

**SEMINOLE COUNTY  
DISTRICT SCHOOL BOARD**

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Financial and Federal Single Audit

For the Fiscal Year Ended  
June 30, 2008



## BOARD MEMBERS AND SUPERINTENDENT

Seminole County District School Board members and the Superintendent who served during the 2007-08 fiscal year are listed below:

	<i><u>District No.</u></i>
<i>Diane Bauer, Chairman from 11-20-07, Vice-Chairman to 11-19-07</i>	<i>1</i>
<i>Sandra Robinson</i>	<i>2</i>
<i>Dede Schaffner, Vice-Chairman from 11-20-07</i>	<i>3</i>
<i>Barry Gainer, Chairman to 11-19-07</i>	<i>4</i>
<i>Jeanne Morris</i>	<i>5</i>

*Bill Vogel, Ed. D., Superintendent*

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Nancy Heyman, CPA, and the audit was supervised by Keith A. Wolfe, CPA. For the information technology portion of this audit, the audit team leader was Heidi Burns, CPA, CISA, and the supervisor was Nancy Reeder, CPA, CISA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, by e-mail at [gregcenters@aud.state.fl.us](mailto:gregcenters@aud.state.fl.us) or by telephone at (850) 487-9039.

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## EXECUTIVE SUMMARY

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### Summary of Report on Financial Statements

Our audit disclosed that the District's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

### Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Title I and Improving Teacher Quality State Grants programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that were applicable to the major Federal programs tested.

### Audit Objectives and Scope

Our audit objectives were to determine whether the Seminole County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs.

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2008. We obtained an understanding of the District's environment, including its internal control and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements. The results of our operational audit of the District are included in our report No. 2009-055.

### Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America, applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget *Circular A-133*.



David W. Martin, 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 FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Seminole County District School Board as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, reported as agency funds, which represent 8 percent of the assets and 24 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. Those financial 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 school internal funds and the aggregate discretely presented component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of The Foundation for Seminole County Public Schools, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Seminole County District School Board as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** (pages 3 through 11) and the **SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN** (page 55) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Seminole County District School Board's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,



David W. Martin, CPA

December 1, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the District School Board of Seminole County, Florida, (the District), we offer readers of the District's financial statements this Management's Discussion and Analysis (MD&A) of the financial activities of the District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with our financial statements found on pages 12 - 54.

### Financial Highlights

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

- The assets of the District exceeded its liabilities at June 30, 2008 by \$604,547,833. Of this amount, \$5,146,808 may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$47,721,728.
- At June 30, 2008, the District's governmental funds reported combined fund balances of \$129,882,011, an increase of \$4,126,406 over the prior year.
- At June 30, 2008, the unreserved fund balance for the General Fund was \$36,853,247 or 7.9 percent of total General Fund expenditures. The unreserved fund balance is available for spending at the District's discretion.
- The District's total bonded debt (Bonds Payable and Certificates of Participation) decreased by \$7,135,000 or 2.8 percent during the current fiscal year. The key factor in this decrease was the payment of Certificates of Participation.

### 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: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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

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

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

Both of the government-wide financial statements distinguish activities of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include such functions as instruction, pupil personnel services, administration, pupil transportation, maintenance, and other items. The District's only business-type activity is the Extended Day Program.

The government-wide financial statements include not only the District (known as the primary government), but also two charter schools and The Foundation for Seminole County Public Schools, Inc., for which the District is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government. The Seminole School Board Leasing Corporation



(Leasing Corporation), although also legally separate, was formed to facilitate financing for the acquisition of facilities and equipment. Due to a substantive economic relationship between the District and Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 12 - 15 of this report.

**Fund 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be put into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented 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 funds balance sheet and the governmental funds 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 15 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 General Fund and each major fund. One debt service fund and one capital projects fund are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation.

The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on pages 22 – 23 to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 - 20 of this report.

**Proprietary Funds.** The District maintains two different types of proprietary funds. The enterprise fund is used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its Extended Day (before and after school child care) Program. Internal service funds are an accounting device used to accumulate and allocate cost internally among the District's various functions. The District uses internal service funds to account for its self-insurance programs, printshop, and computer store. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Extended Day Program. Since the Extended Day Program is the only enterprise fund, it is considered to be a major fund of the District. Conversely, the four internal service funds are combined in a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 24 - 26 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held 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.

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 – 54 of this report.

**Other Supplementary Information.** In addition to this management's discussion and analysis, this report also presents certain required supplementary information concerning the District's progress in funding its obligations to provide postemployment benefits other than pensions to its employees. The schedule of funding progress, other postemployment benefits plan, required supplementary information can be found on page 55 of this report.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$604,547,833 at June 30, 2008.

By far, the largest portion of the District's net assets, \$525,880,804 (87 percent) reflects its investment in capital assets (e.g., land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures and equipment; motor vehicles; audio-visual materials; and computer software), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to house and educate the students of Seminole 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.

The following is a summary of the District's net assets as of June 30, 2007, compared to net assets as of June 30, 2008:

**District School Board of Seminole County, Florida's Net Assets**  
**As of June 30, 2007 and June 30, 2008**  
**(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current Assets	\$ 212,170	\$ 207,024	\$ 599	\$ 518	\$ 212,769	\$ 207,542
Capital Assets	722,393	763,927	-	-	722,393	763,927
<b>Total Assets</b>	<b>934,563</b>	<b>970,951</b>	<b>599</b>	<b>518</b>	<b>935,162</b>	<b>971,469</b>
Long-Term Liabilities	305,029	304,988	-	-	305,029	304,988
Other Liabilities	73,297	61,911	10	22	73,307	61,933
<b>Total Liabilities</b>	<b>378,326</b>	<b>366,899</b>	<b>10</b>	<b>22</b>	<b>378,336</b>	<b>366,921</b>
<b>Net Assets:</b>						
Invested in Capital Assets,						
Net of Related Debt	476,639	525,881	-	-	476,639	525,881
Restricted	81,149	73,520	-	-	81,149	73,520
Unrestricted	(1,551)	4,651	589	496	(962)	5,147
<b>Total Net Assets</b>	<b>\$ 556,237</b>	<b>\$ 604,052</b>	<b>\$ 589</b>	<b>\$ 496</b>	<b>\$ 556,826</b>	<b>\$ 604,548</b>

An additional portion of the District's net assets, \$73,520,221 (12.2 percent), represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the District is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The remaining net assets, \$5,146,808 (.8 percent), are unrestricted assets. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

There was a decrease of \$7,628,631 in restricted net assets reported in connection with the District's government-wide financial activities. This decrease was primarily the result of spending down of construction funds received by the District in prior years for use in the construction program. The increase of \$6,108,780 in government-wide unrestricted net assets was due partially to actions taken to mitigate the effects of \$15.7 million in revenue reductions imposed by the State of Florida due to the revenue shortfall at the State level. As discussed further on page 9, a budget adjustment plan was implemented that essentially covered the full deficit amount. Unanticipated savings over the amount needed to cover the deficit were primarily provided through: (1) a hiring freeze; (2) interest earnings over budget estimates; (3) property tax revenues over estimates; (4) a savings in summer school expenditures due to a reduction in summer school offerings and a later start of summer school; and (5) utility expenditures under budget.

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

**District School Board of Seminole County, Florida's Operating Results and Changes in Net Assets**  
**For the Fiscal Year Ending June 30, 2007 and June 30, 2008**  
**(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charge for Services	\$ 13,828	\$ 13,189	\$ 4,816	\$ 4,881	\$ 18,644	\$ 18,070
Operating Grants and Contributions	77,352	88,942	-	-	77,352	88,942
Capital Grants and Contributions	34,226	16,560	-	-	34,226	16,560
<b>General Revenues:</b>						
Property Taxes	223,171	241,237	-	-	223,171	241,237
Other Taxes	17,451	15,549	-	-	17,451	15,549
Florida Education Finance Program	193,137	185,801	-	-	193,137	185,801
Unrestricted Federal Sources	30,919	29,949	-	-	30,919	29,949
Unrestricted State Sources	20,099	20,115	-	-	20,099	20,115
Unrestricted Local Sources	3,736	4,025	-	-	3,736	4,025
Unrestricted Interest Earnings	9,896	8,314	17	13	9,913	8,327
<b>Total Revenues</b>	<b>623,815</b>	<b>623,681</b>	<b>4,833</b>	<b>4,894</b>	<b>628,648</b>	<b>628,575</b>
<b>Expenses:</b>						
Instruction	339,376	344,910	-	-	339,376	344,910
Pupil Personnel Services	22,842	23,111	-	-	22,842	23,111
Instructional Media Services	8,652	8,338	-	-	8,652	8,338
Instr. and Curriculum Dev. Services	6,956	7,899	-	-	6,956	7,899
Instructional Staff Training Services	5,949	6,808	-	-	5,949	6,808
Instruction Related Technology	3,929	3,884	-	-	3,929	3,884
School Board	1,706	1,822	-	-	1,706	1,822
General Administration	2,590	2,592	-	-	2,590	2,592
School Administration	33,359	33,169	-	-	33,359	33,169
Facility Services - Non Capitalized	10,662	10,258	-	-	10,662	10,258
Fiscal Services	2,079	2,157	-	-	2,079	2,157
Food Services	27,057	26,688	-	-	27,057	26,688
Central Services	4,421	4,821	-	-	4,421	4,821
Pupil Transportation	26,016	27,585	-	-	26,016	27,585
Operation of Plant	43,768	42,639	-	-	43,768	42,639
Maintenance of Plant	11,279	11,436	-	-	11,279	11,436
Administrative Technology Services	4,623	4,557	-	-	4,623	4,557
Community Services	2,080	1,992	-	-	2,080	1,992
Interest on Long-Term Debt	14,231	13,105	-	-	14,231	13,105
Extended Day Program	-	-	2,911	3,082	2,911	3,082
<b>Total Expenses</b>	<b>571,575</b>	<b>577,771</b>	<b>2,911</b>	<b>3,082</b>	<b>574,486</b>	<b>580,853</b>
<b>Change in Net Assets Before Transfers</b>	<b>52,240</b>	<b>45,910</b>	<b>1,922</b>	<b>1,812</b>	<b>54,162</b>	<b>47,722</b>
<b>Transfers</b>	<b>1,902</b>	<b>1,905</b>	<b>(1,902)</b>	<b>(1,905)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>54,142</b>	<b>47,815</b>	<b>20</b>	<b>(93)</b>	<b>54,162</b>	<b>47,722</b>
<b>Net Assets, Beginning</b>	<b>502,095</b>	<b>556,237</b>	<b>569</b>	<b>589</b>	<b>502,664</b>	<b>556,826</b>
<b>Net Assets, Ending</b>	<b>\$ 556,237</b>	<b>\$ 604,052</b>	<b>\$ 589</b>	<b>\$ 496</b>	<b>\$ 556,826</b>	<b>\$ 604,548</b>

The government-wide net assets increased by \$47,721,728 during the current fiscal year. The majority of this increase was the result of growth in capital assets over the related depreciation charged, which represented \$41,534,709, and the payments on bonds payable and certificates of participation exceeding the new bonds payable issued, which represented \$7,135,000. The remaining increase represents the degree to which increases in ongoing revenues have outpaced increases in ongoing expenses.

