



***Celebrating Our Past
Defining The Future***



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

District School Board of Pasco County



Celebrating Education for 125 Years

District School Board of Pasco County

Land O' Lakes, Florida

Kurt S. Browning, Superintendent of Schools

Comprehensive Annual Financial Report

of the

District School Board of Pasco County
Land O' Lakes, Florida

for the

Fiscal Year Ended June 30, 2013



Issued by:
Finance Services Department



District School Board of Pasco County Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2013

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INTRODUCTORY SECTION



DISTRICT SCHOOL BOARD OF PASCO COUNTY

Kurt S. Browning, Superintendent of Schools

7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638

December 20, 2013

Dear Chairman, Members of the School Board and Citizens of Pasco County:

State law requires that all local governments publish after the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the District School Board of Pasco County, Florida (District) for the fiscal year ended June 30, 2013.

This report consists of management's representation concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all 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 Florida Auditor General has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was a 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 the Single Audit engagement require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, summary of prior audit findings, and the independent auditor's reports on the system of internal control and the compliance with applicable requirements, are included in the Single Audit section.

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

Profile of the School District

The District and its governing body 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 the District School Board in accordance with Chapter 1001.30, Florida Statutes. The District School Board consists of five elected officials responsible for the adoption of policies, which govern the operation of public schools in Pasco County.

The elected Superintendent of Schools 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. Section 1010.01, Florida Statutes, requires each school district to prepare and maintain financial records and accounts as prescribed by law and rules of the State Board of Education.

The geographic boundaries of the District are those of Pasco County. During the 2012-2013 fiscal year, the District operated 79 schools, including 46 elementary schools, 15 middle schools, 13 high schools, Pasco eSchool and 4 specialized schools; sponsored 5 charter schools; and the average age of the permanent structures for the District is 21 years. The District reported serving 66,417 unweighted full-time equivalent students for the 2012-2013 fiscal year and projects it will enroll 65,769 students for the 2013-2014 school year.

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.

The District serves students from infants through adults. Students in the District represent a diverse community of learners, including a variety of ethnic and cultural backgrounds. The student population is predominately White (67 percent). Other ethnicities include: Hispanic (20 percent), Black (6 percent), and Asian/American Indian/Pacific Islander/Alaskan Native/Other (7 percent).

In addition to the educational programs offered to K-12 students, the District offers pre-kindergarten services including: programs for babies of teen parents who are progressing toward achieving high school diplomas; programs for special education for infants and toddlers below the age of three; pre-kindergarten programs for three and four year old disabled students; and programs for eligible low income, at-risk pre-school age students.

The District also offers programs for adults to learn the necessary skills in order to enter the workforce or increase opportunities for advancement in current positions. Also, students who do not demonstrate proficiency with English as a second language have the opportunity to learn communication skills through the District's English Language Learners (ELL) programs, and all citizens can take fee-supported courses to increase personal development in various subjects such as computers, photography and personal financial planning.

This report includes all funds of the District, the Pasco County School Board Leasing Corporation (the "Leasing Corporation"), five charter schools and the Pasco Education Foundation, Inc. (the "Foundation"), which comprise the reporting entity. The Leasing Corporation was formed to facilitate financing for the acquisition of educational facilities and equipment. Charter schools are public schools operating under performance contracts with the District. The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization. The Foundation's purpose is exclusively educational and charitable for the constituents of Pasco County. The charter schools and Foundation are included in the CAFR as discretely presented component units.

Economic Condition and Outlook

Pasco County is a 745 square mile area located centrally on the west coast of Florida, 200 miles south of the State capital of Tallahassee and 300 miles northwest of Miami. The County is approximately 30 miles northwest of the City of Tampa, and approximately 45 miles north of the City of St. Petersburg. It is part of a nine county region referred to as the "Nature Coast" and contains a mix of suburban and rural communities. The County was established in 1887. Within its borders there are six municipalities: the cities of San Antonio, St. Leo, Zephyrhills, Port Richey, Dade City, and New Port Richey. There are also several smaller unincorporated communities such as Darby, Holiday, Hudson, Land O' Lakes, Trinity, and Wesley Chapel. The County is primarily a retirement and tourist area but construction, retail trade, service industries, agriculture, and manufacturing play active parts in the community's financial status.

Since calendar year 2004, the population of Pasco County increased 20.68 percent to an estimated 470,391 in calendar year 2013. For the calendar year 2012, the Florida Price Level Index for School Personnel, which is prepared by the Bureau of Economic and Business Research at the University of Florida under the direction of the Florida Department of Education, ranked Pasco County 20th of 67 counties in the State with a value of 98.65.

The Florida Price Level Index for School Personnel is used to represent the cost of hiring equally qualified personnel across Florida school districts and takes into account the cost of goods and services, access to lakes or sandy beaches, the range of available cultural and recreational opportunities, and the mix of public services and taxes that affect standards of living for a county. A value of 100 represents the weighted average cost to hire and retain qualified personnel. In essence, the District's value of 98.65 implies that it cost the District less than the average school district to attract and retain equally qualified personnel. Surrounding counties such as, Hillsborough (101.37) and Pinellas (100.11), which had higher values will need to provide greater compensation to hire and retain equally qualified personnel.

The District recognizes that continued enhancement of the local economy is of mutual benefit to both the District and Pasco County. An excellent system of public education is a significant factor in improving the standard of living in Pasco County. As the area's largest employer, employing 8,760 full and part-time employees, the District endeavors to improve its education system by focusing on the following major initiatives.

Financial Information

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 District School Board. Activities of all governmental fund types are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at

the fund-function-object level for all funds.

Budgetary information is integrated into the accounting system. To facilitate budgetary control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and outstanding encumbrances are honored in 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 District adopts a District staffing plan that establishes teaching positions based generally on student populations served. Additionally, support and administrative positions are created based on established criteria.

The District has a policy that states that in order to ensure the financial strength, maintain a favorable bond rating, and the stability of the District, the District's operating fund shall budget for and maintain a reasonable unrestricted fund balance. Accordingly, the unrestricted fund balance (assigned and unassigned fund balance) at June 30, 2013, for the in the general fund is \$40,907,033 or 9.10 percent of total general fund expenditures. The District has appropriated \$4,391,846 of this amount for spending in the 2013-2014 fiscal year budget.

The District has an investment policy in place for investments of temporarily idle funds. The purpose of the policy is to outline the responsibility, authority, and general guidelines for the investment management of the District's cash reserves and to ensure compliance with Florida Statutes.

The District is self-insured up to specified limits for Worker's compensation, automobile liability, general liability, and employee group health insurance. Additional information on the District's risk management can be found in the notes to the financial statements.

The District's capital asset policy specifies the categories of capital assets and the dollar thresholds for capitalizing purchases. It also specifies the length of depreciation for each asset category.

On March 9, 2004, a referendum election "Sales Tax Referendum" was held to determine whether the County could levy a one cent infrastructure sales surtax within the County. A majority of the voters of the county voting in the Sales Tax Referendum approved the levy of the sales surtax. The sales surtax proceeds are distributed to the District, the County and the municipalities, with the District receiving 45 percent. Imposition of the surtax commenced January 1, 2005, and will expire December 31, 2014. Its purpose is to build new schools and to renovate existing facilities. The District established the Penny for Pasco Oversight Committee to help monitor the needs and allocation of funding. On November 6, 2012, voters signaled their approval for the continuation of the tax for another 10 years, beginning in January 2015.

Major Initiatives

Class Size Reduction Amendment

In November 2002, the voters of the State of Florida amended the State Constitution to limit class size. By the beginning of the 2010-2011 fiscal year, 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.

For the 2012-2013 fiscal year, the District continued its efforts to meet the constitutional maximums for the three grade groupings at classroom level. Based on the annual review by the Department of Education, the District complied with the constitutional maximums at all schools.

Accomplishments

The District School Board of Pasco County continues to build upon its rich tradition of academic achievement, with the District earning a total of 488 points under the Florida school grading system this year. This equates to an overall District-wide grade of C (525 points is an A), which is a decrease from the total number of points earned by the District last school year. The District has 39 percent of the elementary and middle schools in Pasco earning an outstanding grade of A or B this year. As the District continues to strive for improvement, it is noted that 56 percent of Pasco elementary and middle schools maintained or improved their school grade and there were no F-graded schools.

This sustained improvement is directly attributable to the entire team's collective efforts and unwavering commitment to ensure that all children reach their highest potential. These accomplishments are remarkable given the extreme financial adversity the District has faced over the last four years. High school grades have not yet been released due to the State's new criteria for calculating high school grades. However, the State has released the total number of points earned by each high school through the Florida Comprehensive Assessment Tests. These preliminary data indicate that high schools in Pasco continue to make tremendous progress, with 75 percent maintaining or increasing the total number of points earned for this section. The District will continue to analyze these data to make decisions about the needs of students and schools as it allocates resources and provides support as necessary. With current grades expected in mid-December, the most recent grades for high schools are from the 2011-2012 school year. During that school year, twelve out of thirteen (92 percent) earned an outstanding grade of A or B.

On other measures of student achievement, such as the District's graduation rate and drop-out rate, Pasco continues to soar above the State average. Graduation rates are also released by the State in mid-December. Last year, under the Florida Calculation rate, Pasco achieved a 76.6 percent graduation rate and a drop-out rate of 1.0 percent. While the State is using a new formula this year that excludes students earning their GED and special needs students from the overall graduation rate, early numbers indicate that the District will still surpass state averages. This achievement is a reflection of Pasco's aggressive efforts to ensure that all students graduate prepared for success in the global economy.

Studies clearly indicate that student success is linked to teacher quality. The District School Board of Pasco County has demonstrated a commitment to recruiting and retaining the brightest individuals to work with our children. In 2011-2012, nearly 31.3 percent of teachers in Pasco had earned a Master's Degree or higher and we expect that trend to continue in 2012-2013. Notably, 192 teachers have earned prestigious designation as a National Board Certified Teacher for 2012-2013. Additionally, the District has embarked upon a new comprehensive teacher evaluation system that is based upon an evaluation of the teacher's use of research-based best professional practices (50 percent) and student achievement data (50 percent). This will provide a more thorough evaluation of how a teacher performs and will allow the District to provide targeted staff development in areas of need. The District's goal is to help each teacher and student reach their highest potential.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (the "ASBO") awarded its Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the twelfth consecutive year that the District has received these prestigious awards. In order to be awarded the Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Excellence in Financial Reporting, the District must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement and Certificate of Excellence are valid for a period of one year only. These awards are granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. It is the belief of management that our current CAFR continues to meet the Certificate of Achievement Program's requirements, as well as the Certificate of Excellence Program's requirements. We are submitting this CAFR to GFOA and ASBO to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the District's Finance Services 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 School Board for their leadership and support in planning and conducting the financial operations of the District.

Respectfully submitted,



Mr. Kurt Browning
Superintendent of Schools



Ms. Olga Swinson, CPA, CGFM
Chief Finance Officer



Ms. Joanne Millovitsch
Director of Finance Services



Government Finance Officers Association

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

Presented to

**District School Board
of Pasco County, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

District School Board of Pasco County

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director

List of Principal Officials As of June 30, 2013

Principal Officials – Elected

Mr. Kurt Browning, Superintendent of Schools Present Term Expires	November 2016
Ms. Cynthia Armstrong, Chairwoman, Member from District 3 Present Term Expires	November 2014
Ms. Alison Crumbley, Vice-Chairman, Member from District 4 Present Term Expires	November 2016
Ms. Joanne Hurley, Member from District 2 Present Term Expires	November 2016
Mr. Allen Altman, Member from District 1 Present Term Expires	November 2014
Mr. Steve Luikart, Member from District 5 Present Term Expires	November 2014

Principal Officials – Appointed

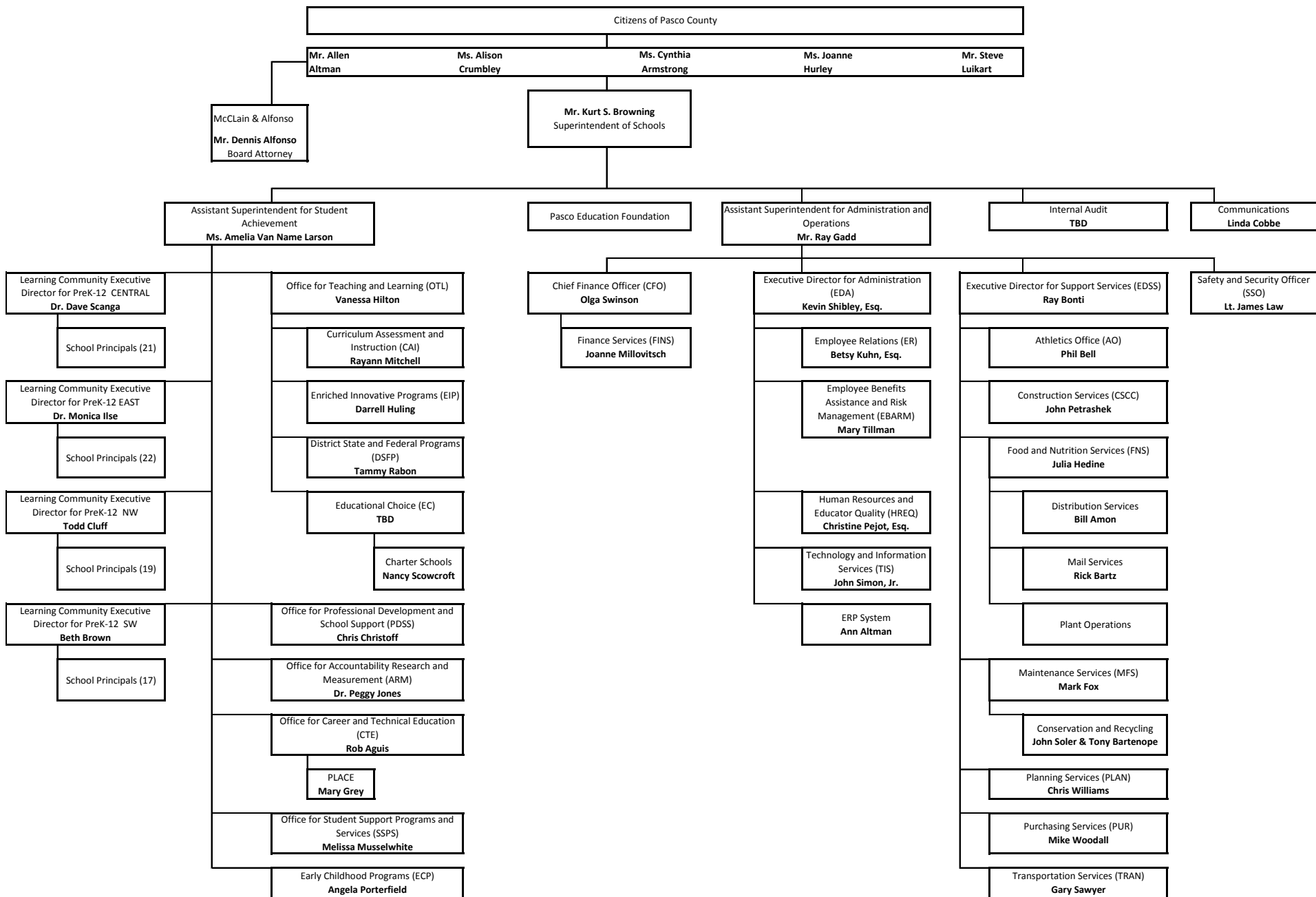
ADMINISTRATORS

Olga Swinson, CPA, CGFM Chief Finance Officer

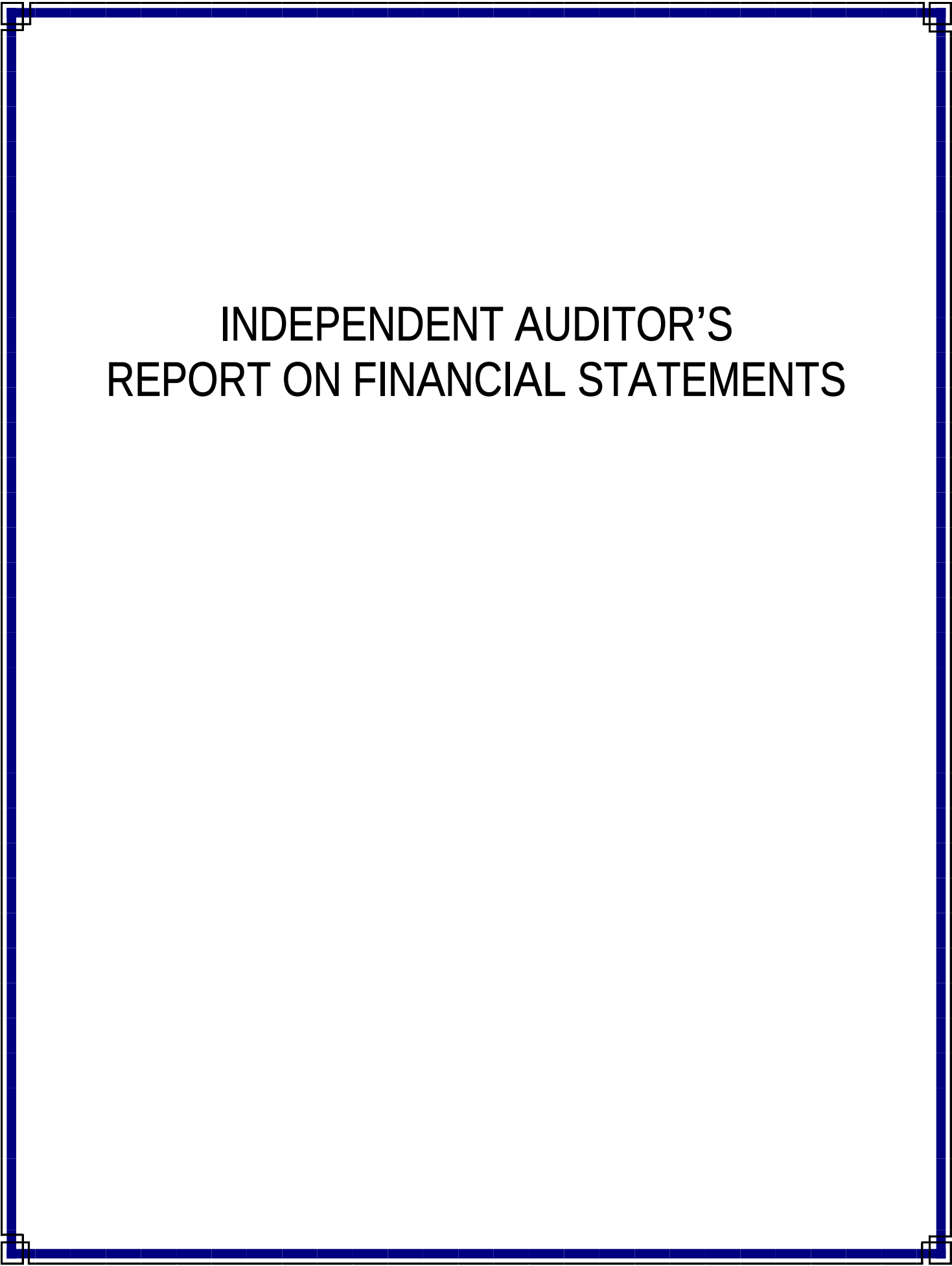
Ray Gadd, Assistant Superintendent for Support Services

**Amelia Van Name Larson, Assistant Superintendent for Student
Achievement**

Kevin Shibley, Esq., Executive Director for Administration
Ray Bonti, Executive Director for Support Services
Beth Brown, Learning Community Executive Director-Southwest
Dr. Dave Scanga, Learning Community Executive Director-Central
Todd Cluff, Learning Community Executive Director-Northwest
Dr. Monica Ilse, Learning Community Executive Director-East



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS





DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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



PHONE: 850-412-2722
FAX: 850-488-6975

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pasco County District School Board, as of and for the fiscal year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, as described in note 1 to the financial statements, which represents 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the aggregate discretely presented component units, is based solely on the reports of the other auditors.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Pasco County District School Board as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund and each major special revenue fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the District adopted new accounting guidance Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires separate reporting of deferred outflows of resources and deferred inflows of resources, affecting the comparability of the 2011-12 fiscal year financial statements with the 2012-13 fiscal year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF**

EXPENDITURES OF FEDERAL AWARDS is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 20, 2013

Audit Report No. 2014-074

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MANAGEMENT'S DISCUSSION AND ANALYSIS



**District School Board of Pasco County
Management's Discussion and Analysis
June 30, 2013**

The management of the District School Board of Pasco County (the District) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

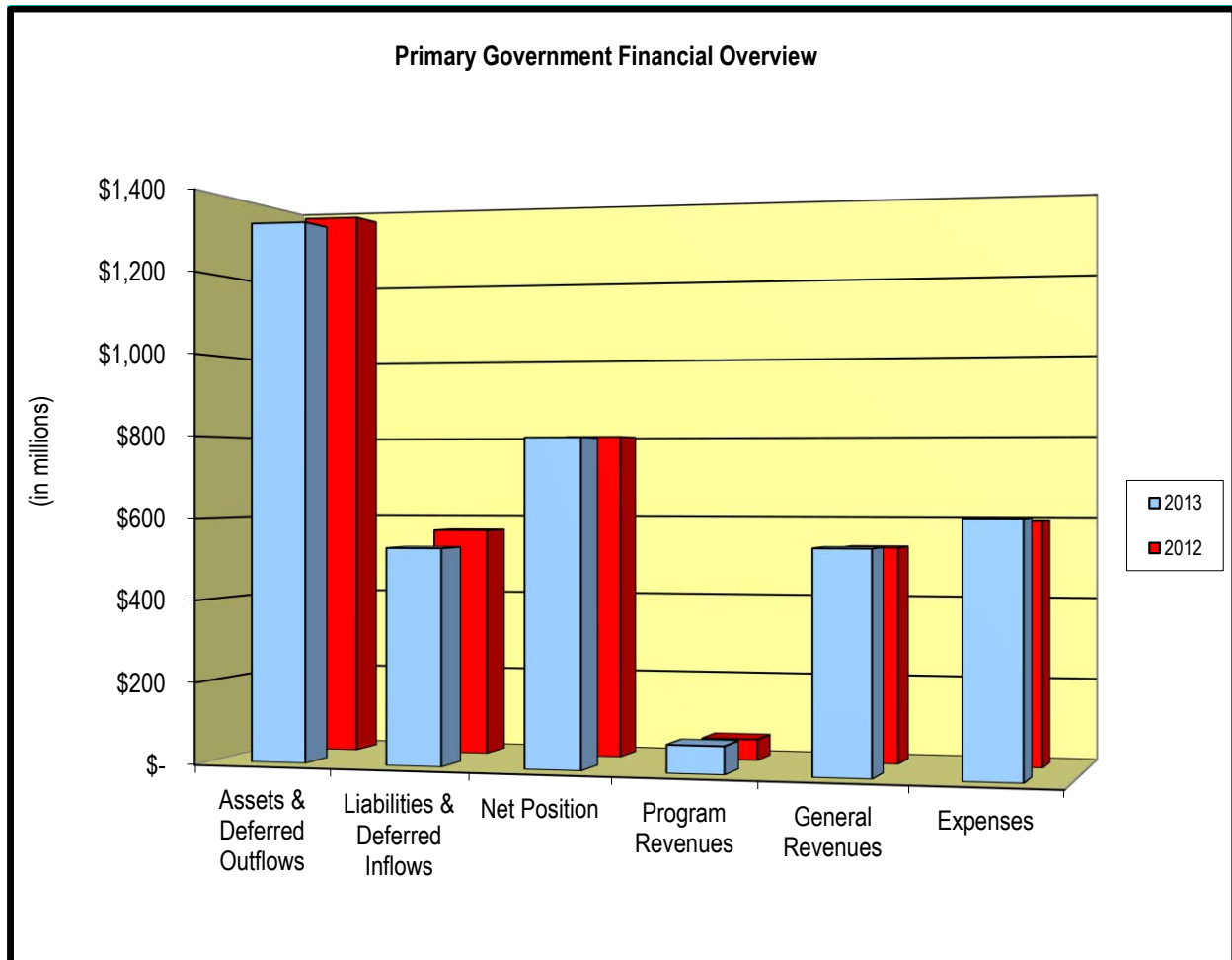
Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the District's basic financial statements and notes to financial statements.

Financial Highlights

Key financial highlights for the 2012-2013 fiscal year is as follows:

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2013, by \$794,548,252. Of this amount, \$31,379,589 may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position decreased by \$6,256,437. This decrease is primarily attributable to expenses exceeding revenues for the second year in a row primarily because of an increase in instructional costs in an effort to meet the Class Size initiative.
- Total revenues of \$595,387,156 were comprised of general revenues in the amount of \$527,106,207 or 88.53 percent, and program specific revenues from charges for services, grants and contributions in the amount of \$68,280,949 or 11.47 percent.
- For the year ended June 30, 2013, the District had \$601,643,593 in expenses related to governmental and business-type activities; \$68,280,949 of which were offset by program specific charges or services, grants and other sources. General revenues (primarily taxes and state funding programs) of \$527,106,207 were sufficient to provide the District's programs.
- The Business-type activities had total revenues of \$8,596,399 prior to the transfer of \$3,000,000 which exceeded total expenses by \$654,889. In order to help reduce the 2012-2013 funding shortage in the Governmental activities, there was a transfer of \$3,000,000 in funds from the Enterprise fund to the General Fund for operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$219,971,428, a decrease of \$60,896 in comparison with the prior fiscal year. Approximately 18.60 percent of this total amount, \$40,907,033, is available for spending at the District's discretion for the purposes defined for each governmental fund (*assigned and unassigned fund balance*).
- At the end of the 2012-2013 fiscal year, unassigned fund balance for the General Fund was \$23,499,528, or 5.23 percent of total General Fund expenditures.
- The District's total bonded debt (Bonds Payable and Certificates of Participation) decreased by \$25,701,103, or 6.21 percent, during the current fiscal year.

The primary government financial overview for the 2011-2012 and 2012-2013 fiscal years is shown below:

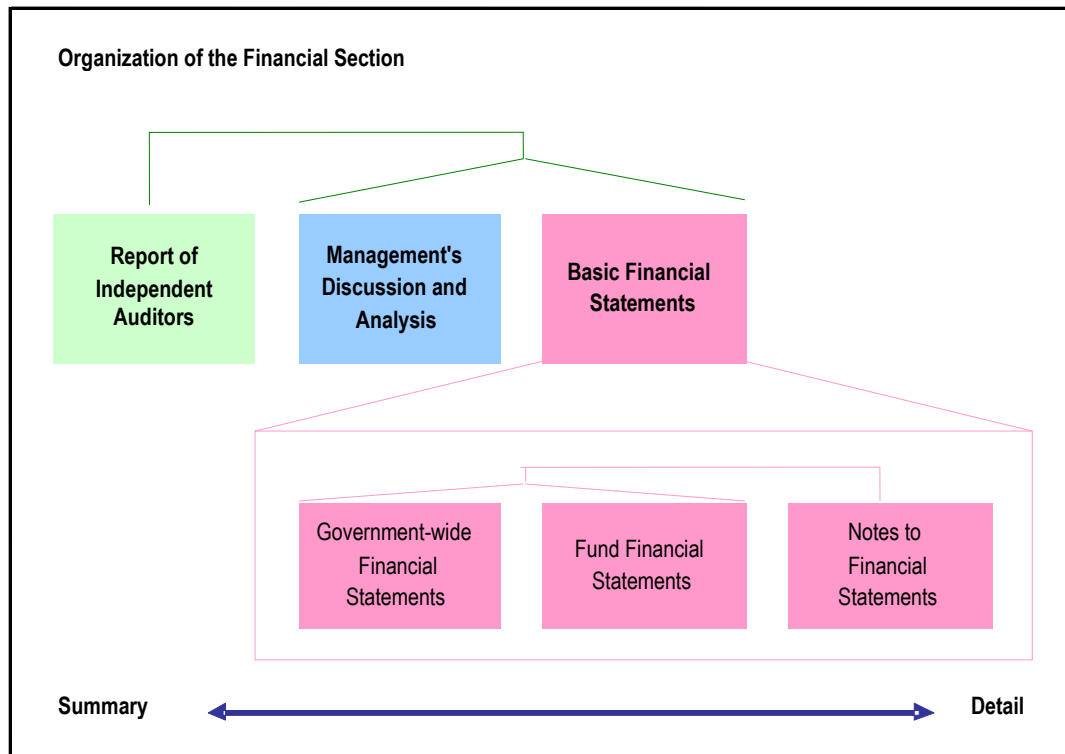


Overview of the Financial Statements

The financial section consists of three parts: Independent Auditor's Report on Financial Statements, MD&A (this section), and Basic Financial Statements. The MD&A is intended to serve as an introduction to the District's basic financial statements and presents other supplementary information in addition to the basic financial statements themselves. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements.

The government-wide financial statements provide both long-term and short-term information about the District's overall financial status. The fund financial statements focus on individual parts of the District and provide greater detail of the District's operations than the government-wide statements. The basic financial statements also include notes, which explain some of the information in the statements and provide more detailed data.

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



The basic financial statements consist of three components:

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

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 and business-type 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, deferred outflows, liabilities and deferred inflows, using an economic resources measurement focus. The difference between the assets and deferred outflows and liabilities and deferred inflows is the net position which is a measurement of the financial health of the District. The statement of activities presents information about the change in the District's net position and the results of its 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 three 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 operation and maintenance of plant, pupil 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.
- **Business-Type Activity** – The District charges fees to cover the cost of certain services it provides. The Pasco Learning and Activity Centers of Enrichment (the "PLACE"), a before and after-school child care program, is reported as a business-type activity.
- **Component Units** – The District presents five charter schools (Academy at the Farm, Inc.; Athenian Academy of Pasco County, Inc.; Countryside Montessori Charter School, Inc.; Dayspring Academy for Education and the Arts; and Imagine School at Land O'Lakes LLC.) and the Pasco Education Foundation, Inc. (the "Foundation") as separate legal entities in this report. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by accounting principles generally accepted in the United States ("GAAP").
- The Pasco County School Board Leasing Corporation (the "Leasing Corporation"), a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

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:

- **Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Other Fund, Special Revenue – Federal Economic Stimulus Fund and Capital Projects - Other Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

- **Proprietary Funds** – Proprietary funds may be established to account for activities in which a fee is charged for services. Two types of proprietary funds are maintained:
- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its before and after-school child care program.
 - Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses internal service funds to account for its fully insured employee's life, property/casualty and athletics insurance programs; individual self-insurance programs for liability, auto, workers' compensation, medical, pharmacy and behavioral health programs; the employee assistance program; the energy management program; and exclusive agreements administered by the School Board. 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 funds provide the same type of information as the government-wide financial statements, only in more detail, for those enterprise funds determined to be major. Conversely, the internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

- **Fiduciary Funds** – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources 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 a private-purpose trust fund to account for scholarship funds established by private donors. The District uses a pension trust fund to account for resources used to finance its early retirement program. The District uses agency funds to account for resources held for student activities and groups.

Notes to 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.

Other Information

Required Supplementary Information is included to provide schedules of funding progress for the Early Retirement Program and the Other Post-Employment Benefits.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of the government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$794,548,252 at June 30, 2013.

Net Position, End of Year							
	Governmental Activities		Business-Type Activities		Total		Percentage Change
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012	
Current and Other Assets	\$ 319,122,672	\$ 325,814,303	\$ 4,343,253	\$ 6,519,516	\$ 323,465,925	\$ 332,333,819	
Capital Assets	979,360,802	1,000,509,066	166,337	137,748	979,527,139	1,000,646,814	
Deferred Outflows	19,996,415	33,137,907	-	-	19,996,415	33,137,907	
Total Assets and Deferred Outflows	1,318,479,889	1,359,461,276	4,509,590	6,657,264	1,322,989,479	1,366,118,540	-3.16%
Long-Term Liabilities	440,251,461	490,627,560	682,107	579,039	440,933,568	491,206,599	
Deferred Inflows	19,977,527	-	-	-	19,977,527	-	
Other Liabilities	66,882,890	73,554,379	647,242	552,873	67,530,132	74,107,252	
Total Liabilities and Deferred Inflows	527,111,878	564,181,939	1,329,349	1,131,912	528,441,227	565,313,851	-6.52%
Net Position:							
Net Investment in Capital Assets	590,932,554	587,895,355	166,337	137,748	591,098,891	588,033,103	
Restricted	172,069,772	177,850,787	-	-	172,069,772	177,850,787	
Unrestricted	28,365,685	29,533,195	3,013,904	5,387,604	31,379,589	34,920,799	
Total Net Position	\$ 791,368,011	\$ 795,279,337	\$ 3,180,241	\$ 5,525,352	\$ 794,548,252	\$ 800,804,689	-0.78%

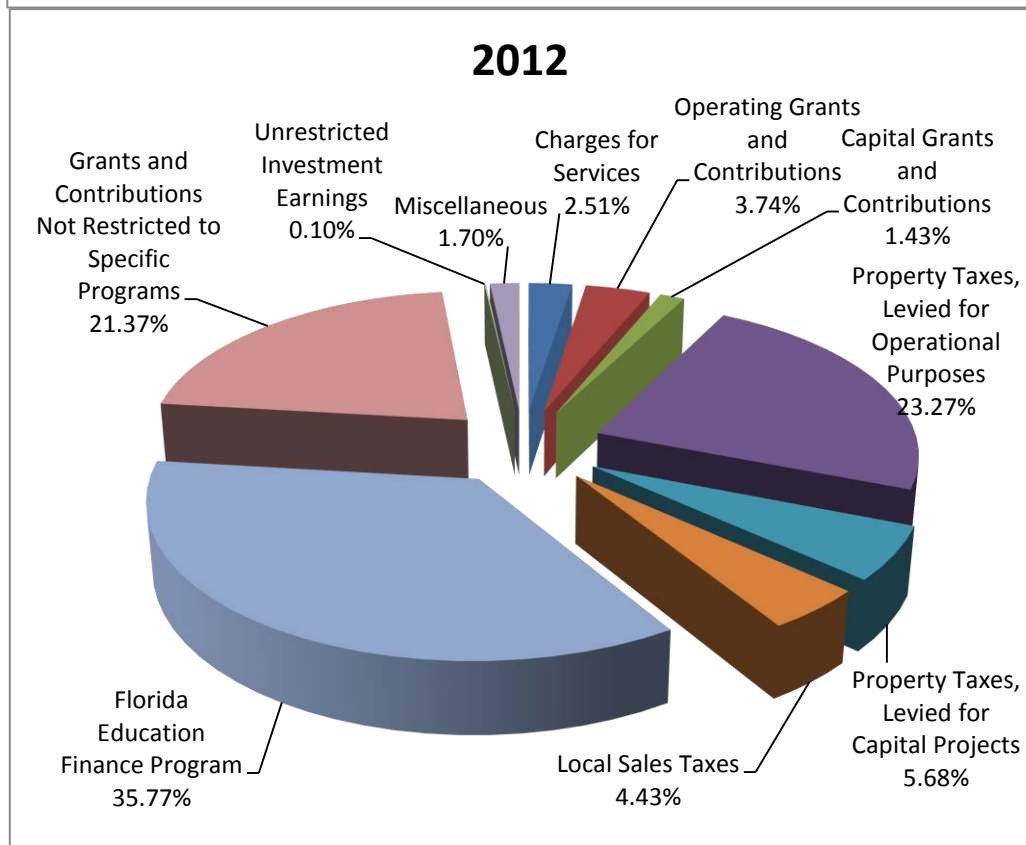
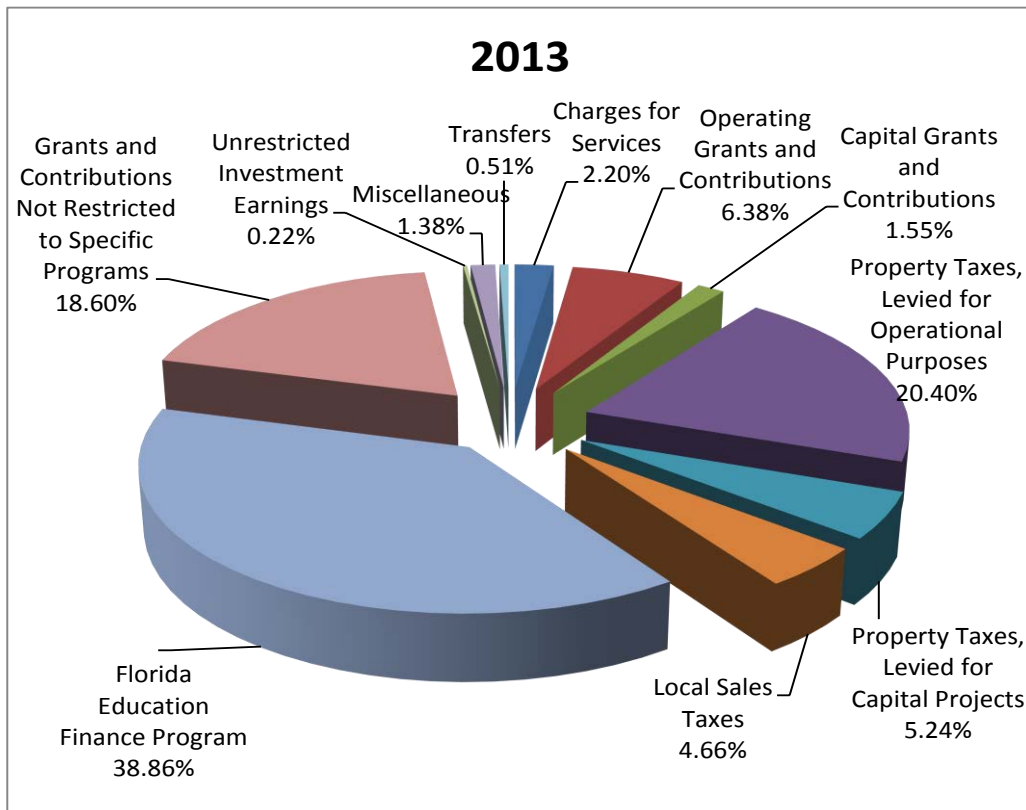
The largest portion of the District's net position (74.39 percent) reflects its net investment in capital assets (e.g. land, buildings, furniture and equipment, motor vehicles, software). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net position (21.66 percent) represents resources, which are subject to external restrictions on how they may be used. The unrestricted net position (3.95 percent) may be used to meet the government's ongoing obligations to students, employees and creditors. At the end of the current fiscal year, the District reported positive balances in all categories of net position, both for the District as a whole, as well as for its separate governmental and business-type activities.

