School Board Members

Clarence Thacker, Board Chair
Ricky Booth, Vice Chair
Jay Wheeler
Kelvin Soto
Tim Weisheyer

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

Dr. Debra P. Pace
Superintendent

Sarah E. Graber, CPA, CGFO
Chief Business & Finance Officer

Migdalia Gonzalez
Director of Finance

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

Student Achievement - Our Number One Priority

AN EQUAL OPPORTUNITY EMPLOYER

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared By:

Business & Fiscal Services

Inspiring all learners to reach their highest potential as responsible, productive citizens.

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THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

INTRODUCTORY SECTION

Letter of Transmittal i

List of District Officials v

Organizational Chart vi

GFOA Certificate of Achievement for Excellence in Financial Reporting vii

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 18

Statement of Activities 19

Fund Financial Statements

Balance Sheet – Governmental Funds 20

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 21

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 22

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 23

Statement of Net Position — Proprietary Funds 24

Statement of Revenues, Expenses, and Changes in Fund Net Position — Proprietary Funds 25

Statement of Cash Flows – Proprietary Funds 26

Statement of Assets and Liabilities – Fiduciary Funds 27

Notes to Financial Statements 28

Required Supplementary Information:

Schedules of Revenues, Expenditures, and Changes in Fund Balances — Budget & Actual:

General Fund 66

Special Revenue Fund — Other Federal Programs 67

Other Postemployment Benefits Plan — Schedule of Funding Progress 68

Schedule of Proportionate Share of Net Pension Liability-Florida Retirement System 69

Schedule of Contributions-Florida Retirement System 70

Schedule of Proportionate Share of Net Pension Liability-Health Insurance Subsidy 71

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Schedule of Contributions — Health Insurance Subsidy	72
Notes to Required Supplementary Information	73
Combining Balance Sheet — Nonmajor Governmental Funds	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance — Nonmajor Governmental Funds	77
Combining Balance Sheet — Nonmajor Governmental Funds - Special Revenue Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Governmental Funds—Special Revenue Funds	79
Combining Balance Sheet — Nonmajor Governmental Funds — Debt Service Funds	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance — Nonmajor Governmental Funds — Debt Service Funds	81
Combining Balance Sheet — Nonmajor Governmental Funds — Capital Projects Funds	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance — Nonmajor Governmental Funds — Capital Projects Funds	83
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Special Revenue Fund — Food Service	84
Special Revenue Fund — Federal Economic Stimulus Programs	85
Debt Service Funds — SBE/COBI Bonds	86
Debt Service Funds — Other	87
Debt Service Funds - ARRA Economic Stimulus Fund	88
Capital Project Funds - Public Education Capital Outlay (PECO)	89
Capital Project Funds - Capital Outlay & Debt Service (CO & DS)	90
Capital Project Funds - Local Capital Improvement Fund	91
Capital Project Funds — Other Fund	92
Capital Project Funds — ARRA Economic Stimulus Fund	93
Combining Statement of Net Position – Internal Service Funds	94
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	95
Combining Statement of Cash Flows – Internal Service Funds	96
Combining Statement of Changes in Assets and Liabilities — School Internal Funds Agency Fund	97
Combining Statement of Changes in Assets and Liabilities — Bellalago Charter Academy Agency Fund	98
Combining Statement of Changes in Assets and Liabilities — Agency Funds	99
Combining Statement of Net Position – Component Units	100
Combining Statement of Activities – Component Units	102

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

STATISTICAL SECTION

Introduction to the Statistical Section 107
Schedule 1 – Net Position by Component 108
Schedule 2 – Changes in Net Position 110
Schedule 3 – General Revenues and Total Changes in Net Position 112
Schedule 4 – Fund Balances, Governmental Funds 114
Schedule 5 – Governmental Funds Revenues 116
Schedule 6 – Governmental Funds Expenditures and Debt Service Ratio 118
Schedule 7 – Other Financing Sources and Uses and Net Change in Fund Balances 120
Schedule 8 – Assessed Value and Estimated Actual Value of Taxable Property 122
Schedule 9 – Direct and Overlapping Property Tax Rates 124
Schedule 10 – Principal Osceola County Property Tax Payers 125
Schedule 11 – Property Tax Levies and Collections 127
Schedule 12 – Outstanding Debt by Type 128
Schedule 13 – Direct and Overlapping Governmental Activities Debt 131
Schedule 14 – Legal Debt Margin Information 132
Schedule 15 – Pledged-Revenue Coverage 134
Schedule 16 – Demographic and Economic Statistics 135
Schedule 17 – Osceola County Principal Employers 136
Schedule 18 – Full-Time-Equivalent District Employees by Type 137
Schedule 19 – Operating Statistics 138
Schedule 20 – Teacher Salaries 141
Schedule 21 – School Building Information 142

SINGLE AUDIT

Schedule of Expenditures of Federal Awards 147
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 148
Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance 150
Schedule of Findings and Questioned Costs 153
Prior Audit Follow-up 155
Summary Schedule of Prior Audit Findings 155
Corrective Action Plan 156

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INTRODUCTORY SECTION

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THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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Phone: 407-870-4600 • Fax: 407-870-4010 • www.osceola.k12.fl.us

SCHOOL BOARD MEMBERS
District 1 – Jay Wheeler
407-973-4141
District 2 – Kelvin Soto – Chair
407-361-2462
District 3 – Tim Weisheyer
407-361-0235
District 4 – Clarence Thacker
407-361-7906
District 5 – Ricky Booth – Vice Chair
407-818-9464

Superintendent of Schools
Dr. Debra Pace

December 15, 2016

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

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

State law requires that all local governments publish, after the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America, and audited in accordance with auditing standards generally accepted in the United States of America by a licensed certified public accountant. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the District School Board of Osceola County, Florida (District) for the fiscal year ended June 30, 2016.

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

The Office of the Florida Auditor General has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP.

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

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The District is required to undergo an annual single audit in conformity with the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for*

Federal Awards ("Uniform Guidance"). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, summary of prior audit findings, and the independent auditors' reports on the system of internal control and on compliance with applicable requirements, are included in the single audit section.

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

PROFILE OF THE GOVERNMENT

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

The geographic boundaries of the District are those of Osceola County. During fiscal year 2015-16, the District operated 67 schools. Of this number, 44 were K-12 schools including 24 elementary schools, 8 middle schools, 8 high schools, and 4 multilevel schools. In addition, the District sponsored 17 charter schools, 4 alternative schools and 2 adult centers. The District receives the majority of its operating funds through a State funding formula that is intended to equalize funding received from the State and local property tax between districts within the State. Charter schools operating through a contract with the District are provided with their proportionate share of these funds, based upon the number of full-time equivalent students enrolled at the charter school. In fiscal year 2015-16, the District provided general, special, vocational, and other educational programs to 61,141 unweighted full-time equivalent students. The projected enrollment for fiscal year 2016-17, is 63,063 unweighted full-time equivalent students. The average age of the schools within the District is approximately 21 years. The District does not plan to open any new schools in fiscal year 2016-17.

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

ECONOMIC CONDITION AND OUTLOOK

Osceola County is part of the Orlando Metropolitan Statistical Area (MSA) along with Orange, Seminole and Lake Counties. According to the Metro Orlando Economic Development Commission (the Commission), Metro Orlando currently has a population of 2.4 million people. The Commission promotes Osceola County as being a world class tourism destination.

According to the United States Census Bureau, the population of Osceola County increased 20.6 percent from 2010 to 2015, as compared to the state of Florida, which increased 4.1 percent. There were an estimated 323,993 people and 90,414 households residing in the County. The racial makeup of the County was 79.9 percent white, 13.4 percent black and 6.7 percent from other races. Hispanics make up 51.0 percent of the total population.

Of Osceola County's population, 25.5 percent are 17 and younger, and 11.6 percent are 65 and older. The average household size is 3. The median age in the County is 36 years. The median income for a household was $43,620. The per capita income for the County was $18,925. Of the 25 and older population, 84.9 percent are high school graduates.

The District recognizes that the continued enhancement of the local economy is of mutual benefit to both the District and the County and that an excellent system of public education is a significant factor in attracting new business and industry to the County. The District remains Osceola County's largest employer, employing 7,111 full and part-time employees, including 3,700 classroom teachers.

MAJOR INITIATIVES

Class Size Reduction Amendment

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

The Florida Legislature enacted Senate Bill-30A implementing the reduction of the average number of students in each classroom by at least two students per year, beginning in fiscal year 2003-04 until the maximum number of students per classroom does not exceed the fiscal year 2010-11 maximum. If a district's class size does not meet the constitutional maximum, then the district must reduce the average number of students in each of the three grade groupings by two students until the constitutional maximums are reached. The District complied with this requirement for the 2015-16 fiscal year.

Capital Outlay Program

During the current fiscal year, the District undertook several construction projects totaling $20,405,436. These projects included the addition of a wing at one high school and several space reconfigurations and renovations to other schools.

Accomplishments

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

School districts throughout Florida are held accountable and receive school grades based on the results of the Florida Comprehensive Assessment Test (FCAT). The fiscal year 2015-16 marks the 17th year of this accountability program and the District continued its tradition of achievement. For elementary, middle, and K-8 public schools, 7 received a grade of 'A', 12 received a grade of 'B', and 17 received a grade of 'C'. For high schools, 1 received a grade of 'A', 1 received a grade of 'B', and 6 received a grade of 'C'. The District received an overall letter grade of 'C'.

FINANCIAL INFORMATION

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

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

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

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

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

As a result, the District ended the 2015-16 fiscal year with a small increase to its operating fund balance for the first time in several years. The District's long range projections provide for a balanced budget in the 2016-17 fiscal year.

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,

Dr. Debra P. Pace	Sarah E. Graber, CPA, CGFO
Superintendent	Chief Business and Finance Officer

OSCEOLA SCHOOL DISTRICT OFFICIALS
JUNE 30, 2016

SCHOOL BOARD MEMBERS

Clarence Thacker, Chair
District 4

Ricky Booth, Vice Chair
District 5

Tim Weisheyer
District 3

Kelvin Soto
District 2

Jay Wheeler
District 1

SUPERINTENDENT
Dr. Debra P. Pace

CHIEF OF STAFF FOR TEACHING, LEADING & LEARNING
Dr. Ronald S. Fritz

DEPUTY SUPERINTENDENT FOR HUMAN SERVICES
Thomas A. Phelps

ASSISTANT SUPERINTENDENTS

ELEMENTARY CURRICULUM & INSTRUCTION
Dr. Jane Respess

MIDDLE SCHOOL CURRICULUM & INSTRUCTION
Michael Allen

HIGH SCHOOL CURRICULUM & INSTRUCTION
Dr. Michael Akes

SCHOOL SUPPORT SERVICES
Clyde Wells

CHIEFS

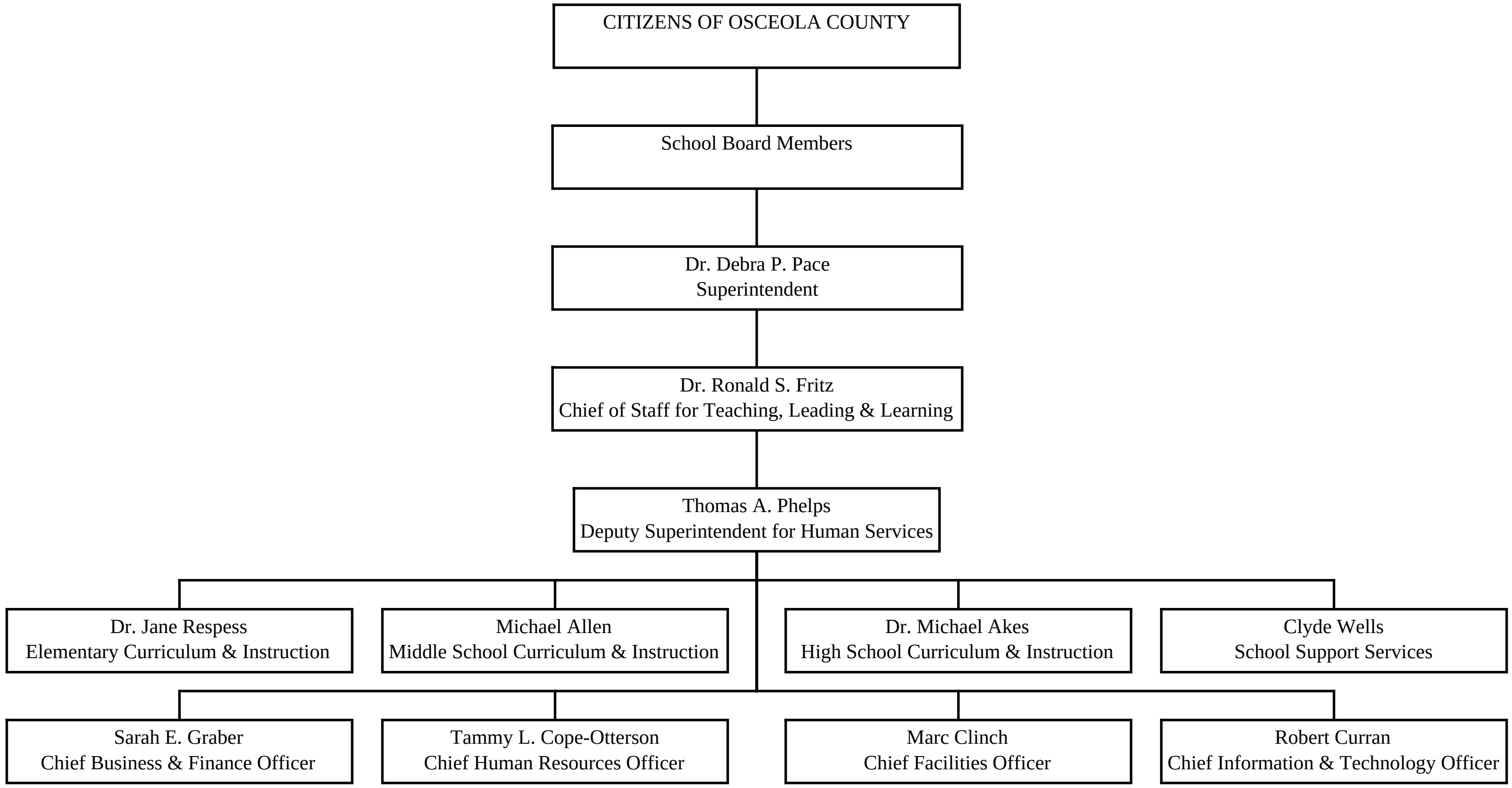
BUSINESS & FINANCE OFFICER
Sarah E. Graber

FACILITIES OFFICER
Marc Clinch

INFORMATION & TECHNOLOGY OFFICER
Robert Curran

HUMAN RESOURCES OFFICER
Tammy L. Cope-Otterson

The School District of Osceola County, Florida
DISTRICT ADMINISTRATIVE ORGANIZATIONAL CHART
2015-2016



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

School District of Osceola County

Florida

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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FINANCIAL SECTION

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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Osceola County District School Board, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the District's agency funds, which represent 11 percent of the assets and 48 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the agency funds and the aggregate discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Osceola County District School Board, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 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**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the accompanying **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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules, and the accompanying **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 dated December 15, 2016, on our consideration of the District'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 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,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
December 15, 2016
Audit Report No. 2017-080

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Osceola County District School Board, Florida (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

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 found on pages 18 to 64 of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-16 fiscal year are as follows:

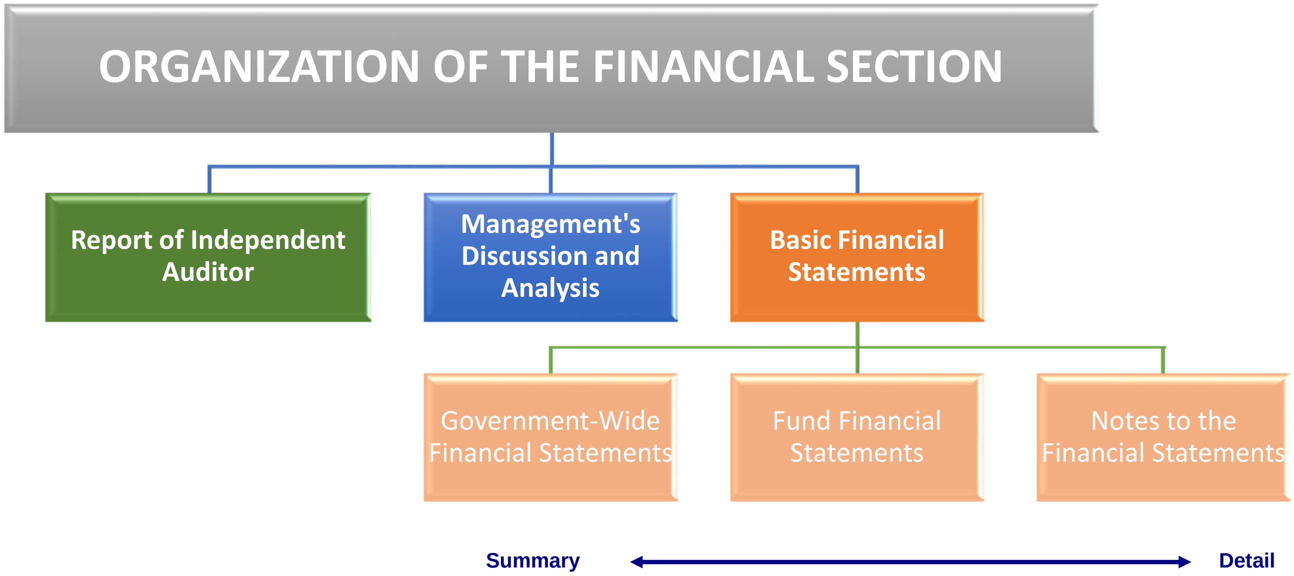
- Total assets and deferred outflows of resources of the District exceed total liabilities and deferred inflows of resources at the close of the most recent fiscal year by $430,905,904.
- At June 30, 2016, the District's combined governmental fund balances totaled $173,840,568, an increase of $37,056,456, or 27.09 percent, in comparison with the prior fiscal year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals $41,010,743 at June 30, 2016, or 9.27 percent of total General Fund expenditures.
- The District's total bonded debt (Bonds Payable and Certificates of Participation, excluding premiums and discounts) decreased by $12,281,000, or 5.08 percent during the current fiscal year. The key factor in this was the payment of principal.
- The District's net capital assets decreased by $14,893,515 or 1.99 percent from the 2014-15 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

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

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



Government-wide Financial Statements

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

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component units – The District presents sixteen separate legal entities in this report, including Bellalago Educational Facilities Benefit District, Flora Ridge Educational Facilities Benefit District, Avant Garde Academy, Avant Garde K8 of Osceola, Florida Virtual Academy at Osceola, Foundation for Osceola Education (includes Bellalago Charter Academy, Canoe Creek Charter Academy, and PM Wells Charter Academy), Four Corners Charter School, Inc., Four Corners Charter High School, Four Corners Charter Middle School, Mater Brighton Lakes Academy, Mavericks High School, New Dimensions High School, Renaissance Charter School at Poinciana, Renaissance Charter School at

Tapestry, St. Cloud Preparatory Academy, and UCP Osceola Charter School. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

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

Fund Financial Statements

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

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

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

The District maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds. The District's major funds are the: (1) General Fund, (2) Special Revenue – Other Federal Programs Fund, (3) Capital Projects – Local Capital Improvement Fund, and (4)

Capital Projects – Other Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Special Revenue – Other Federal Programs Fund. Budgetary comparison schedules have been provided on pages 66 and 67 of this report to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 20 and 22 of this report.

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

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

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

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

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

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

The Statement of Assets and Liabilities – Fiduciary Funds can be found on page 27.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 to 64 of this report.

Other Supplemental Information

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 76 to 103 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceed liabilities and deferred inflows by $430,905,904 at June 30, 2016. The following is a summary of the District's net position as of June 30, 2016, compared to net position as of June 30, 2015:

Net Position, End of Year

	Governmental Activities	
	6/30/2016	6/30/2015
Current and Other Non-Capital Assets	$ 208,192,885	$ 174,069,397
Capital Assets	734,731,993	749,625,509
Total Assets	942,924,878	923,694,906
Deferred Outflow of Resources	45,923,794	34,802,881
Total Deferred Outflow of Resources	45,923,794	34,802,881
Current Liabilities	19,034,831	17,436,678
Long-Term Liabilities	512,946,319	472,128,591
Total Liabilities	531,981,150	489,565,269
Deferred Inflow of Resources	25,961,618	70,014,128
Total Deferred Inflow of Resources	25,961,618	70,014,128
Net Position:		
Net Investment in Capital Assets	484,808,699	487,069,988
Restricted	119,173,058	83,317,955
Unrestricted	(173,075,853)	(171,469,553)
Total Net Position	$ 430,905,904	$ 398,918,390

By far, the largest portion of the District's net position, $484,808,699, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to educate the students of Osceola County, Florida; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, $119,173,058, represents resources that are subject to external restrictions on how they may be used. There was an increase of $35,855,103 in restricted net position reported in connection with the District's governmental activities. This increase is primarily due to the increase in the District's reserve for capital projects. The remaining net position represents resources that are not subject to external restrictions on how they may be used. The balance of unrestricted net position of ($173,075,853) is primarily the result of the implementation of *Governmental Accounting Standards Board Statement No. 68 – Accounting and Financial Reporting for Pensions* beginning with the 2015 fiscal year. More information on the adoption of this statement and its effect on the financial statements can be found in Note 14 to the financial statements.

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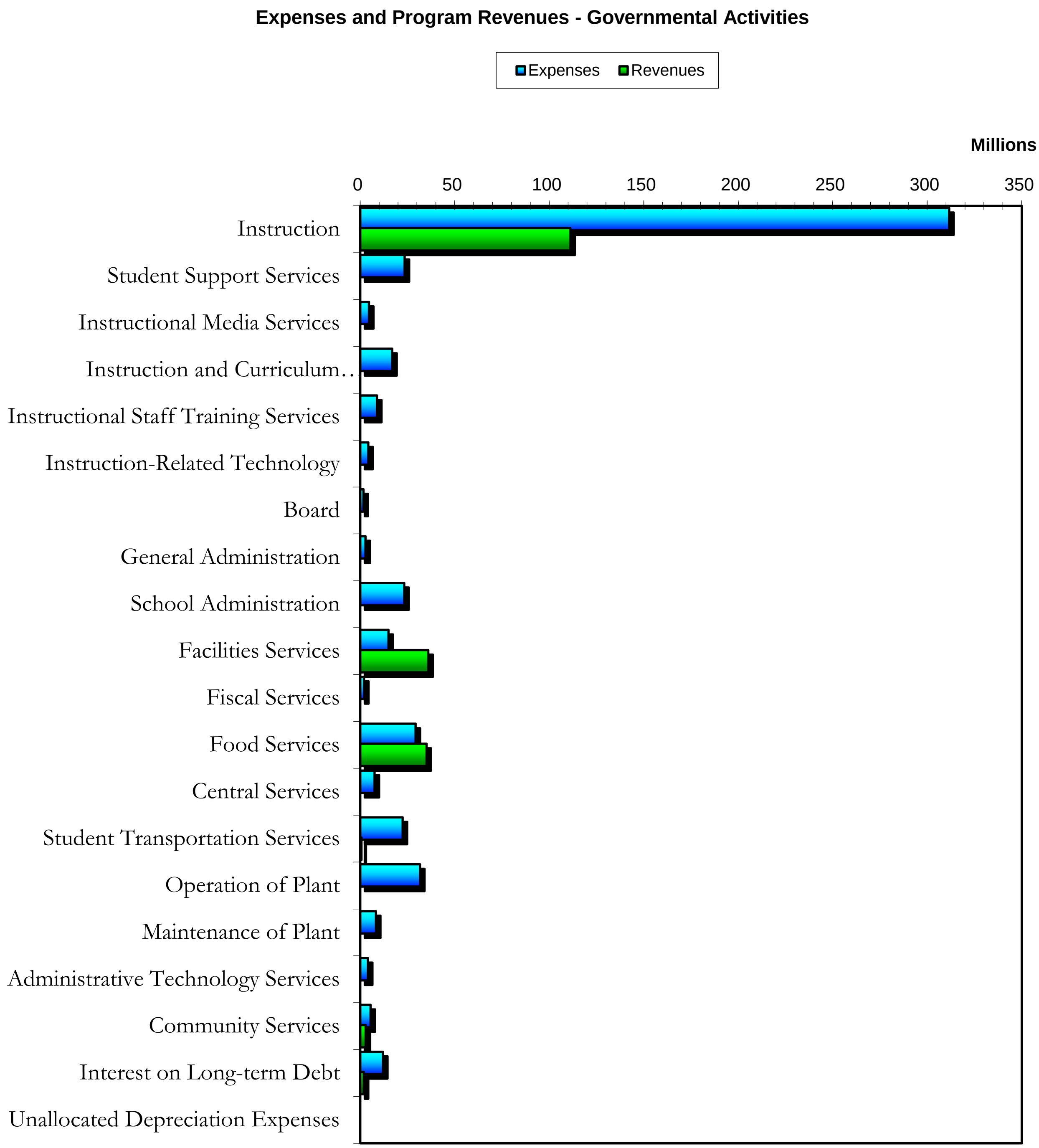
The key elements of the changes in the District's net position for the fiscal years ended June 30, 2016, and June 30, 2015, are as follows:

Operating Results for the Year

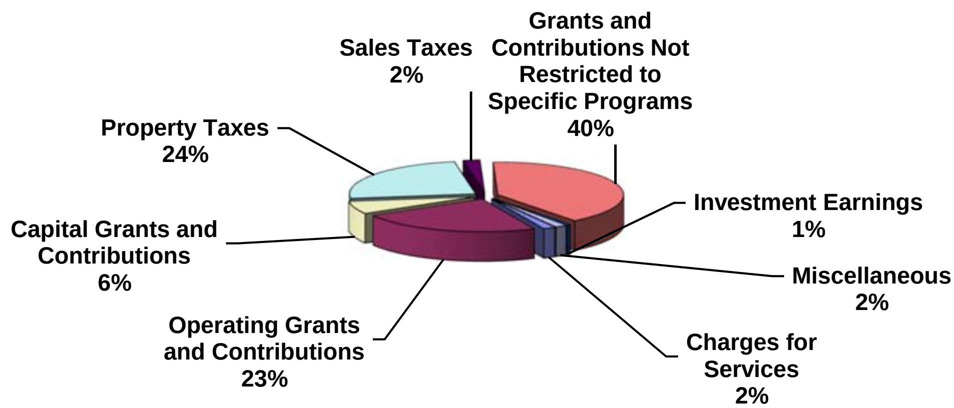
	Governmental Activities	
	6/30/2016	6/30/2015
Revenues:		
Program Revenues:		
Charges for Services	$ 9,510,006	$ 9,321,247
Operating Grants and Contributions	140,251,618	122,697,701
Capital Grants and Contributions	37,876,548	28,679,184
General Revenues:		
Property Taxes - Operational	117,462,480	111,668,108
Property Taxes - Capital	30,186,687	28,370,255
Local Sales Taxes	12,771,275	12,129,743
Grants and Contributions not Restricted to Specific Programs	242,260,027	223,592,024
Investment Earnings	3,176,842	1,389,318
Miscellaneous	9,289,079	11,503,406
Total Revenues	602,784,562	549,350,986
Functions/Program Expenses:		
Instruction	311,639,361	287,060,332
Student Support Services	23,533,909	22,519,240
Instructional Media Services	4,638,080	4,493,306
Instruction and Curriculum Development Services	16,950,455	15,765,392
Instructional Staff Training Services	8,895,901	8,908,032
Instruction-Related Technology	4,268,253	4,327,747
Board of Education	1,748,662	1,862,188
General Administration	2,760,587	2,255,012
School Administration	23,324,361	22,432,816
Facilities Acquisition and Construction Services	14,914,658	12,186,629
Fiscal Services	1,971,065	1,998,168
Food Services	29,309,705	28,841,287
Central Services	7,564,360	6,771,155
Student Transportation Services	22,452,171	23,123,277
Operation of Plant	31,647,174	34,174,683
Maintenance of Plant	8,295,989	7,520,421
Administrative Technology Services	4,071,518	3,889,429
Community Services	5,444,934	5,082,800
Interest on Long-Term Debt	12,049,157	14,635,622
Unallocated Depreciation Expense	35,316,748	35,257,896
Total Expenses	570,797,048	543,105,434
Increase in Net Position	31,987,514	6,245,552
Net Position, Beginning	398,918,390	556,301,194
Adjustment to Net Position (1)		(163,628,356)
Net Position, Ending	$ 430,905,904	$ 398,918,390

Note: (1) Adjustment to net position is due to the implementation of GASB Statement No. 68, which was a change in accounting principle that requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liability of the defined benefit pension plans.