**Governmental Activities.** Governmental activities increased the District's net assets by \$47,815,115, thereby accounting for 100.2 percent of the total growth in the net assets of the District. Key elements of the increase are as follows:

- The increase of \$6,202,167 in unrestricted net assets was due partially to actions taken to mitigate the effects of \$15.7 million in revenue reductions imposed by the State of Florida due to revenues shortfall at the State level. A budget adjustment plan was implemented that essentially covered the full deficit amount. Unanticipated savings over the amount needed to cover the deficit were primarily provided through: (1) a hiring freeze; (2) interest earnings over budget estimates; (3) property tax revenue over estimates; (4) a savings in summer school expenditures due to a reduction in summer school offerings and a later start of summer school; and (5) utility expenditures under budget. A further revenue shortfall of \$14.8 million for the District was included in the State appropriations for the 2008-09 fiscal year.
- The capital projects (construction) revenues received during the current fiscal year are disbursed on construction projects and other capital assets that will be capitalized and expensed in future years through depreciation. If these funds are not disbursed at year-end, they are reported as current assets and restricted net assets. Investments in Capital Assets, Net of Related Debt, increased by \$49,241,579 and Restricted Net Assets for Capital Projects decreased by \$9,616,772 from the previous year.
- Restricted Net Assets for State Categorical Programs increased by \$2,278,633. This increase was in anticipation of future State budget reductions in these programs.

**Business-Type Activities.** Business-type activities decreased the District's net assets by \$93,387, offsetting the growth in the government's total net assets. Key elements of this decrease are as follows.

- Charges for services for business-type activities and other income increased by 1.3 percent, while expenses and transfers out increased by 3.6 percent.

### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$129,882,011, an increase of \$4,126,406 in comparison with the prior year. Unreserved fund balance of \$86,800,179 represent 66.8 percent of the ending fund balances and is available to meet the District's short-term spending needs within the corresponding fund types. The remainder of fund balance is reserved to indicate that it is not available for new spending, because it has already been committed: 1) to liquidate contracts and purchase orders outstanding at year-end of \$36,654,048; 2) to pay debt service of \$1,727,056; and 3) to fund State categorical programs of \$4,700,728.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$36,853,247, while total fund balance reached \$44,058,919. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to

total expenditures. Unreserved fund balance represents 7.9 percent of total General Fund expenditures, while total fund balance represents 9.4 percent of that same amount.

During the current fiscal year, the total fund balance of the General Fund increased by \$12,962,276. This increase in total fund balance was primarily due to: (1) an increase in unexpended project balances of \$5.1 million; (2) an increase in the school carry over budget balances of \$1.2 million; and (3) unanticipated savings from budget reductions and revenues of \$6.7 million over the amount needed to cover fiscal year 2007-08 revenue deficit, including: (1) a hiring freeze; (2) a savings in summer school expenditures due to a reduction in summer school offerings and a later start of summer school; (3) utility expenditures under budget; (4) interest earnings over budget estimates; and (5) property tax revenue over estimates.

The Debt Service – Certificates of Participation Fund has a fund balance of \$1,367,805, all of which is reserved for debt service. The increase in fund balance during the current fiscal year was \$67,689. This increase was the primarily the result of additional interest earnings.

The fund balance for the Capital Projects – Section 1011.71(2), Florida Statutes, Local Capital Improvement Tax Fund increased by \$1,872,657 to \$41,936,633. This change was mainly due to the timing differences between collecting funds for and expending these funds on construction projects.

**Proprietary Funds.** The District's business-type activities provide the same type of information found in the government-wide financial statements. The Extended Day Program's unrestricted net assets were \$495,571 at the end of the current fiscal year.

### General Fund Budgetary Highlights

During the current fiscal year, the District received approximately \$15.7 million of State formula revenues less than the initially budgeted amounts. This decrease was mainly due to a shortfall in State revenue, which was passed on to the school districts by the Florida Legislature. Of the funding reduction amount, \$12 million was due to the shortfall in State revenue and a further net reduction of \$3.7 million was due to the effects of declining enrollment (total of 794 FTE student less than the prior year). The shortfall in State funding was fully offset by the following: (1) a non-recurring transfer of \$5.4 million from the capital projects funds; (2) utility expenditures that were under budget by approximately \$.5 million; (3) an appropriation reduction of \$3.7 million in State performance pay (MAP); (4) a reduction of district and school level positions by \$1 million; (5) the transfer of \$.7 million in instructional equipment expenditures to the capital outlay funds; (6) the use \$3.4 million set aside in the initial budget for declining enrollment; and (7) other miscellaneous reductions totaling to \$1 million.

The final budget exceeded the final expenditures by \$22.4 million. The unexpended appropriations were composed of the following: (1) \$2.5 million in encumbrances; (2) \$4.7 million in State categorical funds; (3) \$5.8 million in other earmarked funds; (4) \$3.5 million in unexpended school budgets; and (5) \$5.9 million in other unexpended budget items.

### Capital Assets and Debt Administration

**Capital Assets.** The District's investment in capital assets for the governmental activities as of June 30, 2008 amounts to \$763,927,267 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures and equipment; motor vehicles; audio-visual materials; and computer software. The total increase in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$41,534,709 or 5.7 percent.

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

- The purchase of two future school sites.
- The completion of additions at an elementary school.

- The construction of concrete relocatables throughout the District as part of the Classrooms for Kids program.
- The District has continued major construction and renovation projects, including two high schools and three elementary schools.
- The District has started construction and renovations at an elementary school.

The following is a summary of the District’s capital assets as of June 30, 2007, and June 30, 2008:

**District School Board of Seminole County, Florida  
Schedule of Capital Assets  
(net of accumulated depreciation)**

	Governmental Activities	
	June 30, 2007	June 30, 2008
Land	\$ 44,519,103	\$ 49,706,179
Construction in Progress	55,186,593	60,416,256
Improvements Other Than Buildings	3,177,423	2,878,590
Buildings and Fixed Equipment	585,066,050	618,325,092
Furniture, Fixtures, and Equipment	21,893,910	20,608,321
Motor Vehicles	12,298,844	11,814,702
Audio-Visual Materials	6,419	6,939
Computer Software	244,216	171,188
<b>Total Capital Assets</b>	<b>\$ 722,392,558</b>	<b>\$ 763,927,267</b>

Additional information on the District’s capital assets can be found in notes 5 and 17 on pages 38 – 39 and page 50 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$250,865,000. Outstanding at the end of the fiscal year was \$20,535,000 of bonds issued on behalf of the District by the State Board of Education (SBE) and backed by the full faith and credit of the State of Florida. The remainder of this debt represents \$230,330,000 in certificates of participation.

The following is a summary of the District’s long-term bonded debt as of June 30, 2007, and June 30, 2008:

**District School Board of Seminole County, Florida  
Schedule of Outstanding Long-Term Bonded Debt**

	Governmental Activities	
	June 30, 2007	June 30, 2008
State School (SBE) Bonds	\$ 14,715,000	\$ 20,535,000
Certificates of Participation	243,285,000	230,330,000
<b>Total Outstanding Long-Term Bonded Debt</b>	<b>\$ 258,000,000</b>	<b>\$ 250,865,000</b>

During the current fiscal year, the District participated in the issuance of \$42,445,000 in State School Bonds, Series 2008A. The District’s portion of these bonds was \$6,875,000. These bonds are backed by the full faith and credit of the State of Florida.



The District's ratings on its certificates of participation continued to be A1 from Moody's, A+ from Fitch, and AA- from Standard and Poor's. Although the District did not have any outstanding general obligation bonds, the District general obligation underlining ratings continued to be Aa-3 from Moody's and AA from Standard and Poor's.

Additional information on the District's long-term debt can be found in notes 7 - 10 on pages 40 - 43 of this report.

### **Economic Factors and New Year's Budgets and Rates**

The unemployment rate for the District (Seminole County, Florida) is currently 5.0 percent, which is an increase from the rate of 3.4 percent a year ago. This compares favorably to the State's average unemployment rate of 5.7 percent.

During the current fiscal year, unreserved fund balance in the General Fund increased by \$10,434,174 to \$36,853,247. Included in this total amount are \$4.7 million in State categorical funds and \$5.8 million in other earmarked unexpended funds, which will be re-appropriated in fiscal year 2008-09. In addition, the District has appropriated \$2 million for spending in fiscal year 2008-09. It is anticipated that this use of unreserved fund balance will be significantly replenished at year-end through unspent appropriations and operating fund tax revenues in excess of the budgeted 95 percent of the taxable assessed valuation. It is anticipated that the fund balance at June 30, 2009, will be in excess of the Board required 4 percent (of the recurring expenditure budget).

The Legislature provided the Board with a decrease in formula funding of \$14.8 million (or a negative 2.57 percent in per student funding) for fiscal year 2008-09. However, the following additional major revenue reductions will further affect the funding available for fiscal year 2008-09:

- The State revenue reduction in March 2008 was covered with non-recurring funding due to the timing of the adjustment (\$5.4 million).
- The loss of interest earnings due to the dramatic reduction in short term interest rates, from 5.25 percent in August 2007 to 2.00 percent in May 2008 (\$1.7 million).

The overall revenue related decrease estimated for fiscal year 2008-09 totals to approximately \$22.1 million. These revenue reductions, along with the necessity of covering unavoidable cost increases for items such as fuel and insurance, result in a significant budget deficit of approximately \$29.2 million. The Board subsequently approved budget reductions or revenue enhancements that covered the entire budget deficit, while still maintaining a projected fund balance of at least 4 percent for fiscal year 2008-09.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Seminole County Public Schools, 400 East Lake Mary Boulevard, Sanford, Florida 32773-7127.



**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash	\$ 10,211,436	\$ -	\$ 10,211,436	\$ 1,430,721
Investments	171,924,231	517,827	172,442,058	1,555,436
Accounts Receivable	535,659	-	535,659	1,313,888
Taxes Receivable	2,600,000	-	2,600,000	-
Due From Other Agencies	16,781,647	-	16,781,647	-
Inventories	2,321,105	-	2,321,105	9,874
Deferred Charges	2,649,738	-	2,649,738	-
Capital Assets:				
Non-Depreciable	110,122,435	-	110,122,435	100,000
Depreciable (Net)	653,804,832	-	653,804,832	1,113,941
<b>Total Assets</b>	<b>970,951,083</b>	<b>517,827</b>	<b>971,468,910</b>	<b>5,523,860</b>
<b>LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	11,447,351	22,256	11,469,607	253,685
Due to Other Agencies	4,754,683	-	4,754,683	-
Accrued Interest Payable	1,092,302	-	1,092,302	-
Matured Debt Payable	12,955,000	-	12,955,000	-
Matured Interest Payable	5,503,082	-	5,503,082	-
Notes Payable	20,000,000	-	20,000,000	-
Unamortized Premiums on Long-Term Liabilities	6,158,280	-	6,158,280	-
Non-Current Liabilities:				
Portion Due or Payable Within One Year:				
Notes Payable	-	-	-	16,519
Bonds Payable	1,260,000	-	1,260,000	-
Certificates of Participation Payable	13,535,000	-	13,535,000	-
Compensated Absences Payable	4,055,122	-	4,055,122	-
Estimated Insurance Claims Payable	4,570,041	-	4,570,041	-
Portion Due or Payable After One Year:				
Notes Payable	-	-	-	257,036
Bonds Payable	19,275,000	-	19,275,000	-
Certificates of Participation Payable	216,795,000	-	216,795,000	-
Compensated Absences Payable	34,012,944	-	34,012,944	-
Estimated Insurance Claims Payable	8,915,534	-	8,915,534	-
Other Postemployment Benefits Payable	2,569,482	-	2,569,482	-
<b>Total Liabilities</b>	<b>366,898,821</b>	<b>22,256</b>	<b>366,921,077</b>	<b>527,240</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	525,880,804	-	525,880,804	940,386
Restricted for:				
Capital Projects	65,428,726	-	65,428,726	421,062
Debt Service	1,727,056	-	1,727,056	-
Special Revenue - Food Service	1,247,929	-	1,247,929	-
State Categorical Programs	5,116,510	-	5,116,510	-
Scholarships, Endowments, and Other Programs	-	-	-	3,036,180
Unrestricted	4,651,237	495,571	5,146,808	598,992
<b>Total Net Assets</b>	<b>\$ 604,052,262</b>	<b>\$ 495,571</b>	<b>\$ 604,547,833</b>	<b>\$ 4,996,620</b>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
Instruction	\$ 344,910,152	\$ 259,939	\$ 64,649,081	\$ -
Pupil Personnel Services	23,110,943	-	-	-
Instructional Media Services	8,338,549	-	-	-
Instruction and Curriculum Development Services	7,899,043	-	-	-
Instructional Staff Training Services	6,807,873	-	-	-
Instruction Related Technology	3,883,741	-	-	-
School Board	1,821,861	-	-	-
General Administration	2,592,147	-	-	-
School Administration	33,168,569	-	-	-
Facility Services - Non-Capitalized	10,258,062	-	-	10,985,498
Fiscal Services	2,157,171	-	-	-
Food Services	26,688,220	12,929,442	12,154,162	-
Central Services	4,821,109	-	-	-
Pupil Transportation	27,585,251	-	12,138,291	-
Operation of Plant	42,638,647	-	-	-
Maintenance of Plant	11,436,330	-	-	3,815,185
Administrative Technology Services	4,556,576	-	-	-
Community Services	1,991,796	-	-	-
Interest on Long-Term Debt	13,105,018	-	-	1,759,455
Depreciation - Unallocated	-	-	-	-
<b>Total Governmental Activities</b>	<b>577,771,058</b>	<b>13,189,381</b>	<b>88,941,534</b>	<b>16,560,138</b>
Business-Type Activities:				
Extended Day Program	3,082,259	4,881,183	-	-
<b>Total Primary Government</b>	<b>\$ 580,853,317</b>	<b>\$ 18,070,564</b>	<b>\$ 88,941,534</b>	<b>\$ 16,560,138</b>
<b>Component Units:</b>				
Charter Schools	\$ 4,002,498	\$ 337,316	\$ -	\$ 334,123
The Foundation for Seminole County Public Schools, Inc.	1,127,618	730,548	-	-
<b>Total Component Units</b>	<b>\$ 5,130,116</b>	<b>\$ 1,067,864</b>	<b>\$ -</b>	<b>\$ 334,123</b>