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

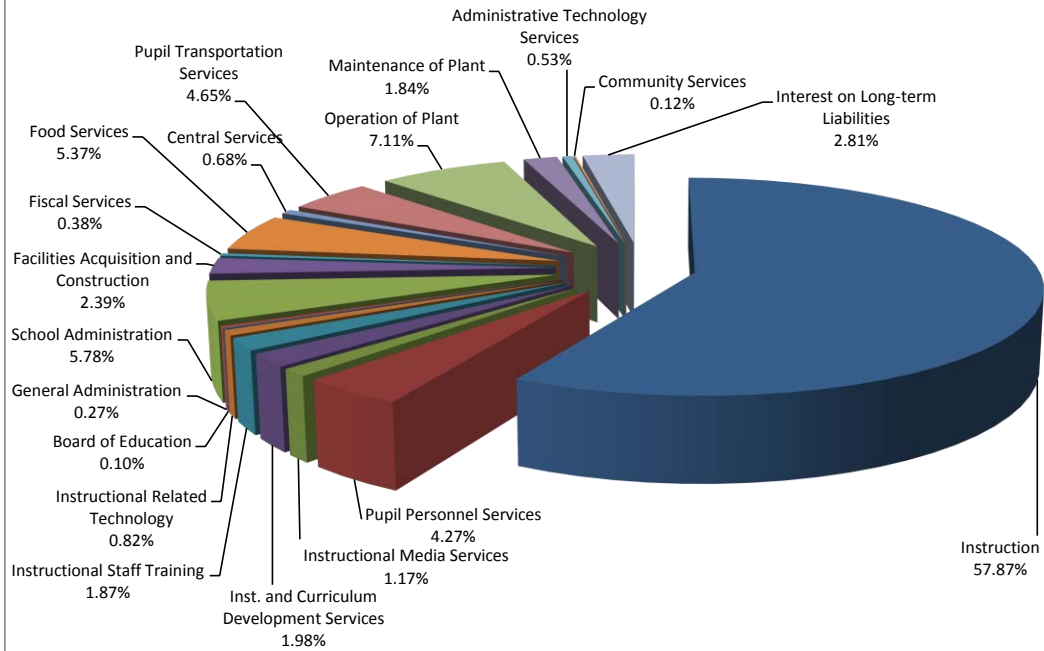
Operating Results for the Year							
	Governmental Activities		Business-type Activity		Total School District		%
	2013	2012	2013	2012	2013	2012	Change
Revenues:							
Program Revenues:							
Charges for Services	\$ 12,956,232	\$ 14,356,418	\$ 8,562,722	\$ 8,495,164	\$ 21,518,954	\$ 22,851,582	-5.83%
Operating Grants and Contributions	37,633,087	21,417,728	-	-	37,633,087	21,417,728	75.71%
Capital Grants and Contributions	9,128,908	8,198,949	-	-	9,128,908	8,198,949	11.34%
General Revenues:							
Property Taxes, Levied for Operational Purposes	120,318,952	133,136,587	-	-	120,318,952	133,136,587	-9.63%
Property Taxes, Levied for Capital Projects	30,896,444	32,505,792	-	-	30,896,444	32,505,792	-4.95%
Local Sales Taxes	27,490,903	25,321,574	-	-	27,490,903	25,321,574	8.57%
Florida Education Finance Program	229,215,516	204,656,075	-	-	229,215,516	204,656,075	12.00%
Grants and Contributions not Restricted to Specific Programs	109,694,821	122,273,665	-	-	109,694,821	122,273,665	-10.29%
Unrestricted Investment Earnings	1,326,648	547,374	33,677	13,223	1,360,325	560,597	142.66%
Miscellaneous	8,129,246	9,702,528	-	5,907	8,129,246	9,708,435	-16.27%
Transfers	3,000,000	-	(3,000,000)	-	-	-	0.00%
Total Revenues and Transfers	589,790,757	572,116,690	5,596,399	8,514,294	595,387,156	580,630,984	2.54%
Program Expenses:							
Instruction	343,554,241	334,933,329	-	-	343,554,241	334,933,329	2.57%
Pupil Personnel Services	25,331,587	25,200,500	-	-	25,331,587	25,200,500	0.52%
Instructional Media Services	6,917,067	7,354,703	-	-	6,917,067	7,354,703	-5.95%
Inst. and Curriculum Development Services	11,764,667	13,400,395	-	-	11,764,667	13,400,395	-12.21%
Instructional Staff Training	11,073,276	10,971,329	-	-	11,073,276	10,971,329	0.93%
Instructional Related Technology	4,892,506	4,847,994	-	-	4,892,506	4,847,994	0.92%
Board of Education	610,730	668,918	-	-	610,730	668,918	-8.70%
General Administration	1,632,018	1,259,433	-	-	1,632,018	1,259,433	29.58%
School Administration	34,289,049	34,008,721	-	-	34,289,049	34,008,721	0.82%
Facilities Acquisition and Construction	14,195,220	12,736,731	-	-	14,195,220	12,736,731	11.45%
Fiscal Services	2,281,430	2,199,577	-	-	2,281,430	2,199,577	3.72%
Food Services	31,884,356	30,476,104	-	-	31,884,356	30,476,104	4.62%
Central Services	4,024,807	1,734,199	-	-	4,024,807	1,734,199	132.08%
Pupil Transportation Services	27,623,111	27,912,093	-	-	27,623,111	27,912,093	-1.04%
Operation of Plant	42,208,748	46,432,259	-	-	42,208,748	46,432,259	-9.10%
Maintenance of Plant	10,903,885	11,012,852	-	-	10,903,885	11,012,852	-0.99%
Administrative Technology Services	3,146,509	3,084,540	-	-	3,146,509	3,084,540	2.01%
Community Services	688,852	618,337	7,941,510	7,753,564	8,630,362	8,371,901	3.09%
Interest on Long-term Liabilities	16,680,024	17,827,097	-	-	16,680,024	17,827,097	-6.43%
Total Expenses	593,702,083	586,679,111	7,941,510	7,753,564	601,643,593	594,432,675	1.21%
Change in Net Position	(3,911,326)	(14,562,421)	(2,345,111)	760,730	(6,256,437)	(13,801,691)	-54.67%
Net Position, Beginning	795,279,337	809,841,758	5,525,352	4,764,622	800,804,689	814,606,380	-1.69%
Net Position, Ending	\$ 791,368,011	\$ 795,279,337	\$ 3,180,241	\$ 5,525,352	\$ 794,548,252	\$ 800,804,689	-0.78%

Revenue by Source – Statement of Activities

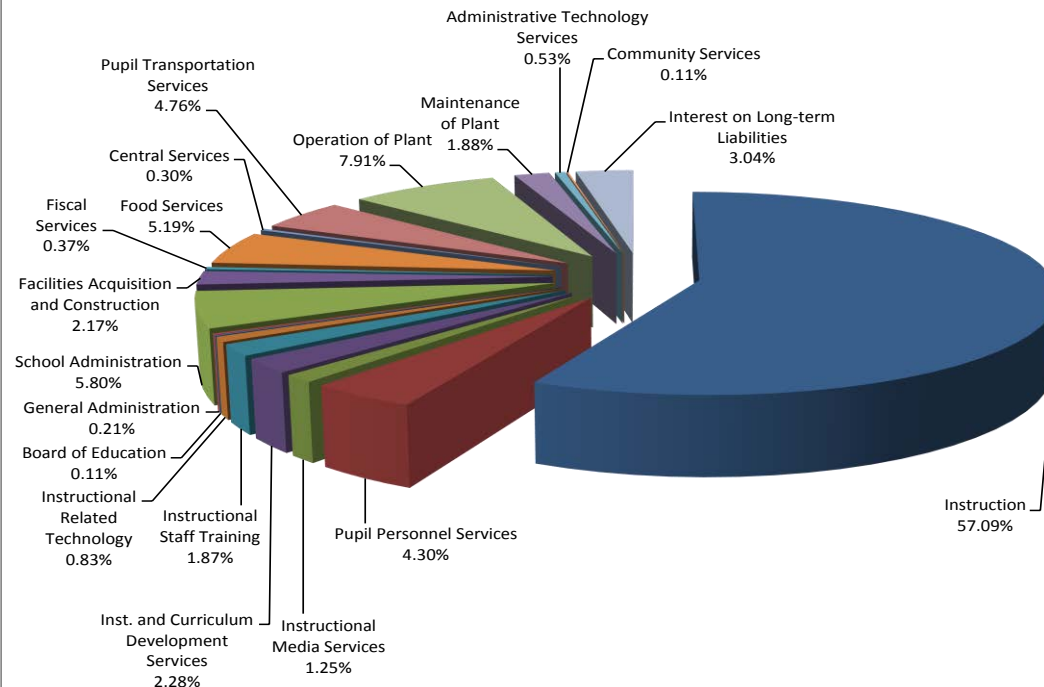


Expenses by Function – Statement of Activities

2013



2012



Total revenues increased by \$14,756,172, primarily due to an increase in Florida Education Finance Program revenues received during the fiscal year. This increase was related to an increase in State funding per student and an increase in student FTE.

Total expenses increased by \$7,210,918, primarily due to increase in instructional costs during the fiscal year. This increase was related to the District's efforts to meet the Class Size initiative.

The Business-type activities had total revenues of \$8,596,399 prior to the transfer of \$3,000,000 which exceeded total expenses by \$654,889. In order to help reduce the 2012-2013 funding shortage in the Governmental activities, there was a transfer of \$3,000,000 in funds from the Enterprise fund to the General Fund for operations.

Financial Analysis of the Government Funds

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

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District'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 end of the 2012-2013 fiscal year, the District's governmental funds reported combined ending fund balances of \$219,971,428, a decrease of \$60,896 in comparison with the prior fiscal year. Approximately 18.60 percent of this total amount (\$40,907,033) constitutes total assigned and unassigned fund balances, which are available for spending at the government's discretion within the purpose of each fund. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (non-major) funds as reported in the basic financial statements for the fiscal years ended June 30, 2013 and June 30, 2012.

Fund Balance	2013	2012	Increase (Decrease)	Percentage Change
Major Governmental Funds:				
General Fund	\$ 47,644,623	\$ 48,282,861	\$ (638,238)	-1.32%
Capital Projects - Other Funds	112,498,302	110,391,429	2,106,873	1.91%
Special Revenue - Other Funds	-	-	-	0.00%
Special Revenue - Economic Stimulus Funds	-	-	-	0.00%
Other Governmental Funds (nonmajor)	59,828,503	61,358,034	(1,529,531)	-2.49%
Total Fund Balances	<u>\$ 219,971,428</u>	<u>\$ 220,032,324</u>	<u>\$ (60,896)</u>	<u>-0.03%</u>

The General Fund is the chief operating fund of the District. At the end of the 2012-2013 fiscal year, the unassigned fund balance of the General Fund was \$23,499,528, while total fund balance reached \$47,644,623. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 5.23 percent of total General Fund expenditures, while total fund balance represents 10.60 percent of that same amount. Fund balance of the District's General Fund decreased by \$638,238 during the 2012-2013 fiscal year.

The following schedule shows the changes in General Fund revenues and other financing sources for the fiscal years ended June 30, 2013 and June 30, 2012:

General Fund Revenues and Other Financing Sources	2013	2012	Increase (Decrease)	Percentage Change
Federal Direct Sources:				
Reserve Officers Training Corps (ROTC)	\$ 536,626	\$ 486,628	\$ 49,998	10.27%
Federal Through State Sources:				
Other Federal Through State Sources	2,261,737	2,252,991	8,746	0.39%
State Sources				
Florida Education Finance Program (FEFP)	229,215,516	204,656,075	24,559,441	12.00%
Other Restricted State Sources	81,765,238	79,710,212	2,055,026	2.58%
Local Sources:				
Ad Valorem Taxes	120,318,952	133,136,587	(12,817,635)	-9.63%
Interest Income	196,071	122,338	73,733	60.27%
Other Local Sources	9,396,088	11,115,351	(1,719,263)	-15.47%
Other Financing Sources	5,320,722	7,230,541	(1,909,819)	-26.41%
Total General Fund Revenues and Other Financing Sources	\$ 449,010,950	\$ 438,710,723	\$ 10,300,227	2.35%

During the 2012-2013 fiscal year, Revenues and Other Financing Sources increased by \$10,300,227, or 2.35 percent. The major impacts to funding were the State Legislature increase in Base Student Allocation and the increase in the number of unweighted full-time equivalent students on the fourth calculation.

The following schedule shows the changes in General Fund expenditures by object for the fiscal years ended June 30, 2013 and June 30, 2012:

General Fund - Expenditures by Object	6/30/2013	6/30/2012	Increase (Decrease)	Percent Change
Salaries	\$ 291,608,061	\$ 288,576,915	\$ 3,031,146	1.05%
Employee Benefits	85,450,682	85,708,834	(258,152)	-0.30%
Purchased Services	39,728,576	40,978,456	(1,249,880)	-3.05%
Energy Services	14,477,268	16,555,302	(2,078,034)	-12.55%
Materials and Supplies	11,965,545	13,206,388	(1,240,843)	-9.40%
Capital Outlay	1,964,124	1,963,386	738	0.04%
Other Expenditures	4,454,932	4,326,966	127,966	2.96%
Totals General Fund Expenditures	\$ 449,649,188	\$ 451,316,247	\$ (1,667,059)	-0.37%

General Fund expenditures decreased by \$1,667,059 or negative 0.37 percent. The following are some of the highlights:

- Salaries increased by \$3,031,146 related to instructional costs for the Class Size initiative
- Purchased Services decreased by \$1,249,880 partly because of decreases in self-insurance costs for Worker's Compensation and Property and Liability coverage
- Energy services charges decreased by \$2,078,034, including savings in electricity expenses
- Materials and supplies costs decreased \$1,240,843 from cost-cutting initiatives

The following schedule shows the changes in General Fund expenditures by function for the fiscal years ended June 30, 2013 and June 30, 2012:

General Fund Expenditures by Function	2013	2012	Increase (Decrease)	Percentage Change
Instruction	275,441,887	271,521,509	3,920,378	1.44%
Pupil Personnel Services	21,523,167	21,583,415	(60,248)	-0.28%
Instructional Media Services	6,707,914	7,035,285	(327,371)	-4.65%
Inst. and Curriculum Development Services	8,452,383	8,802,783	(350,400)	-3.98%
Instructional Staff Training Services	6,324,236	6,824,522	(500,286)	-7.33%
Instructional Related Technology	4,433,650	4,536,729	(103,079)	-2.27%
Board of Education	468,772	487,161	(18,389)	-3.77%
General Administration	553,975	565,560	(11,585)	-2.05%
School Administration	33,518,619	33,192,320	326,299	0.98%
Facilities Acquisition and Construction	1,796,938	1,787,354	9,584	0.54%
Fiscal Services	2,110,767	1,987,258	123,509	6.22%
Food Services	171,905	186,688	(14,783)	-7.92%
Central Services	5,465,160	5,733,824	(268,664)	-4.69%
Pupil Transportation Services	26,745,109	26,813,234	(68,125)	-0.25%
Operation of Plant	41,713,297	45,866,178	(4,152,881)	-9.05%
Maintenance of Plant	10,471,775	10,829,775	(358,000)	-3.31%
Administrative Technology Services	2,907,655	2,863,358	44,297	1.55%
Community Services	566,606	540,353	26,253	4.86%
Capital Outlay	275,373	158,941	116,432	73.25%
Total General Fund Expenditures	449,649,188	451,316,247	(1,667,059)	-0.37%

The *Capital Projects Fund Other*, which is used to account for capital project activity funded sources such as Certificates of Participation, Sales Tax and Impact Fees, has a total fund balance of \$112,498,302, all of which is restricted for specific capital projects. The net increase in fund balance during the current year in the Capital Projects Fund Other was \$2,106,873 and resulted primarily from an increase in revenue receipts related to sales tax and impact fee collections. It should also be noted that \$7,374,932 of the total fund balance has been encumbered under specific engineering and construction contracts for projects in progress at year-end.

The *Special Revenue – Federal Economic Stimulus Programs Fund* does not report fund balances because revenues are reported to the extent of expenditures. Revenues and expenditures decreased by \$24,080 from the previous fiscal year. This decrease was primarily due to the reduction of staffing expenditures.

The *Special Revenue – Other Federal Programs Fund* - These Federal grant funds do not report fund balances because revenues are reported to the extent of expenditures. Revenues and expenditures increased by \$166,766 from the previous fiscal year due to an increase in the grant awards.

General Fund Budgetary Highlights

During the fiscal year, the District revised its budget and brought monthly amendments to the Board for approval. The following schedule shows the changes in the General Fund Budget revenues and actual:

<u>General Fund Revenues and Other Financing Sources</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual 2013</u>	<u>Final -Original Budget Inc (Dec)</u>	<u>Actual - Final Budget Inc (Dec)</u>
Federal Direct Sources:					
Reserve Officers Training Corps (ROTC)	\$ 577,715	\$ 672,091	\$ 536,626	\$ 94,376	\$ (135,465)
Federal Through State Sources:					
Other Federal Through State Sources	1,750,000	2,300,000	2,261,737	550,000	(38,263)
State Sources					
Florida Education Finance Program (FEFP)	230,799,899	234,898,338	229,215,516	4,098,439	(5,682,822)
Other Restricted State Sources	81,031,068	79,395,997	81,765,238	(1,635,071)	2,369,241
Local Sources:					
Ad Valorem Taxes	118,673,770	118,751,866	120,318,952	78,096	1,567,086
Interest Income	400,000	400,000	196,071	-	(203,929)
Other Local Sources	6,959,986	9,284,829	9,396,088	2,324,843	111,259
Other Financing Sources	14,997,998	14,598,671	5,320,722	(399,327)	(9,277,949)
Total General Fund Revenues and Other Financing Sources	\$ 455,190,436	\$ 460,301,792	\$ 449,010,950	\$ 5,111,356	\$ (11,290,842)

The General Fund actual revenues were less than the final budgeted revenues excluding Other Financing Sources by \$2,012,893. This difference was attributed to less students being enrolled than anticipated. The General Fund final budget revenues increased by \$5,510,683 over the original budget because we anticipated more students, and there was an actual increase in Other Local Sources.

The following schedule shows the changes in the General Fund Budget appropriations and actual:

<u>General Fund Expenditures by Function</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual 2013</u>	<u>Final -Original Budget Inc (Dec)</u>	<u>Actual - Final Budget Inc (Dec)</u>
Instruction	\$ 282,723,489	\$ 280,354,977	\$ 275,441,887	\$ (2,368,512)	\$ (4,913,090)
Pupil Personnel Services	20,432,191	22,065,795	21,523,167	1,633,604	(542,628)
Instructional Media Services	6,836,211	7,089,979	6,707,914	253,768	(382,065)
Inst. and Curriculum Development Services	9,921,149	9,878,824	8,452,383	(42,325)	(1,426,441)
Instructional Staff Training Services	5,852,730	7,739,669	6,324,236	1,886,939	(1,415,433)
Instructional Related Technology	4,255,469	4,541,714	4,433,650	286,245	(108,064)
Board of Education	3,388,219	541,226	468,772	(2,846,993)	(72,454)
General Administration	673,567	709,099	553,975	35,532	(155,124)
School Administration	33,050,430	33,714,902	33,518,619	664,472	(196,283)
Facilities Acquisition and Construction	2,042,317	2,342,652	1,796,938	300,335	(545,714)
Fiscal Services	2,215,975	2,267,170	2,110,767	51,195	(156,403)
Food Services		181,041	171,905	181,041	(9,136)
Central Services	6,104,796	6,145,968	5,465,160	41,172	(680,808)
Pupil Transportation Services	27,688,691	29,595,181	26,745,109	1,906,490	(2,850,072)
Operation of Plant	42,332,573	42,715,657	41,713,297	383,084	(1,002,360)
Maintenance of Plant	11,264,372	11,279,607	10,471,775	15,235	(807,832)
Administrative Technology Services	3,266,248	3,265,985	2,907,655	(263)	(358,330)
Community Services	461,110	607,243	566,606	146,133	(40,637)
Capital Outlay		275,373	275,373	275,373	-
Total General Fund Expenditures	\$ 462,509,537	\$ 465,312,062	\$ 449,649,188	\$ 2,802,525	\$ (15,662,874)

The General Fund actual expenditures were less than the final budgeted appropriations by \$15,662,874. There were many approved but unfilled teaching positions, diesel fuel was \$2.6 million below budget and

there were major reductions in utilities expenditures. In addition to the teaching positions, there were staff cuts across all departments which provided further reductions in payroll, benefits and all other expenditures. The General Fund final budget appropriations increase of \$2,802,525 over the original budget is related to the higher anticipated enrollment.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2013, amounts to \$979,527,139. This investment in capital assets includes land, construction in progress, improvements other than buildings, buildings and fixed equipment, furniture, fixtures and equipment, motor vehicles, audio visual materials, and computer software. Major capital asset events during the current fiscal year ended June 30, 2013, included continuing progress in the renovation of several elementary schools and planning for the District Office Complex, which were included in Construction in Progress totals at fiscal year end.

The following is a summary of the District's capital assets as of June 30, 2013:

<u>Capital Assets (net of depreciation)</u>							
	Governmental Activities		Business-type Activity		Total School District		%
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Land	\$ 77,260,741	\$ 77,162,319	\$ -	\$ -	\$ 77,260,741	\$ 77,162,319	0.13%
Construction in Progress	32,729,213	21,195,305			32,729,213	21,195,305	54.42%
Improvements Other Than Buildings	19,742,643	19,753,958	12,069	9,182	19,754,712	19,763,140	-0.04%
Buildings and Fixed Equipment	807,661,853	840,149,203	19,493	21,049	807,681,346	840,170,252	-3.87%
Furniture, Fixtures and Equipment	26,329,643	26,446,753	130,188	102,572	26,459,831	26,549,325	-0.34%
Motor Vehicles	10,396,039	12,283,754			10,396,039	12,283,754	-15.37%
Audio Visual Materials	39,556	41,883			39,556	41,883	-5.56%
Computer Software	5,201,114	3,475,891	4,587	4,945	5,205,701	3,480,836	49.55%
Total	<u>\$ 979,360,802</u>	<u>\$ 1,000,509,066</u>	<u>\$ 166,337</u>	<u>\$ 137,748</u>	<u>\$ 979,527,139</u>	<u>\$ 1,000,646,814</u>	-2.11%

Additional information on the District's capital assets can be found in the notes to the financial statements in Note 5 - Changes in Capital Assets on pages 58 and 59.

Long-term Debt

As of June 30, 2013, the District has total long-term debt outstanding of \$388,428,248. This amount is comprised of \$45,582,325 of bonds payable and \$342,845,923 of certificates of participation.

The following is a summary of the District's long-term debt as of June 30, 2013:

<u>Outstanding Long-Term Debt</u>				
	<u>Total School District</u>			<u>Percentage</u>
	<u>2013</u>	<u>2012</u>		<u>Change</u>
SBE Bonds	\$ 15,498,519	\$ 18,633,288		-16.82%
District Revenue Bonds	2,829,773	2,917,763		-3.02%
Sales Tax Revenue Bonds	27,254,033	40,030,452		-31.92%
Certificates of Participation	342,845,923	352,547,848		-2.75%
Total	<u>\$ 388,428,248</u>	<u>\$ 414,129,351</u>		-6.21%

The District received ratings of A1 from Moody's and A+ from Fitch on its Certificates of Participation. The underlying rating for the Sales Tax Revenue Bonds, Series 2007 is A and A+ from Standard & Poor's and Fitch, respectively.

Additional information on the District's long-term debt can be found in the notes to the financial statements in Note 11 – Changes in Long Term Liabilities on pages 69.

Other Matters of Significance

This is the sixth consecutive year of multi-million dollar budget reductions in expenditures. Next year, in the 2013-2014 budget, the District is faced with a budget shortfall of \$23 million. To balance the budget, management has identified possible expenditures cuts, including further staff reductions and school consolidations. In addition to non-recurring funding, the shortfall is due to increased costs associated with an increase in the Florida Retirement System (FRS) employer contribution rates, increases in fixed costs (utilities, gas and diesel) as well as earmarks requiring new expenditures. In order to address this budget deficit, some permanent cost cutting measures were put in place, including reduction of positions and closing two (2) schools. In the midst of these significant economic challenges, the District continues to prioritize classroom spending. The District had the lowest administrative cost to total expenditure ratio of Florida's 67 school districts in the fiscal year 2011-2012 and we expect that trend continued in 2012-2013.

During the current fiscal year, fund balance in the General Fund decreased to \$47,644,623. The District has appropriated \$4,391,846 of this amount for spending in the 2013-2014 fiscal year budget. It is intended that the use of available fund balance will be replenished through vacant positions and unspent appropriations.

Requests for Information

These financial statements are designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided or requests for additional financial information should be addressed to:

Director of Finance Services
District School Board of Pasco County
7227 Land O' Lakes Boulevard
Land O' Lakes, Florida 34638

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BASIC FINANCIAL STATEMENTS



District School Board of Pasco County
Statement of Net Position
June 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activity	Total	Component Units
ASSETS:				
Cash	\$ 63,007,091	\$ -	\$ 63,007,091	\$ 1,130,507
Cash with Fiscal Agent	1,015,663	13,393	1,029,056	-
Investments	215,513,691	4,218,747	219,732,438	1,808,057
Accounts Receivable	2,600,164	103,080	2,703,244	35,816
Accrued Interest Receivable	135,852	8,033	143,885	-
Deposits Receivable	-	-	-	10,000
Due From Other Agencies	14,825,624	-	14,825,624	111,021
Inventories	4,798,251	-	4,798,251	523
Prepaid Items	37,931	-	37,931	1,954,948
Deferred Charges	13,068,784	-	13,068,784	18,950
Capital Credits Receivable	4,119,621	-	4,119,621	-
Capital Assets (net of accumulated depreciation):				
Land	77,260,741	-	77,260,741	1,038,662
Construction in Progress	32,729,213	-	32,729,213	44,303
Improvements Other Than Buildings	19,742,643	12,069	19,754,712	196,845
Leasehold Property and Improvements	-	-	-	404,709
Buildings and Fixed Equipment	807,661,853	19,493	807,681,346	2,150,488
Furniture, Fixtures, and Equipment	26,329,643	130,188	26,459,831	307,709
Motor Vehicles	10,396,039	-	10,396,039	97,744
Audio Visual Materials	39,556	-	39,556	-
Computer Software	5,201,114	4,587	5,205,701	46,840
Total Assets	1,298,483,474	4,509,590	1,302,993,064	9,357,122
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivatives	19,996,415	-	19,996,415	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,318,479,889	\$ 4,509,590	\$ 1,322,989,479	\$ 9,357,122
LIABILITIES:				
Salaries and Benefits Payable	\$ 13,992,456	\$ 9,466	\$ 14,001,922	\$ 515,144
Payroll Deductions and Withholdings Payable	2,165,326	9,642	2,174,968	-
Accounts Payable	16,969,202	138,185	17,107,387	240,571
Construction Contracts Payable	261,427	-	261,427	-
Construction Contracts Payable-Retainage	295,776	-	295,776	-
Arbitrage Rebate Payable	71,938	-	71,938	-
Due to Other Agencies	-	-	-	31,518
Sales Tax Payable	3,863	-	3,863	-
Deposits Payable	75,834	-	75,834	-
Accrued Interest Payable	3,381,641	-	3,381,641	-
Unearned Revenue	1,028,058	74,169	1,102,227	7,250
Non-Current Liabilities Due Within One Year:				
Notes Payable	-	-	-	470,236
Bonds Payable	15,249,177	-	15,249,177	-
Certificates of Participation Payable	10,066,925	-	10,066,925	-
Estimated Insurance Claims Payable	2,311,000	-	2,311,000	-
Compensated Absences Payable	1,010,267	415,780	1,426,047	82,973
Long-Term Debt and Liabilities:				
Notes Payable	-	-	-	1,656,165
Bonds Payable	30,333,148	-	30,333,148	-
Certificates of Participation Payable	332,778,998	-	332,778,998	-
Estimated Insurance Claims Payable	4,202,000	-	4,202,000	-
Compensated Absences Payable	32,344,200	-	32,344,200	-
Other Postemployment Benefits Obligation	40,593,115	682,107	41,275,222	-
Total Liabilities	507,134,351	1,329,349	508,463,700	3,003,857
DEFERRED INFLOWS OF RESOURCES				
Derivatives Swap Liability	19,977,527	-	19,977,527	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	527,111,878	1,329,349	528,441,227	3,003,857
NET POSITION:				
Net Investment in Capital Assets	590,932,554	166,337	591,098,891	2,179,849
Restricted for:				
State Categorical Programs	3,124,608	-	3,124,608	-
Debt Service	13,620,167	-	13,620,167	-
Capital Projects	147,001,633	-	147,001,633	-
Special Revenue-Food Service	8,323,364	-	8,323,364	-
Other Purposes	-	-	-	1,830,649
Non-expendable-Permanent Endowment	-	-	-	1,906,568
Unrestricted	28,365,685	3,013,904	31,379,589	436,199
Total Net Position	791,368,011	3,180,241	794,548,252	6,353,265
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,318,479,889	\$ 4,509,590	\$ 1,322,989,479	\$ 9,357,122

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

District School Board of Pasco County
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
Instruction	\$ 343,554,241	\$ 522,095	\$ -
Pupil Personnel Services	25,331,587	-	-
Instructional Media Services	6,917,067	-	-
Instruction and Curriculum Development Services	11,764,667	-	-
Instructional Staff Training Services	11,073,276	-	-
Instruction Related Technology	4,892,506	-	-
Board of Education	610,730	-	-
General Administration	1,632,018	-	-
School Administration	34,289,049	-	-
Facilities Acquisition and Construction	14,195,220	-	-
Fiscal Services	2,281,430	-	-
Food Services	31,884,356	11,441,922	22,561,599
Central Services	4,024,807	-	-
Pupil Transportation Services	27,623,111	992,215	15,071,488
Operation of Plant	42,208,748	-	-
Maintenance of Plant	10,903,885	-	-
Administrative Technology Services	3,146,509	-	-
Community Services	688,852	-	-
Interest on Long-term Liabilities	16,680,024	-	-
Total Governmental Activities	<u>593,702,083</u>	<u>12,956,232</u>	<u>37,633,087</u>
Business-Type Activities:			
PLACE Program	<u>7,941,510</u>	<u>8,562,722</u>	<u>-</u>
Total Primary Government	<u>\$ 601,643,593</u>	<u>\$ 21,518,954</u>	<u>\$ 37,633,087</u>
Component Units:			
Educational Foundation/Charter Schools	<u>\$ 15,773,454</u>	<u>\$ 72,659</u>	<u>\$ 56,945</u>

General Revenues:

Property Taxes, Levied for Operational Purposes
Property Taxes, Levied for Capital Projects
Local Sales Taxes
Grants and Contributions not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position, July 1, 2012
Net Position, June 30, 2013

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

Net (Expense) Revenue and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (343,032,146)	\$ -	\$ (343,032,146)	\$ -
-	(25,331,587)	-	(25,331,587)	-
-	(6,917,067)	-	(6,917,067)	-
-	(11,764,667)	-	(11,764,667)	-
-	(11,073,276)	-	(11,073,276)	-
-	(4,892,506)	-	(4,892,506)	-
-	(610,730)	-	(610,730)	-
-	(1,632,018)	-	(1,632,018)	-
-	(34,289,049)	-	(34,289,049)	-
6,677,520	(7,517,700)	-	(7,517,700)	-
-	(2,281,430)	-	(2,281,430)	-
-	2,119,165	-	2,119,165	-
-	(4,024,807)	-	(4,024,807)	-
-	(11,559,408)	-	(11,559,408)	-
-	(42,208,748)	-	(42,208,748)	-
-	(10,903,885)	-	(10,903,885)	-
-	(3,146,509)	-	(3,146,509)	-
-	(688,852)	-	(688,852)	-
2,451,388	(14,228,636)	-	(14,228,636)	-
9,128,908	(533,983,856)	-	(533,983,856)	-
-	-	621,212	621,212	-
\$ 9,128,908	(533,983,856)	621,212	(533,362,644)	-
\$ 798,862	-	-	-	(14,844,988)
	120,318,952	-	120,318,952	-
	30,896,444	-	30,896,444	-
	27,490,903	-	27,490,903	-
	338,910,337	-	338,910,337	15,545,508
	1,326,648	33,677	1,360,325	-
	8,129,246	-	8,129,246	-
	3,000,000	(3,000,000)	-	-
	530,072,530	(2,966,323)	527,106,207	15,545,508
	(3,911,326)	(2,345,111)	(6,256,437)	700,520
	795,279,337	5,525,352	800,804,689	5,652,745
\$	791,368,011	\$ 3,180,241	\$ 794,548,252	\$ 6,353,265

**District School Board of Pasco County
Balance Sheet
Governmental Funds
June 30, 2013**

	Major Funds					Total Governmental Funds
	General	Capital Projects	Special Revenue	Special Revenue	Nonmajor	
	Primary Operating Fund	Other Funds	Other Federal Programs Fund	Federal Economic Stimulus Programs Fund	Governmental Funds	
ASSETS:						
Cash	\$ 23,664,468	\$ 11,247,977	\$ 30,198	\$ -	\$ 10,718,037	\$ 45,660,680
Cash with Fiscal Agent	92,534	-	-	-	854,946	947,480
Investments	33,765,516	95,586,216	-	-	48,031,712	177,383,444
Accounts Receivable	1,337,333	-	-	-	22,690	1,360,023
Accrued Interest Receivable	55,501	-	-	-	39,457	94,958
Due from Other Funds	2,179,229	-	-	-	-	2,179,229
Due from Other Agencies	1,694,071	6,574,394	3,140,555	566,829	2,849,775	14,825,624
Inventories	3,575,051	-	-	-	1,223,200	4,798,251
Prepaid Items	37,931	-	-	-	-	37,931
TOTAL ASSETS	\$ 66,401,634	\$ 113,408,587	\$ 3,170,753	\$ 566,829	\$ 63,739,817	\$ 247,287,620
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Salaries and Benefits Payable	\$ 12,940,769	\$ -	\$ 627,168	\$ 4,955	\$ 400,392	\$ 13,973,284
Payroll Deductions and Withholdings Payable	2,139,610	-	15,262	1,311	4,070	2,160,253
Accounts Payable	3,576,935	637,582	883,745	25,912	2,150,652	7,274,826
Construction Contracts Payable	-	85,094	-	-	176,333	261,427
Construction Contracts Payable-Retainage	-	187,609	-	-	108,167	295,776
Arbitrage Rebate Payable	-	-	-	-	71,938	71,938
Due to Other Funds	-	-	1,644,578	534,651	-	2,179,229
Sales Tax Payable	3,863	-	-	-	-	3,863
Deposits Payable	75,834	-	-	-	-	75,834
Unearned Revenue	20,000	-	-	-	999,762	1,019,762
Total Liabilities	18,757,011	910,285	3,170,753	566,829	3,911,314	27,316,192
Fund Balances:						
Nonspendable:						
Inventories:						
General Fund	3,575,051	-	-	-	-	3,575,051
Special Revenues-Food Service	-	-	-	-	1,223,200	1,223,200
Prepaid Items:						
General Fund	37,931	-	-	-	-	37,931
Restricted:						
Categorical Programs	3,124,608	-	-	-	-	3,124,608
Special Revenues-Food Service	-	-	-	-	7,100,164	7,100,164
Debt Service	-	-	-	-	17,001,808	17,001,808
Capital Projects	-	112,498,302	-	-	34,503,331	147,001,633
Assigned:						
School Operations:						
School and Local Programs	13,015,659	-	-	-	-	13,015,659
Next Year Budget Deficit	4,391,846	-	-	-	-	4,391,846
Unassigned Fund Balance	23,499,528	-	-	-	-	23,499,528
Total Fund Balances	47,644,623	112,498,302	-	-	59,828,503	219,971,428
TOTAL LIABILITIES AND FUND BALANCES	\$ 66,401,634	\$ 113,408,587	\$ 3,170,753	\$ 566,829	\$ 63,739,817	\$ 247,287,620

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

District School Board of Pasco County
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Exhibit D