The government-wide net position increased by $31,987,514 during the current fiscal year. The increase represents an excess of revenues over expenses in the current year.



Revenues by Source - Govermental Activities



Governmental Activities.

Governmental activities increased the District's net position by $31,987,514, accounting for the total increase in the net position of the District. This increase is primarily due to program revenues held in reserve for future construction projects.

The largest revenue sources are the State of Florida and local sources. Combined, these two revenue sources account for 87.36 percent of total revenues. Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base. Total state sources increased by $21.17 million or 7.34 percent primarily due to the increase in FEFP funding. Revenues from local sources consist primarily of ad valorem taxes and impact fees. Property tax revenues increased by $7.61 million or 5.43 percent, primarily due to the increase in the local property tax base.

Instruction expenses represent 54.60 percent of total governmental expenses in the 2015-16 fiscal year. Instructional expenses increased by $24,579,029 or 8.56 percent, from the previous fiscal year as a result of the need for additional instructional staff and materials to accommodate the growth in unweighted full-time equivalent students and to meet the district-wide class size requirements.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds report combined ending fund balances of $173,840,568, an increase of $37,056,456, in comparison with the 2014-15 fiscal year. Unassigned fund balance of $41,010,743 represents 23.59 percent of the ending fund balances and is available to meet the District's short-term spending needs. Remaining fund balances are non-spendable, restricted, or assigned, to indicate that they are not available for new spending. Inventory balances of $3,667,103 are considered non-spendable. Fund balances totaling $124,317,995 are restricted for state categorical programs, debt service, capital projects, grants and programs, and food services. Fund balances totaling $4,844,727 are assigned to cover contract commitments and carryover appropriations.

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the assigned plus unassigned fund balance of the General Fund was $45,855,470, while total fund balance reached $66,516,538. As a measure of the General Fund's liquidity, it may be useful to compare both assigned plus unassigned fund balance and total fund balance to total expenditures. Assigned plus unassigned fund balance represents 10.36 percent of total General Fund expenditures, while total fund balance represents 15.03 percent of that same amount.

During the current fiscal year, the fund balance of the General Fund increased by $53,785. This increase was the result of controlled expenditures to balance the operating budget and allow the District to begin to rebuild its reserves to meet future needs.

There were no changes to the fund balance for the Special Revenue – Other Federal Programs Fund since revenues are recognized once expenditures are incurred for these programs. The District experienced a 28 percent increase to its expenditures in the Special Revenue – Other Federal Programs Fund. This increase is primarily due to the District-wide expansion of the Science, Technology, Engineering, and Mathematics (STEM) Program as well as supplemental curriculum support.

The fund balances for the Capital Projects – Local Capital Improvement Fund and Capital Projects – Other Fund increased by $4,335,897 and $23,195,427, respectively. These were planned increases to provide for future construction projects.

The fund balance for non-major funds – reported as Other Governmental Funds – increased by $9,471,347 to $27,662,612. The Special Revenue Fund – Food Service is responsible for $5,905,825 of this increase due to the growing Community Eligible Provision (CEP) Program. Sinking fund contributions for the Certificates of

Participation that were issued under the Qualified School Construction Bond Program and other debt service reserve requirements also attributed to the total increase to the fund balance for Other Governmental Funds.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements. The District's proprietary fund includes two internal service funds that are used to account for its self-insurance programs. Net position decreased by $859,389 due to insurance claims and other expenses exceeding premiums after accounting for a $3 million transfer from the General Fund to offset the costs of constructing the Employee Wellness Center.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2015-16 fiscal year, the District amended its General Fund budget, which resulted in an increase in total budgeted revenues of approximately $7.1 million, or 1.66 percent. At the same time, final appropriations were more than the original budgeted amounts by approximately $4.3 million, or 0.92 percent. Budget revisions occurred primarily from changes in estimated State funding levels and corresponding adjustments to planned expenditures to meet the increased needs while maintaining an adequate fund balance.

Actual revenues are $1,242,873, or 0.28 percent, more than final budget amounts while actual expenditures are $28,905,811, or 6.13 percent, less than final budget amounts. The positive variance was primarily due to continued cost containment measures implemented by the District.

During the current fiscal year, assigned plus unassigned fund balance in the General Fund increased by $1,183,709, or 2.65 percent, from the prior year ($44,671,761 to $45,855,470). This is a result of controlled expenditures to balance the operating budget and allow the District to begin to rebuild its reserves to meet future needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for the governmental activities as of June 30, 2016, amounts to $734,731,993 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; investments in the educational facilities benefit district; and audio visual materials and computer software. The total decrease in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was $14,893,515, or a 1.99 percent decrease from the 2014-15 fiscal year.

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

- Construction in Progress for a wing addition at one high school.
- Construction in Progress for a new high school.
- Construction in Progress for space reconfiguration projects at two high schools, one multi-level school, and one elementary school.
- Construction in Progress for kitchen remodeling projects at two middle schools.

Following is a summary of the District's capital assets as of June 30, 2016, compared to June 30, 2015.

Schedule of Capital Assets
(net of accumulated depreciation)

	Governmental Activities	
	June 30, 2016	June 30, 2015
Land and Land Improvements	$ 50,146,153	$ 51,799,397
Construction in Progress	5,274,285	7,645,194
Improvements Other Than Buildings	10,967,733	12,110,383
Buildings and Fixed Equipment	630,180,032	648,573,236
Furniture, Fixtures, and Equipment	14,632,885	13,297,623
Motor Vehicles	10,592,864	8,299,149
Investment In EFBD	11,582,801	5,828,498
Audio Visual Materials and Computer Software	1,355,240	2,072,029
Total	$ 734,731,993	$ 749,625,508

Additional information on the District's capital assets can be found in Note 6 to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the District's long-term debt principal, excluding premiums and discounts, totals $242,776,127. Of this amount, $229,639,000 is outstanding bonded debt, $3,553,948 is outstanding notes payable, and $9,585,179 is other long-term debt. Bonded debt constituted the largest portion of long-term debt at the end of the fiscal year and was comprised of $5,469,000 of bonds issued on behalf of and by the State Board of Education (SBE) and backed by the full faith and credit of the State of Florida; $53,695,000 outstanding in District Revenue Bonds; and $170,475,000 in certificates of participation.

Following is a summary of the District's long-term debt as of June 30, 2016, compared to June 30, 2015.

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

	Governmental Activities	
	June 30, 2016	June 30, 2015
State School (SBE) Bonds	$ 5,469,000	$ 7,010,000
District Revenue Bonds	53,695,000	56,220,000
Certificates of Participation	170,475,000	178,690,000
Notes Payable	3,553,948	6,926,368
Installment Purchases Payable		
Other Long-Term Debt	9,583,179	3,863,449
Total Outstanding Long-Term Debt	$ 242,776,127	$ 252,709,817

The District's total debt decreased by $9,931,690 or 3.93 percent, during the current fiscal year.

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

OTHER MATTERS OF SIGNIFICANCE

As of June 2016, the U.S. Bureau of Labor Statistics reports the unemployment rate for Osceola County, Florida, at 5.1 percent. This is a decrease from the rate of 5.9 percent a year ago and is higher than the State's average unemployment rate of 4.7 percent. Generally, consumers who lose their jobs restrict spending in response to the loss of income, while others who remain employed may spend less in anticipation of future job losses.

Section 212.055(6), Florida Statutes, authorizes the imposition by school boards of a one-half cent sales surtax on all taxable transactions to fund capital outlay projects and technology implementation, including the payment of bond indebtedness, subject to approval by the electors of the county voting in a referendum. In November 2016, Osceola County voters approved by referendum the imposition of a one-half cent discretionary sales surtax to be effective beginning January 1, 2017 and ending December 31, 2036.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY

STATEMENT OF NET POSITION

June 30, 2016

ASSETS	Governmental Activities	Component Units
Cash and Cash Equivalents	$ 76,786,646	$ 17,690,459
Investments	113,118,047	3,964,215
Accounts Receivable	942,946	702,515
Due from Internal Accounts		1,833,039
Deposits		437,985
Due from Other Agencies	12,367,354	2,311,346
Inventories	3,667,103	
Prepaid Items	1,310,789	466,339
Restricted Assets:		
Cash with Fiscal Agent		3,531,457
Capital Assets:		
Land	48,787,969	1,513,220
Land Improvements, Nondepreciable	1,358,184	
Construction in Progress	5,274,285	
Improvements Other Than Buildings, Net	10,967,733	2,018,956
Buildings and Fixed Equipment, Net	630,180,032	48,862,815
Furniture, Fixtures and Equipment, Net	14,632,885	32,216,882
Capital Lease Asset, Net		6,719,051
Investment in Educational Facilities Benefit District, Net	11,582,801	
Motor Vehicles, Net	10,592,864	826,881
Audio Visual Materials and Computer Software, Net	1,355,240	451,564
Total Assets	942,924,878	123,546,724
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Debt Refunding	6,172,410	
Pensions	39,751,384	981,825
Total Deferred Outflows of Resources	45,923,794	981,825
LIABILITIES		
Salaries and Benefits Payable	1,391,849	2,078,393
Payroll Deductions and Withholdings	2,140,747	
Accounts Payable	3,953,243	1,821,936
Construction Contracts Payable	650,736	
Construction Contracts Payable-Retainage	116,313	
Due to Other Agencies	4,360,867	2,932,600
Sales Tax Payable	2,056	
Unearned Revenue	202,923	167,981
Accrued Interest Payable	1,855,778	632,459
Estimated Insurance Claims Payable	4,360,319	
Long-Term Liabilities:		
Portion Due Within One Year:		
Notes Payable	3,553,948	435,092
Obligations Under Capital Leases		721,667
Bonds Payable	6,481,435	1,475,000
Certificates of Participation Payable	9,113,026	
Educational Facilities Benefit District Agreement Payable	270,552	
Net Pension Liability	3,299,939	
Compensated Absences Payable	2,405,195	41,335
Portion Due After One Year:		
Notes Payable		3,292,870
Obligations Under Capital Leases		59,079,780
Bonds Payable	53,834,121	41,325,900
Certificates of Participation Payable	164,900,729	
Educational Facilities Benefit District Agreement Payable	9,312,627	
Impact Fee Credit Vouchers	6,333,913	
Net Pension Liability	164,518,085	3,974,951
Other Postemployment Benefits Payable	53,305,892	
Compensated Absences Payable	35,616,857	13,775
Total Liabilities	531,981,150	117,993,739
DEFERRED INFLOWS OF RESOURCES		
Deferred Amount on Debt Refunding	4,482,603	1,069,798
Pensions	21,479,015	717,142
Total Deferred Inflows of Resources	25,961,618	1,786,940
NET POSITION		
Net Investment in Capital Assets	484,808,699	(5,774,816)
Restricted For:		
State Required Carryover Programs	13,704,806	
Food Service	14,917,089	
Debt Service	11,130,294	3,746,074
Capital Projects	79,420,869	440,070
Other Purposes		1,267,337
Unrestricted	(173,075,853)	5,069,205
Total Net Position	$ 430,905,904	$ 4,747,870

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Operating	Capital	Primary Government	
FUNCTIONS	**Expenses**	**Charges for Services**	**Grants and Contributions**	**Grants and Contributions**	**Governmental Activities**	**Component Units**
Governmental Activities:						
Instruction	$ 311,639,361	$ 2,642,876	$ 108,562,019	$ -	$ (200,434,466)	
Student Support Services	23,533,909				(23,533,909)	
Instructional Media Services	4,638,080				(4,638,080)	
Instruction and Curriculum Development Services	16,950,455				(16,950,455)	
Instructional Staff Training Services	8,895,901				(8,895,901)	
Instruction-Related Technology	4,268,253				(4,268,253)	
Board of Education	1,748,662				(1,748,662)	
General Administration	2,760,587				(2,760,587)	
School Administration	23,324,361				(23,324,361)	
Facilities Services	14,914,658			36,043,720	21,129,062	
Fiscal Services	1,971,065				(1,971,065)	
Food Services	29,309,705	3,390,984	31,689,599		5,770,878	
Central Services	7,564,360				(7,564,360)	
Student Transportation Services	22,452,171	646,279			(21,805,892)	
Operation of Plant	31,647,174				(31,647,174)	
Maintenance of Plant	8,295,989				(8,295,989)	
Administrative Technology Services	4,071,518				(4,071,518)	
Community Services	5,444,934	2,829,867		1,832,828	(782,239)	
Interest on Long-term Debt	12,049,157				(12,049,157)	
Unallocated Depreciation Expense*	35,316,748				(35,316,748)	
Total Primary Government	$ 570,797,048	$ 9,510,006	$ 140,251,618	$ 37,876,548	(383,158,876)	
Component Units:						
Charter Schools, Foundation and Benefit Districts	$ 74,093,662	$ 789,502	$ 5,677,932	$ 1,484,494		$ (66,141,734)
General Revenues:						
Taxes:						
Property Taxes, Levied for Operational Purposes					117,462,480	
Property Taxes, Levied for Capital Projects					30,186,687	
Local Sales Taxes					12,771,275	
Grants and Contributions Not Restricted to Specific Programs					242,260,027	62,839,731
Unrestricted Investment Earnings					3,176,842	865,007
Miscellaneous					9,289,079	2,319,961
Total General Revenues					415,146,390	66,024,699
Change in Net Position					31,987,514	(117,035)
Net Position - Beginning						3,217,187
Adjustment to Beginning Net Position						1,647,718
Net Position - Beginning - Restated					398,918,390	4,864,905
Net Position - Ending					$ 430,905,904	$ 4,747,870

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

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Special Revenue - Other Federal Programs Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 14,157,307	$ 3	$ 14,251,618	$ 22,617,375	$ 9,317,819	$ 60,344,122
Investments	54,976,130		7,036,248	29,625,647	16,211,356	107,849,381
Accounts Receivable	897,325				11,579	908,904
Due from Other Funds	1,590,091			692,868		2,282,959
Due from Other Agencies	785,632	2,562,125	7,452	6,310,524	2,554,956	12,220,689
Inventories	2,504,747				1,162,356	3,667,103
Total Assets	$ 74,911,232	$ 2,562,128	$ 21,295,318	$ 59,246,414	$ 29,258,066	$ 187,273,158
LIABILITIES AND FUND BALANCES						
Liabilities:						
Salaries and Benefits Payable	$ 1,009,391	$ 334,983	$	$	$ 47,475	$ 1,391,849
Payroll Deductions and Withholdings	1,891,818	152,971			95,958	2,140,747
Accounts Payable	1,443,029	283,777	106,960	319,318	377,343	2,530,427
Construction Contracts Payable			237,500	202,675	66,726	506,901
Construction Contracts Payable-Retainage				13,861		13,861
Due to Other Funds		1,489,013			793,946	2,282,959
Due to Other Agencies	3,969,221	301,384			90,262	4,360,867
Sales Tax Payable	1,690				366	2,056
Unearned Revenue	79,545				123,378	202,923
Total Liabilities	8,394,694	2,562,128	344,460	535,854	1,595,454	13,432,590
Fund Balances:						
Nonspendable	2,504,747				1,162,356	3,667,103
Restricted	18,156,321		20,950,858	58,710,560	26,500,256	124,317,995
Assigned	4,844,727					4,844,727
Unassigned	41,010,743					41,010,743
Total Fund Balances	66,516,538		20,950,858	58,710,560	27,662,612	173,840,568
TOTAL LIABILITIES AND FUND BALANCES	$ 74,911,232	$ 2,562,128	$ 21,295,318	$ 59,246,414	$ 29,258,066	$ 187,273,158

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total Fund Balances - Governmental Funds		$	173,840,568
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			734,731,993
Deferred amount on refunding loss are not recognized in the fund level statements but are included in the government-wide statements.			6,172,410
Deferred amount on refunding gain are not recognized in the fund level statements but are included in the government-wide statements.			(4,482,603)
Deferred amount for pensions (experience, contributions, assumptions, investments, and proprotionate change) are not recognized in the fund level statements but are included in the government-wide statements.			39,751,384
Deferred amount for pensions (experience, investments, and proprotionate change) are not recognized in the fund level statements but are included in the government-wide statements.			(21,479,015)
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due.			(1,855,778)
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 net of capital assets reported above.			17,173,264
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:			
Notes Payable	(3,553,948)		
Bonds Payable	(60,315,555)		
Certificates of Participation Payable	(174,013,756)		
Educational Facilities Benefit District Agreement Payable	(9,583,179)		
Impact Fee Credit Vouchers	(6,333,913)		
Net Pension Liability	(167,818,024)		
Other Postemployment Benefits Payable	(53,305,892)		
Compensated Absences Payable	(38,022,052)		
			(512,946,319)
Total Net Position - Governmental Activities		$	430,905,904

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue - Other Federal Programs Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Intergovernmental:						
Federal Direct	$ 506,550	$ 1,555,661	$	$	$ 2,183,396	$ 4,245,607
Federal Through State	2,894,295	37,354,661			31,474,766	71,723,722
State	304,005,571			2,136,649	3,522,989	309,665,209
Local:						
Property Taxes	117,162,480		30,486,687			147,649,167
Local Sales Taxes					12,771,275	12,771,275
Impact Fees				33,912,736		33,912,736
Charges for Services - Food Service					3,390,984	3,390,984
Miscellaneous	14,454,620	53,603	432,308	461,940	2,409,837	17,812,308
Total Revenues	439,023,516	38,963,925	30,918,995	36,511,325	55,753,247	601,171,008
EXPENDITURES						
Current-Education:						
Instruction	289,513,221	21,041,889				310,555,110
Student Support Services	21,555,238	1,735,186				23,290,424
Instructional Media Services	4,435,156	192,071				4,627,227
Instruction and Curriculum Development Services	9,705,543	7,004,870				16,710,413
Instructional Staff Training Services	5,119,039	3,763,801				8,882,840
Instruction-Related Technology	3,980,008	243,631			15,177	4,238,816
Board of Education	1,745,998					1,745,998
General Administration	1,639,837	1,179,372				2,819,209
School Administration	23,086,443	395				23,086,838
Facilities Services	4,333,868		3,556,830	2,389,174	963,759	11,243,631
Fiscal Services	2,021,992					2,021,992
Food Services	189,209				28,954,484	29,143,693
Central Services	6,922,887	543,517				7,466,404
Student Transportation Services	19,667,982	164,035				19,832,017
Operation of Plant	31,140,563					31,140,563
Maintenance of Plant	8,173,071	21,884				8,194,955
Administrative Technology Services	4,069,109	30,513				4,099,622
Community Services	3,894,161	1,514,721				5,408,882
Fixed Capital Outlay:						
Facilities Acquisition and Construction	13,548		2,635,095	3,553,013	615,987	6,817,643
Other Capital Outlay	1,141,307	1,284,464	4,236,049	2,749,672	387,084	9,798,576
Debt Service:						
Principal	241,427				18,449,123	18,690,550
Interest and Fiscal Charges	2,148				11,480,862	11,483,010
Dues, Fees and Issuance Costs					314,758	314,758
Total Expenditures	442,591,755	38,720,349	10,427,974	8,691,859	61,181,234	561,613,171
Excess (Deficiency) of Revenues Over Expenditures	(3,568,239)	243,576	20,491,021	27,819,466	(5,427,987)	39,557,837
OTHER FINANCING SOURCES (USES)						
Transfers In	6,313,255			5,829,939	20,573,224	32,716,418
Refunding Bonds Issued					30,087,000	30,087,000
Proceeds of Certificates of Participation Agreements					8,310,000	8,310,000
Proceeds from the Sale of Capital Assets				33,800		33,800
Insurance Loss Recoveries	308,769					308,769
Payments to Escrow Agent for Refunded Debt					(38,240,950)	(38,240,950)
Transfers Out	(3,000,000)	(243,576)	(16,155,124)	(10,487,778)	(5,829,940)	(35,716,418)
Total Other Financing Sources (Uses)	3,622,024	(243,576)	(16,155,124)	(4,624,039)	14,899,334	(2,501,381)
Net Change in Fund Balances	53,785		4,335,897	23,195,427	9,471,347	37,056,456
Fund Balances, July 1, 2015	66,462,753		16,614,961	35,515,133	18,191,265	136,784,112
Fund Balances, June 30, 2016	$ 66,516,538	$	$ 20,950,858	$ 58,710,560	$ 27,662,612	$ 173,840,568

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds		$ 37,056,456
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current period.		
Capital Outlay - Facilities Acquisition and Construction	6,817,643	
Capital Outlay - Other	9,798,576	
Depreciation Expense	(37,722,957)	
		(21,106,738)
Capital assets donated to the District increase net position in the government-wide statements, but are not financial resources and, therefore, are not reported in the governmental funds. This is the value of capital assets donated during the current year.		394,647
Vouchers payable associated with impact fee credits are accrued in the government-wide statements, but are not recognized in the governmental funds. This is the decrease in vouchers payable in the current period.		758,042
The cost of capital assets disposed of during the current year is expensed in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net position differs from the change in fund balances by the undepreciated cost of the disposed assets.		(3,747,515)
Proceeds of refunding debt are reported as other financing sources in the governmental funds, while payments to the escrow agent for advance-refunding of outstanding debt are shown as other financing uses. Government-wide statements are affected only to the extent these amounts differ. Other long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net effect of these transactions.		
Sales Tax Revenue Bonds	(30,087,000)	
Certificates of Participation	(8,310,000)	
Redemption of Principal	18,449,123	
Amortization of Deferred Inflows/Outflows	(251,388)	
Payments to Refunded Bond Escrow Agent	38,240,950	
		18,041,685
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net increase in compensated absences in the current period.		(2,698,950)
In the statement of activities, the cost of other post-employment benefits is measured by the increase in the net OPEB obligation during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for the OPEB costs. This is the amount of the increase in the OPEB obligation in excess of the amount paid in the current period.		(1,906,836)
In the statement of activities, the cost of pension benefits is measured by the increase in the net pension liability during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for pension costs. This is the amount of the increase in the net pension liability in excess of the amount paid in the current period.		
Florida Retirement System Pension Expense	(5,661,420)	
Health Insurance Subsidy Pension Expense	(6,644,542)	
Florida Retirement System Pension Liability	13,964,519	
Health Insurance Subsidy Pension Liability	4,397,554	
		6,056,111
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.		(859,388)
Change in Net Position of Governmental Activities		$ 31,987,514

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

		Governmental Activities - Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	16,442,524
Investments		5,268,666
Accounts Receivable		34,042
Due from Other Agencies		146,665
Prepaid Items		1,310,789
Total Current Assets		23,202,686
Noncurrent Assets:		
Capital Assets:		
Buildings and Fixed Equipment, Net		3,485,148
Furniture, Fixtures and Equipment, Net		175,966
Computer Software, Net		1,547
Total Noncurrent Assets		3,662,661
Total Assets	$	26,865,347
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	1,422,816
Construction Contracts Payable		143,835
Construction Contracts Payable-Retainage		102,452
Estimated Insurance Claims Payable		4,360,319
Total Liabilities		6,029,422
NET POSITION		
Investment in Capital Assets		3,662,661
Unrestricted		17,173,264
Total Net Position	$	20,835,925

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

		Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Premium Revenues	$	56,165,433
Total Operating Revenues		56,165,433
OPERATING EXPENSES		
Purchased Services		6,802,687
Materials and Supplies		203,516
Insurance Claims		53,138,674
Total Operating Expenses		60,144,877
Operating Loss		(3,979,444)
NONOPERATING REVENUES		
Interest		118,296
Miscellaneous Local Sources		1,759
Total NonOperating Revenues		120,055
Transfers In		3,000,000
Change In Net Position		(859,389)
Total Net Position - July 1, 2015		21,695,314
Total Net Position - June 30, 2016	$	20,835,925

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

		Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Board Funds and Participants	$	57,471,757
Payments for Insurance Claims		(52,767,302)
Cash Payments to Vendors for Goods and Services		(6,317,403)
Net Cash Used by Operating Activities		(1,612,948)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds		3,000,000
Net Cash Provided by Noncapital Financing Activities		3,000,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets		(3,662,661)
Net Cash Used by Capital and Related Financing Activities		(3,662,661)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments		8,277,479
Interest		118,296
Other		1,760
Net Cash Provided by Investing Activities		8,397,535
Net Increase in Cash and Cash Equivalents		6,121,926
Cash and Cash Equivalents, Beginning		10,320,598
Cash and Cash Equivalents, Ending	$	16,442,524
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$	(3,979,444)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable		755,034
Decrease in Prepaid Items		211,677
Increase in Due from Other Agencies		(146,665)
Increase in Accounts Payable		1,185,257
Increase in Construction Contracts Payable		143,835
Increase in Construction Contracts Payable-Retainage		102,452
Decrease in Due to Other Funds		(256,466)
Increase in Estimated Insurance Claims Payable		371,372
Total Adjustments		2,366,496
Net Cash Used by Operating Activities	$	(1,612,948)

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

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2016

		Agency Funds
ASSETS		
Cash and Cash Equivalents	$	4,266,166
Investments		2,601,073
Accounts Receivable		33,244
Due from Other Agencies		16,778
Total Assets	$	6,917,261
LIABILITIES		
Accounts Payable	$	1,601,427
Accrued Liabilities		95,706
Due to Other Agency		1,415,635
Internal Accounts Payable		3,804,493
Total Liabilities	$	6,917,261

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➢ Description of Government-wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Osceola County School District's (District) governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation department is allocated to the student transportation services function, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

➢ Reporting Entity

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

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

- Blended Component Units. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District.