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes  
Property Taxes, Levied for Capital Projects  
Local Sales Taxes  
Florida Education Finance Program  
Federal Sources, not Restricted to Specific Functions/Programs  
State Sources, not Restricted to Specific Functions/Programs  
Local Sources, not Restricted to Specific Functions/Programs  
Unrestricted Investment Earnings  
Transfers

Total General Revenues and Transfers

Changes in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Primary Government</b>			<b>Component Units</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Total</b>
\$ (280,001,132)	\$ -	\$ (280,001,132)	\$ (1,985,756)
(23,110,943)	-	(23,110,943)	(71,312)
(8,338,549)	-	(8,338,549)	(67,695)
(7,899,043)	-	(7,899,043)	(60,078)
(6,807,873)	-	(6,807,873)	(105,266)
(3,883,741)	-	(3,883,741)	-
(1,821,861)	-	(1,821,861)	-
(2,592,147)	-	(2,592,147)	(64,610)
(33,168,569)	-	(33,168,569)	(411,252)
727,436	-	727,436	17,280
(2,157,171)	-	(2,157,171)	(164,011)
(1,604,616)	-	(1,604,616)	(31,524)
(4,821,109)	-	(4,821,109)	(15,204)
(15,446,960)	-	(15,446,960)	(248,206)
(42,638,647)	-	(42,638,647)	(147,491)
(7,621,145)	-	(7,621,145)	(7,531)
(4,556,576)	-	(4,556,576)	-
(1,991,796)	-	(1,991,796)	102,029
(11,345,563)	-	(11,345,563)	43,188
-	-	-	(113,620)
<u>(459,080,005)</u>	<u>-</u>	<u>(459,080,005)</u>	<u>(3,331,059)</u>
-	1,798,924	1,798,924	-
<u>(459,080,005)</u>	<u>1,798,924</u>	<u>(457,281,081)</u>	<u>(3,331,059)</u>
-	-	-	(3,331,059)
-	-	-	<u>(397,070)</u>
-	-	-	<u>(3,728,129)</u>
176,140,304	-	176,140,304	-
65,096,963	-	65,096,963	-
15,549,016	-	15,549,016	-
185,801,222	-	185,801,222	-
29,948,707	-	29,948,707	-
20,115,383	-	20,115,383	-
4,025,335	-	4,025,335	4,087,292
8,313,489	12,390	8,325,879	1,017
1,904,701	<u>(1,904,701)</u>	-	-
<u>506,895,120</u>	<u>(1,892,311)</u>	<u>505,002,809</u>	<u>4,088,309</u>
<u>47,815,115</u>	<u>(93,387)</u>	<u>47,721,728</u>	<u>360,180</u>
<u>556,237,147</u>	<u>588,958</u>	<u>556,826,105</u>	<u>4,636,440</u>
<u>\$ 604,052,262</u>	<u>\$ 495,571</u>	<u>\$ 604,547,833</u>	<u>\$ 4,996,620</u>

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2008**

	General Fund	Debt Service - Certificates of Participation Fund	Capital Projects - Section 1011.71(2), F.S., Local Capital Improvement Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 10,151,057	\$ -	\$ -	\$ -	\$ 10,151,057
Investments	74,372,825	19,969,673	44,688,245	28,300,414	167,331,157
Accounts Receivable	493,081	-	-	25,282	518,363
Taxes Receivable	-	-	-	2,600,000	2,600,000
Due From Other Funds	63,351	-	-	12,238	75,589
Due From Other Agencies	910,478	-	129,061	15,742,108	16,781,647
Inventories	1,289,063	-	-	938,345	2,227,408
<b>Total Assets</b>	<b>\$ 87,279,855</b>	<b>\$ 19,969,673</b>	<b>\$ 44,817,306</b>	<b>\$ 47,618,387</b>	<b>\$ 199,685,221</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Salaries and Wages Payable	\$ 830,106	\$ -	\$ -	\$ 270,144	\$ 1,100,250
Payroll Deductions and Withholdings Payable	3,139,467	-	-	-	3,139,467
Accounts Payable	1,300,571	143,786	411,121	535,124	2,390,602
Construction Contracts Payable	-	-	2,363,950	2,375,116	4,739,066
Due to Other Funds	13,327,327	-	105,602	1,788,131	15,221,060
Due to Other Agencies	4,623,465	-	-	131,218	4,754,683
Matured Debt Payable	-	12,955,000	-	-	12,955,000
Matured Interest Payable	-	5,503,082	-	-	5,503,082
Notes Payable	20,000,000	-	-	-	20,000,000
<b>Total Liabilities</b>	<b>43,220,936</b>	<b>18,601,868</b>	<b>2,880,673</b>	<b>5,099,733</b>	<b>69,803,210</b>
Fund Balances:					
Reserved for:					
Retirement of Long-Term Debt	-	1,367,805	-	359,251	1,727,056
Encumbrances	2,504,944	-	19,335,977	14,813,127	36,654,048
State Categorical Programs	4,700,728	-	-	-	4,700,728
Unreserved:					
Reported in the General Fund	36,853,247	-	-	-	36,853,247
Reported in the Special Revenue Funds	-	-	-	1,241,812	1,241,812
Reported in the Capital Projects Funds	-	-	22,600,656	26,104,464	48,705,120
<b>Total Fund Balances</b>	<b>44,058,919</b>	<b>1,367,805</b>	<b>41,936,633</b>	<b>42,518,654</b>	<b>129,882,011</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 87,279,855</b>	<b>\$ 19,969,673</b>	<b>\$ 44,817,306</b>	<b>\$ 47,618,387</b>	<b>\$ 199,685,221</b>

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

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**June 30, 2008**

<b>Total Fund Balances - Governmental Funds</b>	\$	129,882,011
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Non-Depreciable Assets	\$ 110,122,435	
Depreciable Assets	653,804,832	
		763,927,267
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.		(1,092,302)
Debt issuance costs are not expensed in the government-wide statements but are reported as deferred charges and amortized over the life of the debt.		2,649,738
Premiums paid on long-term debt issuances are reported as revenues in the governmental funds, but as unamortized premiums in the government-wide statements and amortized over the life of the debt.		(6,158,280)
Internal service funds are used by management to charge the costs of its self-insurance programs, printshop, and computer store to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets, less furniture and equipment and computer software, net of accumulated depreciation.		
Total Assets - Internal Service Funds	\$ 20,452,149	
Less, Total Liabilities - Internal Service Funds	(13,753,408)	
Less, Depreciable Assets Reported Above	(352,365)	
		6,346,376
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds Payable		(20,535,000)
Certificates of Participation Payable		(230,330,000)
Compensated Absences Payable		(38,068,066)
Other Postemployment Benefits Payable		(2,569,482)
<b>Total Net Assets - Governmental Activities</b>	<b>\$</b>	<b>604,052,262</b>

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

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

	General Fund	Debt Service - Certificates of Participation Fund	Capital Projects - Section 1011.71(2), F.S., Local Capital Improvement Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Federal Direct Sources:					
Reserve Officer Training Corps (ROTC)	\$ 439,126	\$ -	\$ -	\$ -	\$ 439,126
Other Federal Direct Sources	-	-	-	281,923	281,923
<b>Total Federal Direct Sources</b>	<b>439,126</b>	<b>-</b>	<b>-</b>	<b>281,923</b>	<b>721,049</b>
Federal Through State Sources:					
Food Service	-	-	-	11,712,543	11,712,543
Other Federal Through State Sources	1,086,880	-	-	28,140,778	29,227,658
<b>Total Federal through State Sources</b>	<b>1,086,880</b>	<b>-</b>	<b>-</b>	<b>39,853,321</b>	<b>40,940,201</b>
State Sources:					
Florida Education Finance Program	185,801,222	-	-	-	185,801,222
Categorical Programs	88,367,372	-	-	-	88,367,372
District Discretionary Lottery Funds	3,177,659	-	-	-	3,177,659
Food Service	-	-	-	441,619	441,619
CO&DS Withheld for SBE/COBI Bond	38,052	-	-	1,721,403	1,759,455
CO&DS Distribution	-	-	-	813,718	813,718
Public Education Capital Outlay	-	-	-	6,744,781	6,744,781
Other State Sources	4,011,479	-	-	6,755,590	10,767,069
<b>Total State Sources</b>	<b>281,395,784</b>	<b>-</b>	<b>-</b>	<b>16,477,111</b>	<b>297,872,895</b>
Local Sources:					
Ad Valorem Taxes	176,140,304	-	65,096,963	-	241,237,267
Local Sales Taxes	-	-	-	15,549,016	15,549,016
Food Service	-	-	-	12,147,565	12,147,565
Interest Income	4,882,757	902,584	1,511,544	1,016,604	8,313,489
Other Local Sources	3,950,338	-	-	2,949,652	6,899,990
<b>Total Local Sources</b>	<b>184,973,399</b>	<b>902,584</b>	<b>66,608,507</b>	<b>31,662,837</b>	<b>284,147,327</b>
<b>Total Revenues</b>	<b>\$ 467,895,189</b>	<b>\$ 902,584</b>	<b>\$ 66,608,507</b>	<b>\$ 88,275,192</b>	<b>\$ 623,681,472</b>

(Continued)