Total fund balances for total governmental funds (page 24).			\$ 219,971,428
Amounts reported for governmental activities in the statement of net position (page 21) are different because:			
Deferred outflows of resources are reported as a result of changes in fair value of hedging derivative instruments in the statement of net position			19,996,415
Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			979,360,802
Capital credits to be received in future years are not available to liquidate liabilities in governmental funds, but are accrued in the government-wide statements.			4,119,621
Debt issuance costs and underwriter's discounts are not expended in the government-wide statements but are reported as deferred charges, and amortized over the life of the debt.			13,068,784
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.			
Long-term liabilities at year-end consist of:			
Bonds Payable	\$ (45,582,325)		
Certificates of Participation Payable	(342,845,923)		
Compensated Absences Payable	(33,354,467)		
Other Postemployment Benefits Obligation	(40,593,115)		
		(462,375,830)	
Deferred inflows of resources are reported as a result of changes in fair value of hedging derivative instruments in the statement of net position			(19,977,527)
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.			(3,381,641)
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.			40,585,959
Net Position - Governmental Activities			<u>\$ 791,368,011</u>

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

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	Major Funds					
	General Primary Operating Fund	Capital Projects Other Funds	Special Revenue Other Federal Programs Fund	Special Revenue Federal Economic Stimulus Programs Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Federal Sources:						
Federal Direct	\$ 536,626	\$ -	\$ 6,970,692	\$ -	\$ -	\$ 7,507,318
Federal Through State	2,261,737	-	30,886,433	1,886,145	22,141,725	57,176,040
State Sources:						
Florida Education Finance Program	229,215,516	-	-	-	-	229,215,516
Public Education Capital Outlay	-	-	-	-	666,291	666,291
Food Services	-	-	-	-	419,874	419,874
SBE/COBI Bond Interest	-	-	-	-	10,377	10,377
CO & DS Withheld for State Education Bonds	-	-	-	-	2,375,234	2,375,234
CO & DS Interest	-	-	-	-	25,394	25,394
CO & DS Distributed	-	-	-	-	276,571	276,571
Racing Commission Funds	-	-	-	-	223,250	223,250
State Grants and Other	81,765,238	-	-	-	-	81,765,238
Local Sources:						
Property Taxes	120,318,952	-	-	-	30,896,444	151,215,396
Local Sales Taxes	-	27,490,903	-	-	-	27,490,903
Impact Fees	-	6,011,229	-	-	-	6,011,229
Food Services	-	-	-	-	11,441,922	11,441,922
Investment Earnings	196,071	(386,354)	-	-	1,458,032	1,267,749
Local Grants and Other	9,396,088	-	-	-	38,620	9,434,708
Total Revenues	443,690,228	33,115,778	37,857,125	1,886,145	69,973,734	586,523,010
Expenditures:						
Current-Education:						
Instruction	275,441,887	-	23,412,182	907,367	-	299,761,436
Pupil Personnel Services	21,523,167	-	3,508,114	-	-	25,031,281
Instructional Media Services	6,707,914	-	56,069	-	-	6,763,983
Inst. and Curriculum Development Services	8,452,383	-	3,101,655	147,895	-	11,701,933
Instructional Staff Training Services	6,324,236	-	4,300,138	357,459	-	10,981,833
Instruction Related Technology	4,433,650	-	379,568	51,483	-	4,864,701
Board of Education	468,772	-	-	-	-	468,772
General Administration	553,975	-	916,529	41,633	-	1,512,137

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects	Special Revenue	Special Revenue			
	Primary Operating Fund	Other Funds	Other Federal Programs Fund	Federal Economic Stimulus Programs Fund			
Expenditures (continued):							
School Administration	33,518,619	-	57,164	183,484	-	33,759,267	
Facilities Acquisition and Construction	1,796,938	1,291,129	-	-	1,745,559	4,833,626	
Fiscal Services	2,110,767	-	117,953	-	-	2,228,720	
Food Services	171,905	-	70,958	-	31,355,848	31,598,711	
Central Services	5,465,160	-	165,790	12,813	-	5,643,763	
Pupil Transportation Services	26,745,109	-	306,437	1,310	-	27,052,856	
Operation of Plant	41,713,297	-	142,969	-	-	41,856,266	
Maintenance of Plant	10,471,775	-	115,106	-	-	10,586,881	
Administrative Technology Services	2,907,655	-	211,274	-	-	3,118,929	
Community Services	566,606	-	101,267	-	-	667,873	
Capital Outlay:							
Facilities Acquisition and Construction	12,950	10,688,424	4,945	-	17,336,736	28,043,055	
Other Capital Outlay	262,423	-	889,007	182,701	-	1,334,131	
Debt Service:							
Principal	-	-	-	-	23,557,001	23,557,001	
Interest	-	-	-	-	16,110,854	16,110,854	
Fiscal Charges	-	-	-	-	660,328	660,328	
Total Expenditures	449,649,188	11,979,553	37,857,125	1,886,145	90,766,326	592,138,337	
Excess (Deficiency) of Revenues Over Expenditures	(5,958,960)	21,136,225	-	-	(20,792,592)	(5,615,327)	
Other Financing Sources (Uses):							
Proceeds from the Sale of Capital Assets	8,346	-	-	-	-	8,346	
Transfers In	5,312,376	1,628	-	-	36,756,122	42,070,126	
Transfers Out	-	(19,030,980)	-	-	(17,493,061)	(36,524,041)	
Total Other Financing Sources (Uses)	5,320,722	(19,029,352)	-	-	19,263,061	5,554,431	
Net Change in Fund Balances	(638,238)	2,106,873	-	-	(1,529,531)	(60,896)	
Fund Balances, July 1, 2012	48,282,861	110,391,429	-	-	61,358,034	220,032,324	
Fund Balances, June 30, 2013	\$ 47,644,623	\$ 112,498,302	\$ -	\$ -	\$ 59,828,503	\$ 219,971,428	

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

**District School Board of Pasco County
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances for Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2013**

Exhibit F

Net Change in Fund Balances - Governmental Funds (page 27) \$ (60,896)

Amounts reported for governmental activities on the statement of activities (pages 22 & 23) are different because:

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 29,597,922	
Less current year depreciation	(50,113,755)	(20,515,833)

Capital assets donated to the District increase net assets on the statement of activities. However, they do not provide current financial resources and are not reported as revenues in the governmental funds.

56,641

The undepreciated cost of capital assets disposed of during the period is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the assets disposed of.

(687,540)

Deferred outflows of resources are reported as a result of changes in fair value of hedging derivative instruments in the statement of net position. This is the change in fair value for the current year.

(13,141,492)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Additionally, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the statement of activities.

Principal payments	\$ 24,992,001	
Changes in fair value of investment derivatives	13,203,391	
Net decrease in deferred charges	(2,334,871)	
Net decrease in premiums and discounts	709,101	36,569,622

Capital credits to be received in future years are accrued in the government-wide statements, but the credits do not provide current financial resources and are not recognized in the governmental funds. This is the net amount of capital credits earned in excess of the amount paid in the current period.

150,739

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are not recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences paid in excess of the amount earned in the current period.

360,695

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

281,927

The net change in liability for postemployment health care benefits is reported in the government-wide statements, but not in the governmental fund statements.

(6,105,883)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net expense of internal service funds, excluding depreciation expense of \$18,212, is reported with governmental activities.

(819,306)

Change in Net Position - Governmental Activities (pages 22 & 23).	\$	<u>(3,911,326)</u>
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The accompanying notes to financial statements are an integral part of this statement.

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal Sources:				
Federal Direct	\$ 577,715	\$ 672,091	\$ 536,626	\$ (135,465)
Federal Through State	1,750,000	2,300,000	2,261,737	(38,263)
State Sources:				
Florida Education Finance Program	230,799,899	234,898,338	229,215,516	(5,682,822)
State Grants and Other	81,031,068	79,395,997	81,765,238	2,369,241
Local Sources:				
Property Taxes	118,873,770	118,751,866	120,318,952	1,567,086
Investment Earnings	400,000	400,000	196,071	(203,929)
Local Grants and Other	6,759,986	9,284,829	9,396,088	111,259
Total Revenues	440,192,438	445,703,121	443,690,228	(2,012,893)
Expenditures:				
Current-Education:				
Instruction				
Salaries	\$ 192,340,695	\$ 193,039,406	\$ 191,373,737	\$ 1,665,669
Employee Benefits	49,953,600	54,030,619	53,151,772	878,847
Purchased Services	25,838,499	20,307,942	19,277,930	1,030,012
Materials and Supplies	11,905,614	9,300,856	8,252,262	1,048,594
Capital Outlay	58,343	611,388	355,260	256,128
Other Expenses	2,626,738	3,064,766	3,030,926	33,840
Pupil Personnel Services				
Salaries	14,212,644	15,118,200	14,939,129	179,071
Employee Benefits	4,050,347	4,545,340	4,507,706	37,634
Purchased Services	1,959,531	1,997,797	1,866,422	131,375
Materials and Supplies	188,997	226,955	146,033	80,922
Capital Outlay	12,263	120,094	11,284	108,810
Other Expenses	8,409	57,409	52,593	4,816
Instructional Media Services				
Salaries	3,923,065	3,988,724	3,848,248	140,476
Employee Benefits	1,082,141	1,169,813	1,166,389	3,424
Purchased Services	179,878	288,268	269,185	19,083
Materials and Supplies	289,893	330,833	301,229	29,604
Capital Outlay	1,349,662	1,302,546	1,115,795	186,751
Other Expenses	11,572	9,795	7,068	2,727
Instruction and Curriculum Development Services				
Salaries	7,031,312	7,382,201	6,493,181	889,020
Employee Benefits	1,800,544	1,728,472	1,691,296	37,176
Purchased Services	385,139	385,246	183,017	202,229
Materials and Supplies	648,085	317,694	50,091	267,603
Capital Outlay	9,415	11,305	4,271	7,034
Other Expenses	46,654	53,906	30,527	23,379

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Expenditures (continued):				
Instructional Staff Training Services				
Salaries	4,559,856	5,452,221	4,815,934	636,287
Employee Benefits	1,116,334	1,373,799	1,242,884	130,915
Purchased Services	113,766	418,204	72,571	345,633
Materials and Supplies	51,054	439,857	166,500	273,357
Capital Outlay	2,120	7,864	5,964	1,900
Other Expenses	9,600	47,724	20,383	27,341
Instruction Related Technology				
Salaries	3,323,034	3,493,944	3,399,217	94,727
Employee Benefits	932,285	1,029,338	1,016,001	13,337
Materials and Supplies	150	18,432	18,432	-
School Board				
Salaries	244,320	274,320	244,343	29,977
Employee Benefits	2,972,324	88,565	74,718	13,847
Purchased Services	138,999	128,550	121,304	7,246
Materials and Supplies	1,510	1,510	307	1,203
Other Expenses	31,066	48,281	28,100	20,181
General Administration				
Salaries	362,166	362,166	350,673	11,493
Employee Benefits	73,642	76,642	75,590	1,052
Purchased Services	185,615	222,074	97,568	124,506
Materials and Supplies	14,342	14,217	8,095	6,122
Capital Outlay	3,550	3,550	292	3,258
Other Expenses	34,252	30,450	21,757	8,693
School Administration				
Salaries	24,000,070	24,150,075	24,131,169	18,906
Employee Benefits	6,620,192	7,162,339	7,135,211	27,128
Purchased Services	1,163,388	1,133,755	1,083,102	50,653
Materials and Supplies	569,711	548,237	493,874	54,363
Capital Outlay	106,942	144,461	138,782	5,679
Other Expenses	590,127	576,035	536,481	39,554
Facilities Services				
Salaries	734,553	734,553	729,307	5,246
Employee Benefits	172,736	172,736	172,477	259
Purchased Services	968,346	966,272	885,626	80,646
Materials and Supplies	11,025	11,295	5,652	5,643
Capital Outlay	148,500	450,389	3,047	447,342
Other Expenses	7,157	7,407	829	6,578

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Fiscal Services				
Salaries	1,478,156	1,478,906	1,443,178	35,728
Employee Benefits	397,678	398,103	377,930	20,173
Purchased Services	208,505	259,283	229,668	29,615
Materials and Supplies	35,650	34,642	19,612	15,030
Capital Outlay	2,165	2,375	1,856	519
Other Expenses	93,821	93,861	38,523	55,338
Food Services				
Salaries	-	166,540	159,339	7,201
Employee Benefits	-	14,091	12,156	1,935
Purchased Services	-	410	410	-
Central Services				
Salaries	3,544,937	3,544,448	3,391,802	152,646
Employee Benefits	1,003,141	1,052,835	1,029,125	23,710
Purchased Services	1,065,844	1,062,010	613,671	448,339
Materials and Supplies	70,273	53,470	35,817	17,653
Capital Outlay	15,387	20,187	6,127	14,060
Other Expenses	405,214	413,018	388,618	24,400
Pupil Transportation Services				
Salaries	13,865,876	14,266,843	14,037,982	228,861
Employee Benefits	6,147,824	6,147,898	5,998,884	149,014
Purchased Services	989,612	1,037,067	832,141	204,926
Energy Services	5,455,000	6,689,208	4,459,496	2,229,712
Materials and Supplies	1,217,100	1,337,475	1,316,946	20,529
Capital Outlay	3,900	3,811	738	3,073
Other Expenses	9,379	112,879	98,922	13,957
Operation of Plant				
Salaries	14,673,660	14,839,514	14,593,073	246,441
Employee Benefits	5,471,407	5,584,430	5,539,444	44,986
Purchased Services	10,027,973	10,601,519	10,561,592	39,927
Energy Services	11,289,005	10,479,005	10,017,772	461,233
Materials and Supplies	840,845	1,055,296	868,586	186,710
Capital Outlay	26,858	39,254	24,389	14,865
Other Expenses	2,825	116,639	108,441	8,198
Maintenance of Plant				
Salaries	6,331,669	6,031,669	5,484,695	546,974
Employee Benefits	1,765,910	1,765,910	1,647,244	118,666
Purchased Services	2,783,105	3,108,340	3,076,648	31,692
Materials and Supplies	354,270	345,270	247,788	97,482
Capital Outlay	11,795	10,795	7,878	2,917
Other Expenses	17,623	17,623	7,522	10,101

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Administrative Technology Services				
Salaries	2,098,229	2,098,229	1,968,958	129,271
Employee Benefits	499,312	549,312	533,540	15,772
Purchased Services	616,300	565,700	389,898	175,802
Materials and Supplies	38,350	38,323	12,767	25,556
Capital Outlay	3,500	3,864	2,152	1,712
Other Expenses	10,557	10,557	340	10,217
Community Services				
Salaries	117,440	210,898	204,096	6,802
Employee Benefits	39,081	85,428	78,315	7,113
Purchased Services	212,625	176,642	167,823	8,819
Materials and Supplies	13,925	28,796	21,554	7,242
Capital Outlay	9,210	13,738	10,916	2,822
Other Expenses	68,829	91,741	83,902	7,839
Capital Outlay:				
Facilities Acquisition and Construction	-	12,950	12,950	-
Other Capital Outlay	-	262,423	262,423	-
Total Expenditures	462,509,537	465,312,062	449,649,188	15,662,874
Excess (Deficiency) of Revenues Over Expenditures	(22,317,099)	(19,608,941)	(5,958,960)	13,649,981
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	150,000	150,000	8,346	(141,654)
Transfers In	14,847,998	14,448,671	5,312,376	(9,136,295)
Total Other Financing Sources (Uses)	14,997,998	14,598,671	5,320,722	(9,277,949)
Net Change in Fund Balance	(7,319,101)	(5,010,270)	(638,238)	4,372,032
Fund Balance, July 1, 2012	48,282,861	48,282,861	48,282,861	-
Fund Balance, June 30, 2013	\$ 40,963,760	\$ 43,272,591	\$ 47,644,623	\$ 4,372,032

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

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Federal Sources:				
Federal Direct	\$ 6,501,421	\$ 8,123,686	\$ 6,970,692	\$ (1,152,994)
Federal Through State	34,594,082	48,584,072	30,886,433	(17,697,639)
Total Revenues	41,095,503	56,707,758	37,857,125	(18,850,633)
Expenditures:				
Current-Education:				
Instruction				
Salaries	13,613,595	15,289,990	12,467,915	2,822,075
Employee Benefits	4,971,034	6,806,364	4,635,190	2,171,174
Purchased Services	3,896,104	5,084,262	3,303,098	1,781,164
Materials and Supplies	1,933,120	5,505,224	1,027,203	4,478,021
Capital Outlay	791,461	1,276,943	863,706	413,237
Other Expenses	701,740	1,451,464	1,115,070	336,394
Pupil Personnel Services				
Salaries	2,573,277	2,615,137	2,413,121	202,016
Employee Benefits	880,383	864,551	697,568	166,983
Purchased Services	209,885	235,098	152,258	82,840
Materials and Supplies	147,011	254,906	224,069	30,837
Capital Outlay	-	9,405	9,021	384
Other Expenses	9,400	14,951	12,077	2,874
Instructional Media Services				
Salaries	51,363	43,495	43,495	-
Employee Benefits	15,867	11,553	11,370	183
Capital Outlay	-	1,687	1,204	483
Instruction and Curriculum Development Services				
Salaries	2,373,745	2,513,973	2,225,788	288,185
Employee Benefits	662,994	751,971	537,551	214,420
Purchased Services	231,750	403,877	224,666	179,211
Materials and Supplies	103,689	1,549,435	60,221	1,489,214
Capital Outlay	41,257	120,342	18,024	102,318
Other Expenses	15,086	43,187	35,405	7,782
Instructional Staff Training Services				
Salaries	2,204,962	3,050,065	2,243,904	806,161
Employee Benefits	488,706	794,645	542,409	252,236
Purchased Services	727,338	1,860,870	1,173,027	687,843
Materials and Supplies	484,694	403,783	306,591	97,192
Capital Outlay	36,200	276,270	7,562	268,708
Other Expenses	264,514	42,621	26,645	15,976
Instruction Related Technology				
Salaries	221,949	270,486	252,824	17,662
Employee Benefits	60,936	74,016	67,334	6,682
Purchased Services	54,288	78,243	55,768	22,475
Materials and Supplies	37,033	2,881	2,849	32
Capital Outlay	-	793	793	-

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Board				
Other Expenses	518,274	277,514	-	277,514
General Administration				
Other Expenses	1,200,220	1,453,479	916,529	536,950
School Administration				
Salaries	8,673	62,458	44,188	18,270
Employee Benefits	4,197	16,587	12,580	4,007
Purchased Services	1,500	397	396	1
Capital Outlay	-	7,000	-	7,000
Capital Outlay				
Other Capital Outlay	15,000	109,836	-	109,836
Fiscal Services				
Salaries	95,873	164,752	91,737	73,015
Employee Benefits	30,591	49,362	25,760	23,602
Purchased Services	-	-	-	-
Materials and Supplies	189,778	19,757	366	19,391
Capital Outlay	524	1,502	90	1,412
Food Services				
Employee Benefits	-	4	-	4
Purchased Services	39,140	41,076	40,937	139
Materials and Supplies	-	15,218	11,610	3,608
Capital Outlay	-	1,811	1,811	-
Other Expenses	-	16,852	16,600	252
Central Services				
Salaries	125,929	127,583	120,339	7,244
Employee Benefits	24,559	37,817	35,235	2,582
Capital Outlay	-	-	-	-
Other Expenses	5,000	10,216	10,216	-
Pupil Transportation Services				
Salaries	62,496	81,199	66,722	14,477
Employee Benefits	20,750	24,017	18,119	5,898
Purchased Services	327,600	638,290	221,596	416,694
Capital Outlay	1,200	33	-	33
Operation of Plant				
Purchased Services	43,000	39,856	27,812	12,044
Energy Services	167,161	134,581	111,249	23,332
Materials and Supplies	8,300	8,300	3,908	4,392
Capital Outlay	9,778	10,751	-	10,751
Maintenance of Plant				
Purchased Services	43,828	117,349	115,106	2,243
Capital Outlay	117,500	266,960	-	266,960
Administrative Technology Services				
Salaries	185,783	199,965	173,572	26,393
Employee Benefits	44,468	50,016	37,530	12,486
Purchased Services	1,000	1,110	172	938

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Community Services				
Salaries	-	52,857	39,770	13,087
Employee Benefits	-	11,914	10,129	1,785
Purchased Services	-	22,186	19,698	2,488
Materials and Supplies	-	29,966	25,222	4,744
Capital Outlay	-	899	3,198	(2,299)
Other Expenses	-	7,848	3,250	4,598
Capital Outlay:				
Facilities Acquisition and Construction	-	4,945	4,945	-
Other Capital Outlay	-	889,007	889,007	-
Total Expenditures	<u>41,095,503</u>	<u>56,707,758</u>	<u>37,857,125</u>	<u>18,850,633</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	<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 Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal Economic Stimulus Programs Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Federal Sources:				
Federal Through State	\$ 3,080,582	\$ 3,284,723	\$ 1,886,145	\$ (1,398,578)
Total Revenues	3,080,582	3,284,723	1,886,145	(1,398,578)
Expenditures:				
Current-Education:				
Instruction				
Salaries	1,216,664	835,180	720,420	114,760
Employee Benefits	235,584	141,127	103,239	37,888
Purchased Services	-	593	593	-
Materials and Supplies	3,625	25,735	25,048	687
Capital Outlay	-	54,018	53,169	849
Other Expenses	2,000	32,669	4,898	27,771
Instructional and Curriculum Development Services				
Salaries	309,530	298,685	118,031	180,654
Employee Benefits	126,937	84,968	29,259	55,709
Purchased Services	1,000	31,042	540	30,502
Materials and Supplies	2,500	200	65	135
Capital Outlay	80,283	-	-	-
Instructional Staff Training Services				
Salaries	90,908	111,634	69,981	41,653
Employee Benefits	19,985	14,622	8,942	5,680
Purchased Services	182,300	432,755	253,243	179,512
Materials and Supplies	16,000	54,826	4,666	50,160
Other Expenses	6,500	35,494	20,627	14,867
Instruction Related Technology				
Salaries	56,560	137,300	-	137,300
Employee Benefits	16,582	40,938	-	40,938
Purchased Services	170,000	170,000	51,483	118,517
General Administration				
Other Expenses	97,212	119,900	41,633	78,267
School Administration				
Salaries	112,480	260,775	145,025	115,750
Employee Benefits	20,644	59,990	38,266	21,724
Purchased Services	5,000	7,562	193	7,369
Central Services				
Salaries	62,350	62,350	-	62,350
Employee Benefits	17,650	17,650	-	17,650
Purchased Services	25,626	25,626	12,813	12,813
Capital Outlay	20,000	20,000	-	20,000
Purchased Services	182,662	26,383	1,310	25,073

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal Economic Stimulus Programs Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Expenditures (continued):				
Capital Outlay:				
Other Capital Outlay	-	182,701	182,701	-
Total Expenditures	3,080,582	3,284,723	1,886,145	1,398,578
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

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

District School Board of Pasco County
Statement of Fund Net Position
Proprietary Funds
June 30, 2013

Exhibit J

	<u>Business-Type Activity Nonmajor Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS:		
Current Assets:		
Cash	\$ -	\$ 17,346,411
Cash with Fiscal Agent	13,393	68,183
Investments	4,218,747	38,130,247
Accounts Receivable	103,080	1,240,141
Accrued Interest Receivable	8,033	40,894
Total Current Assets	<u>4,343,253</u>	<u>56,825,876</u>
Noncurrent Assets:		
Improvements Other Than Buildings, Net	12,069	-
Buildings and Fixed Equipment, Net	19,493	-
Furniture, Fixtures, and Equipment, Net	130,188	19,900
Computer Software, Net	4,587	-
Total Noncurrent Assets	<u>166,337</u>	<u>19,900</u>
TOTAL ASSETS	<u><u>4,509,590</u></u>	<u><u>56,845,776</u></u>
LIABILITIES:		
Current Liabilities:		
Salaries and Benefits Payable	\$ 9,466	\$ 19,172
Payroll Deductions and Withholdings Payable	9,642	5,073
Accounts Payable	138,185	9,694,376
Unearned Revenues	74,169	8,296
Current portion of long-term liabilities:		
Compensated Absences Payable	415,780	29,598
Estimated Insurance Claims Payable	-	2,311,000
Total Current Liabilities	<u>647,242</u>	<u>12,067,515</u>
Noncurrent Liabilities:		
Compensated Absences Payable	-	247,129
Estimated Insurance Claims Payable	-	4,202,000
Other Postemployment Benefits Obligation	682,107	-
Total Noncurrent Liabilities	<u>682,107</u>	<u>4,449,129</u>
Total Liabilities	<u>1,329,349</u>	<u>16,516,644</u>
NET POSITION:		
Investment in Capital Assets	166,337	19,900
Unrestricted	3,013,904	40,309,232
Total Net Position	<u>3,180,241</u>	<u>40,329,132</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,509,590</u></u>	<u><u>\$ 56,845,776</u></u>

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

District School Board of Pasco County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

Exhibit K

	Business-Type Activity	Governmental Activities
	Nonmajor Enterprise Fund	Internal Service Funds
Operating Revenues:		
Charges for Services Provided	\$ 8,562,722	\$ 8,342,252
Insurance Premiums:		
Board Contributions	-	64,029,897
Employees	-	6,635,361
Retirees	-	4,013,792
Other Operating Revenues	-	554,235
Total Operating Revenues	<u>8,562,722</u>	<u>83,575,537</u>
Operating Expenses:		
Salaries	\$ 4,712,826	\$ 898,286
Employee Benefits	1,733,112	237,785
Purchased Services	389,580	3,864,661
Insurance Premiums	-	18,019,407
Energy Services	417,829	10,630,043
Materials and Supplies	371,405	15,473
Capital Outlay	32,287	1,666
Insurance Claims	-	48,567,552
Other	252,109	58,808
Depreciation	31,155	18,212
Total Operating Expenses	<u>7,940,303</u>	<u>82,311,893</u>
Operating Income	<u>622,419</u>	<u>1,263,644</u>
Nonoperating Revenues:		
Investment Earnings	33,677	118,747
Gifts, Grants, and Bequests	-	275,547
Insurance Loss Recoveries	-	52,161
Loss on Disposition of Assets	(1,207)	(1,532)
Total Nonoperating Revenues	<u>32,470</u>	<u>444,923</u>
Income Before Transfers	654,889	1,708,567
Transfers In	-	4,100,000
Transfers Out	(3,000,000)	(6,646,085)
Change in Net Position	(2,345,111)	(837,518)
Total Net Position, July 1, 2012	<u>5,525,352</u>	<u>41,166,650</u>
Total Net Position, June 30, 2013	<u>\$ 3,180,241</u>	<u>\$ 40,329,132</u>

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

District School Board of Pasco County
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

Exhibit L

	Business-Type Activity Nonmajor Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Services	\$ 8,541,678	\$ 8,342,252
Cash Received from Premiums	-	74,471,879
Cash Received from Other Operating Revenues	-	554,235
Cash Payments to Suppliers for Goods and Services	(1,370,497)	(39,520,773)
Cash Payments to Employees for Services	(6,325,757)	(1,176,720)
Cash Payments for Insurance Claims	-	(49,537,432)
Net Cash Provided (Used) by Operating Activities	<u>845,424</u>	<u>(6,866,559)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Insurance Loss Recoveries	-	52,161
Gifts, Grants and Bequests	-	275,547
Transfers In	-	4,100,000
Transfers Out	(3,000,000)	(6,646,085)
Net Cash (Used) by Noncapital Financing Activities	<u>(3,000,000)</u>	<u>(2,218,377)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(60,951)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(60,951)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Earnings	44,631	178,827
Proceeds from Sales and Maturity of Investments	700,641	3,224,227
Net Cash Provided by Investing Activities	<u>745,272</u>	<u>3,403,054</u>
Net Decrease in Cash	(1,470,255)	(5,681,882)
Cash, Beginning	1,483,648	23,096,476
Cash, Ending	<u>\$ 13,393</u>	<u>\$ 17,414,594</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 622,419	\$ 1,263,644
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	31,155	18,212
Change in Assets and Liabilities:		
Decrease in Accounts Receivable	(5,587)	(215,467)
Increase (Decrease) in Accounts Payable	92,714	(6,930,715)
Decrease Salaries and Benefits Payable	(605)	(39,946)
Decrease in Payroll Deductions and Withholdings Payable	(1,084)	(809)
Increase (Decrease) in Unearned Revenues	(15,457)	8,296
Increase in Compensated Absences Payable	18,801	106
Increase in Other Postemployment Benefits Obligation	103,068	-
Decrease in Estimated Insurance Claims Payable	-	(969,880)
Total Adjustments	<u>223,005</u>	<u>(8,130,203)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 845,424</u>	<u>\$ (6,866,559)</u>

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

District School Board of Pasco County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

Exhibit M

	Pension Trust	Private-Purpose Trust	Agency
ASSETS:			
Cash and Cash Equivalents	\$ 945,292	\$ -	\$ 7,163,373
Collateralized Mortgage Obligations	2,262,473	-	-
Corporate Bonds	450,733	-	-
Government and Municipal Bonds	7,225,453	-	-
Mutual Fund - Government Securities	1,200,699	-	-
Government Sponsored Enterprise Securities	3,664,827	55,723	64,582
Accounts Receivable	-	-	5,331
Interest Receivable	149,555	-	-
Inventories	-	-	33,791
TOTAL ASSETS	\$ 15,899,032	\$ 55,723	\$ 7,267,077
LIABILITIES:			
Accounts Payable	\$ 44,054	\$ -	\$ 786,965
Payroll Payable	1,616	-	-
Internal Accounts Payable	-	-	6,415,530
ABC Program Payable	-	-	64,582
Total Liabilities	45,670	-	\$ 7,267,077
NET POSITION:			
Net Position Held in Trust for Pension Benefits	15,853,362	-	
Net Position Held in Trust for Medical Benefits	-	26,907	
Net Position Held in Trust for Educational Support	-	28,816	
Total Net Position	15,853,362	55,723	
TOTAL LIABILITIES AND NET POSITION	\$ 15,899,032	\$ 55,723	

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

District School Board of Pasco County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

	Pension Trust	Private-Purpose Trust
ADDITIONS:		
Contributions:		
Employer	\$ 1,578,667	\$ -
Total Contributions	<u>1,578,667</u>	<u>-</u>
Investment Earnings:		
Interest, Dividends and Other	<u>263,323</u>	<u>(261)</u>
Net Investment Income	<u>263,323</u>	<u>(261)</u>
Total Additions	<u>1,841,990</u>	<u>(261)</u>
DEDUCTIONS:		
Benefits Paid to Participants		
Purchased Services	899,541	3,984
Other	<u>1,600</u>	<u>-</u>
Total Deductions	<u>901,141</u>	<u>3,984</u>
Change in Net Position	940,849	(4,245)
Net Position, July 1, 2012	<u>14,912,513</u>	<u>59,968</u>
Net Position, June 30, 2013	<u><u>\$ 15,853,362</u></u>	<u><u>\$ 55,723</u></u>

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Pasco County School District is considered part of the Florida system of public education. The governing body of the school district is the Pasco County District School Board which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Pasco 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) Statement No. 61. The GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34, (GASB 61) effective for reporting periods after June 15, 2012*. The statement establishes new criteria for reporting component units. Pursuant to Section 1002.33(17), Florida Statutes, students enrolled in a charter school shall be funded the same as students enrolled in other public schools in the school district. Accordingly, charter schools' full-time equivalent (FTE) student enrollment is the basis for school districts to provide funding to charter schools. Funding is provided to the charter schools by the District. Furthermore, Article IX, Section 4(b) of the Florida Constitution states that, "The school board shall operate, control and supervise all free public schools within the school district and determine the rate of school district taxes within the limits prescribed herein." Because the District is financially accountable for charter schools, and charter schools create a financial burden on school districts, charter schools are considered component units of the school districts. The implementation of GASB Statement No. 61 did not result in any changes in composition of component units.

Based on the application of these criteria, the following component units are included within the District School Board's reporting entity:

- **Blended Component Unit.** The Pasco County School Board Leasing Corporation, Inc. (Leasing Corporation), was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 7. Due to the substantive economic relationship between the Pasco County District School Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.
- **Discretely Presented Component Units.** The component unit columns in the government-wide financial statements include the financial data of the District's other component units. For financial reporting purposes, five charter schools are included in the financial statements of the District as discretely presented

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

component units. These schools operate under a charter approved by their sponsor, the Board, and are considered to be component units of the District since they impose a financial burden on the District. The component units are as follows:

- ◇ Academy at the Farm focuses on creatively integrating equestrian, horticultural, and farm animal components into an interactive, inclusive learning environment.
- ◇ Athenian Academy of Pasco County is a K through 8th grade school offering students a program that incorporates the Greek language and culture.
- ◇ Countryside Montessori Charter School programs focus on providing an alternative elementary education program.
- ◇ Dayspring Academy for Education and the Arts emphasizes the fine arts, offering students specialized instruction in dance, music, and art.
- ◇ Imagine School at Land O'Lakes is a K through 7th grade school providing an alternative education program.

The Board is responsible for the prudent use of the public funds received for providing an appropriate educational program for its targeted enrollment. The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2013.

The Pasco Education Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the District. Because of the nature and significance of its relationship with the District, the foundation is considered a component unit. The financial data reported on the accompanying statements was derived from the foundation's audited financial statements for the fiscal year ended June 30, 2013.

Audits of the charter schools and foundation for the fiscal year ended June 30, 2013, were conducted by independent certified public accountants and are filed at the District's administrative office at 7227 Land O' Lakes Boulevard, Land O' Lakes, Florida 34638.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

➤ **Basis of Presentation**

The basic financial statements include the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expenses are allocated to functions/programs of the primary government. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the General Fund of the District.

The effects of interfund balances and activities have been eliminated from the government-wide financial statements. Interfund transactions, consisting of transactions involving the internal service funds, were eliminated by allocating the change in net position of internal service funds in direct proportion as they were charged as expenses to the various functions.

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

The District reports the following major governmental funds:

- 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.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

- Special Revenue – Other Federal Programs Fund – to account for and report on activities of various programs of different sources according to the specifications and requirements of each funding source.
- Special Revenue – Federal Economic Stimulus Programs Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act.
- Capital Projects – Other Fund – to account for the financial resources such as sales tax proceeds, impact fees and certificates of participation which are used for capital outlay needs.

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

- Enterprise Fund – Pasco Learning and Activity Centers of Enrichment (PLACE) Fund – to account for the financial resources of the District's PLACE program, a before and after-school child care program.
- Internal Service Funds – to account for the District's fully-insured programs for employees' life insurance, and property/casualty/athletics; individual self-insurance programs for liability, auto, workers' compensation, medical, pharmacy and behavioral health programs; the employee assistance program; the energy management program; and exclusive agreements administered by the School Board.
- Pension Trust Fund – to account for resources used to finance the early retirement program.
- Private-Purpose Trust Fund – to account for resources legally held by the District in a trustee capacity or as an agent for individuals or private organizations.
- Agency Funds – to account for resources held by the District in a trustee capacity, primarily for the benefit of various schools and their activity funds.

➤ **Basis of Accounting**

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

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment healthcare benefits and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprise and internal service funds are from services provided for before and after-school child care and charges for employee health insurance premiums. The principal operating expenses for the enterprise and internal service funds include salaries and benefits, administrative expenses, claims, energy services and insurance premiums for excess coverage. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities. The Pasco Education Foundation, Inc., is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

➤ **Recently Issued and Adopted Pronouncements**

The District adopted new accounting guidance GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and New Position*, and GASB Concepts Statement No. 4, *Elements of Financial Statements*. These statements incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

residual measure and renamed that measure as “net position”, rather than net assets, affecting the comparability of the 2011-2012 fiscal year financial statements to the 2012-2013 fiscal year financial statements.

➤ **Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal Depositary Insurance Corporation and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. For the enterprise and internal service funds the statement of cash flows considers cash and cash equivalents as those accounts used as demand deposit accounts and amounts held by fiscal agent.

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys with SBA for participation in the Florida PRIME, and Fund B Surplus Trust Fund (Fund B) investment pools created by Sections 218.405 and 218.47, Florida Statutes; and those made locally. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2013, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These amounts are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a Fair Value factor of 1.11845939 at June 30, 2013. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within Florida PRIME.

Investments made locally consist of United States Treasury Securities and Federal Agency Securities, money market and bond mutual funds, corporate debt obligations, commercial paper and collateralized mortgage obligations 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. The valuation of the inventories is based on various methods and is presented at cost. Warehouse (including purchased foods and supplies used by

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

the District's Food and Nutrition Services Department), maintenance, and transportation items are based on a weighted average. Telecommunications inventory items are stated at last invoice price, which approximates the first-in, first-out basis. The United States Department of Agriculture surplus 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 costs of inventories are recorded as expenditures when used rather than purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The purchase method is used to account for prepaid items.

➤ **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 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 \$750. 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. Land and buildings acquired or constructed prior to July 1, 1972, are stated at estimated historical cost using price levels at the time of acquisition and, as a result, \$1,348,251 of stated land values and \$15,047,877 of stated building values are based on these estimates.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the costs of construction.

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	15 years
Buildings and Fixed Equipment	10 - 40 years
Furniture, Fixtures, and Equipment	6 years
Motor Vehicles	5 years
Audio Visual Materials and Computer Software	5 years

Changes in capital assets for the current year are further described in Note 5.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

➤ **Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off. Sick leave benefits are accrued as a liability using the vesting method.

The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees to whom it is probable that they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and State law.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, only the amount payable to employees who terminated their employment as of the end of the fiscal year is reported. The liability at year-end includes salary-related payments such as Social Security, Medicare and Florida Retirement System contributions.

