In Net Position	2,200,363	(1,331,776)	868,587
Net Position - July 1, 2014	13,423,587	7,403,140	20,826,727
Net Position - June 30, 2015	<u>\$ 15,623,950</u>	<u>\$ 6,071,364</u>	<u>\$ 21,695,314</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Board Funds and Participants	\$ 49,510,880	\$ 4,028,237	\$ 53,539,117
Payments for Insurance Claims	(3,596,003)	(2,821,701)	(6,417,704)
Cash Payments to Vendors for Goods and Services	(44,463,969)	(2,443,688)	(46,907,657)
Net Cash Provided by Operating Activities	<u>1,450,908</u>	<u>(1,237,152)</u>	<u>213,756</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of Investments	(6,229,099)	1,789,509	(4,439,590)
Interest	72,897	16,005	88,902
Net Cash Provided by Investing Activities	<u>(6,156,202)</u>	<u>1,805,514</u>	<u>(4,350,688)</u>
Net Increase in Cash and Cash Equivalents	(4,705,294)	568,362	(4,136,932)
Cash and Cash Equivalents - Beginning	11,905,617	2,551,913	14,457,530
Cash and Cash Equivalents - Ending	<u>\$ 7,200,323</u>	<u>\$ 3,120,275</u>	<u>\$ 10,320,598</u>
<b>Reconciliation of Operating Income to Net Cash</b>			
<b>Provided by Operating Activities:</b>			
Operating Income (loss)	\$ 2,127,466	\$ (1,347,781)	\$ 779,685
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(237,682)		(237,682)
Decrease in Due from Other Funds	20,308		20,308
Increase (Decrease) in Accounts Payable	(352,651)	7,465	(345,186)
Increase (Decrease) in Due to Other Funds	256,467	(20,308)	236,159
Increase (Decrease) in Estimated Insurance Claims Payable	(363,000)	123,472	(239,528)
Total Adjustments	<u>(676,558)</u>	<u>110,629</u>	<u>(565,929)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,450,908</u>	<u>\$ (1,237,152)</u>	<u>\$ 213,756</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**SCHOOL INTERNAL FUNDS AGENCY FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Balances <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	Balances <u>June 30, 2015</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,426,028	\$ 11,974,574	\$ 11,864,563	\$ 3,536,039
Accounts Receivable	14,866	14,405	14,866	14,405
Due from School Board	7,030	11,748	7,030	11,748
Total Assets	<u>\$ 3,447,924</u>	<u>\$ 12,000,727</u>	<u>\$ 11,886,459</u>	<u>\$ 3,562,192</u>
<b>LIABILITIES</b>				
Internal Accounts Payable	\$ 3,447,924	\$ 12,000,727	\$ 11,886,459	\$ 3,562,192
Total Liabilities	<u>\$ 3,447,924</u>	<u>\$ 12,000,727</u>	<u>\$ 11,886,459</u>	<u>\$ 3,562,192</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**BELLALAGO CHARTER ACADEMY AGENCY FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Balances July 1, 2014	Additions	Deductions	Balances June 30, 2015
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,039,771	\$ 9,152,384	\$ 9,669,208	\$ 522,947
Investments	3,061,545	557,794	863,567	2,755,772
Accounts Receivable	57,987	41,292	65,949	33,330
Due from School Board	104	568,471	542,711	25,864
Total Assets	<u>\$ 4,159,407</u>	<u>\$ 10,319,941</u>	<u>\$ 11,141,435</u>	<u>\$ 3,337,913</u>
<b>LIABILITIES</b>				
Salaries and Benefits Payable	\$ 3,878	\$ 5,022,658	\$ 5,020,324	\$ 6,212
Payroll Deductions and Withholdings	12,990	2,281,714	2,285,676	9,028
Accounts Payable	4,142,470	5,312,894	6,158,520	3,296,844
Internal Accounts Payable	69	1,629,677	1,603,917	25,829
Total Liabilities	<u>\$ 4,159,407</u>	<u>\$ 14,246,943</u>	<u>\$ 15,068,437</u>	<u>\$ 3,337,913</u>

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

**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Balances July 1, 2014	Additions	Deductions	Balances June 30, 2015
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,465,799	\$ 21,126,957	\$ 21,533,770	\$ 4,058,986
Investments	3,061,545	557,794	863,567	2,755,772
Accounts Receivable	72,853	57,570	82,689	47,734
Due from School Board	7,133	578,347	547,867	37,613
Total Assets	<u>\$ 7,607,330</u>	<u>\$ 22,320,668</u>	<u>\$ 23,027,893</u>	<u>\$ 6,900,105</u>
<b>LIABILITIES</b>				
Salaries and Benefits Payable	\$ 3,878	\$ 5,022,658	\$ 5,020,324	\$ 6,212
Payroll Deductions and Withholdings	12,990	2,281,714	2,285,676	9,028
Accounts Payable	4,142,469	5,312,894	6,158,520	3,296,843
Internal Accounts Payable	3,447,993	13,630,404	13,490,375	3,588,022
Total Liabilities	<u>\$ 7,607,330</u>	<u>\$ 26,247,670</u>	<u>\$ 26,954,895</u>	<u>\$ 6,900,105</u>

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

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DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
STATEMENT OF NET POSITION  
COMBINING STATEMENT OF COMPONENT UNITS  
June 30, 2015

	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	Avant Garde Charter School	Florida Virtual Charter School	Foundation for Osceola Education
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 886,575	\$ 947,528	\$ 260,472	\$ 91,375	\$ 2,351,578
Investments					4,257,309
Accounts Receivable	826,392	3,230		303,967	333
Deposits					65,931
Due from Other Agencies	1,107,801		14,770		896,770
Prepaid Items					96,699
Other Assets:					
Bond Issuance Costs, net					
Restricted Assets:					
Cash with Fiscal Agent					3,832,174
Capital Assets:					
Land	1,000,000				238,220
Land Improvements, Nondepreciable	281,088				
Improvements Other Than Buildings, Net					95,597
Buildings and Fixed Equipment, Net	17,974,510				10,212,206
Furniture, Fixtures and Equipment, Net	191,170				412,161
Motor Vehicles, Net					
Audio Visual Materials and Computer Software, Net					396,697
<b>Total Assets</b>	<u>\$ 22,267,536</u>	<u>\$ 950,758</u>	<u>\$ 275,242</u>	<u>\$ 395,342</u>	<u>\$ 22,855,675</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension					554,896
<b>LIABILITIES</b>					
Salaries and Benefits Payable	\$	\$	\$ 159,317	\$	\$
Accounts Payable	32,908	26,548	71,280	395,342	1,543,085
Due to Other Agencies					1,747,498
Due to Management Company					154,307
Accrued Interest Payable	301,773	160,325			284,322
Long-Term Liabilities:					
Portion Due Within One Year:					
Compensated Absences					14,822
Bonds Payable	880,000	75,000			511,295
Notes Payable			55,919		
Portion Due After One Year:					
Bonds Payable	21,783,699	7,157,126			13,079,477
Notes Payable					
Pension Liability					2,308,158
<b>Total Liabilities</b>	<u>22,998,380</u>	<u>7,418,999</u>	<u>286,516</u>	<u>395,342</u>	<u>19,642,964</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Amount on Debt Refunding	578,664				
Pension					1,266,167
<b>Total Deferred Inflows of Resources</b>	<u>578,664</u>				<u>1,266,167</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	(3,795,595)				(2,235,891)
Restricted For:					
Debt Service					2,344,441
Capital Projects					513,180
Other Purposes	1,676,216				1,487,733
Unrestricted	809,871	(6,468,241)	(11,274)		391,977
<b>Total Net Position</b>	<u>\$ (1,309,508)</u>	<u>\$ (6,468,241)</u>	<u>\$ (11,274)</u>	<u>\$</u>	<u>\$ 2,501,440</u>

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

Four Corners Charter School, Inc.	Mavericks Charter School	New Dimensions Charter School	Renaissance Charter School	St Cloud Preparatory Charter School	Total Component Units
\$ 2,957,706	\$ 1,137,051	\$ 1,232,852	\$ 1,217,099	\$ 3,507	\$ 11,085,743
4,362	64,139	20,206	167,692		4,257,309
	303,138	8,771	26,807		1,390,321
			40,987		404,647
					2,060,328
					96,699
		29,678			29,678
					3,832,174
		275,000			1,513,220
		200,980			281,088
1,384,522		3,818,016			1,681,099
251,886		27,725			32,004,732
		3,770			882,942
		18,594			3,770
\$ 4,598,476	\$ 1,504,328	\$ 5,635,592	\$ 1,452,585	\$ 3,507	\$ 59,939,041
		117,012			671,908
\$ 752,994	\$ 53,201	\$ 177,172	\$ 312,663	\$ 19,987	\$ 722,340
	29,083	1,225	366,336	144,575	3,362,151
					1,748,723
					154,307
					746,420
					14,822
					1,466,295
		74,354			130,273
					42,020,302
		1,960,106			1,960,106
		517,457			2,825,615
752,994	82,284	2,730,314	678,999	164,562	55,151,354
					578,664
		397,577			1,663,744
		397,577			2,242,408
1,636,408		2,339,303			(2,055,775)
					2,344,441
					513,180
					3,163,949
2,209,074	1,422,044	285,410	773,586	(161,055)	(748,608)
\$ 3,845,482	\$ 1,422,044	\$ 2,624,713	\$ 773,586	\$ (161,055)	\$ 3,217,187

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY  
STATEMENT OF ACTIVITIES  
COMBINING STATEMENT OF COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2015

	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	Avant Garde Charter School	Florida Virtual Charter School	Foundation for Osceola Education
<b>Component Unit Activities:</b>					
Instruction	\$	\$	\$ 1,391,235	\$ 119,160	\$ 10,340,825
Pupil Personnel Services			14,000	283,866	
Board	23,116	62,022	10,433	7,750	
General Administration	103,741			23,000	
School Administration			360,294		2,626,458
Facilities Acquisition and Construction	513,433		500,356		969,028
Fiscal Services		27,902	217,742		
Food Services			8,775		
Central Services			15,434		
Pupil Transportation Services			147,870		
Operation of Plant			202,350	26,213	2,738,132
Maintenance of Plant			45,385		
Administrative Technology Services			33,404		
Community Services					3,016,120
Interest on Long Term Debt	2,222,745	386,635			693,319
Unallocated Depreciation/Amortization		1,243			
<b>Total Expenses</b>	<u>2,863,035</u>	<u>477,802</u>	<u>2,947,278</u>	<u>459,989</u>	<u>20,383,882</u>
<b>Program Revenues</b>					
Charges for Services					226,261
Operating Grants and Contributions					2,774,631
Capital Grants and Contributions					903,522
<b>Net (Expenses) Revenue</b>	<u>(2,863,035)</u>	<u>(477,802)</u>	<u>(2,947,278)</u>	<u>(459,989)</u>	<u>(16,479,468)</u>
<b>General Revenues</b>					
Grants and Contributions not restricted to specific programs	2,483,576	524,481	3,106,402	459,989	16,782,302
Investment Earnings	154	61	23		27
Miscellaneous			4,481		430,884
Transfers					
<b>Total General Revenues</b>	<u>2,483,730</u>	<u>524,542</u>	<u>3,110,906</u>	<u>459,989</u>	<u>17,213,213</u>
<b>Change in Net Position</b>	<u>(379,305)</u>	<u>46,740</u>	<u>163,628</u>		<u>733,745</u>
Net Position - beginning	<u>(930,203)</u>	<u>(6,514,981)</u>	<u>(174,902)</u>		<u>5,698,341</u>
Adjustments to Beginning Net Position					<u>(3,930,646)</u>
Net Position - beginning - restated	<u>(930,203)</u>	<u>(6,514,981)</u>	<u>(174,902)</u>		<u>1,767,695</u>
<b>Net Position - ending</b>	<u>\$ (1,309,508)</u>	<u>\$ (6,468,241)</u>	<u>\$ (11,274)</u>	<u>\$</u>	<u>\$ 2,501,440</u>