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

	General Fund	Debt Service - Certificates of Participation Fund	Capital Projects - Section 1011.71(2), F.S., Local Capital Improvement Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>EXPENDITURES</b>					
Current:					
Instruction	\$ 305,669,166	\$ -	\$ -	\$ 14,987,004	\$ 320,656,170
Pupil Personnel Services	16,812,172	-	-	5,565,575	22,377,747
Instructional Media Services	6,571,934	-	-	9,176	6,581,110
Instruction and Curriculum Development Services	4,882,773	-	-	2,801,608	7,684,381
Instructional Staff Training Services	3,705,016	-	-	2,972,216	6,677,232
Instruction Related Technology	3,195,519	-	-	-	3,195,519
School Board	1,764,428	-	-	-	1,764,428
General Administration	2,079,096	-	-	463,128	2,542,224
School Administration	31,746,410	-	-	431,578	32,177,988
Facility Services - Non-Capitalized	224,578	-	7,781,650	2,505,204	10,511,432
Fiscal Services	2,099,141	-	-	-	2,099,141
Food Services	-	-	-	25,290,451	25,290,451
Central Services	4,182,967	-	-	-	4,182,967
Pupil Transportation	24,541,781	-	-	739,171	25,280,952
Operation of Plant	41,459,197	-	-	32,353	41,491,550
Maintenance of Plant	10,537,855	-	-	-	10,537,855
Administrative Technology Services	4,369,447	-	-	-	4,369,447
Community Services	1,022,446	-	-	645,675	1,668,121
Capital Outlay:					
Facility Services - Capitalized	-	-	29,943,242	40,689,327	70,632,569
Other Capital Outlay - Capitalized	816,069	-	-	1,181,920	1,997,989
Debt Service:					
Principal	-	12,955,000	-	1,055,000	14,010,000
Interest and Fiscal Charges	1,081,304	11,054,895	-	717,518	12,853,717
<b>Total Expenditures</b>	<b>466,761,299</b>	<b>24,009,895</b>	<b>37,724,892</b>	<b>100,086,904</b>	<b>628,582,990</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>1,133,890</b>	<b>(23,107,311)</b>	<b>28,883,615</b>	<b>(11,811,712)</b>	<b>(4,901,518)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issues:					
Bonds Payable	-	-	-	6,875,000	6,875,000
Premiums on Long-Term Debt Issued	-	-	-	248,223	248,223
Transfer In	11,828,386	23,175,000	-	-	35,003,386
Transfer Out	-	-	(27,010,958)	(6,087,727)	(33,098,685)
<b>Total Other Financing Sources (Uses)</b>	<b>11,828,386</b>	<b>23,175,000</b>	<b>(27,010,958)</b>	<b>1,035,496</b>	<b>9,027,924</b>
<b>Net Change in Fund Balances</b>	<b>12,962,276</b>	<b>67,689</b>	<b>1,872,657</b>	<b>(10,776,216)</b>	<b>4,126,406</b>
Fund Balances, Beginning	31,096,643	1,300,116	40,063,976	53,294,870	125,755,605
Fund Balances, Ending	\$ 44,058,919	\$ 1,367,805	\$ 41,936,633	\$ 42,518,654	\$ 129,882,011



**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2008**

**Net Change in Fund Balances - Governmental Funds** \$ 4,126,406

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period.		
Capital Outlay - Facility Services - Capitalized	\$ 70,632,569	
Capital Outlay - Other Capital Outlay - Capitalized	1,997,989	
Less, Depreciation Expense	(31,109,239)	
Net Decrease in Expenses From Capital Outlay	41,521,319	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.		
Bond Payable		(6,875,000)
Issuance costs and premiums on new debt issues are reported when issued as expenditures and other financing sources in the governmental funds, but are deferred and amortized as expenses over the life of the debt in the statement of activities.		
Deferred Charges:		
Current Year	\$ 2,649,738	
Less, Prior Year	3,835,213	
Net Increase in Expenses from Deferred Charges	(1,185,475)	
Unamortized Premiums:		
Current Year	\$ (6,158,280)	
Less, Prior Year	(6,773,880)	
Net Decrease in Expenses from Unamortized Premiums	615,600	
Other Postemployment Benefits Costs are recorded in the Governmental Funds under the pay-as-you-go method, but under the full accrual method in the Government-Wide Governmental Activities.		
Current Year Accruals:	\$ 2,569,482	
Less, Prior Year	-	
Net increase in Expenses from Other Postemployment Benefits Costs	(2,569,482)	
Repayments of long-term liabilities are expenditures in the governmental funds, but repayments reduce long-term liabilities in the statement of net assets.		
Bonds Payable	\$ 1,055,000	
Certificates of Participation	12,955,000	
Net Decrease in Expenses from Repayment of Long-Term Liabilities	14,010,000	
Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as an expense when interest accrues in the statement of activities.		
Current Year Accruals:	\$ 1,092,302	
Less, Prior Year	1,162,653	
Net decrease in Expenses from Interest Accruals	70,351	
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 leave used. This is the net amount of vacation and sick leave earned in excess of the amount used in the current period.		(2,736,160)
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. The net revenue of internal service funds is reported with governmental activities.		
Internal Service Funds - Change in Net Assets	\$ 729,434	
Add, Depreciation Expenses Reported Above	108,122	
Net Decrease in Expenses from Internal Service Funds	837,556	
<b>Change in Net Assets - Governmental Activities</b>	<b>\$ 47,815,115</b>	

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

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Federal Direct Sources:				
Reserve Officer Training Officers (ROTC)	\$ 428,970	\$ 460,430	\$ 439,126	\$ (21,304)
Total Federal Direct Sources	428,970	460,430	439,126	(21,304)
Federal Through State Sources:				
Other Federal Through State Sources	949,000	949,000	1,086,880	137,880
Total Federal Through State Sources	949,000	949,000	1,086,880	137,880
State Sources:				
Florida Education Finance Program	194,811,827	185,801,222	185,801,222	-
Categorical Programs	92,069,038	88,367,372	88,367,372	-
District Discretionary Lottery Funds	2,635,731	3,177,659	3,177,659	-
CO&DS Withheld for SBE/COBI Bond	35,824	35,824	38,052	2,228
Other State Sources	4,906,605	4,002,533	4,011,479	8,946
Total State Sources	294,459,025	281,384,610	281,395,784	11,174
Local Sources:				
Ad Valorem Taxes	173,435,854	173,595,665	176,140,304	2,544,639
Interest Income	4,500,000	4,500,000	4,882,757	382,757
Other Local Sources	2,303,273	3,617,729	3,950,338	332,609
Total Local Sources	180,239,127	181,713,394	184,973,399	3,260,005
Total Revenues	\$ 476,076,122	\$ 464,507,434	\$ 467,895,189	\$ 3,387,755

(Continued)

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

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Instruction	\$ 328,112,427	\$ 320,238,004	\$ 305,669,166	\$ 14,568,838
Pupil Personnel Services	16,182,986	17,204,855	16,812,172	392,683
Instructional Media Services	6,600,279	6,881,097	6,571,934	309,163
Instruction and Curriculum Development Services	5,439,330	5,617,559	4,882,773	734,786
Instructional Staff Training Services	3,667,443	4,275,116	3,705,016	570,100
Instruction Related Technology	3,470,404	3,243,930	3,195,519	48,411
School Board	1,519,784	1,911,601	1,764,428	147,173
General Administration	2,040,082	2,112,560	2,079,096	33,464
School Administration	31,036,489	32,458,856	31,746,410	712,446
Facility Services - Non-Capitalized	205,103	558,480	224,578	333,902
Fiscal Services	2,159,160	2,156,691	2,099,141	57,550
Central Services	4,340,890	4,435,827	4,182,967	252,860
Pupil Transportation	24,358,888	25,123,424	24,541,781	581,643
Operation of Plant	47,311,257	43,789,290	41,459,197	2,330,093
Maintenance of Plant	10,898,386	11,259,112	10,537,855	721,257
Administrative Technology Services	4,459,152	4,778,593	4,369,447	409,146
Community Services	1,465,901	1,140,811	1,022,446	118,365
Capital Outlay:				
Other Capital Outlay - Capitalized	-	816,069	816,069	-
Debt Service:				
Interest and Fiscal Charges	1,092,125	1,209,325	1,081,304	128,021
<b>Total Expenditures</b>	<b>494,360,086</b>	<b>489,211,200</b>	<b>466,761,299</b>	<b>22,449,901</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(18,283,964)</b>	<b>(24,703,766)</b>	<b>1,133,890</b>	<b>25,837,656</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	6,419,886	11,828,386	11,828,386	-
<b>Net Change in Fund Balance</b>	<b>(11,864,078)</b>	<b>(12,875,380)</b>	<b>12,962,276</b>	<b>25,837,656</b>
Fund Balance, Beginning	31,096,643	31,096,643	31,096,643	-
Fund Balance, Ending	<b>\$ 19,232,565</b>	<b>\$ 18,221,263</b>	<b>\$ 44,058,919</b>	<b>\$ 25,837,656</b>

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

	Business-Type Activities - Enterprise Fund Extended Day Program	Governmental Activities - Internal Service Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ -	\$ 60,379
Investments	517,827	4,593,074
Accounts Receivable	-	5,058
Due From Other Funds	-	15,347,576
Inventories	-	93,697
	<u>517,827</u>	<u>20,099,784</u>
Total Current Assets		
Noncurrent Assets:		
Furniture and Equipment	-	1,098,272
Less Accumulated Depreciation	-	(745,907)
	<u>-</u>	<u>352,365</u>
Total Noncurrent Assets		
Total Assets	<u>517,827</u>	<u>20,452,149</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Salaries Payable	6,045	3,007
Accounts Payable	3,973	74,959
Due to Other Funds	12,238	189,867
Estimated Insurance Claims Payable - Current	-	4,570,041
	<u>22,256</u>	<u>4,837,874</u>
Total Current Liabilities		
Noncurrent Liabilities:		
Estimated Insurance Claims Payable - Noncurrent	-	8,915,534
	<u>-</u>	<u>8,915,534</u>
Total Liabilities		
	<u>22,256</u>	<u>13,753,408</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	-	352,365
Unrestricted	495,571	6,346,376
	<u>495,571</u>	<u>6,346,376</u>
Total Net Assets	<u>\$ 495,571</u>	<u>\$ 6,698,741</u>

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

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2008**

	Business-Type Activities - Enterprise Fund Extended Day Program	Governmental Activities - Internal Service Funds
	<u>                    </u>	<u>                    </u>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 4,881,183	\$ 1,074,959
Charges for Sales	-	3,777,267
Premium Revenues	-	17,190,322
	<u>                    </u>	<u>                    </u>
Total Operating Revenues	<u>4,881,183</u>	<u>22,042,548</u>
<b>OPERATING EXPENSES</b>		
Salaries	2,138,816	682,314
Employee Benefits	416,913	197,557
Purchased Services	123,058	291,517
Energy Services	53,355	-
Material and Supplies	341,589	222,272
Cost of Goods Sold	-	3,339,854
Insurance Claims	-	14,397,593
Insurance Premiums	-	2,255,624
Depreciation	-	108,122
Other Expenses	8,528	467,965
	<u>                    </u>	<u>                    </u>
Total Operating Expenses	<u>3,082,259</u>	<u>21,962,818</u>
Operating Income	<u>1,798,924</u>	<u>79,730</u>
<b>NONOPERATING REVENUES</b>		
Interest	12,390	649,704
	<u>                    </u>	<u>                    </u>
Total Nonoperating Revenues	<u>12,390</u>	<u>649,704</u>
Income Before Transfers	1,811,314	729,434
Transfer Out	(1,904,701)	-
	<u>                    </u>	<u>                    </u>
Change in Net Assets	(93,387)	729,434
Total Net Assets, Beginning	<u>588,958</u>	<u>5,969,307</u>
Total Net Assets, Ending	<u>\$ 495,571</u>	<u>\$ 6,698,741</u>