Changes in compensated absences liability for the current year are further described in Note 11.

➤ **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. Bond and certificates of participation premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds and certificates of participation 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 and certificates of participation premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, while premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Changes in long-term debt obligations for the current year are further described in Note 11.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position reports a separate section for deferred outflows of resources. This separate financial statement element,

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deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The government only has one item that qualifies for reporting in this category. It is the accumulated decrease in the fair value of hedging derivatives in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *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 (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. It is the derivatives swap liability.

➤ **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 Assumptions**

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.

➤ **State Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department

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performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

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

A schedule of revenue from State sources for the current year is further described in Note 14.

➤ **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. The Pasco County Property Appraiser determines the real and personal property values within the District. The Pasco County Tax Collector then collects the taxes and remits them to the District.

The School Board adopted the 2012 tax levy on September 18, 2012. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District,

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except that revenue is accrued for taxes collected by the Pasco County Tax Collector at fiscal year-end but not yet remitted to the District.

Millage rates and taxes levied for the current year are further described in Note 15.

➤ **School Capital Outlay Surtax (Local Sales Tax)**

The citizens of Pasco County on March 9, 2004, approved a one-cent sales tax authorized under Section 212.055(6), Florida Statutes. The Board receives 45% of the one-cent sales tax. The surtax levy commenced on January 1, 2005, and remained in effect for a period of 10 years through December 31, 2014. On November 6, 2012, voters signaled their approval for the continuation of the tax for another 10 years, beginning in January 2015.

➤ **Federal Revenue Sources**

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

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

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

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3. INVESTMENTS

Investments at June 30, 2013, are shown below:

<u>Investments (1)</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration (SBA)		
Florida PRIME	40 Day Average	\$ 4,718,696
Fund B Surplus Funds Trust Fund (Fund B)	3.98 Years Average	3,334,054
Debt Service Account	6 Months	399,698
Money Market Funds:		
Morgan Stanley - Institutional Liquidity Funds	26 Day Average	10,280
PFM Funds - Prime Series	47 Day Average	20,580,726
AIM Fund	37 Day Average	1,005,509
Commercial Paper	128 Days Average	2,198,107
Wells Fargo Advantage Funds	27 Day Average	5,438,850
Wertz York Short-term Government Bond Mutual Fund	1.30 Years Average	82,865,373
Florida Fixed Income Trust	176 Day Average	25,102,180
United States Treasury Securities	2.12 Year Average	34,622,764
Government Sponsored Enterprise Securities (2)	1.60 Year Average	39,576,506
Total Investments, Reporting Entity		<u>\$ 219,852,743</u>

(1) Pension Trust Fund investments are separately disclosed in Note 17.

(2) Amount includes \$120,305 held in the Fiduciary Funds.

Interest Rate Risk

- Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The District's investment policy limits investments of operating funds to a maximum of eighteen months as a means of managing its exposure to fair value losses arising from increase interest rates. Investments of reserves, project funds, debt proceeds and other non-operating funds are limited to a maximum of five years with the average duration of all these funds as a whole not to exceed three years.
- Due to the nature of the securities in Fund B, the interest rate risk information required by Governmental Accounting Standards Board Statement No. 40 (i.e., specific identification, duration, weighted average maturity, segmented time distribution, or simulation model) is not available. An estimate of the weighted life (WAL) is available. In the calculation of the WAL, the time at which an expected principal amount is to be received, measured in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principals amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL based on expected future cash flows, of Fund B at June 30, 2013, is estimated at 3.98 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the WAL. Participation in Fund B is involuntary.

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- Florida PRIME had weighted average days to maturity (WAM) of 40 days at June 30, 2013. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

Credit Risk

- The District's investment policy authorizes the following investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:
 - Florida PRIME when rated at least AAm by Standard & Poor's or the equivalent by another Nationally Recognized Statistical Rating Organizations (NRSRO)
 - United States Government Securities
 - United States Government Agencies
 - Federal Instrumentalities (United States Government Sponsored Enterprise ("GSE")) limited to the Federal Farm Credit Bank (FFCB), Federal Home Loan Bank or its District banks (FHLB), Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (Freddie-Mac) including Federal Home Loan Mortgage Corporation participation certificates
 - Interest Bearing Time Deposit or Savings Accounts
 - Repurchase Agreements
 - Commercial Paper of any United States company that is rated, at the time of purchase, "Prime 1" by Moody's and "A-1" by Standards & Poor's (prime commercial paper)
 - Corporate Notes issued by corporations organized and operating with the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum single "A" category by any two NRSROs
 - State and/or Local Government Taxable and/or Tax-Exempt Debt, general obligation and/or revenue bonds, rated at the time of purchase, at a minimum single "A" category by any two NRSROs for long-term debt, or rated at least "MIG-1" by Moody's or "SP-1" by Standard & Poor's for short term debt
 - Money Market Mutual Funds rated "AAm" by Standard & Poor's or the equivalent by another NRSRO
 - Short Term Bonds rated AAA or better by Standards & Poor's or the equivalent by another NRSRO

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- Intergovernmental Investment Pools rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO
- The District’s investments in the State Board of Administration Debt Service Accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing credit risk for this account.
- As of June 30, 2013, the District’s investment in Florida PRIME was rated AAAm by Standard & Poor’s. Fund B is unrated.
- The State Board of Education Bond Investment Funds and the Fund B Surplus Funds Trust Fund (Fund B) were unrated.
- The District’s investment in the Wertz York Short-term Government Bond Mutual Fund (Core Fund) was rated Aaa-bf by Standard & Poor’s. Investment in the Morgan Stanley Institutional Liquidity Fund – Government and Agency was rated AAAm by Standard & Poor’s and Aaa-mf by Moody’s. Investment in the AIM Fund – Government Agency and Corporate was rated AAAm by Standard & Poor’s and Aaa-mf by Moody’s.
- The District’s investments in Commercial Paper included commercial paper from two companies which were rated A-1 and A-1+ by Standard & Poor’s and P-1 by Moody’s.
- The District’s investments in Florida Fixed Income Trust 90 Day Plus is a fund of funds investment portfolio which contained 12 underlying funds in the portfolio that were all rated AAA/Aaa by Standard & Poor’s and Moody’s, respectively, or not rated.
- The District’s investment in PFM Funds – Prime Series was rated AAAm by Standard & Poor’s.
- The District’s investment in Government Sponsored Enterprise Securities was rated AA+ and Aaa by Standard & Poor’s and Moody’s, respectively.

Custodial Credit Risk

- Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body’s interest in the security; 2) if in 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 of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and

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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 investment policy requires that all investment securities purchased by the District shall be held by third party custodians and be properly designated as an asset of the District. All investments, except for investments in money market funds and the SBA, were held in third-party custodial accounts in the District's name.

Concentration of Credit Risk

- The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk of District's investment portfolio.
- More than 5 percent of the District's investments are in Government Sponsored Enterprise Securities. The percent of total investment by fund that these securities represent are detailed in the table that follows:

	Total Investments	General Fund	Capital Projects - Other Fund	Non-Major Governmental Funds	Internal Service Funds	Fiduciary Funds	Business Type Activity
Federal National Mortgage Assn.	9.07%	9.12%	9.41%	9.41%	9.41%	49.20%	9.41%
Federal Home Loan Banks	3.44%	3.47%	3.58%	3.58%	3.58%	18.69%	3.58%
Federal Home Loan Mortgage Corp.	5.92%	5.95%	6.14%	6.14%	6.14%	32.10%	6.14%
Total Investment by Fund	<u>39,576,509</u>	<u>6,260,252</u>	<u>6,812,894</u>	<u>18,282,908</u>	<u>7,293,225</u>	<u>120,305</u>	<u>806,926</u>
Percent of Total Investment	18.43%	18.54%	19.13%	19.13%	19.13%	100.00%	19.13%

Foreign Currency Risk

- The District's investment policy does not allow for investments in foreign currency. Therefore, the District has no exposure to foreign currency risk.

4. RECEIVABLES AND DEFERRALS

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

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities on the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of June 30, 2013, the various components of unearned revenue reported in the governmental funds were as follows:

General Operating - Unearned Revenue	\$ 20,000
Food & Nutrition - Unearned Revenue	<u>999,762</u>
Total Unearned Revenue for Government Funds	<u>\$ 1,019,762</u>

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5. CHANGES IN CAPITAL ASSETS

Changes in capital assets, as of June 30, 2013, are presented in the table below:

	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 77,162,319	\$ 319,158	\$ 220,736	\$ 77,260,741
Construction in Progress	21,195,305	12,616,014	1,082,106	32,729,213
Total Capital Assets Not Being Depreciated	98,357,624	12,935,172	1,302,842	109,989,954
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	46,658,705	1,736,086	-	48,394,791
Buildings and Fixed Equipment	1,205,704,965	5,501,651	-	1,211,206,616
Furniture, Fixtures, and Equipment (1)	83,232,579	7,107,648	4,340,552	85,999,675
Motor Vehicles	36,568,874	489,505	-	37,058,379
Audio Visual Materials	300,318	1,906	-	302,224
Computer Software	10,251,577	2,963,169	-	13,214,746
Total Capital Assets Being Depreciated	1,382,717,018	17,799,965	4,340,552	1,396,176,431
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	26,904,747	1,747,401	-	28,652,148
Buildings and Fixed Equipment	365,555,762	37,989,001	-	403,544,763
Furniture, Fixtures, and Equipment (1)	56,785,826	6,757,954	3,873,748	59,670,032
Motor Vehicles	24,285,120	2,377,220	-	26,662,340
Audio Visual Materials	258,435	4,233	-	262,668
Computer Software	6,775,686	1,237,946	-	8,013,632
Total Accumulated Depreciation	480,565,576	50,113,755	3,873,748	526,805,583
Total Capital Assets Being Depreciated, Net	902,151,442	(32,313,790)	466,804	869,370,848
Governmental Activities Capital Assets, Net	\$ 1,000,509,066	\$ (19,378,618)	\$ 1,769,646	\$ 979,360,802
Note (1) Includes Internal Service Fund assets of \$181,818 and \$161,918 of accumulated depreciation.				
BUSINESS-TYPE ACTIVITIES				
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	\$ 12,809	\$ 3,770	\$ -	\$ 16,579
Buildings and Fixed Equipment	34,575	-	-	34,575
Furniture, Fixtures, and Equipment	388,472	57,181	12,067	433,586
Computer Software	39,899	-	-	39,899
Total Capital Assets Being Depreciated	475,755	60,951	12,067	524,639
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	3,627	883	-	4,510
Buildings and Fixed Equipment	13,526	1,556	-	15,082
Furniture, Fixtures, and Equipment	285,900	28,358	10,860	303,398
Computer Software	34,954	358	-	35,312
Total Accumulated Depreciation	338,007	31,155	10,860	358,302
Business Type Activities Capital Assets, Net	\$ 137,748	\$ 29,796	\$ 1,207	\$ 166,337

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Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 40,029,446
Pupil Personnel Services	31,764
Instructional Media Services	131,123
Instruction and Curriculum Dev Services	18,640
Instructional Staff Training Services	25,428
Instructional Related Technology	6,252
School Administration	20,885
Facilities Services	9,331,316
Food Services	16,772
Central Services	29,609
Pupil Transportation Services	302,976
Operation of Plant	10,346
Maintenance of Plant	154,972
Community Services	4,226
Total Depreciation Expense - Governmental Activities	<u>\$ 50,113,755</u>
 BUSINESS - TYPE ACTIVITIES	
PLACE Program	<u>\$ 31,155</u>

6. CURRENT LIABILITIES

Accounts payable and other current liabilities at June 30, 2013, are shown below:

Salary and Benefits Payable	\$ 13,992,456
Payroll and Deductions and Withholdings Payable	2,165,326
Accounts Payable	16,969,202
Construction Contracts Payable	261,427
Construction Contracts Payable-Retainage	295,776
Arbitrage Rebate Payable	71,938
Sales Tax Payable	3,863
Deposits Payable	75,834
Accrued Interest Payable	3,381,641
Unearned Revenue	1,028,058
	<u>\$ 38,245,521</u>

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7. CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement on April 1, 1992, which was characterized as a lease-purchase agreement, with the Florida School Boards Association and supplemental arrangements dated December 1, 1996, March 1, 2004, September 15, 2004, July 1, 2005, December 23, 2005, July 1, 2007, May 1, 2008, June 1, 2008, September 23, 2008, and December 16, 2009, with the Pasco County School Board Leasing Corporation (Leasing Corporation), whereby the District secured financing of various educational facilities in the total amount of \$106,770,000, \$63,970,000, \$4,546,000, \$66,415,000, \$785,612, \$76,045,000, \$88,515,000 and \$74,115,000, \$1,170,010, and \$11,000,000, respectively. The financing was accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District. On March 1, 2004, the financing agreements with the Florida School Boards Association were assigned to the Leasing Corporation.

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

	Amount Issued	Amount Outstanding	Remaining Interest Rates (Percent)	Annual Maturity To
Certificates of Participation				
Series 2004	\$ 63,970,000	\$ 49,765,000	3.000 - 5.000	2029
Series 2004 - QZAB	4,546,000	4,546,000	1.100	2018
Series 2005A	35,915,000	31,355,000	3.500 - 5.000	2030
Series 2005B (1)	30,500,000	30,500,000	WeeklyARS	2030
Series 2005 - QZAB	785,612	785,612	0.00	2020
Series 2007A	76,045,000	62,885,000	4.000 - 5.000	2027
Series 2008A (2)	88,515,000	75,875,000	Weekly	2026
Series 2008C (3)	74,115,000	73,235,000	Weekly	2033
Series 2008 - QZAB	1,170,010	702,006	0.00	2018
Series 2009 - QSCB	11,000,000	11,000,000	2.44	2025
Total Certificates of Participation	<u>\$ 386,561,622</u>	<u>\$ 340,648,618</u>		

Note: (1) The Series 2005B Certificates of Participation were initially issued as auction rate securities and bear interest at Auction Rates for generally successive 7-day Auction Periods. The principal portion of the Basic Lease Payments represented by the Series 2005B Certificates is payable on August 1, 2030. The interest rate for the 7-day Auction Period, including June 30, 2013, was 1.10 percent.

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- (2) On May 29, 2008, the School Board caused the issuance of the Certificates of Participation, Series 2008A in the aggregate principal amount of \$88,515,000 for the principal purpose of refunding, on a current basis, a portion of the outstanding Series 1996 Certificates, which were also issued, in part, to provide the funds necessary to advance refund the Series 1992A Certificates of Participation and refinance the Series 1992 facilities which the School Board acquired, constructed, and installed from the proceeds of the Series 1992A.

On February 21, 2012, the School Board entered into a separate Basis Swap with PNC Bank, N.A., where the School Board pays PNC a floating rate equal to SIFMA and in return receives from PNC a floating rate equal to 70 percent of one month LIBOR. Effectively, the Basis Swap converts the floating rate on the Fixed-Payer Swap from SIFMA to 70 percent of one-month LIBOR until June 1, 2014, to match the interest rate in the FRN note.

On May 23, 2011 the School Board remarketed the Series 2008A Certificates to PNC Bank in a Direct Placement Floating Rate Note (FRN) interest mode. In the FRN mode, the Certificates of Participation, Series 2008A pay interest on 70 percent of one month LIBOR plus a fixed interest rate spread.

- (3) On June 5, 2008, the School Board caused the issuance of the Certificates of Participation, Series 2008C in the aggregate principal amount of \$74,115,000 for the principal purpose of refunding, on a current basis, all of the outstanding Series 2007B Certificates. The Certificates of Participation, Series 2008C pay interest at a Weekly Rate determined by the Remarketing Agent. The interest rate for June 30, 2013 was 0.09 percent.

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As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation with a rental fee of \$1 per year. The District has the following ground leases as of June 30, 2013:

	Ground Lease Commencement Date	Run Through
Certificates of Participation		
Series 2004	March 1, 2004	August 1, 2029
Series 2004 - QZAB	September 15, 2004	September 15, 2018
Series 2005A	July 1, 2005	August 1, 2030
Series 2005B	July 1, 2005	August 1, 2030
Series 2005 - QZAB	December 23, 2005	December 23, 2020
Series 2007A	July 1, 2007	August 1, 2032
Series 2008A	December 1, 1996	August 1, 2026
Series 2008C	July 1, 2007	August 1, 2032
Series 2008 - QZAB	September 23, 2008	September 23, 2018
Series 2009 - QSCB	December 16, 2009	December 15, 2025

The District properties included in the ground lease agreements are as follows:

Certificates of Participation, Series 1992-A

Cotee River Elementary School
Seven Springs Middle School
Hudson Elementary School Media Center Addition
Mitty P. Locke Elementary School ESE Addition
R. B. Stewart Middle School ESE Addition
Lake Myrtle Elementary School ESE Addition
West Zephyrhills Elementary School Addition

Certificates of Participation, Series 1996

Sand Pine Elementary School
Chasco Elementary School
Wesley Chapel High School, Phases I and II
James M. Marlowe Elementary School
J. W. Mitchell High School
Pine View Elementary School

Certificates of Participation, Series 2004

Paul R. Smith Middle School
Wiregrass Ranch High School
Odessa Elementary School Equipment

Certificates of Participation, Series 2004-QZAB

Additions and Renovations for the following facilities:

Bayonet Point Middle School
Chasco Middle School
Cypress Elementary School
Gulf High School
Gulf Middle School
Hudson High School
Mitty P. Locke Elementary School
Lacoochee Elementary School
Pasco High School
Rodney B. Cox Elementary School
Ridgewood High School
Sanders Memorial Elementary School
Woodland Elementary School
T. E. Weightman Middle School
Zephyrhills High School

Certificates of Participation, Series 2005-QZAB

Additions and Renovations for the following facilities:

Fox Hollow Elementary School
Dr. Mary Giella Elementary School
Moore Mickens Education Center
Hudson Elementary School
Calusa Elementary School

Certificates of Participation, Series 2005-A and B

Gulf Highlands Elementary School
Trinity Oaks Elementary School
Dr. John Long Middle School
Odessa Elementary School

Certificates of Participation, Series 2007-A and B

Sunlake High School
New River Elementary School
Veterans Elementary School
Ridgewood High School Classroom Additions
Charles S. Rushe Middle School
Gulf Trace Elementary School
Zephyrhills High School Classroom Additions

Certificates of Participation, Series 2008-QZAB

Renovations for Pasco High School

Certificates of Participation, Series 2009 QSCB

Culinary Arts Academy at Land O Lakes High School
Renovations for Richey Elementary School

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The lease payments for the Series 2004-A, Series 2005-A, and Series 2007-A Certificates are payable by the District, semiannually, on August 1st and February 1st at interest rate ranging from 3.00 to 5.00 percent, 3.125 to 5.00 percent, and 4.00 to 5.00 percent respectively for the others. Interest payments for the Series 2005-B Certificates are payable weekly at auction interest rates set weekly until the final maturity date. Interest payments for the Series 2008-A and 2008-C Certificates are payable monthly at a rate determined by the Remarketing Agent. The lease payments for the Series 2004-QZAB Certificates are payable by the District, semiannually, on September 15th and March 15th at an interest rate of 1.10 percent. The lease payments for the Series 2005-QZAB and the Series 2008-QZAB are payable by the District, annually, on December 23rd and September 23rd respectively. Interest payments for the Series 2009-QSCB are payable by the District, quarterly, on September 15th, December 15th, March 15th and June 15th. 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 2013:

	Total	Principal	Interest
Fiscal Year Ending June 30:			
2014	24,703,461	9,927,001	14,776,460
2015	24,732,637	10,337,001	14,395,636
2016	24,748,434	10,787,001	13,961,433
2017	24,769,354	11,257,001	13,512,353
2018	24,925,547	11,952,001	12,973,546
2019-2023	130,491,844	74,728,613	55,763,231
2024-2028	135,660,838	98,865,000	36,795,838
2029-2033	124,737,282	112,795,000	11,942,282
Sub-Total	514,769,397	340,648,618	174,120,779
Add: Unamortized Premium on Debt	2,197,305	2,197,305	-
Total Minimum Lease Payments	<u>\$ 516,966,702</u>	<u>\$ 342,845,923</u>	<u>\$ 174,120,779</u>

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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8. DERIVATIVE INSTRUMENTS

Objectives – On May 29, 2008, the District issued Certificates of Participation, Series 2008A in the aggregate principal amount of \$88,515,000. The Certificates of Participation, Series 2008A pay interest at a weekly rate determined by the Remarketing Agent and mature on August 1, 2026. On June 5, 2008, the District issued Certificates of Participation, Series 2008C in the aggregate principal amount of \$74,115,000. The Certificates of Participation, Series 2008C pay interest at a weekly rate determined by the Remarketing Agent and mature on August 1, 2032.

The District entered into a pay-fixed, receive-variable interest rate swap agreement in order to protect against the potential of rising interest rates. The intention of the swap agreements was to effectively change the District's variable interest rate on the certificates of participation to a synthetically fixed rate. These interest rate swaps qualify for hedge accounting under Government Accounting Standards Board Statement No. 53; therefore, there is no impact on the Statement of Net Position.

On February 21, 2012, the School Board entered into a separate Basis Swap with PNC Bank, N.A., where the School Board pays PNC a floating rate equal to Securities Industry and Financial Markets Association (SIMFA) and in return receives from PNC a floating rate equal to 70 percent of one-month London InterBank Offered Rate (LIBOR). Effectively, the Basis Swap converts the floating rate on the Fixed-Payer Swap from SIMFA to 70 percent of one-month LIBOR until June 1, 2014, to match the interest rate in the Floating-Rate Note (FRN) mode.

The interest rate swap is reported as an investment derivative instrument because it does not meet the criteria for effectiveness. Accordingly, the change in the fair value of the swap was reported within the investment earnings classification for the year ended June 30, 2013.

The fair value balances and notional amounts of derivatives instruments outstanding at June 30, 2013 and the changes in fair values of such derivative instruments for the year ended are as follows:

Changes In Fair Value			Fair Value at June 30, 2013		
Classification	Amount		Classification	Amount	Notional
Governmental activities					
Fair value hedges:					
Pay-fixed interest rate swaps	Deferred outflow	\$ 4,235,315	Debt	\$ (8,439,917)	\$ 75,875,000
Pay-fixed interest rate swaps	Deferred outflow	\$ 8,906,177	Debt	\$ (11,556,498)	\$ 73,235,000
Investment Derivatives:					
Pay-fixed interest rate swaps	Interest Revenue	\$ 61,899	Debt	\$ 18,888	\$ 75,875,000

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Terms – The Certificates of Participation, Series 2008A and related swap agreement mature on August 1, 2026. The swap's notional amount of \$88,515,000 matches the \$88,515,000 variable-rate certificates of participation. The swap agreement was entered into at the same time the Series 2008A Certificates of Participation were issued. The notional value of the swap declines in direct relationship to the certificates of participation principal payments. Under the swap agreement, the District pays the trustee, U.S. Bank, a fixed payment of 3.58 percent and Wells Fargo Bank, N.A. pays the trustee the variable interest payment for the certificates of participation, which is based on USD-SIFMA Municipal Swap Index.

The Certificates of Participation, Series 2008C and related swap agreement mature on August 1, 2032. The swap's notional amount of \$74,115,000 matches the \$74,115,000 variable-rate certificates of participation. The swap agreement was entered into at the same time the Series 2008C Certificates of Participation were issued. The notional value of the swap declines in direct relationship to the certificates of participation principal payments. Under the swap agreement, the District pays the trustee, U.S. Bank, a fixed payment of 3.91 percent and Bank of America, N.A. pays the trustee the variable interest payment for the certificates of participation, which is based on USD-SIFMA Municipal Swap Index.

Fair Value – Because interest rates have declined since inception of these swaps, these swaps have a fair value of negative \$8,439,917 and negative \$11,556,498 for the Certificates of Participation, Series 2008A and 2008C, respectively, and a positive \$18,888 for the investment derivative as of June 30, 2013. Wells Fargo Bank, N.A. and PNC Bank, N.A. estimated the fair value of the Certificates of Participation, Series 2008A related swap agreement and the investment derivative, respectively, using a mathematical approximation of market value derived from both proprietary models as of a given date based on certain assumptions regarding from past, present and future market conditions and certain financial information from sources believed to be reliable. Bank of America, N.A. estimated the fair value of the Certificates of Participation, Series 2008C related swap agreement using estimated prices or spread levels at which the bank, in its capacity as an agent for the customer, might find liquidity for a round lot transaction within the relevant market.

Credit Risk – The District is exposed to credit risk when a swap has a positive fair value. All the swap agreements contain a collateral agreement with the Counterparty. A Counterparty's credit rating from either Standard & Poor's (S&P) and/or Moody's Investors Service must be "A+" or "A1", respectively. If the Counterparty or guarantor's long term unsecured rating falls below "Baa3" or "BBB-" by either Moody's or S&P, a replacement counterparty or guarantor, meeting the rating requirements above, shall be required.

Termination Risk – In the event the swap terminated, the District could be exposed to higher interest rate payments on the Certificate. Also, if at the time of termination, the swap has a negative fair value, the District would be liable to the Counterparty for payment equal to the swap's fair value. Under certain circumstances, some within the control and some outside the control of the School Board, the 2008A swap agreement and/or the 2008C swap agreement may be terminated and the School Board may be obligated to make a termination payment, which under certain market conditions, could be substantial.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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9. BONDS PAYABLE

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

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Interest Rates (Percent)</u>	<u>Range of Final Maturity Dates</u>
State School Bonds:				
Series 2004-A	1,105,000	1,445,000	4.00 - 4.625	2013-2024
Series 2005-A	1,025,000	8,910,000	4.00 - 5.00	2013-2025
Series 2005-B	1,105,000	1,740,000	5.00	2013-2020
Series 2005-B, Refunding	3,460,000	8,910,000	4.00 - 5.00	2013-2017
Series 2008-A	4,545,000	5,295,000	5.00	2013-2028
Series 2009-A, Refunding	840,000	1,300,000	3.50 - 5.00	2013-2019
Series 2010A	1,355,000	1,450,000	3.00 - 5.00	2013-2030
Series 2011A	1,510,000	1,710,000	3.00 - 5.00	2013-2023
District Revenue Bonds:				
Series 2003, Refunding	2,870,000	3,660,000	3.50 - 4.625	2013-2033
Series 2007, Sales Tax	26,410,000	88,590,000	5.00	2013-2014
Subtotal	44,225,000			
Unamortized Premium on Debt	1,397,552			
Unamortized Discount on Debt	(40,227)			
Total Bonds Payable	<u>\$ 45,582,325</u>			

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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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**

District Revenue Bonds, Refunding Series 2003 - These bonds are authorized by Chapter 79-547 and 79-548, Special Acts of 1979, Laws of Florida, which provides that the bonds be secured from the pari-mutuel tax proceeds distributed annually to Pasco County from the State's Pari-Mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes). The approximate amount of pari-mutuel tax proceeds pledged is \$4,421,705, which represents the total amount of principal and interest still due, and the remaining period of the pledge is 20 years. The annual distribution is remitted by the Florida Department of Financial Services to the District. The District pledged 100 percent of these revenues for the Series 2003 bond issue until repaid. The Series 2003 bonds were issued to provide funds, together with other available funds, sufficient to (1) refund all refunded bonds, (2) finance the cost of the 2003 project, and (3) pay issuance costs of the 2003 Series bonds. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account. For the 2012-2013 fiscal year, the District recognized \$223,250 in pledged revenue and paid \$219,935 of principal and interest.

Sales Tax Revenue Bonds, Series 2007 – These bonds are authorized by the Constitution and Laws of the State of Florida, particularly Chapter 1001, Florida Statutes, Chapter 212, Part I, Florida Statutes, Chapter 2006-340, Laws of Florida, and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received pursuant to an Interlocal Agreement from the levy by the County and collection by the Florida Department of Revenue of a one cent local infrastructure sales surtax. The approximate amount of local infrastructure sales surtax pledged is \$27,746,500, which represents the total amount of principal and interest still due, and the remaining period of the pledge is two years. The District pledged approximately 90 percent of the total sales tax revenue until the bonds were repaid. These bonds were issued for the purpose of providing funds, together with other available funds of the District, to finance the acquisition and construction of elementary, middle, and high schools within the District. For the 2012-2013 fiscal year, the District recognized \$27,490,903 in pledged revenue and paid \$13,897,250 principal and interest.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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Annual requirements to amortize all bonded debt outstanding as of June 30, 2013, are as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2014	2,408,781	1,700,000	708,781
2015	2,236,606	1,610,000	626,606
2016	2,271,806	1,725,000	546,806
2017	2,221,306	1,760,000	461,306
2018	1,314,106	940,000	374,106
2019-2023	5,223,179	3,950,000	1,273,179
2024-2028	3,482,031	3,025,000	457,031
2029-2033	249,200	235,000	14,200
	<u>19,407,015</u>	<u>14,945,000</u>	<u>4,462,015</u>
Total State School Bonds			
District Revenue Bonds:			
2014	14,105,250	12,980,000	1,125,250
2015	14,081,675	13,620,000	461,675
2016	220,106	100,000	120,106
2017	221,231	105,000	116,231
2018	222,031	110,000	112,031
2019-2022	1,109,156	625,000	484,156
2023-2027	1,105,931	775,000	330,931
2028-2032	1,102,825	965,000	137,825
	<u>32,168,205</u>	<u>29,280,000</u>	<u>2,888,205</u>
Total District Revenue Bonds			
Subtotal	51,575,220	44,225,000	7,350,220
Unamortized Premium on Debt	1,397,552	1,397,552	-
Unamortized Discount on Debt	(40,227)	(40,227)	-
	<u>52,932,545</u>	<u>45,582,325</u>	<u>7,350,220</u>
Total	<u>\$ 52,932,545</u>	<u>\$ 45,582,325</u>	<u>\$ 7,350,220</u>

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

10. ESTIMATED ARBITRAGE REBATE

The District had an interim cumulative arbitrage rebate liability of \$71,938 for the \$30,500,000 Certificates of Participation, Series 2005B as of June 30, 2013. Ninety percent (90 percent) of the cumulative rebate liability is required to be re-bated to the United States no later than 60 days after July 19, 2015 (the end of the tenth Bond Year).

11. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013	Due in One Year
GOVERNMENTAL ACTIVITIES					
Certificates of Participation Payable	\$ 350,210,619	\$ -	\$ 9,562,001	\$ 340,648,618	\$ 9,927,001
Add: Unamortized Premium on Debt	2,337,229	-	139,924	2,197,305	139,924
Total Certificates of Participation Payable	<u>352,547,848</u>	<u>-</u>	<u>9,701,925</u>	<u>342,845,923</u>	<u>10,066,925</u>
Bonds Payable	59,655,000	-	15,430,000	44,225,000	14,680,000
Add: Unamortized Premium (Discount) on Debt	1,926,503	-	569,178	1,357,325	569,177
Total Bonds Payable	<u>61,581,503</u>	<u>-</u>	<u>15,999,178</u>	<u>45,582,325</u>	<u>15,249,177</u>
Estimated Insurance Claims Payable	7,482,880	1,440,176	2,410,056	6,513,000	2,311,000
Other Postemployment Benefits	34,487,232	11,613,492	5,507,609	40,593,115	-
Compensated Absences Payable (1)	33,715,056	25,595,430	25,956,019	33,354,467	1,010,267
Derivatives Swap Liability	33,180,918	-	13,203,391	19,977,527	-
Total Governmental Activities	<u>\$ 522,995,437</u>	<u>\$ 38,649,098</u>	<u>\$ 72,778,178</u>	<u>\$ 488,866,357</u>	<u>\$ 28,637,369</u>
BUSINESS - TYPE ACTIVITY					
Other Postemployment Benefits	\$ 579,039	\$ 196,038	\$ 92,970	\$ 682,107	\$ -
Compensated Absences Payable	396,979	604,169	585,368	415,780	415,780
Total Business - Type Activity	<u>\$ 976,018</u>	<u>\$ 800,207</u>	<u>\$ 678,338</u>	<u>\$ 1,097,887</u>	<u>\$ 415,780</u>

Note (1) includes balances at June 30 2013, of the Internal Service Funds of \$276,727 with \$29,598 due in one year, and additions and deductions of \$105,991 and \$105,885, respectively.

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with resources of the Internal Service Fund, as discussed in Note 21.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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12. FUND BALANCE REPORTING

There are two major types of fund balances, nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories, and principal (corpus) of an endowment fund. The District has inventories totaling \$4,798,251 and prepaid assets totaling \$37,931 that are considered nonspendable. The District does not have nonspendable funds related to endowments.

Spendable fund balances are classified based on a hierarchy of spending constraints. The District has classified the spendable fund balances as *Restricted*, *Assigned*, and *Unassigned* and considers each to have been spent when expenditures are incurred. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use in governmental fund financial statements, it is the District's policy to use committed resources first, followed by assigned resources, and the unassigned resources as they are needed.

- Restricted: The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations or other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraints on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked education funding that are legally or otherwise restricted. The District's restricted fund balance total is \$174,228,213 and represents \$3,124,608 in State categorical programs, \$7,100,164 in food service, \$17,001,808 in debt service and \$147,001,633 in capital projects.
- Committed: The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the Board). Amounts are committed upon a majority vote of the Board at a public meeting. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action if employed to previously commit the amounts. The District does not report any committed fund balance.
- Assigned: The portion of fund balance that is intended to be used for specific purposes, but neither is restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than General Fund, not classified as nonspendable, restricted, or committed. The Board has adopted Policy 6220, which authorizes the superintendent to assign amounts in fund balance to a specific purpose. At fiscal year-end, assigned fund balances were \$17,407,505 of which \$13,015,659 was assigned for State and Local programs and \$4,391,846 was assigned to eliminate a deficit in next year's budget.
- Unassigned: The unassigned fund balance for the General Fund is \$23,499,528.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Description	Major Funds		Other Governmental Funds	T otal Governmental Funds
	General Funds	Capital Projects Other Funds		
Fund Balances:				
Nonspendable:				
Inventories:				
General Fund	\$ 3,575,051	\$ -	\$ -	\$ 3,575,051
Special Revenues - Food Service	-	-	1,223,200	1,223,200
Prepaid Items:				
General Fund	37,931	-	-	37,931
Restricted:				
Categorical Programs	3,124,608	-	-	3,124,608
Special Revenues	-	-	7,100,164	7,100,164
Debt Service	-	-	17,001,808	17,001,808
Capital Projects	-	112,498,302	34,503,331	147,001,633
Assigned:				
School Operations				
State and Local Programs	13,015,659	-	-	13,015,659
Next Year's Budget Deficit	4,391,846	-	-	4,391,846
Unassigned:	23,499,528	-	-	23,499,528
	\$47,644,623	\$112,498,302	\$59,828,503	\$219,971,428

The Board has not adopted a stabilization arrangement or a minimum fund balance policy. Instead, the Board has adopted Policy 6220 which states that to ensure the financial strength, maintain a favorable bond rating, and the stability of the District, the adopted annual operating budget shall include a reasonable unassigned fund balance to cover unforeseen events (e.g. revenue shortfalls, student enrollment under projections, etc.). At the end of the fiscal year, the unassigned General Fund balance was \$23,499,528 or 5.23 percent of General Fund total expenditures.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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13. 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 Funds:		
General	\$ 2,179,229	\$ -
Special Revenue - Federal Economic Stimulus	-	534,651
Special Revenue - Other	-	1,644,578
Total	<u>\$ 2,179,229</u>	<u>\$ 2,179,229</u>

Interfund receivables and payables are temporary loans of cash between funds allowable under Section 1011.09(2), Florida Statutes, for a period of less than 13 months. The temporary loans do not restrict, impede, or limit implementation or fulfillment of the original purpose for which the monies were received in the fund providing the advancement. All amounts will be repaid within the 2013-2014 fiscal year.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General	\$ 5,312,376	\$ -
Capital Project:		
Other	1,628	19,030,980
Nonmajor Governmental Funds	36,756,122	17,493,061
Internal Service Funds	4,100,000	6,646,085
Enterprise Fund	-	3,000,000
Total	<u>\$ 46,170,126</u>	<u>\$ 46,170,126</u>

Interfund transfers represent permanent transfers of monies between funds. In general, funds are transferred from Capital Projects to the Debt Service Funds to make debt service payments for outstanding bond issues. The transfers to the Internal Service Fund is to provide funding for environmental regulation compliance and the transfers from the Internal Service Fund and Enterprise Fund to the General Fund to cover budget deficits.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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14. SCHEDULE OF STATE REVENUE SOURCES

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

Florida Education Finance Program	\$ 229,215,516
Class Size Reduction	74,051,837
School Recognition	2,840,107
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,727,959
Workforce Development Program	2,351,740
Voluntary Pre K	1,448,140
Charter School Capital Outlay Funding	666,291
Food Service Supplement	419,874
Mobile Home License Tax	390,037
Full Service Schools	157,908
Fuel Tax Refund	155,195
School Health Supplement	90,730
Miscellaneous	<u>462,411</u>
 Total	 <u><u>\$ 314,977,745</u></u>

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

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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15. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2012 tax roll for the 2012-13 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	5.093	\$ 108,362,147
Basic Discretionary Local Effort	0.748	\$ 15,914,959
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	\$ 31,915,025
Total	<u>7.341</u>	<u>\$ 156,192,131</u>

16. STATE RETIREMENT PROGRAM

Florida Retirement System. Essentially all regular employees of the District are eligible to enroll as members of the Florida Retirement System (FRS). The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan.