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

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

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

  The Foundation for Osceola Education, Inc. (Foundation), is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to provide charitable and educational aid to the Board, to promote education, and to encourage research, learning, and dissemination of information. Additionally, the Foundation entered into three separate charter agreements with the District to operate Bellalago Charter Academy, Canoe Creek Charter Academy, and PM Wells Charter Academy, which are considered divisions of the Foundation and are included in the Foundation's financial statements. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit. An annual audit of the organization's financial statements is conducted by an independent certified public accountant and is filed in the District's administrative office at 817 Bill Beck Boulevard, Kissimmee, Florida, 34744.

  The Bellalago Educational Facilities Benefit District and the Flora Ridge Educational Facilities Benefit District (Benefit Districts) are separate districts organized pursuant to Chapter 125, Florida Statutes, and Section 1013.355, Florida Statutes, to provide for the timely construction and maintenance of school facilities. The Benefit Districts are an alternate mechanism that allows for the sharing of educational facilities costs that are necessary to accommodate new growth and development. The Benefit Districts have imposed a specific financial burden on the Osceola County School District and are considered fiscally dependent in accordance with the criteria described in Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards,* Sections 2100 and 2600. A staff member of the Osceola County School District has been appointed to the board of each Benefit District. Audits of the Benefit District's annual financial statements are conducted by an independent certified public accountant and are filed in the District's administrative office at 817 Bill Beck Boulevard, Kissimmee, Florida, 34744.

  Avant Garde Academy of Osceola, Avant Garde K8 of Osceola, Florida Virtual Academy at Osceola, Four Corners Charter School, Inc., Four Corners Charter High School, Four Corners Charter Middle School, Mater Brighton Lakes Academy, Mavericks High School of Osceola County, New Dimensions High School, Inc., Renaissance Charter School at Poinciana, Renaissance Charter School at Tapestry, St. Cloud Preparatory Academy, Inc., and UCP Osceola Charter School, are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act; and Section 1002.33, Florida Statutes. The charter schools operate under a charter approved by their sponsor, the Osceola County District School Board. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District. The financial data reported on the accompanying statements was derived from the charter school's audited financial statements for the fiscal year ended June 30, 2016. The audit reports are filed in the District's administrative offices at 817 Bill Beck Boulevard, Kissimmee, Florida, 34744.

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

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

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

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

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Federal Programs Fund – to account for funds from the State or Federal Government which are restricted for Federal programs.
- Capital Projects – Local Capital Improvement Fund – to account for financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs.
- Capital Projects – Other Fund – to account for other miscellaneous funds from various sources which are restricted for capital outlay purposes.

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

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

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

- **Measurement Focus and Basis of Accounting**

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

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

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

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

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

- **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, cash with fiscal agent, demand deposits, and short-term, highly liquid investments with original maturities of 3 months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME, the Florida Education Investment Trust Fund (FEITF), and the Money Market-Federated Institutional Prime.

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

- **Investments**

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

The District's investments in Florida PRIME and FEITF are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The SBA and the FEITF indicate that the District's investments in the Florida PRIME and FEITF are Securities and Exchange Commission Rule 2a7-like external investment pools. These investments are reported at fair value, which is amortized cost. Investments made locally consist of United States Treasury Bonds, Municipal Bond, Federal Agency Bonds, Federal Agency Securities and Mortgages, corporate notes and commercial paper and are reported at fair value.

Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

- **Inventories and Prepaid Items**

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

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

- **Capital Assets**

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

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

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

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

- **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports separate sections for deferred outflows of resources.

The deferred outflow of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position reports separate sections for deferred inflows of resources. The deferred inflow of resources represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The District has two items that qualify for reporting in the deferred outflows of resources and deferred inflows of resources sections of the statement of net position. The deferred charges on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Changes in net pension liability are reported as deferred outflows of resources and deferred inflows of resources related to pensions. The deferred outflows of resources and deferred inflows of resources related to pensions are discussed in a subsequent note.

- **Pensions**

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

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

- **Long-Term Liabilities**

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

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

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

- **Net Position Flow Assumption**

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

- **Fund Balance Flow 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.

- **Fund Balance Policies**

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

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

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

- **Program Revenues**

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

- **State Revenue Sources**

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE 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 FDOE. The FDOE 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 5 months following the date of the original reporting. Such amendments may impact funding allocations for subsequent fiscal years. The FDOE 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 fiscal year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. SBE 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 fiscal year to be expended for the same educational programs. The FDOE generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the unencumbered balance of categorical and earmarked educational program resources.

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

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

- **District Property Taxes**

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

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

The Board adopted the 2015 tax levy on September 15, 2015. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

- **Educational Impact Fees**

Osceola County imposes an educational impact fee based on an ordinance adopted by the County Commission in 1992. This ordinance has been amended from time to time, most recently in April 2015, when Resolution No. 15-030R established the revised rates to be collected. The educational impact fee is collected for all new residential construction within the County. The fees are collected by the County and each municipality within the County based on an interlocal agreement. The fees can only be used for capital expenditures directly affected by new residential growth. Educational impact fee credits granted in exchange for land are shown in the government-wide financial statements as unearned revenue until the credits are used, at which time the revenues are recognized.

- **Federal Revenue Sources**

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

- **Compensated Absences**

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

- **Proprietary Funds Operating and Non-Operating Revenues and Expenses**

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 internal service funds are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

2. ADJUSTMENT TO NET POSITION

In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600, any entity for which the District is financially accountable or whose nature and significance is such that exclusion would cause the District's basic financial statements to be misleading, should be reported in the basic financial statements as a component unit. During the 2015-16 fiscal year the District determined that UCP Osceola Charter School is a component unit that should be discretely presented in the basic financial statements. As a result of this determination, the District increased the beginning net position for its component units at July 1, 2015, by $1,647,718.

3. ACCOUNTING CHANGES

The District implemented GASB Statement No. 72, *Fair Value Measurement and Application*, effective with the fiscal year ended June 30, 2016. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature.

The District implemented GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, effective with the fiscal year ended June 30, 2016. This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

In June 2016, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement will require the recognition of the proportionate share of the net OPEB liability on the face of the financial statements. In addition to the note disclosures currently required for OPEB, the standard will also require extensive disclosures and required supplementary information related to the OPEB liability. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

4. INVESTMENTS

As of June 30, 2016, the District has the following investments and maturities:

Investment	Maturities	Fair Value	
Cash Equivalents			
State Board of Administration (SBA):			
Florida PRIME	39 Day Average	$ 47,970,409	
Florida Education Investment Trust Fund	41 Day Average	130,794	
Money Market-Federated Institutional Prime	19 Day Average	74,393	
			$ 48,175,596
Investments			
SBA Debt Service Accounts	6 Months	128,419	
US Treasury Bonds	7/2017 - 7/2019	49,452,264	
Municipal Bond	5/2018 - 7/2019	3,602,518	
Federal Agency Mortgage-Backed Securities	October 1, 2016	462,312	
Federal Agency Collateralized Mortgages	8/2017 - 4/2041	7,446,516	
Federal Agency Bonds	1/2017 - 6/2019	18,197,575	
Corporate Note	3/2017 - 5/2019	25,052,901	
Commercial Paper	9/2016 - 3/2017	8,775,542	
			113,118,047
Total Investments, Reporting Entity			$ 161,293,643

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

- The District's investment policy limits investments to a maximum of 5½ years and the investment of current operating funds to no longer than 2 years.

- Florida PRIME had a weighted average days to maturity (WAM) of 39 days, and FEITF had a WAM of 41 days at June 30, 2016. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

- The District has $3,636,160 in three obligations of Federal Home Loan Bank that include embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. One security for $2,524,875 has an April 22, 2018, call date and a May 22, 2018, maturity date. Two securities, for $202,052 and $909,203, have a March 25, 2019, call date and an April 25, 2019, maturity date.

- For Florida PRIME, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days." As of June 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

- The District's investment policy allows for investments in certificates of deposit, time deposits, securities of the United States Government, other forms of authorized investments described in the Florida Statutes, and money market funds based on the highest rating by any one Nationally Recognized Statistical Ratings Organization (NRSRO).

- The District's investments in SBA Debt Service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by SBA for managing interest rate risk and credit risk for this account.

- As of June 30, 2016, the District's investments in Florida PRIME and the FEITF are rated "AAAm" by Standard & Poor's.

- As of June 30, 2016, the District's investments in Money Market-Federated Institutional Prime securities were rated AAAm by Standard & Poor's. U.S. Treasury and Federal Agency securities with PFM were rated AA+ by Standard & Poor's. The District's investments in municipal bond were rated AA, corporate note securities were rated AA+ to BBB+ and commercial paper securities were rated A-1 by Standard & Poor's.

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

- Section 218.415(18), Florida Statutes, requires the District to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; (2) if in a book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory 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 must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District's investments are held by a safekeeping agent, in the name of the District.

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

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

Investment Type	Percent
United States Government Securities	100%
United States Government Agencies	75%
Corporates	25%
Municipals	25%
Agency Mortgage-Backed Securities	25%
Non-Negotiable Collaterized Bank Deposits/Savings Accounts	50%
Commercial Paper	25%
Bankers' Acceptances	10%
Repurchase Agreements	40%
Money Market Funds	50%

- Most of the District's investments are issued or explicitly guaranteed by the United States Government or are in external investment pools, which do not require disclosure for concentration of credit risk. Remaining investments are in compliance with investment policy limits.
- As of June 30, 2016, approximately 16 percent of the District's investment were in Corporate Notes followed by Federal Agency Bonds at 11 percent, and Federal Agency Collateralized Mortgages and Commercial Paper at 5 percent respectively.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 of the fair value hierarchy are inputs valued using quoted prices in active markets for identical assets; Level 2 inputs are valued using other significant observable inputs; Level 3 inputs are valued using significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016:

Investment	Fiscal Year Ending 6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
SBA Debt Service Accounts	$ 128,419	$ 128,419	$	$
U.S. Treasury Bonds	49,452,264		49,452,264	
Municipal Bonds	3,602,518		3,602,518	
Federal Agency Mortgage-Backed Securities	462,312		462,312	
Federal Agency Collateralized Mortgage Obligations	7,446,516		7,446,516	
Federal Agency Bond	18,197,575		18,197,575	
Corporate Note	25,052,901		25,052,901	
Commercial Paper	8,775,542			8,775,542
Total	$ 113,118,047	$ 128,419	$ 104,214,086	$ 8,775,542

SBA Debt Service Accounts classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial Paper classified in Level 3 are valued using consensus pricing.

5. RECEIVABLES

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

6. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Balance 6/30/2015	Additions [1]	Deletions	Balance 6/30/2016
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 50,441,213	$	$ 1,653,244	$ 48,787,969
Land Improvements, Nondepreciable	1,358,184			1,358,184
Construction in Progress	7,645,194	6,767,029	9,137,938	5,274,285
Total Capital Assets Not Being Depreciated	59,444,591	6,767,029	10,791,182	55,420,438
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	36,038,162	513,462		36,551,624
Buildings and Fixed Equipment	974,489,938	10,252,625		984,742,563
Furniture, Fixtures, and Equipment	62,800,740	5,794,260	5,892,235	62,702,765
Investment in Educational Facilities Benefit District	8,255,001	5,903,433		14,158,434
Motor Vehicles	37,985,749	4,701,108	1,616,790	41,070,067
Audio Visual Materials and Computer Software	9,290,823	176,634	656,064	8,811,393
Total Capital Assets Being Depreciated	1,128,860,413	27,341,522	8,165,089	1,148,036,846
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	23,927,779	1,656,112		25,583,891
Buildings and Fixed Equipment	325,916,702	28,645,829		354,562,531
Furniture, Fixtures, and Equipment	49,503,118	4,401,455	5,834,693	48,069,880
Investment in Educational Facilities Benefit District	2,426,503	149,130		2,575,633
Motor Vehicles	29,686,600	2,406,209	1,615,606	30,477,203
Audio-Visual Materials and Computer Software	7,218,794	464,222	226,863	7,456,153
Total Accumulated Depreciation	438,679,496	37,722,957	7,677,162	468,725,291
Total Capital Assets Being Depreciated, Net	690,180,917	(10,381,435)	487,927	679,311,555
Governmental Activities Capital Assets, Net	$ 749,625,508	$ (3,614,406)	$ 11,279,109	$ 734,731,993

[1] Total includes $5,903,433 in Investment in Educational Facilities Benefit District addition not recorded in the governmental funds.

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	$ 2,406,209
Unallocated	35,316,748
Total Depreciation Expense - Governmental Activities	$ 37,722,957

7. NOTES PAYABLE

Notes payable are comprised of the following:

School District of Indian River County, Florida	Balance at 6/30/2016
Pursuant to Section 1013.68(6), Florida Statutes, the Board entered into an inter-local agreement in which the Board received $9,308,048 in Classrooms First Funds allocated to Indian River County District School Board by the State of Florida. In return, the Board agreed to pay Indian River County District School Board the Classrooms First Funds it would have otherwise received from the State. The effective interest rate on the loan is 5.776 percent. Proceeds were used as capital funding for new school construction. The Board's intent is to repay the loan and related interest in 15 annual installments of $897,039 through August 1, 2016.	$ 848,053
School District of Collier County, Florida	
Pursuant to Section 1013.68(6), Florida Statutes, the Board entered into an inter-local agreement in which the Board received $29,176,952 in Classrooms First Funds allocated to Collier County District School Board by the State of Florida. In return, the Board agreed to pay Collier County District School Board the Classrooms First Funds it would have otherwise received from the State. The effective interest rate on the loan is 5.26 percent. Proceeds were used as capital funding for new school construction. The Board's intent is to repay the loan and related interest in 105 installments of $401,693, seven per year, through May 31, 2017.	2,705,895
Total Notes Payable	$ 3,553,948

Amounts payable for the planned extended repayment of the Section 1013.68, Florida Statutes, interlocal agreements are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2017	$ 3,708,892	$ 3,553,948	$ 154,944

8. EDUCATIONAL FACILITIES BENEFIT DISTRICT AGREEMENT PAYABLE

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

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

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

Fiscal Year Ending June 30	Total	Principal	Interest
2017	$ 923,573	$ 270,552	$ 653,021
2018	925,276	311,476	613,800
2019	926,091	351,584	574,507
2020	930,540	395,361	535,179
2021	928,873	433,211	495,662
2022-2026	4,603,087	2,714,510	1,888,577
2027-2031	4,429,361	3,505,690	923,671
2032-2034	1,710,483	1,600,795	109,688
Total	$ 15,377,284	$ 9,583,179	$ 5,794,105

The amounts required from the District in the future are dependent on the amount of charter capital received, which is dependent on enrollment at the school and the level of funding appropriated annually by the Legislature. During fiscal year ending June 30, 2016, future required amounts increased by $5,903,433 as a result of a projected decrease in charter school capital outlay funding over the next 18 years.

9. CERTIFICATES OF PARTICIPATION

Certificates of Participation at June 30, 2016, are as follows:

Series	Amount Outstanding	Interest Rate (percent)	Lease Term Maturity	Original Amount
2007 COPS, Series A and B Refunding	$ 58,290,000	4.0 - 4.5	2027	$ 62,755,000
2009 COPS Refunding	17,205,000	3.75 - 4.375	2024	35,165,000
2010 COPS, Series A (QSCB)	40,500,000	6.658 (1)	2027	40,500,000
2013 COPS Refunding	37,370,000	3.625 - 5.0	2028	41,880,000
2014 COPS Refunding	8,800,000	2.24	2028	12,005,000
2015 COPS Refunding	8,310,000	2.67	2024	8,310,000
Total	170,475,000			
Plus: Unamortized Premiums	3,538,756			
Total Certificates of Participation	$ 174,013,756			

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

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

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

Certificates	Lease Term
Series 2007, Refunding	Earlier of date paid in full or June 30, 2027
Series 2009, Refunding	Earlier of date paid in full or June 30, 2024
Series 2010	Earlier of date paid in full or April 30, 2027
Series 2013, Refunding	Earlier of date paid in full or June 30, 2028
Series 2014, Refunding	Earlier of date paid in full or June 30, 2028
Series 2015, Refunding	Earlier of date paid in full or August 30, 2024

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

Certificates	Description of Properties
Series 2007, Refunding	Celebration High School, Poinciana High School Auditorium, and the Osceola County School for the Arts
Series 2009, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Horizon Middle School, Osceola High School Classroom Addition and Labs, and Kissimmee Elementary School
Series 2010	Osceola High School Renovations, Thacker Avenue Elementary School Renovations, and Highlands Elementary School Renovations
Series 2013, Refunding	Liberty High School and Chestnut Elementary School
Series 2014, Refunding	Poinciana High School (correct defects/deficiencies to original construction), Kissimmee Elementary School, Liberty High School, and Chestnut Elementary School
Series 2015, Refunding	Four Corners Charter School

The lease payments are payable by the District, semiannually, on June 1 and December 1 for Series 2007, 2009, 2013 and 2014; February 1 and August 1 for Series 2015; and a bullet maturity due on April 1, 2027 for Series 2010. The following is a schedule by years of future minimum lease payments under the lease agreements together with the present value of minimum lease payments as of June 30:

Fiscal Year Ending June 30	Total	Principal	Interest
2017	$ 16,893,240	$ 8,810,000	$ 8,083,240
2018	16,887,010	9,120,000	7,767,010
2019	16,877,030	9,450,000	7,427,030
2020	16,945,131	9,880,000	7,065,131
2021	16,946,126	10,315,000	6,631,126
2022-2026	83,719,102	57,520,000	26,199,102
2027-2028	69,664,631	65,380,000	4,284,631
Total Minimum Lease Payments	$ 237,932,270	170,475,000	$ 67,457,270
Plus: Unamortized Premiums		3,538,756	
Total Certificates of Participation		$ 174,013,756	

- **Qualified School Construction Bonds**

The District issued Certificates of Participation (COPs) dated April 29, 2010, under the Qualified School Construction Bond (QSCB) Program pursuant to Section 54F of the United States Internal Revenue Code of 1986 as amended (the Code). The QSCB Program provides for an issuer interest rate subsidy on certain bonds or COPs. The School District of Osceola County received an approved allocation of funds from the Florida Department of Education sufficient for the designation of the Series 2010A COP as a QSCB under the Code. Pursuant to Section 6431 of the Code, the District has elected to receive Federal subsidy payments (the Issuer Subsidy) from the United States Treasury on each interest payment date for the Series 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate pursuant to Section 54A(b)(3) of the Code. The tax credit rate which would have been applicable to the Series 2010A Certificates is 5.8 percent.

The Series 2010A Certificates were issued in the amount of $40,500,000. Interest payments are to be made to the holders of the Certificates on April 1st and October 1st of each year at the stated coupon rate of 6.658 percent with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on April 1, 2027. Beginning in 2013, the District is to deposit $2,696,490 into a Sinking Fund annually on April 1st. The accumulated amount in this fund plus interest at a projected 3 percent is to be used to repay the principal amount of these certificates upon maturity.

10. BONDS PAYABLE

Bonds payable at June 30, 2016, are as follows:

Bond Type		Amount Outstanding	Interest Rates (Percent)	Annual Maturity To		Original Amount
State School Bonds:						
Series 2006A	$	1,210,000	4.25 - 4.625	2026	$	1,810,000
Series 2009A, Refunding		300,000	5.00	2019		870,000
Series 2010A, Refunding		715,000	4.0 - 5.0	2022		1,205,000
Series 2011A, Refunding		895,000	3.0 - 5.0	2023		1,135,000
Series 2014A, Refunding		1,585,000	3.0 - 5.0	2025		1,796,000
Series 2014B, Refunding		764,000	2.0 - 5.0	2020		1,811,000
District Revenue Bonds:						
Sales Tax Revenue Series 2007A		2,430,000	5.0	2025		47,580,000
Sales Tax Revenue Series 2007B		21,605,000	4.25 - 5.0	2024		32,255,000
Sales Tax Revenue Series 2015		29,660,000	2.29	2025		30,087,000
Total Bonds		59,164,000				
Plus: Unamortized Bond Premium		1,151,555				
Total Bonds Payable	$	60,315,555				

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 SBE 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 SBE and the SBA.

- **District Revenue Bonds**

The School Board issued Sales Tax Revenue Bonds, Series 2007A and 2007B on April 12, 2007, totaling $47,580,000 and $32,255,000, respectively. These bonds are authorized by Chapter 1001, Florida Statutes and Chapter 212, Part I, Florida Statutes. A resolution providing for the issuance of the bonds was adopted by the Board on March 20, 2007. Proceeds of the discretionary local government infrastructure sales tax surtax received by the District pursuant to an interlocal agreement between Osceola County, the cities of Kissimmee and St. Cloud, and the District are pledged for the payment of bonds. Proceeds of the 2007A bonds were used to finance the acquisition, construction, reconstruction, renovation, and equipping of certain capital improvements and educational facilities within the District. Proceeds of the 2007B bonds were used to advance-refund a portion of the District's outstanding Sales Tax Revenue Bonds, Series 2001. On July 17, 2015, the District issued Sales Tax Revenue Bonds, Series 2015. Proceeds of the 2015 bonds were used to advance-refund a portion of the Series, 2007A bonds. The District has pledged a combined total of $62,613,231 of discretionary surtax sales revenues (sales tax revenues) in connection with the Series 2007A, 2007B, and 2015 Sales Tax Revenue Bond issues described above. During the 2015-16 fiscal year, the District recognized sales tax revenues totaling $12,771,275 and expended $6,881,502 (54 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax revenues are committed until final maturity of the debt, or June 1, 2025. Assuming a nominal growth rate in the collection of sales tax revenues, which are levied through June 30, 2025, approximately 45 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2017	$ 1,289,285	$ 1,034,000	$ 255,285
2018	968,625	763,000	205,625
2019	797,113	629,000	168,113
2020	709,506	571,000	138,506
2021	709,363	598,000	111,363
2022-2026	2,077,431	1,874,000	203,431
Total State School Bonds	6,551,323	5,469,000	1,082,323
District Revenue Bonds:			
2017	6,958,652	5,174,000	1,784,652
2018	6,956,577	5,419,000	1,537,577
2019	6,956,929	5,585,000	1,371,929
2020	6,956,855	5,756,000	1,200,855
2021	6,956,155	5,932,000	1,024,155
2022-2025	27,828,063	25,829,000	1,999,063
Total District Revenue Bonds	62,613,231	53,695,000	8,918,231
Total	$ 69,164,554	$ 59,164,000	$ 10,000,554

11. DEFEASED DEBT

On July 17, 2015, the District issued Sales Tax Refund Bonds, Series 2015, in the amount of $30,087,000, with an interest rate of 2.29 percent. The refunding bonds were issued to advance-refund the $27,665,000 principal amount of the District's Sales Tax Revenue Bonds, Series 2007A that mature on or after June 1, 2018. The net proceeds of $30,084,611 (after payment of 117,660 in issuance costs) were placed in an irrevocable trust to provide for a portion of future debt service payments on the Series 2007A bonds. As a result, $27,665,000 of the Series 2007A bonds are considered to be in-substance defeased and the liability for these bonds have been removed from the government-wide financial statements.

