COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF

THE DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA

FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

HERNANDO COUNTY SCHOOL BOARD
Quest for
Excellence

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PREPARED BY:
FINANCE DEPARTMENT

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District School Board of Hernando County, Florida
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2010

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INTRODUCTORY SECTION

HERNANDO COUNTY SCHOOL BOARD
Quest for
Excellence

The School Board of Hernando County, Florida
919 North Broad Street
Brooksville, Florida 34601
(352) 797-7000
Fax (352) 797-7100

Superintendent
Bryan A. Blavatt
Chairperson
James C. Yant
Vice Chairperson
Dianne Bonfield
Members
Charles "Pat" Fagan
Cynthia J. Moore
John K. Sweeney

November 22, 2010

District School Board of Hernando County
919 North Broad Street
Brooksville, Florida 34601

Dear Members of the Board and Citizens of Hernando County:

The Comprehensive Annual Financial Report of the District School Board of Hernando County, Florida (District) for the fiscal year ended June 30, 2010, is submitted herewith. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and the changes in financial position of the District as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the District's financial affairs have been included. The responsibility for the preparation of the accompanying financial statements and other information contained in this report, based on the above standards, rests with the District's management.

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

The Florida Auditor General has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the District's

financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report on financial statements is presented as the first component of the financial section of this report.

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

PROFILE OF THE DISTRICT

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

This report contains the audited financial statements for all operations over which the School Board is financially accountable. Various potential component units were evaluated to determine whether they should be considered as a part of the District's reporting entity. Accordingly, included in the reporting entity are the Hernando County Education Direct Support Organization, Inc., (Foundation) a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, and the Gulf Coast Academy of Science and Technology, Inc., a Charter School that is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. Both the Foundation and the Charter School are included as discretely presented component units in the accompanying financial statements. Additional information regarding these component units can be found in the notes to financial statements.

The geographic boundaries of the District are those of Hernando County. Hernando County is located on the central-west coast of Florida, north of Tampa Bay. It is bounded by the Gulf of Mexico on the west, Citrus County to the north, Sumter County to the east, and Pasco County to the south. Hernando County stretches 37 miles east to west, and 18 miles north to south, for a total of 506 square miles, or approximately 323,700 acres. Hernando County's official population grew 29.4% (29,687) from 1990 to 2000 and is projected to reach 197,800 by 2020, 231,700 by 2030, and 251,645 by 2040. Hernando's population as of August 31, 2010, is 165,802 and reflects growth of 64,687 or 64.0% from 1990.

During the 2009-2010 fiscal year, the District had 22 schools, including 9 elementary schools, 4 middle schools, 4 high schools, 3 K-8 schools (Challenger K-8, Explorer K-8, and J.D. Floyd K-8), 1 alternative school, and 1 charter school, and reported serving approximately 23,296

prekindergarten through adult students. The projected prekindergarten through grade 12 student enrollment, for fiscal year 2010-2011, is 22,929 unweighted full-time equivalent students. The average age of the schools within the District is approximately 24.6 years.

The District serves students from infants through adults. Students in the District represent a diverse community of learners, including a variety of ethnic and cultural backgrounds. In addition to the various educational programs offered to K-12 students, the District offers pre-kindergarten services including: programs for babies of teen parents who are progressing toward achieving high school diplomas; programs for special education infants and toddlers below the age of three; pre-kindergarten programs for three- and four-year-old disabled students; and programs for eligible low-income, at-risk students.

The District also offers programs for adults to learn the necessary skills in order to enter the workforce or increase opportunities for advancement in current positions. Also, students from foreign countries have the opportunity to learn communication skills through the District's English for Speakers of Other Languages (ESOL) programs, and all citizens can take fee-supported courses to increase personal development in various subjects such as computers, photography, and personal financial planning.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Economic Conditions

The State has suffered heavily with the slowing of both the housing market and tourism. The recession that the country has experienced appeared to be on the path to recovery. However, in late April 2010, the Deepwater Horizon explosion that resulted in a massive oil spill gripped the Gulf coast region. Although Florida's coastal ecosystem is in peril, the fear is that the damage will hurt the State's economy more than oil damage itself. According to economist Sean Snaith who directs the Institute for Economic Competitiveness at the University of Central Florida in Orlando, Florida could lose at least $2.2 billion in revenue and 39,000 jobs if there is a 10 percent decline in tourism-related business in the 23 counties on the Gulf coast.

While the State of Florida has not yet formally declared any fiscal impact resulting from the oil spill, the State is heavily dependent upon sales tax collections and tourism. Any funding fluctuations will mean that new programs, innovative initiatives and educational enhancements may not be available within the desired time frames. With an already fragile economy (continued high unemployment and weak home sales), the Board, Superintendent and staff are acutely aware of the perils of interrupted revenue receipts. Prudent business practices, accompanied by statutes mandating balanced budgets, result in a continual review of the financial condition of the District.

The local economy in Hernando County continues to cope with the recession. Unemployment increased to 15.0% in August 2010 compared to 13.7% in August 2009. Construction has slowed and the County continues to undergo a housing market correction.

ARRA Economic Stimulus Funds

On February 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA) which was signed into law by President Obama on February 17, 2009.

ARRA earmarks more than $90 billion for states to use for education. The primary goal was to save and create jobs and stabilize local school district funding. The infusion of ARRA funding, has allowed the District to maintain instructional support, in the face of what would otherwise have been significant budget reductions in fiscal year 2010. Plans are underway to make sure the district does not experience a funding cliff when the stimulus funding rolls off next year.

Long-Term Financial Planning

Providing adequate facilities to all students is fundamental to maintaining an effective education system. It speaks to a range of standards, including safety, class size and equity. When there is not enough room, such standards may be compromised. With that in mind, the Board has adopted a construction program that is financially sound. However, we still need longer-term revenue sources.

The District completed construction of Weeki Wachee High School and opened the school in August 2010. Over the next fiscal year, the District will complete major construction and renovation projects including a K-8. In July 2009, the Board modified the construction schedule to continue the K-5 component of the school and postponed the 6-8 component until additional middle school capacity is needed. The K-5 component is scheduled to open in August 2011.

ACADEMIC ACCOMPLISHMENTS

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

- Schools throughout Florida are held accountable and receive school grades based on the results of the Florida Comprehensive Assessment Test (FCAT). The fiscal year 2009-2010 marks the eleventh year of this accountability program and the District continued its tradition of excellence. The District received an ‘A’ grade in 2009-2010 under the State A+ Plan. This year 8 schools received a grade of ‘A’, 8 received a grade of ‘B’, 1 received a grade of ‘C’, 4 are pending, and 1 school was not rated.
- The District had 69% of all students scoring proficient in reading and 61% making learning gains in reading under the State’s A+ Plan. Hernando had 55% of students in the lowest 25th percentile make learning gains in reading.
- District students scored at 74% proficient in math and 71% making learning gains in math under the State’s A+ plan. Hernando had 65% of students in the lowest 25th percentile making learning gains in math.
- The District had 86% of students in grades 4, 8, and 10 who scored proficient at 3.5 or above in writing.

Nearly 34% of the District's teachers have earned a Master's degree or higher. Additionally, the District has 64 teachers that have successfully completed the rigorous and time-intensive program of the National Board of Professional Teaching Standards. To achieve the highly esteemed National Certification, teachers are required to provide a portfolio of information regarding teaching styles, examples of work performed by students, and successfully pass an examination. Teachers who gain this certification are provided incentives including salary and mentoring bonuses.

AWARDS AND ACKNOWLEDGEMENTS

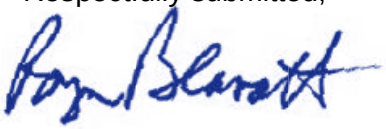
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the eighth consecutive year that the District has received this prestigious award. In order to be awarded the Certificate of Achievement for Excellence in Financial Reporting, the District must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

The Certificate of Achievement is valid for only one year. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

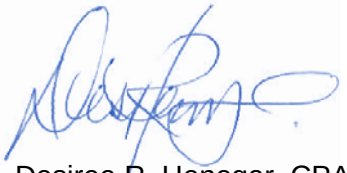
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and in coordination with the audit staff of the Florida Auditor General. Each member of the Department and the audit staff has our sincere appreciation for the contributions made in preparation of this report.

In closing, we would like to thank the School Board for their unfailing support for maintaining the highest standards of professionalism in conducting the financial operations of the District School Board of Hernando County.

Respectfully submitted,



Bryan A. Blavatt
Superintendent of Schools



Desiree R. Henegar, CPA
Chief Financial Officer

Denise A. Coit, CPA
Supervisor of Accounting

District School Board of Hernando County, Florida

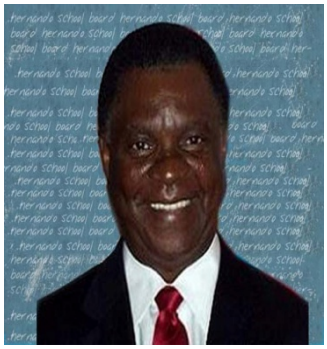
List of Principal Officials

Principal Officials - Elected

District 1
John K. Sweeney
4 years
November 2010

District 2
Charles “Pat” Fagan
6 years
November 2012

District 3
Dianne Bonfield
4 years
November 2010



District 4
James C. Yant
2 years
November 2012

District 5
Sandra K. Nicholson
16 years
November 2010

Principal Officials - Appointed

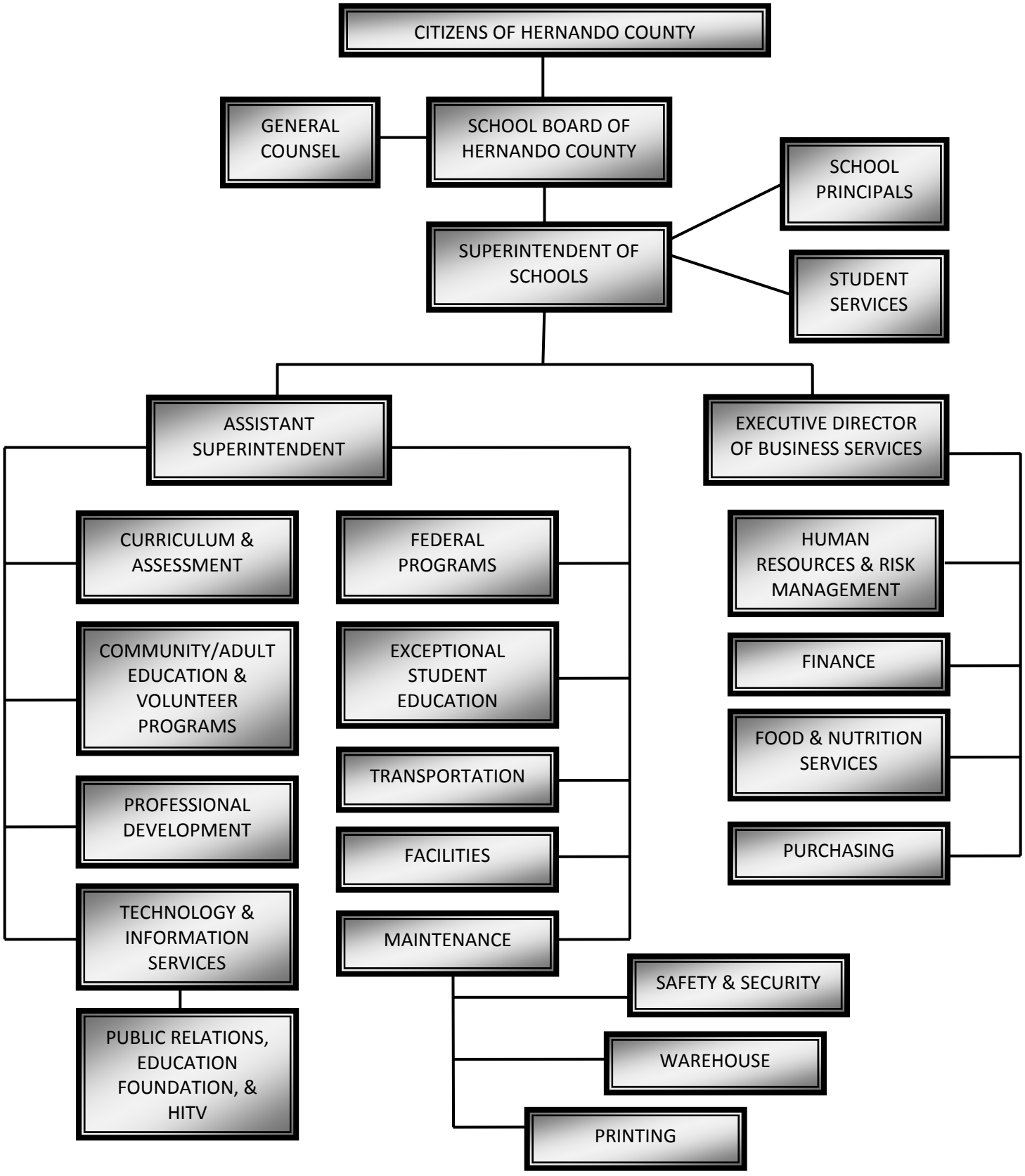
Mr. Bryan A. Blavatt, Superintendent of Schools

Ms. Sonya L. Jackson, Assistant Superintendent

Ms. Heather Martin, Executive Director of Business Services

District School Board of Hernando County, Florida

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

District School Board of Hernando County, Florida

For its Comprehensive Annual

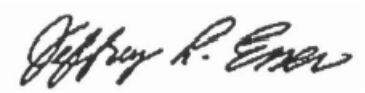
Financial Report

for the Fiscal Year Ended

June 30, 2009

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

President



Executive Director

FINANCIAL SECTION

HERNANDO COUNTY SCHOOL BOARD
Quest for
Excellence

AUDITOR GENERAL
STATE OF FLORIDA

DAVID W. MARTIN, CPA
AUDITOR GENERAL

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

PHONE: 850-488-5534
FAX: 850-488-6975

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

INDEPENDENT AUDITOR'S
REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hernando County District School Board, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District 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, which represent 6 percent of the assets and 75 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 thereon 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. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Hernando County District School Board as of June 30, 2010, and the respective changes in financial position thereof

for the fiscal 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 Hernando 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.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** (pages 11 through 18) and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** (pages 59 through 66) be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** and **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS** are 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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial statements and schedules (pages 68 through 87), **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, and **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS** have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the combining and individual fund financial statements and schedules (pages 68 through 87), **SCHEDULE OF EXPENDITURES OF FEDERAL**

AWARDS, and **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS** are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section (pages 1 through 8) and the statistical section (pages 90 through 122) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

David W. Martin, CPA
November 22, 2010
Audit Report No. 2011-054

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-2010 fiscal year are as follows:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $321,617,089.
- The District's total net assets increased by $329,453, which represents a 0.10 percent increase from the 2008-2009 fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined fund balances of $120,903,210, a decrease of $41,860,462 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $15,462,967, or 10.46 percent of total General Fund revenues, and is available for spending at the District's discretion.