Defined Benefit Plan – Plan provisions 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 Plan eligibility, contributions, and benefits are defined and described in detail. Employees in the Plan vest at six years of service if enrolled before July 1, 2011. All 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, which may include up to 4 years of credit for military service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. Members who enrolled in the Plan on or after July 1, 2011 and become vested are eligible for normal retirement at age 65 or at any age after 33 years of service, which may include up to four years of credit for military service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. The Plan also includes an early retirement provision but there is a benefit reduction for each year a member retires before his or

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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her normal retirement date. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments.

The DROP Program, subject to the 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 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.

Defined Contribution Plan – Pursuant to Section 121.4501, Florida Statutes, the Florida Legislature created a defined contribution program called the FRS Investment Plan (Investment Plan). Employees in the Investment Plan vest after one year of service. District employees participating in DROP are not eligible to participate in the program. This program is administered by FRS as an option to the defined benefit plan, and is self-directed by the employee. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave FRS. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to the individual member accounts, and the individual members allocate contributions and account balances among various approved investment options. There were 1,661 District participants in the Investment Plan during the 2012-13 fiscal year. Required employer contributions made to the program totaled \$2,354,672 and employee contributions totaled \$1,363,686.

Funding Policy – The contribution rates for Plan members are established and may be amended by the State of Florida. During the 2012-13 fiscal year, contribution rates were as follows:

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

Note: (A) Employer rates include 1.11 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Investment Plan.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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(B) Contribution rates are dependent upon the retirement class in which reemployed.

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions, including employee contributions, for the fiscal years ending June 30, 2011, June 30, 2012, and June 30, 2013, totaled \$32,608,437, \$23,775,784 and \$22,155,090 respectively, which were equal to the required contributions for each fiscal year.

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

17. EARLY RETIREMENT PROGRAM

Plan Description

As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (the "Plan"), effective July 1, 1983, and amended as of January 1, 1997. The Plan is a single-employer, defined benefit pension plan. The purpose of the Plan is to provide District employees, who elect to retire under the early retirement provisions of the FRS, as described in Note 16, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62.

Based on an actuarial report as of July 1, 2011, employee membership data related to the Plan was as follows.

Retirees and Beneficiaries Currently Receiving Benefits	180
Active Plan Participants	<u>4,597</u>
Total	<u>4,777</u>

A summary of eligibility and benefits follow:

➤ **Eligibility**

The participant must have elected early retirement under the FRS; attained the age of 50 but not have attained the age of 62 upon early retirement; been credited with at least 25 years (and who have reached the final step on the appropriate salary schedule) of service under the FRS upon early retirement; and (for nonunion contract employees) completed at least 12 years of service in the District.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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➤ **Benefits**

The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement. The benefit amount will be based on the initial benefit amount determined by the FRS prior to any cost-of-living adjustments and will remain unchanged, once established, unless a specific increase is authorized by the Board. Effective July 1, 1997, the amount of early retirement benefits for new participants ages 50 through 54 has been reduced to a flat 35 percent of the FRS benefit, with this reduction phased-in over a period of four years. In addition, the plan was amended effective June 2011 to provide a one-time early retirement incentive payment for certain individuals who retired during the month. The payment was equal to 10 percent of annual salary to a maximum benefit of \$5,000.

Summary of Significant Accounting Policies

The Plan is accounted for as Pension Trust Fund; therefore it is accounted for in substantially the same manner as a proprietary fund with a "capital maintenance" measurement focus and the accrual basis of accounting. Employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan assets are valued at fair value for financial statement purposes.

Separate statements are not issued for the plan.

Contributions and Reserves

The District's Early Retirement Plan was established by the Board on July 1, 1983, and amended as of January 1, 1997. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the Plan and to amortize the unfunded actuarial accrued liability within 30 years based on an actuary study. There are no long-term contracts to the Plan. Periodic employer contributions to the Plan are determined on an actuarial basis using the "Entry Age Normal Cost Method." Annual pension cost is funded on a current basis. Pursuant to Section 112.64, Florida Statutes, the unfunded actuarial accrued liability is funded over a 30-year period for participants prior to July 1, 1997, and funded over a 40-year period for the revised plan. Periodic contributions for both normal cost and the amortization of the unfunded actuarial liability are based on the level percentage of payroll method.

Significant actuarial assumptions used to compute annual required contributions are the same as those used to determine the actuarial accrued liability.

Total contributions to the Plan in the 2010-2011, 2011-2012 and the 2012-13 fiscal year, amounted to \$1,380,553, \$1,509,443 and \$1,578,667 respectively. The contributions were paid by the Board and were made in accordance with actuarially determined contribution requirements

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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determined through an actuarial valuation performed as of July 1, 2011. The total annual pension cost for the 2010-2011, 2011-2012 and the 2012-13 fiscal years was \$953,391, \$780,625 and \$899,541 respectively. The percentage of pension cost contributed by the Board was 100 percent for all three fiscal years.

As of July 1, 2012, the actuarial accrued liability for benefits was \$24,534,590 of which \$9,622,077 was unfunded. The computation of the annual required contribution for the 2012-13 fiscal year was based on the same: (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method and (d) other significant factors used to determine the required annual contributions for the previous fiscal years.

Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. All of the assets in the District's Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose. Costs of administering the Plan are financed through the Plan's resources (employer contributions and investment earnings).

Concentrations

The Plan's investments at June 30, 2013, consisted of the following:

	Maturity Range	Balance June 30, 2013	Percentage of Plan Net Assets
Cash and Cash Equivalents		\$ 945,292	6.00%
Collateralized Mortgage Obligations	6.99 Years - 22.84 Years	2,262,473	14.37%
Corporate Bonds	9.83 Years - 20.22 Years	450,733	2.86%
Government and Municipal Bonds	63 Days - 32.73 Years	7,225,453	45.88%
Mutual Fund-Government Securities	3 Days - 1.00 Year	1,200,699	7.62%
Government Sponsored Enterprise Securities	333 Days - 2.75 Years	3,664,827	23.27%
Total		<u>\$ 15,749,477</u>	<u>100.00%</u>

Interest Rate Risk

- The District's investment policy limits investments of reserves, project funds, debt proceeds and other non-operating funds to a maximum of five years with the average duration of all of these funds as a whole not to exceed three years as means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

- The District's investment policy authorizes the District to participate in the State Board of Administration Florida PRIME. The policy also authorizes the District to invest in interest-bearing time deposits or savings accounts, direct obligations of the United States Treasury, money market funds with the Securities and Exchange Commission, and United States government funds registered under the Investment Act of 1940. The

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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policy further provides that the securities shall only be purchased from financial institutions which are qualified as public depositories by the Treasurer of the State of Florida, Florida-based regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1, or from primary security dealers as designated by the Federal Reserve of New York. Additionally, funds of the District's Early Retirement Fund can be invested in any fixed income security that is rated in the highest category of either Moody's or Standard & Poor's and in collateralized mortgage obligations once the District personnel have been prudently advised and understand the risk characteristics of the investment product.

- Investments in the Morgan Stanley Institutional Liquidity Funds – Government Portfolio was rated AAAM by Standard & Poor's and Aaa-mf by Moody's. Investments in corporate bonds were rated from A to BBB by Standard & Poor's and Baa1 to Baa3 by Moody's. Investments in municipal bonds were rated from AAA to BB+ by Standard and Poor's and Aaa to Ba1 by Moody's, except that three securities totaling \$103,017 were unrated. Investments in collateralized mortgage obligations were rated from AAA to D by Standard and Poor's and Aaa to B1 by Moody's and investments in municipal bonds were rated AAA to BB+ by Standard and Poor's and Aaa to Ba1 by Moody's, except that seven securities with a market value of \$103,858 were unrated. Investments adhered to the District's Investment Policy when purchased, however, some investments were subsequently downgraded.

Concentration of Credit Risk

- The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk of District's investment portfolio.
- More than 5 percent of the District's investments are in Government Sponsored Enterprise Securities. These securities are made up of investments in Federal National Mortgage Assn., Federal Home Loan Banks, and Federal Home Loan Mortgage Corp. and total 12.18, 4.63, and 7.95 percent of total plan investments, respectively.

Funded Status and Funding Progress

The required schedule of funding progress, immediately following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Information about the funded status of the Plan as of the most recent actuarial valuation date is as follows:

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Values of Plan Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Ratio of Unfunded Actuarial Accrued Liability Covered Payroll
7/1/2011	14,912,513	24,534,590	9,622,077	60.8%	173,775,663	5.5%

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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Actuarial Information

Additional information as of the latest actuarial valuation is as follows:

Valuation Date	July 1, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return *	5.50%
Projected Salary Increases *	4.00%
*Includes Inflation at:	2.75%
Cost-of-Living Adjustments	None

18. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Postemployment Benefits Plan is a single-employer defined benefit plan (Plan) administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and their eligible dependents, may continue to participate in the District's health plan for medical, prescription drug, mental health/substance abuse, employee assistance program and life insurance. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or 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. Additionally for certain retirees, the District pays a portion of the cost of health, pharmacy insurance benefits. For those retirees, the School Board contributes the same amount toward the retiree's health insurance premium each year as it does toward an active employee's premium. This contribution is contingent upon the retiree meeting all of the following conditions: 1) 30 years of service under Florida Retirement System or 25 years of service under FRS and at least age 50 at retirement; 2) 20 years of service in the District; 3) contributes his/her health insurance subsidy received from the State of Florida toward the cost of this medical premium; and 4) continues to participate in one of the Board-approved health plans after his/her retirement. An eligible retiree may receive a cash payment in lieu of receiving these benefits. The Plan does not issue a stand-alone report and is not included in the report of a public employee retirement systems or another entity.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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In addition, the District contributed \$20 per month toward health insurance premiums for eligible former employees. This contribution will continue as long as the eligible retiree maintains health benefits through the District. New retirees are not eligible for this program.

Funding Policy

The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefits (OPEB) costs or the net OPEB obligation, and the plan is financed on a pay-as-you-go basis. For the 2012-13 fiscal year, 1,651 retirees and eligible dependents received postemployment benefits. The District provided required contributions of \$5,600,582 toward the annual OPEB cost, comprised of medical and life insurance premiums, pharmacy claims expense and administrative expenses net of retiree contributions totaling \$2,185,877 or 0.73 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 the 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 costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for Postemployment Benefits:

<u>Description</u>	<u>Amount</u>
Normal Cost (Service cost for one year)	\$ 5,903,276
Amortization of Unfunded Actuarial Accrued Liability	<u>6,451,732</u>
Annual Required Contribution	12,355,008
Interest on Net OPEB Obligation	1,402,651
Adjustment to Annual Required Contribution	<u>(1,948,126)</u>
Annual OPEB Cost (Expense)	11,809,533
Contribution Toward the OPEB Cost	<u>(5,600,582)</u>
Increase in Net OPEB Obligation	6,208,951
Net OPEB Obligation, Beginning of Year	<u>35,066,271</u>
Net OPEB Obligation, End of Year	<u><u>\$ 41,275,222</u></u>

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013, and the two preceding fiscal years are as follows:

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010-11	\$ 11,375,255	\$ 4,506,467	39.62%	\$ 28,899,555
2011-12	11,291,130	5,124,412	45.38%	35,066,271
2012-13	11,809,533	5,600,582	47.42%	41,275,222

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$109,496,146, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$109,496,146. The covered payroll (annual payroll of active participating employees) was \$318,668,211, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 34.36 percent. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Actuarial 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 the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's OPEB actuarial valuation as of January 1, 2012, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2013. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.0 percent discount rate. The actuarial assumptions also included an annual healthcare cost trend of 8.5 percent for the calendar year 2012, reduced by 0.5 percent per year, to an ultimate rate of 5.25 percent in

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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2028. The actuarial assumptions also included an inflation rate of 3.0 percent and 4.0 percent for salary increases for fiscal year 2012-2013.

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period is 17 years.

19. MEMBERSHIP IN NONPROFIT CORPORATION

The District participated in a nonprofit electric cooperative, the Withlacoochee River Electric Cooperative, Inc., established under the provisions of Chapter 425, Florida Statutes. In accordance with this Statute, revenues in excess of operating expenses, unless determined by a vote of the membership, are distributed by the Cooperative on a pro rata basis to its members. The policy of the Cooperative is to credit the excess revenues to members' accounts. Capital credits are distributed only after the Cooperative attains a certain margin of profit required by the Rural Electrification Administration. At June 30, 2013, the accumulated credits to the District's account are \$4,119,621. During the 2012-2013 fiscal year, the District earned capital credits of \$293,013 and received a cash payment of \$142,274, for a net increase of \$150,739.

20. CONSTRUCTION CONTRACT AND OTHER COMMITMENTS

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

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Administrative Complex			
Administration Parking and Utilities	\$ 2,220,749	\$ 1,664,722	\$ 556,027
Land O Lakes High			
Culinary Arts Building	3,516,091	3,451,368	64,723
R B Stewart Middle School			
Remodeling - Gym, Building No. 4 and No. 5	5,050,474	332,944	4,717,530
Richey Elementary			
Campus Redevelopment	11,691,942	10,655,842	1,036,100
Sanders Elementary			
Campus Redevelopment	2,183,522	1,874,097	309,425
Schrader Elementary			
Campus Redevelopment	2,305,471	402,529	1,902,942
Seven Springs Middle School			
Hydronic Piping Project	2,693,169	2,124,465	568,704
Wesley Chapel High			
Automotive Academy	1,366,971	1,347,740	19,231
Total	<u><u>\$ 31,028,389</u></u>	<u><u>\$ 21,853,707</u></u>	<u><u>\$ 9,174,682</u></u>

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or 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 District uses encumbrance accounting for recording purchase order commitments. At June 30, 2013, the District has recorded \$17,677,779 in encumbrances as follows: \$4,274,860 for the General Fund; \$7,374,932 for the Capital Projects-Other Fund; and \$6,027,987 for the Nonmajor Governmental Funds.

21. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation, automobile liability, general liability, as well as medical, behavioral health and prescription plan coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis, and aggregate excess coverage when total claims minus specific excess coverage exceeds the loss fund established annually by the District. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past three fiscal years.

A liability in the amount of \$6,513,000 was actuarially determined to cover estimated incurred, but not reported, workers' compensation, automobile liability and general liability insurance claims payable at June 30, 2013.

The following schedule represents the changes in claims liability for the current and prior fiscal year for the District's self-insurance program:

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2011-2012	\$ 8,175,000	\$ 51,887,175	\$ 52,579,295	\$ 7,482,880
2012-2013	7,482,880	48,567,552	49,537,432	6,513,000

Life insurance coverage is being provided through purchased commercial insurance with a minimum deductible.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

22. LITIGATION

The Board is involved in several pending and threatened legal actions, the range of potential loss from which, as estimated by the Board's attorney, should not materially affect the financial condition of the District. However, one case has completed the initial trial and a verdict of \$1,670,364 has been rendered in favor of the plaintiff. The District intends to defend itself vigorously through the appeals and Claims Bill process with the State Legislature and has not recorded an obligation in relation to this case. Final determination of liability, if any, is unlikely for a number of years.

23. SUBSEQUENT EVENTS

On May 7, 2013, the School Board approved a resolution to issue \$45,385,000 Certificates of Participation, Series 2013A. The proceeds of the certificates were deposited into an escrow fund on July 2, 2013 to provide funds for the purpose of refunding, on an advanced basis, a portion of the School Board's outstanding Certificates of Participation, Series 2004A. Interest will be payable semiannually on each August 1 and February 1, commencing August 1, 2013. The certificates will mature from August 1, 2015 to August 1, 2029 and were issued at interest rates ranging from 3.00 percent to 5.00 percent.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION



**DISTRICT SCHOOL BOARD OF PASCO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS - EARLY RETIREMENT PLAN

Actuarial Valuation Date	Actuarial Values of Plan Assets	Actuarial Accrued Liability (1)	Unfunded Actuarial Accrued Liability (2)	Funded Ratio (3)	Covered Payroll	Unfunded Actuarial Accrued Liability as Percent of Covered Payroll
7/1/2003	\$ 5,859,574 (4)	\$ 13,630,135 (4)	\$ 7,770,561 (4)	43.0%	\$ 105,127,379 (4)	7.4%
7/1/2005	6,519,604 (5)	17,408,848 (5)	10,889,244 (5)	37.4%	130,477,299 (5)	8.3%
7/1/2007	8,433,556 (6)	19,217,504 (6)	10,783,948 (6)	43.9%	152,703,567 (6)	7.1%
7/1/2009	10,777,103 (7)	19,597,593 (7)	8,820,490 (7)	55.0%	171,655,074 (7)	5.1%
7/1/2011	13,612,687 (8)	23,520,520 (8)	9,907,833 (8)	57.9%	173,775,663 (8)	5.7%

Notes:

- (1) The actuarial method used is the Entry Age Normal Cost Method.
- (2) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.
- (3) The percentage funded is derived by dividing the actuarial value of assets by the actuarial accrued liability.
- (4) Based on data from an actuarial valuation report as of July 1, 2003.
- (5) Based on data from an actuarial valuation report as of July 1, 2005.
- (6) Based on data from an actuarial valuation report as of July 1, 2007.
- (7) Based on data from an actuarial valuation report as of July 1, 2009.
- (8) Based on data from an actuarial valuation report as of July 1, 2011.

SCHEDULE OF EMPLOYER CONTRIBUTIONS – EARLY RETIREMENT PLAN

Year Ended June 30	Annual Required Contribution	Percentage Contribution
2005	\$ 926,422	100%
2006	1,202,825	100%
2007	1,264,056	100%
2008	1,368,154	100%
2009	1,437,237	100%
2010	1,314,812	100%
2011	1,380,553	100%
2012	1,509,443	100%
2013	1,578,667	100%

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

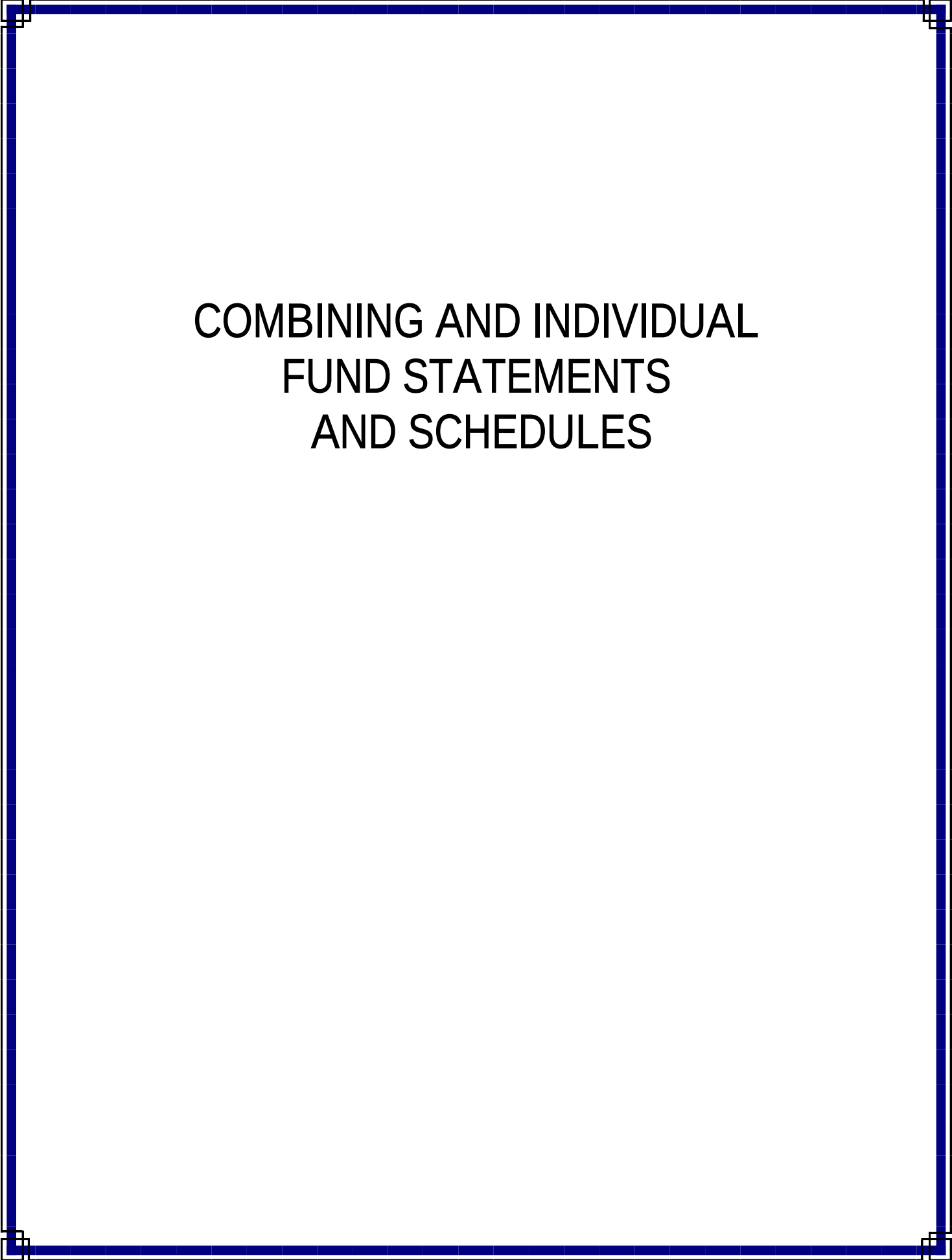
Actuarial Valuation Date	Actuarial Values of Plan Assets	Actuarial Accrued Liability (1)	Unfunded Actuarial Accrued Liability (2)	Funded Ratio (3)	Covered Payroll	Actuarial Accrued Liability as a Percentage of Covered Payroll
January 1, 2008	\$ -	\$ 120,914,118	\$ 120,914,118	0.0%	\$ 320,836,541	37.69%
January 1, 2009	-	100,408,119	100,408,119	0.0%	354,120,347	28.35%
January 1, 2012	-	109,496,146	109,496,146	0.0%	318,668,211	34.36%

Notes:

- (1) The actuarial method used is the Entry Age Normal Cost Method.
- (2) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.
- (3) The percentage funded is derived by dividing the actuarial value of assets by the actuarial accrued liability.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS

Year	Contributed	Contribution
2010-2011	\$ 4,506,467	39.62%
2011-2012	5,124,413	45.38%
2012-2013	5,600,580	47.42%



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Schedules of Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Nonmajor Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to pay for specified activities.

Food and Nutrition Services Fund – To account for food and nutrition services activities, including the serving of breakfast and lunch at the schools.

Nonmajor Debt Service Funds

Nonmajor Debt Service Funds are used to account for resources accumulated, primarily from tax proceeds and earnings on temporary investments, for the payment of principal and interest of long-term liabilities.

State Board of Education Bonds Fund – To account for payment of principal and interest on various bond issues serviced by the State of Florida on the District's behalf.

District Revenue Bonds Fund – To account for payment of principal and interest on Motor Vehicle License Tax Revenue Bonds, which are secured by racetrack funds and jai alai fronton funds received annually by Pasco County pursuant to Chapter 79-548, Special Acts of 1979, Laws of Florida.

Certificates of Participation Fund – To account for payments of principal and interest for obligations pertaining to lease payments from debt issued to finance acquisition and construction of schools and ancillary facilities.

Nonmajor Capital Projects Funds

Nonmajor Capital Projects Funds are used to account for resources to be used for the acquisition and construction of major capital assets; such as: land, new school buildings, additions to existing buildings, major renovation projects, school buses, and equipment and furniture.

State Board of Education Bonds Fund – To account for proceeds of bonds, issued on the District's behalf, by the State Board of Education, to be used for the construction and maintenance of schools.

Public Education Capital Outlay Fund – To account for Gross Receipts Tax to be used for construction, remodeling, renovation, and site improvement of educational facilities.

District Revenue Bonds Fund – To account for District Revenue Bond proceeds to be used for the acquisition and/or construction and maintenance of schools.

Capital Outlay and Debt Service Fund - To account for the excess dollars from the debt service funds used for construction and maintenance of schools.

Local Optional Millage Levy Fund – To account for funds received from the assessment of property taxes for construction and maintenance of schools.

District School Board of Pasco County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

Schedule A

	Special Revenue		Debt Service		Debt Service	
	Food and Nutrition Services Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	District Revenue Bonds Fund	Certificates of Participation Fund	Total Nonmajor Debt Service Funds
Assets:						
Cash	\$ 5,789,468	\$ 5,789,468	\$ -	\$ 31,186	\$ 54,213	\$ 85,399
Cash with Fiscal Agent	-	-	-	-	791,633	791,633
Investments	-	-	399,698	-	15,932,658	16,332,356
Accounts Receivable	22,690	22,690	-	-	-	-
Accrued Interest Receivable	-	-	-	-	1,483	1,483
Due from Other Agencies	2,836,884	2,836,884	-	-	-	-
Inventories	1,223,200	1,223,200	-	-	-	-
Total Assets	\$ 9,872,242	\$ 9,872,242	\$ 399,698	\$ 31,186	\$ 16,779,987	\$ 17,210,871
Liabilities and Fund Balances:						
Liabilities:						
Salaries and Benefits Payable	\$ 400,392	\$ 400,392	\$ -	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings Payable	4,070	4,070	-	-	-	-
Accounts Payable	144,654	144,654	-	-	137,125	137,125
Construction Contracts Payable	-	-	-	-	-	-
Construction Contracts Payable - Retainage	-	-	-	-	-	-
Arbitrage Rebate Payable	-	-	-	-	71,938	71,938
Due to Other Funds	-	-	-	-	-	-
Unearned Revenue	999,762	999,762	-	-	-	-
Total Liabilities	1,548,878	1,548,878	-	-	209,063	209,063
Fund Balances:						
Nonspendable:						
Inventory	1,223,200	1,223,200	-	-	-	-
Restricted:						
Special Revenue	7,100,164	7,100,164	-	-	-	-
Debt Service	-	-	399,698	31,186	16,570,924	17,001,808
Capital Projects	-	-	-	-	-	-
Total Fund Balance	8,323,364	8,323,364	399,698	31,186	16,570,924	17,001,808
Total Liabilities and Fund Balances	\$ 9,872,242	\$ 9,872,242	\$ 399,698	\$ 31,186	\$ 16,779,987	\$ 17,210,871

Capital Projects					
State Board of Education Bonds Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Local Optional Millage Levy Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 3,584,846	\$ 1,258,324	\$ 4,843,170	\$ 10,718,037
5,479	-	-	57,834	63,313	854,946
2,029,611	-	10,057,489	19,612,256	31,699,356	48,031,712
-	-	-	-	-	22,690
3,286	-	-	34,688	37,974	39,457
-	-	-	12,891	12,891	2,849,775
-	-	-	-	-	1,223,200
<u>\$ 2,038,376</u>	<u>\$ -</u>	<u>\$ 13,642,335</u>	<u>\$ 20,975,993</u>	<u>\$ 36,656,704</u>	<u>\$ 63,739,817</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,392
-	-	-	-	-	4,070
82,663	-	431,295	1,354,915	1,868,873	2,150,652
-	-	-	176,333	176,333	176,333
8,218	-	35,386	64,563	108,167	108,167
-	-	-	-	-	71,938
-	-	-	-	-	-
-	-	-	-	-	999,762
<u>90,881</u>	<u>-</u>	<u>466,681</u>	<u>1,595,811</u>	<u>2,153,373</u>	<u>3,911,314</u>
-	-	-	-	-	1,223,200
-	-	-	-	-	7,100,164
-	-	-	-	-	17,001,808
1,947,495	-	13,175,654	19,380,182	34,503,331	34,503,331
<u>1,947,495</u>	<u>-</u>	<u>13,175,654</u>	<u>19,380,182</u>	<u>34,503,331</u>	<u>59,828,503</u>
<u>\$ 2,038,376</u>	<u>\$ -</u>	<u>\$ 13,642,335</u>	<u>\$ 20,975,993</u>	<u>\$ 36,656,704</u>	<u>\$ 63,739,817</u>

District School Board of Pasco County
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013

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	Special Revenue		Debt Service			
	Food and Nutrition Services Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	District Revenue Bonds Fund	Certificates of Participation Fund	Total Nonmajor Debt Service Funds
Revenues:						
Federal Sources:						
Food Services	\$ 22,141,725	\$ 22,141,725	\$ -	\$ -	\$ -	\$ -
State Sources:						
Public Education Capital Outlay	-	-	-	-	-	-
Food Services	419,874	419,874	-	-	-	-
SBE/COBI Bond Interest	-	-	10,377	-	-	10,377
CO & DS Withheld for State Education Bonds	-	-	2,375,234	-	-	2,375,234
CO & DS Interest	-	-	-	-	-	-
CO & DS Distributed	-	-	-	-	-	-
Racing Commission Funds	-	-	-	223,250	-	223,250
Local Sources:						
Property Taxes	-	-	-	-	-	-
Food Services	11,441,922	11,441,922	-	-	-	-
Investment Earnings	-	-	-	(116)	602,638	602,522
Local Grants and Other	38,620	38,620	-	-	-	-
Total Revenues	34,042,141	34,042,141	2,385,611	223,134	602,638	3,211,383
Expenditures:						
Current-Education:						
Facilities Services	-	-	-	-	-	-
Food Services	31,355,848	31,355,848	-	-	-	-
Capital Outlay:						
Facilities Acquisition and Construction	-	-	-	-	-	-
Debt Service:	-	-	-	-	-	-
Principal	-	-	1,635,000	90,000	21,832,001	23,557,001
Interest	-	-	782,139	129,935	15,198,780	16,110,854
Fiscal Charges	-	-	36,554	345	621,987	658,886
Total Expenditures	31,355,848	31,355,848	2,453,693	220,280	37,652,768	40,326,741

Schedule B

	Special Revenue		Debt Service			
	Food and Nutrition Services Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	District Revenue Bonds Fund	Certificates of Participation Fund	Total Nonmajor Debt Service Funds
Excess (Deficiency) of Revenues Over Expenditures	2,686,293	2,686,293	(68,082)	2,854	(37,050,130)	(37,115,358)
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	32,729,134	32,729,134
Transfers Out	(2,926,988)	(2,926,988)	-	-	(1,628)	(1,628)
Total Other Financing Sources (Uses)	(2,926,988)	(2,926,988)	-	-	32,727,506	32,727,506
Net Change in Fund Balances	(240,695)	(240,695)	(68,082)	2,854	(4,322,624)	(4,387,852)
Fund Balances, Beginning	8,564,059	8,564,059	467,780	28,332	20,893,548	21,389,660
Fund Balances, Ending	<u>\$ 8,323,364</u>	<u>\$ 8,323,364</u>	<u>\$ 399,698</u>	<u>\$ 31,186</u>	<u>\$ 16,570,924</u>	<u>\$ 17,001,808</u>
						(Continued)

District School Board of Pasco County
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013

	Capital Projects					
	State Board of Education Bonds Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Local Optional Millage Levy Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:						
Federal Sources:						
Federal Direct	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,141,725
State Sources:						
Public Education Capital Outlay	-	666,291	-	-	666,291	666,291
Food Services	-	-	-	-	-	419,874
SBE/COBI Bond Interest	-	-	-	-	-	10,377
CO & DS Withheld for State Education Bonds	-	-	-	-	-	2,375,234
CO & DS Interest	-	-	25,394	-	25,394	25,394
CO & DS Distributed	-	-	276,571	-	276,571	276,571
Racing Commission Funds	-	-	-	-	-	223,250
Local Sources:						
Property Taxes	-	-	-	30,896,444	30,896,444	30,896,444
Food Services	-	-	-	-	-	11,441,922
Investment Earnings	12,583	-	665,866	177,061	855,510	1,458,032
Local Grants and Other	-	-	-	-	-	38,620
Total Revenues	12,583	666,291	967,831	31,073,505	32,720,210	69,973,734
Expenditures:						
Current-Education:						
Facilities Services	-	-	-	1,745,559	1,745,559	1,745,559
Food Services	-	-	-	-	-	31,355,848
Facilities Acquisition and Construction	379,264	-	2,271,628	14,685,844	17,336,736	17,336,736
Debt Service:						
Principal	-	-	-	-	-	23,557,001
Interest	-	-	-	-	-	16,110,854
Fiscal Charges	-	-	1,442	-	1,442	660,328
Total Expenditures	379,264	-	2,273,070	16,431,403	19,083,737	90,766,326

	Capital Projects					
	State Board of Education Bonds Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Local Optional Millage Levy Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(366,681)	666,291	(1,305,239)	14,642,102	13,636,473	(20,792,592)
Other Financing Sources (Uses):						
Transfers In	-	-	3,584,846	442,142	4,026,988	36,756,122
Transfers Out	-	(666,291)	-	(13,898,154)	(14,564,445)	(17,493,061)
Total Other Financing Sources (Uses)	-	(666,291)	3,584,846	(13,456,012)	(10,537,457)	19,263,061
Net Change in Fund Balances	(366,681)	-	2,279,607	1,186,090	3,099,016	(1,529,531)
Fund Balances, Beginning	2,314,176	-	10,896,047	18,194,092	31,404,315	61,358,034
Fund Balances, Ending	\$ 1,947,495	\$ -	\$ 13,175,654	\$ 19,380,182	\$ 34,503,331	\$ 59,828,503

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Schedules
of
Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Governmental Funds

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Food and Nutrition Services Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Federal Sources:				
Food Service	\$ 21,580,079	\$ 21,580,079	\$ 22,141,725	\$ 561,646
State Sources:				
Food Service	446,335	446,335	419,874	(26,461)
Local Sources:				
Food Service Sales	12,018,460	12,063,813	11,441,922	(621,891)
Local Grants and Other	45,353	-	38,620	38,620
Total Revenues	34,090,227	34,090,227	34,042,141	(48,086)
Expenditures:				
Current-Education:				
Food Services				
Salaries	11,699,469	11,699,469	9,975,966	1,723,503
Employee Benefits	4,555,849	4,155,849	3,899,825	256,024
Purchased Services	926,090	844,315	784,986	59,329
Energy Services	500,000	500,000	500,000	-
Materials and Supplies	14,976,882	16,196,882	15,338,604	858,278
Other Expenses	1,152,479	1,515,479	856,467	659,012
Total Expenditures	33,810,769	34,911,994	31,355,848	3,556,146
Excess (Deficiency) of Revenues Over Expenditures	279,458	(821,767)	2,686,293	3,508,060
Other Financing Sources (Uses):				
Transfers Out	(350,000)	(2,926,988)	(2,926,988)	-
Net Change in Fund Balance	(70,542)	(3,748,755)	(240,695)	3,508,060
Fund Balance, Beginning	8,564,059	8,564,059	8,564,059	-
Fund Balance, Ending	\$ 8,493,517	\$ 4,815,304	\$ 8,323,364	\$ 3,508,060

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - State Board of Education Bonds Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State Sources				
CO & DS Withheld for State Education Bonds	\$ 2,342,123	\$ 2,375,235	\$ 2,375,234	\$ (1)
SBE/COBI Bond Interest	-	10,377	10,377	-
Total Revenues	2,342,123	2,385,612	2,385,611	(1)
Expenditures:				
Debt Service:				
Principal	1,615,000	1,635,000	1,635,000	-
Interest	727,123	782,140	782,139	1
Fiscal Charges	-	36,555	36,554	1
Total Expenditures	2,342,123	2,453,695	2,453,693	2
Excess (Deficiency) of Revenues Over Expenditures	-	(68,083)	(68,082)	1
Net Change in Fund Balance	-	(68,083)	(68,082)	1
Fund Balances, Beginning	467,780	467,780	467,780	-
Fund Balances, Ending	\$ 467,780	\$ 399,697	\$ 399,698	\$ 1

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - District Revenue Bonds Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State Sources:				
Racing Commission Funds	\$ 223,250	\$ 223,250	\$ 223,250	\$ -
Local Sources:				
Investment Earnings	75	175	(116)	(291)
Total Revenues	223,325	223,425	223,134	(291)
Expenditures:				
Debt Service:				
Principal	90,000	90,000	90,000	-
Interest	129,935	129,935	129,935	-
Fiscal Charges	1,000	1,000	345	655
Total Expenditures	220,935	220,935	220,280	655
Excess (Deficiency) of Revenues Over Expenditures	2,390	2,490	2,854	364
Net Change in Fund Balance	2,390	2,490	2,854	364
Fund Balance, Beginning	28,332	28,332	28,332	-
Fund Balance, Ending	\$ 30,722	\$ 30,822	\$ 31,186	\$ 364

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - Certificates of Participation Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local Sources:				
Investment Earnings	\$ 2,950	\$ 1,223,365	\$ 602,638	\$ (620,727)
Expenditures:				
Debt Service:				
Principal	22,754,239	22,754,239	21,832,001	922,238
Interest	16,056,883	15,274,346	15,198,780	75,566
Fiscal Charges	196,000	648,952	621,987	26,965
Total Expenditures	39,007,122	38,677,537	37,652,768	1,024,769
Excess (Deficiency) of Revenues Over Expenditures	(39,004,172)	(37,454,172)	(37,050,130)	404,042
Other Financing Sources (Uses):				
Transfers In	26,333,540	32,729,134	32,729,134	-
Transfer Out	-	(1,630)	(1,628)	2
Total Other Financing Sources	26,333,540	32,727,504	32,727,506	2
Net Change in Fund Balance	(12,670,632)	(4,726,668)	(4,322,624)	404,044
Fund Balances, Beginning	20,893,548	20,893,548	20,893,548	-
Fund Balances, Ending	\$ 8,222,916	\$ 16,166,880	\$ 16,570,924	\$ 404,044

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Public Education Capital Outlay Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State Sources:				
Public Education Capital Outlay	\$ 668,617	\$ 668,617	\$ 666,291	\$ (2,326)
Total Revenues	668,617	668,617	666,291	(2,326)
Other Financing Uses:				
Transfer Out	(668,617)	(668,617)	(666,291)	2,326
Total Other Financing Uses	(668,617)	(668,617)	(666,291)	2,326
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Other Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local Sources:				
Local Sales Tax	\$ 21,151,784	\$ 27,151,784	\$ 27,490,903	\$ 339,119
Impact Fees	4,000,000	6,011,229	6,011,229	-
Other Local	-	3,000	3,000	-
Investment Earnings	-	(386,617)	(389,354)	(2,737)
Total Revenues	25,151,784	32,779,396	33,115,778	336,382
Expenditures:				
Current-Education:				
Facilities Services	-	1,291,129	1,291,129	-
Capital Outlay:				
Facilities Acquisition and Construction	39,284,987	53,509,792	10,688,424	42,821,368
Total Expenditures	39,284,987	54,800,921	11,979,553	42,821,368
Excess (Deficiency) of Revenues Over Expenditures	(14,133,203)	(22,021,525)	21,136,225	43,157,750
Other Financing Sources (Uses):				
Transfer In	-	1,628	1,628	-
Transfer Out	(13,902,250)	(19,030,980)	(19,030,980)	-
Total Other Financing Sources (Uses)	(13,902,250)	(19,029,352)	(19,029,352)	-
Net Change in Fund Balance	(28,035,453)	(41,050,877)	2,106,873	43,157,750
Fund Balances, Beginning	110,391,429	110,391,429	110,391,429	-
Fund Balances, Ending	\$ 82,355,976	\$ 69,340,552	\$ 112,498,302	\$ 43,157,750

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - State Board of Education Bonds Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Local Sources:				
Investment Earnings	\$ -	\$ 12,583	\$ 12,583	\$ -
Expenditures:				
Capital Outlay:				
Facilities Acquisition and Construction	1,754,470	1,765,908	379,264	1,386,644
Total Expenditures	1,754,470	1,765,908	379,264	1,386,644
Excess (Deficiency) of Revenues Over Expenditures	(1,754,470)	(1,753,325)	(366,681)	1,386,644
Net Change in Fund Balance	(1,754,470)	(1,753,325)	(366,681)	1,386,644
Fund Balances, Beginning	2,314,176	2,314,176	2,314,176	-
Fund Balances, Ending	\$ 559,706	\$ 560,851	\$ 1,947,495	\$ 1,386,644

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Capital Outlay and Debt Service Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State Sources:				
CO & DS Distributed	\$ 225,000	\$ 300,524	\$ 276,571	\$ (23,953)
Interest on Undistributed CO & DS	2,000	25,394	25,394	-
Local Sources:				
Investment Earnings	-	2,684,714	665,866	(2,018,848)
Total Revenues	227,000	3,010,632	967,831	(2,042,801)
Expenditures:				
Capital Outlay:				
Facilities Acquisition and Construction	2,000,000	2,950,000	2,271,628	(678,372)
Debt Service:				
Dues, Fees and Issuance Costs	-	1,442	1,442	-
Total Expenditures	2,000,000	2,951,442	2,273,070	(678,372)
Excess (Deficiency) of Revenues Over Expenditures	(1,773,000)	59,190	(1,305,239)	(1,364,429)
Other Financing Sources (Uses):				
Transfer In	-	3,584,846	3,584,846	-
Total Other Financing Sources (Uses)	-	3,584,846	3,584,846	-
Net Change in Fund Balance	(1,773,000)	3,644,036	2,279,607	(1,364,429)
Fund Balances, Beginning	10,896,047	10,896,047	10,896,047	-
Fund Balances, Ending	\$ 9,123,047	\$ 14,540,083	\$ 13,175,654	\$ (1,364,429)

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Local Optional Millage Levy Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local Sources:				
Property Taxes	\$ 30,476,058	\$ 30,876,058	\$ 30,896,444	\$ 20,386
Investment Earnings	-	176,981	177,061	80
Total Revenues	30,476,058	31,053,039	31,073,505	20,466
Expenditures:				
Current-Education:				
Facilities Services	-	1,745,559	1,745,559	-
Capital Outlay:				
Facilities Acquisition and Construction	19,761,785	23,681,117	14,685,844	8,995,273
Total Expenditures	19,761,785	25,426,676	16,431,403	8,995,273
Excess of Revenues Over Expenditures	10,714,273	5,626,363	14,642,102	9,015,739
Other Financing Sources (Uses):				
Transfers In	350,000	461,677	442,142	(19,535)
Transfers Out	(21,571,290)	(21,571,290)	(13,898,154)	7,673,136
Total Other Financing Sources (Uses)	(21,221,290)	(21,109,613)	(13,456,012)	7,653,601
Net Change in Fund Balance	(10,507,017)	(15,483,250)	1,186,090	16,669,340
Fund Balances, Beginning	18,194,092	18,194,092	18,194,092	-
Fund Balances, Ending	\$ 7,687,075	\$ 2,710,842	\$ 19,380,182	\$ 16,669,340

Combining Statements of Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department to another department within the District, on a cost reimbursement basis. This practice provides a separate and complete accounting for all resources accumulated and used in rendering the services and activities listed below.