The Series 2007A bonds were refunded to reduce its total debt service payments over the next 9 years by approximately $2,715,380 and to obtain an economic gain (difference between the present value of the debt service payments on the old and the new debt) of $2,430,050.

On August 7, 2015, the District issued $8,310,000 in Refunding Certificates of Participation, Series 2015, with an interest rate of 2.67 percent, to currently-refund $8,120,000 of outstanding Certificates of Participation, Series 2005, that mature on or after August 1, 2016.

The net proceeds of $8,289,225 (including a payment of $132,887 issuance costs) were place in an irrevocable trust to provide for debt service payments on the Certificates of Participation, Series 2005. As a result, $8,120,000 of Certificate of Participation, Series 2005 are considered to be in-substance defeased and the liability for these certificates has been removed from the government-wide financial statements.

The Series 2015 certificates were issued to reduce the total debt service payments from the 2005 certificates over the next 8 years by $564,538 and to obtain an economic gain (difference between the present value of the debt service payments on the old and the new debt) of $499,088.

12. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-15	Additions	Deductions	Balance 6-30-16	Due in One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable	$ 6,926,368	$ -	$ 3,372,420	$ 3,553,948	$ 3,553,948
Bonds Payable	66,112,180	30,087,000	35,883,624	60,315,557	6,481,435
Certificates of Participation Payable	182,465,005	8,310,000	16,761,249	174,013,756	9,113,026
Educational Facilities Benefit District Agreement Payable	3,863,449	5,903,433	183,703	9,583,179	270,552
Impact Fee Credit Vouchers	7,091,955	-	758,042	6,333,913	-
Net Pension Liability	118,947,476	98,945,296	50,074,748	167,818,024	3,299,939
Other Postemployment Benefits Payable	51,399,056	2,953,568	1,046,732	53,305,892	-
Compensated Absences Payable	35,323,102	7,543,708	4,844,758	38,022,052	2,405,195
Total Governmental Activities	$ 472,128,591	$ 153,743,005	$ 112,925,276	$ 512,946,320	$ 25,124,095

The District issues educational impact fee credits in exchange for land in connection with the construction of school facilities within the Bellalago Educational Facilities Benefit Districts (BEFBD) and Flora Ridge Educational Facilities Benefit District (FREFBD). Impact fee credits issued to the BEFBD are related to the K-8 portion of the educational impact fees authorized, while the FREFBD impact fee credits are related to the K-5 portion of the educational impact fees authorized. As of June 30, 2016, the balance of unused impact fee credits included $3,144,360 for BEFBD; $1,889,040 for FREFBD; $13,475 for KOA-Fountains at San Remo; and $1,287,038 for Celebration.

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

13. FUND BALANCE REPORTING

The following is a schedule of fund balances by category at June 30, 2016:

	Major Funds					
	General	Special Revenue - Other Federal Programs	Capital Project Local Capital Improvement	Capital Projects - Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances						
Nonspendable:						
Inventory	$ 2,504,747	$	$	$	$ 1,162,356	$ 3,667,103
Restricted:						
State Categorical Programs	13,733,296					13,733,296
Debt Service					12,293,204	12,293,204
Capital Projects			20,950,858	58,710,560	452,319	80,113,737
Grants and Programs	4,423,025					4,423,025
Food Services					13,754,733	13,754,733
Assigned:						
Contract Commitments	891,405					891,405
Carryover Appropriations	3,953,322					3,953,322
Unassigned	41,010,743					41,010,743
Total Fund Balances	$ 66,516,538	$	$ 20,950,858	$ 58,710,560	$ 27,662,612	$ 173,840,568

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

- **Non-spendable Fund Balance**

  Non-spendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. The District has inventory of $3,667,103 classified as non-spendable.

- **Restricted Fund Balance**

  Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District has a total of $124,317,995 in restricted fund balance as of June 30, 2016.

- **Unassigned Fund Balance**

  The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes. As discussed in the Fund Balance Policies note disclosure, the District has set aside "contingency reserves" as per School Board Rule 7.10. The contingency funds of $26,738,732 are included as part of the unassigned general fund balance of $41,010,743.

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

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

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

The District's FRS and HIS pension expense totaled $12,305,962 for the fiscal year ended June 30, 2016.

➢ **FRS Pension Plan**

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of credible service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

	Percent of Gross Salary	
Class or Plan	Employee	Employer (A)
FRS, Regular	3.00	7.26
FRS, Elected County Officers	3.00	42.27
FRS, Senior Management	3.00	21.43
DROP - Applicable to Members from All of the Above Classes or Plans	0.00	12.88
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Program.

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

The District's contributions to the Plan totaled $13,964,519 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of $79,606,150 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.616946585 percent, which was an increase of 0.000671632 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of $5,661,420 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,412,580	$ 1,889,931
Change of assumptions	5,289,089	
Net difference between projected and actual earnings on FRS pension plan investments		19,027,905
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	7,799	159,995
District FRS contributions subsequent to the measurement date	13,964,519	
Total	$ 27,673,987	$ 21,077,831

The deferred outflows of resources related to pensions, totaling $13,964,519, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	$ (1,954,860)
2018	(1,954,860)
2019	(1,954,860)
2020	(1,954,860)
2021	(1,954,860)
Thereafter	2,405,937
Total	(7,368,363)

Actuarial Assumptions. The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

Asset Class	Target Allocation (A)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.2%	3.1%	1.7%
Fixed Income	18.00%	4.8%	4.7%	4.7%
Global Equity	53.00%	8.5%	7.2%	17.7%
Real Estate (Property)	10.00%	6.8%	6.2%	12.0%
Private Equity	6.00%	11.9%	8.2%	30.0%
Strategic Investments	12.00%	6.7%	6.1%	11.4%
Total	100.00%			
Assumed inflation - Mean		2.6%		1.9%

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

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

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

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	$ 206,277,537	$ 79,606,150	$ 25,805,252

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

Payables to the Pension Plan. At June 30, 2016, the District reported a payable of $3,804,392 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2016.

➢ **HIS Pension Plan**

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

Benefits Provided. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled $4,397,554 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a net pension liability of $88,211,874 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.865679313 percent, which was a decrease of 0.004516411 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of $6,644,542. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 6,945,778	$
Net difference between projected and actual earnings on HIS pension plan investments	47,792	
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	686,273	401,184
District contributions subsequent to the measurement date	4,397,554	
Total	$ 12,077,397	$ 401,184

The deferred outflows of resources, totaling $4,397,554, was related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	$ 1,013,846
2018	1,013,846
2019	1,013,846
2020	1,013,846
2021	1,013,846
Thereafter	2,209,432
Total	7,278,659

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

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.80 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. While an experience study had not been completed for the plan, the FRS Actuarial Assumptions Conference reviewed the actuarial assumptions for the plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.8 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.8 percent) or 1 percentage point higher (4.8 percent) than the current rate:

	1% Decrease (2.8%)	Current Discount Rate (3.8%)	1% Increase (4.8%)
District's proportionate share of the net pension liability	$ 100,513,324	$ 88,211,874	$ 77,954,311

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

Payables to the Pension Plan. At June 30, 2016, the District reported a payable of $64,219 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2016.

- **FRS – Defined Contribution Pension Plan**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the Investment Plan member's accounts during the 2015-16 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension

Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled $2,946,786 for the fiscal year ended June 30, 2016.

Payables to the Pension Plan. At June 30, 2016, the District reported a payable of $491,326 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2016.

15. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

➢ Plan Description

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

➢ Funding Policy

Plan contribution requirements of the District and Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2015-16 fiscal year, 159 retirees received other postemployment healthcare benefits, and another 64 retirees received only life insurance benefits. The District provided required contributions of $1,046,732 toward the annual OPEB cost, net of retiree contributions totaling $1,251,658, which represents 0.55 percent of covered payroll.

➢ Annual OPEB Cost and Net OPEB Obligation

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

Description	Amount
Normal Cost (service cost for one year)	$ 2,098,796
Amortization of Unfunded Actuarial Accrued Liability	1,503,379
Annual Required Contribution	3,602,175
Interest on Net OPEB Obligation	1,798,967
Adjustment to Annual Required Contribution	(2,447,574)
Annual OPEB Cost (Expense)	2,953,568
Contribution Toward the OPEB Cost	(1,046,732)
Increase in Net OPEB Obligation	1,906,836
Net OPEB Obligation, Beginning of Year	51,399,056
Net OPEB Obligation, End of Year	$ 53,305,892

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, 2016, and the 2 preceding years, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	$ 8,382,176	$ 2,052,068	24.48%	$ 46,277,359
June 30, 2015	5,782,394	660,697	11.43%	51,399,056
June 30, 2016	2,953,568	1,046,732	35.44%	53,305,892

- **Funded Status and Funding Progress**

As of January 1, 2016, the most recent valuation date, the actuarial accrued liability for benefits was $31,032,558, and the actuarial value of assets was $0, resulting in an unfunded actuarial liability of $31,032,558. The covered payroll (annual payroll of active participating employees) was $226,286,281, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.71 percent.

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

- **Actuarial Methods and Assumptions**.

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

The District's OPEB actuarial valuation, as of January 1, 2016, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution as of June 30, 2016. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.5 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, projected salary increases of 3.7 percent to 7.8 percent, and an annual healthcare cost trend rate of 7 percent initially for the 2016 calendar year, reduced to an ultimate rate of 4.58 percent for the calendar year ending 2040. The investment rate and projected salary increases include an inflation rate of 2.5 percent. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis over 30 years. The remaining amortization period at June 30, 2016, is 21 years.

16. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

	Interfund	
Funds	Receivables	Payables
Major:		
General	$ 1,590,091	$
Special Revenue:		
Other Federal Programs		1,489,013
Capital Projects:		
Other Capital Projects	692,868	
Nonmajor Governmental		793,946
Total	$ 2,282,959	$ 2,282,959

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

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

Funds	Interfund Transfers In	Interfund Transfers Out
Major:		
General	$ 6,313,255	$ 3,000,000
Special Revenue:		
Other Federal Programs		243,576
Capital Projects:		
Local Capital Improvement Fund		16,155,124
Other	5,829,939	10,487,778
Nonmajor Governmental	20,573,224	5,829,940
Internal Service	3,000,000	
Total	$ 35,716,418	$ 35,716,418

The major transfers out of the Capital Projects funds were to provide debt service principal and interest payments and to assist in funding maintenance operations of the District. The transfer out of the Nonmajor Governmental Funds was for the return of sales tax revenues not needed for debt repayment. The transfer out of General Fund into Internal Service Fund was for additional funding for the construction of the Employee Wellness Center. The remaining transfers between funds were operational in nature.

17. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2015-16 fiscal year:

Source	Amount
Florida Education Finance Program	$ 225,619,617
Categorical Educational Program - Class Size Reduction	66,167,113
Workforce Development Program	6,265,312
Motor Vehicle License Tax (Capital Outlay & Debt Service)	2,660,163
Voluntary Prekindergarten Program	2,475,996
Charter School Capital Outlay	1,979,502
School Recognition	1,883,620
Florida Best and Brightest Teacher Scholarship	734,808
Public Education Capital Outlay	655,269
Food Service Supplement	436,222
Standard Student Attire Incentive	395,507
Miscellaneous	392,080
Total	$ 309,665,209

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

18. PROPERTY TAXES

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

	Millages	Taxes Levied
GENERAL FUND		
Nonvoted School Tax:		
Required Local Effort (RLE)	5.009	$ 105,628,084
RLE Prior Period Adjustment	0.004	84,351
Basic Discretionary Local Effort	0.748	15,773,569
CAPITAL PROJECTS - LOCAL CAPITAL IMPROVEMENT FUND		
Nonvoted Tax:		
Local Capital Improvements	1.500	31,631,489
Total	7.261	$ 153,117,493

19. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

- **Encumbrances**

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

The following is a schedule of encumbrances at June 30, 2016:

Major Funds					
General	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement	Capital Projects - Other	Nonmajor Governmental Funds	Total Governmental Funds
$ 2,656,843	$ 607,623	$ 1,785,619	$ 3,981,591	$ 2,932,405	$ 11,964,081

Encumbrances for the Special Revenue – Other Federal Programs fund totaling $607,623 represent commitments that will be expensed in the subsequent period.

➢ Construction Contracts

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

Description	Contract Amount	Total Completed	Balance Committed
Celebration High School Space Reconfiguration			
Contractor - Semco Construction, Inc.	$ 522,758	$	$ 522,758
Architect - Rhodes & Brito Architects, Inc.	49,947	39,009	10,938
Discovery Intermediate Space Reconfiguration			
Contractor - Arnco Construction Inc.	627,582	148,738	478,844
Architect - Schenkel & Shultz, Inc.	79,965	66,575	13,390
Gateway Space Reconfiguration			
Contractor - Semco Construction, Inc.	193,518		193,518
Direct Purchase Order and pre-construction	39,009	39,009	
Architect - Paul Stressing Associates, Inc.	8,175		8,175
High School in Boggy Creek			
Contractor - Gilbane Building Company	308,366	63,600	244,766
Architect - Schenkel & Shultz, Inc.	2,591,073	569,835	2,021,238
Kissimmee Middle School Kitchen Remodel			
Contractor - Welbro Building Corporation	617,811	44,372	573,439
Architect - Schenkel & Shultz, Inc.	19,091	14,095	4,996
Neptune Middle School Kitchen Remodel			
Contractor - Clancy & Theis Construction Co.	492,813	22,354	470,459
Architect - Schenkel & Shultz, Inc.	18,787	13,724	5,063
Reedy Creek Space Reconfiguration			
Contractor - Wharton-Smith, Inc.	234,945		234,945
Architect - C.T. HSU +Associates, P.A.	28,400	24,519	3,881
Other projects:			
Bathroom renovations (Various Facilities)	186,621	178,496	11,125
HVAC Systems (Various Facilities)	1,474,472	1,341,083	133,389
Intercom System at Osceola County School for the Arts	306,198	242,478	63,721
Renovations (Various)	769,090	483,049	286,041
Total	$ 8,568,621	$ 3,290,936	$ 5,280,686

20. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective May 1, 2010, for property insurance and effective July 1, 2010 for all other casualty and workers' compensation coverage, the School Board implemented a stand-alone program of self-insurance and excess insurance.

The Board established the Osceola County School Board Group Health and Life Insurance Trust to provide for a health, hospitalization, and life insurance program. These programs are accounted for in the District's internal service funds. The program is on a self-insured basis up to specified limits. The District did not elect to purchase the aggregate stop-loss coverage due to the rising premium cost and the high attachment point.

The District elected to continue coverage for a specific stop-loss for any one claim of $850,000. The Board has contracted with a professional administrator to administer the self-insurance program, including the processing, investigating, and payment of claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years. A liability in the amount of $4,096,000 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable for the group health program at June 30, 2016.

Effective July 1, 2003, the District's general liability and auto liability programs were established on a self-insured basis. These programs are administered by the Trust and are accounted for in the District's internal service funds. A liability of $264,319 was established based on reserves for outstanding claims at June 30, 2016, as reported by the program administrator.

The following schedule represents the changes in claims liability for the past 2 fiscal years for the District's self-insurance programs:

Fiscal Year	Beginning-of-Fiscal-Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2014-15	$ 4,228,475	$ 45,830,110	$ (46,069,638)	$ 3,988,947
2015-16	3,988,947	53,138,674	(52,767,302)	$ 4,360,319

21. BOND RATINGS

Following is a summary of the bond insurer for each of the District's issues and its rating as of June 30, 2016.

		Insurer Ratings		
		Fitch	Moody's	Standard & Poor's
Sales Tax Revenue Bonds				
2007 Sales Tax Revenue	Assured Guaranty Municipal Corp.*	Not Rated	Aa3 to A2	AA- to AA
Certificates of Participation				
2007 COPs	Ambac Assurance Corporation	Not Rated	Rating Withdrawn	Rating Withdrawn
2009 COPs	Assured Guaranty Corporation	Not Rated	Aa3 to A3	AA- to AA

Notes:

The District's Certificates of Participation, Series 2010, Series 2013, Series 2014 and Series 2015 are uninsured.

* Formerly known as Financial Security Assurance Inc.

22. LITIGATION

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

23. SUBSEQUENT EVENTS

- Debt Refundings

On September 20, 2016, the Board approved a resolution entering into a Forward Agreement to refund the Series 2007 COPs by issuing Series 2017A COPs for an amount not to exceed $59,000,000. On the same date, the Board also approved a resolution entering into a Forward Agreement to refund the District's Sales Tax Revenue Bonds, Series 2007B, by issuing Sales Tax Revenue Refunding Bonds, Series 2017, for an amount not to exceed $19,750,000.

- Approval of Discretionary Sales Surtax of One-Half Cent

Section 212.055(6), Florida Statutes, authorizes the imposition by school boards of a one-half cent sales surtax on all taxable transactions to fund capital outlay projects and technology implementation, including the payment of bond indebtedness, subject to approval by the electors of the county voting in a referendum. In November 2016, Osceola County voters approved by referendum the imposition of a one-half cent discretionary sales surtax to be effective beginning January 1, 2017, and ending December 31, 2036.

The proceeds of the levy and collections of the surtax and any interest accrued thereto shall be expended by the School Board in accordance with the approved uses for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of five (5) or more years, and any land acquisition, land improvement, design and engineering costs related thereto, including the making of lease payments under lease purchase agreements pursuant to Sections 1001.42 and 1013.15, Florida Statutes, and for the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the District. The plan includes the renovation or replacement of 30 prioritized school campuses, as well as other deferred maintenance, technology upgrades and security enhancements to all District facilities.

REQUIRED SUPPLEMENTARY INFORMATION

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental:				
Federal Direct	$ 500,000	$ 500,000	$ 506,550	$ 6,550
Federal Through State		2,894,295	2,894,295	
State	299,697,838	303,970,722	304,005,571	34,849
Local:				
Property Taxes	117,220,362	117,220,362	117,162,480	(57,882)
Miscellaneous	13,235,070	13,195,264	14,454,620	1,259,356
Total Revenues	430,653,270	437,780,643	439,023,516	1,242,873
EXPENDITURES				
Current - Education:				
Instruction	303,692,768	310,100,787	289,513,221	20,587,566
Student Support Services	22,299,564	21,567,853	21,555,238	12,615
Instructional Media Services	4,288,737	4,483,983	4,435,156	48,827
Instruction and Curriculum Development Services	10,341,045	9,917,824	9,705,543	212,281
Instructional Staff Training Services	5,848,539	5,432,749	5,119,039	313,710
Instruction-Related Technology	4,082,158	3,987,755	3,980,008	7,747
Board	2,001,123	1,994,276	1,745,998	248,278
General Administration	1,231,184	1,695,197	1,639,837	55,360
School Administration	23,639,526	23,095,235	23,086,443	8,792
Facilities Services	7,087,270	8,411,634	4,333,868	4,077,766
Fiscal Services	2,126,729	2,029,667	2,021,992	7,675
Food Services	121,136	189,209	189,209	
Central Services	7,116,784	7,331,165	6,922,887	408,278
Student Transportation Services	21,471,124	19,706,237	19,667,982	38,255
Operation of Plant	34,589,660	31,878,032	31,140,563	737,469
Maintenance of Plant	8,619,821	9,142,783	8,173,071	969,712
Administrative Technology Services	4,042,224	4,235,471	4,069,109	166,362
Community Services	4,319,815	4,790,253	3,894,161	896,092
Fixed Capital Outlay:				
Facilities Acquisition and Construction		17,018	13,548	3,470
Other Capital Outlay	232,999	1,246,863	1,141,307	105,556
Debt Service:				
Principal	30,095	241,427	241,427	
Interest and Fiscal Charges		2,148	2,148	
Total Expenditures	467,182,301	471,497,566	442,591,755	(28,905,811)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,529,031)	(33,716,923)	(3,568,239)	30,148,684
OTHER FINANCING SOURCES (USES)				
Transfers In	13,673,234	13,511,416	6,313,255	(7,198,161)
Insurance Loss Recoveries	65,000	414,710	308,769	(105,941)
Transfers Out		(3,000,000)	(3,000,000)	
Total Other Financing Sources (Uses)	13,738,234	10,926,126	3,622,024	(7,304,102)
Net Change in Fund Balances	(22,790,797)	(22,790,797)	53,785	22,844,582
Fund Balances, July 1, 2015	66,462,753	66,462,753	66,462,753	
Fund Balances, June 30, 2016	$ 43,671,956	$ 43,671,956	$ 66,516,538	$ 22,844,582

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental:				
Federal Direct	$ 1,266,730	$ 1,590,649	$ 1,555,661	$ (34,988)
Federal Through State	45,243,278	47,949,608	37,354,661	(10,594,947)
Local:				
Miscellaneous		53,603	53,603	
Total Revenues	46,510,008	49,593,860	38,963,925	(10,629,935)
EXPENDITURES				
Current - Education:				
Instruction	24,322,281	26,002,960	21,041,889	4,961,071
Student Support Services	2,240,915	2,138,488	1,735,186	403,302
Instructional Media Services	138,938	217,739	192,071	25,668
Instruction and Curriculum Development Services	8,777,374	8,136,916	7,004,870	1,132,046
Instructional Staff Training Services	5,473,491	6,056,968	3,763,801	2,293,167
Instruction-Related Technology	254,836	270,910	243,631	27,279
General Administration	883,271	1,357,239	1,179,372	177,867
School Administration		395	395	
Central Services	455,145	701,426	543,517	157,909
Student Transportation Services	322,897	448,768	164,035	284,733
Operation of Plant	40,000			
Maintenance of Plant		24,632	21,884	2,748
Administrative Technology Services	60,637	36,531	30,513	6,018
Community Services	1,200,000	1,514,721	1,514,721	
Fixed Capital Outlay:				
Facilities Acquisition and Construction	41,000	41,000		41,000
Other Capital Outlay	2,299,223	2,401,591	1,284,464	1,117,127
Total Expenditures	46,510,008	49,350,284	38,720,349	10,629,935
Excess (Deficiency) of Revenues Over (Under) Expenditures		243,576	243,576	
OTHER FINANCING USES				
Transfers Out		(243,576)	(243,576)	
Total Other Financing Sources		(243,576)	(243,576)	
Net Change in Fund Balances				
Fund Balances, July 1, 2015				
Fund Balances, June 30, 2016	$ 0	$ 0	$ 0	$ 0

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

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b) (1)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2016	1/1/2016	$	$ 31,032,558	$ 31,032,558	0.00%	$ 226,286,281	13.71%
6/30/2015	1/1/2014		48,687,597	48,687,597	0.00%	252,423,236	19.29%
6/30/2014	1/1/2014		75,830,525	75,830,525	0.00%	275,178,737	27.56%

Note (1): The District used the entry age normal cost actuarial method to estimate the actuarial accured liability.

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

	2015	2014	2013
District's proportion of the FRS net pension liability	0.616946585%	0.616274953%	0.617635316%
District's proportionate share of the net pension liability	$ 79,606,150	$ 37,601,835	$ 106,322,527
District's covered-employee payroll	$ 266,042,494	$ 264,519,865	$ 252,711,788
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.92%	14.22%	42.07%
FRS plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	88.54%

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

Note: Data was unavailable prior to 2013.

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

	2016	2015	2014
Contractually required contribution	$ 13,964,519	$ 15,026,754	$ 13,499,037
FRS contributions in relation to the contractually required contribution	(13,964,519)	(15,026,754)	(13,499,037)
FRS contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 273,388,232	$ 266,042,494	$ 264,519,865
FRS contributions as a percentage of covered-employee payroll	5.11%	5.65%	5.10%

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

Note: Data was unavailable prior to 2014.

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

	2015	2014	2013
District's proportion of the HIS net pension liability	0.865679313%	0.870195724%	0.858869196%
District's proportionate share of the net pension liability	$ 88,211,874	$ 81,345,641	$ 74,794,277
Covered-employee payroll	$ 266,042,494	$ 264,519,865	$ 252,711,788
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	33%	31%	30%
HIS plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	1.78%

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

Note: Data was unavailable prior to 2013.

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

	2016	2015	2014
Contractually required contribution	$ 4,397,554	$ 3,305,881	$ 2,983,497
HIS contributions in relation to the contractually required contribution	(4,397,554)	(3,305,881)	(2,983,497)
HIS contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 273,388,232	$ 266,042,494	$ 264,519,865
HIS contributions as a percentage of covered-employee payroll	1.61%	1.24%	1.13%

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

Note: Data was unavailable prior to 2014.

1. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The Board follows procedures established by State statutes and State Board of Education (SBE) 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 SBE rules.

- Appropriations are controlled at the fund-function level and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.

- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

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

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

2. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

The District is required to perform periodic actuarial valuations of its postemployment benefits other than pensions. For the January 1, 2016, valuation, the following key assumptions were modified to reflect current experience: (1) the cost of coverage per OPEB Plan member increased with no increase in the premiums required from retirees; (2) populations of both retirees and active employees increased; (3) trend rates for medical and prescription costs increased; (4) rates of retiree participation once eligible for Medicare were revised; and (5) certain demographic assumptions were revised to reflect the changes made by the Florida Retirement System in its July 1, 2015, actuarial valuation.

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

- **Changes in Benefit Terms**

  There were no changes in benefit terms. A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: http://www.dms.myflorida.com/workforce operations/retirement/publications/annual_reports

- **Changes in Assumptions**

There were no changes in assumptions. The inflation rate assumption remained at 2.6 percent, the real payroll growth assumption remained at 0.65 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return remained at 7.65 percent. A summary of key changes implemented since June 1, 2013 valuation are described in the Florida Department of Management Services, Actuarial Valuations at: http://www.dms.myflorida.com/workforceoperations/retirement/publications/actuarial_valuations

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

- **Changes in Benefit Terms**

There were no changes in benefit terms. A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual reports

- **Changes in Assumptions**

The discount rate used to determine total pension liability was decreased from 4.29 percent to 3.8 percent. A summary of key changes implemented since June 1, 2013 valuation are described in the Florida Department of Management Services, Actuarial Valuations at: http://www.dms.myflorida.com/workforce_operations/retirement/publications/actuarial_valuations

Combining and Individual Fund Statements and Schedules

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 9,049,833	$ 8,765	$ 259,221	$ 9,317,819
Investments	5,070,776	11,140,580		16,211,356
Accounts Receivable	11,579			11,579
Due from Other Agencies	293,785	1,841,618	419,553	2,554,956
Inventories	1,162,356			1,162,356
Total Assets	$ 15,588,329	$ 12,990,963	$ 678,774	$ 29,258,066
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries and Benefits Payable	$ 47,475	$	$	$ 47,475
Payroll Deductions and Withholdings	95,958			95,958
Accounts Payable	263,093	3,646	110,604	377,343
Construction Contracts Payable	66,726			66,726
Due to Other Funds		694,113	99,833	793,946
Due to Other Agencies	90,262			90,262
Sales Tax Payable	366			366
Unearned Revenue	107,360		16,018	123,378
Total Liabilities	671,240	697,759	226,455	1,595,454
FUND BALANCES				
Nonspendable	1,162,356			1,162,356
Restricted	13,754,733	12,293,204	452,319	26,500,256
Total Fund Balances	14,917,089	12,293,204	452,319	27,662,612
Total Liabilities and Fund Balances	$ 15,588,329	$ 12,990,963	$ 678,774	$ 29,258,066

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental:				
Federal Direct	$	$ 2,183,396	$	$ 2,183,396
Federal Through State	31,474,766			31,474,766
State	436,222	1,832,828	1,253,939	3,522,989
Local:				
Local Sales Taxes		12,771,275		12,771,275
Charges for Services - Food Service	3,390,984			3,390,984
Miscellaneous	256,478	2,150,047	3,312	2,409,837
Total Revenues	35,558,450	18,937,546	1,257,251	55,753,247
EXPENDITURES				
Current - Education:				
Instruction-Related Technology	15,177			15,177
Facilities Services			963,759	963,759
Food Services	28,954,484			28,954,484
Fixed Capital Outlay:				
Facilities Acquisition and Construction	295,880		320,107	615,987
Other Capital Outlay	387,084			387,084
Debt Service:				
Principal		18,449,123		18,449,123
Interest and Fiscal Charges		11,480,862		11,480,862
Dues, Fees and Issuance Costs		313,021	1,737	314,758
Total Expenditures	29,652,625	30,243,006	1,285,603	61,181,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,905,825	(11,305,460)	(28,352)	(5,427,987)
OTHER FINANCING SOURCES (USES)				
Transfers In		20,573,224		20,573,224
Refunding Bonds Issued		30,087,000		30,087,000
Proceeds of Certificates of Participation Agreements		8,310,000		8,310,000
Payments to Escrow Agent for Refunded Debt		(38,240,950)		(38,240,950)
Transfers Out		(5,829,939)	(1)	(5,829,940)
Total Other Financing Sources (Uses)	0	14,899,335	(1)	14,899,334
Net Change in Fund Balances	5,905,825	3,593,875	(28,353)	9,471,347
Fund Balances, July 1, 2015	9,011,264	8,699,329	480,672	18,191,265
Fund Balances, June 30, 2016	$ 14,917,089	$ 12,293,204	$ 452,319	$ 27,662,612

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
June 30, 2016

	Special Revenue Funds		
	Food Services	Federal Economic Stimulus Programs	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and Cash Equivalents	$ 9,049,833	$	$ 9,049,833
Investments	5,070,776		5,070,776
Accounts Receivable	11,579		11,579
Due from Other Agencies	293,785		293,785
Inventory	1,162,356		1,162,356
Total Assets	$ 15,588,329	$	$ 15,588,329
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and Benefits Payable	$ 47,475	$	$ 47,475
Payroll Deductions and Withholdings	95,958		95,958
Accounts Payable	263,093		263,093
Construction Contracts Payable	66,726		66,726
Sales Tax Payable	366		366
Due to Other Agencies	90,262		90,262
Unearned Revenue	107,360		107,360
Total Liabilities	671,240		671,240
FUND BALANCES			
Nonspendable	1,162,356		1,162,356
Restricted	13,754,733		13,754,733
Total Fund Balances	14,917,089		14,917,089
Total Liabilities and Fund Balances	$ 15,588,329	$	$ 15,588,329

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds		
	Food Services	Federal Economic Stimulus Programs	Total Nonmajor Special Revenue Funds
REVENUES			
Intergovernmental:			
Federal Through State	$ 31,253,377	$ 221,389	$ 31,474,766
State	436,222		436,222
Local:			
Charges for Services - Food Service	3,390,984		3,390,984
Miscellaneous	256,478		256,478
Total Revenues	35,337,061	221,389	35,558,450
EXPENDITURES			
Current - Education:			
Instruction-Related Technology		15,177	15,177
Food Services	28,954,484		28,954,484
Fixed Capital Outlay:			
Facilities Acquisition and Construction	295,880		295,880
Other Capital Outlay	180,872	206,212	387,084
Total Expenditures	29,431,236	221,389	29,652,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,905,825		5,905,825
Net Change in Fund Balances	5,905,825		5,905,825
Fund Balances, July 1, 2015	9,011,264		9,011,264
Fund Balances, June 30, 2016	$ 14,917,089	$	$ 14,917,089

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
June 30, 2016

	Debt Service Funds			
	SBE/COBI Bonds	Other	ARRA Economic Stimulus Debt Service	Total Nonmajor Debt Service Funds
ASSETS				
Cash and Cash Equivalents	$	$ 5,315	$ 3,450	$ 8,765
Investments	128,419	378,517	10,633,644	11,140,580
Due from Other Agencies		1,841,618		1,841,618
Total Assets	$ 128,419	$ 2,225,450	$ 10,637,094	$ 12,990,963
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$	$ 196	$ 3,450	$ 3,646
Due to Other Funds		694,113		694,113
Total Liabilities		694,309	3,450	697,759
FUND BALANCES				
Restricted	128,419	1,531,141	10,633,644	12,293,204
Total Fund Balances	128,419	1,531,141	10,633,644	12,293,204
Total Liabilities and Fund Balances	$ 128,419	$ 2,225,450	$ 10,637,094	$ 12,990,963

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Debt Service Funds			
	SBE/COBI Bonds	Other	ARRA Economic Stimulus Debt Service	Total Nonmajor Debt Service Funds
REVENUES				
Intergovernmental:				
Federal Direct	$	$	$ 2,183,396	$ 2,183,396
State	1,832,828			1,832,828
Local:				
Local Sales Taxes		12,771,275		12,771,275
Miscellaneous		1,086,762	1,063,285	2,150,047
Total Revenues	1,832,828	13,858,037	3,246,681	18,937,546
EXPENDITURES				
Debt Service:				
Principal	1,541,000	16,908,123		18,449,123
Interest and Fiscal Charges	336,136	8,448,236	2,696,490	11,480,862
Dues, Fees and Issuance Costs	569	301,811	10,641	313,021
Total Expenditures	1,877,705	25,658,170	2,707,131	30,243,006
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,877)	(11,800,133)	539,550	(11,305,460)
OTHER FINANCING SOURCES (USES)				
Transfers In		17,467,537	3,105,687	20,573,224
Refunding Bonds Issued		30,087,000		30,087,000
Proceeds of Certificates of Participation Agreements		8,310,000		8,310,000
Payments to Escrow Agent for Refunded Debt		(38,240,950)		(38,240,950)
Transfers Out		(5,829,939)		(5,829,939)
Total Other Financing Sources (Uses)		11,793,648	3,105,687	14,899,335
Net Change in Fund Balances	(44,877)	(6,485)	3,645,237	3,593,875
Fund Balances, July 1, 2015	173,296	1,537,626	6,988,407	8,699,329
Fund Balances, June 30, 2016	$ 128,419	$ 1,531,141	$ 10,633,644	$ 12,293,204

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
June 30, 2016

	Capital Projects Funds			
	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	ARRA Economic Stimulus Capital Projects	Total Nonmajor Capital Project Funds
ASSETS				
Cash and Cash Equivalents	$	$ 259,221	$	$ 259,221
Due from Other Agencies	403,536	16,017		419,553
Total Assets	403,536	275,238		678,774
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	60,927	49,677		110,604
Due to Other Funds	99,833			99,833
Unearned Revenue		16,018		16,018
Total Liabilities	160,760	65,695		226,455
FUND BALANCES				
Restricted	242,776	209,543		452,319
Total Fund Balances	242,776	209,543		452,319
Total Liabilities and Fund Balances	$ 403,536	$ 275,238	$	$ 678,774

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2016

	Capital Projects Funds			
	Public Education Capital Outlay (PECO)	Capital Outlay and Debt Service Funds (CO & DS)	ARRA Economic Stimulus Capital Projects	Total Nonmajor Capital Project Funds
REVENUES				
Intergovernmental:				
State	$ 655,269	$ 598,670	$	$ 1,253,939
Local:				
Miscellaneous		3,312		3,312
Total Revenues	655,269	601,982		1,257,251
EXPENDITURES				
Current - Education:				
Facilities Services	119,816	843,943		963,759
Fixed Capital Outlay:				
Facilities Acquisition and Construction	320,107			320,107
Debt Service:				
Dues, Fees and Issuance Costs		1,737		1,737
Total Expenditures	439,923	845,680		1,285,603
Excess of Revenues Over Expenditures	215,346	(243,698)		(28,352)
OTHER FINANCING SOURCES (USES)				
Transfers Out			(1)	(1)
Total Other Financing Sources (Uses)			(1)	(1)
Net Change in Fund Balances	215,346	(243,698)	(1)	(28,353)
Fund Balances, July 1, 2015	27,430	453,241	1	480,672
Fund Balances, June 30, 2016	$ 242,776	$ 209,543	$	$ 452,319

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - FOOD SERVICES
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental:				
Federal Through State	$ 28,560,000	$ 28,752,067	$ 31,253,377	$ 2,501,310
State	424,000	436,222	436,222	
Local:				
Charges for Service - Food Service	2,728,000	3,373,344	3,390,984	17,640
Miscellaneous	46,000	256,420	256,478	58
Total Revenues	31,758,000	32,818,053	35,337,061	2,519,008
EXPENDITURES				
Current - Education:				
Food Services	31,142,664	31,066,933	28,954,484	2,112,449
Fixed Capital Outlay:				
Facilities Acquisition and Construction	20,268	1,533,474	295,880	1,237,594
Other Capital Outlay	619,010	241,588	180,872	60,716
Total Expenditures	31,781,942	32,841,995	29,431,236	3,410,759
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,942)	(23,942)	5,905,825	5,929,767
Net Change in Fund Balances	(23,942)	(23,942)	5,905,825	5,929,767
Fund Balances, July 1, 2015	9,011,264	9,011,264	9,011,264	
Fund Balances, June 30, 2016	$ 8,987,322	$ 8,987,322	$ 14,917,089	$ 5,929,767

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - FEDERAL ECONOMIC STIMULUS PROGRAMS
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental:				
Federal Through State	$ 221,885	$ 221,885	$ 221,389	$ (496)
Total Revenues	221,885	221,885	221,389	(496)
EXPENDITURES				
Current - Education:				
Instruction	234	234		234
Instructional Staff Training Services	242			
Instruction-Related Technology	15,177	15,419	15,177	242
General Administration	20	20		20
Fixed Capital Outlay:				
Other Capital Outlay	206,212	206,212	206,212	
Total Expenditures	221,885	221,885	221,389	496
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balances, July 1, 2015				
Fund Balances, June 30, 2016	$	$	$	$

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS - SBE/COBI BONDS
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental:				
State	$ 1,840,134	$ 1,832,828	$ 1,832,828	$
Total Revenues	1,840,134	1,832,828	1,832,828	
EXPENDITURES				
Debt Service:				
Principal	1,541,000	1,541,000	1,541,000	
Interest and Fiscal Charges	336,137	336,136	336,136	
Dues, Fees and Issuance Costs		569	569	
Total Expenditures	1,877,137	1,877,705	1,877,705	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,003)	(44,877)	(44,877)	
Net Change in Fund Balances	(37,003)	(44,877)	(44,877)	
Fund Balances, July 1, 2015	173,296	173,296	173,296	
Fund Balances, June 30, 2016	$ 136,293	$ 128,419	$ 128,419	$

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS - OTHER
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Local:				
Local Sales Taxes	$ 11,790,543	$ 12,771,275	$ 12,771,275	$
Miscellaneous	1,055,639	1,079,750	1,086,762	7,012
Total Revenues	12,846,182	13,851,025	13,858,037	7,012
EXPENDITURES				
Debt Service:				
Principal	16,908,123	16,908,123	16,908,123	
Interest and Fiscal Charges	8,294,186	8,448,236	8,448,236	
Dues, Fees and Issuance Costs	315,722	307,318	301,811	5,507
Total Expenditures	25,518,031	25,663,677	25,658,170	5,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,671,849)	(11,812,652)	(11,800,133)	12,519
OTHER FINANCING SOURCES (USES)				
Transfers In	17,307,688	17,465,238	17,467,537	2,299
Issuance of Bonds	30,204,660	30,087,000	30,087,000	
Proceeds of Certificates of Participation Agreements	8,310,000	8,310,000	8,310,000	
Face Value of Refunding Bonds		117,660		(117,660)
Payments to Escrow Agent for Refunded Debt	(38,356,220)	(38,356,220)	(38,240,950)	115,270
Transfers Out	(4,815,122)	(5,829,939)	(5,829,939)	
Total Other Financing Sources (Uses)	12,651,006	11,793,739	11,793,648	(91)
Net Change in Fund Balances	(20,843)	(18,913)	(6,485)	12,428
Fund Balances, July 1, 2015	1,537,626	1,537,626	1,537,626	
Fund Balances, June 30, 2016	$ 1,516,783	$ 1,518,713	$ 1,531,141	$ 12,428

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS - ARRA ECONOMIC STIMULUS FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental:				
Federal Direct	$ 2,177,523	$ 2,177,523	$ 2,183,396	$ 5,873
Local:				
Miscellaneous			1,063,285	1,063,285
Total Revenues	2,177,523	2,177,523	3,246,681	1,069,158
EXPENDITURES				
Debt Service:				
Interest and Fiscal Charges	2,696,490	2,696,490	2,696,490	
Dues, Fees and Issuance Costs	11,500	10,641	10,641	
Total Expenditures	2,707,990	2,707,131	2,707,131	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(530,467)	(529,608)	539,550	1,069,158
OTHER FINANCING SOURCES (USES)				
Transfers In	3,571,866	3,568,366	3,105,687	(462,679)
Total Other Financing Sources (Uses)	3,571,866	3,568,366	3,105,687	(462,679)
Net Change in Fund Balances	3,041,399	3,038,758	3,645,237	606,479
Fund Balances, July 1, 2015	6,988,407	6,988,407	6,988,407	
Fund Balances, June 30, 2016	$ 10,029,806	$ 10,027,165	$ 10,633,644	$ 606,479

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS - PUBLIC EDUCATION CAPITAL OUTLAY (PECO)
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental:				
State	$ 655,269	$ 655,269	$ 655,269	$
Total Revenues	655,269	655,269	655,269	
EXPENDITURES				
Current - Education:				
Facilities Services	358,992	358,992	119,816	239,176
Fixed Capital Outlay:				
Facilities Acquisition and Construction	323,707	323,707	320,107	3,600
Total Expenditures	682,699	682,699	439,923	242,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,430)	(27,430)	215,346	242,776
Net Change in Fund Balances	(27,430)	(27,430)	215,346	242,776
Fund Balances, July 1, 2015	27,430	27,430	27,430	
Fund Balances, June 30, 2016	$	$	$ 242,776	$ 242,776

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND - CAPITAL OUTLAY & DEBT SERVICE FUNDS (CO&DS)
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental:				
State	$ 711,560	$ 598,670	$ 598,670	$
Local:				
Miscellaneous		3,312	3,312	
Total Revenues	711,560	601,982	601,982	
EXPENDITURES				
Current - Education:				
Facilities Services	1,044,249	1,044,249	843,943	200,306
Debt Service:				
Dues, Fees and Issuance Costs		1,737	1,737	
Total Expenditures	1,044,249	1,045,986	845,680	200,306
Excess (Deficiency) of Revenues Over (Under) Expenditures	(332,689)	(444,004)	(243,698)	200,306
Net Change in Fund Balances	(332,689)	(444,004)	(243,698)	200,306
Fund Balances, July 1, 2015	453,241	453,241	453,241	
Fund Balances, June 30, 2016	$ 120,552	$ 9,237	$ 209,543	$ 200,306

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS - LOCAL CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Local:				
Property Taxes	$ 30,427,104	$ 30,427,104	$ 30,486,687	$ 59,583
Miscellaneous	9,942	110,136	432,308	322,172
Total Revenues	30,437,046	30,537,240	30,918,995	381,755
EXPENDITURES				
Current - Education:				
Facilities Services	9,018,722	10,362,018	3,556,830	6,805,188
Fixed Capital Outlay:				
Facilities Acquisition and Construction	9,869,646	7,465,563	2,635,095	4,830,468
Other Capital Outlay	3,040,826	4,287,012	4,236,049	50,963
Total Expenditures	21,929,194	22,114,593	10,427,974	11,686,619
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,507,852	8,422,647	20,491,021	12,068,374
OTHER FINANCING (USES)				
Transfers Out	(23,827,735)	(23,674,711)	(16,155,124)	7,519,587
Total Other Financing Sources (Uses)	(23,827,735)	(23,674,711)	(16,155,124)	7,519,587
Net Change in Fund Balances	(15,319,883)	(15,252,064)	4,335,897	19,587,961
Fund Balances, July 1, 2015	16,614,961	16,614,961	16,614,961	
Fund Balances, June 30, 2016	$ 1,295,078	$ 1,362,897	$ 20,950,858	$ 19,587,961

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS - OTHER FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental:				
State	$ 2,384,896	$ 1,979,502	$ 2,136,649	$ 157,147
Local:				
Impact Fees	26,040,242	30,000,000	33,912,736	3,912,736
Miscellaneous	71,821	268,508	461,940	193,432
Total Revenues	28,496,959	32,248,010	36,511,325	4,263,315
EXPENDITURES				
Current - Education:				
Facilities Services	6,678,511	3,722,181	2,389,174	1,333,007
Fixed Capital Outlay:				
Facilities Acquisition and Construction	14,231,745	14,478,494	3,553,013	10,925,481
Other Capital Outlay	813,600	3,020,026	2,749,672	270,354
Total Expenditures	21,723,856	21,220,701	8,691,859	12,528,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,773,103	11,027,309	27,819,466	16,792,157
OTHER FINANCING SOURCES (USES)				
Transfers In	4,815,122	5,829,939	5,829,939	
Proceeds from the Sale of Capital Assets			33,800	33,800
Transfers Out	(10,725,054)	(10,626,733)	(10,487,778)	138,955
Total Other Financing Sources (Uses)	(5,909,932)	(4,796,794)	(4,624,039)	172,755
Net Change in Fund Balances	863,171	6,230,515	23,195,427	16,964,912
Fund Balances, July 1, 2015	35,515,133	35,515,133	35,515,133	
Fund Balances, June 30, 2016	$ 36,378,304	$ 41,745,648	$ 58,710,560	$ 16,964,912

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS - ARRA ECONOMIC STIMULUS
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Local:				
Miscellaneous	$	$	$	$
Total Revenues				
EXPENDITURES				
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures				
OTHER FINANCING SOURCES				
Transfers Out		(1)	(1)	-
Total Other Financing Sources		(1)	(1)	(1)
Net Change in Fund Balances		(1)	(1)	(1)
Fund Balances, July 1, 2015		1	1	1
Fund Balances, June 30, 2016	$	$	$	$

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 11,715,072	$ 4,727,452	$ 16,442,524
Investments	5,268,666		5,268,666
Accounts Receivable	34,042		34,042
Due from Other Agencies	146,665		146,665
Prepaid Items		1,310,789	1,310,789
Total Current Assets	17,164,445	6,038,241	23,202,686
Noncurrent Assets:			
Capital Assets:			
Buildings and Fixed Equipment, Net	3,485,148		3,485,148
Furniture, Fixtures and Equipment, Net	175,966		175,966
Computer Software, Net	1,547		1,547
Total Noncurrent Assets	3,662,661		3,662,661
Total Assets	$ 20,827,106	$ 6,038,241	$ 26,865,347
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 1,407,701	$ 15,115	$ 1,422,816
Construction Contracts Payable	143,835		143,835
Construction Contracts Payable-Retainage	102,452		102,452
Estimated Insurance Claims Payable	4,096,000	264,319	4,360,319
Total Liabilities	5,749,988	279,434	6,029,422
NET POSITION			
Investment in Capital Assets	3,662,661		3,662,661
Unrestricted	11,414,457	5,758,807	17,173,264
Total Net Position	$ 15,077,118	$ 5,758,807	$ 20,835,925

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
OPERATING REVENUES			
Premium Revenues	$ 51,557,455	$ 4,607,978	$ 56,165,433
Total Operating Revenues	51,557,455	4,607,978	56,165,433
OPERATING EXPENSES			
Purchased Services	4,315,687	2,487,000	6,802,687
Materials and Supplies	203,516		203,516
Insurance Claims	50,682,781	2,455,893	53,138,674
Total Operating Expenses	55,201,984	4,942,893	60,144,877
Operating Loss	(3,644,529)	(334,915)	(3,979,444)
NONOPERATING REVENUES			
Interest Revenue	95,938	22,358	118,296
Miscellaneous Local Sources	1,759		1,759
Total Nonoperating Revenues	97,697	22,358	120,055
Transfers In	3,000,000		3,000,000
Change In Net Position	(546,832)	(312,557)	(859,389)
Net Position - July 1, 2015	15,623,950	6,071,364	21,695,314
Net Position - June 30, 2016	$ 15,077,118	$ 5,758,807	$ 20,835,925

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Board Funds and Participants	$ 52,652,100	$ 4,819,657	$ 57,471,757
Payments for Insurance Claims	(50,437,780)	(2,329,522)	(52,767,302)
Cash Payments to Vendors for Goods and Services	(3,827,068)	(2,490,335)	(6,317,403)
Net Cash Used by Operating Activities	(1,612,748)	(200)	(1,612,948)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	3,000,000		3,000,000
Net Cash Provided by Noncapital Financing Activities	3,000,000		3,000,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(3,662,661)		(3,662,661)
Net Cash Used by Capital and Related Financing Activities	(3,662,661)		(3,662,661)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	6,692,460	1,585,019	8,277,479
Interest	95,938	22,358	118,296
Other	1,760		1,760
Net Cash Provided by Investing Activities	6,790,158	1,607,377	8,397,535
Net Increase in Cash and Cash Equivalents	4,514,749	1,607,177	6,121,926
Cash and Cash Equivalents - Beginning	7,200,323	3,120,275	10,320,598
Cash and Cash Equivalents - Ending	$ 11,715,072	$ 4,727,452	$ 16,442,524

	Self-Insurance Trust Fund	Casualty Insurance Loss Fund	Total Internal Service Funds
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	$ (3,644,530)	$ (334,914)	$ (3,979,444)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	755,034		755,034
Decrease in Prepaid Items		211,677	211,677
Increase in Due from Other Agencies	(146,665)		(146,665)
Increase (Decrease) in Accounts Payable	1,188,592	(3,335)	1,185,257
Increase in Construction Contracts Payable	143,835		143,835
Increase in Construction Contracts Payable-Retainage	102,452		102,452
Decrease in Due to Other Funds	(256,466)		(256,466)
Increase in Estimated Insurance Claims Payable	245,000	126,372	371,372
Total Adjustments	2,031,782	334,714	2,366,496
Net Cash Used by Operating Activities	$ (1,612,748)	$ (200)	$ (1,612,948)

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL INTERNAL FUNDS AGENCY FUND
For the Fiscal Year Ended June 30, 2016