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

Four Corners Charter School, Inc.	Mavericks Charter School	New Dimensions Charter School	Renaissance Charter School	St Cloud Preparatory Charter School	Total Component Units
\$ 4,705,553	\$ 1,179,150	\$ 1,256,647	\$ 3,527,057	\$ 998,800	\$ 23,518,427
	219,308		234,718	144,683	896,575
9,000	17,185		15,158	6,732	151,396
733,942		71,927			932,610
	807,677	448,615	391,150	461,425	5,095,619
1,343,358	372,916	147,091	270,613	615,903	4,732,698
	79,282		948,138	335,636	1,608,700
	1,790		376,473	13,702	400,740
	50,845		414,466	1,519	482,264
	108,347	138,069	52,306	16,615	463,207
	191,780	69,968	493,046	168,548	3,890,037
	7,652	86,323	218,238	5,280	362,878
				13,176	46,580
			103,978		3,120,098
		132,795	1,114,928		4,550,422
					1,243
<u>6,791,853</u>	<u>3,035,932</u>	<u>2,351,435</u>	<u>8,160,269</u>	<u>2,782,019</u>	<u>50,253,494</u>
		47,356			273,617
386,159					3,160,790
		221,816			1,125,338
<u>(6,405,694)</u>	<u>(3,035,932)</u>	<u>(2,082,263)</u>	<u>(8,160,269)</u>	<u>(2,782,019)</u>	<u>(45,693,749)</u>
6,551,837	3,375,633	2,322,765	7,466,895	1,516,739	44,590,619
659		1,339			2,263
	10,094		855,364	60,981	1,361,804
	3,518			1,043,244	1,046,762
<u>6,552,496</u>	<u>3,389,245</u>	<u>2,324,104</u>	<u>8,322,259</u>	<u>2,620,964</u>	<u>47,001,448</u>
146,802	353,313	241,841	161,990	(161,055)	1,307,699
3,698,680	1,068,731	3,258,302	611,596		6,715,564
		(875,430)			(4,806,076)
3,698,680	1,068,731	2,382,872	611,596	-	1,909,488
<u>\$ 3,845,482</u>	<u>\$ 1,422,044</u>	<u>\$ 2,624,713</u>	<u>\$ 773,586</u>	<u>\$ (161,055)</u>	<u>\$ 3,217,187</u>

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# STATISTICAL SECTION



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## Introduction to the Statistical Section

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

### Financial Trends

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

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

### Revenue Capacity

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

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

### Debt Capacity

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

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

### Demographic and Economic Information

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

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

### Operating Information

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

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

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

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

	For the Fiscal Year ending June 30			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 266,793,746	\$ 306,948,191	\$ 354,211,777	\$ 438,988,320
Restricted	119,218,431	144,452,132	220,147,769	155,942,301
Unrestricted	<u>31,290,686</u>	<u>41,579,693</u>	<u>27,348,239</u>	<u>22,289,318</u>
Total governmental activities net position	<u>\$ 417,302,863</u>	<u>\$ 492,980,016</u>	<u>\$ 601,707,785</u>	<u>\$ 617,219,939</u>

Source:  
 District records

	<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>
\$	471,185,896	\$	492,955,678	\$	488,096,469	\$	477,532,359	\$	494,470,617	\$	487,069,988
	116,539,697		81,462,943		75,558,613		91,902,083		75,247,973		83,317,955
	<u>28,633,813</u>		<u>50,433,333</u>		<u>40,835,214</u>		<u>16,937,578</u>		<u>(10,626,220)</u>		<u>(171,469,553)</u>
\$	<u>616,359,406</u>	\$	<u>624,851,954</u>	\$	<u>604,490,296</u>	\$	<u>586,372,020</u>	\$	<u>559,092,370</u>	\$	<u>398,918,390</u>

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

	<b>For the Fiscal Year ending June 30</b>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Primary Government:				
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 198,468,516	\$ 232,617,922	\$ 261,976,401	\$ 243,009,744
Pupil personnel services	18,442,786	20,886,005	24,153,125	23,755,838
Instructional media services	4,835,861	5,161,195	6,059,524	5,292,967
Instruction and curriculum development services	16,961,003	22,429,022	23,464,063	20,144,676
Instructional staff training services	6,011,555	4,569,743	9,507,952	6,556,067
Instruction related technology	3,512,400	3,946,935	4,373,774	4,534,355
Board of education	1,419,189	1,823,925	2,179,387	1,594,329
General administration	2,575,054	2,228,563	2,589,737	2,988,478
School administration	17,214,383	19,747,072	22,649,997	20,969,528
Facilities services	16,612,944	16,584,696	19,814,471	15,224,107
Fiscal services	1,601,831	1,887,436	2,062,828	1,872,802
Food services	18,965,217	20,795,040	25,147,719	22,822,423
Central services	5,941,266	6,536,936	7,135,483	6,693,873
Pupil transportation services	17,657,424	19,413,234	21,620,725	21,163,277
Operation of plant	24,722,169	27,205,818	31,115,952	29,917,708
Maintenance of plant	7,570,851	7,968,053	8,896,778	8,415,184
Administrative technology services	3,188,644	2,949,505	3,604,125	3,435,841
Community services	2,262,183	3,487,806	3,798,924	3,670,126
Interest on long-term debt	14,760,893	12,752,067	15,859,473	15,144,497
Loss on disposal of capital assets	308,966			963,035
Unallocated depreciation expense	22,312,499	24,223,111	27,626,338	28,832,502
<b>Total expenses - Primary Government</b>	<u>\$ 405,345,634</u>	<u>\$ 457,214,084</u>	<u>\$ 523,636,776</u>	<u>\$ 487,001,357</u>
<b>Program Revenues</b>				
Governmental Activities				
Charges for Services				
Instruction	\$ 1,123,318	\$ 1,421,447	\$ 1,426,889	\$ 1,577,484
Food services	6,437,902	7,100,817	6,861,017	6,905,070
Pupil transportation services	141,429	172,377	190,009	470,324
Community services	2,028,638	2,236,882	2,568,696	2,572,933
Operating Grants and Contributions				
Instruction				
Food services	12,144,814	13,391,527	14,897,448	15,988,714
Pupil transportation services	10,364,641	9,701,290	9,633,899	9,315,616
Capital Grants and Contributions				
Facilities acquisition and construction	48,575,015	48,636,658	120,851,798	11,622,121
Maintenance of plant		2,059,611		10,719,386
Interest on long-term debt	1,581,675	1,767,682	1,758,040	20,557
<b>Total Program Revenues - Primary Government</b>	<u>\$ 82,397,432</u>	<u>\$ 86,488,291</u>	<u>\$ 158,187,796</u>	<u>\$ 59,192,205</u>
<b>Net (Expense) - Primary Government</b>	<u>\$ (322,948,202)</u>	<u>\$ (370,725,793)</u>	<u>\$ (365,448,980)</u>	<u>\$ (427,809,152)</u>

**Source:**  
 District records

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	255,220,829	\$ 268,395,640	\$ 256,106,769	\$ 268,705,463	\$ 290,738,409	\$ 287,060,332
	21,883,642	21,854,182	21,838,137	21,225,019	22,892,264	22,519,240
	4,562,986	4,517,888	4,213,693	4,590,168	4,954,439	4,493,306
	15,244,383	15,053,689	12,918,163	13,955,272	16,291,806	15,765,392
	8,854,691	10,019,346	8,893,254	8,683,127	9,304,247	8,908,032
	3,624,384	3,371,658	3,506,394	3,400,004	4,070,147	4,327,747
	1,678,822	1,365,918	1,735,224	1,449,083	1,478,064	1,862,188
	2,906,023	3,776,911	2,778,064	2,223,978	2,494,349	2,255,012
	23,215,807	22,598,190	21,712,072	22,187,638	23,645,915	22,432,816
	14,397,625	11,792,702	7,231,837	7,301,809	11,431,928	12,186,629
	1,807,456	1,861,512	1,795,816	2,068,151	2,073,286	1,998,168
	21,173,003	22,286,139	23,211,603	26,792,335	31,642,638	28,841,287
	6,711,505	6,467,196	6,866,451	6,854,756	6,828,128	6,771,155
	20,792,056	22,121,651	21,866,622	22,887,687	24,340,819	23,123,277
	31,691,252	28,932,290	26,379,530	30,799,393	32,314,289	34,174,683
	8,075,524	8,425,120	12,068,670	7,116,029	8,587,830	7,520,421
	3,590,304	3,334,012	3,159,953	3,920,100	4,012,196	3,889,429
	3,690,087	4,194,564	4,427,474	4,607,250	4,978,829	5,082,800
	16,245,397	15,944,978	14,542,638	15,195,406	11,420,473	14,635,622
	<u>29,437,348</u>	<u>31,169,680</u>	<u>32,061,585</u>	<u>34,621,488</u>	<u>35,275,678</u>	<u>35,257,897</u>
\$	<u>494,803,124</u>	<u>507,483,266</u>	<u>487,313,949</u>	<u>508,584,156</u>	<u>548,775,734</u>	<u>543,105,433</u>
\$	1,828,659	\$ 2,220,174	\$ 2,126,462	\$ 2,303,121	\$ 2,076,715	\$ 2,339,173
	6,136,837	5,881,978	5,718,630	4,791,692	4,291,076	3,678,965
	370,221	543,684	613,100	589,816	392,314	497,908
	2,527,935	2,774,330	2,598,249	2,750,258	2,874,860	2,805,201
					97,871,733	95,237,159
	17,894,469	19,400,609	21,165,198	23,618,227	26,203,051	27,460,542
	9,436,136	8,978,796	9,626,629			
	11,544,613	11,019,085	11,851,852	584,483	16,532,017	27,067,210
	<u>23,037</u>	<u>23,505</u>	<u>21,870</u>	<u>1,654,690</u>	<u>1,630,218</u>	<u>1,611,974</u>
\$	<u>49,761,907</u>	<u>50,842,161</u>	<u>53,721,990</u>	<u>36,292,287</u>	<u>151,871,984</u>	<u>160,698,132</u>
\$	<u>(445,041,217)</u>	<u>(456,641,105)</u>	<u>(433,591,959)</u>	<u>(472,291,869)</u>	<u>(396,903,750)</u>	<u>(382,407,301)</u>

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

	For the Fiscal Year ending June 30			
	2006	2007	2008	2009
<b>Net (Expense)/Revenue - Primary Government</b>	<u>\$ (322,948,202)</u>	<u>\$ (370,725,793)</u>	<u>\$ (365,448,980)</u>	<u>\$ (427,809,152)</u>
<b>General Revenues and Changes in Net Position</b>				
Taxes:				
Property taxes, levied for operational purposes	\$ 95,898,951	\$ 121,689,421	\$ 145,250,546	\$ 151,594,547
Property taxes, levied for debt service	3,728,353	7,326		1,671
Property taxes, levied for capital projects	31,289,374	42,088,335	50,327,124	46,094,101
Local sales taxes	7,948,681	9,998,541	10,292,844	9,143,244
Impact Fees				
Grants and contributions not restricted to specific programs	225,092,552	248,564,737	248,186,167	223,928,922
Investment earnings	8,893,900	12,932,806	9,128,755	3,253,100
Miscellaneous	13,956,269	11,121,780	10,991,313	9,305,721
Special Items				
<b>Total General Revenues - Primary Government</b>	<u>\$ 386,808,080</u>	<u>\$ 446,402,946</u>	<u>\$ 474,176,749</u>	<u>\$ 443,321,306</u>
<b>Changes in Net Position - Primary Government</b>	<u>\$ 63,859,878</u>	<u>\$ 75,677,153</u>	<u>\$ 108,727,769</u>	<u>\$ 15,512,154</u>