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 financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the 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 presents 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 only 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 functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The government activities of the District include such functions as instruction, pupil personnel services, administration, pupil transportation, maintenance, and other items.

The government-wide financial statements include not only the District itself (known as the primary government), but also the Hernando County Education Direct Support Organization, Inc., for which the District is financially accountable and the Gulf Coast Academy of Science and Technology, Inc., a Charter School, both of which the District is required to report as component units. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 19 through 21 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 classified under two categories: governmental 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 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue – Other Federal Programs Fund, Special Revenue – ARRA Economic Stimulus Fund, and two capital project funds (Public Education Capital Outlay and Capital Projects - Other) are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund and the major Special Revenue Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements and the budgetary comparison schedules presented as required supplementary information can be found on pages 22 through 28 and 59 through 64 of this report.

- **Fiduciary Funds**. Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District uses private-purpose trust funds to account for scholarship funds established by private donors. The District uses agency funds to account for resources held for student activities and groups.

  The basic fiduciary funds financial statements can be found on pages 29 through 30 of this report.

Notes to Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31 through 58 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 exceeded liabilities by $321,617,089 at the close of the most recent fiscal year.

The following is a summary of the District's net assets as of June 30, 2010, compared to net assets as of June 30, 2009:

	Governmental Activities	
	June 30, 2010	June 30, 2009
Current and Other Assets	$ 134,249,419	$ 172,807,357
Capital Assets	407,752,025	377,010,579
Total Assets	542,001,444	549,817,936
Long-Term Liabilities	211,681,694	223,195,381
Other Liabilities	8,702,661	5,334,919
Total Liabilities	220,384,355	228,530,300
Net Assets:		
Invested in Capital Assets - Net of Related Debt	261,589,398	244,788,425
Restricted	56,810,124	74,596,072
Unrestricted	3,217,567	1,903,139
Total Net Assets	$ 321,617,089	$ 321,287,636

By far the largest portion of the District's net assets, $261,589,398 reflects its investment in capital assets (e.g., land, buildings, furniture, fixtures, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to educate the students of Hernando County, Florida; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets, $56,810,124 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. The remaining balance of unrestricted net assets may be used to meet the District's ongoing obligations to citizens and creditors.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2010, and June 30, 2009, are as follows:

	Governmental Activities	
	June 30, 2010	June 30, 2009
Revenues:		
Program Revenues:		
Charges for Services	$ 2,826,905	$ 3,035,114
Operating Grants and Contributions	7,546,609	11,545,815
Capital Grants and Contributions	1,848,617	6,732,775
General Revenues:		
Property Taxes	76,656,689	85,834,125
Other Taxes	7,470,501	7,558,751
Grants and Contributions Not Restricted to Specific Programs	108,040,457	94,316,939
Unrestricted Investment Earnings	1,732,003	(931,032)
Miscellaneous	2,624,192	3,760,426
Total Revenues	208,745,973	211,852,913
Functions/Program Expenses:		
Instruction	103,169,236	103,745,430
Pupil Personnel Services	10,523,787	9,659,517
Instructional Media Services	2,257,766	2,405,268
Instruction and Curriculum Development Services	3,505,308	3,416,775
Instructional Staff Training Services	3,326,018	3,172,689
Instruction Related Technology	1,013,023	1,056,421
Board of Education	473,107	481,247
General Administration	1,224,187	751,679
School Administration	10,628,079	10,317,777
Facility Services - Non-Capitalized	5,654,963	7,902,932
Fiscal Services	842,412	810,278
Food Services	9,975,167	9,802,355
Central Services	1,749,237	1,938,922
Pupil Transportation Services	9,138,394	9,230,050
Operation of Plant	14,975,932	14,714,540
Maintenance of Plant	4,704,812	4,548,453
Administrative Technology Services	1,725,352	1,804,846
Community Services	72,223	67,495
Unallocated Interest on Long-Term Debt	9,067,113	9,341,317
Unallocated Depreciation Expense	14,390,404	12,442,492
Total Functions/Program Expenses	208,416,520	207,610,483
Increase in Net Assets	329,453	4,242,430
Net Assets, Beginning	321,287,636	317,045,206
Net Assets, Ending	$ 321,617,089	$ 321,287,636

The total governmental net assets increased by $329,453 during the current year, as compared to a net increase of $4,242,430 in the previous year. Total revenues decreased by $3,106,940. Although the District experienced sharp declines in property values thereby reducing total property tax collections (decrease of $9,177,436), with the infusion of stimulus dollars of $12,073,393 and other local revenue increases, the District did not suffer a great loss of funding as compared to prior years. While total revenues declined 1.47 percent, the District was able to hold total expenses to a modest 0.39 percent increase over the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, 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 $120,903,210, a decrease of $41,860,462 in comparison with the prior year. Unreserved fund balances of $72,608,125 represent 60.05 percent of the ending fund balances and are available to meet the District's short-term spending needs. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to: 1) liquidate contracts and purchase orders outstanding at year-end, totaling $34,925,882; 2) fund State required carryover programs in the amount of $1,879,554; 3) retirement of debt in the near term totaling $7,353,466; and 4) investments in funds not available for appropriation totaling $4,136,183.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund is $15,462,967, while the total fund balance reached $18,946,746. The fund balance of the District's General Fund increased by $6,848,624 during the current fiscal year. The increase occurred primarily due to the Board planning for State reductions that are expected over the next couple of fiscal years, as well as the additional funding received through the American Recovery and Reinvestment Act (ARRA). The District continued to transfer funds in from Capital Projects Funds to cover allowable maintenance and capital expenditures in the General Fund. 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 revenues. Unreserved fund balance represents 10.46 percent of total General Fund revenues, while total fund balance represents 12.81 percent of that same amount.

The Special Revenue - Other Federal Programs Fund accounts for the financial resources of certain Federal grant programs. Revenues and expenditures totaled $11,580,343 each, a 7.00 percent increase from the 2008-2009 fiscal year, due mainly to an increase in Special Education program costs.

The Special Revenue – ARRA Economic Stimulus Fund has total revenues and expenditures of $12,073,393 each, and the funding was mainly used for instructional and support services.

The major capital project funds have a combined total fund balance of $80,744,223, all of which is set aside for capital projects. The fund balance for the Capital Projects – Public Education Capital Outlay Fund, decreased by $11,629,361 to $14,165,587. The net decrease is primarily due to the substantial completion of several construction projects. The fund balance for the Capital Projects – Other Fund decreased by $27,373,618 to $66,578,636. The net decrease reflects the timing difference between revenues and expenditures on construction projects accounted for in this fund and the substantial completion of construction of Weeki Wachee High School. It should be noted that $7,582,799 and $24,276,949 of the total fund balance in the Capital Projects – Public Education Capital Outlay Fund and the Capital Projects – Other Fund, respectively, have been encumbered for specific construction projects in progress at year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the current fiscal year, the District received $111,180 less in State revenues than the original budget, even though there was an increase of 239 students from the initial full time equivalent student enrollment of 22,529 students and the fourth Florida Education Finance Program (FEFP) calculation of 22,768 students, excluding adult education students. There were several funding vetoes that resulted in a proration of FEFP funding or lost funding to the District of $776,810. The reduction in State revenue is partially offset by increases in some local revenues, such as tax collections that were $1,481,700 more than the original budget and other local revenues that were $832,982 more than the original budget. The original budget for the expenditure functions was reduced by $9,383,605 to reflect actual activity at year end. This resulted from not filling over 50 vacant positions within the District (approximately $4.0 million), reduced fuel costs (approximately $2.4 million), utilities and trash services charged to the Food Service program ($471,500), and other cuts made during the fiscal year as directed by the Superintendent and Board. The actual ending fund balance was more than the original budget estimate by $8,984,508.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. The District's investment in capital assets for governmental activities as of June 30, 2010, amounts to $407,752,025 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital leases; and construction in progress. The total increase of $30,741,446 in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was 8.15 percent and was due mainly to the substantial completion of Weeki Wachee High School.

	Governmental Activities	
	June 30, 2010	June 30, 2009
Land	$ 10,317,174	$ 10,381,399
Improvements Other Than Buildings	16,354,194	15,536,996
Buildings and Fixed Equipment	366,202,831	316,291,201
Furniture, Fixtures, and Equipment	1,696,168	3,516,870
Motor Vehicles	4,401,227	5,017,752
Construction in Progress	1,989,182	15,857,036
Property Under Capital Leases	6,791,249	10,409,325
Total Capital Assets	$ 407,752,025	$ 377,010,579

Additional information on the District's capital assets can be found in Notes 4 and 17 on pages 43 and 57, respectively, of this report.

Long-Term Debt. At the end of the current fiscal year, the District has total long-term debt outstanding of $195,082,465, which excludes compensated absences payable and other postemployment benefits payable. This amount is comprised of a note payable of $11,454,297, $4,539,955 of obligations under capital lease agreements, $141,343,121 in

Certificates of Participation, and $37,745,092 in bonded debt, $5,117,145 of which is backed by the full faith and credit of the State of Florida.

On March 25, 2010, Fitch Ratings recalibrated the Districts ratings on the outstanding Certificates of Participation (COPs) to an 'A+' from 'A-'. The ratings outlook continues to be stable for the District.

During the current fiscal year, the District paid $13,157,786 for principal payments on long-term debt as follows:

State School Bonds	$	830,000
Other Debt Service:		
District Revenue Bonds		70,000
General Obligation Bonds		805,000
Sales Tax Revenue Bonds		5,370,000
Certificates of Participation		3,085,000
Note Payable		951,837
Obligations Under Capital Leases		2,045,949
Total Principal Payments	$	13,157,786

Additional information on the District's long-term debt can be found in Notes 5 through 10 on pages 44 through 50 of this report.

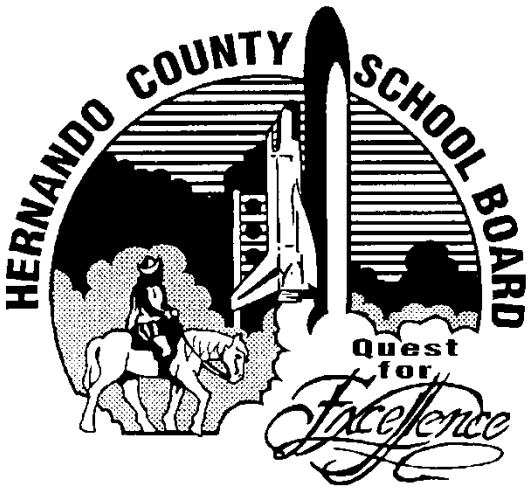
ECONOMIC FACTORS AND FORECAST

As of June 2010, the unemployment rate for Hernando County is currently 15.00 percent, which is an increase from the rate of 13.10 percent a year ago. This compares to the State's average unemployment rate of 12.0 percent. Higher unemployment generally leads to lower sales tax collections and may lead to a population decline, if sustained for an extended period of time. State Fiscal Stabilization Funds, part of the Federal Stimulus funding, will be ending in the 2010-2011 fiscal year. Although the District will receive Education Jobs Funds, also part of Federal Stimulus Funding, it will only be about 60% of State Fiscal Stabilization Funds. It is unclear as to whether the State will replace the lost funding. These factors were considered in preparing the District budget for the 2010-2011 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Hernando County District School Board, 919 North Broad Street, Brooksville, Florida, 34601.