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

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

	Business-Type Activities - Enterprise Fund Extended Day Program	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Services	\$ 4,881,183	\$ 1,005,113
Cash Received from Sales	-	3,884,996
Cash Received from Premiums	-	17,244,322
Cash Payments to Suppliers for Goods and Services	(520,163)	(4,880,651)
Cash Payments to Employees for Services	(2,549,684)	(876,864)
Cash Payments for Insurance Claims	-	(12,608,664)
Cash Payment for Premiums and Other Fees	-	(2,255,624)
	<u>1,811,336</u>	<u>1,512,628</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Temporary Loans To Other Funds	-	(14,891,511)
Transfer to Other Funds	(1,904,701)	-
	<u>(1,904,701)</u>	<u>(14,891,511)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition & Construction of Capital Assets	-	(13,390)
	<u>-</u>	<u>(13,390)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	12,390	649,704
	<u>12,390</u>	<u>649,704</u>
<b>Net Change in Cash and Cash Equivalents</b>	(80,975)	(12,742,569)
Cash and Cash Equivalents, Beginning	598,802	17,396,022
Cash and Cash Equivalents, Ending	<u>\$ 517,827</u>	<u>\$ 4,653,453</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 1,798,924	\$ 79,730
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	-	108,122
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable	-	48,942
Increase in Inventories	-	(41,970)
Increase in Due From Other Funds	-	(25,682)
Increase in Salaries Payable	6,045	3,007
Decrease in Accounts Payable	(5,871)	(362,063)
Increase (Decrease) in Due to Other Funds	12,238	(86,387)
Increase in Estimated Insurance Claims Payable	-	1,788,929
	<u>12,412</u>	<u>1,432,898</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,811,336</u>	<u>\$ 1,512,628</u>

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

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

	Fiduciary Funds
	Agency Funds
<b>ASSETS</b>	
Cash	\$ 6,001,574
Investments	167,584
Total Assets	\$ 6,169,158
<b>LIABILITIES</b>	
Accounts Payable and Other Current Liabilities	\$ 6,169,158
Total Liabilities	\$ 6,169,158

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



**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
**Notes to the Financial Statements**  
**June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- **Reporting Entity**

The District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District School Board of Seminole County, Florida (District) is considered part of the Florida system of public education.

The governing body of the District is the School Board of Seminole County, Florida (Board) that is composed of five elected members. The appointed Superintendent of Schools (Superintendent) is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Seminole County.

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

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

- **Blended Component Unit.** The Seminole School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 7. Due to the substantive economic relationship between the 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 basic financial statements include the financial data of the District's other component units.

The Foundation for Seminole County Public Schools, Inc. (Foundation), is a not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to raise funds; receive, hold, invest, and administer property; and to make expenditures for the benefit of the District. Section 1001.453, Florida Statutes, requires the Foundation to be authorized and approved by the District. The stated mission of the Foundation is to enhance the quality of education in Seminole County Public Schools through raising and distributing funds and in-kind contributions, fostering involvement in the public schools by business and the community, and by providing recognition and rewards for outstanding contributions to and performance within the public school system. The Foundation is considered to be a component unit of the District, because the District must approve all members of the Foundation Board and the District has the ability to impose its will on the Foundation. It is considered to be a discretely presented component, because the two boards are not the same and the Foundation does not provide services entirely or nearly entirely to the District.

Choices in Learning, Inc., and Rays of Hope Charter School, Inc., (Charter Schools) 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

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
**Notes to the Financial Statements**  
**June 30, 2008**

Statutes. These two charter schools operate under charters approved by their sponsor, the Board, and are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for them. UCP Seminole Child Development Center Charter School is organized under an existing not-for-profit corporation and is considered to be a component unit of the not-for-profit corporation.

Audits of the Charter Schools' financial statements and the Foundation's financial statements, for the fiscal year ended June 30, 2008, are conducted by independent certified public accountants and are filed in the District's administrative office at 400 East Lake Mary Boulevard, Sanford, Florida.

- **Measurement Focus, Basis of Presentation, and Financial Statement Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and statement of activities, present information about the School District as a whole. These statements do not include the fiduciary financial activity of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

The effects of interfund balances and activities have been eliminated from the government-wide financial statements, except for transfers between governmental activities and business-type activities. The only interfund transactions, other than transfers between the governmental and business activities, were the transactions involving the internal service funds. These transactions were eliminated by allocating the change in net assets of internal service funds in direct proportion as they were charged as expenses to the various functions/programs.

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

The District reports the following major governmental funds:

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
**Notes to the Financial Statements**  
**June 30, 2008**

- 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. The General Fund is the District's primary operating fund.
- Debt Service Fund – Certificates of Participation Fund - to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs on the long-term certificates of participation.
- Capital Projects Fund – Section 1011.71(2), Florida Statutes, Local Capital Improvement Tax Fund – to account for the funds generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments on certificates of participation.

The District reports the following major proprietary fund:

- Enterprise Fund – Extended Day Program Fund - to account for the financial resources of the District's Extended Day Program. This program provides before and after school care to students.

Additionally, the District reports the following fund types:

- Internal Service Funds - to account for the District's individual self-insurance programs, printshop, and computer store.
- Agency Funds - to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and resources of the school internal funds, which are used to administer moneys collected at schools in connection with student and club activities.

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

The government-wide financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements, which include enterprise and internal service funds. 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 that they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in that all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements, which include the general, special revenue, debt service, and capital projects funds, are prepared using the current financial resource measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (a) prepaid items are generally not accrued; (b) interest on general long-term debt is recognized as expenditures when due; and (c) expenditures related to long-term liabilities are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Revenues can be classified into two kinds of transactions: (a) exchange and exchange-like transactions, in which each party receives and gives up essentially equal value and (b) non-exchange transactions, in which a government gives (or receives) value without directly

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receiving (or giving) equal value in exchange. Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place.

Revenues resulting from non-exchange transactions are further classified into (a) derived tax revenues, (b) imposed non-exchange revenues, (c) government-mandated non-exchange transactions, and (d) voluntary non-exchange transactions. Derived tax revenues (e.g. sales taxes) are recorded when the exchange transaction occurs. Imposed non-exchange transactions (e.g. property taxes) are recorded when use of the resource is required or first permitted by time requirements (for example, for property taxes, the period for which they are levied). Government-mandated and voluntary non-exchange transactions, (e.g. Federal mandates, grants, and donations) are recorded when all eligibility requirements have been met.

When applying the susceptible to accrual concept under the modified accrual basis, resources also should be available in order to be accrued. 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 property and sales taxes 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.

Agency (fiduciary) Funds are purely custodial in nature (assets equal liabilities) and as such do not have a measurement focus. Agency Funds use the accrual basis of accounting to recognize receivables and payables.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board prior to December 1, 1989, generally are followed in both the government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The District has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's enterprise fund and internal service funds are charges for sales and services and premiums charged to the District and employees under various employee health insurance plans. The principal operating expenses for the enterprise fund and the internal service funds include salary and benefits, cost of sales and services, claims, and premiums for excess coverage. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

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

- **Deposits and Investments**

Banks that qualify as public depositories under Florida law hold cash deposits, totaling \$28,578,032 at June 30, 2008. All deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as

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required by Chapter 280, Florida Statutes. For the enterprise and internal service funds, the statements of cash flows consider cash as those funds deposited in demand deposit accounts and consider cash equivalents as those amounts invested in money market funds.

Investments consist of amounts placed with the State Board of Administration (SBA) in a debt service account and those made locally.

Investments made locally consist of money market mutual funds, United States Treasury securities and obligations of the United States Government Sponsored Agencies and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

- **Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

- **Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. The supply inventory is valued using a weighted average cost. The printshop inventory is valued at last invoice price that approximates the first-in, first-out basis. Maintenance, transportation, and food service inventories are stated at cost on the first-in, first-out basis. United States Department of Agriculture surplus commodities are stated at fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Service, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

- **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those having an estimated useful life of more than one year and costing more than \$750 for furniture, fixtures and equipment; motor vehicles; audio-visual materials; and computer software; and \$25,000 for improvements other than buildings; buildings and fixed equipment; and construction in progress. Such assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at fair value at the date of donation. All land purchases are included in capital assets regardless of cost.

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

Capital assets of the primary government, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

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<u>Description</u>	<u>Estimated Lives</u>
Improvements Other Than Buildings	15 years
Buildings and Fixed Equipment	10 – 40 years
Furniture, Fixtures and Equipment	6 – 20 years
Motor Vehicles	10 years
Audio-Visual Materials and Computer Software	5 years

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

- **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized, using a straight-line method over the life of the related debt.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums are 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 debt for the current year are reported in a subsequent note.

- **Compensated Absences**

The criteria for determining compensated absences (i.e., paid absences for employee vacation and sick leave benefit) liability are derived from Board policy, negotiated agreements, and State law. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future.

In the government-wide financial statements, compensated absences are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported for compensated absences in the governmental fund financial statements only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). Compensated absences include applicable salary related payments for Social Security, Medicare, and retirement contributions.

Changes in compensated absences for the current year are reported in a subsequent note.

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- **State Revenue Sources**

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

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

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

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

- **District Property Taxes**

The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. The Seminole County Property Appraiser determines the real and personal property values within the District. The Seminole County Tax Collector then collects the taxes and remits them to the District.

The Board adopted the 2007 tax levy on September 11, 2007. Taxes become an enforceable lien on property as of January 1; tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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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 the District receives taxes, except the revenue that is accrued for taxes collected by the Seminole County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

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

- **Local Government Infrastructure Surtax (Local Sales Tax)**

The citizens of Seminole County, on September 4, 2001, approved a one-cent sales tax authorized under Section 212.055(2), Florida Statutes. The District receives one-quarter of the sales tax revenues from Seminole County under an interlocal agreement for ten years.

- **Federal Revenues 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 for which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

## **2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

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

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



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**3. INVESTMENTS**

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

Investments	Fair Value	Investment Maturities Are Less Than			
		6 months	1 Year	2 Years	3 Years
State Board of Administration:					
Debt Service Account	\$ 359,251	\$ 359,251	\$ -	\$ -	\$ -
Money Market Funds:					
Fidelity Treasury Portfolio Class I	68,396,791	68,396,791	-	-	-
Dreyfus Treasury Prime	29,480,776	29,480,776	-	-	-
Dreyfus Government Prime	4,075,830	4,075,830	-	-	-
Obligations of United States:					
Treasury	10,570,266	-	-	3,457,747	7,112,519
Government Agencies and Instrumentalities	59,726,728	28,914,452	2,984,255	15,649,991	12,178,030
<b>Total Investments, Primary Government</b>	<b>\$ 172,609,642</b>	<b>\$ 131,227,100</b>	<b>\$ 2,984,255</b>	<b>\$ 19,107,738</b>	<b>\$ 19,290,549</b>

Section 218.415, Florida Statutes, limits the types of investments that a District can invest in unless specifically authorized in District policy. All investments, during the fiscal year and at year-end, were authorized in District policy.

**Custodial Credit Risk**

District policies require that all investments, other than investments in money market funds, be held in the District's name in custodial and/or trustee accounts by an independent custodial bank. All investments, except for investments in money market funds, were held in custodial accounts in the District's name by an independent custodial bank.

**Interest Rate Risk**

District policies limit the length of investments to the type of investments ranging up to five years and to the extent possible investment of current operating funds to two years.

The District has \$3,427,235 in obligations of the United States Governmental Agencies and Instrumentalities that includes 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. These securities have various call dates, and mature between April 2011 and June 2011.