Fully-Insured Benefit Plans – To account for the financing of the District's fully-insured program for employees' dental and life insurance benefits.

Flexible Benefits Plan – To account for the financing of the District's optional flexible fringe benefits program, for employees', as provided by Internal Revenue Code Section 125.

Property, Casualty, and Liability Self-Insurance Plan – To account for the financing and payment of claims for the District's self-insured liability and workers' compensation program and fully insured property/casualty program.

Self-Insured Benefit Plans – To account for the financing and payment of claims for the District's self-insured medical, behavioral health and prescription plans.

Employee Assistance Program – To account for the financing of services provided by the District's Employee Assistance Program.

Energy Management Program – To account for the financing of the District's Energy Management Program.

Exclusive Agreement – To account for the receipt and use of funds received from the District's exclusive agreement with National Beverages, Inc.

District School Board of Pasco County
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2013

Schedule D

	Fully-Insured Benefit Plans	Flexible Benefits Plan	Property, Casualty, Liability and Workers' Compensation Plans
Assets			
Current Assets:			
Cash	\$ 507,104	\$ -	\$ 15,226,795
Cash with Fiscal Agent	-	-	24,351
Investments	497,464	-	14,917,044
Accounts Receivable	263,031	-	188,677
Accrued Interest Receivable	-	-	14,605
Total Current Assets	1,267,599	-	30,371,472
Noncurrent Assets:			
Capital Assets:			
Furniture, Fixtures and Equipment	-	-	-
Accumulated Depreciation	-	-	-
Total Noncurrent Assets	-	-	-
Total Assets	\$ 1,267,599	\$ -	\$ 30,371,472
Liabilities			
Current Liabilities:			
Salaries and Benefits Payable	\$ 4,048	\$ -	\$ 772
Payroll Deductions and Withholdings Payable	1,904	-	1,614
Accounts Payable	14,108	-	293,961
Unearned Revenue	-	-	-
Current portion of long-term liabilities:			
Compensated Absences Payable	-	-	22,212
Estimated Insurance Claims Payable	-	-	2,311,000
Total Current Liabilities	20,060	-	2,629,559
Noncurrent Liabilities:			
Compensated Absences Payable	82,916	-	81,735
Estimated Insurance Claims Payable	-	-	4,202,000
Total Noncurrent Liabilities	82,916	-	4,283,735
Total Liabilities	102,976	-	6,913,294
Net Position			
Investment in Capital Assets	-	-	-
Unrestricted	1,164,623	-	23,458,178
Total Net Position	1,164,623	-	23,458,178
Total Liabilities and Net Position	\$ 1,267,599	\$ -	\$ 30,371,472

Self-Insured Benefit Plans	Employee Assistance Program	Energy Management Programs	Exclusive Agreement	Totals
\$ -	\$ 10,214	\$ 1,372,628	\$ 229,670	\$ 17,346,411
36,527	-	5,479	1,826	68,183
19,323,441	139,865	2,194,383	1,058,050	38,130,247
784,655	3,778	-	-	1,240,141
21,908	-	3,286	1,095	40,894
20,166,531	153,857	3,575,776	1,290,641	56,825,876
-	-	-	181,818	181,818
-	-	-	(161,918)	(161,918)
-	-	-	19,900	19,900
\$ 20,166,531	\$ 153,857	\$ 3,575,776	\$ 1,310,541	\$ 56,845,776
\$ -	\$ 13,871	\$ 481	\$ -	\$ 19,172
-	515	1,040	-	5,073
8,212,692	19,624	1,153,991	-	9,694,376
8,296	-	-	-	8,296
-	7,386	-	-	29,598
-	-	-	-	2,311,000
8,220,988	41,396	1,155,512	-	12,067,515
-	45,053	37,425	-	247,129
-	-	-	-	4,202,000
-	45,053	37,425	-	4,449,129
8,220,988	86,449	1,192,937	-	16,516,644
-	-	-	19,900	19,900
11,945,543	67,408	2,382,839	1,290,641	40,309,232
11,945,543	67,408	2,382,839	1,310,541	40,329,132
\$ 20,166,531	\$ 153,857	\$ 3,575,776	\$ 1,310,541	\$ 56,845,776

District School Board of Pasco County
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
June 30, 2013

Schedule E

	Fully-Insured Benefit Plans	Flexible Benefits Plan	Property, Casualty, Liability and Workers' Compensation Plans
Operating Revenues			
Insurance Premiums:			
Board Contributions	\$ 2,843,816	\$ 598,900	\$ 11,250,725
Employees	-	-	-
Retirees	-	-	-
Charges for Services Provided	-	-	-
Other Operating Revenues	-	-	500,665
Total Operating Revenues	2,843,816	598,900	11,751,390
Operating Expense			
Salaries	388,373	-	257,535
Employee Benefits	101,877	-	57,782
Purchased Services	228,176	-	1,267,409
Insurance Premiums	3,138,613	1,919,890	3,967,416
Energy Services	-	-	-
Materials and Supplies	2,459	-	1,068
Insurance Claims	-	-	1,440,176
Capital Outlay	-	-	539
Other	1,540	-	46,803
Depreciation	-	-	-
Total Operating Expenses	3,861,038	1,919,890	7,038,728
Operating Income (Loss)	(1,017,222)	(1,320,990)	4,712,662
Nonoperating Revenues			
Investment Earnings	(2,039)	6,889	37,211
Gifts, Grants and Bequests	275,547	-	-
Loss Recoveries	-	-	52,161
Loss on Disposition of Assets	-	-	-
Total Nonoperating Revenues	273,508	6,889	89,372
Income (Loss) Before Transfers	(743,714)	(1,314,101)	4,802,034
Transfers In	-	-	200,000
Transfers Out	-	-	(5,000,000)
Change in Net Position	(743,714)	(1,314,101)	2,034
Total Net Position, July 1, 2012	1,908,337	1,314,101	23,456,144
Total Net Position, June 20, 2013	\$ 1,164,623	\$ -	\$ 23,458,178

Self-Insured Benefit Plans	Employee Assistance Program	Energy Management Program	Exclusive Agreement	Totals
\$ 49,042,210	\$ 294,246	\$ -	\$ -	\$ 64,029,897
6,634,123	1,238	-	-	6,635,361
3,993,401	20,391	-	-	4,013,792
-	-	8,342,252	-	8,342,252
-	-	-	53,570	554,235
59,669,734	315,875	8,342,252	53,570	83,575,537
-	76,469	175,909	-	898,286
-	32,522	45,604	-	237,785
-	70,019	2,189,485	109,572	3,864,661
8,993,488	-	-	-	18,019,407
-	-	10,630,043	-	10,630,043
3,021	280	8,153	492	15,473
47,014,211	113,165	-	-	48,567,552
1,127	-	-	-	1,666
9,569	-	896	-	58,808
-	-	-	18,212	18,212
56,021,416	292,455	13,050,090	128,276	82,311,893
3,648,318	23,420	(4,707,838)	(74,706)	1,263,644
61,578	(573)	13,111	2,570	118,747
-	-	-	-	275,547
-	-	-	-	52,161
-	-	-	(1,532)	(1,532)
61,578	(573)	13,111	1,038	444,923
3,709,896	22,847	(4,694,727)	(73,668)	1,708,567
3,900,000	-	-	-	4,100,000
(1,646,085)	-	-	-	(6,646,085)
5,963,811	22,847	(4,694,727)	(73,668)	(837,518)
5,981,732	44,561	7,077,566	1,384,209	41,166,650
\$ 11,945,543	\$ 67,408	\$ 2,382,839	\$ 1,310,541	\$ 40,329,132

District School Board of Pasco County
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013

	Fully-Insured Benefit Plans	Flexible Benefits Plan	Property, Casualty and Liability Self-Insurance Plan
Cash Flows from Operating Activities:			
Cash Received from Services	\$ -	\$ -	\$ -
Cash Received from Premiums	3,097,490	598,900	11,147,587
Cash Received from Other Operating Revenues	-	-	500,665
Cash Payments to Suppliers for Goods and Services	(3,373,978)	(1,919,890)	(5,045,472)
Cash Payments to Employees for Services	(499,113)	-	(347,333)
Cash Payments to Insurance Claims	-	-	(2,410,056)
Net Cash Provided (Used) by Operating Activities	(775,601)	(1,320,990)	3,845,391
Cash Flows from Noncapital Financing Activities:			
Insurance Loss Recoveries	-	-	52,161
Gifts, Grants and Bequests	275,547	-	-
Transfers From Other Funds	-	-	200,000
Transfers To Other Funds	-	-	(5,000,000)
Net Cash Provided (Used) by Noncapital Financing Activities	275,547	-	(4,747,839)
Cash Flows from Investing Activities:			
Investment Income	(2,039)	11,204	57,127
Purchase and Sale of Investments	2,038	1,305,468	430,741
Net Cash Provided (Used) by Investing Activities	(1)	1,316,672	487,868
Net Change in Cash and Cash Equivalents	(500,055)	(4,318)	(414,580)
Cash and Cash Equivalents, Beginning	1,007,159	4,318	15,665,726
Cash and Cash Equivalents, Ending	\$ 507,104	\$ -	\$ 15,251,146
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (1,017,222)	\$ (1,320,990)	\$ 4,712,662
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	-	-	-
Change in Assets and Liabilities:			
Accounts Receivable	253,674	-	(103,138)
Accounts Payable	(3,190)	-	237,763
Salaries and Benefits Payable	(16,805)	-	(22,505)
Payroll Deductions and Withholdings Payable	(518)	-	(260)
Unearned Revenues	-	-	-
Compensated Absences Payable	8,460	-	(9,251)
Estimated Insurance Claims Payable	-	-	(969,880)
Total Adjustments	241,621	-	(867,271)
Net Cash Provided (Used) by Operating Activities	\$ (775,601)	\$ (1,320,990)	\$ 3,845,391

Self-Insured Benefit Plans	Employee Assistance Program	Energy Management Program	Exclusive Agreement	Totals
\$ -	\$ -	\$ 8,342,252	\$ -	\$ 8,342,252
59,313,917	313,985	-	-	74,471,879
-	-	-	53,570	554,235
(16,170,491)	(80,845)	(12,820,033)	(110,064)	(39,520,773)
-	(117,094)	(213,180)	-	(1,176,720)
(47,014,211)	(113,165)	-	-	(49,537,432)
<u>(3,870,785)</u>	<u>2,881</u>	<u>(4,690,961)</u>	<u>(56,494)</u>	<u>(6,866,559)</u>
-	-	-	-	52,161
-	-	-	-	275,547
3,900,000	-	-	-	4,100,000
<u>(1,646,085)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,646,085)</u>
<u>2,253,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,218,377)</u>
91,452	(573)	17,592	4,064	178,827
1,510,122	573	(19,887)	(4,828)	3,224,227
<u>1,601,574</u>	<u>-</u>	<u>(2,295)</u>	<u>(764)</u>	<u>3,403,054</u>
(15,296)	2,881	(4,693,256)	(57,258)	(5,681,882)
51,823	7,333	6,071,363	288,754	23,096,476
<u>\$ 36,527</u>	<u>\$ 10,214</u>	<u>\$ 1,378,107</u>	<u>\$ 231,496</u>	<u>\$ 17,414,594</u>
\$ 3,648,318	\$ 23,420	\$ (4,707,838)	\$ (74,706)	\$ 1,263,644
-	-	-	18,212	18,212
(364,113)	(1,890)	-	-	(215,467)
(7,163,286)	(10,546)	8,544	-	(6,930,715)
-	(658)	22	-	(39,946)
-	(59)	28	-	(809)
8,296	-	-	-	8,296
-	(7,386)	8,283	-	106
-	-	-	-	(969,880)
<u>(7,519,103)</u>	<u>(20,539)</u>	<u>16,877</u>	<u>18,212</u>	<u>(8,130,203)</u>
<u>\$ (3,870,785)</u>	<u>\$ 2,881</u>	<u>\$ (4,690,961)</u>	<u>\$ (56,494)</u>	<u>\$ (6,866,559)</u>

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Combining Statements of Agency Funds

Agency Funds are used to account for financial resources held by the District as an agent. Assets accounted for in an agency fund belong to the party or parties for which the District acts as an agent. Therefore, agency fund assets are offset by liabilities equal in amount. Agency funds do not report net assets.

School Internal Accounts - To account for financial resources collected by the schools and held by the District as an agent, which will be used for school and student athletic activities, class activities and club activities.

ABC Program - To account for employee and public donations, held by the District as an agent, to be used to assist financially disadvantaged students enrolled in Pasco County schools.

District School Board of Pasco County
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2013

	School Internal Accounts	ABC Program	Total
Assets:			
Cash	\$ 7,163,373	\$ -	\$ 7,163,373
Investments	-	64,582	64,582
Accounts Receivable	5,331	-	5,331
Inventories	33,791	-	33,791
	<u>\$ 7,202,495</u>	<u>\$ 64,582</u>	<u>\$ 7,267,077</u>
Total Assets	<u>\$ 7,202,495</u>	<u>\$ 64,582</u>	<u>\$ 7,267,077</u>
Liabilities:			
Accounts Payable	\$ 786,965	\$ -	\$ 786,965
Internal Accounts Payable	6,415,530	-	6,415,530
ABC Program Payable	-	64,582	64,582
	<u>\$ 7,202,495</u>	<u>\$ 64,582</u>	<u>\$ 7,267,077</u>
Total Liabilities	<u>\$ 7,202,495</u>	<u>\$ 64,582</u>	<u>\$ 7,267,077</u>

District School Board of Pasco County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2013

	School Internal Accounts			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Cash	\$ 7,167,009	\$ 17,265,698	\$ 17,269,334	\$ 7,163,373
Accounts Receivable	8,382	9,536	12,587	5,331
Inventories	31,035	35,373	32,617	33,791
Total Assets	\$ 7,206,426	\$ 17,310,607	\$ 17,314,538	\$ 7,202,495

Liabilities:				
Accounts Payable	\$ 60,054	\$ 3,510,674	\$ 2,783,763	\$ 786,965
Internal Accounts Payable	7,146,372	14,329,779	15,060,621	6,415,530
Total Liabilities	<u>\$ 7,206,426</u>	<u>\$ 17,840,453</u>	<u>\$ 17,844,384</u>	<u>\$ 7,202,495</u>

	ABC Program			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Cash	\$ 344	\$ 5,029	\$ 5,373	\$ -
Investments	67,963	1,672	5,053	64,582
Total Assets	<u>\$ 68,307</u>	<u>\$ 6,701</u>	<u>\$ 10,426</u>	<u>\$ 64,582</u>

Liabilities:				
ABC Program Payable	<u>\$ 68,307</u>	<u>\$ 2,019</u>	<u>\$ 5,744</u>	<u>\$ 64,582</u>

	Total Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Cash	\$ 7,167,353	\$ 17,270,727	\$ 17,274,707	\$ 7,163,373
Investments	67,963	1,672	5,053	64,582
Accounts Receivable	8,382	9,536	12,587	5,331
Inventories	31,035	35,373	32,617	33,791
Total Assets	\$ 7,274,733	\$ 17,317,308	\$ 17,324,964	\$ 7,267,077

Liabilities:				
Accounts Payable	\$ 60,054	\$ 3,510,674	\$ 2,783,763	\$ 786,965
Internal Accounts Payable	7,146,372	14,329,779	15,060,621	6,415,530
ABC Program Payable	68,307	2,019	5,744	64,582
Total Liabilities	<u>\$ 7,274,733</u>	<u>\$ 17,842,472</u>	<u>\$ 17,850,128</u>	<u>\$ 7,267,077</u>

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Combining Statements of Component Units

Component units are entities and/or organizations for which the School Board is financially accountable. Due to the nature and significance of their relationship with the School Board, exclusion of these entities and/or organizations would cause the District's basic financial statements to be misleading. The component units columns in the government-wide financial statements, Exhibits A and B, include consolidated financial data for the following component units:

Academy at the Farm, Inc. – Focuses on creatively integrating equestrian, horticultural and farm animal components into an interactive, inclusive learning environment.

Athenian Academy of Pasco County, Inc. – A kindergarten through 8th grade school offering students a program that incorporates the Greek language and culture.

Countryside Montessori Charter School, Inc. – Centers programs on providing an alternative elementary education program.

Dayspring Academy for Education and the Arts – Emphasizes the fine arts, offering students specialized instruction in dance, music, and art.

Imagine School at Land O' Lakes, LLC – A kindergarten through 7th grade school providing an alternative education program.

Pasco Education Foundation, Inc. – A separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, invest and administer property and to make expenditures to or for the benefit of the District.

District School Board of Pasco County
Combining Statement of Net Position
Component Units
June 30, 2013

	Academy at the Farm, Inc.	Athenian Academy of Pasco County, Inc.	Countryside Montessori Charter School, Inc.
Assets:			
Cash	\$ 110,967	\$ 108,282	\$ 61,141
Investments	-	-	-
Accounts Receivable	11,904	19,460	176
Deposits Receivable	-	-	10,000
Due From Other Agencies	23,758	41,631	8,146
Inventories	523	-	-
Prepaid Expenses	58,627	48,061	-
Loan Issuance Costs	-	-	-
Deferred Charges	-	-	-
Capital Assets (net of accumulated depreciation):	-	-	-
Land	593,979	-	-
Construction in Progress	-	44,303	-
Leasehold Property and Improvements	243,834	-	160,875
Buildings and Fixed Equipment	442,585	295,097	113,056
Furniture, Fixtures and Equipment	29,403	88,490	15,793
Motor Vehicles	-	-	-
Computer Equipment	46,840	-	-
Improvements Other Than Buildings	-	-	-
Total Assets	\$ 1,562,420	\$ 645,324	\$ 369,187
Liabilities:			
Current Liabilities:			
Salaries and Benefits Payable	2,004	118,597	-
Accounts Payable	-	30,090	23,460
Due To Other Agencies	-	-	-
Unearned Revenue	-	-	-
Total Current Liabilities	2,004	148,687	23,460
Long-term Liabilities:			
Due within one year:			
Note Payable	46,897	65,044	151,171
Compensated Absences Payable	-	-	-
Total Due within one year	46,897	65,044	151,171
Due in more than one year:			
Note Payable	534,657	-	8,829
Total Due in more than one year	534,657	-	8,829
Total Liabilities	583,558	213,731	183,460
Net Position:			
Net Investment in Capital Assets	775,087	362,846	129,724
Restricted for Other Purposes	-	-	-
Nonexpendable-Permanently Restricted	-	-	-
Unrestricted	203,775	68,747	56,003
Total Net Position	\$ 978,862	\$ 431,593	\$ 185,727

Dayspring Academy for Education and the Arts	Imagine School at Land O'Lakes, LLC	Pasco Education Foundation, Inc.	Total Component Units
\$ 305,338	\$ 393,425	\$ 151,354	\$ 1,130,507
-	-	1,808,057	1,808,057
75	276	3,925	35,816
-	-	-	10,000
21,866	15,620	-	111,021
-	-	-	523
20,704	3,274	1,824,282	1,954,948
18,950	-	-	18,950
-	-	-	-
-	-	-	-
-	-	-	-
444,683	-	-	1,038,662
-	-	-	44,303
-	-	-	404,709
1,299,750	-	-	2,150,488
36,613	137,410	-	307,709
3,640	94,104	-	97,744
-	-	-	46,840
196,845	-	-	196,845
<u>\$ 2,348,464</u>	<u>\$ 644,109</u>	<u>\$ 3,787,618</u>	<u>\$ 9,357,122</u>
113,967	280,576	-	515,144
23,451	70,958	92,612	240,571
-	31,518	-	31,518
-	7,250	-	7,250
<u>137,418</u>	<u>390,302</u>	<u>92,612</u>	<u>794,483</u>
180,274	26,850	-	470,236
82,973	-	-	82,973
<u>263,247</u>	<u>26,850</u>	<u>-</u>	<u>553,209</u>
1,078,647	34,032	-	1,656,165
<u>1,078,647</u>	<u>34,032</u>	<u>-</u>	<u>1,656,165</u>
<u>1,479,312</u>	<u>451,184</u>	<u>92,612</u>	<u>3,003,857</u>
741,560	170,632	-	2,179,849
-	-	1,830,649	1,830,649
-	-	1,906,568	1,906,568
127,592	22,293	(42,211)	436,199
<u>\$ 869,152</u>	<u>\$ 192,925</u>	<u>\$ 3,695,006</u>	<u>\$ 6,353,265</u>

District School Board of Pasco County
Combining Statements of Activities
Component Units
For the Fiscal Year Ended June 30, 2013

Schedule J

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Academy at the Farm, Inc., Activities:</u>					
Instruction	\$ 1,827,757	\$ -	\$ -	\$ -	\$ (1,827,757)
Pupil Personnel Services	16,719	-	-	-	(16,719)
Instruction Media	156	-	-	-	(156)
Instructional Staff Training	2,606	-	-	-	(2,606)
Instruction Related Technology	94,728	-	-	-	(94,728)
Board of Education	7,000	-	-	-	(7,000)
General Administration	28,952	-	-	-	(28,952)
School Administration	376,038	-	-	-	(376,038)
Facilities Acquisition and Construction	61,462	-	-	61,462	-
Operation of Plant	171,068	-	-	6,869	(164,199)
Maintenance of Plant	51,475	-	-	-	(51,475)
Community Service	88,982	-	-	-	(88,982)
Debt Service - Interest	37,473	-	-	37,473	-
Depreciation-Unallocated	100,455	-	-	-	(100,455)
Total Academy at the Farm, Inc., Activities	<u>\$ 2,864,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,804</u>	<u>(2,759,067)</u>

General Revenues:

Grants and Contributions not restricted to Specific Programs	3,301,324
Total General Revenues	<u>3,301,324</u>
Change in Net Position	542,257
Net Position, Beginning	<u>436,605</u>
Net Position, Ending	<u>\$ 978,862</u>

	Expenses	Program Revenues			Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Athenian Academy of Pasco County, Inc., Activities:</u>					
Instruction	\$ 1,306,301	\$ -	\$ -	\$ -	\$ (1,306,301)
Pupil Personnel Services	53,406	-	-	-	(53,406)
Board of Education	30,011	-	-	-	(30,011)
General Administration	200,229	-	-	-	(200,229)
School Administration	276,906	-	-	-	(276,906)
Facilities Acquisition & Construction	900	-	-	-	(900)
Fiscal Services	35,365	-	-	-	(35,365)
Food Services	20,346	-	-	-	(20,346)
Central Services	1,042	-	-	-	(1,042)
Pupil Transportation Services	57,152	-	44,132	-	(13,020)
Operation of Plant	365,176	-	-	115,798	(249,378)
Maintenance of Plant	200	-	-	-	(200)
Admin. Technology	25,787	-	-	-	(25,787)
Community Services	48,884	72,659	-	-	23,775
Debt Service-Interest	5,968	-	-	-	(5,968)
Depreciation-Unallocated	53,916	-	-	-	(53,916)
Total Athenian Academy of Pasco County, Inc., Activities	<u>\$ 2,481,589</u>	<u>\$ 72,659</u>	<u>\$ 44,132</u>	<u>\$ 115,798</u>	<u>(2,249,000)</u>

General Revenues:

Grants and Contributions not restricted to Specific Programs	2,330,531
Total General Revenues	<u>2,330,531</u>
Change in Net Position	81,531
Net Position, Beginning	<u>350,062</u>
Net Position, Ending	<u>\$ 431,593</u>

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Countryside Montessori Charter School, Inc., Activities:</u>	<u>Expenses</u>				
Instruction	\$ 1,019,299	\$ -	\$ -	\$ -	\$ (1,019,299)
Instructional Staff Training	1,073	-	-	-	(1,073)
School Administration	265,490	-	-	-	(265,490)
Facilities Acquisition and Construction	168,000	-	-	74,688	(93,312)
Fiscal Services	26,649	-	-	-	(26,649)
Operation of Plant	35,268	-	-	-	(35,268)
Community Service	191,614	-	-	-	(191,614)
Depreciation-Unallocated	21,282	-	-	-	(21,282)
Total Countryside Montessori Charter School, Inc., Activities	<u>\$ 1,728,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,688</u>	<u>(1,653,987)</u>

General Revenues:

Grants and Contributions not restricted to	
Specific Programs	1,596,837
Total General Revenues	<u>1,596,837</u>
Change in Net Position	(57,150)
Net Position, Beginning	<u>242,877</u>
Net Position, Ending	<u>\$ 185,727</u>

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Dayspring Academy for Education and the Arts Activities:</u>	<u>Expenses</u>				
Instruction	\$ 1,947,409	\$ -	\$ 12,813	\$ -	\$ (1,934,596)
School Administration	809,150	-	-	-	(809,150)
Facilities Acquisition & Construction	133,268	-	-	-	(133,268)
Fiscal Services	74,632	-	-	-	(74,632)
Pupil Transportation Services	74,275	-	-	-	(74,275)
Operation of Plant	336,463	-	-	230,720	(105,743)
Maintenance of Plant	38,367	-	-	-	(38,367)
Community Service	304,974	-	-	-	(304,974)
Amortization of Debt Issuance Cost	5,410	-	-	-	(5,410)
Debt Service-Interest	54,722	-	-	-	(54,722)
Depreciation-Unallocated	75,435	-	-	-	(75,435)
Total Dayspring Academy for Education and the Arts Activities	<u>\$ 3,854,105</u>	<u>\$ -</u>	<u>\$ 12,813</u>	<u>\$ 230,720</u>	<u>(3,610,572)</u>

General Revenues:

Grants and Contributions not restricted to	
Specific Programs	3,669,582
Total General Revenues	<u>3,669,582</u>
Change in Net Position	59,010
Net Position, Beginning	<u>810,142</u>
Net Position, Ending	<u>\$ 869,152</u>

District School Board of Pasco County
Combining Statements of Activities
Component Units
For the Fiscal Year Ended June 30, 2013

Schedule J

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Imagine School at Land O'Lakes, LLC, Activities:</u>	<u>Expenses</u>				
Instruction	\$ 1,943,007	\$ -	\$ -	\$ -	\$ (1,943,007)
Pupil Personnel Services	206	-	-	-	(206)
Instructional Media	1,082	-	-	-	(1,082)
Instructional and Curriculum Development	7,241	-	-	-	(7,241)
Instructional Staff Training Services	1,084	-	-	-	(1,084)
Instruction Related Technology	6,168	-	-	-	(6,168)
Board of Education	7,744	-	-	-	(7,744)
General Administration	488,206	-	-	-	(488,206)
School Administration	247,765	-	-	-	(247,765)
Fiscal Services	124,110	-	-	-	(124,110)
Food Services	15,320	-	-	-	(15,320)
Central Services	1,287	-	-	-	(1,287)
Pupil Transportation Services	92,496	-	-	-	(92,496)
Operation of Plant	1,016,534	-	-	271,852	(744,682)
Maintenance of Plant	43,573	-	-	-	(43,573)
Community Service	29,599	-	-	-	(29,599)
Debt Service - Interest	5,714	-	-	-	(5,714)
Depreciation-Unallocated	65,610	-	-	-	(65,610)
Total Imagine School at Land O'Lakes Charter School, Activities	<u>\$ 4,096,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,852</u>	<u>(3,824,894)</u>

General Revenues:

Grants and Contributions not restricted to

Specific Programs 3,831,725

Total General Revenues 3,831,725

Change in Net Position 6,831

Net Position, Beginning 186,094

Net Position, Ending \$ 192,925

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Pasco Education Foundation, Inc., Activities:</u>	<u>Expenses</u>				
Community Service	\$ 747,468	\$ -	\$ -	\$ -	(747,468)

General Revenues:

Grants and Contributions not restricted to

Specific Programs 815,509

Total General Revenues 815,509

Change in Net Position 68,041

Net Position, Beginning 3,626,965

Net Position, Ending \$ 3,695,006

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Total Component Units Activities:</u>	<u>Expenses</u>				
Instruction	\$ 8,043,773	\$ -	\$ 12,813	\$ -	\$ (8,030,960)
Pupil Personnel Services	70,331	-	-	-	(70,331)
Instructional Media	1,238	-	-	-	(1,238)
Instructional and Curriculum Development	7,241	-	-	-	(7,241)
Instructional Staff Training Services	4,763	-	-	-	(4,763)
Instruction Related Technology	100,896	-	-	-	(100,896)
Board of Education	44,755	-	-	-	(44,755)
General Administration	717,387	-	-	-	(717,387)
School Administration	1,975,349	-	-	-	(1,975,349)
Facilities Acquisition and Construction	363,630	-	-	136,150	(227,480)
Fiscal Services	260,756	-	-	-	(260,756)
Food Services	35,666	-	-	-	(35,666)
Central Services	2,329	-	-	-	(2,329)
Pupil Transportation Services	223,923	-	44,132	230,720	50,929
Operation of Plant	1,924,509	-	-	394,519	(1,529,990)
Maintenance of Plant	133,615	-	-	-	(133,615)
Admin. Technology Services	25,787	-	-	-	(25,787)
Community Service	1,411,521	72,659	-	-	(1,338,862)
Amortization of Debt Issuance Cost	5,410	-	-	-	(5,410)
Debt Service - Interest	103,877	-	-	37,473	(66,404)
Depreciation-Unallocated	316,698	-	-	-	(316,698)
Total Component Units Activities	\$ 15,773,454	\$ 72,659	\$ 56,945	\$ 798,862	(14,844,988)

General Revenues:

Grants and Contributions not restricted to

Specific Programs	15,545,508
Total General Revenues	15,545,508
Change in Net Position	700,520
Net Position, Beginning	5,652,745
Net Position, Ending	\$ 6,353,265

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STATISTICAL SECTION

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Statistical Section

Introduction

This section of the District's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health. This information has not been audited by the independent auditor.

Financial Trends

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

Table 1	Net Position by Component – Government-Wide
Table 2	Changes in Net Position – Primary Government
Table 3	Fund Balances – Governmental Funds
Table 4	Changes in Fund Balances – Governmental Funds and Debt Service Ratios

Revenue Capacity

These tables contain information to help the reader assess the District's significant local revenue sources, the property tax, as well as other revenue sources.

Table 5	Assessed and Estimated Actual Value of Taxable Property
Table 6	General Governmental Tax Revenues by Source
Table 7	Property Tax Levies and Collections
Table 8	Direct and Overlapping Property Tax Rates
Table 9	Principal Property Taxpayers

Debt Capacity

These tables contain 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.

Table 10	Ratios of Outstanding Debt by Type
Table 11	Ratio of Net General Bonded Debt Outstanding
Table 12	Direct and Overlapping Governmental Activities Debt
Table 13	Legal Debt Margin Information

Economic and Demographic Information

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

Table 14	Demographic and Economic Statistics
Table 15	Principal Employers in Pasco County

Operating Information

These tables 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.

Table 16	Number of Personnel
Table 17	Teacher Base Salaries
Table 18	Operating Statistics
Table 19	School Building Information

Sources: Unless otherwise noted, the information in this section is derived from the District's comprehensive annual reports for the relevant year.