BASIC
FINANCIAL STATEMENTS



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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	$ 8,259,166	$ 222,439
Investments	98,859,427	
Accounts Receivable	12,466	850
Prepaid Items	90,000	
Due from Other Agencies	21,299,582	9,091
Capital Credits Receivable	2,720,986	
Deferred Charges	1,922,562	
Inventories	1,085,230	
Capital Assets:		
Nondepreciable Capital Assets	12,306,356	
Depreciable Capital Assets, Net	395,445,669	112,516
TOTAL ASSETS	$ 542,001,444	$ 344,896
LIABILITIES		
Salaries and Benefits Payable	$ 138,798	$ 4,332
Payroll Deductions and Withholdings	462	
Accounts Payable	3,138,098	5,759
Construction Contracts Payable	1,189,771	
Construction Contracts Payable - Retainage	2,977,897	
Due to Other Agencies	7,155	
Deposits Payable	63,529	
Unearned Revenue	1,186,951	2,315
Long-Term Liabilities:		
Due Within One Year	13,308,250	16,125
Due in More Than One Year	198,373,444	5,413
Total Liabilities	220,384,355	33,944
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	261,589,398	90,978
Restricted for:		
State Required Carryover Programs	1,879,554	
Debt Service	7,353,466	
Capital Projects	46,389,545	
Food Service	1,187,559	
Other Purposes		29,634
Unrestricted	3,217,567	190,340
Total Net Assets	321,617,089	310,952
TOTAL LIABILITIES AND NET ASSETS	$ 542,001,444	$ 344,896

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Instruction	$ 103,169,236	$ 3,880	$	$
Pupil Personnel Services	10,523,787			
Instructional Media Services	2,257,766			
Instruction and Curriculum Development Services	3,505,308			
Instructional Staff Training Services	3,326,018			
Instruction Related Technology	1,013,023			
Board of Education	473,107			
General Administration	1,224,187			
School Administration	10,628,079			
Facility Services - Non-Capitalized	5,654,963			1,185,449
Fiscal Services	842,412			
Food Services	9,975,167	2,727,695	7,546,609	
Central Services	1,749,237			
Pupil Transportation Services	9,138,394	95,330		
Operation of Plant	14,975,932			
Maintenance of Plant	4,704,812			
Administrative Technology Services	1,725,352			
Community Services	72,223			
Unallocated Interest on Long-Term Debt	9,067,113			663,168
Unallocated Depreciation Expense*	14,390,404			
Total Primary Government	$ 208,416,520	$ 2,826,905	$ 7,546,609	$ 1,848,617
Component Units				
Educational Foundation/Charter School	$ 1,193,447	$ 7,864	$ 178,920	$ 65,479

General Revenues:
- Taxes:
  - Property Taxes, Levied for Operational Purposes
  - Property Taxes, Levied for Debt Service
  - Property Taxes, Levied for Capital Projects
  - Local Sales Taxes
- Grants and Contributions Not Restricted to Specific Programs
- Unrestricted Investment Earnings
- Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - July 1, 2009

Net Assets - June 30, 2010

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

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

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Units
$ (103,165,356)	$
(10,523,787)	
(2,257,766)	
(3,505,308)	
(3,326,018)	
(1,013,023)	
(473,107)	
(1,224,187)	
(10,628,079)	
(4,469,514)	
(842,412)	
299,137	
(1,749,237)	
(9,043,064)	
(14,975,932)	
(4,704,812)	
(1,725,352)	
(72,223)	
(8,403,945)	
(14,390,404)	
(196,194,389)	
	(941,184)
61,263,111	
34,753	
15,358,825	
7,470,501	
108,040,457	90,537
1,732,003	465
2,624,192	815,638
196,523,842	906,640
329,453	(34,544)
321,287,636	345,496
$ 321,617,089	$ 310,952

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Special Revenue - Other Federal Programs Fund	Special Revenue - ARRA Economic Stimulus Fund
ASSETS			
Cash and Cash Equivalents	$ 793,561	$	$
Investments	15,577,819		
Accounts Receivable	11,329		
Prepaid Items	90,000		
Due from Other Funds	1,966,655		
Due from Other Agencies	238,121	1,290,278	652,932
Inventories	980,654		
TOTAL ASSETS	$ 19,658,139	$ 1,290,278	$ 652,932
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salaries and Benefits Payable	$	$ 138,798	$
Payroll Deductions and Withholdings		462	
Accounts Payable	700,771	775,550	6,338
Construction Contracts Payable			
Construction Contracts Payable - Retainage			
Due to Other Funds		369,059	646,594
Due to Other Agencies	7,155		
Deposits Payable	2,261		
Deferred Revenue	1,206	6,409	
Total Liabilities	711,393	1,290,278	652,932
Fund Balances:			
Reserved for State Required Carryover Programs	1,879,554		
Reserved for Encumbrances	1,145,289		
Reserved for Debt Service			
Reserved for Investments in SBA Fund B Surplus Funds Trust Fund	456,996		
Reserved for Investments in Reserve Fund	1,940		
Unreserved, Reported in:			
General Fund	15,462,967		
Special Revenue Funds			
Capital Projects Funds			
Total Fund Balances	18,946,746	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 19,658,139	$ 1,290,278	$ 652,932

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

(Continued)

Capital Projects - Public Education Capital Outlay Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
$	$ 1,098,801	$ 6,366,804	$ 8,259,166
26,042	68,608,170	14,647,396	98,859,427
		1,137	12,466
			90,000
		535,549	2,502,204
18,553,032	559,202	6,017	21,299,582
		104,576	1,085,230
$ 18,579,074	$ 70,266,173	$ 21,661,479	$ 132,108,075
$	$	$	$ 138,798
			462
1,202,898	223,558	228,983	3,138,098
1,189,771			1,189,771
693,254	2,284,643		2,977,897
1,327,564		158,987	2,502,204
			7,155
		61,268	63,529
	1,179,336		1,186,951
4,413,487	3,687,537	449,238	11,204,865
			1,879,554
7,582,799	24,276,949	1,920,845	34,925,882
		7,353,466	7,353,466
26,042	2,394,459	279,830	3,157,327
	976,836	80	978,856
			15,462,967
		1,173,676	1,173,676
6,556,746	38,930,392	10,484,344	55,971,482
14,165,587	66,578,636	21,212,241	120,903,210
$ 18,579,074	$ 70,266,173	$ 21,661,479	$ 132,108,075

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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2010

Total Fund Balances - Governmental Funds		$ 120,903,210
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.		
Nondepreciable Capital Assets	$ 12,306,356	
Depreciable Capital Assets, Net	395,445,669	407,752,025
Capital credits to be received in future years are not available to liquidate liabilities in governmental funds, but are accrued in the government-wide statements.		2,720,986
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.		1,922,562
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	$ 37,745,092	
Certificates of Participation Payable	141,343,121	
Obligations Under Capital Leases	4,539,955	
Note Payable	11,454,297	
Other Postemployment Benefits Payable	3,600,313	
Compensated Absences Payable	12,998,916	(211,681,694)
Total Net Assets - Governmental Activities		$ 321,617,089

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	General Fund	Special Revenue - Other Federal Programs Fund	Special Revenue - ARRA Economic Stimulus Fund
Revenues			
Intergovernmental:			
Federal Direct	$ 340,882	$	$
Federal Through State and Local	468,961	11,580,343	12,073,393
State	83,344,177		
Local:			
Property Taxes Levied for Operational Purposes	61,263,111		
Property Taxes Levied for Debt Services			
Property Taxes Levied for Capital Projects			
Local Sales Taxes			
Charges for Service - Food Services			
Impact Fees			
Other Local Revenue	2,461,244		
Total Revenues	147,878,375	11,580,343	12,073,393
Expenditures			
Current:			
Instruction	89,572,862	3,838,427	7,832,349
Pupil Personnel Services	5,833,785	2,483,667	2,028,219
Instructional Media Services	2,058,398		159,754
Instruction and Curriculum Development Services	968,242	2,211,982	300,694
Instructional Staff Training Services	945,059	1,370,528	999,707
Instruction Related Technology	651,477	348,875	
Board of Education	470,756		
General Administration	545,935	281,251	394,142
School Administration	10,354,322	4,152	189,267
Facility Services - Non-Capitalized	766,622	15,067	
Fiscal Services	837,880		
Food Services	17,827		814
Central Services	1,713,253	7,032	
Pupil Transportation Services	8,866,092	106,242	
Operation of Plant	14,726,793		
Maintenance of Plant	4,617,800		9,475
Administrative Technology Services	1,691,517	7,864	
Community Services	70,106		1,850
Fixed Capital Outlay:			
Facilities Acquisition and Construction	6,376	898,963	
Other Capital Outlay	78,906	6,293	157,122
Debt Service:			
Principal			
Interest and Fiscal Charges			
Dues and Fees			
Total Expenditures	144,794,008	11,580,343	12,073,393
Excess (Deficiency) of Revenues Over Expenditures	3,084,367		
Other Financing Sources (Uses)			
Transfers In	6,561,006		
Refunding Bonds Issued			
Premium on Refunding Bonds			
Payments to Refunded Bond Escrow Agent			
Insurance Loss Recoveries	50,764		
Transfers Out	(2,847,513)		
Total Other Financing Sources (Uses)	3,764,257		
Net Change in Fund Balances	6,848,624		
Fund Balances, July 1, 2009	12,098,122		
Fund Balances, June 30, 2010	$ 18,946,746	$	$

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

(Continued)

Capital Projects - Public Education Capital Outlay Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
$	$	$	$ 340,882
		7,289,957	31,412,654
384,735	92,899	1,446,736	85,268,547
			61,263,111
		34,753	34,753
		15,358,825	15,358,825
	7,470,501		7,470,501
		2,727,695	2,727,695
	413,600		413,600
33,221	1,138,705	693,181	4,326,351
417,956	9,115,705	27,551,147	208,616,919
			101,243,638
			10,345,671
			2,218,152
			3,480,918
			3,315,294
			1,000,352
			470,756
			1,221,328
			10,547,741
425,847	875,939	3,501,658	5,585,133
			837,880
		9,793,390	9,812,031
			1,720,285
			8,972,334
			14,726,793
			4,627,275
			1,699,381
			71,956
11,191,371	31,438,899	1,168,403	44,704,012
44,484	28,449	1,898,863	2,214,117
8,639	156,317	12,590,746	12,755,702
	2,212	8,910,565	8,912,777
		47,979	47,979
11,670,341	32,501,816	37,911,604	250,531,505
(11,252,385)	(23,386,111)	(10,360,457)	(41,914,586)
		15,937,414	22,498,420
		370,000	370,000
		32,698	32,698
		(399,338)	(399,338)
			50,764
(376,976)	(3,987,507)	(15,286,424)	(22,498,420)
(376,976)	(3,987,507)	654,350	54,124
(11,629,361)	(27,373,618)	(9,706,107)	(41,860,462)
25,794,948	93,952,254	30,918,348	162,763,672
$ 14,165,587	$ 66,578,636	$ 21,212,241	$ 120,903,210

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Net Change in Fund Balances - Governmental Funds			$ (41,860,462)
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays and donations in excess of depreciation expense in the current period.			
Capital Outlay - Facilities and Construction - Governmental Funds		$ 44,704,012	
Capital Outlay - Other Capital Outlay - Governmental Funds		2,214,117	
Donation of Land to Hernando County		(64,225)	
Donated and Other Items		2,454,536	
Less: Depreciation Expense		(16,137,416)	33,171,024
The undepreciated cost of capital assets which are sold or otherwise disposed of is expensed in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balance by the undepreciated cost of the disposed assets.			(2,429,578)
Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds in the current period.			12,787,786
Premiums and debt issuance costs are reported in the governmental funds in the year debt is issued, but are capitalized and amortized over the life of the debt in the statement of activities.			
Unamortized Premium:			
Prior Year	$ 1,324,188		
Less: Current Year	(1,283,213)		
Decrease in Unamortized Premiums		40,975	
Deferred Charges:			
Prior Year	(2,075,556)		
Less: Current Year	1,922,562		
Decrease in Deferred Charges		(152,994)	(112,019)
Capital credits to be received in future years are accrued in the government-wide statements, but the credits do not provide current financial resources and are not recognized in the governmental funds.			
Current Year Accruals		2,720,986	
Less: Prior Year		(2,633,210)	
Net Increase in Capital Assets Receivable			87,776
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period.			(196,025)
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 statements. This is the net increase in the other postemployment benefits liability for the current period.			(1,119,049)
Change in Net Assets - Governmental Activities			$ 329,453

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
June 30, 2010

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 2,665	$ 1,317,541
Investments	63,727	
Accounts Receivable		8,545
TOTAL ASSETS	$ 66,392	$ 1,326,086
LIABILITIES		
Accounts Payable	$	$ 3,679
Internal Accounts Payable		1,322,407
Total Liabilities		$ 1,326,086
NET ASSETS		
Assets Held in Trust for Scholarships and Other Purposes	66,392	
TOTAL LIABILITIES AND NET ASSETS	$ 66,392	

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

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2010

	Private-Purpose Trust Fund
ADDITIONS	
Investment Earnings:	
Interest Income	$ 8,076
DEDUCTIONS	
Scholarship Payments	4,000
Change in Net Assets	4,076
Net Assets, July 1, 2009	62,316
Net Assets, June 30, 2010	$ 66,392

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

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 Hernando County School District is considered part of the Florida system of public education. The governing body of the school district is the Hernando County District School Board which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Hernando County.

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

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

- Discretely Presented Component Units. The component unit columns in the government-wide financial statements include the financial data of the Hernando County Education Direct Support Organization, Inc., (Foundation) and the Gulf Coast Academy of Science and Technology, Inc. (Charter School).

  The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the District. The Foundation is considered to be a component unit of the District because of the nature and significance of its relationship to the District.

  The Charter School is a separate not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring School District and is considered a component unit since it is fiscally dependent on the District to levy taxes for its support.

  On October 17, 2006, the District extended the original Charter School contract fifteen more years, until June 30, 2023. At the end of the term of a

charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the charter school in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, in the event the charter school is dissolved or terminated, any unencumbered funds and all charter school property purchased with public funds shall automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

Annual postaudits of the Foundation's and the Charter School's financial statements are conducted by independent certified public accountants and are filed in the District's administrative office.