Source:  
District records

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>\$ (445,041,217)</u>	<u>\$ (456,641,105)</u>	<u>\$ (433,591,959)</u>	<u>\$ (472,291,869)</u>	<u>\$ (396,903,750)</u>	<u>\$ (382,231,965)</u>
\$ 135,881,016	\$ 115,231,090	\$ 104,108,613	\$ 98,493,989	\$ 105,900,393	\$ 111,668,108
33,142,748	27,606,863	25,707,956	25,367,760	26,438,255	28,370,255
9,035,938	9,511,482	9,925,207	10,416,923	10,600,770	12,129,743
			12,286,659		
253,310,535	294,754,205	262,026,194	299,164,318	215,374,466	223,592,024
2,345,647	2,099,168	1,801,749	483,975	1,199,839	1,389,318
10,464,800	15,930,845	9,660,582	7,959,969	10,018,020	11,503,406
				92,357	
<u>\$ 444,180,684</u>	<u>\$ 465,133,653</u>	<u>\$ 413,230,301</u>	<u>\$ 454,173,593</u>	<u>\$ 369,624,100</u>	<u>\$ 388,652,854</u>
<u>\$ (860,533)</u>	<u>\$ 8,492,548</u>	<u>\$ (20,361,658)</u>	<u>\$ (18,118,276)</u>	<u>\$ (27,279,650)</u>	<u>\$ 6,420,889</u>

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

	<b>For the Fiscal Year Ending June 30</b>			
	Restated (a) <u>2006</u>	Restated (a) <u>2007</u>	Restated (a) <u>2008</u>	Restated (a) <u>2009</u>
<b>General Fund</b>				
Nonspendable	\$	\$	\$	\$
Restricted	2,453,921	2,468,816	2,270,876	15,237,098
Assigned				
Unassigned	<u>33,914,236</u>	<u>52,649,019</u>	<u>52,509,629</u>	<u>44,255,581</u>
Total General Fund	<u>\$ 36,368,157</u>	<u>\$ 55,117,835</u>	<u>\$ 54,780,505</u>	<u>\$ 59,492,679</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$	\$	\$	\$
Restricted	74,955,676	40,229,851	91,963,365	29,301,405
Assigned				
Unassigned	<u>90,056,429</u>	<u>168,446,299</u>	<u>181,930,542</u>	<u>167,008,297</u>
Total All Other Governmental Funds	<u>\$ 165,012,105</u>	<u>\$ 208,676,150</u>	<u>\$ 273,893,907</u>	<u>\$ 196,309,702</u>
Total Governmental Funds	<u>\$ 201,380,262</u>	<u>\$ 263,793,985</u>	<u>\$ 328,674,412</u>	<u>\$ 255,802,381</u>

Note:

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

**Source:**

District records

Restated (a) <u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	\$	\$	\$	\$	\$
18,790,895	1,805,173	1,838,068	1,931,315	2,077,677	2,303,278
	15,432,710	16,184,090	21,044,012	21,082,476	19,487,714
	21,373,716	13,663,265	8,688,530	13,375,810	3,303,083
51,822,880	52,989,981	52,631,593	44,389,869	33,702,182	41,368,678
<u>\$ 70,613,775</u>	<u>\$ 91,601,580</u>	<u>\$ 84,317,016</u>	<u>\$ 76,053,726</u>	<u>\$ 70,238,145</u>	<u>\$ 66,462,753</u>
\$	\$	\$	\$	\$	\$
72,871,696	535,522	416,365	724,170		974,141
	107,041,853	73,935,852	73,637,841	58,179,268	69,347,218
	684,791	774,561	1,081,812	1,393,760	
101,538,230					
<u>\$ 174,409,926</u>	<u>\$ 108,262,166</u>	<u>\$ 75,126,778</u>	<u>\$ 75,443,823</u>	<u>\$ 59,573,028</u>	<u>\$ 70,321,359</u>
<u>\$ 245,023,701</u>	<u>\$ 199,863,746</u>	<u>\$ 159,443,794</u>	<u>\$ 151,497,549</u>	<u>\$ 129,811,173</u>	<u>\$ 136,784,112</u>

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

	<b>For the Fiscal Year Ending June 30</b>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>				
Federal direct	\$ 507,224	\$ 1,053,161	\$ 1,850,561	\$ 3,544,576
Federal through State	41,607,113	38,267,515	43,185,868	44,917,130
State sources	227,589,538	244,655,637	320,426,143	214,028,791
Local sources	<u>203,133,467</u>	<u>244,404,884</u>	<u>258,384,589</u>	<u>239,855,958</u>
Total revenues	<u>\$ 472,837,342</u>	<u>\$ 528,381,197</u>	<u>\$ 623,847,161</u>	<u>\$ 502,346,455</u>

**Source:**  
 District records

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 4,346,224	\$ 6,773,076	\$ 6,333,326	\$ 4,390,418	\$ 3,882,342	\$ 4,020,887
74,445,447	86,017,868	53,248,874	59,529,883	58,990,124	56,918,921
205,192,571	236,185,377	235,804,919	259,006,088	278,832,947	288,489,943
<u>209,624,727</u>	<u>182,822,924</u>	<u>171,187,869</u>	<u>167,952,654</u>	<u>185,384,897</u>	<u>195,797,333</u>
<u>\$ 493,608,969</u>	<u>\$ 511,799,245</u>	<u>\$ 466,574,988</u>	<u>\$ 490,879,043</u>	<u>\$ 527,090,310</u>	<u>\$ 545,227,084</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			
	2006	2007	2008	2009
<b>Expenditures</b>				
Instruction	\$ 195,786,614	\$ 228,926,351	\$ 252,436,907	\$ 242,419,425
Pupil personnel services	18,082,451	20,467,855	23,004,870	23,775,514
Instructional media services	4,772,082	5,083,212	5,860,992	5,308,109
Instruction and curriculum development services	16,700,234	21,798,585	22,507,401	20,161,819
Instructional staff training services	5,958,714	4,624,539	9,150,787	6,589,861
Instruction related technology	3,380,672	3,884,887	4,151,534	4,514,440
Board of Education	1,414,978	1,823,258	2,150,486	1,596,656
General administration	2,526,892	2,186,576	2,605,401	2,991,604
School administration	16,704,133	19,189,405	21,535,497	21,017,289
Facilities services	16,580,781	16,535,413	19,708,502	15,195,444
Fiscal services	1,534,493	1,870,512	2,028,443	1,840,274
Food services	18,828,603	20,563,324	24,583,165	22,795,237
Central services	5,863,915	6,470,672	6,773,727	6,656,102
Pupil transportation services	15,598,236	17,014,402	18,468,240	17,861,972
Operation of plant	24,784,882	27,710,926	30,798,725	30,466,641
Maintenance of plant	7,419,369	7,809,981	8,512,770	8,366,744
Administrative technology services	3,038,578	2,860,025	3,439,879	3,431,664
Community services	2,236,213	3,397,490	3,666,415	3,680,873
Capital outlay				
Facilities acquisition and construction	62,304,787	73,466,105	51,547,603	97,801,621
Other capital outlay	13,907,537	6,092,674	14,507,098	9,803,355
Debt service				
Principal	17,176,291	19,293,444	16,271,911	14,186,717
Interest and fees	14,204,319	14,379,361	15,473,269	14,819,480
Total expenditures	<u>\$ 468,804,774</u>	<u>\$ 525,448,997</u>	<u>\$ 559,183,622</u>	<u>\$ 575,280,841</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	8.69%	8.17%	6.88%	6.61%

Source:

District records

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	252,269,672	\$ 266,865,399	\$ 253,767,483	\$ 264,220,967	\$ 280,329,535	\$ 287,013,856
	21,596,468	21,710,031	21,600,574	20,837,078	21,786,239	22,697,456
	4,528,355	4,500,290	4,171,544	4,516,147	4,771,047	4,525,806
	15,096,682	14,940,593	12,852,001	13,670,171	15,683,860	15,819,513
	8,768,979	10,034,314	8,831,137	8,545,858	9,098,166	9,002,894
	3,552,968	3,274,513	3,445,793	3,319,737	3,917,886	4,286,444
	1,680,070	1,363,448	1,737,280	1,445,253	1,466,041	1,872,534
	2,847,678	3,742,052	2,737,481	2,210,250	2,415,274	2,299,003
	22,478,323	22,458,336	21,548,515	21,860,841	22,476,668	22,518,181
	14,275,962	11,790,607	7,495,265	8,908,965	11,181,228	9,881,355
	1,784,591	1,818,535	1,763,306	2,020,295	1,936,268	2,014,809
	20,976,967	22,195,655	23,043,598	26,592,821	31,050,012	28,667,778
	6,597,053	6,368,452	6,849,484	6,780,716	6,541,885	6,770,403
	17,280,750	18,853,529	18,599,266	19,696,499	20,842,262	20,532,244
	34,035,187	29,305,887	27,341,814	30,585,170	31,742,175	32,777,540
	7,919,591	8,351,687	12,011,268	7,023,537	8,280,498	7,697,959
	3,527,874	3,396,158	3,194,658	3,844,461	3,815,336	3,902,468
	3,643,310	4,174,899	4,409,058	1,840,018	4,876,281	5,081,934
	68,920,961	66,602,017	36,644,633	16,040,556	28,540,227	15,343,982
	4,238,945	5,859,310	4,111,070	4,009,251	8,600,402	6,176,371
	14,817,845	14,034,285	15,564,668	16,079,567	16,704,179	17,013,917
	14,933,194	15,475,625	15,520,709	15,353,689	13,924,407	12,862,021
<u>\$</u>	<u>545,771,425</u>	<u>\$ 557,115,622</u>	<u>\$ 507,240,605</u>	<u>\$ 499,401,847</u>	<u>\$ 549,979,876</u>	<u>\$ 538,758,468</u>

6.72%

6.48%

7.14%

7.02%

6.35%

6.13%

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

	<u>For the Fiscal Year Ending June 30</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Excess of revenues over (under) expenditures	<u>\$ 4,032,568</u>	<u>\$ 2,932,200</u>	<u>\$ 64,663,539</u>	<u>\$ (72,934,386)</u>
Other Financing Sources	66,941,168	154,306,121	35,948,759	37,734,305
Other Financing Uses	<u>64,898,617</u>	<u>94,824,598</u>	<u>35,731,871</u>	<u>37,671,950</u>
Net change in fund balances	<u><u>\$ 6,075,119</u></u>	<u><u>\$ 62,413,723</u></u>	<u><u>\$ 64,880,427</u></u>	<u><u>\$ (72,872,031)</u></u>

Source:  
 District records

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>\$ (52,162,456)</u>	<u>\$ (45,316,377)</u>	<u>\$ (40,665,617)</u>	<u>\$ (8,522,804)</u>	<u>\$ (22,889,566)</u>	<u>\$ 6,468,616</u>
112,616,204	34,699,272	37,188,470	76,326,708	40,663,038	51,703,245
<u>71,232,428</u>	<u>34,542,850</u>	<u>36,942,805</u>	<u>75,750,149</u>	<u>39,459,848</u>	<u>51,198,924</u>
<u><u>\$ (10,778,680)</u></u>	<u><u>\$ (45,159,955)</u></u>	<u><u>\$ (40,419,952)</u></u>	<u><u>\$ (7,946,245)</u></u>	<u><u>\$ (21,686,376)</u></u>	<u><u>\$ 6,972,937</u></u>

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

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	\$ 12,259,605	\$ 12,986,870	\$ 1,326,423	\$ 1,405,109
2006	14,717,778	15,283,259	1,420,128	1,474,692
2007	20,226,914	22,154,342	1,570,993	1,720,693
2008	24,673,342	25,228,366	1,652,151	1,689,316
2009	24,464,364	24,562,614	1,510,465	1,516,531
2010	19,971,753	19,832,923	1,531,250	1,520,606
2011	16,573,745	16,673,788	1,473,806	1,482,702
2012	15,288,985	15,942,633	1,356,605	1,414,604
2013	15,075,763	15,970,088	1,387,049	1,469,332
2014	15,668,183	16,739,512	1,403,246	1,499,194

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

2015 information not available.