	Balances July 1, 2015	Additions	Deductions	Balances June 30, 2016
ASSETS				
Cash and Cash Equivalents	$ 3,851,436	$ 11,462,657	$ 11,227,183	$ 4,086,910
Accounts Receivable	14,403	33,244	14,403	33,244
Due from School Board	15,677		15,677	
Total Assets	$ 3,881,516	$ 11,495,901	$ 11,257,263	$ 4,120,154
LIABILITIES				
Accounts Payable	$ 99,704	$ 315,661	$ 99,704	$ 315,661
Internal Accounts Payable	3,781,812	11,180,240	11,157,559	3,804,493
Total Liabilities	$ 3,881,516	$ 11,495,901	$ 11,257,263	$ 4,120,154

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
BELLALAGO CHARTER ACADEMY AGENCY FUND
For the Fiscal Year Ended June 30, 2016

	Balances July 1, 2015	Additions	Deductions	Balances June 30, 2016
ASSETS				
Cash and Cash Equivalents	$ 522,947	$ 9,280,764	$ 9,624,455	$ 179,256
Investments	2,755,772	465,656	620,355	2,601,073
Accounts Receivable	33,330		33,330	
Due from Other Agencies	25,864	596,175	605,261	16,778
Total Assets	$ 3,337,913	$ 10,342,595	$ 10,883,401	$ 2,797,107
LIABILITIES				
Salaries and Benefits Payable	$ 6,212	$ 5,138,356	$ 5,144,568	$
Payroll Deductions and Withholdings	9,028	2,383,604	2,392,632	
Accounts Payable	3,296,844	1,309,294	3,320,372	1,285,766
Accrued Liabilities		95,706		95,706
Due to Other Agency		1,415,635		1,415,635
Internal Accounts Payable	25,829		25,829	-
Total Liabilities	$ 3,337,913	$ 10,342,595	$ 10,883,401	$ 2,797,107

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2016

	Balances July 1, 2015	Additions	Deductions	Balances June 30, 2016
ASSETS				
Cash and Cash Equivalents	$ 4,374,383	$ 20,743,421	$ 20,851,638	$ 4,266,166
Investments	2,755,772	465,656	620,355	2,601,073
Accounts Receivable	47,733	33,244	47,733	33,244
Due from School Board	15,677		15,677	
Due from Other Agencies	25,864	596,175	605,261	16,778
Total Assets	$ 7,219,429	$ 21,838,496	$ 22,140,664	$ 6,917,261
LIABILITIES				
Salaries and Benefits Payable	$ 6,212	$ 5,138,356	$ 5,144,568	$
Payroll Deductions and Withholdings	9,028	2,383,604	2,392,632	
Accounts Payable	3,396,548	1,624,955	3,420,076	1,601,427
Accrued Liabilities		95,706		95,706
Due to Other Agency		1,415,635		1,415,635
Internal Accounts Payable	3,807,641	11,180,240	11,183,388	3,804,493
Total Liabilities	$ 7,219,429	$ 21,838,496	$ 22,140,664	$ 6,917,261

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF NET POSITION
COMBINING STATEMENT OF COMPONENT UNITS
June 30, 2016

	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	Avant Garde Academy of Osceola	Avant Garde K8 of Osceola	Florida Virtual Academy at Osceola	The Foundation for Osceola Education	Four Corners Charter School, Inc.
ASSETS							
Cash and Cash Equivalents	$ 972,726	$	$ 236,934	$ 176,912	$ 358,660	$ 4,271,425	$ 3,796,873
Investments						3,964,215	
Accounts Receivable	559,093	3,564	7,383		45	88,479	6,106
Due from Internal Accounts							
Deposits			14,635	20,833		51,047	
Due from Other Agencies	1,239,431		8,314	61,142		163,791	
Prepaid Items			2,200	138,433		47,557	
Restricted Assets:							
Cash with Fiscal Agent		1,003,498				2,220,025	
Capital Assets:							
Land	1,000,000					238,220	
Improvements Other Than Buildings, Net	255,454					240,264	1,161,085
Buildings and Fixed Equipment, Net	17,522,591					9,914,375	
Furniture, Fixtures and Equipment, Net	167,270		81,036			807,417	240,978
Capital Lease Asset, Net							
Motor Vehicles, Net							
Audio Visual Materials and Computer Software, Net			27,076	39,163		3,640	1,821
Total Assets	$ 21,716,565	$ 1,007,062	$ 377,578	$ 436,483	$ 358,705	$ 22,010,455	$ 5,206,863
DEFERRED OUTFLOWS OF RESOURCES							
Pensions						738,207	
LIABILITIES							
Salaries and Benefits Payable	$	$	$ 179,992	$ 87,653	$	$ 609,462	$
Accounts Payable	88,333	24,062	43,829	42,483	358,705	112,526	
Due to Other Agencies						1,656,535	947,184
Unearned Revenue				70,104			
Accrued Interest Payable	351,360	158,669				122,430	
Long-Term Liabilities:							
Portion Due Within One Year:							
Notes Payable				165,142			
Obligations Under Capital Leases							
Bonds Payable	890,000	85,000				500,000	
Compensated Absences						17,538	
Portion Due After One Year:							
Notes Payable			9,268				
Obligations Under Capital Leases							
Bonds Payable	20,914,787	7,073,369				13,337,744	
Compensated Absences						5,845	
Net Pension Liability						3,244,124	
Total Liabilities	22,244,480	7,341,100	233,089	365,382	358,705	19,606,204	947,184
DEFERRED INFLOWS OF RESOURCES							
Deferred Amount on Debt Refunding	549,731					520,067	
Pensions						395,068	
Total Deferred Inflows of Resources	549,731					915,135	
NET POSITION							
Net Investment in Capital Assets	(3,409,203)		108,112	39,163		(2,633,828)	1,403,884
Restricted For:							
Debt Service	1,756,286			31,938		1,957,850	
Capital Projects						440,070	
Other Purposes						1,267,337	
Unrestricted	575,271	(6,334,038)	36,377			1,195,894	2,855,795
Total Net Position	$ (1,077,646)	$ (6,334,038)	$ 144,489	$ 71,101	$	$ 2,227,323	$ 4,259,679

	Four Corners Charter High School	Four Corners Charter Middle School	Mater Brighton Lakes Academy	Mavericks High School of Osceola County	New Dimensions High School, Inc.	Renaissance Charter School at Poinciana	Renaissance Charter School at Tapestry	St Cloud Preparatory Academy, Inc.	UCP Osceola Charter School	Total Component Units
	$ 119,475	$ 981,307	$ 714,878	$ 1,411,809	$ 1,369,471	$ 2,260,024	$ 903,955	$ 116,010	$	$ 17,690,459
										3,964,215
					17,561	2,365			17,919	702,515
									1,833,039	1,833,039
	2,947		44,404	188,872	8,771	33,446	23,030	50,000		437,985
	303,988	13,997	100,000	28,512		336,401	55,770			2,311,346
	1,325		7,199	41,699		8,746	142,664	76,516		466,339
	102,490	163,411			27,828		14,205			3,531,457
					275,000					1,513,220
			31,688	19,042	186,483	124,940				2,018,956
	8,272,465	8,880,649			3,686,691	206,296	379,748			48,862,815
	277,332	447,407	736,214	59,393	21,462	11,380,625	17,961,195	36,553		32,216,882
								6,719,051		6,719,051
					2,030		824,851			826,881
	168,033				6,316	169,860		35,655		451,564
	$ 9,248,055	$ 10,486,771	$ 1,634,383	$ 1,749,327	$ 5,601,613	$ 14,522,703	$ 20,305,418	$ 7,033,785	$ 1,850,958	$ 123,546,724
					243,618					981,825
	$ 65,703	$ 154,036	$ 156,409	$ 69,693	$ 163,635	$ 332,754	$ 255,402	$ 3,654	$	$ 2,078,393
	357,083	49,415		5,399		630,668	31,612	16	77,805	1,821,936
	677	294,730			1,225	119	2,741	29,389		2,932,600
							97,877			167,981
										632,459
					79,137			190,813		435,092
	120,568	129,432				216,667	255,000			721,667
										1,475,000
	3,212	1,710				13,056	5,819			41,335
			1,400,000		1,883,602					3,292,870
	9,205,524	9,882,305				13,004,155	20,016,100	6,971,696		59,079,780
										41,325,900
	1,070	570				4,351	1,939			13,775
					730,827					3,974,951
	9,753,837	10,512,198	1,556,409	75,092	2,858,426	14,201,770	20,666,490	7,195,568	77,805	117,993,739
										1,069,798
					322,074					717,142
					322,074					1,786,940
	(505,772)	(520,270)		78,435	2,243,071	(1,339,101)	(1,091,101)	(148,206)		(5,774,816)
										3,746,074
										440,070
										1,267,337
	(10)	494,843	77,974	1,595,800	421,660	1,660,034	730,029	(13,577)	1,773,153	5,069,205
	$ (505,782)	$ (25,427)	$ 77,974	$ 1,674,235	$ 2,664,731	$ 320,933	$ (361,072)	$ (161,783)	$ 1,773,153	$ 4,747,870

DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY
STATEMENT OF ACTIVITIES
COMBINING STATEMENT OF COMPONENT UNITS
For the Fiscal Year Ended June 30, 2016

	Bellalago Educational Facilities Benefit District	Flora Ridge Educational Facilities Benefit District	Avant Garde Academy of Osceola	Avant Garde K8 of Osceola	Florida Virtual Academy at Osceola	The Foundation for Osceola Education, Inc.	Four Corners Charter School, Inc.
Component Unit Activities:							
Instruction	$	$	$ 1,798,872	$ 1,289,850	$ 160,430	$ 10,321,820	$ 5,102,529
Student Support Services				214	13,031		
Instructional Media Services							
Instruction and Curriculum Development					449,504		
Instructional Staff Training Services			54,949	905	1,073		
Instruction-Related Technology					50,367		
Board	34,538	42,192	72,241	30,704	17,336		9,200
General Administration	31,150			79,721	25,343		532,668
School Administration			392,558	206,092	138,051	2,958,295	
Facilities Services	522,541					685,976	1,286,016
Fiscal Services		25,491	575,168	286,503	13		
Food Services			4,342	4,000			
Central Services			6,793	35			
Student Transportation Services			100,282	47,952			
Operation of Plant			989,707	487,179	20,276	3,049,561	
Maintenance of Plant			28,545	20,467	9		
Administrative Technology Services			43,791	850			
Community Services						3,208,239	
Interest on Long Term Debt	810,837	383,124	2,055	4,235		1,992,494	
Unallocated Depreciation/Amortization		1,243	42,216	5,437			
Total Expenses	1,399,066	452,050	4,111,519	2,464,144	875,433	22,216,385	6,930,413
Program Revenues							
Charges for Services						289,479	
Operating Grants and Contributions			173,807	149,515		3,067,491	322,849
Capital Grants and Contributions						598,473	
Net (Expenses) Revenue	(1,399,066)	(452,050)	(3,937,712)	(2,314,629)	(875,433)	(18,260,942)	(6,607,564)
General Revenues							
Grants and Contributions	1,072,317	586,210	4,093,475	2,383,436	506,864	17,553,673	7,021,272
Investment Earnings	52	43				44	489
Miscellaneous	558,559			2,294	368,569	433,108	
Total General Revenues	1,630,928	586,253	4,093,475	2,385,730	875,433	17,986,825	7,021,761
Change in Net Position	231,862	134,203	155,763	71,101	-	(274,117)	414,197
Net Position - beginning	(1,309,508)	(6,468,241)	(11,274)			2,501,440	3,845,482
Adjustments to Beginning Net Position							
Net Position - Beginning - Restated	(1,309,508)	(6,468,241)	(11,274)	-	-	2,501,440	3,845,482
Net Position - ending	$ (1,077,646)	$ (6,334,038)	$ 144,489	$ 71,101	$ -	$ 2,227,323	$ 4,259,679

Four Corners Charter High School	Four Corners Charter Middle School	Mater Brighton Lakes Academy	Mavericks High School of Osceola County	New Dimensions High School, Inc.	Renaissance Charter School at Poinciana	Renaissance Charter School at Tapestry	St Cloud Preparatory Academy, Inc.	UCP Osceola Charter School	Total Component Units
678,077	$ 1,432,096	$ 1,786,524	$ 1,139,972	$ 1,623,625	$ 4,562,421	$ 3,251,044	$ 1,276,389	$ 518,091	$ 34,941,740
41,935	124,160				248,400	171,560	151,109	122,955	873,364
			385,852			31,444	2,217		419,513
1,552	1,069				5,430	7,411			464,966
314	213	44,742			11,405	15,635			129,236
43,197	79,072				107,528	96,926			377,090
867	626	108,968			15,214	1,794	26,357	27,093	387,130
			196,111	73,753			96,429		1,035,175
88,291	160,472	948,778		462,286	465,205	337,672	427,448	271,327	6,856,475
		145		152,085					2,646,763
5,128	447,758	70,350	526,772		705,252	620,834	93,679		3,356,948
		471			346,574	6,469	6,658		368,514
231	708	176,762			3,483	3,022	468		191,502
17,178	55,740	61,425	99,959	101,439	53,994		7,710		545,679
356,121	840,903	1,035,390	778,916	69,923	799,322	1,571,198	1,045,470	133,459	11,177,425
36,779	95,817	35,326		106,956	213,831	154,161	17,316	29,147	738,354
							2,593	12,210	59,444
5,249	20,809	105,538			97,664	96,597	141,934		3,676,030
375,890	404,193	15,954		129,064	862,410	819,162			5,799,418
									48,896
1,650,809	3,663,636	4,390,373	3,127,582	2,719,131	8,498,133	7,184,929	3,295,777	1,114,282	74,093,662
2,535	23,391	115,727		32,302	187,378	138,690			789,502
100,435	193,479	327,369	55,309		846,064	441,614			5,677,932
28,583	92,990	139,140	111,119	204,038	159,651	125,697		24,803	1,484,494
(1,519,256)	(3,353,776)	(3,808,137)	(2,961,154)	(2,482,791)	(7,305,040)	(6,478,928)	(3,295,777)	(1,089,479)	(66,141,734)
1,013,009	3,324,629	3,022,926	3,203,551	2,521,615	6,793,716	5,712,257	2,820,324	1,210,457	62,839,731
		863,185		1,194					865,007
465	3,720		9,794		58,671	405,599	474,725	4,457	2,319,961
1,013,474	3,328,349	3,886,111	3,213,345	2,522,809	6,852,387	6,117,856	3,295,049	1,214,914	66,024,699
(505,782)	(25,427)	77,974	252,191	40,018	(452,653)	(361,072)	(728)	125,435	(117,035)
			1,422,044	2,624,713	773,586		(161,055)		3,217,187
								1,647,718	1,647,718
-	-	-	1,422,044	2,624,713	773,586	-	(161,055)	1,647,718	4,864,905
$ (505,782)	$ (25,427)	$ 77,974	$ 1,674,235	$ 2,664,731	$ 320,933	$ (361,072)	$ (161,783)	$ 1,773,153	$ 4,747,870

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STATISTICAL SECTION

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Introduction to the Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

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

Operating Information

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

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

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

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

	For the Fiscal Year ending June 30			
	2007	2008	2009	2010
Governmental Activities				
Net investment in Capital Assets	$ 306,948,191	$ 354,211,777	$ 438,988,320	$ 471,185,896
Restricted	144,452,132	220,147,769	155,942,301	116,539,697
Unrestricted	41,579,693	27,348,239	22,289,318	28,633,813
Total governmental activities net position	$ 492,980,016	$ 601,707,785	$ 617,219,939	$ 616,359,406

Source:
District records

	2011		2012		2013		2014		2015		2016
$	492,955,678	$	488,096,469	$	477,532,359	$	494,470,617	$	487,069,988	$	484,808,699
	81,462,943		75,558,613		91,902,083		75,247,973		83,317,955		119,173,058
	50,433,333		40,835,214		16,937,578		(10,626,220)		(171,469,553)		(173,075,853)
$	624,851,954	$	604,490,296	$	586,372,020	$	559,092,370	$	398,918,390	$	430,905,904

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

	For the Fiscal Year ending June 30			
	2007	**2008**	**2009**	**2010**
Primary Government:				
Expenses				
Governmental activities:				
Instruction	$ 232,617,922	$ 261,976,401	$ 243,009,744	$ 255,220,829
Student Support Services	20,886,005	24,153,125	23,755,838	21,883,642
Instructional Media Services	5,161,195	6,059,524	5,292,967	4,562,986
Instruction and Curriculum Development Services	22,429,022	23,464,063	20,144,676	15,244,383
Instructional Staff Training Services	4,569,743	9,507,952	6,556,067	8,854,691
Instruction-Related Technology	3,946,935	4,373,774	4,534,355	3,624,384
Board of Education	1,823,925	2,179,387	1,594,329	1,678,822
General Administration	2,228,563	2,589,737	2,988,478	2,906,023
School Administration	19,747,072	22,649,997	20,969,528	23,215,807
Facilities Services	16,584,696	19,814,471	15,224,107	14,397,625
Fiscal Services	1,887,436	2,062,828	1,872,802	1,807,456
Food Services	20,795,040	25,147,719	22,822,423	21,173,003
Central Services	6,536,936	7,135,483	6,693,873	6,711,505
Student Transportation Services	19,413,234	21,620,725	21,163,277	20,792,056
Operation of Plant	27,205,818	31,115,952	29,917,708	31,691,252
Maintenance of Plant	7,968,053	8,896,778	8,415,184	8,075,524
Administrative Technology Services	2,949,505	3,604,125	3,435,841	3,590,304
Community Services	3,487,806	3,798,924	3,670,126	3,690,087
Interest on Long-term Debt	12,752,067	15,859,473	15,144,497	16,245,397
Loss on Disposal of Capital Assets			963,035	
Unallocated Depreciation Expense	24,223,111	27,626,338	28,832,502	29,437,348
Total expenses - Primary Government	$ 457,214,084	$ 523,636,776	$ 487,001,357	$ 494,803,124
Program Revenues				
Governmental Activities				
Charges for Services				
Instruction	$ 1,421,447	$ 1,426,889	$ 1,577,484	$ 1,828,659
Food Services	7,100,817	6,861,017	6,905,070	6,136,837
Student Transportation Services	172,377	190,009	470,324	370,221
Community Services	2,236,882	2,568,696	2,572,933	2,527,935
Operating Grants and Contributions				
Instruction				
Food Services	13,391,527	14,897,448	15,988,714	17,894,469
Student Transportation Services	9,701,290	9,633,899	9,315,616	9,436,136
Capital Grants and Contributions				
Facilities Acquisition and Construction	48,636,658	120,851,798	11,622,121	11,544,613
Maintenance of Plant	2,059,611		10,719,386	
Interest on Long-term Debt	1,767,682	1,758,040	20,557	23,037
Total Program Revenues - Primary Government	$ 86,488,291	$ 158,187,796	$ 59,192,205	$ 49,761,907
Net (Expense) - Primary Government	$ (370,725,793)	$ (365,448,980)	$ (427,809,152)	$ (445,041,217)

Source:
District records

2011	2012	2013	2014	2015	2016
$ 268,395,640	$ 256,106,769	$ 268,705,463	$ 290,738,409	$ 287,060,332	$ 311,639,361
21,854,182	21,838,137	21,225,019	22,892,264	22,519,240	23,533,909
4,517,888	4,213,693	4,590,168	4,954,439	4,493,306	4,638,080
15,053,689	12,918,163	13,955,272	16,291,806	15,765,392	16,950,455
10,019,346	8,893,254	8,683,127	9,304,247	8,908,032	8,895,901
3,371,658	3,506,394	3,400,004	4,070,147	4,327,747	4,268,253
1,365,918	1,735,224	1,449,083	1,478,064	1,862,188	1,748,662
3,776,911	2,778,064	2,223,978	2,494,349	2,255,012	2,760,587
22,598,190	21,712,072	22,187,638	23,645,915	22,432,816	23,324,361
11,792,702	7,231,837	7,301,809	11,431,928	12,186,629	14,914,658
1,861,512	1,795,816	2,068,151	2,073,286	1,998,168	1,971,065
22,286,139	23,211,603	26,792,335	31,642,638	28,841,287	29,309,705
6,467,196	6,866,451	6,854,756	6,828,128	6,771,155	7,564,360
22,121,651	21,866,622	22,887,687	24,340,819	23,123,277	22,452,171
28,932,290	26,379,530	30,799,393	32,314,289	34,174,683	31,647,174
8,425,120	12,068,670	7,116,029	8,587,830	7,520,421	8,295,989
3,334,012	3,159,953	3,920,100	4,012,196	3,889,429	4,071,518
4,194,564	4,427,474	4,607,250	4,978,829	5,082,800	5,444,934
15,944,978	14,542,638	15,195,406	11,420,473	14,635,622	12,049,157
31,169,680	32,061,585	34,621,488	35,275,678	35,257,897	35,316,748
$ 507,483,266	$ 487,313,949	$ 508,584,156	$ 548,775,734	$ 543,105,433	$ 570,797,048
$ 2,220,174	$ 2,126,462	$ 2,303,121	$ 2,076,715	$ 2,339,173	$ 2,642,876
5,881,978	5,718,630	4,791,692	4,291,076	3,678,965	3,390,984
543,684	613,100	589,816	392,314	497,908	646,279
2,774,330	2,598,249	2,750,258	2,874,860	2,805,201	2,829,867
			97,871,733	95,237,159	108,562,019
19,400,609	21,165,198	23,618,227	26,203,051	27,460,542	31,689,599
8,978,796	9,626,629				
11,019,085	11,851,852	584,483	16,532,017	27,067,210	36,043,720
23,505	21,870	1,654,690	1,630,218	1,611,974	1,832,828
$ 50,842,161	$ 53,721,990	$ 36,292,287	$ 151,871,984	$ 160,698,132	$ 187,638,172
$ (456,641,105)	$ (433,591,959)	$ (472,291,869)	$ (396,903,750)	$ (382,407,301)	$ (383,158,876)

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

	For the Fiscal Year ending June 30			
	2007	**2008**	**2009**	**2010**
Net (Expense)/Revenue - Primary Government	$ (370,725,793)	$ (365,448,980)	$ (427,809,152)	$ (445,041,217)
General Revenues and Changes in Net Position				
Taxes:				
Property taxes, levied for operational purposes	$ 121,689,421	$ 145,250,546	$ 151,594,547	$ 135,881,016
Property taxes, levied for debt service	7,326		1,671	
Property taxes, levied for capital projects	42,088,335	50,327,124	46,094,101	33,142,748
Local sales taxes	9,998,541	10,292,844	9,143,244	9,035,938
Impact Fees				
Grants and contributions not restricted to specific programs	248,564,737	248,186,167	223,928,922	253,310,535
Investment earnings	12,932,806	9,128,755	3,253,100	2,345,647
Miscellaneous	11,121,780	10,991,313	9,305,721	10,464,800
Total General Revenues - Primary Government	$ 446,402,946	$ 474,176,749	$ 443,321,306	$ 444,180,684
Changes in Net Position - Primary Government	$ 75,677,153	$ 108,727,769	$ 15,512,154	$ (860,533)

Source:
District records

2011	2012	2013	2014	2015	2016
$ (456,641,105)	$ (433,591,959)	$ (472,291,869)	$ (396,903,750)	$ (382,407,301)	$ (383,158,876)
$ 115,231,090	$ 104,108,613	$ 98,493,989	$ 105,900,393	$ 111,668,108	$ 117,462,480
27,606,863	25,707,956	25,367,760	26,438,255	28,370,255	30,186,687
9,511,482	9,925,207	10,416,923	10,600,770	12,129,743	12,771,275
		12,286,659			
294,754,205	262,026,194	299,164,318	215,374,466	223,592,024	242,260,027
2,099,168	1,801,749	483,975	1,199,839	1,389,318	3,176,842
15,930,845	9,660,582	7,959,969	10,110,377	11,503,406	9,289,079
$ 465,133,653	$ 413,230,301	$ 454,173,593	$ 369,624,100	$ 388,652,854	$ 415,146,390
$ 8,492,548	$ (20,361,658)	$ (18,118,276)	$ (27,279,650)	$ 6,245,553	$ 31,987,514

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

	For the Fiscal Year Ending June 30			
	Restated (a) **2007**	Restated (a) **2008**	Restated (a) **2009**	Restated (a) **2010**
General Fund				
Nonspendable	$	$	$	$
Restricted	2,468,816	2,270,876	15,237,098	18,790,895
Assigned				
Unassigned	52,649,019	52,509,629	44,255,581	51,822,880
Total General Fund	$ 55,117,835	$ 54,780,505	$ 59,492,679	$ 70,613,775
All Other Governmental Funds				
Nonspendable	$	$	$	$
Restricted	40,229,851	91,963,365	29,301,405	72,871,696
Assigned				
Unassigned	168,446,299	181,930,542	167,008,297	101,538,230
Total All Other Governmental Funds	$ 208,676,150	$ 273,893,907	$ 196,309,702	$ 174,409,926
Total Governmental Funds	$ 263,793,985	$ 328,674,412	$ 255,802,381	$ 245,023,701

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

Source:
District records

2011	2012	2013	2014	2015	2016
$ 1,805,173	$ 1,838,068	$ 1,931,315	$ 2,077,677	$ 2,303,278	$ 2,504,747
15,432,710	16,184,090	21,044,012	21,082,476	19,487,714	18,156,321
21,373,716	13,663,265	8,688,530	13,375,810	3,303,083	4,844,727
52,989,981	52,631,593	44,389,869	33,702,182	41,368,678	41,010,743
$ 91,601,580	$ 84,317,016	$ 76,053,726	$ 70,238,145	$ 66,462,753	$ 66,516,538
$ 535,522	$ 416,365	$ 724,170	$	$ 974,141	$ 1,162,356
107,041,853	73,935,852	73,637,841	58,179,268	69,347,218	106,161,674
684,791	774,561	1,081,812	1,393,760		
$ 108,262,166	$ 75,126,778	$ 75,443,823	$ 59,573,028	$ 70,321,359	$ 107,324,030
$ 199,863,746	$ 159,443,794	$ 151,497,549	$ 129,811,173	$ 136,784,112	$ 173,840,568