- **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, i.e. the statement of net assets and the statement of activities, present information about the School District as a whole. These statements include the nonfiduciary financial activity of the primary government and its component units.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's motor vehicles is allocated to the applicable functions, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The effects of interfund activity have been eliminated from the government-wide financial statements.

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

- Special Revenue – Other Federal Programs Fund – to account for specific revenue sources that are legally restricted for specified purposes. These Special Revenue Funds track Federal grants and entitlements that are received by the District from various Federal and State agencies. These funds must be carefully monitored to ensure that all expenditures are itemized in the approved budget and occur within a stipulated time period.

- Special Revenue – ARRA Economic Stimulus Fund – to account for revenues received as part of the American Recovery and Reinvestment Act (ARRA), which include State Fiscal Stabilization Funds (SFSF) and Targeted ARRA Stimulus Funds. These Federal funds are disbursed through the State over a two-year period for the stabilization of local school district funding.

- Capital Projects – Public Education Capital Outlay Fund – to account for financial resources generated by Legislative appropriation through the Public Education Capital Outlay program (PECO). The State allocates PECO money to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Florida Department of Education. PECO proceeds are to be used for specific educational capital outlay needs as specified within the original appropriation.

- Capital Projects – Other Fund – to account for the financial resources generated by certificates of participation, the local voted sales tax and the impact fees levied by the Hernando County Board of County Commissioners. The certificates of participation must be used for new construction and renovation and remodeling projects specifically identified in the Master Lease Agreement. The sales tax is to be used for new school construction. The impact fees may be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments.

Additionally, the District reports the following fiduciary fund types:

- Private-Purpose Trust Fund – to account for resources of the Hernando High School Renaissance Scholarship Endowment Fund which are used for student scholarships.

- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

- **Basis of Accounting**

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The District considers property taxes, sales taxes, and interest to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, postemployment benefits, and compensated absences, which 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) nonexchange transactions, in which a government gives (or receives) value without directly 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 nonexchange transactions are further classified into (a) derived tax revenues, (b) imposed nonexchange revenues, (c) government-mandated nonexchange transactions, and (d) voluntary nonexchange transactions. Derived tax revenues (e.g., sales tax) are recorded when the exchange transaction occurs. Imposed nonexchange transactions (e.g., property taxes) are recorded when use of the resource is required or first permitted by time requirements (e.g., for property taxes, the period for which they are levied). Government-mandated and voluntary nonexchange transactions, (e.g., Federal mandates, grants, and donations) are recorded when all eligibility requirements have been met. When both

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

The Gulf Coast Academy of Science and Technology, Inc., shown as a discretely presented component unit, is accounted for as a governmental organization and follows the same accounting model as the District's governmental activities.

The Hernando County Education Direct Support Organization, Inc., 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.

- ***Deposits and Investments***

The District's cash and cash equivalents are considered to be demand deposits. On June 30, 2010, the carrying amount of the District's bank deposit accounts was $9,579,372.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The Agency Funds consider cash as those accounts used as demand deposit accounts and considers cash equivalents as those amounts invested in certificates of deposit.

Investments consist of amounts placed in State Board of Administration (SBA) Debt Service accounts for investment of debt service moneys, amounts placed with SBA for participation in Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund Investment Pool) and the Fund B Surplus Funds Trust Fund (Fund B) investment pools created by Sections 218.405 and 218.417, Florida Statutes, and those made locally. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, which SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2010, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.67353149 at June 30, 2010. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within Florida PRIME.

The Reserve Primary Fund Valuation - On September 18, 2008, the net asset value of the Reserve Primary Fund was 97 cents, which is the date that the Reserve Primary Fund ceased calculating net asset value.

The District is reserving a portion of the fund balances for investments in the SBA Fund B and the Reserve Primary Fund, because the funds are not available for appropriation and the actual percentage at final distribution is not known.

Investments made locally consist of certificates of deposit, commercial paper, money market mutual funds, United States Treasury securities and Federal Instrumentalities and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

- ***Prepaid Items***

  Prepaid items are reported in the governmental funds under the consumption method.

- ***Inventories***

  Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at average cost, except for transportation and food service inventories which are stated at last invoice, which approximates the first-in, first-out basis. The United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

- ***Capital Assets***

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

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

Description	Estimated Lives
Buildings and Fixed Equipment	50 years
Improvements Other than Buildings	25 years
Furniture, Fixtures, and Equipment	7 years
Motor Vehicles	10 years
Property Under Capital Leases	7 - 25 years

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

- ***Long-Term Liabilities***

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, for example, unused reimbursable leave still outstanding following employee resignations and retirements.

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

- ***State Revenue Sources***

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years.

The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

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

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

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

- ***District Property Taxes***

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

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

The School Board adopted the 2009 tax levy on September 15, 2009. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

- ***Local Sales Tax***

  On March 9, 2004, the voters of Hernando County approved a one-half cent school capital outlay sales tax on sales in Hernando County for ten years, effective January 1, 2005, to pay for the construction of certain educational facilities and other related costs, in accordance with Section 212.055(6), Florida Statutes.

- ***Educational Impact Fees***

  The District receives educational impact fees based on an ordinance adopted by the Hernando County Commission on October 28, 1986. The fees are collected by the County and each municipality within the County for most new residential construction based on an interlocal agreement. The fees shall be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development, and shall not be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to: land acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development. Because the educational impact fee is similar to a capital-type special assessment, it is reported as program revenue in the government-wide financial statements.

- ***Federal Revenue Sources***

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

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.

- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.

- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds except that no budget appropriation is made for capital leases in the year of inception.

- 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.

3. INVESTMENTS

Cash and Cash Equivalents and Investment Portfolio. Section 218.415, Florida Statutes, limits the types of investments that the District can invest in unless specifically authorized in the District's investment policy. The District's policy allows for the following investments: SBA Local Government Surplus Funds Trust Fund Investment Pool (LGIP), which effective July 1, 2009 is known as Florida PRIME; United States Government Securities; United States Government Agencies; Federal Instrumentalities; Interest Bearing Time Deposit or Saving Accounts; Registered Investment Companies (Mutual Funds); and other investments permitted by Section 218.415, Florida Statutes.

The District maintains a common cash and investment pool for the use of all funds. In addition, cash and investments are separately held by the District's general, special revenue, debt service, capital projects, and trust funds.

Investment Portfolio. Investment holdings consist of $98,923,154 in direct obligations of the United States Treasury Securities, Federal Instrumentalities, PRIME, Fund B, Commercial Paper, Registered Investment Companies (Mutual Funds), and Interest Bearing Time Deposits, which are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

As of June 30, 2010, the District has the following investments and maturities:

Security Type	Fair Value	Duration (Years)
State Board of Administration:		
Florida PRIME	$ 57,932,297	0.13
Fund B Surplus Funds Trust Fund (1)	3,157,466	8.05
Debt Service Accounts	346,813	0.50
Money Market Funds:		
Reserve Primary Fund (2)	978,856	N/A
First American Prime Obligations Fund (3)	12,650,413	0.09
Bank of America Certificates of Deposit	226,670	0.75
U.S. Treasury Bonds	63,508	12.64
Commercial Paper (3)	1,499,760	0.04
Federal Instrumentalities (3)	22,067,371	0.54
Total	**$ 98,923,154**	**0.47**

Notes: (1) Fund B had a weighted average life (WAL) of 8.05 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL, which also measures the sensitivity of the portfolio to interest

rate changes, is based on legal final maturity dates for Fund B as of June 30, 2010. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding its WAL. At June 30, 2010, investments totaling $1,306,604 are held under trust agreements in connection with Certificates of Participation, Series 1997, 2003, and 2005 financing agreements (See Note 7).

(2) At June 30, 2010, investments totaling $216,014 are held under trust agreements in connection with Certificates of Participation, Series 1997, 2003, and 2005 financing agreements (See Note 7).

(3) At June 30, 2010, investments totaling $36,217,544 are held under trust agreements in connection with Certificates of Participation, Series 2003 and 2005 financing agreements (See Note 7).

Interest Rate Risk. The District's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of short-term funds will have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other nonoperating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed five (5) years. In the case of moneys which are construction proceeds of tax exempt debt issues, such investments shall not exceed three (3) years.

Although the District has investments held in SBA Fund B with an average maturity of 8.05 years, which is beyond the five-year maximum established by District policy, participation in Fund B is strictly involuntary. The Hernando High School Renaissance Scholarship Endowment Fund, a Private-Purpose Trust Fund, has investments in U.S. Treasury Bonds with an average maturity of 12.64 years. These bonds were purchased prior to the establishment of the District's investment policy in February 2000.

Credit Risk. The District's investment policy permits investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- Commercial paper of any United States company that is rated, at the time or purchase, "Prime-1" by Moody's Investors Service and "A-1" by Standard & Poor's (prime commercial paper). In addition, corporate obligations allowed are corporate obligations issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program and are fully insured by the FDIC and are guaranteed by the full faith and credit of the United States Government.
- Money market mutual funds shall be rated "AAAm" by Standard & Poor's or the equivalent by another national rating agency.

As of June 30, 2010, the District's investments had the following credit quality:

Security Type	Credit Rating	Portfolio Asset Allocation
State Board of Administration:		
Florida PRIME	AAAm	58.56%
Fund B Surplus Funds Trust Fund	Unrated	3.19%
Debt Service Accounts (1)	N/A	0.35%
Money Market Funds:		
Reserve Primary Fund	Unrated	0.99%
First American Prime Obligations Fund	AAAm	12.79%
Bank of America Certificates of Deposit (2)	N/A	0.23%
U.S. Treasury Bonds (2)	N/A	0.06%
Commercial Paper	A-1+	1.52%
Federal Instrumentalities	AAA	22.31%
Total		**100.00%**

Notes: (1) The investments in SBA Debt Service Accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing credit risk for this investment.

(2) Disclosure of credit risk is not required for this investment type.

The District has $226,670 invested in Certificates of Deposit in a qualified public depository, as required by Chapter 280, Florida Statutes.

Custodial Credit Risk. The District's investment policy pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the District should be properly designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and is doing business in the State of Florida. Certificates of Deposit will be placed in the provider's safekeeping department for the term of the deposit.

As of June 30, 2010, the District investments subject to custodial credit risk (U.S. Treasury Bonds, commercial paper, and Federal Instrumentalities) are held by the counterparty, but not in the name of the District.

Concentration of Credit Risk. Composition of the investment portfolio is limited by the District's investment policy as follows: 100 percent of available funds may be invested in United States Government Securities; 75 percent of available funds may be invested in Federal instrumentalities; and a maximum of 10 percent of available funds may be invested in commercial paper. The policy also limits investments with individual issuers as follows: A maximum of 25 percent of available funds may be invested in any one issuer for Federal instrumentalities; and a maximum of 10 percent of available funds may be invested in commercial paper with any one issuer.

The District had investments that represent 5 percent or more of total investments (excluding investments in mutual funds and pooled investments) in Federal instrumentalities as of June 30, 2010 as follows:

Issuer	Fair Value	Percent of Total Investments
Federal Home Loan Bank	$ 12,687,700	12.83%
Federal Home Loan Mortgage Corporation	6,104,281	6.17%
Federal National Mortgage Association	3,275,390	3.31%
	$ 22,067,371	

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 10,381,399	$ -	$ 64,225	$ 10,317,174
Construction in Progress	15,857,036	33,631,100	47,498,954	1,989,182
Total Capital Assets Not Being Depreciated	26,238,435	33,631,100	47,563,179	12,306,356
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	24,783,975	1,883,914	-	26,667,889
Buildings and Fixed Equipment	380,955,844	58,704,844	-	439,660,688
Furniture, Fixtures, and Equipment	23,578,459	1,521,275	1,712,910	23,386,824
Motor Vehicles	17,257,963	1,130,485	918,331	17,470,117
Property Under Capital Leases	11,566,337	-	2,429,578	9,136,759
Total Capital Assets Being Depreciated	458,142,578	63,240,518	5,060,819	516,322,277
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	9,246,979	1,066,716	-	10,313,695
Buildings and Fixed Equipment	64,664,643	8,793,214	-	73,457,857
Furniture, Fixtures, and Equipment	20,061,589	3,341,977	1,712,910	21,690,656
Motor Vehicles	12,240,211	1,747,011	918,332	13,068,890
Property Under Capital Leases	1,157,012	1,188,498	-	2,345,510
Total Accumulated Depreciation	107,370,434	16,137,416	2,631,242	120,876,608
Total Capital Assets Being Depreciated, Net	350,772,144	47,103,102	2,429,577	395,445,669
Governmental Activities Capital Assets, Net	$ 377,010,579	$ 80,734,202	$ 49,992,756	$ 407,752,025

The classes of property under capital leases are presented in Note 5.

Depreciation expense was charged to functions as follows:

Function	Amount
Governmental Activities	
Instruction	$ 1,099,017
Pupil Personnel Services	112,304
Instructional Media Services	24,078
Facility Services - Non-Capitalized	60,493
Food Services	106,511
Central Services	18,674
Pupil Transportation Services	97,396
Operation of Plant	159,862
Maintenance of Plant	50,230
Administrative Technology Services	18,447
Unallocated	14,390,404
Total Depreciation Expense - Governmental Activities	$ 16,137,416

5. OBLIGATIONS UNDER CAPITAL LEASES

The classes and amounts of property being acquired under capital leases are as follows:

	Asset Balance
Chiller Plant	$ 1,138,439
Data Processing Equipment	7,998,320
Total	$ 9,136,759

Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2011	$ 2,142,047	$ 1,960,777	$ 181,270
2012	2,142,047	2,040,800	101,247
2013	559,882	538,378	21,504
Total Minimum Lease Payments	$ 4,843,976	$ 4,539,955	$ 304,021

The imputed interest rates range from 3.99 to 5.01 percent.