As of June 30, 2008, the District had the following investments by fund and interest rate risk:

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Investments by Fund	Fair Value	Investment Maturities Are Less Than			
		6 months	1 Year	2 Years	3 Years
Major Governmental Funds:					
General Fund	\$ 74,372,825	\$ 32,990,283	\$ 2,984,255	\$ 19,107,738	\$ 19,290,549
Debt Service Funds:					
Certificates of Participation	19,969,673	19,969,673	-	-	-
Capital Projects Funds:					
Section 1011.71(2), F.S., Local Capital Improvement Tax Fund	44,688,245	44,688,245	-	-	-
Nonmajor Governmental Funds	28,300,414	28,300,414	-	-	-
Proprietary Funds:					
Enterprise Fund:					
Extended Day Program	517,827	517,827	-	-	-
Internal Service Funds	4,593,074	4,593,074	-	-	-
Fiduciary Funds:					
Agency Funds	167,584	167,584	-	-	-
<b>Total Investments, Primary Government</b>	<b>\$ 172,609,642</b>	<b>\$ 131,227,100</b>	<b>\$ 2,984,255</b>	<b>\$ 19,107,738</b>	<b>\$ 19,290,549</b>

**Credit Risk**

District policies allow for investments in:

- Negotiable direct obligations of the United States Government, Governmental Agencies, and/or Federal Instrumentalities, including repurchase agreements, with maturities less than five years. As of June 30, 2008, the District had investments in United States Treasury Notes with a fair market value of \$10,570,266 and in Obligations of the United States Government Agencies and Instrumentalities with a fair value of \$59,726,728. Obligations of the United States Government Agencies and Instrumentalities were rated "AAA" for long term and "A-1" for short term investments by Standard and Poor's.
- Mutual (or money market) funds that are rated "AAM" or "AAM-G" by Standard & Poor's or an equivalent rating by another rating agency. As of June 30, 2008, the District had investments in Fidelity Treasury Portfolio Class I Money Market Fund with a fair value of \$68,396,791, in Dreyfus Treasury Prime Money Market Fund with a fair value of \$29,480,776, in Dreyfus Government Prime Money Market Fund with a fair value of \$4,075,830, which were rated "AAAm" by Standard and Poor's.
- Investments in the State Board of Administration Debt Service Account totaling \$359,251 are administered by the State Board of Education to provide for debt service payments on bonded debt issued by the State Board of Administration for the benefit of the District. The District has no formal policy for managing interest rate risk or credit risk for this account, but relies on policies developed by the State Board of Administration. Disclosures for this debt service account are included in the notes to the basic financial statements of the State of Florida's Comprehensive Annual Financial Report.

**4. RECEIVABLES**

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

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**5. CHANGES IN CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2008, is as follows:

**Primary Government**

	Balance 7-1-07	Additions	Deletions	Balance 6-30-08
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 44,519,103	\$ 5,187,076	\$ -	\$ 49,706,179
Construction in Progress	55,186,593	58,962,768	53,733,105	60,416,256
<b>Total Capital Assets Not Being Depreciated</b>	<b>99,705,696</b>	<b>64,149,844</b>	<b>53,733,105</b>	<b>110,122,435</b>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	11,590,325	50,270	-	11,640,595
Buildings and Fixed Equipment	793,404,882	53,733,105	-	847,137,987
Furniture, Fixtures, and Equipment	70,669,778	6,822,036	6,081,137	71,410,677
Motor Vehicles	30,034,283	1,607,638	870,169	30,771,752
Audio-Visual Materials	49,018	3,085	-	52,103
Computer Software	4,309,520	11,075	45,395	4,275,200
<b>Total Capital Assets Being Depreciated</b>	<b>910,057,806</b>	<b>62,227,209</b>	<b>6,996,701</b>	<b>965,288,314</b>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	8,412,902	349,103	-	8,762,005
Buildings and Fixed Equipment	208,338,832	20,474,063	-	228,812,895
Furniture, Fixtures, and Equipment	48,775,868	8,107,625	6,081,137	50,802,356
Motor Vehicles	17,735,439	2,091,780	870,169	18,957,050
Audio-Visual Materials	42,599	2,565	-	45,164
Computer Software	4,065,304	84,103	45,395	4,104,012
<b>Total Accumulated Depreciation</b>	<b>287,370,944</b>	<b>31,109,239</b>	<b>6,996,701</b>	<b>311,483,482</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>622,686,862</b>	<b>31,117,970</b>	<b>-</b>	<b>653,804,832</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 722,392,558</b>	<b>\$ 95,267,814</b>	<b>\$ 53,733,105</b>	<b>\$ 763,927,267</b>

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Depreciation expense was charged to the following functions/programs of the primary government as follows:

<u>FUNCTION/PROGRAM</u>	<u>AMOUNT</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 20,960,144
Pupil Personnel Services	530,758
Instructional Media Services	1,691,098
Instruction and Curriculum Development Services	151,248
Instructional Staff Training Services	87,966
Instruction Related Technology	654,412
School Board	48,009
General Administration	28,794
School Administration	639,144
Facility Services - Non-Capitalized	15,413
Fiscal Services	36,461
Food Services	1,309,017
Central Services	600,621
Pupil Transportation	2,088,110
Operation of Plant	972,703
Maintenance of Plant	811,663
Administrative Technology Services	168,868
Community Services	314,810
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 31,109,239</u>

**6. CHANGES IN SHORT-TERM DEBT**

The following is a schedule of changes in short-term debt:

	<u>Balance 7-1-07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-08</u>
GOVERNMENTAL ACTIVITIES				
Tax Anticipation Notes	<u>\$ 23,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 23,000,000</u>	<u>\$ 20,000,000</u>
Total Governmental Activities	<u>\$ 23,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 23,000,000</u>	<u>\$ 20,000,000</u>

The Tax Anticipation Notes, Series 2007 with an interest rate of 4.25 percent, were issued on September 18, 2007, for \$20,000,000 and mature on September 17, 2008. The proceeds were used for the payment of operating expenses incurred in operating the District's schools for fiscal year 2007-08.

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**7. CERTIFICATES OF PARTICIPATION**

The District entered into a financing arrangement on April 1, 1994, that was characterized as a lease-purchase agreement, with the Seminole School Board Leasing Corporation, whereby the District secured financing of various educational facilities and equipment in the total amount of \$317,910,000. This financing was accomplished through the issuance of Certificates of Participation, Series 1994A for \$80,230,000; Series 1994B for \$33,165,000; Series 1998A for \$76,870,000; Series 2003A for \$29,315,000; Series 2003B for \$36,015,000; Series 2004A for \$35,020,000; and Series 2006A for \$27,295,000 to be repaid from the proceeds of rents paid by the District.

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

	Amount Issued	Amount Outstanding	Remaining Interest Rates (Percent)	Annual Maturity To
Certificates of Participation				
Refunding Series 2005A	\$ 26,840,000	\$ 23,240,000	5.000	2021
Refunding Series 2006B	53,920,000	52,755,000	3.500 - 5.000	2023
Refunding Series 2007A	53,865,000	49,760,000	4.000 - 5.500	2019
Series 2003A	29,315,000	6,245,000	3.000 - 5.000	2009
Series 2003B	36,015,000	36,015,000	3.000 - 5.125	2024
Series 2004A	35,020,000	35,020,000	3.000 - 5.000	2029
Series 2006A	27,295,000	27,295,000	4.000 - 5.000	2031
Total Certificates of Participation	\$ 262,270,000	\$ 230,330,000		

Note: Certificates of Participation, Refunding Series 2005A, were used to refund Certificates of Participation, Refunding Series 1995A that were issued to refund Certificates of Participation, Series 1994B. Certificates of Participation, Refunding Series 2006B, were used to refund Certificates of Participation, Series 1998A. Certificates of Participation, Refunding Series 2007A, were used to refund Certificates of Participation, Refunding Series 1997A that were issued to refund Certificates of Participation, Series 1994A.

As a condition of the financing arrangement, the District has given ground leases on District property to the Seminole School Board Leasing Corporation, with rental fees 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 lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for a period of time as specified by the arrangements.

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The District has the following ground leases at June 30, 2008:

Certificates of Participation	Refunded by:	Ground Lease	
		Commencement Date	Run Through (1)
Series 1994A	Series 2007A	April 1, 1994	June 30, 2024
Series 1994B	Series 2005A	November 1, 1994	June 30, 2026
Series 1998A	Series 2006B	February 1, 1998	June 30, 2028
Series 2003A		April 1, 2003	June 30, 2014
Series 2003B		November 1, 2003	June 30, 2029
Series 2004A		August 25, 2004	June 30, 2034
Series 2006A		April 1, 2006	June 30, 2036

Note (1): Ground leases run until the Certificates are paid or the date shown, whichever is the earliest.

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

**Series 2003A Certificates**

Lyman High School  
 Lawton Chiles Middle School

**Series 2003B Certificates**

Hagerty High School  
 "New" Midway Elementary School

**Series 2004A Certificates**

Tuskawilla Middle School  
 Crystal Lake Elementary

**Refunding Series 2005A Certificates**

Carillon Elementary School  
 Highlands Elementary School  
 Teague Middle School

**Series 2006A Certificates**

Oviedo High School  
 Seminole High School (Buildings 14 & 16)

**Refunding Series 2006B Certificates**

Lake Brantley High School  
 Goldsboro Elementary School  
 Millennium Middle School  
 Woodlands Elementary School

**Refunding Series 2007A Certificates**

Winter Springs High School  
 Educational Services Center  
 South Seminole Middle School  
 Lake Howell High School  
 Wicklow Elementary School  
 Seminole High School (Health Academy)

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The semi-annual lease payments are payable by the District on January 1 and July 1. The following is a schedule by years of future minimum lease payments under the lease agreements together with the present value of the minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 23,960,915	\$ 13,535,000	\$ 10,425,915
2010	21,183,815	11,325,000	9,858,815
2011	21,185,578	11,760,000	9,425,578
2012	21,187,790	12,250,000	8,937,790
2013	21,180,290	12,760,000	8,420,290
2014-2018	105,940,672	72,550,000	33,390,672
2019-2023	82,314,000	65,765,000	16,549,000
2024-2028	27,226,600	22,230,000	4,996,600
2029-2031	<u>8,810,700</u>	<u>8,155,000</u>	<u>655,700</u>
Total Minimum Lease Payments	<u>\$ 332,990,360</u>	<u>\$ 230,330,000</u>	<u>\$ 102,660,360</u>

**8. BONDS PAYABLE**

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

<u>Bond Type</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Remaining Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:				
Series 1999-A	\$ 2,000,000	\$ 1,405,000	4.125 - 4.750	2019
Series 2000-A	2,500,000	215,000	5.000 - 5.125	2010
Series 2002-A	885,000	755,000	3.875 - 5.000	2022
Series 2002-B	6,405,000	4,635,000	3.500 - 5.375	2015
Series 2003-A	1,700,000	1,470,000	3.000 - 4.250	2023
Series 2004-A	465,000	425,000	3.250 - 4.625	2024
Series 2005-A	1,120,000	1,030,000	4.000 - 5.000	2025
Series 2005-B	3,735,000	3,725,000	5.000	2020
Series 2008-A	<u>6,875,000</u>	<u>6,875,000</u>	3.250 - 5.000	2028
Total Bonds Payable	<u>\$ 25,685,000</u>	<u>\$ 20,535,000</u>		

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

**State School Bonds**

The State Board of Education issued the bonds 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. The State Board of Education and the State Board of Administration are responsible for the administration of principal and interest payments, investment of Debt Service fund resources, and compliance with reserve requirements.