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

**Source:**  
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/14

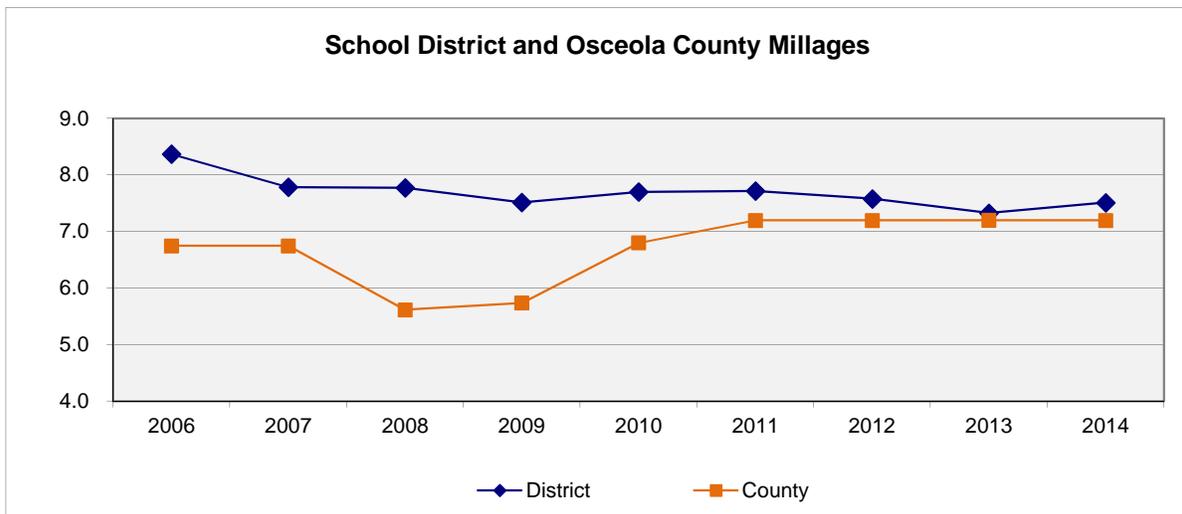
Centrally Assessed Property		Total		Total Direct Rate <sup>(1)</sup>
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$ 6,182	\$ 6,549	\$ 13,592,210	\$ 14,398,528	\$ 8.514
3,790	3,936	16,141,696	16,761,887	8.367
4,562	4,997	21,802,469	23,880,032	7.782
4,495	4,596	26,329,988	26,922,278	7.772
3,785	3,800	25,978,614	26,082,945	7.513
4,129	4,100	21,507,132	21,357,629	7.699
3,677	3,699	18,051,228	18,160,189	7.715
4,083	4,258	16,649,673	17,361,495	7.577
4,184	4,432	16,466,996	17,443,852	7.323
4,365	4,663	17,075,794	18,243,369	7.509

**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
2006	5.369	2.000	0.510	0.250	0.238	8.367	6.744
2007	5.022	2.000	0.510	0.250		7.782	6.744
2008	5.052	2.000	0.510	0.210		7.772	5.615
2009	5.059	1.750	0.498	0.206		7.513	5.736
2010	5.201	1.500	0.748	0.250		7.699	6.797
2011	5.217	1.500	0.748	0.250		7.715	7.196
2012	5.329	1.500	0.748			7.577	7.195
2013	5.075	1.500	0.748			7.323	7.197
2014	5.261	1.500	0.748			7.509	7.196
2015	5.127	1.500	0.748			7.375	N/A

**Source:**  
 District records  
 Osceola County 2015 information not available



Schedule 10  
District School Board of Osceola County  
Principal Osceola County Property Tax Payers  
September 30, 2014 and Nine Years Earlier  
(In thousands)  
Unaudited

Taxpayer	September 30, 2014			September 30, 2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westgate Properties/Resorts/Towers	\$ 774,138	1	4.53%	\$		
The Walt Disney Company	587,162	2	3.44%	515,003	2	3.50%
Lando Resorts Corporation	385,273	3	2.26%	149,108	7	1.01%
Duke Energy Florida LLC	282,423	4	1.65%			
Star Island/Vacation Break/Wyndham	267,324	5	1.57%			
Tempus Palms International	256,535	6	1.50%	234,205	4	1.59%
G.P. Limited Partnership	251,925	7	1.48%	229,634	5	1.56%
Silver Lake Resort	110,047	8	0.64%	72,117	14	0.49%
Omni-Championsgate Resort Hotel LLC	105,750	9	0.62%	108,929	10	0.74%
Osceola Regional Hospital Inc	98,060	10	0.57%	103,125	11	0.70%
Central Florida Investments				548,960	1	3.73%
Fairfield Communities				255,078	3	1.73%
Florida Power Corporation				196,585	6	1.34%
Reliant Energy Osceola LLC				145,053	8	0.99%
Embarq Florida Inc/Sprint				119,951	9	0.82%
Total taxable assessed value ten largest taxpayers	3,118,637		18.26%	2,677,748		18.20%
Total taxable assessed value all other taxpayers	13,957,157		81.74%	12,040,030		81.80%
Total taxable assessed value all taxpayers	\$ 17,075,794		100.00%	\$ 14,717,778		100.00%

Source:  
Osceola County Comprehensive Annual Financial Report, FYE 9/30/14

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
2006	\$ 135,485,708	\$ 130,105,098	96.03%	\$ 91,059	\$ 130,196,157	96.10%
2007	171,119,959	160,954,578	94.06%	26,733	160,981,311	94.08%
2008	206,374,025	195,550,937	94.76%	1,962,978	197,513,915	95.71%
2009	203,106,867	195,727,342	96.37%	981,585	195,727,342	96.37%
2010	174,578,023	168,042,178	96.26%	845,047	168,887,225	96.74%
2011	148,427,619	141,992,906	95.66%	914,896	142,907,802	96.28%
2012	134,835,605	128,901,673	95.60%	555,818	129,457,491	96.01%
2013	128,129,837	123,305,931	96.24%	462,603	123,768,534	96.60%
2014	137,619,241	131,876,045	95.83%	550,115	132,426,160	96.23%
2015	144,752,427	139,488,248	96.36%		139,488,248	96.36%

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
2006	\$ 5,962,320	\$ 30,495,288	\$ 63,716,002	\$ 194,270,400
2007	7,763,937	28,391,020	104,795,299	188,836,531
2008	3,794,475	26,173,571	100,475,993	183,202,405
2009	2,554,486	23,836,843	95,971,687	177,228,279
2010	1,454,074	21,374,409	91,284,157	211,997,778
2011	669,702	18,779,496	86,957,159	206,341,984
2012	343,646	16,044,967	82,639,229	199,375,637
2013	93,280	13,163,292	76,149,609	193,328,587
2014		10,126,547	68,906,000	186,625,000
2015		6,926,368	66,112,180	182,465,005

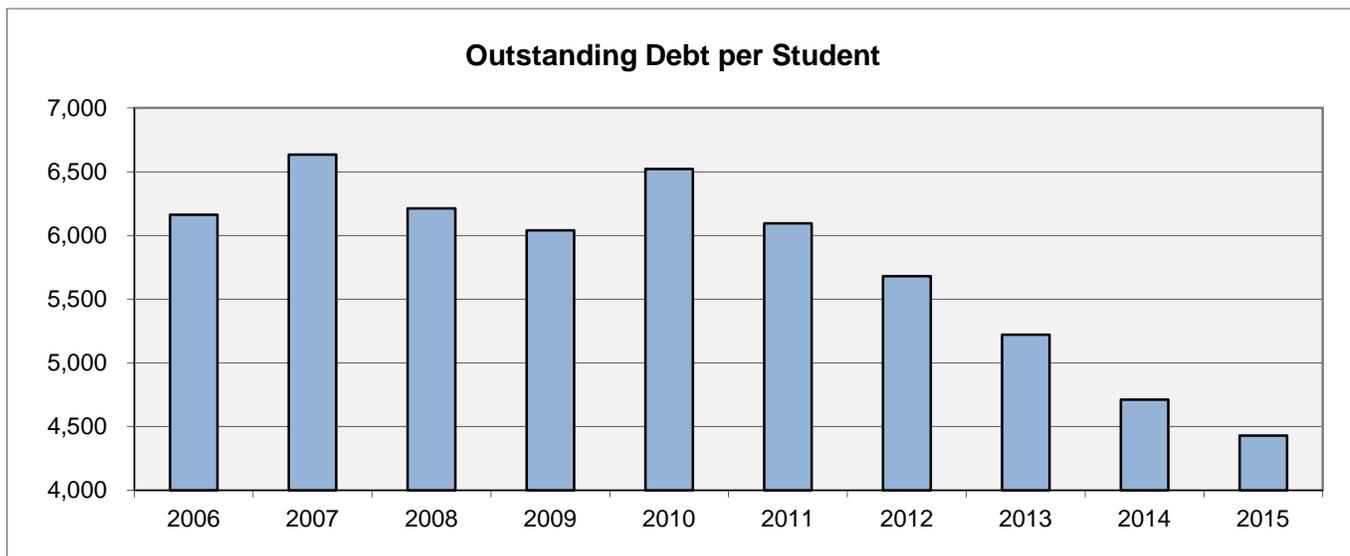
(1) Schedule 16 Personal Income (thousands) divided by Total Debt.

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

N/A = Not Available

Source:

District records



<b>EFBD Agreement Payable</b>		<b>Total</b>	<b>Percentage of Personal Income <sup>(1)</sup></b>	<b>Outstanding Debt Per Student <sup>(2)</sup></b>	
\$	8,805,939	\$ 303,249,949	1.71%	\$	6,162
	8,912,464	338,699,251	1.69%		6,633
	9,023,280	322,669,724	1.89%		6,213
	9,139,035	308,730,330	1.97%		6,040
	9,519,989	335,630,407	2.03%		6,522
	9,715,198	322,463,539	2.18%		6,096
	9,346,115	307,749,594	2.44%		5,680
	8,973,589	291,708,357	2.69%		5,219
	4,020,439	269,677,986	2.99%		4,710
	3,863,449	259,367,002	N/A		4,428

Schedule 13  
 District School Board of Osceola County  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2015  
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
<b>Osceola County</b>			
Limited General Obligation Bonds	\$ 31,350,000	100.00%	\$ 31,350,000
Revenue Bonds	371,960,000	100.00%	371,960,000
Special Assessment Bonds	2,675,000	100.00%	2,675,000
Subtotal, overlapping debt			405,985,000
<b>District direct debt</b>			259,367,002
<b>Total direct and overlapping debt</b>			\$ 665,352,002

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

**Source:**

District records  
 Osceola County Comprehensive Annual Financial Report, FYE 9/30/14

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

	Fiscal Year		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assessed value	\$ 13,592,210	\$ 16,141,696	\$ 21,802,469
Debt limit (10% of assessed value)	1,359,221	1,614,170	2,180,247
Debt applicable to limit:			
Bonds payable	<u>66,275</u>	<u>63,716</u>	<u>104,795</u>
Total net debt applicable to limit	<u>66,275</u>	<u>63,716</u>	<u>104,795</u>
Legal debt margin	<u>\$ 1,292,946</u>	<u>\$ 1,550,454</u>	<u>\$ 2,075,452</u>
Total net debt applicable to the limit as a percentage of debt limit	4.88%	3.95%	4.81%

**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.

2015 information not available.