6. NOTE PAYABLE

Note payable is comprised of the following:

	Balance at June 30, 2010
Banc of America Public Capital Corp	
$14,419,695, Borrowed 3-16-07. Under Provisions of Section 1013.23, Florida Statutes. Interest Rate of 3.83 percent. Proceeds Used to Refinance the Purchase of Energy Savings Equipment. Matures 2-28-20. Repayment of the Loan is Expected to be Extended Over the Next Ten Years.	$ 11,454,297

Amounts payable for the planned extended repayment of the Section 1013.23, Florida Statutes, financing agreement are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2011	$ 1,413,189	$ 988,800	$ 424,389
2012	1,413,189	1,027,198	385,991
2013	1,413,189	1,067,087	346,102
2014	1,413,189	1,108,526	304,663
2015	1,413,189	1,151,573	261,616
2016-2020	6,711,978	6,111,113	600,865
Total	$ 13,777,923	$ 11,454,297	$ 2,323,626

7. CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement on November 1, 1991, which was characterized as a lease-purchase agreement, with the Florida School Boards Association, Inc., whereby the District secured financing of various educational facilities in the total amount of $21,745,000 for the Certificates of Participation, Series 1991; $11,435,000 for the Certificates of Participation, Series 1993; $16,715,000 for the Certificates of Participation, Series 1997; $30,000,000 for the Certificates of Participation, Series 2003A; $7,175,000 for the Certificates of Participation, Series 2003B; and $106,670,000 for the Certificates of Participation, Series 2005. The Certificates of Participation, Series 1997, were used to advance refund the portion of the outstanding Certificates of Participation, Series 1991, maturing on or after July 1, 2002. The Certificates of Participation, Series 2003B, were used to advance refund the outstanding Certificates of Participation, Series 1993, maturing on or after July 1, 2004. The financings were accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given ground leases on District property to the Florida School Boards Association, Inc., with a rental fee of $10

per year. The initial term of four leases is 20 years commencing on November 1, 1991, April 1, 1993, November 1, 1997, and November 1, 2003, and they are referred to as the Series 1991 Project, the Series 1993 Project, the Series 1997 Project, and the Series 2003A Project, respectively. The term for the lease referred to as the Series 2005 Project, commencing on January 1, 2006, is 30 years. 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 Agreements for the benefit of the securers of the Certificates for a period of time specified by the arrangement which may be up to 35 years from the date of inception of the arrangements.

The District properties included in the ground leases under this arrangement include land on which the projects have been constructed. The projects related to the ground leases are as follows:

Series 1997 Certificates of Participation (Refunded Series 1991)
Improvements and Additions to Hernando High School
School Distribution Center
Maintenance Facility
West Hernando Middle School

Series 2003B Certificates of Participation (Refunded Series 1993)
Additions to Westside Elementary School
New District Transportation Complex
Suncoast Elementary School

Series 2003A Certificates of Participation
Challenger K-8 School Science and Mathematics (formerly Elementary “I”)

Series 2005 Certificates of Participation
Explorer K-8 School (formerly Elementary “J”)
Elementary “K”
Grade Specific Additions at Pine Grove Elementary School, West Hernando Middle School, and Central High School
Improvements and Additions to Hernando High School
Improvements and Additions to Springstead High School
Improvements and Additions to Spring Hill Elementary School

The lease payments for the 1997, 2003, and 2005 Series are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 3.2 to 5.0 percent.

The following is a schedule by years of future minimum lease payments under the lease agreements together with the present value of minimum lease payments as of June 30:

Fiscal Year Ending June 30	Total	Principal	Interest
2011	$ 9,665,665	$ 3,215,000	$ 6,450,665
2012	9,665,905	3,355,000	6,310,905
2013	9,666,403	3,500,000	6,166,403
2014	9,667,168	3,630,000	6,037,168
2015	9,667,775	3,765,000	5,902,775
2016-2020	48,325,412	21,210,000	27,115,412
2021-2025	48,330,594	26,450,000	21,880,594
2026-2030	48,326,075	33,150,000	15,176,075
2031-2035	48,323,375	42,050,000	6,273,375
Total Minimum Lease Payments	241,638,372	140,325,000	101,313,372
Unamortized COP Premiums	1,018,121	1,018,121	
Total	$ 242,656,493	$ 141,343,121	$ 101,313,372

8. BONDS PAYABLE

Bonds payable at June 30, 2010, are as follows:

Bond Type	Original Debt Issue Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:				
Series 2003A	$ 670,000	$ 495,000	3.00 - 4.25	2023
Series 2004A	460,000	350,000	3.350 - 4.625	2024
Series 2005A	545,000	435,000	4.00 - 5.00	2025
Series 2005B, Refunding	3,885,000	3,255,000	5.00	2018
Series 2009A, Refunding	370,000	320,000	3.00 - 5.00	2019
Subtotal	5,930,000	4,855,000		
Unamortized Premium	410,863	262,145		
State School Bonds	6,340,863	5,117,145		
District Revenue Bonds:				
Series 2001, Refunding	3,290,000	2,725,000	4.200 - 5.125	2031
Sales Tax Revenue Bonds:				
Series 2006	45,000,000	29,900,000	3.50 - 4.25	2014
Unamortized Bond Premium	5,304	2,947		
Sales Tax Revenue Bonds	45,005,304	29,902,947		
Total Bonds Payable	$ 54,636,167	$ 37,745,092		

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

- ***State School Bonds***

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

- ***District Revenue Bonds***

  Refunding and Capital Improvement Revenue Bonds, Series 2001. These bonds were issued in June 2001 to refund the Refunding and Improvement Revenue Bonds, Series 1992, and to finance the costs of various capital improvements within the school district. These bonds were authorized by Chapter 79-471, Laws of Florida, which provides that the bonds be secured from racetrack funds and jai alai fronton funds accruing annually to the District from the State's Pari-mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes). The annual distribution is remitted by the Florida Department of Financial Services to the District.

- ***Sales Tax Revenue Bonds***

  Sales Tax Revenue Bonds, Series 2006. The bonds, issued on November 1, 2006, are authorized by Chapters 1001 and 212, Florida Statutes. Principal and interest on these bonds are payable solely from and secured by a lien upon and pledge of proceeds from the levy and collection of the one-half cent local capital outlay sales surtax pursuant to Section 212.055(6), Florida Statutes. The bonds were issued for the principal purpose of acquiring, construction, and equipping a new high school.

  The sales tax collection began on January 1, 2005, and will be in place for ten years. The sales tax was projected to generate at least $68,708,600 or 130.44 percent of the principal and interest payments over the eight years of the bonds. During the 2009-2010 fiscal year, the District recognized sales tax revenues totaling $7,470,501 and expended $6,559,915 (87.76 percent) of these revenues for debt service directly collateralized by these revenues.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2010, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2011	$ 664,868	$ 435,000	$ 229,868
2012	674,748	465,000	209,748
2013	672,698	485,000	187,698
2014	664,610	500,000	164,610
2015	670,320	530,000	140,320
2016-2020	2,294,288	1,980,000	314,288
2021-2025	511,381	460,000	51,381
Unamortized Bond Premium	262,145	262,145	
Total State School Bonds	6,415,058	5,117,145	1,297,913
District Revenue Bonds:			
2011	208,018	75,000	133,018
2012	204,830	75,000	129,830
2013	206,458	80,000	126,458
2014	207,785	85,000	122,785
2015	203,918	85,000	118,918
2016-2020	1,026,750	500,000	526,750
2021-2025	1,017,063	630,000	387,063
2026-2030	1,016,703	810,000	206,703
2031-2032	404,858	385,000	19,858
Total District Revenue Bonds	4,496,383	2,725,000	1,771,383
Sales Tax Revenue Bonds:			
2011	6,554,640	5,560,000	994,640
2012	6,540,434	5,750,000	790,434
2013	6,572,038	5,995,000	577,038
2014	6,532,049	6,180,000	352,049
2015	6,531,775	6,415,000	116,775
Unamortized Bond Premium	2,947	2,947	
Total Sales Tax Revenue Bonds	32,733,883	29,902,947	2,830,936
Total	$ 43,645,324	$ 37,745,092	$ 5,900,232

9. DEFEASED DEBT

In prior years, the Board defeased in substance certain outstanding bonds by placing the proceeds of new bonds in irrevocable trusts 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, 2010, bonds considered defeased in substance are as follows:

Bond Issues	Amount Outstanding
Capital Improvement Revenue Bonds, Series 1979A	$ 165,000
Refunding and Capital Improvement Revenue Bonds, Series 1992	1,345,000
Total Defeased Debt	$ 1,510,000

10. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010	Due in One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable	$ 44,185,000	$ 370,000	$ 7,075,000	$ 37,480,000	$ 6,070,000
Unamortized Premium	265,342	32,698	32,948	265,092	32,948
Total Bonds Payable	44,450,342	402,698	7,107,948	37,745,092	6,102,948
Certificates of Participation Payable	143,410,000	-	3,085,000	140,325,000	3,215,000
Unamortized Premium	1,058,846	-	40,725	1,018,121	40,725
Total Certificates of Participation Payable	144,468,846	-	3,125,725	141,343,121	3,255,725
Obligations Under Capital Leases	6,585,904	-	2,045,949	4,539,955	1,960,777
Note Payable	12,406,134	-	951,837	11,454,297	988,800
Other Postemployement Benefits Payable	2,481,264	1,276,923	157,874	3,600,313	-
Compensated Absences Payable	12,802,891	1,320,558	1,124,533	12,998,916	1,000,000
Total Governmental Activities	$ 223,195,381	$ 3,000,179	$ 14,513,866	$ 211,681,694	$ 13,308,250

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

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 the 2010-2011 fiscal year budget as a result of purchase orders outstanding at June 30, 2010.

Because revenues of grants accounted for in the Special Revenue – Other Federal Programs Fund and the Special Revenue – ARRA Economic Stimulus Fund are not recognized until expenditures are incurred, these grant funds do not accumulate fund balances. Accordingly, no reserve for encumbrances is reported for grant funds. However, purchase orders outstanding for grants accounted for in the Special Revenue - Other Federal Programs Fund and the Special Revenue - ARRA Economic Stimulus Fund total $288,615 and $277,598, respectively, at June 30, 2010.

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

	Interfund	
Funds	Receivables	Payables
Major Funds:		
General	$ 1,966,655	$
Capital Projects:		
Public Education Capital Outlay		1,327,564
Special Revenue:		
ARRA Economic Stimulus		646,594
Other Federal Programs		369,059
Nonmajor Governmental	535,549	158,987
Total Governmental Funds	$ 2,502,204	$ 2,502,204

Interfund receivables and payables are temporary loans of cash between funds allowable under Section 1011.09, Florida Statutes, for a period of less than 13 months. The temporary loans do not restrict, impede, or limit implementation or fulfillment of the original purposes for which the moneys were received in the fund providing the advancement.

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

Funds	Interfund Transfers In	Interfund Transfers Out
Major Funds:		
General	$ 6,561,006	$ 2,847,513
Capital Projects:		
Public Education Capital Outlay		376,976
Other		3,987,507
Nonmajor Governmental	15,937,414	15,286,424
Total Governmental Funds	$ 22,498,420	$ 22,498,420

Interfund transfers represent permanent transfers of moneys between funds. In general, funds are transferred from the General Fund and Capital Projects Funds to the Debt Service Funds for annual debt payments and from the Capital Projects Funds to the General Fund to assist in financing maintenance operations of the District and payment of property-casualty insurance premiums.

13. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2009-2010 fiscal year:

Source	Amount
Florida Education Finance Program:	
Transportation	$ 5,024,169
Instructional Materials	1,866,068
School Recognition	872,805
Florida Teachers Lead	289,790
Other	50,339,763
Categorical Educational Program - Class Size Reduction	24,105,224
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,069,152
Workforce Development Program	490,231
Gross Receipts Tax (Public Education Capital Outlay)	319,256
Food Service Supplement	133,173
Charter School Capital Outlay	65,479
Discretionary Lottery Funds	62,403
Interest on Investment of Bond Reserves	46,610
Miscellaneous	584,424
Total	$ 85,268,547

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 2009 tax roll for the 2009-2010 fiscal year:

	Millages	Taxes Levied
GENERAL FUND		
Nonvoted School Tax:		
Required Local Effort	5.231	$ 55,105,766
Basic Discretionary Local Effort	0.748	7,879,777
CAPITAL PROJECTS FUNDS		
Nonvoted Tax:		
Local Capital Improvements	1.500	15,801,692
Total	7.479	$ 78,787,235

15. FLORIDA RETIREMENT SYSTEM

Florida Retirement System. The Florida Retirement System (FRS) covers all regular employees of the District. FRS 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 FRS.

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 FRS. 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. Employees in the Plan vest at six years of 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 benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments.

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

Defined Contribution Plan. Pursuant to Section 121.4501, Florida Statutes, the Florida Legislature created a defined contribution program called the Public Employee Optional Retirement Program (PEORP). Employees in PEORP vest after one year of service. District employees participating in DROP are not eligible to participate in PEORP. This program is administered by FRS as an option to the defined benefit plan, and is self-directed by the employee. The employees have the responsibility of selecting

and is self-directed by the employee. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave FRS. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. PEORP is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. There were 428 District participants in PEORP during the 2009-2010 fiscal year. Required contributions made to PEORP totaled $1,191,041.