District School Board of Pasco County
Net Position by Component - Government-Wide
Last Ten Fiscal Years
(Unaudited)

Table 1

	For the Fiscal Year Ending			
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
Governmental Activities:				
Net Investment in Capital Assets	\$ 277,057,761	\$ 284,226,371	\$ 378,990,397	\$ 464,698,097
Restricted	92,616,679	132,104,422	111,094,082	150,139,097
Unrestricted	25,890,788	26,058,611	31,819,974	36,251,972
Total Governmental Activities Net Position	395,565,228	442,389,404	521,904,453	651,089,166
Business-Type Activities:				
Net Investment in Capital Assets	68,678	87,929	301,788	282,704
Unrestricted	2,583,585	3,175,388	3,257,051	2,677,980
Total Business-Type Activities Net Position	2,652,263	3,263,317	3,558,839	2,960,684
Primary Government:				
Net Investment in Capital Assets	277,126,439	284,314,300	379,292,185	464,980,801
Restricted	92,616,679	132,104,422	111,094,082	150,139,097
Unrestricted	28,474,373	29,233,999	35,077,025	38,929,952
Total Primary Government Net Position	\$ 398,217,491	\$ 445,652,721	\$ 525,463,292	\$ 654,049,850

Source: District records

Table 1

For the Fiscal Year Ending					
June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
\$ 477,656,475	\$ 532,146,394	\$ 609,215,910	\$ 610,511,400	\$ 587,895,355	\$ 590,932,554
239,259,651	199,546,968	150,219,796	156,915,364	177,850,787	172,069,772
30,656,802	35,460,415	29,950,233	42,414,994	29,533,195	28,365,685
747,572,928	767,153,777	789,385,939	809,841,758	795,279,337	791,368,011
228,564	184,707	146,867	155,131	137,748	166,337
2,484,446	2,766,947	3,678,225	4,609,491	5,387,604	3,013,904
2,713,010	2,951,654	3,825,092	4,764,622	5,525,352	3,180,241
477,885,039	532,331,101	609,362,777	610,666,531	588,033,103	591,098,891
239,259,651	199,546,968	150,219,796	156,915,364	177,850,787	172,069,772
33,141,248	38,227,362	33,628,458	47,024,485	34,920,799	31,379,589
\$ 750,285,938	\$ 770,105,431	\$ 793,211,031	\$ 814,606,380	\$ 800,804,689	\$ 794,548,252

District School Board of Pasco County
Changes in Net Position - Primary Government
Last Ten Fiscal Years
(Unaudited)

	For the Fiscal Year Ending										
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	
Expenses											
Governmental Activities											
Instruction	\$ 232,211,511	\$ 249,481,508	\$ 285,454,884	\$ 320,279,886	\$ 348,572,526	\$ 351,559,669	\$ 343,287,586	\$ 363,757,272	\$ 334,933,329	\$ 343,554,241	
Pupil Personnel Services	19,469,785	21,156,345	23,764,750	26,571,094	30,462,893	29,943,982	28,127,494	27,818,587	25,200,500	25,331,587	
Instructional Media Services	8,225,851	8,899,097	9,456,379	9,481,851	10,360,657	8,979,508	10,116,970	9,838,612	7,354,703	6,917,067	
Instruction and Curriculum Development Services	8,452,430	8,024,881	9,088,378	8,999,208	10,969,233	11,411,106	15,766,876	15,384,400	13,400,395	11,764,667	
Instructional Staff Training	10,232,251	11,448,750	8,052,983	9,590,108	9,810,582	8,281,128	14,462,129	13,936,346	10,971,329	11,073,276	
Instruction Related Technology	-	-	4,210,967	5,817,654	6,342,050	6,531,075	6,335,019	6,147,471	4,847,994	4,892,506	
Board of Education	1,370,793	1,399,327	1,643,566	2,198,040	2,438,957	2,717,695	3,230,392	3,121,338	668,918	610,730	
General Administration	1,283,059	1,174,386	2,169,506	2,667,580	2,842,753	1,805,179	3,323,964	3,351,534	1,259,433	1,632,018	
School Administration	23,980,247	24,847,257	27,011,932	31,744,739	35,422,367	34,476,174	36,740,305	36,616,082	34,008,721	34,289,049	
Facilities Services	5,242,411	7,226,608	9,250,352	13,332,062	14,328,177	17,033,887	15,095,278	14,981,752	12,736,731	14,195,220	
Fiscal Services	1,921,790	2,104,263	2,185,931	2,190,039	2,302,729	2,419,295	2,394,604	2,495,234	2,199,577	2,281,430	
Food Services	22,153,742	23,244,513	25,144,171	28,045,838	29,733,446	29,605,467	31,228,131	30,842,650	30,476,104	31,884,356	
Central Services	7,968,624	7,654,273	3,548,220	8,317,630	1,657,766	6,455,741	7,856,068	848,370	1,734,199	4,024,807	
Pupil Transportation Services	17,541,767	20,260,829	22,880,871	27,696,272	30,352,782	28,153,490	27,870,375	28,495,921	27,912,093	27,623,111	
Operation of Plant	25,010,607	30,108,432	35,355,100	40,372,538	45,807,271	43,875,230	46,244,124	46,454,690	46,432,259	42,208,748	
Maintenance of Plant	9,648,268	10,598,270	11,565,861	11,512,727	13,161,025	13,258,894	13,349,962	12,712,872	11,012,852	10,903,885	
Administrative Technology Services	-	-	1,704,019	2,245,453	3,066,415	3,229,763	3,299,616	3,173,777	3,084,540	3,146,509	
Community Services	673,936	874,940	690,445	826,818	833,011	816,613	711,668	582,837	618,337	688,852	
Interest on Long-term Liabilities	7,872,993	9,274,923	11,446,561	12,066,754	23,240,113	20,698,823	19,193,742	18,650,661	17,827,097	16,680,024	
Depreciation-Unallocated	635,665	-	-	-	-	-	-	-	-	-	
Total Government Activities Expenses	403,895,730	437,778,602	494,624,876	563,956,291	621,704,753	621,252,719	628,634,303	639,210,406	586,679,111	593,702,083	
Business-Type Activities:											
PLACE Program	5,205,434	5,596,822	6,931,797	8,808,096	9,517,699	8,944,520	8,303,091	8,039,992	7,753,564	7,941,510	
Total Business-Type Activities Expenses	5,205,434	5,596,822	6,931,797	8,808,096	9,517,699	8,944,520	8,303,091	8,039,992	7,753,564	7,941,510	
Total Primary Government Expenses	\$ 409,101,164	\$ 443,375,424	\$ 501,556,673	\$ 572,764,387	\$ 631,222,452	\$ 630,197,239	\$ 636,937,394	\$ 647,250,398	\$ 594,432,675	\$ 601,643,593	
Program Revenues											
Governmental Activities:											
Charges for services											
Instruction	\$ 524,953	\$ 498,499	\$ 184,065	\$ 151,873	\$ 3,424,682	\$ 1,645,400	\$ 3,486,329	\$ 254,868	\$ 1,511,101	\$ 522,095	
Food Services	9,337,438	10,080,135	11,271,276	12,582,463	12,995,845	12,998,964	12,249,850	11,824,461	11,697,038	11,441,922	
Pupil Transportation	800,264	844,600	654,925	877,040	1,054,361	859,519	820,661	1,031,745	1,148,279	992,215	
Operating grants and contributions	24,749,825	26,955,586	28,133,635	30,662,856	32,184,868	32,957,214	34,949,693	35,241,557	21,417,728	37,633,087	
Capital grants and contributions	35,790,040	25,399,494	38,201,714	85,566,489	68,481,567	27,380,354	10,997,212	8,129,586	8,198,949	9,128,908	
Total Government Activities Program Revenue	71,202,520	63,778,314	78,445,615	129,840,721	118,141,323	75,841,451	62,503,745	56,482,217	43,973,095	59,718,227	

	For the Fiscal Year Ending									
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Business-Type Activities:										
Charge for Services	5,652,571	6,131,730	7,057,611	8,012,395	9,320,202	9,144,709	9,174,266	8,975,781	8,495,164	8,562,722
Total Business-Type Activities Revenues	5,652,571	6,131,730	7,057,611	8,012,395	9,320,202	9,144,709	9,174,266	8,975,781	8,495,164	8,562,722
Total Primary Government Program Revenues	\$ 76,855,091	\$ 69,910,044	\$ 85,503,226	\$ 137,853,116	\$ 127,461,525	\$ 84,986,160	\$ 71,678,011	\$ 65,457,998	\$ 52,468,259	\$ 68,280,949
Net (Expense) Revenues										
Government Activities	\$ (332,693,210)	\$ (374,000,288)	\$ (416,179,261)	\$ (434,115,570)	\$ (503,563,430)	\$ (545,411,268)	\$ (566,130,558)	\$ (582,728,189)	\$ (542,706,016)	\$ (533,983,856)
Business-Type Activities	447,137	534,908	125,814	(795,701)	(197,497)	200,189	871,175	935,789	741,600	621,212
Total Primary Government Net (Expenses)Revenues	\$ (332,246,073)	\$ (373,465,380)	\$ (416,053,447)	\$ (434,911,271)	\$ (503,760,927)	\$ (545,211,079)	\$ (565,259,383)	\$ (581,792,400)	\$ (541,964,416)	\$ (533,362,644)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes:										
Levied for general purposes	\$ 85,299,507	\$ 96,731,933	\$ 116,114,859	\$ 143,633,620	\$ 159,132,655	\$ 163,132,311	\$ 143,328,208	\$ 137,589,229	\$ 133,136,587	\$ 120,318,952
Levied for debt services	5,691,990	5,827,079	5,506,507	5,799,859	5,361,489	-	484	-	-	-
Levied for capital purposes	26,719,999	23,941,847	28,960,352	37,977,156	43,207,373	42,857,117	36,814,096	32,903,497	32,505,792	30,896,444
Sales taxes	-	7,009,724	17,137,576	26,642,211	27,157,517	26,452,520	25,671,147	25,406,921	25,321,574	27,490,903
Grants and contributions not restricted to Specific Programs	253,013,763	268,260,814	293,780,194	318,247,859	342,888,614	322,280,550	359,835,520	390,434,709	326,929,740	338,910,337
Transfers	-	-	-	-	154,071	-	-	-	-	3,000,000
Miscellaneous	7,213,634	13,968,454	22,049,977	19,279,136	11,549,775	9,890,216	17,536,819	14,463,706	9,702,528	11,129,246
Unrestricted investment earnings	2,096,071	5,084,613	12,144,845	11,720,442	10,595,698	379,403	5,176,446	2,385,946	547,374	1,326,648
Total Governmental Activities	380,034,964	420,824,464	495,694,310	563,300,283	600,047,192	564,992,117	588,362,720	603,184,008	528,143,595	533,072,530
Business-Type Activities										
Interest	34,400	76,146	169,708	197,546	103,894	37,709	2,263	3,741	13,223	33,677
Gain on sales of Capital Assets	(807)	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	746	-	-	5,907	-
Transfers	-	-	-	-	(154,071)	-	-	-	-	(3,000,000)
Total Business-Type Activities	33,593	76,146	169,708	197,546	(50,177)	38,455	2,263	3,741	19,130	(2,966,323)
Total Primary Government	\$ 380,068,557	\$ 420,900,610	\$ 495,864,018	\$ 563,497,829	\$ 599,997,015	\$ 565,030,572	\$ 588,364,983	\$ 603,187,749	\$ 528,162,725	\$ 530,106,207
Changes in Net Position										
Governmental activities	\$ 47,341,754	\$ 46,824,176	\$ 79,515,049	\$ 129,184,713	\$ 96,483,762	\$ 19,580,849	\$ 22,232,162	\$ 20,455,819	\$ (14,562,421)	\$ 3,911,326
Business-type activities	480,730	611,054	295,522	(598,155)	(247,674)	238,644	873,438	939,530	760,730	2,345,111
Total Primary Government	\$ 47,822,484	\$ 47,435,230	\$ 79,810,571	\$ 128,586,558	\$ 96,236,088	\$ 19,819,493	\$ 23,105,600	\$ 21,395,349	\$ (13,801,691)	\$ 6,256,437

Source: District records

District School Board of Pasco County
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Unaudited)

Table 3

	For the Fiscal Year Ending			
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
General Fund:				
Fund Balance:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	20,765,087	29,826,188	30,718,655	25,400,645
Unreserved	27,424,436	22,854,329	22,662,970	33,724,599
Total General Fund	\$ 48,189,523	\$ 52,680,517	\$ 53,381,625	\$ 59,125,244
All Other Governmental Funds				
Fund Balance:				
Nonspendable				
Special Revenue-Food Service	\$ -	\$ -	\$ -	\$ -
Restricted				
Special Revenue	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Assigned				
Capital Projects	-	-	-	-
Reserved	17,114,439	52,272,443	84,322,255	67,080,440
Unreserved, reported in:				
Capital Projects funds	137,603,806	117,450,717	66,991,443	122,514,782
Debt Service funds	-	-	-	-
Special Revenue funds	7,615,190	414,307	1,112,459	1,390,340
Total all other government funds	\$ 162,333,435	\$ 170,137,467	\$ 152,426,157	\$ 190,985,562

Note: (A) The District implemented GASB 54 for the fiscal year ended June 30, 2011. Fiscal years prior to 2011 have not been restated for implementation of GASB 54.

Source: District records

Table 3

For the Fiscal Year Ending					
June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
\$ -	\$ -	\$ -	\$ 3,893,982	\$ 4,568,706	\$ 3,612,982
-	-	-	7,563,258	5,326,016	3,124,608
-	-	-	26,466,857	15,673,843	17,407,505
-	-	-	22,964,288	22,714,296	23,499,528
24,833,534	14,467,726	12,185,376	-	-	-
36,087,039	32,803,154	37,788,339	-	-	-
<u>\$ 60,920,573</u>	<u>\$ 47,270,880</u>	<u>\$ 49,973,715</u>	<u>\$ 60,888,385</u>	<u>\$ 48,282,861</u>	<u>\$ 47,644,623</u>
\$ -	\$ -	\$ -	\$ 1,695,810	\$ 1,380,195	\$ 1,223,200
-	-	-	4,383,403	7,183,864	7,100,164
-	-	-	18,525,444	21,389,660	17,001,808
-	-	-	135,332,919	110,020,160	147,001,633
-	-	-	27,091,944	31,775,584	-
111,256,904	87,804,190	32,442,711	-	-	-
191,033,956	159,097,171	144,692,524	-	-	-
-	-	13,921,942	-	-	-
1,127,901	1,700,634	3,665,452	-	-	-
<u>\$ 303,418,761</u>	<u>\$ 248,601,995</u>	<u>\$ 194,722,629</u>	<u>\$ 187,029,520</u>	<u>\$ 171,749,463</u>	<u>\$ 172,326,805</u>

Table 4

District School Board of Pasco County
Changes in Fund Balances - Governmental Funds
And Debt Service Ratios
Last Ten Fiscal Years
(Unaudited)

	For the Fiscal Year Ending		
	June 30, 2004	June 30, 2005	June 30, 2006
Revenues:			
Federal Sources:			
Federal Grants	\$ 29,851,174	\$ 32,356,248	\$ 39,534,258
Food Services	11,711,559	12,809,355	13,241,412
Total Federal Sources	41,562,733	45,165,603	52,775,670
State Sources:			
Florida Education Finance Program	186,318,235	193,043,959	200,638,043
Public Education Capital Outlay	2,591,195	8,532,339	6,276,697
Food Services	346,848	355,324	450,066
State Grants and Other	72,217,070	63,561,130	74,807,937
Total State Sources	261,473,348	265,492,752	282,172,743
Local Sources:			
Property Taxes	117,711,496	126,476,401	150,581,718
Voter Approved Sales Tax	-	7,009,724	17,137,576
Food Service sales	9,337,438	10,080,135	11,218,023
Interest Income and other	1,931,693	4,732,004	12,119,203
Local grants and other	18,959,383	25,701,558	44,272,755
Total local sources	147,940,010	173,999,822	235,329,275
Total Revenues	450,976,091	484,658,177	570,277,688
Expenditures:			
Current-Education:			
Instruction	217,194,639	233,509,362	267,722,522
Pupil Personnel Services	19,477,582	21,062,301	23,602,641
Instructional Media Services	7,917,753	8,668,730	9,174,479
Instruction and Curriculum Development Services	7,516,009	8,218,853	9,055,144
Instructional Staff Training	9,931,680	11,271,261	8,514,846
Instruction Related Technology	-	-	3,601,604
Board of Education	1,307,482	1,419,980	1,694,729
General Administration	1,219,732	1,192,890	1,695,006
School Administration	22,842,424	24,595,874	27,011,757
Facilities Services	3,673,013	5,143,051	5,813,105
Fiscal Services	1,795,050	2,018,434	2,230,050
Food Services	21,457,407	23,103,185	25,057,154
Central Services	7,425,925	7,444,562	7,097,572
Pupil Transportation Services	16,674,101	19,003,325	21,827,807
Operation of Plant	26,927,868	31,827,115	35,057,234
Maintenance of Plant	9,401,376	10,192,985	11,191,370
Administrative Technology Services	-	-	1,704,019
Community Services	703,861	836,651	714,491
Capital Outlay:			
Facilities Acquisition and Construction	30,235,927	49,969,607	152,246,322
Other Capital Outlay	2,309,026	2,593,958	3,421,282
Debt Service:			
Principal	7,615,000	8,010,000	10,060,000
Interest	3,670,519	6,132,698	8,850,650
Fiscal Charges	4,519,550	3,022,013	3,206,317
Total Expenditures	423,815,924	479,236,835	640,550,101
Excess (Deficiency) of Revenues Over Expenditures	27,160,167	5,421,342	(70,272,413)
Other Financing Sources (Uses):			
Bonds Issued	1,990,000	2,880,000	-
Certificates of Participation Issued	63,970,000	4,018,097	67,833,454
Proceeds of Certificates of Participation Issued	-	-	-
Premiums on Bonds Issued	2,010,597	55,692	-
Proceeds from the Sale of Capital Assets	97,015	119,895	236,031
Payments to Refunded Bond Escrow Agent	-	-	-
Transfers In	7,596,261	9,604,411	41,977,480
Transfers Out	(7,796,261)	(9,804,411)	(42,177,480)
Total Other Financing Sources (Uses)	67,867,612	6,873,684	67,869,485
Net Change in Fund Balances	<u>\$ 95,027,779</u>	<u>\$ 12,295,026</u>	<u>\$ (2,402,928)</u>
Debt service as a percentage of noncapital expenditures	2.88%	3.31%	3.90%

Table 4

For the Fiscal Year Ending						
June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
\$ 35,062,439	\$ 41,047,707	\$ 39,525,911	\$ 79,516,781	\$ 96,950,923	\$ 42,340,203	\$ 42,541,633
14,638,784	15,555,805	17,236,057	19,688,152	20,815,526	20,980,131	22,141,725
49,701,223	56,603,512	56,761,968	99,204,933	117,766,449	63,320,334	64,683,358
210,168,920	212,672,606	195,130,222	213,428,570	222,031,695	204,656,075	229,215,516
16,678,822	20,051,633	19,148,129	1,622,195	3,524,056	703,197	666,291
461,379	488,356	382,031	493,454	426,031	437,597	419,874
141,270,054	145,324,059	105,937,551	84,614,338	85,811,367	82,611,163	84,676,064
368,579,175	378,536,654	320,597,933	300,158,557	311,793,149	288,408,032	314,977,745
187,410,636	216,116,400	211,284,811	180,142,788	170,492,726	165,642,379	151,215,396
26,642,211	27,157,517	26,452,520	25,671,147	25,406,921	25,321,574	27,490,903
12,631,122	12,995,845	12,998,964	12,249,850	11,778,792	11,650,985	11,441,922
11,720,442	10,595,698	379,403	5,176,446	2,388,287	590,385	1,267,749
31,862,340	14,407,476	11,409,494	20,931,370	19,274,584	16,094,030	15,445,937
270,266,751	281,272,936	262,525,192	244,171,601	229,341,310	219,299,353	206,861,907
688,547,149	716,413,102	639,885,093	643,535,091	658,900,908	571,027,719	586,523,010
298,891,425	322,304,412	324,672,253	313,051,706	325,557,314	296,241,293	299,761,436
26,420,325	29,726,490	29,528,612	28,028,160	27,470,406	24,952,342	25,031,281
9,299,160	9,859,723	9,889,155	9,787,927	9,468,350	7,142,745	6,763,983
9,242,792	10,507,790	10,715,100	15,211,665	15,299,116	13,293,905	11,701,933
9,487,305	9,612,129	8,283,841	14,045,255	13,976,906	10,844,460	10,981,833
5,740,027	6,232,514	6,535,854	6,270,107	6,126,500	4,799,806	4,864,701
2,196,541	2,324,216	2,630,591	3,085,096	2,980,400	487,161	468,772
2,616,659	2,767,340	2,325,305	3,355,050	3,317,673	1,226,250	1,512,137
31,362,443	34,253,024	34,093,343	36,185,408	36,404,238	33,210,176	33,759,267
8,342,020	7,826,662	6,192,119	6,532,646	6,424,831	4,028,151	4,833,626
2,300,185	2,211,103	2,422,560	2,316,906	2,404,739	2,114,358	2,228,720
27,918,172	29,541,716	29,274,591	31,001,571	30,565,745	30,189,633	31,598,711
7,191,057	7,317,591	6,900,844	6,326,380	6,675,392	5,903,365	5,643,763
25,471,695	29,248,215	26,931,416	26,787,809	27,697,245	27,217,617	27,052,856
39,315,801	45,123,394	43,075,688	45,838,612	46,183,311	46,025,891	41,856,266
12,349,335	12,800,678	12,846,399	13,167,442	12,518,437	10,877,222	10,586,881
2,815,871	3,029,555	3,118,180	3,178,804	3,196,306	3,030,764	3,118,929
764,654	816,942	805,803	698,604	648,347	622,397	667,873
202,581,398	143,463,842	106,068,134	97,667,371	37,632,689	35,571,766	28,043,055
3,084,807	3,614,880	2,176,402	2,212,318	1,930,515	907,144	1,334,131
11,115,000	17,470,000	20,115,000	20,987,001	21,812,001	22,527,001	23,557,001
10,418,172	20,787,539	19,679,686	18,099,076	17,440,390	17,133,664	16,110,854
2,536,961	15,951,113	1,174,013	1,751,549	1,361,160	721,224	660,328
751,461,805	766,790,868	709,454,889	705,586,463	657,092,011	599,068,335	592,138,337
(62,914,656)	(50,377,766)	(69,569,796)	(62,051,372)	1,808,897	(28,040,616)	(5,615,327)
88,590,000	5,295,000	-	1,300,000	1,450,000	1,710,000	-
-	143,605,000	1,170,010	11,000,000	-	-	-
-	162,630,000	-	-	-	-	-
4,051,356	859,010	-	130,248	117,416	226,415	-
169,048	193,213	133,327	63,037	45,248	154,466	8,346
-	(147,930,000)	-	(1,418,444)	-	(1,931,399)	-
16,507,160	114,192,061	42,595,724	36,990,185	45,089,857	58,144,210	42,070,126
(16,707,160)	(114,237,990)	(42,795,724)	(37,190,185)	(45,289,857)	(58,148,657)	(36,524,041)
92,610,404	164,606,294	1,103,337	10,874,841	1,412,664	155,035	5,554,431
\$ 29,695,748	\$ 114,228,528	\$ (68,466,459)	\$ (51,176,531)	\$ 3,221,561	\$ (27,885,581)	\$ (60,896)
3.95%	6.17%	6.62%	6.45%	6.36%	7.05%	7.72%

Table 5

District School Board of Pasco County
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Estimated Actual Value (1)		Exemptions (2)		Taxable Assessed Value				(4) Assessed Value as a Percentage of Estimated Actual Value	(5) Total Direct Tax Rate
	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property	Centrally (3) Assessed Value	Total		
2013	\$ 24,978,580	\$ 2,876,461	\$ 5,389,039	\$ 1,203,332	\$ 19,589,541	\$ 1,673,129	\$ 14,013	\$ 21,276,683	76.35%	6.86
2012	28,013,760	3,039,322	7,278,503	1,322,493	20,735,257	1,716,829	14,073	22,466,159	72.31%	6.37
2011	29,126,608	3,111,656	7,962,504	1,342,488	21,164,104	1,769,168	12,413	22,945,685	71.15%	6.37
2010	32,681,664	3,238,561	11,481,883	1,324,084	21,199,781	1,914,477	13,209	23,127,467	64.36%	6.37
2009	39,790,826	3,474,265	12,525,774	1,324,268	27,265,052	2,149,997	12,816	29,427,865	68.00%	5.43
2008	42,731,681	3,026,634	15,219,773	847,859	27,511,908	2,178,775	3,678	29,694,361	64.89%	5.43
2007	37,956,299	2,912,306	14,134,555	843,243	23,821,744	2,069,063	3,186	25,893,993	63.35%	5.99
2006	27,816,171	2,703,034	9,780,678	801,281	18,035,493	1,901,753	12,278	19,949,524	65.34%	7.01
2005	22,176,530	2,514,555	7,692,987	754,442	14,483,543	1,760,113	20,075	16,263,731	65.82%	8.90
2004	18,856,854	2,378,108	6,536,758	724,111	12,320,096	1,653,997	17,233	13,991,326	65.83%	9.82

(1) Section 192.00(2), Florida Statutes, defines assessed value of property as "an annual determination of the just or fair market value of an item or property. . . ." Consequently, estimated actual value, above, is assessed value before exemptions. Pasco County Property Appraiser's Office.

(2) Chapter 196, Florida Statutes, grants various exemptions for qualifying historic, economic development, governmental, and institutional property, the latter including charitable, religious, scientific, literary and educational property. Exemptions are also granted for residential property for widows/widowers, disabled/blind, homestead exemption (\$25,000), additional homestead exemption (age 65 or older, \$25,000), and homestead differential (just value minus a capped value)

(3) Property, such as railroad property, for which valuation is provided to the Property Appraiser by the Florida Department of Revenue [see sec. 193.085(4), Florida Statutes].

(4) Centrally Assessed Property has been added to the total estimated actual value of Real and Personal Property when computing this percentage.

(5) Total Tax Levy (Pasco County CAFR) to Total Taxable Assessed Value (above). Tax rates are per \$1,000 of assessed value.

Source: Pasco County Property Appraiser

**District School Board of Pasco County
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Unaudited)**

Table 6

Fiscal Year	Property Tax			Sales Tax (2)	Total
	General Purposes	Debt Service (1)	Capital Projects		
2013	\$ 120,318,952	-	\$ 30,896,444	\$ 27,490,903	\$ 178,706,299
2012	133,136,587	-	32,505,792	25,321,574	190,963,953
2011	137,589,229	-	32,903,497	25,406,921	195,899,647
2010	143,328,208	484	36,814,096	25,671,147	205,813,935
2009	163,132,311	-	42,857,117	26,452,520	232,441,948
2008	159,132,655	5,361,489	43,207,373	27,157,517	234,859,034
2007	143,633,620	5,799,859	37,977,156	26,642,211	214,052,846
2006	116,114,859	5,506,507	28,960,352	17,137,576	167,719,294
2005	96,731,933	5,827,079	23,941,847	7,009,724	133,510,583
2004	85,299,507	5,691,990	26,719,999	-	117,711,496

(1) The voter approved property tax for debt service has ended; any debt service revenues collected after the 2007-2008 fiscal year represent delinquent collections. The final debt service payment was made in the 2007-2008 fiscal year.

(2) Fiscal year ending June 30, 2005, was the first year that sales tax was collected.

Source: District Records

**District School Board of Pasco County
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (A)	Percentage of Levy		Amount (A)	Percentage of Levy
2013	\$ 156,192,206	\$ 151,072,442	96.7%	\$ 142,954	\$ 151,215,396	96.8%
2012	165,034,114	165,642,379	100.4%	554,161	166,196,540	100.7%
2011	178,353,964	170,468,487	95.6%	24,239	170,492,726	95.6%
2010	186,767,020	180,089,871	96.4%	52,917	180,142,788	96.5%
2009	212,147,737	205,271,904	96.8%	717,524	205,989,428	97.1%
2008	214,038,792	207,240,160	96.8%	461,357	207,701,517	97.0%
2007	191,838,693	180,711,833	94.2%	6,675,656	187,387,489	97.7%
2006	154,434,507	150,217,909	97.3%	319,664	150,537,573	97.5%
2005	129,207,056	124,863,501	96.6%	1,612,900	126,476,401	97.9%
2004	123,221,609	117,152,441	95.1%	534,027	117,686,468	95.5%

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if the taxes are paid in November, with the discount declining by one percent (1%) each month thereafter.

Accordingly, taxes collected usually 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.

(A) Net of allowable discounts

Source: District records

**District School Board of Pasco County
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(per \$1,000 assessed valuation)
(Unaudited)**

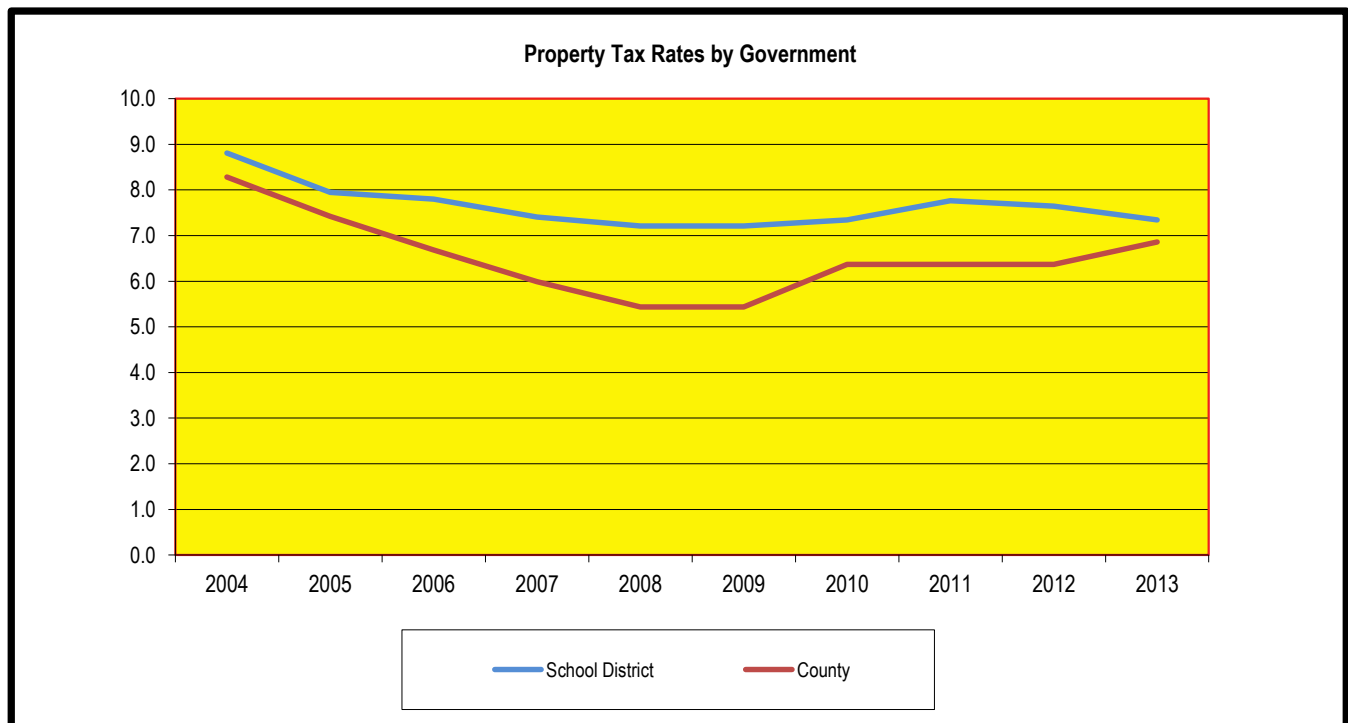
Fiscal Year	Local Required Effort Millage (3)	Discretionary Local Millage	Supplemental Discretionary Millage (1)	Capital Improvement Millage	Debt Service Millage (2)	Total Pasco Schools	Pasco County
2013	5.093	0.748	0.000	1.500	0.000	7.341	6.862
2012	5.396	0.748	0.000	1.500	0.000	7.644	6.367
2011	5.519	0.748	0.000	1.500	0.000	7.767	6.367
2010	5.092	0.748	0.000	1.500	0.000	7.340	6.367
2009	4.969	0.498	0.241	1.500	0.000	7.208	5.433
2008	4.781	0.510	0.231	1.500	0.186	7.208	5.433
2007	4.921	0.510	0.250	1.500	0.228	7.409	5.988
2006	5.253	0.510	0.250	1.500	0.285	7.798	6.681
2005	5.378	0.510	0.192	1.500	0.364	7.944	7.423
2004	5.658	0.510	0.214	2.000	0.425	8.807	8.282

(1) For the 2009-2010 fiscal year and thereafter, the State of Florida combined the Supplemental Discretionary and Discretionary Local Millage into one Millage rate.

(2) The voter approved Debt Service Millage expired with the 2007-2008 fiscal year.

(3) Local Required Effort Millage for the 2010-2011 fiscal year includes the millage of .250 for Critical Need.

Source: Pasco County website - www.pascocountyfl.net/menu/oindex.htm



**District School Board of Pasco County
Principal Property Taxpayers
Current and Nine Years Ago
(Unaudited)**

Table 9

<u>Taxpayer</u>	<u>2013</u>			<u>2004</u>		
	<u>Rank</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total Assessed Value</u>
Duke Energy Center (Florida Power Corporation)	1	278,978,261	1.43%	1	\$ 259,057,144	1.21%
Withlacoochee River Electric Cooperative	2	217,080,916	1.11%	4	137,820,137	0.64%
HCA Health Services of Florida	3	180,645,930	0.93%	8	57,946,452	0.27%
Verizon Communications Inc. (1)	4	144,670,552	0.74%	2	224,832,802	1.05%
Shady Hills Power Company LLC	5	105,791,364	0.54%	3	157,309,144	0.73%
Goodforest LLC	6	86,900,277	0.44%			
Florida Gas Transmission Company	7	80,444,515	0.41%			
Bright House Networks	8	78,757,240	0.40%	6	70,344,307	0.32%
Wal-Mart Stores	9	77,857,413	0.40%	7	51,286,938	0.23%
Zephyrhills Bottled Water	10	59,692,669	0.30%	5	62,939,537	0.29%
Walgreen Co.				10	37,236,619	0.17%
Gulf View Associates				9	40,691,179	0.19%
Total		<u>\$ 1,310,819,137</u>	<u>6.70%</u>		<u>\$ 1,099,464,259</u>	<u>5.10%</u>

(1) Formerly General Telephone Company of Florida

Source: District School Board of Pasco County - 2004 CAFR
Pasco County Property Appraiser - 2012 Data

**District School Board of Pasco County
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Governmental Activities										Personal Income (thousands of dollars)	Ratio of Outstanding Debt To Personal Income (1)
	State Board of Education	District Revenue	General Obligation	Sales Tax Revenue	Certificates of Participation	Note Payable	Capital Leases	Total Primary Government	Estimated Population	Per Capita		
	Bonds	Bonds	Bonds	Bonds								
2013	\$ 15,498,519	\$ 2,829,774	\$ -	\$ 27,254,032	\$ 342,845,923	\$ -	\$ -	\$ 388,428,248	470,391	\$ 826	N/A	N/A
2012	18,015,000	2,960,000	-	38,680,000	350,210,619	-	-	409,865,619	466,457	879	\$ 14,974,427	27
2011	18,315,000	3,050,000	-	50,365,000	359,397,620	-	-	431,127,620	464,697	928	13,790,695	31
2010	18,335,000	3,135,000	-	61,495,000	368,524,621	-	-	451,489,621	471,709	957	13,635,875	33
2009	19,795,000	3,220,000	-	72,195,000	366,336,622	-	-	461,546,622	439,702	1,050	12,750,465	36
2008	21,080,000	3,300,000	-	82,485,000	373,626,612	-	-	480,491,612	438,668	1,095	12,750,465	38
2007	15,875,000	3,380,000	5,320,000	88,590,000	220,196,612	-	-	333,361,612	434,425	767	13,304,700	25
2006	18,545,000	3,455,000	10,400,000	-	224,901,612	-	-	257,301,612	424,355	606	12,569,000	20
2005	19,755,035	3,470,188	15,250,000	-	161,661,000	-	-	200,136,223	406,898	492	11,442,000	17
2004	17,930,000	3,605,000	19,885,000	-	159,325,000	-	-	200,745,000	389,776	515	10,263,464	20

Note: Details regarding the District's outstanding debt can be found in the notes to financial statements

N/A = Data not currently available

(1) Ratio per thousand dollars of personal income

Source: District records

Pasco County Government

US Census Bureau: <http://quickfacts.census.gov/qfd/states/12/12101.html>

District School Board of Pasco County
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Table 11

Fiscal Year	Estimated Population (1)	Net Taxable Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Funds (4)	Net Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013	470,391	\$ 21,276,683	\$ -	\$ -	\$ -	0.00%	-
2012	466,457	22,466,159	-	-	-	0.00%	-
2011	464,697	22,963,002	-	-	-	0.00%	-
2010	471,709	25,445,098	-	-	-	0.00%	-
2009	439,702	29,432,261	-	-	-	0.00%	-
2008	438,668	29,694,616	-	-	-	0.00%	-
2007	434,425	25,892,657	5,320,000	-	5,320,000	0.02%	12
2006	424,355	19,949,524	10,400,000	5,320,000	5,080,000	0.03%	12
2005	406,898	16,263,731	15,250,000	8,900,003	6,349,997	0.04%	16
2004	389,776	13,991,326	19,885,000	8,453,142	11,431,858	0.08%	29

(1) 2010 Population estimate was obtained from the United States Census Bureau.

(2) Net Taxable Assessed Values are expressed in thousands.

(3) Includes General Obligation Bonds only.

(4) Reserved for Debt Service - General Obligation Bonds only.

Note: Details regarding the District's outstanding debt can be found in the notes to financial statements.

Source: District records

**District School Board of Pasco County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013
(Unaudited)**

Table 12

Jurisdiction	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	Amount Applicable to this Governmental Unit
Pasco County Board of County Commissioners Overlapping Debt	\$ 80,333	0%	\$ -
District School Board of Pasco County Direct Debt	388,428,428	100%	388,428,428
Totals	\$ 388,508,761		\$ 388,428,428

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay 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
Pasco County CAFR, September 30, 2012

District School Board of Pasco County
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	For the Fiscal Year Ending		
	June 30, 2004	June 30, 2005	June 30, 2006
Assessed Valuation	\$ 13,991,326,000	\$ 16,263,731,000	\$ 19,949,524,000
Debt Limit	\$ 1,399,132,600	\$ 1,626,373,100	\$ 1,994,952,400
Less: Net Debt applicable to the limit	200,745,000	200,136,223	257,301,612
Legal debt margin	<u>\$ 1,198,387,600</u>	<u>\$ 1,426,236,877</u>	<u>\$ 1,737,650,788</u>
Total net debt applicable to the limit as a percentage of debt	14.35%	12.31%	12.90%

Note:

This schedule was previously presented as a requirement of Rule 6A-1.037(2) State Board of Education, Florida Administration Code, which established a legal debt limit of 10 percent of the assessed valuation of the District. Rule 6A-1.037 was repealed in March 2006; however, Management believes this information may still be of value to users.