**Source:**

District records  
Osceola County Comprehensive Annual Financial Report, FYE 9/30/14

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 26,329,988	\$ 25,978,614	\$ 21,507,132	\$ 18,051,228	\$ 16,649,673	\$ 16,466,996
2,632,999	2,597,861	2,150,713	1,805,123	1,664,967	1,646,700
100,476	95,972	91,284	86,957	82,639	77,371
100,476	95,972	91,284	86,957	82,639	77,371
<u>\$ 2,532,523</u>	<u>\$ 2,501,889</u>	<u>\$ 2,059,429</u>	<u>\$ 1,718,166</u>	<u>\$ 1,582,328</u>	<u>\$ 1,569,329</u>
3.82%	3.69%	4.24%	4.82%	4.96%	4.70%

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

Fiscal Year	Sales Tax Revenue Bonds				
	Local Sales Tax Revenue	Debt Service		Coverage	
		Principal	Interest		
2006	\$ 7,948,681	\$	\$	2,112,393	376.3%
2007	9,998,541	1,420,000		2,112,393	283.1%
2008	10,292,844	3,235,000		3,996,563	142.3%
2009	9,143,244	3,370,000		3,864,203	126.4%
2010	9,035,938	3,510,000		3,724,783	124.9%
2011	9,511,482	3,645,000		3,587,442	131.5%
2012	9,925,207	3,790,000		3,441,102	137.3%
2013	10,416,923	3,950,000		3,279,877	144.1%
2014	10,600,770	4,125,000		3,109,678	146.5%
2015	12,129,743	4,300,000		2,929,688	167.8%

Source: District records

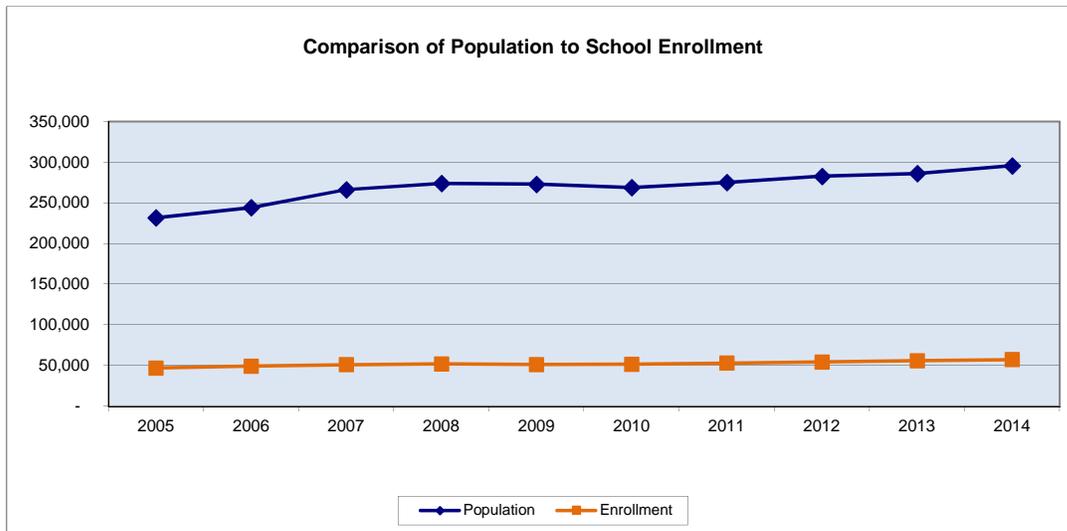
Schedule 16  
 District School Board of Osceola County  
 Demographic and Economic Statistics  
 Last Ten Calendar Years  
 Unaudited

Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	231,482	\$ 4,611,683	\$ 21,025	34.3	46,891	3.8%
2006	244,045	5,195,652	22,514	34.5	49,214	3.1%
2007	266,123	5,708,018	23,359	34.9	51,060	4.3%
2008	273,709	6,087,831	23,797	34.4	51,934	6.4%
2009	272,788	6,086,173	22,311	34.6	51,118	11.3%
2010	268,685	6,814,171	25,180	35.6	51,458	12.4%
2011	275,010	7,022,084	26,033	35.5	52,900	11.6%
2012	282,676	7,503,530	27,171	36.0	54,197	9.4%
2013	286,001	7,851,188	27,316	35.9	55,892	7.2%
2014	295,553	8,065,185	27,019	35.9	57,252	6.7%

Note: Information not available for 2015

Sources:

State of Florida Office of Economic and Demographic Research  
 District records



Schedule 17  
District School Board of Osceola County  
Osceola County Principal Employers  
September 30, 2014 and Nine Years Earlier  
Unaudited

Employer	September 30, 2014			September 30, 2005 <sup>(4)</sup>		
	Employees	Rank	Percentage of Total Labor Force Employed	Employees	Rank	Percentage of Total Labor Force Employed
Total Labor Force Employed <sup>(1)</sup>	142,437			105,659		
Osceola School District <sup>(2)</sup>	7,009	1	4.92%	5,607	1	5.31%
Walt Disney World (Osceola County only) <sup>(3)</sup>	3,700	2	2.60%	1,450	3	1.37%
Osceola County Government	3,556	3	2.50%	1,563	2	1.48%
Wal-Mart Stores, Inc.	2,730	4	1.92%			
Florida Hospital Celebration/Kissimmee	2,050	5	1.44%	1,504	5	1.42%
Gaylord Palms Resort & Convention Center	1,553	6	1.09%			
Osceola Regional Medical Center	1,400	7	0.98%	522	8	0.49%
Publix Supermarkets	1,350	8	0.95%			
McLane/Suneast Incorporated	900	9	0.63%			
Omni Champions Gate Resort	750	10	0.53%			
Total principal employers	24,998		17.55%	10,646		10.08%

**Note:**

- <sup>(1)</sup> Total Labor Force Employed for Osceola County as reported by the Orlando Economic Development Commission.
- <sup>(2)</sup> School District employees are shown as of June 30, 2014 and 2005. (See Schedule 18)
- <sup>(3)</sup> Walt Disney World is a primary employer. Total employment in 2014 ranged between 54,000 and 60,000 employees. Number of employees from Osceola County is estimated.
- <sup>(4)</sup> Only the top five employers could be determined with available data.

**Source:**

Osceola County Comprehensive Annual Financial Report, FYE 9/30/14  
Orlando Economic Development Commission  
District records

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

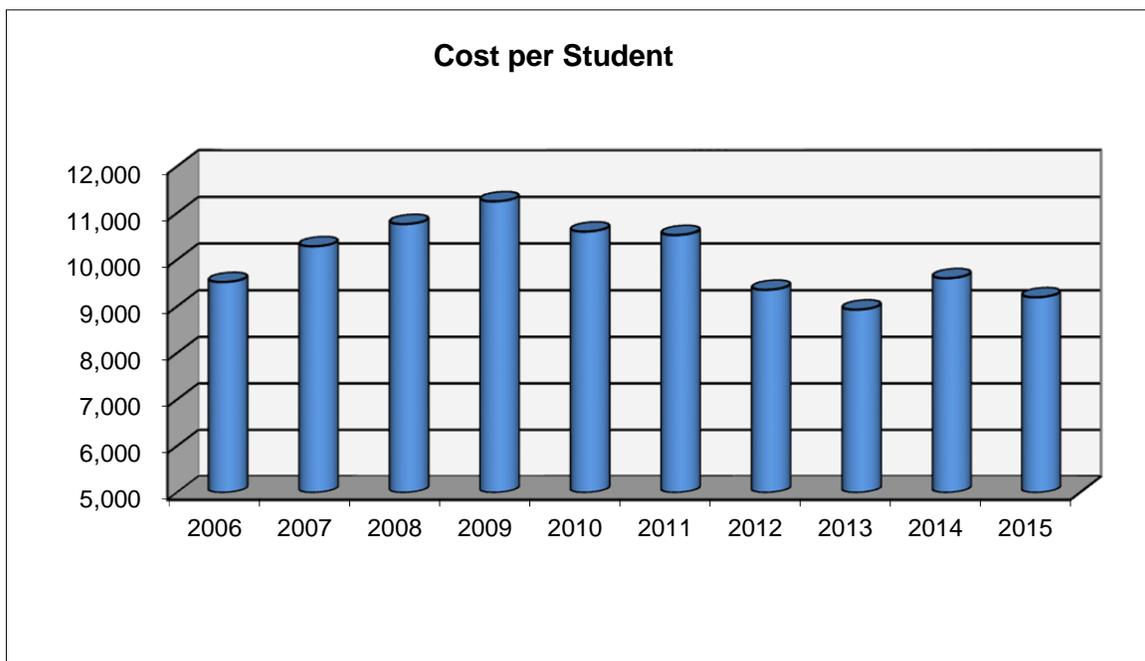
	Full-time-Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Supervisory</b>										
Officials, Administrators and Managers	42	43	44	44	44	43	43	51	69	61
Consultants/Supervisors of Instruction	5	7	8	8	11	11	11	11	10	7
Principals	46	45	48	52	55	55	55	58	61	60
Assistant Principals	64	66	70	63	66	69	64	69	71	81
Deans/Curriculum Coordinators	2	4	7	2	5	6	9	9	8	6
Total supervisory	159	165	177	169	181	184	182	198	219	215
<b>Instruction</b>										
Classroom Teachers, Elementary (PK, K-5)	1,157	1,242	1,297	1,290	1,291	1,401	1,438	1,447	1,463	1,509
Classroom Teachers, Secondary (6-12)	1,138	1,210	1,336	1,279	1,245	1,307	1,359	1,405	1,417	1,460
Exceptional Education Teachers	399	424	421	407	410	411	395	402	437	437
Other Teachers	76	86	93	80	102	118	127	130	135	156
Total instruction	2,770	2,962	3,147	3,056	3,048	3,237	3,319	3,384	3,452	3,562
<b>Student Services</b>										
Guidance Counselors	95	93	97	90	92	99	98	100	100	107
Social Workers	11	13	14	14	12	9	9	11	10	10
School Psychologists	31	34	34	37	33	31	31	30	32	33
Librarians/Audio-Visual Workers	39	39	46	45	47	48	47	45	46	45
Other Professional Staff, Instructional	321	334	387	356	267	261	262	277	304	321
Other Professional Staff, Non-Instructional	190	196	210	224	199	190	186	183	183	189
Aides	805	779	775	696	575	666	694	728	786	817
Technicians	78	96	107	102	110	65	124	119	124	127
Total student services	1,570	1,584	1,670	1,564	1,335	1,369	1,451	1,493	1,585	1,649
<b>Support and Administration</b>										
Clerical/Secretarial	508	539	561	564	537	536	494	519	518	538
Service Workers	1,162	1,275	1,331	1,301	1,101	1,108	1,101	1,147	1,150	1,162
Skilled Crafts Workers	63	65	71	72	67	66	66	67	66	70
Unskilled Laborers	18	23	26	23	22	21	20	24	19	21
Total support and administration	1,751	1,902	1,989	1,960	1,727	1,731	1,681	1,757	1,753	1,791
<b>Total</b>	<b>6,250</b>	<b>6,613</b>	<b>6,983</b>	<b>6,749</b>	<b>6,291</b>	<b>6,521</b>	<b>6,633</b>	<b>6,832</b>	<b>7,009</b>	<b>7,217</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
2006	\$ 468,804,774	49,214	\$ 9,526	39
2007	525,448,997	51,060	10,291	43
2008	559,183,622	51,934	10,767	43
2009	575,280,841	51,118	11,254	47
2010	545,771,425	51,458	10,606	46
2011	557,115,622	52,900	10,531	47
2012	507,240,605	54,197	9,359	47
2013	499,401,847	55,892	8,935	47
2014	549,979,876	57,252	9,606	47
2015	538,758,468	58,569	9,199	47

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



Number of Classroom Teachers	Pupil/Teacher Ratio	Percentage of Students Receiving Free/Reduced Meals	
		Osceola	Statewide
2,770	17.8	55.7%	45.8%
2,962	17.2	57.2%	45.4%
3,147	16.5	58.7%	45.8%
3,056	16.7	62.7%	49.6%
3,048	16.9	67.4%	53.5%
3,237	16.3	68.4%	56.0%
3,319	16.3	70.7%	57.6%
3,384	16.5	71.7%	58.6%
3,452	16.6	64.1%	54.2%
3,562	16.4	64.6%	51.3%