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

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<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<b><u>State School Bonds</u></b>			
2009	\$ 2,119,879	\$ 1,260,000	\$ 859,879
2010	2,237,035	1,320,000	917,035
2011	2,243,472	1,390,000	853,472
2012	2,241,051	1,455,000	786,051
2013	2,234,979	1,510,000	724,979
2014-2018	9,100,638	6,550,000	2,550,638
2019-2023	5,220,378	3,945,000	1,275,378
2024-2028	3,556,856	3,105,000	451,856
	<u>\$ 28,954,288</u>	<u>\$ 20,535,000</u>	<u>\$ 8,419,288</u>
Total Bonds Payable	<u>\$ 28,954,288</u>	<u>\$ 20,535,000</u>	<u>\$ 8,419,288</u>

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

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

<u>Description</u>	<u>Balance 7-1-07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6-30-08</u>	<u>Due in One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds Payable	\$ 14,715,000	\$ 6,875,000	\$ 1,055,000	\$ 20,535,000	\$ 1,260,000
Certificates of Participation Payable	243,285,000	-	12,955,000	230,330,000	13,535,000
Compensated Absences Payable	35,331,906	6,499,818	3,763,658	38,068,066	4,055,122
Estimated Insurance Claims Payable	11,696,646	14,397,593	12,608,664	13,485,575	4,570,041
Other Postemployment Benefits Payable	-	5,999,339	3,429,857	2,569,482	-
Total Long-Term Liabilities	<u>\$ 305,028,552</u>	<u>\$ 33,771,750</u>	<u>\$ 33,812,179</u>	<u>\$ 304,988,123</u>	<u>\$ 23,420,163</u>

For the governmental activities, compensated absences are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with resources of the Internal Service Funds. There are no long-term liabilities associated with the business-type activities.

**10. DEFEASED DEBT**

In prior years, portions of the Certificates of Participation, Series 1998A, were defeased in-substance by placing a portion of the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the in-substance defeased certificates are not included in the District's financial statements. On June 30, 2008, Certificates of Participation, Series 1998A, totaling \$52,495,000, are considered to be in-substance defeased.

Also in a prior year, portions of the State School Bonds, Series 2000A, were defeased in-substance by placing a portion of the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the in-substance defeased bonds are not included in the District's financial statements. On June 30, 2008, State School Bonds, Series 2000A, totaling \$1,495,000 is considered to be in-substance defeased.



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**11. RESERVE FOR ENCUMBRANCES**

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

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

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

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

Funds	Interfund	
	Receivables	Payables
Major Funds:		
General	\$ 63,351	\$ 13,327,327
Capital Projects Fund - Section 1011.71(2), F.S., Local Capital Improvement Tax Fund	-	105,602
Nonmajor Governmental Funds	12,238	1,788,131
Enterprise Fund:		
Extended Day Program	-	12,238
Internal Service Funds	<u>15,347,576</u>	<u>189,867</u>
Total	<u>\$ 15,423,165</u>	<u>\$ 15,423,165</u>

The majority of the interfund receivables and payables represent the cash overdrafts in one money market fund for various funds that were covered by cash held by other funds within the same money market fund and will be repaid within 12 months.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 11,828,386	\$ -
Debt Service Funds:		
Certificates of Participation	23,175,000	-
Capital Projects Funds:		
Section 1011.71(2), F.S., Local Capital Improvement Tax Fund	-	27,010,958
Nonmajor Governmental Funds	-	6,087,727
Enterprise Fund:		
Extended Day Program	<u>-</u>	<u>1,904,701</u>
Total	<u>\$ 35,003,386</u>	<u>\$ 35,003,386</u>

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

**13. SCHEDULE OF STATE REVENUE SOURCES**

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

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 185,801,222
Categorical Educational Programs:	
Class Size Reduction	64,435,964
Transportation	12,138,291
Instructional Materials	6,403,883
School Recognition	4,189,297
Teacher Lead Program	1,199,937
Gross Receipts Tax (Public Education Capital Outlay)	6,744,781
Classrooms for Kids	5,409,345
Discretionary Lottery Funds	3,177,659
Motor Vehicle License Tax (Capital Outlay and Debt Service):	
Withheld for State Board of Education Bonds	1,759,455
Distributed to District	813,718
Distributed to Charter Schools	363,448
Food Service Supplement	441,619
Mobile Home License Tax	72,850
Miscellaneous	4,921,426
	<hr/>
Total	<u>\$ 297,872,895</u>

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

**14. PROPERTY TAXES**

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

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	4.698	\$ 158,449,277
Basic Discretionary Local Effort	0.510	17,200,752
Supplemental Discretionary Local Effort	0.205	6,914,028
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	2.000	67,453,928
Total	<u>7.413</u>	<u>\$ 250,017,985</u>

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
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**15. STATE RETIREMENT PROGRAM**

**Florida Retirement System.** The Florida Retirement System covers all regular employees of the District. The Florida Retirement System offers employees a defined benefit retirement plan and a defined contribution program. The District is required to make contributions in accordance with rates established by the Florida Legislature. Essentially, all regular employees of participating employers are eligible and must enroll as members of the Florida Retirement System.

**Defined Benefit Plan.** Most employees working for the District are covered by a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan) under the Florida Retirement System. Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. Benefits in the plan vest at six years service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (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 a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

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

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Elected County Officers	0.00	16.53
Florida Retirement System, Senior Management Service	0.00	13.12
Teachers' Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	0.00	10.91
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance supplement. Also employer rates, other than for DROP participants, include 0.05 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions (including employee contributions) for the fiscal years ending June 30, 2006, June 30, 2007, and

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June 30, 2008, totaled \$22,382,316, \$29,078,436, and \$29,741,872, respectively, which were equal to the required contributions for each fiscal year.

**Defined Contribution Plan.** Pursuant to Section 121.4501, Florida Statutes, the Florida Legislature created a defined contribution program called the Public Employee Optional Retirement Program (PEORP). Benefits in the PEORP vest after one year of service. District employees participating in the DROP are not eligible to participate in the PEORP. This program is administered by the Florida Retirement System as an option to the defined benefit plan, and is self-directed by the employee. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investments funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service, etc.). Required employer contributions made to the program for the fiscal years ending June 30, 2006, June 30, 2007, and June 30, 2008, totaled \$1,703,032, \$2,903,950, and \$3,414,960, respectively.

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

**16. OTHER POSTEMPLOYMENT BENEFITS**

For the fiscal year ending June 30, 2008, the District implemented Governmental Accounting Standard Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment health care and life insurance benefits provided by the District. The requirement of this Statement was implemented prospectively, with the actuarially determined liability of \$55,293,468 at the July 1, 2007, date of transition being amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care and life insurance benefits liability at the date of transition.

**Plan Description.** Pursuant to the provision of the Section 112.0801, Florida Statutes, former 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 coverages. The District subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The rates paid by retirees eligible for Medicare are reduced by the Medicare premium. The postemployment healthcare and life insurance plan does not issue a stand-alone report, and is not included in the report of a Public Employer Retirement System (PERS) or another entity.

**Funding Policy.** The District plans to fund this postemployment benefit on a pay-as-you go basis. During fiscal year 2007-08, 590 retirees received postemployment life and 648 retirees received health care benefits. The cost of providing postemployment health and life benefits was \$7,283,585, including a \$3,429,857 OPEB contribution provided by the District and \$3,853,728 charged to retirees.

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**Annual OPEB Cost and Net OPEB Obligations.** The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 2,901,690
Amortization of Unfunded Actuarial Accrued Liability	2,880,806
Interest on Normal Cost and Amorization	<u>216,843</u>
Annual Required Contribution	5,999,339
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	<u>-</u>
Annual OPEB Cost (Expense)	5,999,339
Contribution Toward the OPEB Cost	<u>(3,429,857)</u>
Increase in Net OPEB Obligation	2,569,482
Net OPEB Obligation, Beginning of Year	<u>-</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,569,482</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$ 5,999,339	57.2%	\$ 2,569,482

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

Actuarial Accrued Liability (a)	\$ 52,469,779
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c)=(a-b)	<u>\$ 52,469,779</u>
Funded Ratio (b/a)	0.00%
Covered Payroll (Active Plan Members) (d)	\$ 337,560,471
UAAL as a Percentage of Covered Payroll (c/d)	15.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends.

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Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

In the June 30, 2007, OPEB actuarial valuation, projected unit credit actuarial method was used. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.75 percent discount rate. The actuarial assumptions also included an annual healthcare cost trend rate of 9 percent initially for fiscal year 2007-08, reduced by 1 percent per year, to an ultimate rate of 5 percent after 4 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2008, is 29 years.

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**17. CONSTRUCTION CONTRACT COMMITMENTS**

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

Project	Contract Amount	Completed to Date	Balance Committed
Hybrid Relocatable Classrooms:			
Contractor	\$ 617,456	\$ -	\$ 617,456
Indian Trails Middle HVAC:			
Contractor	1,981,152	1,044,893	936,259
Architect	187,095	160,648	26,447
Lake Mary Elementary Intermediate Learning Center:			
Contractor	4,147,901	4,096,017	51,884
Architect	372,500	352,880	19,620
Lake Orienta Elementary Additions and Renovations:			
Contractor	6,858,151	4,524,164	2,333,987
Architect	647,824	583,417	64,407
"New" Midway Elementary:			
Architect	1,546,245	1,120,061	426,184
Oviedo High Additions and Renovations:			
Contractor	20,824,116	17,369,974	3,454,142
Architect	1,890,097	1,737,097	153,000
Sabal Point Elementary Additions and Renovations:			
Contractor	6,663,718	4,333,174	2,330,544
Architect	620,876	560,880	59,996
Seminole High Additions and Renovations:			
Contractor	30,674,868	23,014,098	7,660,770
Architect	1,680,000	1,433,600	246,400
Sterling Park Elementary Additions and Renovations:			
Architect	648,430	518,744	129,686
Woodlands Elementary Retention Pond:			
Contractor	327,194	-	327,194
Architect	19,514	18,134	1,380
	<u>\$ 79,707,137</u>	<u>\$ 60,867,781</u>	<u>\$ 18,839,356</u>

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**18. RISK MANAGEMENT PROGRAMS**

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

On July 1, 2007, the District entered a participation agreement with five school districts to purchase property insurance coverage through the Preferred Government Insurance Trust (PGIT). Under this agreement, the District shares \$100,000,000 of coverage on a per occurrence basis with a \$25,000 deductible for all other perils excluding wind damage from a named storm. The deductible for a named storm is 5 percent of the Total Insured Value, per location, subject to a minimum of \$50,000 deductible per occurrence. This participation agreement allowed the District to increase its coverage from \$25,000,000 to a shared \$100,000,000.

Health and hospitalization coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage, except for prescriptions. Coverage for prescription drugs is provided through a self-insurance program administered by an outside provider. The District reports the self-insurance programs in the Internal Service Funds. Amounts are transferred from the General Fund to the Internal Service Funds to provide sufficient resources to cover claims incurred, to pay for the purchase of excess insurance, and to pay the insurance service agent's administrative fee.

Settled claims resulting from risks described above have not exceeded commercial insurance coverage for the past three fiscal years. No excess insurance coverage has been purchased for the Self-Insurance - Prescriptions Program.

A liability in the amount of \$12,619,257 was actuarially determined to cover outstanding claims and estimated incurred, but not reported, insurance claims payable for the Self-Insurance - Casualty, Liability, and Workers' Compensation Fund, at June 30, 2008, and is net of \$185,620 of excess insurance recoverable on unpaid claims. A liability in the amount of \$866,318 was actuarially determined to cover outstanding claims and estimated incurred, but not reported, insurance claims payable for the Self-Insurance - Prescriptions Fund at June 30, 2008.