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

	For the Fiscal Year Ending June 30			
	2007	2008	2009	2010
Revenues				
Federal direct	$ 1,053,161	$ 1,850,561	$ 3,544,576	$ 4,346,224
Federal through State	38,267,515	43,185,868	44,917,130	74,445,447
State sources	244,655,637	320,426,143	214,028,791	205,192,571
Local sources	244,404,884	258,384,589	239,855,958	209,624,727
Total revenues	$ 528,381,197	$ 623,847,161	$ 502,346,455	$ 493,608,969

Source:
District records

2011	2012	2013	2014	2015	2016
$ 6,773,076	$ 6,333,326	$ 4,390,418	$ 3,882,342	$ 4,020,887	$ 4,245,607
86,017,868	53,248,874	59,529,883	58,990,124	56,918,921	71,723,722
236,185,377	235,804,919	259,006,088	278,832,947	288,489,943	309,665,209
182,822,924	171,187,869	167,952,654	185,384,897	195,797,333	215,536,470
$ 511,799,245	$ 466,574,988	$ 490,879,043	$ 527,090,310	$ 545,227,084	$ 601,171,008

Schedule 6
District School Board of Osceola County
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	For the Fiscal Year Ending June 30			
	2007	2008	2009	2010
Expenditures				
Instruction	$ 228,926,351	$ 252,436,907	$ 242,419,425	$ 252,269,672
Student support services	20,467,855	23,004,870	23,775,514	21,596,468
Instructional media services	5,083,212	5,860,992	5,308,109	4,528,355
Instruction and curriculum development services	21,798,585	22,507,401	20,161,819	15,096,682
Instructional staff training services	4,624,539	9,150,787	6,589,861	8,768,979
Instruction-related technology	3,884,887	4,151,534	4,514,440	3,552,968
Board of Education	1,823,258	2,150,486	1,596,656	1,680,070
General administration	2,186,576	2,605,401	2,991,604	2,847,678
School administration	19,189,405	21,535,497	21,017,289	22,478,323
Facilities services	16,535,413	19,708,502	15,195,444	14,275,962
Fiscal services	1,870,512	2,028,443	1,840,274	1,784,591
Food services	20,563,324	24,583,165	22,795,237	20,976,967
Central services	6,470,672	6,773,727	6,656,102	6,597,053
Student transportation services	17,014,402	18,468,240	17,861,972	17,280,750
Operation of plant	27,710,926	30,798,725	30,466,641	34,035,187
Maintenance of plant	7,809,981	8,512,770	8,366,744	7,919,591
Administrative technology services	2,860,025	3,439,879	3,431,664	3,527,874
Community services	3,397,490	3,666,415	3,680,873	3,643,310
Capital outlay:				
Facilities acquisition and construction	73,466,105	51,547,603	97,801,621	68,920,961
Other capital outlay	6,092,674	14,507,098	9,803,355	4,238,945
Debt service:				
Principal	19,293,444	16,271,911	14,186,717	14,817,845
Interest and fees	14,379,361	15,473,269	14,819,480	14,933,194
Total expenditures	$ 525,448,997	$ 559,183,622	$ 575,280,841	$ 545,771,425
Debt Service as a Percentage of Noncapital Expenditures	8.17%	6.88%	6.61%	6.72%

Source:
District records

2011	2012	2013	2014	2015	2016
$ 266,865,399	$ 253,767,483	$ 264,220,967	$ 280,329,535	$ 287,013,856	$ 310,555,110
21,710,031	21,600,574	20,837,078	21,786,239	22,697,456	23,290,424
4,500,290	4,171,544	4,516,147	4,771,047	4,525,806	4,627,227
14,940,593	12,852,001	13,670,171	15,683,860	15,819,513	16,710,413
10,034,314	8,831,137	8,545,858	9,098,166	9,002,894	8,882,840
3,274,513	3,445,793	3,319,737	3,917,886	4,286,444	4,238,816
1,363,448	1,737,280	1,445,253	1,466,041	1,872,534	1,745,998
3,742,052	2,737,481	2,210,250	2,415,274	2,299,003	2,819,209
22,458,336	21,548,515	21,860,841	22,476,668	22,518,181	23,086,838
11,790,607	7,495,265	8,908,965	11,181,228	9,881,355	11,243,631
1,818,535	1,763,306	2,020,295	1,936,268	2,014,809	2,021,992
22,195,655	23,043,598	26,592,821	31,050,012	28,667,778	29,143,693
6,368,452	6,849,484	6,780,716	6,541,885	6,770,403	7,466,404
18,853,529	18,599,266	19,696,499	20,842,262	20,532,244	19,832,017
29,305,887	27,341,814	30,585,170	31,742,175	32,777,540	31,140,563
8,351,687	12,011,268	7,023,537	8,280,498	7,697,959	8,194,955
3,396,158	3,194,658	3,844,461	3,815,336	3,902,468	4,099,622
4,174,899	4,409,058	1,840,018	4,876,281	5,081,934	5,408,882
66,602,017	36,644,633	16,040,556	28,540,227	15,343,982	6,817,643
5,859,310	4,111,070	4,009,251	8,600,402	6,176,371	9,798,576
14,034,285	15,564,668	16,079,567	16,704,179	17,013,917	18,690,550
15,475,625	15,520,709	15,353,689	13,924,407	12,862,021	11,797,768
$ 557,115,622	$ 507,240,605	$ 499,401,847	$ 549,979,876	$ 538,758,468	$ 561,613,171
6.48%	7.14%	7.02%	6.35%	6.13%	5.64%

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

	For the Fiscal Year Ending June 30			
	2007	**2008**	**2009**	**2010**
Excess of revenues over (under) expenditures	$ 2,932,200	$ 64,663,539	$ (72,934,386)	$ (52,162,456)
Other Financing Sources	154,306,121	35,948,759	37,734,305	112,616,204
Other Financing Uses	94,824,598	35,731,871	37,671,950	71,232,428
Net change in fund balances	$ 62,413,723	$ 64,880,427	$ (72,872,031)	$ (10,778,680)

Source:
District records

	2011	2012	2013	2014	2015	2016
	$ (45,316,377)	$ (40,665,617)	$ (8,522,804)	$ (22,889,566)	$ 6,468,616	$ 39,557,837
	34,699,272	37,188,470	76,326,708	40,663,038	51,703,245	71,455,987
	34,542,850	36,942,805	75,750,149	39,459,848	51,198,924	73,957,368
	$ (45,159,955)	$ (40,419,952)	$ (7,946,245)	$ (21,686,376)	$ 6,972,937	$ 37,056,456

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

	Real Property		Personal Property	
Fiscal Year	**Assessed Value**	**Estimated Actual Value**	**Assessed Value**	**Estimated Actual Value**
2006	$ 14,717,778	$ 15,283,259	$ 1,420,128	$ 1,474,692
2007	20,226,914	22,154,342	1,570,993	1,720,693
2008	24,673,342	25,228,366	1,652,151	1,689,316
2009	24,464,364	24,562,614	1,510,465	1,516,531
2010	19,971,753	19,832,923	1,531,250	1,520,606
2011	16,573,745	16,673,788	1,473,806	1,482,702
2012	15,288,985	15,942,633	1,356,605	1,414,604
2013	15,075,763	15,970,088	1,387,049	1,469,332
2014	15,668,183	16,739,512	1,403,246	1,499,194
2015	16,769,328	17,596,357	1,402,383	1,471,545

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

2016 information not available.

(1) Per $1,000 of assessed value

Source: Osceola County Comprehensive Annual Financial Report, FYE 9/30/15, Schedule 5

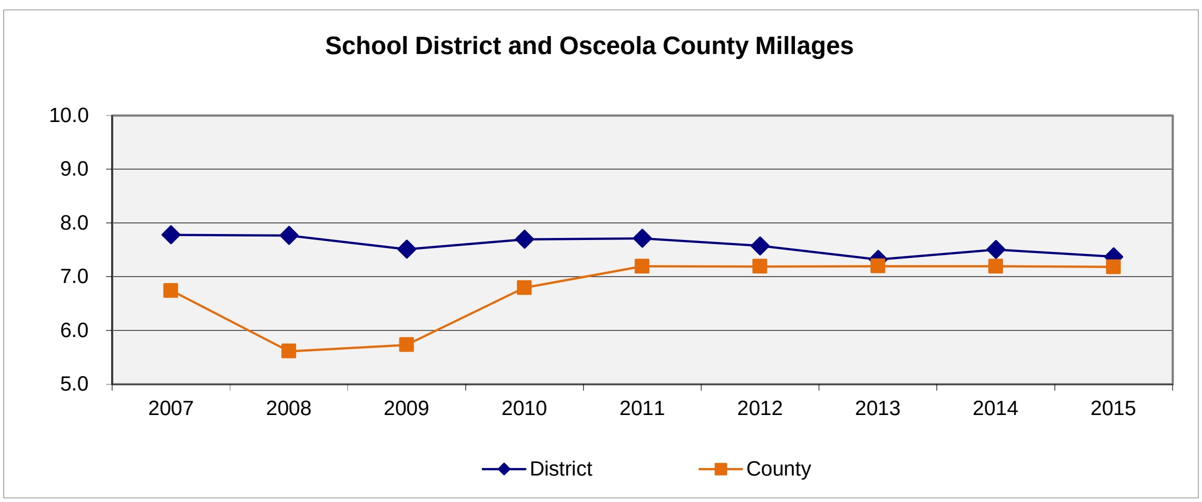
Centrally Assessed Property		Total		Total
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Direct Rate (1)
$ 3,790	$ 3,936	$ 16,141,696	$ 16,761,887	$ 8.367
4,562	4,997	21,802,469	23,880,032	7.782
4,495	4,596	26,329,988	26,922,278	7.772
3,785	3,800	25,978,614	26,082,945	7.513
4,129	4,100	21,507,132	21,357,629	7.699
3,677	3,699	18,051,228	18,160,189	7.715
4,083	4,258	16,649,673	17,361,495	7.577
4,184	4,432	16,466,996	17,443,852	7.323
4,365	4,663	17,075,794	18,243,369	7.509
4,481	4,701	18,176,192	19,072,603	7.375

Schedule 9
District School Board of Osceola County
Direct and Overlapping Property Tax Rates
Last Ten Levy Years
(rate per $1,000 of assessed value)
Unaudited

	District Direct Rates						Overlapping Rates
Levy Year	Required Local Effort	Capital Outlay	Basic Discretionary	Prior Period Funding Adjustment	Supplemental Discretionary	Total Direct	Osceola County
2007	5.022	2.000	0.510		0.250	7.782	6.744
2008	5.052	2.000	0.510		0.210	7.772	5.615
2009	5.059	1.750	0.498		0.206	7.513	5.736
2010	5.201	1.500	0.748		0.250	7.699	6.797
2011	5.217	1.500	0.748		0.250	7.715	7.196
2012	5.329	1.500	0.748			7.577	7.195
2013	5.075	1.500	0.748			7.323	7.197
2014	5.261	1.500	0.748			7.509	7.196
2015	5.127	1.500	0.748			7.375	7.184
2016	5.009	1.500	0.748	0.004		7.261	N/A

Note: Osceola County 2016 information not available

Sources: District records
Osceola County Comprehensiove Annual Financial Report, FYE 9/30/15



Schedule 10
District School Board of Osceola County
Principal Osceola County Property Tax Payers
September 30, 2015 and Nine Years Earlier
(In thousands)
Unaudited

	September 30, 2015			September 30, 2006		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Westgate Properties/Resorts/Towers	$ 837,169	1	4.53%	$		
The Walt Disney Company	584,979	2	3.44%	515,003	2	3.50%
Lando Resorts Corporation	417,750	3	2.26%	149,108	7	1.01%
Duke Energy Florida LLC	282,333	4	1.65%			
G.P. Limited Partnership	260,716	5	1.57%	229,634	5	
Tempus Palms International	258,908	6	1.50%	234,204	4	1.59%
Star Island/Vacation Break/Wyndham	209,761	7	1.48%			
Silver Lake Resort	107,786	8	0.64%	72,117	14	0.49%
Omni-Championsgate Resort Hotel LLC	107,064	9	0.62%	108,929	10	0.74%
Osceola Regional Hospital Inc.	101,611	10	0.57%	103,125	11	0.70%
Central Florida Investments				548,960	1	3.73%
Fairfield Communities				255,078	3	1.73%
Florida Power Corporation				196,585	6	1.34%
Reliant Energy Osceola LLC				145,053	8	0.99%
Embarq Florida Inc./Sprint				119,951	9	0.82%
Total taxable assessed value ten largest taxpayers	3,168,077		18.26%	2,677,747		16.64%
Total taxable assessed value all other taxpayers	15,008,115		81.74%	13,463,949		83.36%
Total taxable assessed value all taxpayers	$ 18,176,192		100.00%	$ 16,141,696		100.00%

Source:
Osceola County Comprehensive Annual Financial Report, FYE 9/30/15, Schedule 7

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected with the Fiscal Year of the Levy: Amount	Collected with the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2007	$ 171,119,959	$ 160,954,578	94.06%	$ 26,733	$ 160,981,311	94.08%
2008	206,374,025	195,550,937	94.76%	1,962,978	197,513,915	95.71%
2009	203,106,867	195,727,342	96.37%	981,585	195,727,342	96.37%
2010	174,578,023	168,042,178	96.26%	845,047	168,887,225	96.74%
2011	148,427,619	141,992,906	95.66%	914,896	142,907,802	96.28%
2012	134,835,605	128,901,673	95.60%	555,818	129,457,491	96.01%
2013	128,129,837	123,305,931	96.24%	462,603	123,768,534	96.60%
2014	137,619,241	131,876,045	95.83%	550,115	132,426,160	96.23%
2015	144,752,427	139,488,248	96.36%	206,607	139,694,855	96.51%
2016	153,117,492	147,442,560	96.29%		147,442,560	96.29%

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if taxes are paid in November, with the discounts declining by one percent (1%) each month thereafter.
Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1st of each year.

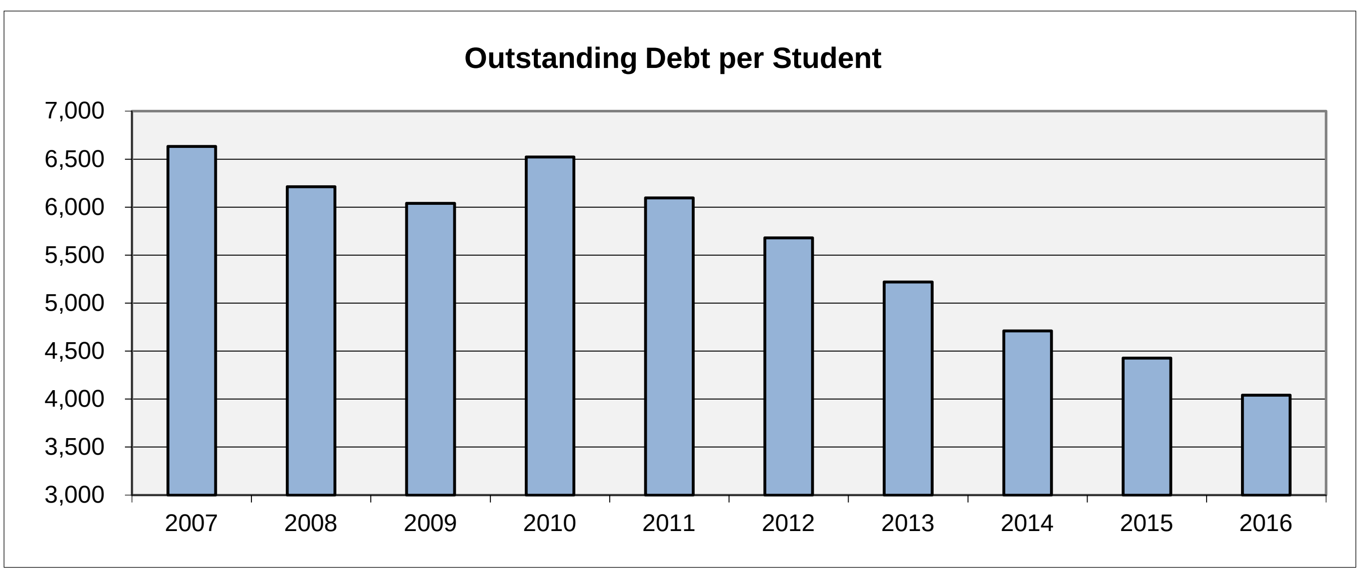
Source: District records

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

Fiscal Year		Capital Leases and Installment Purchases		Notes		Bonds		Certificates Of Participation
2007	$	7,763,937	$	28,391,020	$	104,795,299	$	188,836,531
2008		3,794,475		26,173,571		100,475,993		183,202,405
2009		2,554,486		23,836,843		95,971,687		177,228,279
2010		1,454,074		21,374,409		91,284,157		211,997,778
2011		669,702		18,779,496		86,957,159		206,341,984
2012		343,646		16,044,967		82,639,229		199,375,637
2013		93,280		13,163,292		76,149,609		193,328,587
2014				10,126,547		68,906,000		186,625,000
2015				6,926,368		66,112,180		182,465,005
2016				3,553,948		60,315,556		174,013,756

Notes:
(1) Schedule 16 Personal Income (thousands) divided by Total Debt.
(2) Total Debt divided by Schedule 19 Student Enrollment.
N/A = Not Available

Source:
District records



EFBD Agreement Payable	Total	Percentage of Personal Income (1)	Outstanding Debt Per Student (2)
$ 8,912,464	$ 338,699,251	1.69%	$ 6,633
9,023,280	322,669,724	1.89%	6,213
9,139,035	308,730,330	1.97%	6,040
9,519,989	335,630,407	2.03%	6,522
9,715,198	322,463,539	2.18%	6,096
9,346,115	307,749,594	2.44%	5,680
8,973,589	291,708,357	2.69%	5,219
4,020,439	269,677,986	2.99%	4,710
3,863,449	259,367,002	3.36%	4,428
9,583,179	247,466,439	N/A	4,042

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Schedule 13
District School Board of Osceola County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Osceola County			
Limited General Obligation Bonds	$ 30,555,000	100.00%	$ 30,555,000
Revenue Bonds	435,385,000	100.00%	435,385,000
Special Assessment Bonds	2,395,000	100.00%	2,395,000
Subtotal, overlapping debt			468,335,000
District direct debt			247,466,439
Total direct and overlapping debt			$ 715,801,439

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

Sources:
District records
Osceola County Comprehensive Annual Financial Report, FYE 9/30/15, Schedule 9

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

	Fiscal Year			
	2006	2007	2008	2009
Assessed value [1]	$ 16,141,696	$ 21,802,469	$ 26,329,988	$ 25,978,614
Debt limit (10% of assessed value)	1,614,170	2,180,247	2,632,999	2,597,861
Debt applicable to limit:				
Bonds payable	63,716	104,795	100,476	95,972
Total net debt applicable to limit	63,716	104,795	100,476	95,972
Legal debt margin	$ 1,550,454	$ 2,075,452	$ 2,532,523	$ 2,501,889
Total net debt applicable to the limit as a percentage of debt limit	3.95%	4.81%	3.82%	3.69%

Notes:
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.

[1] Schedule 8

Osceola County's information is not available for 2016.

Sources:
District records
Osceola County Comprehensive Annual Financial Report, FYE 9/30/15, Schedule 5

2010		2011		2012		2013		2014		2015
$	21,507,132	$	18,051,228	$	16,649,673	$	16,466,996	$	17,075,794	$	18,176,192
	2,150,713		1,805,123		1,664,967		1,646,700		1,707,579		1,817,619
	91,284		86,957		82,639		76,150		68,906		66,112
	91,284		86,957		82,639		76,150		68,906		66,112
$	2,059,429	$	1,718,166	$	1,582,328	$	1,570,550	$	1,638,673	$	1,751,507
	4.24%		4.82%		4.96%		4.62%		4.04%		3.64%

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

	Sales Tax Revenue Bonds			
	Local Sales Tax	Debt Service		
Fiscal Year	Revenue	Principal	Interest	Coverage
2007	$ 9,998,541	$ 1,420,000	$ 2,112,393	283.1%
2008	10,292,844	3,235,000	3,996,563	142.3%
2009	9,143,244	3,370,000	3,864,203	126.4%
2010	9,035,938	3,510,000	3,724,783	124.9%
2011	9,511,482	3,645,000	3,587,442	131.5%
2012	9,925,207	3,790,000	3,441,102	137.3%
2013	10,416,923	3,950,000	3,279,877	144.1%
2014	10,600,770	4,125,000	3,109,678	146.5%
2015	12,129,743	4,300,000	2,929,688	167.8%
2016	12,771,275	4,520,000	2,714,688	176.5%

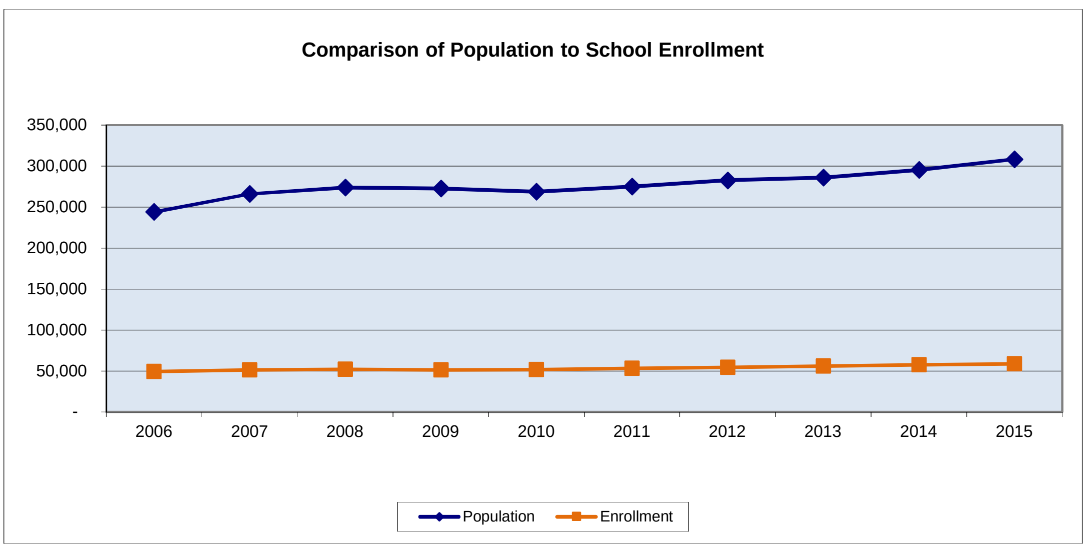
Source: District records

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

Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	244,045	$ 5,195,652	$ 21,290	34.5	49,214	3.1%
2007	266,123	5,708,018	21,449	34.9	51,060	4.3%
2008	273,709	6,087,831	22,242	34.4	51,934	6.4%
2009	272,788	6,086,173	22,311	34.6	51,118	11.3%
2010	268,685	6,814,171	25,361	35.6	51,458	12.4%
2011	275,010	7,022,084	25,534	35.5	52,900	11.6%
2012	282,676	7,503,530	26,545	36.0	54,197	9.4%
2013	286,001	7,851,188	27,452	35.9	55,892	7.2%
2014	295,553	8,065,185	27,288	35.9	57,252	6.7%
2015	308,327	8,713,098	28,259	36.4	58,569	5.7%

Note: Information not available for 2016

Sources: State of Florida Office of Economic and Demographic Research
District records



Schedule 17
District School Board of Osceola County
Osceola County Principal Employers
September 30, 2015 and Nine Years Earlier
Unaudited

	September 30, 2015			September 30, 2006 (4)		
Employer	**Employees**	**Rank**	**Percentage of Total Labor Force Employed**	**Employees**	**Rank**	**Percentage of Total Labor Force Employed**
Total Labor Force Employed (1)	147,971			117,105		
The School District of Osceola County (2)	6,754	1	4.56%	6,613	1	5.65%
Lowe's Distribution Center	6,007	2	4.06%			
Florida Hospital Celebration	3,802	3	2.57%			
Walt Disney World (Osceola County only) (3)	3,700	4	2.50%			
Florida Hospital Kissimmee	2,803	5	1.89%			
Osceola County Board of County Commission	2,303	6	1.56%	1,577	4	1.35%
Orange Lake Resorts & Holiday Inn Club	2,250	7	1.52%	1,200	5	1.02%
Osceola Regional Medical Center	1,616	8	1.09%			
Westgate Vacation Villas	1,500	9	1.01%			
Wilson Resort Management	1,200	10	0.81%			
Total principal employers	31,935		21.58%	9,390		8.02%

Notes:

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

(2) School District employees are shown as of June 30, 2016, and 2007. (See Schedule 18)

(3) Walt Disney World is a primary employer. Total employment in 2015 ranged between 54,000 and 60,000 employees. Number of employees from Osceola County is estimated.

(4) Only employers from current schedule are shown as could be determined with available data.