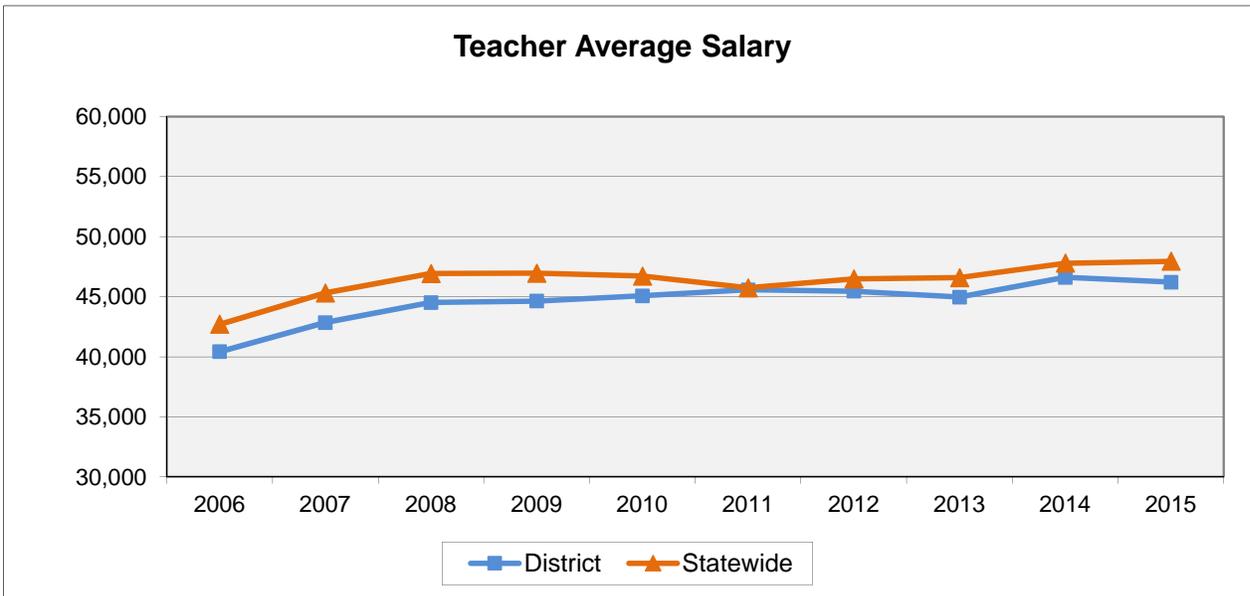
Schedule 20  
 District School Board of Osceola County  
 Teacher Salaries  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year	Minimum Salary <sup>(1)</sup>	Maximum Salary <sup>(1)</sup>	Osceola Average Salary <sup>(2)</sup>	Statewide Average Salary <sup>(2)</sup>
2006	\$ 33,400	\$ 58,850	\$ 40,418	\$ 42,705
2007	36,000	61,275	42,851	45,307
2008	37,500	65,685	44,519	46,930
2009	37,500	65,685	44,639	46,950
2010	37,650	66,185	45,070	46,708
2011	37,800	66,485	45,574	45,732
2012	38,036	66,485	45,457	46,479
2013	38,036	66,485	44,965	46,583
2014	39,445	67,894	46,606	47,780
2015	39,500	67,935	46,211	47,950

Source:

<sup>(1)</sup> District records

<sup>(2)</sup> Florida Department of Education  
 Education Information and Accountability Services



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

	Current		Unweighted Full-Time Equivalent Enrollment Data			
	Square	Student	Enrollment Data			
	Footage	Capacity	2014-15	2013-14	2012-13	2011-12
<b>Elementary Schools (Placed in Service)</b>						
Boggy Creek (1982)	103,810	896	714	746	720	718
Central Avenue (1934)	131,693	1,016	712	736	711	686
Chestnut (2005)	124,788	1,088	752	697	671	683
Cypress (1991)	109,578	800	726	718	755	727
Deerwood (1990)	130,077	990	672	651	676	698
East Lake (2010)	116,807	1,092	974	920	867	859
Flora Ridge (2007)	122,977	1,062	921	949	1,122	1,071
Hickory Tree (1983)	131,734	954	716	653	620	604
Highlands (1959)	136,453	1,075	938	916	963	905
Kissimmee (2000)	130,749	1,118	996	1,036	843	835
Koa (2009)	108,348	898	759	783	816	863
Lakeview (1985)	113,017	808	649	656	645	637
Michigan Avenue (1971)	96,385	738	645	634	618	608
Mill Creek (1986)	141,177	1,120	975	868	786	867
Narcoossee (2009)	113,913	920	767	717	748	734
Neptune (2007)	119,701	1,066	984	907	886	882
Partin Settlement (2002)	127,376	895	791	854	790	818
Pleasant Hill (1986)	140,278	1,056	890	891	880	936
Poinciana Academy of Fine Arts (2001)	142,990	890	765	749	714	707
Reedy Creek (1980)	106,031	990	967	909	730	763
Saint Cloud (2005)	125,891	1,098	970	971	924	921
Sunrise (2005)	124,266	1,176	1,001	928	814	817
Thacker Avenue (1963)	145,787	928	891	850	791	729
Ventura (1987)	135,995	1,084	946	919	967	917
Total Elementary Schools			20,121	19,658	19,057	18,985
<b>Middle Schools (Placed in Service)</b>						
Denn John (1973)	132,401	1,431	1,022	1,140	1,169	1,181
Discovery (2000)	278,322	1,638	1,138	1,193	1,219	1,291
Horizon (1993)	175,552	1,734	1,220	1,213	1,158	1,199
Kissimmee (1995)	179,668	1,876	1,258	1,300	1,307	1,215
Narcoossee (2000)	186,914	1,587	1,090	1,092	1,069	1,041
Neptune (1987)	186,051	1,660	1,296	1,369	1,385	1,399
Parkway (1986)	154,739	1,312	938	1,018	1,011	929
Saint Cloud (1974)	137,084	1,593	1,172	1,139	1,180	1,230
Total Middle Schools			9,134	9,464	9,498	9,485
<b>High Schools (Placed in Service)</b>						
Celebration (2001)	344,743	2,735	2,155	2,005	1,995	1,864
Gateway (1981)	292,871	2,832	2,417	2,421	2,317	2,241
Harmony (2004)	329,119	2,582	1,822	1,782	1,806	1,858
Liberty (2007)	303,370	2,331	1,914	1,873	1,898	2,052
Osceola (1962)	324,276	2,951	2,543	2,477	2,285	2,080
PATHS Technical Education Center (1990)	166,339	1,560	460	641	681	694
Poinciana (1991)	308,052	1,870	1,548	1,416	1,447	1,348
Saint Cloud (1962)	272,021	2,281	2,214	2,073	2,057	1,886
Total High Schools			15,073	14,688	14,486	14,023
<b>Multilevel Schools (Placed in Service)</b>						
Celebration (1995)	219,014	1,936	1,279	1,280	1,282	1,319
Harmony (2007)	106,691	915	830	855	799	800
New Beginnings Educational Complex (2009)	75,372	816	231	229	269	296
Osceola County School for the Arts (2002)	177,693	1,068	911	859	852	828
Westside K-8 (2009)	189,495	1,697	1,487	1,351	1,523	1,359
Total Multilevel Schools			4,738	4,574	4,725	4,602
Total K-12 Schools			49,066	48,384	47,766	47,095

**Note:** The District's two adult schools, Technical Education Center Osceola (TECO) and TECO West, are not included in this report.

**Source:**  
Florida Department of Education, Educational Facilities Summary Report

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
702	698	711	740	825	858
608	610	661	716	850	850
664	680	982	1,084	1,117	1,037
728	797	789	815	930	982
636	685	976	1,079	1,074	1,049
764					
994	967	950	750		
607	514	563	899	909	744
755	735	767	794	779	853
801	725	726	744	1,063	1,157
860	881				
636	685	717	725	1,016	928
635	700	688	950	992	997
908	978	997	1,045	952	952
620	1,129	1,127			
828	737	660	707		
782	857	971	963	1,024	957
935	951	1,039	991	991	970
704	615	916	1,017	1,112	1,153
813	784	1,150	1,138	989	901
901	836	832	989	984	797
827	799	895	896	990	737
777	685	589	642	695	718
897	977	1,004	1,120	1,128	1,106
<u>18,382</u>	<u>18,025</u>	<u>18,710</u>	<u>18,804</u>	<u>18,420</u>	<u>17,746</u>
1,156	1,148	1,132	1,083	1,157	1,236
1,376	1,398	1,471	1,596	1,619	1,593
1,209	1,163	1,472	1,553	1,609	1,423
1,182	1,119	1,151	1,106	1,030	1,112
892	666	663	1,738	1,579	1,362
1,281	1,423	1,449	1,473	1,509	1,432
871	897	889	886	1,023	1,029
1,349	1,204	1,200	1,216	1,311	1,200
<u>9,316</u>	<u>9,018</u>	<u>9,427</u>	<u>10,651</u>	<u>10,837</u>	<u>10,387</u>
1,860	1,694	1,654	1,704	1,847	1,738
2,287	2,324	2,377	2,333	2,269	2,354
1,832	1,880	1,859	1,891	1,696	1,481
2,146	2,062	1,974	2,020		
1,963	1,945	2,147	2,359	2,433	2,374
681	684	691	696	660	685
1,230	1,203	1,366	2,785	2,785	2,568
1,747	1,683	1,753	1,741	1,674	1,595
<u>13,746</u>	<u>13,475</u>	<u>13,821</u>	<u>15,529</u>	<u>13,364</u>	<u>12,795</u>
1,172	1,197	1,284	1,338	1,248	1,176
921	930	747			
268	288	334			
740	736	498	678	750	659
1,481	1,206				
<u>4,582</u>	<u>4,357</u>	<u>2,863</u>	<u>2,016</u>	<u>1,998</u>	<u>1,835</u>
<u>46,026</u>	<u>44,875</u>	<u>44,821</u>	<u>47,000</u>	<u>44,619</u>	<u>42,763</u>

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# SINGLE AUDIT SECTION



**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
<b>United States Department of Agriculture:</b>				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	321	\$ 5,742,243	\$
National School Lunch Program	10.555 <sup>(2)</sup>	300	20,676,193	
Summer Food Service Program for Children	10.555 <sup>(2)</sup>	323	910,006	
<b>Total United States Department of Agriculture</b>			<b>27,328,442</b>	
<b>United States Department of Education:</b>				
Direct:				
Federal Pell Grant Program	84.063	N/A	1,345,360	
NIST Summer Institute	11.609	N/A	7,932	
Project Aware!	93.243	N/A	35,496	
<b>Total Direct</b>			<b>1,388,788</b>	
Indirect:				
Title I, Part A Cluster:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	13,093,332	745,509
<b>Total Title I, Part A Cluster</b>			<b>13,093,332</b>	<b>745,509</b>
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	10,055,737	
Special Education - Preschool Grants	84.173	267	181,948	
<b>Total Special Education Cluster</b>			<b>10,237,685</b>	
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	687,521	
Migrant Education - State Grant Program	84.011	217	70,040	
Title I Program for Neglected and Delinquent Children	84.013	214	58,269	
Career and Technical Education - Basic Grants to States	84.048	161	679,193	1,358
Education for Homeless Children and Youth	84.196	127	120,000	
Charter Schools	84.282	298	12,632	12,632
Twenty-First Century Community Learning Centers	84.287	244	1,353,903	
English Language Acquisition Grants	84.365	102	1,369,644	22,882
Improving Teacher Quality State Grants	84.367	224	1,467,451	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top	84.395	RL1 RD2 RG3	695,104	
Incentive Grants, Recovery Act		RG4 RS6		
<b>Total Indirect</b>			<b>29,844,774</b>	<b>782,381</b>
<b>Total United States Department of Education</b>			<b>31,233,562</b>	<b>782,381</b>
<b>United States Department of Health and Human Services:</b>				
Indirect:				
Florida Department of Health:				
Early Learning Coalition of Osceola County:				
Child Care and Development Block Grant	93.575	None	1,858	
<b>Total United States Department of Health and Human Services</b>			<b>1,858</b>	
<b>United States Department of Defense:</b>				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	130,011	
Navy Junior Reserve Officers Training Corps	None	N/A	194,663	
Air Force Junior Reserve Officers Training Corps	None	N/A	82,036	
Marine Junior Reserve Officers Training Corps	None	N/A	40,405	
<b>Total United States Department of Defense</b>			<b>447,115</b>	
<b>Total Expenditures of Federal Awards</b>			<b>\$ 59,010,977</b>	<b>782,381</b>

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2014-15 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance.  
National School Lunch Program. Includes \$ 2,139,266 of donated food used during the 2014-15 fiscal year.  
Donated foods are valued at fair value as determined at the time of donation.



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Osceola County, Florida (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2015. Our report includes a reference to other auditors who audited the financial statements of the agency funds and aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
December 29, 2015



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the District School Board of Osceola County, Florida (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement*, that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

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

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

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report on the basic financial statements included disclosures regarding our reference to the reports of other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 (Cont.)**

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A." The signature is written in a cursive style.