Source: District Records
Pasco Property Appraisers Office

Table 13

For the Fiscal Year Ending						
June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
\$ 25,892,656,671	\$ 29,694,362,126	\$ 29,432,260,894	\$ 25,445,098,119	\$ 22,963,002,249	\$ 22,466,159,275	\$ 21,276,683,168
\$ 2,589,265,667	\$ 2,969,436,213	\$ 2,943,226,089	\$ 2,544,509,812	\$ 2,296,300,225	\$ 2,246,615,928	\$ 2,127,668,317
333,361,612	480,491,612	461,546,622	451,489,621	431,127,620	409,865,619	388,428,248
\$ 2,255,904,055	\$ 2,488,944,601	\$ 2,481,679,467	\$ 2,093,020,191	\$ 1,865,172,605	\$ 1,836,750,309	\$ 1,739,240,069
12.87%	16.18%	15.68%	17.74%	18.77%	18.24%	18.26%

**District School Board of Pasco County
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Table 14

Fiscal Year	Estimated Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (4)	Unemployment Rate (2)	Student Membership (3)
2013	470,391	N/A	N/A	9.9%	66,417
2012	466,457	\$ 14,974,427	\$ 32,102	9.0%	65,976
2011	464,697	13,790,695	29,236	11.7%	66,162
2010	437,500	13,635,875	29,113	13.2%	66,207
2009	439,702 (4)	12,750,465 (4)	27,628	12.5%	66,190
2008	438,668 (4)	12,750,465 (4)	29,066	8.1%	66,313
2007	434,425 (4)	13,304,700 (4)	30,626	3.4%	64,688
2006	424,355 (4)	12,569,000 (4)	29,619	4.4%	62,085
2005	406,898 (4)	11,442,000 (4)	28,120	4.8%	59,722
2004	389,776 (4)	10,263,464	26,332	5.0%	56,822

N/A = Data not currently available

Source: (1) US Census Bureau
(2) US Bureau of Labor Statistics
(3) District records
(4) Pasco County Government

**District School Board of Pasco County
Principal Employers in Pasco County
Current and Nine Years Ago
(Unaudited)**

Table 15

<u>Employer</u>	2013			2004		
	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
District School Board of Pasco County	1	8,760	5.06%	1	7,563	4.57%
Wal-mart	2	2,531	1.46%			
HCA Healthcare	3	2,502	1.45%			
Physicians Injury Medical Center, LLC	4	2,200	1.27%			
Pasco County Government	5	2,000	1.16%	2	1,815	1.39%
Pasco County Sheriff	6	1,310	0.76%	4	1,084	0.69%
State of Florida Government	7	1,262	0.73%	3	1,284	0.91%
Florida Medical Clinic	8	1,066	0.62%			
Florida Hospital Zephyrhills	9	1,000	0.58%	9	750	0.36%
Morton Plan North Bay Hosp./Recovery Cntr	10	831	0.48%			
Community Hospital of New Port Richey				5	1,050	5.32%
Regional Medical Center Bayonet Point				6	1,016	5.15%
Pasco Beverage, Inc.				7	800	4.06%
Saddlebrook Resort				8	800	4.06%
US Postal Service				10	535	2.71%
Total		<u>23,462</u>	<u>13.55%</u>		<u>19,720</u>	<u>9.96%</u>

Source: Pasco Economic Development Council

District School Board of Pasco County employment obtained
from State of Florida Data for Budget Advertisement

**District School Board of Pasco County
Number of Personnel
Last Ten Fiscal Years
(Unaudited)**

Table 16

Fiscal Year	Instructional	Administrative	Other Support Personnel	Total	Ratio of Instructional and Administrative Personnel to Pupils
2013	4,962	294	3,504	8,760	12.64
2012	5,268	287	3,841	9,396	11.88
2011	5,412	314	4,085	9,811	11.55
2010	5,133	340	3,970	9,783	12.10
2009	6,261	329	4,310	9,210	10.04
2008	6,045	324	2,620	8,675	10.41
2007	5,746	321	2,306	8,373	10.66
2006	5,469	290	2,422	8,181	10.78
2005	5,049	266	2,566	7,881	11.24
2004	4,365	247	2,454	7,066	12.32

Source: State of Florida Data for Budget Advertisement
District records

**District School Board of Pasco County
Teacher Base Salaries
Last Ten Fiscal Years
(Unaudited)**

Table 17

Fiscal Year		Minimum Salary (1)		Maximum Salary (1)		County Average Salary (2)		Statewide Average Salary (2)
2013	\$	36,420	\$	63,870	\$	42,595	\$	46,479
2012		36,420		63,870		42,710		45,723
2011		36,420		63,870		42,710		46,089
2010		36,420		63,870		42,850		46,938
2009		36,420		63,870		43,901		46,655
2008		36,420		63,870		45,211		45,296
2007		35,300		61,750		43,472		42,702
2006		33,100		59,300		41,600		41,578
2005		31,550		56,750		39,600		40,598
2004		31,100		54,900		38,800		40,275

Source: (1) District Records
(2) Florida Department of Education

**District School Board of Pasco County
Operating Statistics
Last Ten Fiscal Years
(Unaudited)**

Table 18

Fiscal Year	Average Daily Membership	Operating Expenditures (1)	Cost per Pupil	Percentage Change	Instructional Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2013	66,417	\$ 449,649,188	\$ 6,770	-1.03%	4,962	13.39	55.00%
2012	65,976	451,316,247	6,841	0.43%	5,268	12.52	57.28%
2011	66,162	450,668,927	6,812	-0.93%	5,412	12.23	52.14%
2010	66,207	455,202,664	6,875	-7.53%	5,133	12.90	48.78%
2009	66,190	492,124,221	7,435	-0.34%	6,261	10.57	44.85%
2008	66,313	494,727,086	7,460	5.68%	6,045	10.97	44.36%
2007	64,688	456,679,581	7,060	9.53%	5,746	11.26	44.18%
2006	62,085	400,178,410	6,446	8.16%	5,469	11.35	46.28%
2005	59,722	355,917,943	5,960	3.79%	5,049	11.83	46.08%
2004	56,822	326,277,926	5,742	7.91%	4,365	13.02	46.01%

(1) Operating expenditures include only General Fund expenditures.

Source: District records

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District School Board of Pasco County
School Building Information
Last Ten Fiscal Years
(Unaudited)

Table 19

	Place in Service (a)	Square Footage (b)	Portables	Capacity (Students)	Full-Time Equivalent Enrollment Data		
					2003-2004	2004-2005	2005-2006
Elementary Schools							
Anclote	1973	64,909	4	481	631.94	612.26	582.82
Calusa	1979	75,551	4	657	707.83	737.85	743.61
Centennial	1986	87,837	4	687	664.89	697.83	695.92
Chasco	2000	104,734	7	624	939.54	982.98	1,041.04
Chester W. Taylor	1996	96,454	12	536	765.50	789.74	814.96
Connerton	2010	118,741	-	762	-	-	-
Cotee River	1993	122,295	1	751	792.00	761.40	779.67
Cypress	1973	70,663	12	708	736.58	728.41	782.17
Deer Park	1988	78,637	7	615	919.88	1,014.77	688.00
Denham Oaks	1994	130,212	4	870	878.29	901.90	915.07
Double Branch	2008	105,122	6	762	-	-	-
Fox Hollow	1990	113,120	4	774	967.31	994.31	1,006.68
Gulf Highlands	2006	124,261	-	762	-	-	-
Gulf Trace	2008	96,625	-	762	-	-	-
Gulfside	1977	75,658	3	649	604.84	640.07	627.65
Hudson	1966	77,623	15	561	805.02	805.78	830.99
James M. Marlowe	1999	102,826	1	616	704.78	697.10	653.67
Lacoochee	1971	82,667	3	579	422.06	401.57	428.06
Lake Myrtle	1984	98,634	9	754	862.12	854.22	830.00
Longleaf	2005	104,502	15	674	-	-	712.44
Dr. Mary Giella	1989	89,354	3	634	564.74	642.07	674.13
Mitty P. Locke	1966	85,466	6	746	802.71	863.67	880.13
Moon Lake	1982	74,370	11	602	569.59	595.17	565.92
New River	2008	109,787	-	762	-	-	-
Northwest	1973	82,160	6	720	807.97	743.88	713.73
Oakstead	2006	126,143	24	762	-	-	-
Odessa	2010	97,687	-	762	-	-	-
Pasco	1954	92,802	4	715	670.66	674.70	724.82
Pine View	2003	99,191	9	624	588.20	718.68	693.13
Quail Hollow	1975	66,565	2	494	611.94	782.13	823.35
Richey	1958	77,103	10	558	659.77	643.73	642.65
Rodney B. Cox	1925	67,685	8	510	422.41	436.80	445.86
San Antonio	1981	89,860	2	776	612.97	638.63	689.07
Sand Pine	1998	82,033	16	517	810.25	980.23	987.61
Sanders Memorial	1944	33,670	1	280	731.75	834.43	1,052.44
Schrader	1972	90,253	1	749	645.06	709.43	756.70
Seven Oaks	2005	101,322	22	674	-	-	913.38
Seven Springs	1987	92,004	-	636	655.12	691.02	735.03
Shady Hills	1973	74,506	2	437	561.80	594.60	611.95
Sunray	2000	98,044	-	629	740.98	790.60	863.56
Trinity	2001	101,287	9	621	977.27	1,219.49	1,103.08
Trinity Oaks	2006	116,975	-	762	-	-	-
Veterans	2008	95,730	-	762	-	-	-
Watergrass	2009	97,974	-	762	-	-	-
Wesley Chapel	2002	99,856	18	618	1,123.22	1,339.56	1,030.74
West Zephyrhills	1958	83,003	9	758	874.17	914.31	934.72
Woodland	1977	78,211	25	670	889.59	918.36	938.28
Total Elementary Schools					25,722.75	27,351.68	28,913.03

Table 19

Full-Time Equivalent Enrollment Data						
2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
574.48	585.62	568.08	574.60	539.34	512.51	531.84
686.86	682.42	632.04	581.83	597.29	591.85	552.24
713.95	689.60	697.81	653.01	670.28	644.00	581.24
655.34	704.37	652.34	662.78	653.15	663.37	694.27
842.44	827.22	599.12	611.35	532.22	577.48	541.19
-	-	-	-	809.50	847.35	870.13
787.20	721.32	657.12	619.73	603.90	540.11	586.82
879.17	904.72	889.03	831.56	810.75	797.54	766.01
650.38	632.70	648.37	677.73	671.86	642.78	604.63
881.93	868.77	872.12	846.44	803.96	744.33	699.39
-	723.47	763.21	798.68	808.39	810.32	837.35
704.13	684.15	615.47	609.34	560.06	524.90	537.03
609.92	634.96	589.40	592.77	552.29	532.72	541.09
-	231.98	563.17	588.38	590.27	592.26	626.18
642.37	624.43	548.29	554.88	541.33	542.97	527.87
836.59	759.20	675.36	699.77	711.44	717.82	674.55
638.86	542.67	530.62	508.46	498.20	501.41	443.23
406.20	396.10	399.06	410.84	420.72	384.53	375.27
828.13	825.13	782.83	832.77	782.25	730.81	669.57
809.65	893.19	943.09	990.02	651.78	674.12	647.99
614.11	656.98	631.46	649.01	647.39	621.79	614.45
882.26	856.74	585.38	589.00	555.85	526.58	523.80
624.79	674.65	611.51	665.65	726.45	656.84	671.33
-	256.91	449.63	510.51	582.75	571.90	594.40
698.45	670.47	707.31	656.62	642.88	624.11	625.89
730.76	1,000.33	1,096.17	1,064.34	974.99	1,017.56	1,076.36
-	-	-	-	637.67	691.79	710.82
684.04	661.28	650.22	631.16	638.28	621.12	666.33
725.37	716.19	721.16	737.84	733.38	704.31	735.28
834.19	794.95	390.03	380.95	399.04	370.77	345.23
654.02	623.48	600.02	620.77	581.41	580.95	591.52
468.17	447.42	460.75	413.01	378.46	360.75	369.23
694.46	689.54	724.58	646.69	660.75	682.60	636.18
1,043.65	749.86	707.03	701.02	672.20	661.58	633.56
733.34	854.25	745.26	725.74	-	-	-
562.53	569.85	625.07	587.90	552.92	543.04	536.14
1,057.30	1,153.35	887.82	928.79	932.35	933.80	950.81
704.47	620.09	579.26	571.16	549.23	530.81	529.89
589.66	563.38	536.06	505.15	459.60	424.80	415.72
865.61	577.86	533.01	523.23	541.80	539.64	524.65
653.81	649.54	663.27	699.92	531.68	497.99	524.47
559.64	650.32	685.86	729.63	721.54	707.72	690.95
-	-	726.44	765.82	815.70	805.46	802.90
-	-	-	472.38	487.05	504.21	563.65
1,377.56	1,095.98	1,071.34	589.01	579.82	591.37	621.56
895.33	818.70	813.51	750.10	767.94	764.74	789.28
938.12	945.82	917.58	924.14	866.69	853.97	850.97
29,739.24	30,229.96	29,746.26	29,684.48	29,446.80	28,963.38	28,903.26

District School Board of Pasco County
School Building Information
Last Ten Fiscal Years
(Unaudited)

Table 19

	Place in Service (a)	Square Footage (b)	Portables	Capacity (Students)	Full-Time Equivalent Enrollment Data		
					2003-2004	2004-2005	2005-2006
Middle Schools							
Bayonet Point	1973	133,360	5	1,000	1,036.93	1,053.98	996.28
Centennial	2001	115,614	6	686	677.37	675.80	622.14
Charles S. Rushe	2007	192,785	11	1,494	-	-	-
Chasco	2001	134,642	4	944	978.00	957.01	898.17
Crews Lake	2008	192,206	-	1,493	-	-	-
Dr. John Long	2006	187,602	23	1,475	-	-	-
Gulf	1964	167,643	3	1,546	1,101.16	1,107.17	1,143.62
Hudson	1984	148,691	5	1,168	1,186.65	1,198.00	1,214.83
Pasco	1946	136,864	10	1,124	806.00	823.66	768.59
Paul R. Smith	2006	187,602	-	1,430	-	-	-
Pine View	1977	138,136	6	1,280	1,629.42	1,756.39	1,821.72
Raymond B. Stewart	1926	186,071	5	1,195	959.86	998.66	977.82
River Ridge (c)	1990	-	12	1,380	-	-	-
Seven Springs	1995	224,939	5	1,500	1,826.74	1,960.16	1,942.20
Thomas E. Weightman	1990	162,472	10	1,083	1,622.18	1,823.40	1,914.89
Total Middle Schools					11,824.31	12,354.23	12,300.26
Education Centers							
Energy & Marine	1964	13,287	-	75	84.94	80.81	80.82
F. K. Marchman Tech	1984	177,967	5	749	478.83	472.43	475.19
Harry Schwettman	1923	28,351	4	155	125.76	96.25	120.52
James Irvin	1995	22,214	20	500	107.85	114.23	138.52
Moore Mickens	1952	73,442	4	513	177.98	213.44	180.58
Other Programs	n/a	n/a	-	n/a	658.21	708.96	824.16
Total Education Centers					1,633.57	1,686.12	1,819.79
High Schools							
Anclote	2009	222,463	-	1,766	-	-	-
Fivay	2010	278,342	-	1,922	-	-	-
Gulf	1971	240,232	7	1,617	1,440.64	1,538.04	1,676.18
Hudson	1973	185,238	5	1,694	1,533.07	1,547.86	1,602.24
J. W. Mitchell	2000	220,930	26	1,951	2,092.21	2,278.11	2,363.38
Land O' Lakes	1973	207,212	16	1,596	1,927.15	2,043.68	2,289.43
Pasco	1964	241,858	18	1,554	1,261.52	1,255.87	1,327.94
Ridgewood	1977	195,139	12	1,542	1,680.84	1,826.36	1,850.34
River Ridge (c)	1990	446,228	7	1,970	3,339.14	3,497.02	3,420.93
Sunlake	2007	218,643	-	1,787	-	-	-
Wesley Chapel	1999	217,180	3	1,547	1,794.41	2,045.29	2,275.14
Wiregrass Ranch	2006	218,690	18	1,764	-	-	-
Zephyrhills	1973	217,998	15	1,444	1,383.16	1,434.37	1,505.77
Total High Schools					16,452.14	17,466.60	18,311.35

Table 19

Full-Time Equivalent Enrollment Data						
2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
985.50	975.00	1,005.52	947.24	822.68	781.17	769.27
652.80	660.36	659.14	664.91	668.89	675.20	643.13
-	1,223.93	1,279.33	1,317.04	1,329.22	1,283.69	1,302.23
888.52	855.84	869.92	791.23	764.44	740.46	741.89
-	-	666.70	683.16	819.51	792.16	755.10
1,263.58	1,534.60	1,653.75	1,705.56	1,778.26	1,538.44	1,609.63
949.17	935.59	919.45	878.77	874.74	845.93	823.45
1,195.56	1,186.12	892.03	864.90	869.61	850.69	802.90
756.11	707.82	720.33	717.11	725.71	866.67	851.18
915.92	899.50	917.81	937.36	1,017.48	1,050.05	1,054.24
1,871.85	898.10	885.29	877.43	823.42	847.56	903.37
1,003.34	1,017.92	1,014.75	970.64	950.57	1,027.45	1,063.36
1,467.56	1,421.79	1,149.35	1,131.99	1,060.62	1,064.96	1,056.95
1,307.65	1,329.30	1,381.79	1,358.92	1,288.22	1,302.63	1,362.97
1,074.60	1,057.25	1,073.09	1,048.49	1,075.54	1,137.23	1,211.74
14,332.16	14,703.12	15,088.25	14,894.75	14,868.91	14,804.29	14,951.41
74.72	66.47	82.27	-	-	-	-
450.10	454.04	397.77	392.28	335.39	275.55	224.17
109.54	128.12	158.17	86.28	106.80	128.08	126.03
107.25	107.76	110.00	71.09	107.02	103.04	99.24
198.50	207.55	200.73	184.90	163.51	148.80	143.78
829.14	858.02	893.76	813.09	1,082.05	1,381.08	1,541.93
1,769.25	1,821.96	1,842.70	1,547.64	1,794.77	2,036.55	2,135.15
-	-	-	913.35	1,155.12	1,140.05	1,202.70
-	-	-	-	1,206.52	1,496.63	1,479.13
1,681.49	1,676.71	1,654.55	1,382.12	1,286.34	1,224.47	1,188.19
1,604.57	1,601.01	1,542.26	1,505.06	1,126.44	1,086.02	1,088.98
2,423.92	2,458.87	2,388.46	1,832.02	1,660.55	1,657.86	1,631.13
2,499.67	1,687.95	1,465.35	1,486.85	1,518.99	1,558.24	1,551.39
1,280.16	1,244.55	1,230.23	1,233.96	1,228.31	1,293.52	1,348.07
1,846.46	1,824.09	1,752.22	1,765.37	1,188.49	1,037.44	1,038.30
1,935.79	1,933.85	1,881.95	1,823.88	1,508.65	1,452.96	1,422.63
-	1,115.57	1,433.25	1,507.19	1,529.25	1,485.55	1,507.45
1,789.58	1,569.29	1,290.21	1,305.37	1,277.51	1,325.06	1,414.52
715.01	1,316.77	1,813.07	1,960.21	2,035.56	1,952.62	1,922.33
1,597.89	1,624.66	1,524.86	1,509.82	1,457.96	1,466.19	1,433.50
17,374.54	18,053.32	17,976.41	18,225.20	18,179.69	18,176.61	18,228.32

**District School Board of Pasco County
School Building Information
Last Ten Fiscal Years
(Unaudited)**

Table 19

	Place in Service (a)	Square Footage (b)	Portables	Capacity (Students)	Full-Time Equivalent Enrollment Data		
					2003-2004	2004-2005	2005-2006
Charter Schools							
Academy at the Farm	n/a	n/a	n/a	n/a	185.00	223.29	253.31
Athenian Academy	n/a	n/a	n/a	n/a	-	-	-
Countryside Monetssori	n/a	n/a	n/a	n/a	70.00	99.50	126.50
Dayspring Academy	n/a	n/a	n/a	n/a	349.82	359.81	391.68
Deerwood Academy	n/a	n/a	n/a	n/a	-	-	-
Imagine School	n/a	n/a	n/a	n/a	-	-	-
Language Academy	n/a	n/a	n/a	n/a	135.00	124.50	117.00
Richard Milburn Academy	n/a	n/a	n/a	n/a	112.73	128.26	170.84
					<u>852.55</u>	<u>935.36</u>	<u>1,059.33</u>
Total Charter Schools							
East Bus Garage	1966	9,061	-	n/a	-	-	-
West Bus Garage	1960	21,292	-	n/a	-	-	-
Central Bus Garage	1980	11,484	1	n/a	-	-	-
Administration Building	1972	214,881	15	n/a	-	-	-
District Maintenance	1984	37,354	-	n/a	-	-	-
Northwest Bus Garage	1989	11,941	1	n/a	-	-	-
Southeast Bus Garage	1980	8,251	-	n/a	-	-	-
					<u>56,485.32</u>	<u>59,793.99</u>	<u>62,403.76</u>
Total District							

(a) Original date that the school was placed in service. This date does not reflect additions, renovations, replacements or remodeling.

(b) Square footage is current, but does not include portables.

(c) River Ridge was built as a combination Middle School and High School.

All data was aggregate until 2006-2007 when then Middle School received its own School Identifier.

Source: District Records

Table 19

Full-Time Equivalent Enrollment Data						
2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
255.79	289.00	284.00	378.00	379.34	381.50	389.84
106.50	215.00	258.50	276.64	318.00	328.99	391.46
153.50	151.00	180.02	203.50	209.00	213.50	232.00
403.92	404.00	416.06	458.03	490.00	524.33	552.28
-	-	-	-	-	-	-
-	-	397.50	538.50	475.56	546.92	633.60
87.00	-	-	-	-	-	-
154.01	-	-	-	-	-	-
1,160.72	1,059.00	1,536.08	1,854.67	1,871.90	1,995.24	2,199.18
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
64,375.91	65,867.36	66,189.70	66,206.74	66,162.07	65,976.07	66,417.32

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SINGLE AUDIT REPORT



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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



PHONE: 850-412-2722
FAX: 850-488-6975

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

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

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pasco County District School Board as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2013, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the Pasco County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a

reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Financial Statement Finding No. 1, that we consider to be a significant deficiency.

Compliance and Other Matters

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

We noted certain matters that we reported to District management in our operational audit report No. 2014-073, dated December 2013.

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

Purpose of this Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS** is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 20, 2013

Audit Report No. 2014-074



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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



PHONE: 850-412-2722
FAX: 850-488-6975

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 through 3. Our opinion on each major Federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 through 3 that we consider to be significant deficiencies.

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

Purpose of this Report

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

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 20, 2013

Audit Report No. 2014-074

DISTRICT SCHOOL BOARD OF PASCO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Florida Department of Agriculture and Consumer Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	321	\$ 5,070,791	\$ -
National School Lunch Program	10.555 (2)	300	16,553,377	-
Summer Food Service Program for Children	10.559	323	395,735	-
Total Child Nutrition Cluster			22,019,903	-
Fresh Fruit and Vegetable Program	10.582	330	108,650	-
Team Nutrition Grants	10.574	None	31,629	-
Total United States Department of Agriculture			22,160,182	-
United States Department of Labor:				
Indirect:				
Florida Department of Education:				
National Farmworker Jobs Program	17.264	405	178,783	-
United States Department of Education:				
Direct:				
Safe and Drug-free Schools and Communities - National Programs	84.184	N/A	171,949	-
Federal Pell Grant Program	84.063	N/A	508,455	267,440
Total Direct			680,404	267,440
Indirect:				
Florida Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	262, 263	11,925,104	-
Special Education - Preschool Grants	84.173	266, 267	307,941	-
Total Special Education Cluster			12,233,045	-
School Improvement Grants Cluster:				
School Improvement Grants	84.377	126	116,497	-
ARRA-School Improvement Grants, Recovery Act	84.388	126	603,067	-
Total School Improvement Grants Cluster			719,564	-
Adult Education - State Grant Program	84.002	191, 193	700,699	-
Title I Grants to Local Educational Agencies	84.010	212, 222, 226, 228	14,407,207	-
Migrant Education - State Grant Program	84.011	217	157,403	-
Career and Technical Education - Basic Grants to States	84.048	161	629,918	-
Education for Homeless Children and Youth	84.196	127	117,581	-
English Language Acquisition Grants	84.365	102	368,018	-
Improving Teacher Quality State Grants	84.367	224	1,945,129	-
ARRA-Education Technology State Grants, Recovery Act	84.386	121	525	-
ARRA-State Fiscal Stabilization Fund (SFSF) -Race-to-the Top Incentive Grants, Recovery Act	84.395 (4)	RL111	1,119,073	12,813
University of South Florida:				
ARRA-State Fiscal Stabilization Fund (SFSF) -Race-to-the Top Incentive Grants, Recovery Act	84.395 (4)	None	164,006	-
Total Indirect			32,562,167	12,813
Total United States Department of Education			33,242,571	280,253

DISTRICT SCHOOL BOARD OF PASCO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Health and Human Services:				
Direct:				
Head Start	93.600 (3)	N/A	\$ 6,186,723	\$ -
Corporation for National and Community Service:				
Direct:				
Retired and Senior Volunteer Program	94.002	N/A	103,566	-
United States Department of Defense:				
Direct:				
Air Force Junior Reserve Officers Training Corps	None	N/A	190,303	-
Army Junior Reserve Officers Training Corps	None	N/A	519,410	-
Navy Junior Reserve Officers Training Corps	None	N/A	570,992	-
Total United States Department of Defense			1,280,705	-
Total Expenditures of Federal Awards			\$ 63,152,530	\$ 280,253

- Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.
- (2) Noncash Assistance.
(A) National School Lunch Program - Includes \$1,411,143 of donated food received during the fiscal year.
Donated foods are valued at fair value as determined at the time of donation.
- (3) Head Start. Expenditures include \$699,705 for grant number/program year 04CH3070/44 and \$5,487,018 for grant number/program year 04CH3070/45.
- (4) ARRA-State Fiscal Stabilization Fund (SFSF)-Race-to-the Top Incentive Grants, Recovery Act. Expenditures total \$1,283,079 for CFDA No. 84.395.

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

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes
Identification of major programs:	
CFDA Number(s):	Name of Federal Program or Cluster:
10.553 and 10.555	Child Nutrition Cluster
84.367	Improving Teacher Quality State Grants
84.395	ARRA – State Fiscal Stabilization Fund (SFSF) Race-to-the-Top Incentive Grants, Recovery Act
93.600	Head Start
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,894,575
Auditee qualified as low-risk auditee?	Yes

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

FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

Finding No. 1: Financial Reporting

Preparation of fund financial statements pursuant to generally accepted accounting principles (GAAP) requires an analysis to determine the major governmental funds that require separate columnar presentation. The District is required to report a governmental fund as major when the fund's assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures represent at least 10 percent of the total governmental funds for these respective classifications. Our review of the District's 2012-13 fiscal year annual financial report (AFR), as submitted to the Florida Department of Education (FDOE) and presented for audit, disclosed that financial reporting procedures could be improved. For example, the District did not report the account balances and transactions of the Special Revenue – Other Federal programs fund as a major fund, due to errors in calculating the 10 percent threshold for governmental funds. Separately reporting major funds allows financial statement users to readily identify the District's most significant funds and their account balances and transactions, and ensures compliance with GAAP.

We discussed the financial reporting errors with District personnel, and District personnel corrected the major fund classifications on a revised AFR, resubmitted the revised AFR to the FDOE, and correctly reported the account balances and transactions on its Comprehensive Annual Financial Report submitted to us for audit. However, our audit procedures cannot substitute for management's responsibility to implement adequate controls over financial reporting.

Recommendation: The District should improve its financial reporting procedures to ensure that financial statement account balances and transactions are properly reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Federal Awards Finding No. 1:

Federal Agencies: United States Department of Agriculture, United States Department of Education, and United States Department of Health and Human Services

Pass-Through Entities: Florida Department of Education and Florida Department of Agriculture and Consumer Services

Programs: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559), Improving Teacher Quality State Grants (CFDA No. 84.367), Race-To-The-Top (CFDA No. 84.395), and Head Start Cluster (CFDA No. 93.600)

Finding Type: Noncompliance and Significant Deficiency

Questioned Costs: Unknown

Allowable Costs/Cost Principles. Attachments A and B of United States Office of Management and Budget (OMB) Circular A-87 establish cost principles to be applied and guidance for determining allowable costs and applicable credits to Federal awards. Also, Section 22.d.5 of Attachment B provides that whenever funds are transferred from a self-insurance reserve to other accounts (e.g., General Fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer. In addition, Section C of Attachment A specifies that, to be allowable costs under a grant program, the costs must be net of all applicable credits, and defines applicable credits as receipts or reductions of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect cost, including insurance refunds or rebates.

Transfer of Insurance Program Refunds. The District provides group medical, behavioral, and prescription coverage for its employees on a self-insured basis and accounts for the activities of this program within a health self-insurance program internal service fund. Based on the number of employees that participate in the self-insurance program and are funded by each of the respective fund types, the District allocated premium costs of the self-insurance program to those fund types.

During the 2012-13 fiscal year, the District reported virtually all payroll expenditures in the General Fund and special revenue funds, and health self-insurance program revenues exceeded expenses by \$3.65 million. Given the surplus revenues over expenses, the Board approved a transfer of \$1.65 million from the health self-insurance program to the General Fund; however, District personnel had not made a determination of the portion attributable to Federal programs for program costs previously charged to Federal programs. Without such a determination, District records did not evidence that applicable refunds were made to the Federal Government for its share of the funds transferred, contrary to OMB Circular A-87.

Rebate Credits. The District maintains a purchasing card (P-card) program, provided through a financial institution, as an available procurement option for its purchasing process. As an incentive, the District receives annual rebates from the financial institution for this program, with the amounts determined based on the dollar amount of P-card purchases during annual periods. During the period June 2012 through May 2013, the District had P-card purchases totaling \$7,119,485, resulting in receipt as of June 2013 of a rebate of \$99,672.79.

The \$99,672.79 rebate received by the District included \$23,932.97 that was generated by the Child Nutrition Cluster (CNC) program funds. However, the rebate was not allocated to CNC program funds from which the P-card purchases were made. Instead, the rebate was recognized as revenue and applied to the General Fund, which is used for general operating purposes.

District personnel indicated they were unaware that rebates should be accounted for in the specific fund type that generated the rebates. As CNC program funds are restricted by Federal law, rebates generated by expenditures of those funds may be subject to the same restrictions. Without procedures to allocate rebates to the appropriate funding source, there is an increased risk that rebates generated by restricted resources may be used for purposes inconsistent with the restrictions on these resources.

Recommendation: The District should make a determination of the portion of the \$1.65 million of transferred funds that should be credited to Federal programs and consult with the Florida Department of Education for resolution of this matter. The District should also consult with the United States Department of Agriculture and the Florida Department of Agriculture and Consumer Services for resolution on the use and allocation of rebates received on P-card purchases.

District Contact Person: Olga Swinson, Chief Finance Officer

Federal Awards Finding No. 2

Federal Agencies: United States Department of Agriculture

Pass-Through Entities: Florida Department of Agriculture and Consumer Services

Program: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)

Finding Type: Noncompliance and Significant Deficiency

Questioned Costs: \$2,484,846

Allowable Costs/Cost Principles. OMB Circular A-87, Attachment A, Section C.1.e, provides that to be allowable, costs should be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit. Guidance from the United States Department of Agriculture's *Indirect Costs Guidance for State Agencies and School Food Authorities (Indirect Cost Manual)* prohibits the use of food service funds for capital expenditures, such as renovations, without prior approval of the Florida Department of Agriculture and Consumer Services (FDACS). Account balances and transactions of the CNC Cluster program are accounted for in the Special Revenue – Food Service (SRFS) Fund.

For the 2012-13 fiscal year, the District transferred \$2,484,846 from the SRFS Fund to the Capital Projects - Capital Outlay and Debt Service Fund. District personnel indicated that the Board approved these transfers for several school cafeteria renovations; however, the District did not obtain prior approval from the FDACS for these transfers, contrary to the *Indirect Cost Manual*. Without such approval, the transfers represent \$2,484,846 of questioned costs subject to disallowance by the grantor.

Recommendation: The District should document to the grantor (FDACS) the allowability of the \$2,484,846 of questioned costs or restore this amount to the CNC programs.

District Contact Person: Olga Swinson, Chief Finance Officer

Federal Awards Finding No. 3

Federal Agencies: United States Department of Agriculture

Pass-Through Entities: Florida Department of Education

Program: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)

Finding Type: Noncompliance and Significant Deficiency

Questioned Costs: \$134,791.57

Allowable Cost/Cost Principles. OMB Circular A-87 provides principles for determining allowable costs, including indirect costs that may be allocated to a Federal program. Indirect costs are costs that are incurred for a common or

joint purpose, are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved, and are calculated by multiplying allowed costs by an approved indirect cost rate.

For the 2012-13 fiscal year, District personnel charged indirect costs to the CNC programs by applying the 2011-12 fiscal year indirect cost rate (3.80 percent) to fiscal year expenditures, instead of applying the 2012-13 fiscal year indirect cost rate (2.92 percent). As a result, the District inadvertently overcharged \$134,791.57 of indirect costs to the CNC program. The \$134,791.57 represents questioned costs subject to disallowance by the grantor.

Recommendation: The District should enhance procedures to ensure that the proper indirect cost rate is used when calculating indirect costs, and restore the \$134,791.57 of questioned costs to the CNC programs.

District Contact Person: Olga Swinson, Chief Finance Officer

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in the previous financial audit report.

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*PASCO COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013*

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

Audit Report No. and Federal Awards Finding No.	Program/ Area	Brief Description	Status	Comments
Moore Stephens Lovelace, P.A.		There were no prior Federal audit findings.		

EXHIBIT A
MANAGEMENT'S RESPONSE



DISTRICT SCHOOL BOARD OF PASCO COUNTY

Kurt S. Browning, Superintendent of Schools

7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638

December 6, 2013

David W. Martin, CPA
Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

We appreciate the efforts of your professional staff in analyzing the District School Board of Pasco County's operations.

The following paragraphs enumerate various actions the District will take and provides clarification applicable to certain findings and recommendations listed in the preliminary and tentative audit finding letter dated November 8, 2013.

Finding No. 1 - Financial Reporting

The account balances and transactions of the Special Revenue-Other Federal program fund were included in the District's financial statements; however, as noted, the fund was not originally identified as a major fund. The issue was an error in the estimate used to determine major funds due to the timing of the calculation. At the time that the major fund calculation was done, we were working with preliminary numbers. Once the final figures became available, we failed to revise the calculation. When the discrepancy was identified, the Annual Financial Report and the Comprehensive Annual Financial Report were revised. The classification change did not have any actual financial effect on District resources.

Federal Awards Finding No. 1 – Allowable Costs/Cost Principles

The purpose of the \$1.65 million transfer from the Health Self-Insurance Internal Service Fund to the General Fund was to provide funding for the reimbursement of one (1) furlough day for all employees regardless of the funding source whose pay was reduced in fiscal year 2011-2012. When processing the reimbursements, the District made a determination not to charge the portion of the furlough day to the Federal programs. We are in agreement that a share of the funds transferred should have been refunded to all applicable Federal programs; however, it is the District's position that the share of the funds transferred would be less than the cost of one (1) furlough day. The District will seek guidance from the Florida Department of Education for resolution of this matter.

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

David W. Martin, CPA
Auditor General
December 6, 2013
Page 2

Federal Awards Finding No. 1 – Rebate Credits

The District's position is that the cash rebates are *not* based on the *type* of purchase made, but rather the *form* of payment. The use of P-Cards for payment lowers the cost of processing payments through the Accounts Payable system which in turn reduces the indirect costs rate charged to all Federal programs.

Federal Award Finding No. 2 - Allowable Costs/Cost Principles

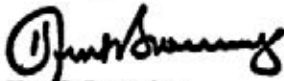
The Food and Nutrition Services Director retired at the end of December 2012 and the new Director assumed the position in January 2013. With the change in leadership, approval from the State Agency was overlooked prior to the summer 2013 projects. A request for approval has since been submitted to the Florida Department of Agriculture and Consumer Services (FDACS), Division of Food, Nutrition and Wellness.

Federal Award Finding No. 3 - Allowable Costs/Cost Principles

Indirect costs for Food and Nutrition Services were mistakenly calculated using the approved 2011-2012 indirect cost rate rather than the approved 2012-2013 rate. The \$134,791.57 overpayment has been restored to the Child Nutrition Cluster (CNC) program.

We appreciate the opportunity to respond to these findings. After reviewing our response, please advise me if you need further clarification or action on our part.

Sincerely,



Kurt S. Browning
Superintendent of Schools