Sources:

Osceola County Comprehensive Annual Financial Report, FYE 9/30/15, Schedule 17
Orlando Economic Development Commission
District records

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

	Full-time-Equivalent Employees as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Supervisory										
Officials, Administrators and Managers	43	44	44	44	43	43	51	69	61	49
Consultants/Supervisors of Instruction	7	8	8	11	11	11	11	10	7	7
Principals	45	48	52	55	55	55	58	61	60	48
Assistant Principals	66	70	63	66	69	64	69	71	81	75
Deans/Curriculum Coordinators	4	7	2	5	6	9	9	8	6	
Total supervisory	165	177	169	181	184	182	198	219	215	179
Instruction										
Classroom Teachers, Elementary (PK-6)	1,242	1,297	1,290	1,291	1,401	1,438	1,447	1,463	1,509	1,325
Classroom Teachers, Secondary (7-12)	1,210	1,336	1,279	1,245	1,307	1,359	1,405	1,417	1,460	1,316
Exceptional Education Teachers	424	421	407	410	411	395	402	437	437	416
Other Teachers	86	93	80	102	118	127	130	135	156	134
Total instruction	2,962	3,147	3,056	3,048	3,237	3,319	3,384	3,452	3,562	3,191
Student Services										
Guidance Counselors	93	97	90	92	99	98	100	100	107	105
Social Workers	13	14	14	12	9	9	11	10	10	11
School Psychologists	34	34	37	33	31	31	30	32	33	31
Librarians/Audio-Visual Workers	39	46	45	47	48	47	45	46	45	46
Other Professional Staff, Instructional	334	387	356	267	261	262	277	304	321	321
Other Professional Staff, Non-Instructional	196	210	224	199	190	186	183	183	189	189
Aides	779	775	696	575	666	694	728	786	817	812
Technicians	96	107	102	110	65	124	119	124	127	126
Total student services	1,584	1,670	1,564	1,335	1,369	1,451	1,493	1,585	1,649	1,641
Support and Administration										
Clerical/Secretarial	539	561	564	537	536	494	519	518	538	510
Service Workers	1,275	1,331	1,301	1,101	1,108	1,101	1,147	1,150	1,162	1,141
Skilled Crafts Workers	65	71	72	67	66	66	67	66	70	66
Unskilled Laborers	23	26	23	22	21	20	24	19	21	26
Total support and administration	1,902	1,989	1,960	1,727	1,731	1,681	1,757	1,753	1,791	1,743
Total	6,613	6,983	6,749	6,291	6,521	6,633	6,832	7,009	7,217	6,754

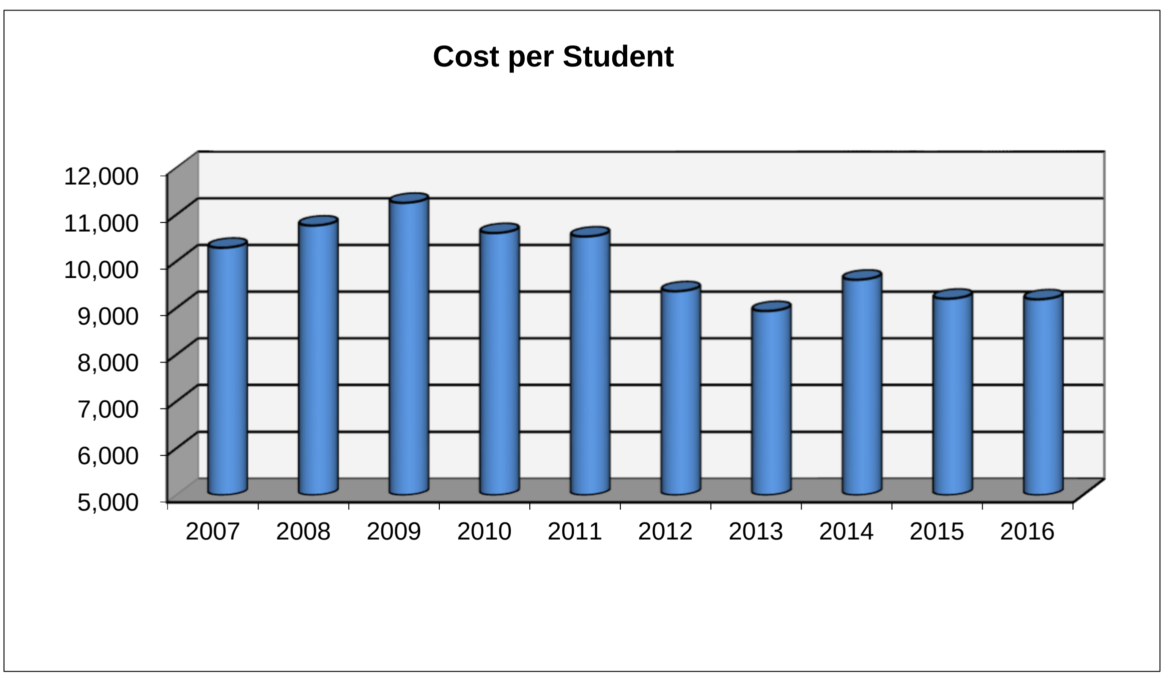
Source:
Florida Department of Education

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

Fiscal Year	Expenditures	Student Enrollment	Cost per Student	Number of Schools
2007	$ 525,448,997	51,060	$ 10,291	43
2008	559,183,622	51,934	10,767	43
2009	575,280,841	51,118	11,254	47
2010	545,771,425	51,458	10,606	46
2011	557,115,622	52,900	10,531	47
2012	507,240,605	54,197	9,359	47
2013	499,401,847	55,892	8,935	47
2014	549,979,876	57,252	9,606	47
2015	538,758,468	58,569	9,199	47
2016	561,613,171	61,141	9,186	47

Sources:

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



Number of Classroom Teachers	Pupil/Teacher Ratio	Percentage of Students Receiving Free/Reduced Meals	
		Osceola	Statewide
2,962	17.2	57.2%	45.4%
3,147	16.5	58.7%	45.8%
3,056	16.7	62.7%	49.6%
3,048	16.9	67.4%	53.5%
3,237	16.3	68.4%	56.0%
3,319	16.3	70.7%	57.6%
3,384	16.5	71.7%	58.6%
3,452	16.6	64.1%	54.2%
3,562	16.4	64.6%	51.3%
3,191	19.2	64.9%	60.2%

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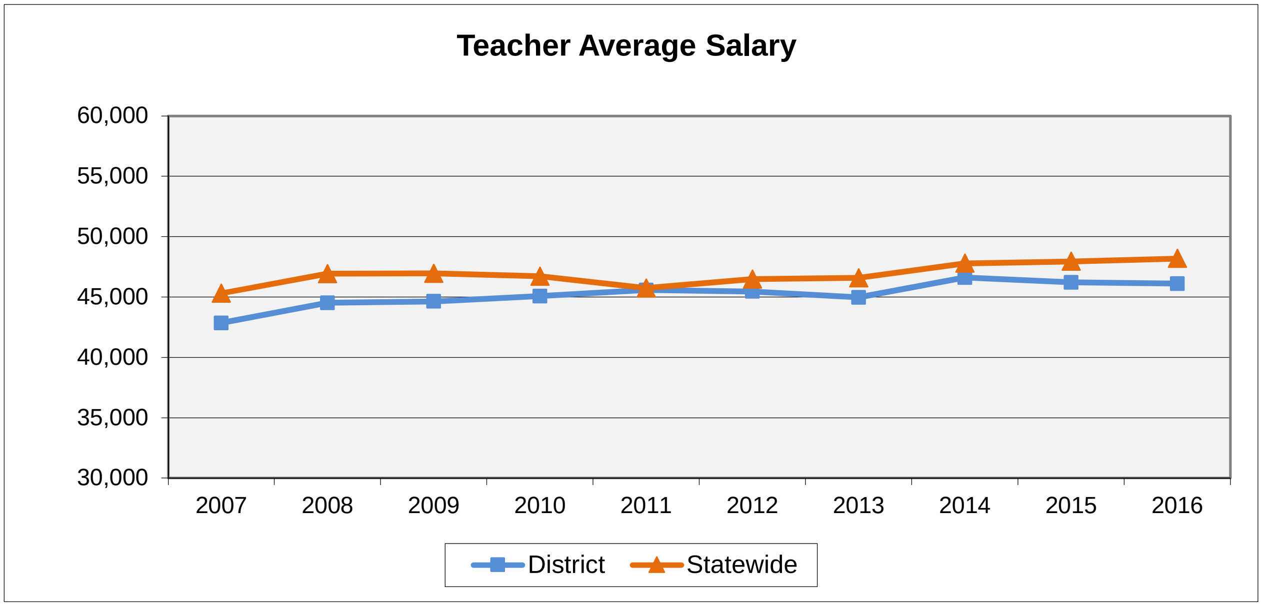
Schedule 20
District School Board of Osceola County
Teacher Salaries
Last Ten Fiscal Years
Unaudited

Fiscal Year	Minimum Salary [1]	Maximum Salary [1]	Osceola Average Salary [2]	Statewide Average Salary [2]
2007	$ 36,000	$ 61,275	$ 42,851	$ 45,307
2008	37,500	65,685	44,519	46,930
2009	37,500	65,685	44,639	46,950
2010	37,650	66,185	45,070	46,708
2011	37,800	66,485	45,574	45,732
2012	38,036	66,485	45,457	46,479
2013	38,036	66,485	44,965	46,583
2014	39,445	67,894	46,606	47,780
2015	39,500	67,935	46,211	47,950
2016	39,500	68,685	46,103	48,179

Sources:
[1] District records
[2] Florida Department of Education
Education Information and Accountability Services



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

	Current		Unweighted Full-Time Equivalent Enrollment Data			
	Square Footage	**Student Capacity**	**2015-16**	**2014-15**	**2013-14**	**2012-13**
Elementary Schools (Placed in Service)						
Boggy Creek (1982)	103,649	896	682	714	746	720
Central Avenue (1934)	131,504	1,016	653	712	736	711
Chestnut (2005)	124,829	1,088	689	752	697	671
Cypress (1991)	107,250	800	735	726	718	755
Deerwood (1990)	130,214	990	571	672	651	676
East Lake (2010)	115,349	1,092	1,001	974	920	867
Flora Ridge (2007)	120,770	1,062	839	921	949	1,122
Hickory Tree (1983)	131,530	954	720	716	653	620
Highlands (1959)	136,722	1,075	826	938	916	963
Kissimmee (2000)	130,485	1,118	873	996	1,036	843
Koa (2009)	108,348	898	708	759	783	816
Lakeview (1985)	111,571	808	654	649	656	645
Michigan Avenue (1971)	96,379	738	648	645	634	618
Mill Creek (1986)	140,940	1,120	998	975	868	786
Narcoossee (2009)	118,167	1,010	849	767	717	748
Neptune (2007)	120,066	1,066	975	984	907	886
Partin Settlement (2002)	127,119	895	832	791	854	790
Pleasant Hill (1986)	137,787	1,056	883	890	891	880
Poinciana Academy of Fine Arts (2001)	142,990	890	681	765	749	714
Reedy Creek (1980)	114,566	1,179	969	967	909	730
Saint Cloud (2005)	126,129	1,098	980	970	971	924
Sunrise (2005)	125,941	1,176	890	1,001	928	814
Thacker Avenue (1963)	145,004	928	874	891	850	791
Ventura (1987)	135,229	1,084	888	946	919	967
Total Elementary Schools			19,418	20,121	19,658	19,057
Middle Schools (Placed in Service)						
Denn John (1973)	132,318	1,431	948	1,022	1,140	1,169
Discovery (2000)	260,070	1,644	1,026	1,138	1,193	1,219
Horizon (1993)	175,571	1,733	1,239	1,220	1,213	1,158
Kissimmee (1995)	180,495	1,854	1,249	1,258	1,300	1,307
Narcoossee (2000)	185,070	1,586	1,178	1,090	1,092	1,069
Neptune (1987)	186,550	1,660	1,330	1,296	1,369	1,385
Parkway (1986)	153,050	1,268	858	938	1,018	1,011
Saint Cloud (1974)	136,039	1,593	1,191	1,172	1,139	1,180
Total Middle Schools			9,019	9,134	9,464	9,498
High Schools (Placed in Service)						
Celebration (2001)	344,881	2,865	2,309	2,155	2,005	1,995
Gateway (1981)	305,535	3,082	2,454	2,417	2,421	2,317
Harmony (2004)	326,031	2,457	1,926	1,822	1,782	1,806
Liberty (2007)	307,299	2,319	1,963	1,914	1,873	1,898
Osceola (1962)	327,629	3,076	2,676	2,543	2,477	2,285
PATHS Technical Education Center (1990)	163,199	1,460	593	460	641	681
Poinciana (1991)	313,579	2,021	1,685	1,548	1,416	1,447
Saint Cloud (1962)	277,184	2,431	2,304	2,214	2,073	2,057
Total High Schools			15,910	15,073	14,688	14,486
Multilevel Schools (Placed in Service)						
Celebration (1995)	219,212	1,936	1,343	1,279	1,280	1,282
Harmony (2007)	112,238	1,047	885	830	855	799
Osceola County School for the Arts (2002)	177,121	1,068	906	911	859	852
Westside K-8 (2009)	189,468	1,697	1,518	1,487	1,351	1,523
Total Multilevel Schools			4,652	4,507	4,345	4,456
Total K-12 Schools			48,999	48,835	48,155	47,497

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

Sources:
Florida Department of Education, Educational Facilities Summary Report

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
718	702	698	711	740	825
686	608	610	661	716	850
683	664	680	982	1,084	1,117
727	728	797	789	815	930
698	636	685	976	1,079	1,074
859	764				
1,071	994	967	950	750	
604	607	514	563	899	909
905	755	735	767	794	779
835	801	725	726	744	1,063
863	860	881			
637	636	685	717	725	1,016
608	635	700	688	950	992
867	908	978	997	1,045	952
734	620	1,129	1,127		
882	828	737	660	707	
818	782	857	971	963	1,024
936	935	951	1,039	991	991
707	704	615	916	1,017	1,112
763	813	784	1,150	1,138	989
921	901	836	832	989	984
817	827	799	895	896	990
729	777	685	589	642	695
917	897	977	1,004	1,120	1,128
18,985	18,382	18,025	18,710	18,804	18,420
1,181	1,156	1,148	1,132	1,083	1,157
1,291	1,376	1,398	1,471	1,596	1,619
1,199	1,209	1,163	1,472	1,553	1,609
1,215	1,182	1,119	1,151	1,106	1,030
1,041	892	666	663	1,738	1,579
1,399	1,281	1,423	1,449	1,473	1,509
929	871	897	889	886	1,023
1,230	1,349	1,204	1,200	1,216	1,311
9,485	9,316	9,018	9,427	10,651	10,837
1,864	1,860	1,694	1,654	1,704	1,847
2,241	2,287	2,324	2,377	2,333	2,269
1,858	1,832	1,880	1,859	1,891	1,696
2,052	2,146	2,062	1,974	2,020	
2,080	1,963	1,945	2,147	2,359	2,433
694	681	684	691	696	660
1,348	1,230	1,203	1,366	2,785	2,785
1,886	1,747	1,683	1,753	1,741	1,674
14,023	13,746	13,475	13,821	15,529	13,364
1,319	1,172	1,197	1,284	1,338	1,248
800	921	930	747		
828	740	736	498	678	750
1,359	1,481	1,206			
4,306	4,314	4,069	2,529	2,016	1,998
46,799	45,758	44,587	44,487	47,000	44,619

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SINGLE AUDIT SECTION

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DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
United States Department of Agriculture				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	15002	$ 6,767,495	
National School Lunch Program	10.555	15001 15003	23,332,117	
Summer Food Service Program for Children	10.559	14006 14007 15006 15007	850,143	
Total Child Nutrition Cluster:			**30,949,755**	
Florida Department of Health:				
Child and Adult Care Food Program	10.558	H-4474	204,145	
Total United States Department of Agriculture			**31,153,900**	
United States Department of Commerce				
Indirect:				
Department of Commerce National Institute of Standards and Technology (NIST) Measurement and Engineering Research and Standards	11.609	N/A	3,666	
Total United States Department of Commerce			**3,666**	
United States Department of Defense				
Direct:				
Air Force Junior Reserve Officers Training Corps	None	N/A	128,548	
Army Junior Reserve Officers Training Corps	None	N/A	232,400	
Marines Junior Reserve Officers Training Corps	None	N/A	90,921	
Navy Junior Reserve Officers Training Corps	None	N/A	54,165	
Total United States Department of Defense			**506,034**	
United States Department of Education				
Direct:				
Federal Pell Grant Program	84.063	N/A	1,514,721	
Total Direct:			**1,514,721**	
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	11,391,568	
Special Education - Preschool Grants	84.173	267	176,293	
Total Special Education Cluster			**11,567,861**	
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191 193	690,299	
Migrant Education - State Grant Program	84.011	217	61,789	
Title I Grants to Local Educational Agencies	84.010	212 222 223 226 228	18,752,795	1,996,184
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	214	22,255	
Career and Technical Education - Basic Grants to States	84.048	161	812,014	881
Education for Homeless Children and Youth	84.196	127	114,648	
Charter Schools	84.282	298	630,375	630,375
Twenty-First Century Community Learning Centers	84.287	244	1,366,192	399,982
English Language Acquisition State Grants	84.365	102	1,362,680	23,625
Mathematics And Science Partnerships	84.366	235 236	493,568	
Improving Teacher Quality State Grants	84.367	224	1,533,788	3,865
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RA 111	221,389	
Total Indirect			**37,629,653**	**3,054,912**
Total United States Department of Education			**39,144,374**	**3,054,912**
Department of Health and Human Services				
Indirect:				
Florida Department of Health and Human Services:				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	37,274	
Total Department of Health and Human Services			**37,274**	
Total Expenditures of Federal Awards			**$ 70,845,248**	**$ 3,054,912**

The accompanying notes are an integral part of this schedule.

Notes:

(1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Osceola County District School Board under programs of the Federal government fo the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations part 200, *Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position of the District.

(2) Summary of Significant Account Policies. Expenditures are reported on the modified accrual basis of accounting Such expenditures are recognized following, as either the cost principles in Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimus cost rate allowed under the Uniform Guidance.

(4) Noncash Assistance:

(A) National School Lunch Program - Includes $2,501,310 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(B) NA. The District had no donated Federal Surplus Personal Property.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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111 West Madison Street
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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Osceola County District School Board, as of and for the fiscal year ended June 30, 2016, 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 15, 2016, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the District's agency funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant* *deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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. 2017-070.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 communication is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
December 15, 2016
Audit Report No. 2017-080

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for the Major Federal Program

We have audited the Osceola County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major Federal program for the fiscal year ended June 30, 2016. The District's major Federal program is identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major Federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the 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 its major Federal program for the fiscal year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Federal Awards Finding No. 2016-001. Our opinion on the major Federal program is not modified with respect to this matter.

District's response to the noncompliance finding identified in our audit is included as District Response in Federal Awards Finding No. 2016-001 and the **CORRECTIVE ACTION PLAN**. 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 the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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 a certain deficiency in internal control over compliance, as described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Federal Awards Finding No. 2016-001, that we consider to be a significant deficiency.

District's response to the internal control over compliance finding identified in our audit is included as District Response in Federal Awards Finding No. 2016-001 and the **CORRECTIVE ACTION PLAN**. 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
December 15, 2016
Audit Report No. 2017-080

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major program:	
CFDA Numbers: 10.553, 10.555, and 10.559	Name of Federal Program or Cluster: Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs:	$2,125,357
Auditee qualified as low risk auditee?	Yes

U.S. DEPARTMENT OF AGRICULTURE

Finding Number	**2016-001**
CFDA Numbers	10.553 and 10.555
Program Title	**Child Nutrition Cluster**
Compliance Requirement	Special Tests and Provisions-Net Cash Resources
Pass-Through Entity	Florida Department of Agriculture and Consumer Services (FDACS)
Federal Grant/Contract Number and Grant Year	Contract #18230 – 2016
Statistically Valid Sample	N/A
Finding Type	Noncompliance and Significant Deficiency
Questioned Costs	N/A
Prior Year Finding	N/A

Finding Contrary to Federal regulations, the District maintained excess net cash resources in the District food service program.

Criteria Title 7, Section 210.14(b), Code of Federal Regulations (CFR), requires the District to limit the net cash resources of the District food service program to an amount that does not exceed 3 months' average expenditures or another amount established by the FDACS pursuant to Title 7, Section 210.19(a), CFR. In addition, FDACS instructions allow the District to calculate the excess net cash resources amount based on 10 or 12 months of operations. Title 7, Section 210.19(a), CFR, also provides that, should the net cash resources exceed 3 months' average expenditures or an amount established by the FDACS, the FDACS may require the District to reduce the price charged to students for lunches, improve food quality, or take action designed to improve the food service program. Without such action, the FDACS must make adjustments to the District reimbursement rate under the National School Lunch Program to ensure Federal compliance.

Condition At June 30, 2016, the District had excess net cash resources of $6,342,761 based on total net cash resources ($14,917,089) less the average 3 months' 2015-16 fiscal year expenditures ($8,574,328). The average expenditures were calculated on a 10-month basis that excluded Summer Food Service Program activities.

Cause District personnel indicated that the excessive net cash resources occurred due to an increase in the number of District schools participating in the Community Eligibility Provision Program, which resulted in an overall increase in food service participation and Federal reimbursement, and a decrease in food service construction project expenditures from the 2014-15 to the 2015-16 fiscal year.

Effect If the District does not bring excess net cash resources into compliance with the Federal regulations, the FDACS may require the District to reduce the price charged to students for lunches or make adjustments to the District reimbursement rate under the National School Lunch Program.

Recommendation The District should enhance procedures to ensure that net cash resources of the food service program are maintained within the level prescribed by Federal regulations.

District Response The District is aware of the excess net cash resources generated during FY 2015-16 and has a corrective action plan which includes the following: investments in food service equipment, renovations and improvements to school food service facilities, improving the quality of food, additional training for food service staff, adding food service staff, purchase of food delivery vehicles, and security enhancements. The corrective action plan totals spending of $6,607,500 and is expected to be completed by June 30, 2017.

PRIOR AUDIT FOLLOW-UP

There were no findings requiring follow-up.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

The District did not have prior audit findings required to be reported under 2 CFR 200.511.

CORRECTIVE ACTION PLAN

Osceola County District School Board
Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2016

Finding Number:	*2016-001*
Planned Corrective Action:	***See attached***
Anticipated Completion Date:	June 30, 2017
Responsible Contact Person:	L. Rae Hollenbeck

Florida Department of Agriculture and Consumer Services
Division of Food Nutrition and Wellness
Financial Reporting for Private Schools - Institutions - Charter Schools
July 1, 2015 through June 30, 2016

ADAM H. PUTNAM
COMMSSIONER

Name of School/Institution: The School District of Osceola County, Florida Agreement Number: 18230-2016

Corrective Action Plan for Excess Net Cash Resources

Directions: Use the below section to outline a plan to reduce the exess operating food service balance. This plan should include expenditures that can be executed within a calendar year of the agency approval date.

Food service equipment

1. Replace walk-in cooler and freezer at Hickory Tree Elem. Projected cost $250,000.00
2. Replace old Kronos (time keeping equipment). Projected cost $90,000.00
3. Replace old/outdated POS/Computers. Projected cost $450,000.

Alterations or improvements to existing school food service facilities that do not increase existing square footage

1. Outside walk in freezer cover to protect employees from weather conditions at Horizon Middle. Projected cost $20,000.00
2. Renovate serving area in the schools kitchens
a. Poinciana High – renovate serving areas and replace serving lines in main dining room and snack bar areas. Install serving area in courtyard. Replace pass thru warmers and coolers. Projected cost $1,900,000.00
b. Hickory Tree Elem – renovate serving area and replace serving lines. Projected cost $450,000.00
c. Celebration K-8 – renovate serving area and replace serving lines. Projected cost $350,000.00
d. Discovery Middle – renovate serving area and replace serving lines. Projected cost $500,000.00

Improving the quality of food

1. Adding a hot protein item to the daily breakfast menu. Projected cost $3,000.00
2. Increase the price point for lunch entrees by 10 cents. Projected cost $100,000.00
3. Cloud based food temperature taking system. Projected cost $100,000.00

Training for food service staff

1. In-service for managers and assistant managers to improve quality of work. Projected cost $8,000.00
2. Establish a computerized training lab (25 computers) for managers, cashiers and food service assistants. Projected cost $60,000.00
3. Consultant to train staff for Federal Regulation compliance. Projected cost $5,000.00

Adding food preparation/serving staff; administrative staff, such as a bookkeeper

1. Increase wages for Food Service Assistants and Lead Food Service Assistants. Projected cost $850,000.00
2. Add (2) Field Managers to assist with the operation of school site kitchens. Projected cost $160,000.00
3. Add Field Supervisor to assist with the selection, hiring and training of SNS employees. Projected cost $110,000.00
4. Add (6) Assistant Manager positions for anticipated district growth. Projected cost $240,000.00
5. Add "Year Round" Manager for improved management of the Summer Food Service Program. Projected cost $88,000.00
6. Add (25) Food Service Assistant positions to handle the increased participation resulting from CEP. Projected cost $290,000.00
7. Add SNS Specialist position to coordinate marketing, equipment purchases, special functions, etc. Projected cost $115,000.00
8. Add Assistant Accountant to district office staff. Projected cost $18,000.00

Miscellaneous (If additional space is needed attach another page

1. Mobile storage for SNS district office to store equipment, uniforms and records. Projected cost $20,500.00
2. Improve the security and loss prevention at school sites by adding security cameras to the kitchens. Projected cost $30,000.00
3. Vehicles to deliver food to new charter schools and replacement of old vehicles (8). Projected cost $400,000.