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
December 29, 2015

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2015**

**Section I - Summary of Independent Auditor's Results**

**Financial Statements**

**Type of Auditor's Report Issued:**

**Unmodified Opinion**

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_ Yes       X  No

**Federal Awards**

Internal control over major programs:

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

Type of report issued on compliance for major federal program: **Unmodified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_ Yes       X  No

**Identification of Major Programs:**

**CFDA Numbers**

**Name of Federal Program or Cluster**

84.027 and 84.173	Special Education Cluster
84.287	Twenty-First Century Community Learning Centers
84.365	English Language Acquisition Grants
84.367	Improving Teacher Quality State Grants
84.395	ARRA – Race to the Top Incentive Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$1,770,329

Auditee qualified as low-risk auditee?  X  Yes      \_\_\_ No

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

**For The Year Ended June 30, 2015**

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

No matters are reported.

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

No matters are reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**For The Year Ended June 30, 2015**

**FEDERAL AUDIT FINDINGS**

No matters are reported.



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined The District School Board of Osceola County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2015.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
December 29, 2015



MOORE STEPHENS  
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

### Report on Financial Statements

We have audited the financial statements of the District School Board of Osceola County, Florida (the "District") as of and for the year ended June 30, 2015, and have issued our report thereon dated December 29, 2015.

### Auditor's Responsibility

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; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and Chapter 10.800, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on a Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance and Report on the Expenditures of Federal Awards Required by OMB Circular A-133, Schedule of Findings and Questioned Costs; and our Independent Accountant's Report in accordance with the provisions of Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated December 29, 2015, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General* requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. In conjunction with our audit, the District took corrective action on all findings identified in the preceding annual financial report.

### Financial Condition

Section 10.804(1)(f)2., *Rules of the Auditor General* requires a statement be included as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of specific condition(s) met. In conjunction with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

### **Financial Condition (Cont.)**

Pursuant to Sections 10.804(1)(f)5a. and 10.805(6), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by the same. The assessment was prepared as of fiscal year end.

### **Transparency**

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the District maintains on its web site the information specified in Section 1011.035, Florida Statutes. (Section 1011.035, Florida Statutes, provides that district school boards include a plain-language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we determined that the District maintained on its web site the information specified in Section 1011.35, Florida Statutes.

### **Other Matters**

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In conjunction with our audit, we did not have any such findings.

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In conjunction with our audit, we did not have any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the District School Board members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
December 29, 2015

## **APPENDIX B**

Four Corners Charter School, Inc. 2015 Audited Financial Statements

**FOUR CORNERS  
CHARTER SCHOOL, INC.**

**Basic Financial Statements and  
Supplemental Information**

**For the year ended  
June 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Four Corners Charter School, Inc.  
Kissimmee, Florida

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, and each major fund of Four Corners Charter School, Inc. (the "Corporation") a component unit of the School Board of Osceola County, Florida as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2015 on our consideration of the Corporation'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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

September 19, 2015  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## Management's Discussion and Analysis

As management of Four Corners Charter School, Inc. (the "Corporation") a component unit of the School Board of Osceola County, Florida, we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended June 30, 2015 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the Corporation's financial activities, (c) identify changes in the Corporation's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since 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 basic financial statements found starting on page 8.

### Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$3,845,482.
- The Corporation's total net position increased by \$146,802.
- As of the close of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances \$2,209,074.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$969,937.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The statement of activities presents information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, general administration, and facilities are examples of the Corporation's governmental activities.

The government-wide financial statements include only the Corporation itself, which is a component unit of the School District of Osceola County, Florida. The School District of Osceola County, Florida includes the operations of the Corporation in their operational results.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements.** A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the Corporation are presented in governmental funds only.

**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 fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable 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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Corporation's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances. The general fund and capital outlay fund are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

The Corporation adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and notes to these schedules have been provided to demonstrate compliance with this budget and can be found on pages 26 through 28 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

## Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$3,845,482 at the close of the most recent fiscal year.

The largest portion of the Corporation's net position is the unrestricted portion. Another portion of the Corporation's net position reflects its net investment in capital assets (e.g. furniture, fixtures and equipment; improvements other than buildings; leasehold improvements; IT equipment; and software). The Corporation uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The net investment in capital assets totaled \$1,636,408 at June 30, 2015.

Comparison of the condensed statement of net position and the statement of activities are provided below:

### Four Corners Charter School, Inc. Statement of Net Position

	Governmental Activities		
	2015	2014	Variance
<b>ASSETS</b>			
Current assets	\$2,962,068	\$2,474,165	\$ 487,903
Capital assets, net of accumulated depreciation	1,636,408	1,719,158	(82,750)
Total assets	4,598,476	4,193,323	405,153
<b>LIABILITIES</b>			
Current liabilities	752,994	494,643	258,351
Total liabilities	752,994	494,643	258,351
<b>NET POSITION</b>			
Net investment in capital assets	1,636,408	1,719,158	(82,750)
Unrestricted	2,209,074	1,979,522	229,552
Total net position	\$3,845,482	\$3,698,680	\$ 146,802

Current assets and liabilities increased from prior year due to the timing of the facility lease payments and management fees made subsequent to year end. Capital assets decreased from prior year due to current year depreciation expense.

**Four Corners Charter School, Inc.**  
**Statement of Activities**

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Variance</b>
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 386,159	\$ 461,745	\$ (75,586)
General revenues:			
State passed through local school district	6,551,837	6,370,880	180,957
Other revenues	-	7,556	(7,556)
Interest income	659	652	7
Total revenues	<u>6,938,655</u>	<u>6,840,833</u>	<u>97,822</u>
Expenses:			
Basic instruction	4,705,553	4,769,021	(63,468)
Board of directors	9,000	6,800	2,200
General administration	733,942	714,983	18,959
Facilities	1,343,358	1,341,646	1,712
Total expenses	<u>6,791,853</u>	<u>6,832,450</u>	<u>(40,597)</u>
Change in net position	146,802	8,383	138,419
Net position - beginning	<u>3,698,680</u>	<u>3,690,297</u>	<u>8,383</u>
Net position - ending	<u><u>\$ 3,845,482</u></u>	<u><u>\$ 3,698,680</u></u>	<u><u>\$ 146,802</u></u>

State passed through local school district revenues increased due to an overall increase in funding from the state of Florida. Operating grants and contributions and basic instruction expenses decreased due to a lower capital outlay funding this year. General administration expenditure increased due to higher administration fees being calculated based on increased funding.

**Financial Analysis of the Government's Funds**

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

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

As of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances of \$2,209,074.

The general fund is the main operating fund of the Corporation. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$969,937.

The fund balance of the Corporation's general fund increased by \$229,552 during the current fiscal year.

## **General Fund Budgetary Highlights**

Actual general fund revenues exceeded budgeted revenues by \$9. Budgeted general fund expenditures exceeded actual expenditures by \$86,874 because expenditures related to the general administration were less than projected. As a result, the budgeted increase in fund balance exceeded the actual increase in fund balance by \$87,452. The budgetary information can be found on pages 26 through 28 of this report.

## **Capital Asset and Debt Administration**

**Capital Assets.** The Corporation's investment in capital assets for its governmental type activities as of June 30, 2015, amounts to \$1,636,408 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment, improvements other than buildings, leasehold improvements, IT equipment, computer equipment and audio visual equipment.

**Economic Factors.** A majority of the Corporation's funding is determined by the number of enrolled students. The Corporation is forecasting enrollment to remain at capacity at approximately 685 students for the 2015-16 school year.

## **Request for Information**

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Migdalia Gonzalez Mercado, Director of Finance at the School District of Osceola County, Florida, 817 Bill Beck Boulevard, Kissimmee, Florida, 34744-4495.

Four Corners Charter School, Inc.

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 2,957,706
Accounts receivable	4,362
Total current assets	<u>2,962,068</u>
<b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	37,279
Improvements other than buildings	24,104
Leasehold improvements	1,360,418
IT equipment	211,636
Software	2,971
Total capital assets	<u>1,636,408</u>
Total assets	<u>4,598,476</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Due to management company	752,994
Total liabilities	<u>752,994</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,636,408
Unrestricted	2,209,074
Total net position	<u>\$ 3,845,482</u>

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

Four Corners Charter School, Inc.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 4,705,553	\$ -	\$ -	\$ -	\$ (4,705,553)
Board of directors	9,000	-	-	-	(9,000)
General administration	733,942	-	-	-	(733,942)
Facilities	1,343,358	-	386,159	-	(957,199)
Total governmental activities	<u>\$ 6,791,853</u>	<u>\$ -</u>	<u>\$ 386,159</u>	<u>\$ -</u>	<u>(6,405,694)</u>
General revenues:					
State passed through local school district					6,551,837
Interest income					659
Total general revenues					<u>6,552,496</u>
Change in net position					146,802
Net position at July 1, 2014					<u>3,698,680</u>
Net position at June 30, 2015					<u>\$ 3,845,482</u>

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

**Four Corners Charter School, Inc.**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2015**

	General Fund	Capital Outlay Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 2,957,706	\$ -	\$ 2,957,706
Accounts receivable	4,362	-	4,362
Total assets	\$ 2,962,068	\$ -	\$ 2,962,068
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to management company	\$ 752,994	\$ -	\$ 752,994
Total liabilities	752,994	-	752,994
<b>FUND BALANCES</b>			
Assigned	1,239,137	-	1,239,137
Unassigned	969,937	-	969,937
Total fund balances	2,209,074	-	2,209,074
Total liabilities and fund balances	\$ 2,962,068	\$ -	\$ 2,962,068

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

Four Corners Charter School, Inc.

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

June 30, 2015

Fund balances - total governmental funds		\$ 2,209,074
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Furniture, fixtures and equipment, net	\$ 37,279	
Improvements other than buildings, net	24,104	
Leasehold improvements, net	1,360,418	
IT equipment, net	211,636	
Software	<u>2,971</u>	
Total capital assets		<u>1,636,408</u>
Total net position of governmental activities		<u>\$ 3,845,482</u>

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

**Four Corners Charter School, Inc.**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**

**For the year ended June 30, 2015**

	General Fund	Capital Outlay Fund	Total Governmental Funds
<b>Revenues</b>			
State passed through local school district	\$ 6,551,837	\$ 386,159	\$ 6,937,996
Other revenues	659	-	659
Total revenues	<u>6,552,496</u>	<u>386,159</u>	<u>6,938,655</u>
<b>Expenditures</b>			
Current:			
Basic instruction	4,581,613	-	4,581,613
Board of directors	9,000	-	9,000
General administration	733,942	-	733,942
Facilities	1,120,031	-	1,120,031
Fixed capital outlay	<u>264,517</u>	<u>-</u>	<u>264,517</u>
Total expenditures	<u>6,709,103</u>	<u>-</u>	<u>6,709,103</u>
Excess (deficiency) of revenues over (under) expenditures	(156,607)	386,159	229,552
<b>Other financing sources and (uses)</b>			
Transfers in	386,159	-	386,159
Transfers out	<u>-</u>	<u>(386,159)</u>	<u>(386,159)</u>
Total other financing sources (uses)	<u>386,159</u>	<u>(386,159)</u>	<u>-</u>
Net change in fund balances	229,552	-	229,552
Fund balances at July 1, 2014	<u>1,979,522</u>	<u>-</u>	<u>1,979,522</u>
Fund balances at June 30, 2015	<u><u>\$ 2,209,074</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,209,074</u></u>

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

Four Corners Charter School, Inc.

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Net change in fund balances - total government funds		\$	229,552
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Total fixed capital outlay	\$	264,517	
Less: depreciation		<u>(347,267)</u>	<u>(82,750)</u>
Change in net position of governmental activities		\$	<u>146,802</u>

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

**Four Corners Charter School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Four Corners Charter School, Inc. (the "Corporation"), which is a component unit of the School District of Osceola County, Florida is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the Corporation is the Board of Directors, which is comprised of five members.