Funding Policy. The contribution rates for members are established, and may be amended, by the State of Florida. During the 2009-2010 fiscal year, contribution rates were as follows:

	Percent of Gross Salary	
Class	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
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	10.91
Florida Retirement System, Reemployed Retiree	(b)	(b)

Notes:

(a) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.05 percent for administrative costs of PEORP.

(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 for the fiscal years ending June 30, 2008, June 30, 2009, and June 30, 2010, totaled $9,331,531, $9,306,238 and $9,579,698, respectively, which were equal to the required contributions for each fiscal year.

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

16. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description. The Other Postemployment Benefits Plan (Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's fully insured group health plan. The District subsidizes the premium rates paid by retirees by allowing them

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 Plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or another entity.

Funding Policy. Benefit provisions for the Plan are pursuant to provisions of Section 112.081, Florida Statutes, and are amended through negotiations between the District and the respective unions.

The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2009-2010 fiscal year, 103 retirees received other postemployment benefits. The District's contribution to the OPEB obligation is the implicit subsidy for the retirees, which was $157,874. Plan members receiving benefits contributed $717,681, through their required contributions ranging from $497 to $528 per month for retiree-only coverage and from $950 to $1,005 for retiree and spouse coverage, depending on the health plan selected.

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

Description	Amount
Normal Cost (service cost for one year)	$ 922,731
Amortization of Unfunded Actuarial Accrued Liability	349,757
Annual Required Contribution	1,272,488
Interest on Net OPEB Obligation	99,251
Adjustment to Annual Required Contribution	(94,816)
Annual OPEB Cost (Expense)	1,276,923
Contribution Toward the OPEB Cost	(157,874)
Increase in Net OPEB Obligation	1,119,049
Net OPEB Obligation, Beginning of Year	2,481,264
Net OPEB Obligation, End of Year	$ 3,600,313

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, 2010, and the preceding years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, 7-1-07	$ -		$ -
2007-2008	1,436,429	7.2%	1,333,612
2008-2009	1,274,871	10.0%	2,481,264
2009-2010	1,276,923	12.4%	3,600,313

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date, the accrued liability for benefits was $9,152,972, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $9,152,972 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $103,207,238 for the 2008-2009 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress can be found on page 65 of this report.

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

The District's OPEB actuarial valuation as of July 1, 2008, used the projected unit credit actuarial cost method to estimate the unfunded actuarial accrued liability as of June 30, 2010, and to estimate the District's 2009-2010 annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumption included a 4 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 3 percent annually and an annual healthcare cost trend of 11 percent for the 2007-2008 fiscal year, reduced by 0.05 percent to 1 percent per year, to an ultimate rate of 5 percent after eight years. The unfunded actuarial accrued liability is being amortized

as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2010, was 30 years.

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
Elementary "K" K-8 at US 19			
Architect	$ 912,600	$ 729,742	$ 182,858
Contractor	15,406,149	1,067,991	14,338,158
Total	$ 16,318,749	$ 1,797,733	$ 14,521,016

18. MEMBERSHIP IN NONPROFIT CORPORATION

The District participated in a nonprofit electric cooperative, the Withlacoochee River Electric Cooperative, Inc., established under the provisions of Chapter 425, Florida Statutes. In accordance with this statute, revenues in excess of operating expenses, unless determined by a vote of the membership, are distributed by the Cooperative on a pro rata basis to its members. The policy of the Cooperative is to credit the excess revenues to members' accounts. Capital credits are distributed only after the Cooperative attains a certain margin of profit required by the Rural Electrification Administration. At June 30, 2010, the accumulated credits to the District's account are $2,720,986. During the 2009-2010 fiscal year, the District received $110,258 in capital credits.

19. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Hernando County District School Board is a participating district of the North East Florida Educational Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members and participants of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member and participant assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess property coverage of up to $75 million during the 2009-2010 fiscal year. The Board of Directors for the Consortium is composed of superintendents of all member districts. The Putnam County District School Board serves as fiscal agent for the Consortium.

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

Health and hospitalization coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

20. SUBSEQUENT EVENTS

On September 22, 2010, the District issued revenue anticipation notes in the amount of $3,600,000 at a blended 1.36 percent interest rate with a final maturity on July 1, 2011. The proceeds will be used for capital expenditures for the fiscal year ending June 30, 2011.

On September 22, 2010 the District deposited $3,574,267 with the Trustee to defease all remaining principal and interest payments due on the outstanding Certificates of Participation, Series 1997. Funds were placed into an escrow account for full redemption on October 22, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	$ 316,700	$ 340,882	$ 340,882	$
Federal Through State and Local	215,000	468,961	468,961	
State	83,455,357	83,344,177	83,344,177	
Local:				
Property Taxes Levied for Operational Purposes	59,781,411	61,263,111	61,263,111	
Miscellaneous	1,628,262	2,461,244	2,461,244	
Total Revenues	145,396,730	147,878,375	147,878,375	
Expenditures				
Current:				
Instruction:				
Salaries	65,569,639	63,250,258	63,250,258	
Employee Benefits	20,364,902	20,211,987	20,211,987	
Purchased Services	1,604,529	1,681,743	1,681,743	
Materials and Supplies	3,467,192	2,631,301	2,631,301	
Capital Outlay	161,919	234,521	234,521	
Other Expenses	1,865,068	1,563,052	1,563,052	
Total Instruction	93,033,249	89,572,862	89,572,862	
Pupil Personnel Services:				
Salaries	4,365,009	4,391,550	4,391,550	
Employee Benefits	1,366,532	1,324,921	1,324,921	
Purchased Services	461,660	35,407	35,407	
Energy Services	4,500	5,658	5,658	
Materials and Supplies	73,375	57,540	57,540	
Capital Outlay	1,850	3,655	3,655	
Other Expenses	500	15,054	15,054	
Total Pupil Personnel Services	6,273,426	5,833,785	5,833,785	
Instructional Media Services:				
Salaries	1,522,666	1,439,327	1,439,327	
Employee Benefits	514,888	457,115	457,115	
Purchased Services	10,530	15,369	15,369	
Energy Services	100	101	101	
Materials and Supplies	29,143	31,927	31,927	
Capital Outlay	109,117	105,838	105,838	
Other Expenses	4,795	8,721	8,721	
Total Instructional Media Services	2,191,239	2,058,398	2,058,398	
Instruction and Curriculum Development Services:				
Salaries	693,432	721,454	721,454	
Employee Benefits	200,761	177,481	177,481	
Purchased Services	78,060	32,208	32,208	
Materials and Supplies	286,056	30,701	30,701	
Capital Outlay	50	4,734	4,734	
Other Expenses	4,560	1,664	1,664	
Total Instruction and Curriculum Development Services	1,262,919	968,242	968,242	
Instructional Staff Training Services:				
Salaries	725,564	709,687	709,687	
Employee Benefits	214,069	212,101	212,101	
Purchased Services	50,169	84	84	
Energy Services		66	66	
Materials and Supplies	7,887	1,951	1,951	
Capital Outlay	20,000	20,298	20,298	
Other Expenses	585	872	872	
Total Instructional Staff Training Services	1,018,274	945,059	945,059	
Instruction Related Technology:				
Salaries	523,913	503,457	503,457	
Employee Benefits	170,476	147,987	147,987	
Capital Outlay	2,040			
Other		33	33	
Total Instruction Related Technology	696,429	651,477	651,477	
Board of Education:				
Salaries	318,493	299,815	299,815	
Employee Benefits	94,387	78,967	78,967	
Purchased Services	168,948	68,218	68,218	
Materials and Supplies	4,050	2,316	2,316	
Other Expenses	20,336	21,440	21,440	
Total Board of Education	606,214	470,756	470,756	

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)
For the Fiscal Year Ended June 30, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Expenditures				
Current (Continued)				
General Administration:				
Salaries	359,441	380,120	380,120	
Employee Benefits	122,602	106,457	106,457	
Purchased Services	17,544	26,309	26,309	
Materials and Supplies	19,979	8,374	8,374	
Capital Outlay	72	3,249	3,249	
Other Expenses	15,400	21,426	21,426	
Total General Administration	535,038	545,935	545,935	
School Administration:				
Salaries	7,916,004	7,881,918	7,881,918	
Employee Benefits	2,553,247	2,361,288	2,361,288	
Purchased Services	28,266	46,709	46,709	
Materials and Supplies	28,780	59,110	59,110	
Capital Outlay	560	984	984	
Other Expenses	9,824	4,313	4,313	
Total School Administration	10,536,681	10,354,322	10,354,322	
Facility Services - Non-Capitalized:				
Salaries	615,076	571,547	571,547	
Employee Benefits	188,868	173,988	173,988	
Purchased Services	12,848	8,733	8,733	
Materials and Supplies	10,000	10,987	10,987	
Other Expenses	670	1,367	1,367	
Total Facility Services - Non-Capitalized	827,462	766,622	766,622	
Fiscal Services:				
Salaries	535,929	573,336	573,336	
Employee Benefits	191,230	147,925	147,925	
Purchased Services	124,390	66,899	66,899	
Energy Services		145	145	
Materials and Supplies	5,000	4,812	4,812	
Other Expenses	61,895	44,763	44,763	
Total Fiscal Services	918,444	837,880	837,880	
Food Services:				
Salaries	12,699	12,597	12,597	
Employee Benefits	5,651	5,218	5,218	
Materials & Supplies		12	12	
Total Food Services	18,350	17,827	17,827	
Central Services:				
Salaries	972,113	972,313	972,313	
Employee Benefits	345,866	325,546	325,546	
Purchased Services	403,901	343,297	343,297	
Materials and Supplies	90,746	63,265	63,265	
Capital Outlay		1,294	1,294	
Other Expenses	9,390	7,538	7,538	
Total Central Services	1,822,016	1,713,253	1,713,253	
Pupil Transportation Services:				
Salaries	4,902,117	4,605,715	4,605,715	
Employee Benefits	2,091,218	2,081,945	2,081,945	
Purchased Services	296,320	235,013	235,013	
Energy Services	3,510,500	1,218,103	1,218,103	
Materials and Supplies	553,378	471,415	471,415	
Capital Outlay	7,079	6,419	6,419	
Other Expenses	34,067	247,482	247,482	
Total Pupil Transportation Services	11,394,679	8,866,092	8,866,092	
Operation of Plant:				
Salaries	4,679,943	4,451,498	4,451,498	
Employee Benefits	1,942,063	1,774,610	1,774,610	
Purchased Services	2,774,808	2,569,428	2,569,428	
Energy Services	5,220,788	5,188,496	5,188,496	
Materials and Supplies	600,943	541,629	541,629	
Capital Outlay	38,360	12,575	12,575	
Other Expenses	87,290	188,557	188,557	
Total Operation of Plant	15,344,195	14,726,793	14,726,793	

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)
For the Fiscal Year Ended June 30, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Expenditures				
Current (Continued)				
Maintenance of Plant:				
Salaries	2,889,506	2,687,004	2,687,004	
Employee Benefits	1,047,387	940,814	940,814	
Purchased Services	760,955	433,661	433,661	
Energy Services	253,000	156,070	156,070	
Materials and Supplies	840,561	361,606	361,606	
Capital Outlay	600	9,178	9,178	
Other Expenses	33,171	29,467	29,467	
Total Maintenance of Plant	5,825,180	4,617,800	4,617,800	
Administrative Technology Services:				
Salaries	1,069,877	1,094,939	1,094,939	
Employee Benefits	356,839	338,805	338,805	
Purchased Services	321,978	207,462	207,462	
Energy Services		589	589	
Materials and Supplies	37,560	29,585	29,585	
Capital Outlay	32,230	19,711	19,711	
Other Expenses	279	426	426	
Total Administrative Technology Services	1,818,763	1,691,517	1,691,517	
Community Services:				
Salaries	11,050	11,050	11,050	
Employee Benefits	7,945	7,803	7,803	
Purchased Services	34,947	48,097	48,097	
Materials and Supplies	1,113	3,156	3,156	
Total Community Services	55,055	70,106	70,106	
Fixed Capital Outlay:				
Facilities Acquisition and Construction		6,376	6,376	
Other Capital Outlay		78,906	78,906	
Total Fixed Capital Outlay		85,282	85,282	
Total Expenditures	154,177,613	144,794,008	144,794,008	
Excess (Deficiency) of Revenues Over Expenditures	(8,780,883)	3,084,367	3,084,367	
Other Financing Sources (Uses)				
Transfers In	6,639,899	6,561,006	6,561,006	
Insurance Loss Recoveries	5,100	50,764	50,764	
Transfers Out		(2,847,513)	(2,847,513)	
Total Other Financing Sources (Uses)	6,644,999	3,764,257	3,764,257	
Net Change in Fund Balances	(2,135,884)	6,848,624	6,848,624	
Fund Balances, July 1, 2009	12,098,122	12,098,122	12,098,122	
Fund Balances, June 30, 2010	$ 9,962,238	$ 18,946,746	$ 18,946,746	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS FUND
For the Fiscal Year Ended June 30, 2010