The following schedules represent the changes in claims liability for the past two fiscal years for the District's Self-Insurance Programs:

**Casualty, Liability, and Workers' Compensation Self-Insurance Fund:**

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2006-07	\$ 6,805,027	\$ 6,895,964	\$ (2,470,005)	\$ 11,230,986
2007-08	11,230,986	4,841,318	(3,453,047)	12,619,257



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**Prescriptions Self-Insurance Fund:**

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2006-07	\$ 444,356	\$ 10,101,856	\$ (10,080,552)	\$ 465,660
2007-08	465,660	9,556,275	(9,155,617)	866,318

**19. INTERNAL SERVICE FUNDS**

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

	Self-Insurance		Printshop	Computer Store	Total
	Casualty, Liability, etc.	Prescriptions			
<b>ASSETS</b>					
Current Assets:					
Cash	\$ 60,379	\$ -	\$ -	\$ -	\$ 60,379
Investments	471,856	3,155,468	-	965,750	4,593,074
Accounts Receivable	-	-	1,658	3,400	5,058
Due From Other Funds	15,081,378	-	68,188	198,010	15,347,576
Inventories	-	-	65,643	28,054	93,697
Total Current Assets	<u>15,613,613</u>	<u>3,155,468</u>	<u>135,489</u>	<u>1,195,214</u>	<u>20,099,784</u>
Noncurrent Assets:					
Furniture and Equipment	-	-	1,098,272	-	1,098,272
Less Accumulated Depreciation	-	-	(745,907)	-	(745,907)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>352,365</u>	<u>-</u>	<u>352,365</u>
Total Assets	<u>15,613,613</u>	<u>3,155,468</u>	<u>487,854</u>	<u>1,195,214</u>	<u>20,452,149</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Salaries Payable	1,171	-	1,554	282	3,007
Accounts Payable	41,568	-	5,337	28,054	74,959
Due to Other Funds	-	-	189,867	-	189,867
Estimated Insurance Claims Payable - Current	<u>3,703,723</u>	<u>866,318</u>	<u>-</u>	<u>-</u>	<u>4,570,041</u>
Total Current Liabilities	<u>3,746,462</u>	<u>866,318</u>	<u>196,758</u>	<u>28,336</u>	<u>4,837,874</u>
Noncurrent Liabilities:					
Estimated Insurance Claims Payable - Noncurrent	<u>8,915,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,915,534</u>
Total Liabilities	<u>12,661,996</u>	<u>866,318</u>	<u>196,758</u>	<u>28,336</u>	<u>13,753,408</u>
<b>NET ASSETS</b>					
Invested in Capital Assets	-	-	352,365	-	352,365
Unrestricted	<u>2,951,617</u>	<u>2,289,150</u>	<u>(61,269)</u>	<u>1,166,878</u>	<u>6,346,376</u>
Total Net Assets	<u>\$ 2,951,617</u>	<u>\$ 2,289,150</u>	<u>\$ 291,096</u>	<u>\$ 1,166,878</u>	<u>\$ 6,698,741</u>

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	Self-Insurance		Printshop	Computer Store	Total
	Casualty, Liability, etc.	Prescriptions			
<b>OPERATING REVENUES</b>					
Charges for Services	\$ -	\$ -	\$ 1,074,959	\$ -	\$ 1,074,959
Charges for Sales	-	-	-	3,777,267	3,777,267
Premium Revenues	7,140,193	10,050,129	-	-	17,190,322
Total Operating Revenues	<u>7,140,193</u>	<u>10,050,129</u>	<u>1,074,959</u>	<u>3,777,267</u>	<u>22,042,548</u>
<b>OPERATING EXPENSES</b>					
Salaries	219,718	-	407,909	54,687	682,314
Employees Benefits	53,089	-	130,687	13,781	197,557
Purchased Services	29,802	-	261,277	438	291,517
Material and Supplies	6,194	-	214,768	1,310	222,272
Cost of Goods Sold	-	-	-	3,339,854	3,339,854
Insurance Claims	4,841,318	9,556,275	-	-	14,397,593
Insurance Premiums	2,255,624	-	-	-	2,255,624
Depreciation	-	-	108,122	-	108,122
Other Expenses	341,304	119,992	6,669	-	467,965
Total Operating Expenses	<u>7,747,049</u>	<u>9,676,267</u>	<u>1,129,432</u>	<u>3,410,070</u>	<u>21,962,818</u>
Operating Income (Loss)	<u>(606,856)</u>	<u>373,862</u>	<u>(54,473)</u>	<u>367,197</u>	<u>79,730</u>
<b>NONOPERATING REVENUES</b>					
Interest	536,363	85,047	2,355	25,939	649,704
Total Nonoperating Revenues	<u>536,363</u>	<u>85,047</u>	<u>2,355</u>	<u>25,939</u>	<u>649,704</u>
Change in Net Assets	(70,493)	458,909	(52,118)	393,136	729,434
Total Net Assets, Beginning	<u>3,022,110</u>	<u>1,830,241</u>	<u>343,214</u>	<u>773,742</u>	<u>5,969,307</u>
Total Net Assets, Ending	<u>\$ 2,951,617</u>	<u>\$ 2,289,150</u>	<u>\$ 291,096</u>	<u>\$ 1,166,878</u>	<u>\$ 6,698,741</u>

**20. LITIGATION**

The School Board is a defendant in numerous lawsuits as of June 30, 2008. It is the opinion of management, after giving consideration to the District's related insurance coverage, as well as the Florida Statutory limitations on governmental liabilities on uninsured risks, that the amount of loss resulting from litigation would not be material to the financial position of the District, except as noted in the following paragraphs.

The District has been named in 14 cases filed in the United States District Court, Middle District of Florida. All of these cases involve allegations of physical and mental abuse of autistic students by a teacher. The District has settled 4 of these cases and the remaining 10 cases are currently pending. The allegations span a number of years and the claims cover multiple claim years under the District's excess insurance coverage.

With regard to the 4 settled cases, the District has paid a total of approximately \$2.2 million, with insurance carriers for the District contributing approximately \$915,000 of such amount. With regard to the 10 remaining cases, the District has set aside approximately \$2.5 million for payment of potential damages, with certain additional funds available in reserve.

In a declaratory judgment action pending in the United States District Court, Middle District of Florida, the District's insurance carriers are disputing liability for these claims under the District's insurance policies. That action notwithstanding, the carriers have indicated that they will continue to participate in

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA**  
**Notes to the Financial Statements**  
**June 30, 2008**

mediations involving any of the 10 pending cases where the amount in controversy could potentially exceed the limits of the District's self-insurance retention fund, subject to the outcome of the declaratory judgment action.

Regardless of the outcome of the declaratory judgment action, the School Board believes that it has sufficient funds in reserve to satisfy the remaining 10 cases and that its ability to meet its financial obligations will not be impaired.

**21. SUBSEQUENT EVENTS**

On August 26, 2008, the School Board approved the issuance of Tax Anticipation Notes (Notes) in the amount of \$18 million. The proceeds will be used for operating expenses for the fiscal year ending June 30, 2009.

**DISTRICT SCHOOL BOARD OF SEMINOLE COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2007	\$ -	\$ 55,293,468	\$ 55,293,468	0.0%	\$ 326,812,623	16.9%
June 30, 2008	-	52,469,779	52,469,779	0.0%	337,560,471	15.5%

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

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>United States Department of Agriculture:</b>			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Education:			
School Breakfast Program	10.553	321	\$ 1,918,415
National School Lunch Program	10.555	300	8,113,680
Summer Food Service Program for Children	10.559	323	129,284
Florida Department of Agriculture and Consumer Services:			
National School Lunch Program	10.555(2)	None	1,551,164
<b>Total Child Nutrition Cluster</b>			<b>11,712,543</b>
<b>Total United States Department of Agriculture</b>			<b>11,712,543</b>
<b>United States Department of Education:</b>			
Direct:			
Magnet Schools Assistance	84.165	N/A	139,600
Fund for the Improvement of Education	84.215	N/A	142,323
<b>Total Direct</b>			<b>281,923</b>
Indirect:			
Florida Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	262, 263	13,015,655
Special Education - Preschool Grants	84.173	267	279,810
<b>Total Special Education Cluster</b>			<b>13,295,465</b>
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	9,765,101
Title I Program for Neglected and Delinquent Children	84.013	223	78,736
Career and Technical Education - Basic Grants to States	84.048	151	569,545
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	231,202
Education for Homeless Children and Youth	84.196	127	122,718
Twenty-First Century Community Learning Centers	84.196	244	272,320
State Grants for Innovative Programs	84.298	113	111,055
Education Technology State Grants	84.318	121,122	189,684
Comprehensive School Reform Demonstration	84.332	128	6,758
Reading First State Grants	84.357	211	552,813
Voluntary Public School Choice	84.361	299	62,902
English Language Acquisition Grants	84.365	102	512,589
Improving Teacher Quality State Grants	84.367	224	2,289,759
Florida State University:			
Fund for the Improvement of Postsecondary Education	84.116	R00500	4,523
Seminole Community College:			
Tech-Prep Education	84.243	157	45,712
University of South Florida:			
Mathematics and Science Partnerships	84.366	1777-1037-00-H	4,104
<b>Total Indirect</b>			<b>28,114,986</b>
<b>Total United States Department of Education</b>			<b>28,396,909</b>
<b>United States Department of Homeland Security</b>			
Indirect:			
Florida Department of Education:			
Homeland Security Grant Program	97.067	532	25,792
<b>United States Department of Defense:</b>			
Direct:			
Air Force Junior Reserve Officers Training Corps	None	N/A	112,337
Army Junior Reserve Officers Training Corps	None	N/A	144,102
Navy Junior Reserve Officers Training Corps	None	N/A	182,687
<b>Total United States Department of Defense</b>			<b>439,126</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 40,574,370</b>

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2007-08 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance - National School Lunch Program. Represents the amount of donated food received during the 2007-08 fiscal year. Commodities are valued at fair value as determined at the time of donation.



David W. Martin, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Seminole County District School Board as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements was modified to include a reference to 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. Other auditors audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the Seminole County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of The Foundation for Seminole County Public Schools, Inc., were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider Finding No. 1, of our operational audit report No. 2009-055, to be a significant deficiency in internal control over financial reporting. In the operational finding, we noted that the District granted excessive or unnecessary access privileges within PeopleSoft and the supporting information technology environment.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described in Finding No. 1 of our operational audit report No. 2009-055 is not a material weakness.

### **Compliance and Other Matters**

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

We noted certain operational matters that we reported to District management in our audit report No. 2009-055.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA  
December 1, 2008



David W. Martin, 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 WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB *CIRCULAR A-133*

### Compliance

We have audited the Seminole County District School Board's compliance with the types of compliance requirements described in the United States Office of Management and Budget's (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the fiscal year ended June 30, 2008. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of the District's major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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



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

### Internal Control Over Compliance

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

A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA

December 1, 2008

**SEMINOLE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency identified that is not considered to be a material weakness?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	None reported
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB <i>Circular A-133</i> ?	No
Identification of major programs:	Title I Grants to Local Educational Agencies (CFDA No. 84.010) and Improving Teacher Quality State Grants (CFDA No. 84.367)
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,217,231
Auditee qualified as low-risk auditee?	Yes

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**SEMINOLE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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There were no audit findings on Federal programs required to be reported under OMB *Circular A-133*, Section \_\_.510.

*SEMINOLE COUNTY  
DISTRICT SCHOOL BOARD  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2008*

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

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
07-01	Special Education Cluster (CFDA Nos. 84.027, 84.173) - Allowable Costs/Cost Principles	Payroll amounts totaling \$113,243 were incorrectly charged to the Special Education Cluster and employee allocation forms were not completed and updated on at least an annual basis.	Corrected.	Overcharge was repaid to the Special Education Cluster. Additional control procedures were placed in operation to ensure that Certifications and Time and Effort Sheets are completed timely.