The Corporation was formed to operate Four Corners Charter School (the "School") in Osceola County, Florida. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under charter of the sponsoring school district, the School District of Osceola County, Florida (the "District"). The current charter is effective until June 30, 2030. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the Corporation in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the Corporation with public funds and any unencumbered public funds revert back to the District. The Corporation is considered a component unit of the School District of Osceola County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the Corporation. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Corporation does not engage in any business type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets, restricted net assets, and unrestricted net assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the Corporation has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

**Four Corners Charter School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-wide and fund financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the Corporation's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The Corporation reports the general fund and capital outlay fund as its major funds. Reconciliations are provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. 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 recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditure only when payment is due.

The Corporation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Corporation reports the following major governmental funds:

General Fund - is the general operating fund of the Corporation and is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with the guidelines established by the District, this fund accounts for all resources for the leasing and acquisition of capital facilities by the Corporation to the extent funded by capital outlay funds.

The Corporation has contracted operations of the School to a commercial management company. The management company accounts for certain school level assets, liabilities, revenues and expenses that are not a part of the Corporation. These items, including the functional classification of expenses, are not reported in the Corporation's financial statements.

4. Cash

The Corporation's cash consists of a checking account held at a financial institution. Deposits are held and maintained by the District. The Corporation does not have any cash equivalents.

5. Interfund receivables, payables and transfers

Interfund receivables and payables represent activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are referred to as either due to/from other funds. The capital outlay fund transferred \$386,159 to the general fund for payment of rent expense related to the facilities sub-lease (see Note E-2).

6. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial individual cost of more than \$750 or a total invoice cost of greater than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital assets (continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	5
Improvements other than buildings	10
IT equipment	3
Computer equipment	3
Audio visual equipment	5

7. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the Corporation's charter agreement with the District. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the schools is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the schools during the designated FTE student survey periods.

The Corporation receives federal awards for the enhancement of various educational programs. The assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

8. Expenses

A commercial management company operates the School pursuant to a long-term contract with the Corporation. The management company is responsible for payment of virtually all operating expenses. Actual expenses paid by the management company may differ significantly from amounts paid and expensed by the Corporation. For this reason, functional detail of the Corporation's expenditures is not available and has not been presented in the financial statements.

**Four Corners Charter School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. Income taxes

The Corporation is a component unit of the School Board of Osceola County, Florida and therefore as a government is not required to file an income tax return.

10. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

11. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Corporation is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the Corporation itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Corporation takes the same highest level action to remove or change the constraint.

For the year ended June 30, 2015, the breakout of the fund balance is shown below:

Assigned fund balance - amounts the Corporation intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. The amount assigned by the Board of Directors is made up of the facility use fee \$1,089,137, as well as \$150,000 set aside each year to facilities and maintenance.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the general fund can report positive amounts of unassigned fund balance.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Fund balance classification (continued)

	<u>General Fund</u>
Assigned	
Facilities and maintenance	\$ 150,000
Facilities use fee	1,089,137
Unassigned	<u>969,937</u>
	<u>\$ 2,209,074</u>

The Corporation would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE B - CASH

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. The Corporation does not have a formal policy regarding custodial credit risk. The bank balance of the Corporation's deposits was \$2,924,798 at June 30, 2015. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Corporation pursuant to section 280.08, Florida Statutes.

**Four Corners Charter School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE C - CAPITAL ASSETS**

Changes in capital assets activity were as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 1,060,130	\$ 16,816	\$ -	\$ 1,076,946
Improvements other than buildings	34,167	23,867	-	58,034
Leasehold improvements	2,193,298	-	-	2,193,298
IT equipment	593,987	220,384	-	814,371
Computer equipment	77,232	3,450	-	80,682
Audio visual equipment	1,555	-	-	1,555
Total assets depreciated	<u>3,960,369</u>	<u>\$ 264,517</u>	<u>\$ -</u>	<u>4,224,886</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	1,014,588	\$ 25,079	\$ -	1,039,667
Improvements other than buildings	29,932	3,998	-	33,930
Leasehold improvements	613,551	219,329	-	832,880
IT equipment	504,353	98,382	-	602,735
Computer equipment	77,232	479	-	77,711
Audio visual equipment	1,555	-	-	1,555
Total accumulated depreciation	<u>2,241,211</u>	<u>\$ 347,267</u>	<u>\$ -</u>	<u>2,588,478</u>
Total governmental activities capital assets, net	<u>\$ 1,719,158</u>			<u>\$ 1,636,408</u>

Depreciation expense for the year ended June 30, 2015 was charged to functions of the Corporation as follows:

Basic instruction	\$ 123,940
Facilities	<u>223,327</u>
	<u>\$ 347,267</u>

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE D - CONCENTRATIONS

Revenue sources

As stated in Note A-7, the Corporation receives revenues for current operations primarily from the State of Florida passed through the District. The following is a schedule of revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
School Board of Osceola County, Florida:	
Base funding	\$ 4,528,281
Class size reduction	1,221,850
Discretionary local effort	253,454
Supplemental academic instruction	233,703
Discretionary millage compression allocation	174,111
Instructional materials	78,077
Exceptional student education guaranteed allocation	43,712
Safe schools	19,305
Discretionary lottery	3,751
Digital classroom allocation	13,171
Additional allocation	6,109
Proration to funds available	<u>(39,814)</u>
Subtotal	6,535,710
Capital outlay funds	386,159
Florida teacher lead program	<u>16,127</u>
Total School Board of Osceola County, Florida	6,937,996
Interest income	<u>659</u>
Total revenues	<u><u>\$ 6,938,655</u></u>

**Four Corners Charter School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE E - COMMITMENTS AND CONTINGENCIES**

1. Management service contract

On September 16, 2010, the Corporation entered into a new management agreement. The contract terminated on June 30, 2015. A new agreement was signed on June 23, 2015 for a term of five years commencing on July 1, 2015. The contract expires the earlier of June 30, 2020 or the termination date of the charter if the District chooses to early terminate or not to renew when expired.

The management company will manage and operate the School during the term of the agreement and is guaranteed a fee of \$370,000 plus contingent incentive fees. The incentive fees are calculated as the difference between the guaranteed fee and 12% of FEFP operational revenues, and subject to performance requirements as detailed in the management agreement. Current year management fees charged to operations totaled \$733,942.

2. Facilities sub-lease

The real property, buildings, and other assets, which comprise the Corporation's facilities, are owned by the District. Construction of the buildings was financed by the issuance of \$8,315,000 principal amount of Certificates of Participation, Series 2000A and \$6,385,000 principal amount of Certificates of Participation, Series 2000B (the "Certificates"), which are obligations of the District.

On April 19, 2005, the District issued \$12,095,000 principal amount of Certificates of Participation, Series 2005. The proceeds were used to refund a portion of the outstanding Series 2000 Certificates maturing on and after August 1, 2011 (the "Refunded Certificates") and, therefore, refinanced a portion of the cost of the acquisition, construction and equipping of the Series 2000 Facilities and reduced the corresponding basic lease payments due under the lease.

The Corporation is entitled to use the facilities under a sub-lease agreement with the District that requires annual payments in amounts equal to the annual debt service payments on the Certificates. Such annual payments range from \$648,896 to \$1,118,156 for the Corporation. At the end of the term of the charter including renewals, if any, possession of the facilities will revert to the District which will be liable for all future payments.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE E - COMMITMENTS AND CONTINGENCIES (continued)**

2. Facilities sub-lease (continued)

Current year facilities lease expense charged to operations totaled \$1,343,358. This amount is included in the "Facilities" functional expense category on the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances. A portion of the facility use fee in the amount of \$386,159 was reimbursed through capital outlay funds.

Current aggregate remaining rental commitments, including all extensions, under this sub-lease agreement are summarized as follows at June 30:

2016	\$ 1,113,556
2017	1,118,156
2018	1,110,363
2019	1,110,513
2020	1,112,763
2021-2024	<u>4,453,056</u>
	<u>\$ 10,018,407</u>

**NOTE F - RISK MANAGEMENT**

The Corporation and School are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the liability is \$25,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2015. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**NOTE G - RELATED PARTIES**

1. Due to management company

The Corporation has entered into an agreement with a management company for professional services to manage and operate the School (See Note E-1). All monies received by revenue, grants and revenue allocations are initially deposited with the Corporation. The Corporation retains funds in order to pay for management fees. As of June 30, 2015, the Corporation has an outstanding payable due to the management company in the amount \$752,994.

**Four Corners Charter School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE G - RELATED PARTIES (continued)**

2. Due to school district

All monies received by revenue, grants and revenue allocations are initially deposited with the Corporation. The Corporation retains funds in order to pay for lease payments to the District (see Note E-2). At June 30, 2015, the balance sheet reflects no payable due to the school district.

3. Due to Four Corners Charter School

All monies received by revenue, grants and revenue allocations are initially deposited with the Corporation. The Corporation retains funds in order to pay for facility maintenance. At June 30, 2015, the balance sheet reflects no payable due to Four Corners Charter School.

**NOTE H - SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through September 19, 2015, the date which the financial statements were available for issuance, and has determined that a new management contract was in effect commencing on July 1, 2015. Additional information can be found in Note E-1.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Four Corners Charter School, Inc.**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

**For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State passed through local school district	\$ 6,459,134	\$ 6,551,837	\$ 6,551,837	\$ -
Other revenues	900	650	659	9
Total revenues	<u>6,460,034</u>	<u>6,552,487</u>	<u>6,552,496</u>	<u>9</u>
Expenditures				
Current:				
Basic instruction	4,758,546	4,581,613	4,581,613	-
Board of directors	8,550	9,000	9,000	-
General administration	802,156	811,110	733,942	77,168
Facilities	1,130,756	1,129,737	1,120,031	9,706
Fixed capital outlay	-	264,517	264,517	-
Total expenditures	<u>6,700,008</u>	<u>6,795,977</u>	<u>6,709,103</u>	<u>86,874</u>
Deficiency of revenues under expenditures	(239,974)	(243,490)	(156,607)	86,883
Other financing sources				
Transfers in	<u>382,325</u>	<u>385,590</u>	<u>386,159</u>	<u>569</u>
Net change in fund balance	142,351	142,100	229,552	87,452
Fund balance at July 1, 2014	<u>1,979,522</u>	<u>1,979,522</u>	<u>1,979,522</u>	<u>-</u>
Fund balance at June 30, 2015	<u><u>\$ 2,121,873</u></u>	<u><u>\$ 2,121,622</u></u>	<u><u>\$ 2,209,074</u></u>	<u><u>\$ 87,452</u></u>

See accompanying note to required supplementary information.

**Four Corners Charter School, Inc.**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND**

**For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State passed through local school district	\$ 382,325	\$ 386,159	\$ 386,159	\$ -
Other financing uses				
Transfers out	<u>(382,325)</u>	<u>(386,159)</u>	<u>(386,159)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying note to required supplementary information.

**Four Corners Charter School, Inc.**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2015**

**NOTE A - BUDGETARY BASIS OF ACCOUNTING**

1. Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). The budgets presented for fiscal year ended June 30, 2015, have been amended according to Board procedures. Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

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

Board of Directors  
Four Corners Charter School, Inc.  
Kissimmee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Four Corners Charter School, Inc. (the "Corporation") a component unit of the School Board of Osceola County, Florida, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 19, 2015.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

## **Purpose of this Report**

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

September 19, 2015  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## MANAGEMENT LETTER

Board of Directors  
Four Corners Charter School, Inc.  
Kissimmee, Florida

### Report on the Financial Statements

We have audited the financial statements of Four Corners Charter School, Inc. (the "Corporation"); a component unit of the School Board of Osceola County, Florida, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 19, 2015.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

### Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated September 19, 2015, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, the Corporation did not have prior year findings.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the Corporation is Four Corners Charter School, Inc., which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes.

## **Financial Condition**

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Corporation has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Imagine Corporation did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Corporation. It is management's responsibility to monitor the Corporation's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determine as to whether the Corporation maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Corporation maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Other Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any recommendations in the current year.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

September 19, 2015  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## **MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES**

For the years ended June 30, 2014 and June 30, 2015 there were no management findings, recommendations and responses.