	Special Revenue Fund - Other Federal Programs			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Through State and Local	$ 12,189,355	$ 11,580,343	$ 11,580,343	$
Total Revenues	12,189,355	11,580,343	11,580,343	
Expenditures				
Current:				
Instruction				
Salaries	1,513,097	1,747,065	1,747,065	
Employee Benefits	639,525	617,770	617,770	
Purchased Services	1,189,882	993,431	993,431	
Materials and Supplies	537,306	206,476	206,476	
Capital Outlay	1,380,910	221,439	221,439	
Other Expenses	54,150	52,246	52,246	
Total Instruction	5,314,870	3,838,427	3,838,427	
Pupil Personnel Services				
Salaries	1,813,719	1,744,129	1,744,129	
Employee Benefits	603,914	556,971	556,971	
Purchased Services	54,597	133,263	133,263	
Materials and Supplies	19,433	42,445	42,445	
Capital Outlay	650	2,756	2,756	
Other Expenses	250	4,103	4,103	
Total Pupil Personnel Services	2,492,563	2,483,667	2,483,667	
Instructional Media Services				
Salaries	-	-	-	
Employee Benefits	-	-	-	
Total Instructional Media Services	-	-	-	
Instruction & Curriculum Development Services				
Salaries	1,301,938	1,472,677	1,472,677	
Employee Benefits	432,356	431,099	431,099	
Purchased Services	37,043	20,639	20,639	
Materials and Supplies	1,325	12,648	12,648	
Capital Outlay	16,600	270,369	270,369	
Other Expenses		4,550	4,550	
Total Instruction & Curriculum Development Services	1,789,262	2,211,982	2,211,982	
Instructional Staff Training Services				
Salaries	669,585	560,204	560,204	
Employee Benefits	203,961	90,256	90,256	
Purchased Services	537,205	545,697	545,697	
Materials and Supplies	100,318	53,143	53,143	
Capital Outlay	1,349	1,349	1,349	
Other Expenses	33,768	119,879	119,879	
Total Instructional Staff Training Services	1,546,186	1,370,528	1,370,528	
Instruction Related Technology				
Salaries	255,309	253,305	253,305	
Employee Benefits	101,620	95,570	95,570	
Total Instruction Related Technology	356,929	348,875	348,875	
General Administration				
Other Expenses	226,513	281,251	281,251	
School Administration				
Salaries	2,674	2,674	2,674	
Employee Benefits	1,556	1,478	1,478	
Total School Administration	4,230	4,152	4,152	
Facility Services - Non-Capitalized				
Energy Services		15,067	15,067	
Central Services				
Salaries	4,648	3,818	3,818	
Employee Benefits	1,120	245	245	
Other Expenses	132	2,969	2,969	
Total Central Services	5,900	7,032	7,032	

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS FUND (Continued)
For the Fiscal Year Ended June 30, 2009

	Special Revenue Fund - Other Federal Programs			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Expenditures				
Current (Continued):				
Pupil Transportation Services				
Salaries	15,477	37,162	37,162	
Employee Benefits	2,825	6,837	6,837	
Purchased Services	421,936	62,243	62,243	
Energy Services				
Total Pupil Transportation Services	440,238	106,242	106,242	
Operation of Plant				
Salaries	-			
Employee Benefits				
Total Operation of Plant				
Administrative Technology Services				
Salaries	10,581	6,581	6,581	
Purchased Services	2,083	1,283	1,283	
Total Administrative Technology Services	12,664	7,864	7,864	
Fixed Capital Outlay				
Facilities Acquisition and Construction		898,963	898,963	
Other Capital Outlay		6,293	6,293	
Total Fixed Capital Outlay		905,256	905,256	
Total Expenditures	12,189,355	11,580,343	11,580,343	
Net Change in Fund Balances				
Fund Balances, July 1, 2009				
Fund Balances, June 30, 2010	$	$	$	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - ARRA ECONOMIC STIMULUS FUND
For the Fiscal Year Ended June 30, 2010

	Special Revenue Fund - ARRA Economic Stimulus			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Through State and Local	$ 14,295,116	$ 12,073,393	$ 12,073,393	$
Total Revenues	14,295,116	12,073,393	12,073,393	
Expenditures				
Current:				
Instruction				
Salaries	6,308,455	5,134,825	5,134,825	
Employee Benefits	2,267,552	1,576,421	1,576,421	
Purchased Services	117,770	3,089	3,089	
Materials and Supplies	715,753	801,266	801,266	
Capital Outlay	312,565	239,054	239,054	
Other Expenses	83,679	77,694	77,694	
Total Instruction	9,805,774	7,832,349	7,832,349	
Pupil Personnel Services				
Salaries	1,638,162	1,219,327	1,219,327	
Employee Benefits	578,194	392,210	392,210	
Purchased Services	2,900	413,519	413,519	
Materials and Supplies		3,163	3,163	
Total Pupil Personnel Services	2,219,256	2,028,219	2,028,219	
Instructional Media Services				
Salaries	56,223	125,030	125,030	
Employee Benefits	17,785	34,724	34,724	
Total Instructional Media Services	74,008	159,754	159,754	
Instruction & Curriculum Development Services				
Salaries	299,829	212,269	212,269	
Employee Benefits	92,578	64,962	64,962	
Purchased Services	39,200	13,768	13,768	
Materials and Supplies	2,000	9,695	9,695	
Total Instruction & Curriculum Development Services	433,607	300,694	300,694	
Instructional Staff Training Services				
Salaries	654,770	615,192	615,192	
Employee Benefits	153,563	149,272	149,272	
Purchased Services	72,000	220,699	220,699	
Materials and Supplies		2,267	2,267	
Other Expenses	25,000	12,277	12,277	
Total Instructional Staff Training Services	905,333	999,707	999,707	
General Administration				
Other Expenses	472,019	394,142	394,142	
School Administration				
Salaries	134,390	140,610	140,610	
Employee Benefits	41,058	48,657	48,657	
School Administration	175,448	189,267	189,267	
Food Services				
Capital Outlay	126,142	814	814	
Operation of Plant				
Salaries	59,164			
Employee Benefits	24,365			
Total Operation of Plant	83,529			
Maintenance of Plant				
Salaries		7,937	7,937	
Employee Benefits		1,538	1,538	
Total Maintenance of Plant		9,475	9,475	
Community Services				
Purchased Services		1,850	1,850	
Fixed Capital Outlay				
Other Capital Outlay		157,122	157,122	
Total Expenditures	14,295,116	12,073,393	12,073,393	
Net Change in Fund Balances				
Fund Balances, July 1, 2009				
Fund Balances, June 30, 2010	$	$	$	$

DISTRICT SCHOOL BOARD OF HERNANDO 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]
July 1, 2006	$ 0.00	$ 8,161,669	$ 8,161,669	0.0%	$ 79,177,114	10.3%
July 1, 2008	0.00	9,152,972	9,152,972	0.0%	103,207,238	8.9%

1. GAAP TO BUDGET COMPARISON

There is no GAAP reconciliation required between budgetary inflows and outflows and generally accepted accounting principles revenues and expenditures since both reflect the modified accrual basis of accounting.

OTHER SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to be expended for particular purposes.

Food Service Fund – To account for and report on the activities of the food service program in serving breakfast and lunch at the schools. These activities are primarily funded through local charges and Federal awards.

Debt Service Funds

The Debt Service Funds are used to account for the payment of interest and principal of the current portion on long-term debt.

SBE/COBI Bonds Fund – To account for and report on payment of principal, interest, and related costs of the state school bonds issued by the State Board of Education on behalf of the District. These bonds are payable from the District's portion of the state-assessed motor vehicle license tax.

Special Act Bonds Fund – To account for and report on payment of principal, interest, and related costs on the Special Acts bonds. These bonds are authorized by Chapter 79-471, Laws of Florida, which provides that the bonds be secured from racetrack funds and jai alai fronton funds accruing annually to the District from the State's Pari-mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes).

District Bonds Fund – To account for and report on payment of principal, interest, and related costs on the District's general obligation bonds. These bonds are secured by a pledge of ad valorem taxes levied.

Other Debt Service Fund – To account for and report on payment of principal, interest, and related costs on the District's Note Payable, Certificates of Participation issued in 1997, 2003 and 2005, and Sales Tax Revenue Bonds, Series 2006.

Capital Projects Funds

Capital projects funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, or for major renovation projects.

State Board of Education Bonds Fund – To account for and report on proceeds received from the bonds issued by the State Board of Education on behalf of the District.

Capital Outlay and Debt Service Fund – To account for and report on the dollars received through the State's Capital Outlay and Debt Service (CO & DS) program, used for construction and maintenance of schools.

Local Capital Improvement 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.

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue Funds	Debt Service Funds			
	Food Service 410	SBE/COBI Bonds 210	Special Act Bonds 220	District Bonds 250	Other Debt Service 290
ASSETS					
Cash and Cash Equivalents	$ 1,134,405	$	$ 275,728	$	$ 2,143,664
Investments	10,753	127,380	5,004		4,830,316
Accounts Receivable	1,137				
Due from Other Funds					
Due from Other Agencies					
Inventories	104,576				
TOTAL ASSETS	$ 1,250,871	$ 127,380	$ 280,732	$	$ 6,973,980
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 2,044	$	$	$	$
Due to Other Funds					8
Deposits Payable	61,268				
Total Liabilities	63,312				8
Fund Balances:					
Reserved for Encumbrances	6,843				2,000
Reserved for Debt Service		127,380	276,988		6,949,098
Reserved for Investments in SBA Fund B Surplus Funds Trust Fund	7,040		3,744		22,794
Reserved for Investments in Reserve Fund					80
Unreserved, Reported in:					
Special Revenue Funds	1,173,676				
Capital Projects Funds					
Total Fund Balances	1,187,559	127,380	280,732		6,973,972
TOTAL LIABILITIES AND FUND BALANCES	$ 1,250,871	$ 127,380	$ 280,732	$	$ 6,973,980

Capital Projects Funds			
State Board of Education Bonds 310	Capital Outlay and Debt Service 360	Local Capital Improvement 370	Total Nonmajor Governmental Funds
$	$ 862,238	$ 1,950,769	$ 6,366,804
	224,142	9,449,801	14,647,396
			1,137
		535,549	535,549
		6,017	6,017
			104,576
$	$ 1,086,380	$ 11,942,136	$ 21,661,479
$	$	$ 226,939	$ 228,983
		158,979	158,987
			61,268
		385,918	449,238
		1,912,002	1,920,845
			7,353,466
	3,511	242,741	279,830
			80
			1,173,676
	1,082,869	9,401,475	10,484,344
	1,086,380	11,556,218	21,212,241
$	$ 1,086,380	$ 11,942,136	$ 21,661,479

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds	Debt Service Funds			
	Food Service 410	SBE/COBI Bonds 210	Special Act Bonds 220	District Bonds 250	Other Debt Service 290
Revenues					
Intergovernmental:					
Federal Through State and Local	$ 7,289,957	$	$	$	$
State	134,519	663,168	209,750		
Local:					
Property Taxes Levied for Debt Services				34,753	
Property Taxes Levied for Capital Projects					
Charges for Service - Food Services	2,727,695				
Other Local Revenue	38,793		10,307	1,100	66,974
Total Revenues	10,190,964	663,168	220,057	35,853	66,974
Expenditures					
Current - Education:					
Facility Services - Non-Capitalized					
Food Services	9,793,390				
Fixed Capital Outlay:					
Facilities Acquisition and Construction					
Other Capital Outlay	98,828				
Debt Service:					
Principal		425,000	70,000	805,000	11,290,746
Interest and Fiscal Charges		247,560	136,028	43,470	8,483,507
Dues and Fees		3,828	1,000	1,210	41,509
Total Expenditures	9,892,218	676,388	207,028	849,680	19,815,762
Excess (Deficiency) of Revenues Over Expenditures	298,746	(13,220)	13,029	(813,827)	(19,748,788)
Other Financing Sources (Uses)					
Refunding Bonds Issued		370,000			
Premium on Refunding Bonds Issued		32,698			
Payments to Refunded Bond Escrow Agent		(399,338)			
Transfers In	47,513				15,889,901
Transfers Out	(1,200)			(364,142)	
Total Other Financing Sources (Uses)	46,313	3,360	-	(364,142)	15,889,901
Net Change in Fund Balances	345,059	(9,860)	13,029	(1,177,969)	(3,858,887)
Fund Balances, July 1, 2009	842,500	137,240	267,703	1,177,969	10,832,859
Fund Balances, June 30, 2010	$ 1,187,559	$ 127,380	$ 280,732	$	$ 6,973,972

(Continued)

Capital Projects Funds			
State Board of Education Bonds 310	Capital Outlay and Debt Service 360	Local Capital Improvement 370	Total Nonmajor Governmental Funds
$	$	$	$ 7,289,957
	439,299		1,446,736
			34,753
		15,358,825	15,358,825
			2,727,695
273	3,217	572,517	693,181
273	442,516	15,931,342	27,551,147
	4,212	3,497,446	3,501,658
			9,793,390
2,347		1,166,056	1,168,403
		1,800,035	1,898,863
			12,590,746
			8,910,565
	432		47,979
2,347	4,644	6,463,537	37,911,604
(2,074)	437,872	9,467,805	(10,360,457)
			370,000
			32,698
			(399,338)
			15,937,414
		(14,921,082)	(15,286,424)
		(14,921,082)	654,350
(2,074)	437,872	(5,453,277)	(9,706,107)
2,074	648,508	17,009,495	30,918,348
$	$ 1,086,380	$ 11,556,218	$ 21,212,241

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Assets				
Cash and Cash Equivalents	$ 1,431,110	$ 3,834,898	$ 3,948,467	$ 1,317,541
Accounts Receivable	10,585		2,040	8,545
Total Assets	$ 1,441,695	$ 3,834,898	$ 3,950,507	$ 1,326,086
Liabilities				
Accounts Payable and Other Current Liabilities	$ 1,441,695	$ 3,834,898	$ 3,950,507	$ 1,326,086

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - FOOD SERVICE
For the Fiscal Year Ended June 30, 2010

	Special Revenue Fund - Food Service			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Through State and Local	$ 5,498,301	$ 7,289,957	$ 7,289,957	$
State	153,500	134,519	134,519	
Local:				
Charges for Service - Food Services	3,800,300	2,727,695	2,727,695	
Other Local Revenue	38,105	38,793	38,793	
Total Revenues	9,490,206	10,190,964	10,190,964	
Expenditures				
Current:				
Food Services				
Salaries	3,137,812	3,045,827	3,045,827	
Employee Benefits	1,370,193	1,441,263	1,441,263	
Purchased Services	250,232	231,547	231,547	
Energy Services	366,700	359,507	359,507	
Materials & Supplies	4,048,168	4,377,596	4,377,596	
Capital Outlay	122,948	30,967	30,967	
Other Expenses	266,750	306,683	306,683	
Total Food Services	9,562,803	9,793,390	9,793,390	
Fixed Capital Outlay:				
Other Capital Outlay				
Furniture, Fixtures, and Equipment		98,828	98,828	
Total Expenditures	9,562,803	9,892,218	9,892,218	
Excess (Deficiency) of Revenues Over Expenditures	(72,597)	298,746	298,746	
Other Financing Sources (Uses)				
Transfers In		47,513	47,513	
Transfers Out	(1,200)	(1,200)	(1,200)	
Total Other Financing Sources (Uses)	(1,200)	46,313	46,313	
Net Change in Fund Balances	(73,797)	345,059	345,059	
Fund Balances, July 1, 2009	842,500	842,500	842,500	
Fund Balances, June 30, 2010	$ 768,703	$ 1,187,559	$ 1,187,559	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - SBE/COBI BONDS
For the Fiscal Year Ended June 30, 2010

	Debt Service Fund - SBE/COBI Bonds			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
State	$ 541,583	$ 663,168	$ 663,168	$
Total Revenues	541,583	663,168	663,168	
Expenditures				
Debt Service:				
Principal		425,000	425,000	
Interest and Fiscal Charges		247,560	247,560	
Dues and Fees		3,828	3,828	
Total Expenditures		676,388	676,388	
Excess (Deficiency) of Revenues Over Expenditures	541,583	(13,220)	(13,220)	
Other Financing Sources (Uses)				
Refunding Bonds Issued		370,000	370,000	
Premium on Refunding Bonds		32,698	32,698	
Payments to Refunded Bond Escrow Agent		(399,338)	(399,338)	
Total Other Financing Sources (Uses)		3,360	3,360	
Net Change in Fund Balances	541,583	(9,860)	(9,860)	
Fund Balances, July 1, 2009	137,240	137,240	137,240	
Fund Balances, June 30, 2010	$ 678,823	$ 127,380	$ 127,380	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - SPECIAL ACT BONDS
For the Fiscal Year Ended June 30, 2010

	Debt Service Fund - Special Act Bonds			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
State	$ 210,000	$ 209,750	$ 209,750	$
Local:				
Other Local Revenue	2,000	10,307	10,307	
Total Revenues	212,000	220,057	220,057	
Expenditures				
Debt Service:				
Principal	70,000	70,000	70,000	
Interest and Fiscal Charges	136,028	136,028	136,028	
Dues and Fees	750	1,000	1,000	
Total Expenditures	206,778	207,028	207,028	
Excess of Revenues Over Expenditures	5,222	13,029	13,029	
Net Change in Fund Balances	5,222	13,029	13,029	
Fund Balances, July 1, 2009	267,703	267,703	267,703	
Fund Balances, June 30, 2010	$ 272,925	$ 280,732	$ 280,732	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - DISTRICT BONDS
For the Fiscal Year Ended June 30, 2010

	Debt Service Fund - District Bonds			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Local:				
Property Taxes Levied for Debt Services	$	$ 34,753	$ 34,753	$
Other Local Revenue	8,000	1,100	1,100	
Total Revenues	8,000	35,853	35,853	
Expenditures				
Debt Service:				
Principal	805,000	805,000	805,000	
Interest and Fiscal Charges	43,470	43,470	43,470	
Dues and Fees	18,000	1,210	1,210	
Total Expenditures	866,470	849,680	849,680	
Deficiency of Revenues Over Expenditures	(858,470)	(813,827)	(813,827)	
Other Financing Uses				
Transfers Out		(364,142)	(364,142)	
Total Other Financing Uses		(364,142)	(364,142)	
Net Change in Fund Balances	(858,470)	(1,177,969)	(1,177,969)	
Fund Balances, July 1, 2009	1,177,969	1,177,969	1,177,969	
Fund Balances, June 30, 2010	$ 319,499	$	$	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - OTHER DEBT SERVICE
For the Fiscal Year Ended June 30, 2010

	Debt Service Fund - Other Debt Service			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Local:				
Other Local Revenue	$ 50,600	$ 66,974	$ 66,974	$
Total Revenues	50,600	66,974	66,974	
Expenditures				
Debt Service:				
Principal	11,290,746	11,290,746	11,290,746	
Interest and Fiscal Charges	8,483,507	8,483,507	8,483,507	
Dues and Fees	36,750	41,509	41,509	
Total Expenditures	19,811,003	19,815,762	19,815,762	
Deficiency of Revenues Over Expenditures	(19,760,403)	(19,748,788)	(19,748,788)	
Other Financing Sources				
Transfers In	10,987,000	15,889,901	15,889,901	
Total Other Financing Sources	10,987,000	15,889,901	15,889,901	
Net Change in Fund Balances	(8,773,403)	(3,858,887)	(3,858,887)	
Fund Balances, July 1, 2009	10,832,859	10,832,859	10,832,859	
Fund Balances, June 30, 2010	$ 2,059,456	$ 6,973,972	$ 6,973,972	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - STATE BOARD OF EDUCATION BONDS
For the Fiscal Year Ended June 30, 2010

	Capital Projects Fund - State Board of Education Bonds			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Local:				
Other Local Revenue	$ 350	$ 273	$ 273	$
Total Revenues	350	273	273	
Expenditures				
Fixed Capital Outlay:				
Facilities Acquisition and Construction	2,422	2,347	2,347	
Total Expenditures	2,422	2,347	2,347	
Deficiency of Revenues Over Expenditures	(2,072)	(2,074)	(2,074)	
Net Change in Fund Balances	(2,072)	(2,074)	(2,074)	
Fund Balances, July 1, 2009	2,072	2,074	2,074	
Fund Balances, June 30, 2010	$	$	$	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - PUBLIC EDUCATION CAPITAL OUTLAY
For the Fiscal Year Ended June 30, 2010

	Capital Projects Fund - Public Education Capital Outlay			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
State	$ 390,854	$ 384,735	$ 384,735	$
Local:				
Other Local Revenue	67,735	33,221	33,221	
Total Revenues	458,589	417,956	417,956	
Expenditures				
Current:				
Facility Services - Non-Capitalized				
Library Books		4,308	4,308	
Audio Visual Materials		491	491	
Furniture, Fixtures, and Equipment	21,599	210,229	210,229	
Improvements Other Than Buildings		24,018	24,018	
Remodeling and Renovations		177,135	177,135	
Computer Software		9,666	9,666	
Total Facility Services - Non-Capitalized	21,599	425,847	425,847	
Fixed Capital Outlay:				
Facilities Acquisition and Construction				
Buildings and Fixed Equipment	8,806,968	2,498,396	2,498,396	
Improvements Other Than Buildings	13,299	4,593	4,593	
Remodeling and Renovations	16,985,449	8,688,382	8,688,382	
Total Facilities Acquisition and Construction	25,805,716	11,191,371	11,191,371	
Other Capital Outlay				
Furniture, Fixtures, and Equipment		44,484	44,484	
Total Other Capital Outlay		44,484	44,484	
Debt Service:				
Principal	8,639	8,639	8,639	
Total Debt Service	8,639	8,639	8,639	
Total Expenditures	25,835,954	11,670,341	11,670,341	
Deficiency of Revenues Over Expenditures	(25,377,365)	(11,252,385)	(11,252,385)	
Other Financing Uses				
Transfers Out	(387,134)	(376,976)	(376,976)	
Total Other Financing Uses	(387,134)	(376,976)	(376,976)	
Net Change in Fund Balances	(25,764,499)	(11,629,361)	(11,629,361)	
Fund Balances, July 1, 2009	25,794,949	25,794,948	25,794,948	
Fund Balances, June 30, 2010	$ 30,450	$ 14,165,587	$ 14,165,587	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - CAPITAL OUTLAY AND DEBT SERVICE
For the Fiscal Year Ended June 30, 2010

	Capital Projects Fund - Capital Outlay and Debt Service			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
State	$ 197,936	$ 439,299	$ 439,299	$
Local:				
Other Local Revenue	5,470	3,217	3,217	
Total Revenues	203,406	442,516	442,516	
Expenditures				
Current:				
Facility Services - Non-Capitalized				
Remodeling and Renovations		4,212	4,212	
Total Facility Services - Non-Capitalized		4,212	4,212	
Fixed Capital Outlay:				
Facilities Acquisition and Construction				
Remodeling and Renovations	4,818			
Total Facilities Acquisition and Construction	4,818			
Debt Service:				
Dues and Fees		432	432	
Total Debt Service		432	432	
Total Expenditures	4,818	4,644	4,644	
Excess of Revenues Over Expenditures	198,588	437,872	437,872	
Net Change in Fund Balances	198,588	437,872	437,872	
Fund Balances, July 1, 2009	648,508	648,508	648,508	
Fund Balances, June 30, 2010	$ 847,096	$ 1,086,380	$ 1,086,380	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - LOCAL CAPITAL IMPROVEMENT
For the Fiscal Year Ended June 30, 2010

	Capital Projects Fund - Local Capital Improvement			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Local:				
Property Taxes Levied for Capital Projects	$ 14,997,845	$ 15,358,825	$ 15,358,825	$
Other Local Revenue	440,000	572,517	572,517	
Total Revenues	15,437,845	15,931,342	15,931,342	
Expenditures				
Current:				
Facility Services - Non-Capitalized				
Library Books	11,566			
Audio Visual Materials	9,661	4,598	4,598	
Furniture, Fixtures, and Equipment	3,370,258	1,664,617	1,664,617	
Improvements Other than Buildings	854,007	89,725	89,725	
Remodeling and Renovations		1,456,877	1,456,877	
Computer Software	470,354	281,629	281,629	
Total Facility Services - Non-Capitalized	4,715,846	3,497,446	3,497,446	
Fixed Capital Outlay:				
Facilities Acquisition and Construction				
Buildings and Fixed Equipment	3,828,489	694	694	
Land	513,000			
Improvements Other than Buildings		437,404	437,404	
Remodeling and Renovations	5,265,152	727,958	727,958	
Total Facilities Acquisition and Construction	9,606,641	1,166,056	1,166,056	
Other Capital Outlay				
Motor Vehicles	1,160,000	1,800,035	1,800,035	
Total Other Capital Outlay	1,160,000	1,800,035	1,800,035	
Total Expenditures	15,482,487	6,463,537	6,463,537	
Excess (Deficiency) of Revenues Over Expenditures	(44,642)	9,467,805	9,467,805	
Other Financing Uses				
Transfers Out to General Fund	(6,251,565)	(5,814,397)	(5,814,397)	
Transfers Out to Debt Service Fund	(9,092,000)	(9,106,685)	(9,106,685)	
Total Other Financing Uses	(15,343,565)	(14,921,082)	(14,921,082)	
Net Change in Fund Balances	(15,388,207)	(5,453,277)	(5,453,277)	
Fund Balances, July 1, 2009	17,009,495	17,009,495	17,009,495	
Fund Balances, June 30, 2010	$ 1,621,288	$ 11,556,218	$ 11,556,218	$

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - OTHER
For the Fiscal Year Ended June 30, 2010

	Capital Projects Fund - Other			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
State	$	$ 92,899	$ 92,899	$
Local:				
Local Sales Tax	7,136,649	7,470,501	7,470,501	
Impact Fees	1,460,215	413,600	413,600	
Other Local Revenue	2,312,700	1,138,705	1,138,705	
Total Revenues	10,909,564	9,115,705	9,115,705	
Expenditures				
Current:				
Facility Services - Non-Capitalized				
Library Books	1,570	13,663	13,663	
Audio Visual Materials	20,279	17,628	17,628	
Furniture, Fixtures, and Equipment	8,501,632	795,675	795,675	
Improvements Other than Buildings		30,269	30,269	
Remodeling and Renovations		10,670	10,670	
Computer Software	38,657	8,034	8,034	
Total Facility Services - Non-Capitalized	8,562,138	875,939	875,939	
Fixed Capital Outlay:				
Facilities Acquisition and Construction				
Buildings and Fixed Equipment	65,272,319	31,132,012	31,132,012	
Land	1,211,026			
Improvements Other than Buildings	369,013	248,591	248,591	
Remodeling and Renovations	73,542	58,296	58,296	
Total Facilities Acquisition and Construction	66,925,900	31,438,899	31,438,899	
Other Capital Outlay				
Furniture, Fixtures, and Equipment		28,449	28,449	
Total Other Capital Outlay		28,449	28,449	
Debt Service:				
Debt Service				
Principal	115,833	156,317	156,317	
Interest and Fiscal Charges	1,682	2,212	2,212	
Total Debt Service	117,515	158,529	158,529	
Total Expenditures	75,605,553	32,501,816	32,501,816	
Deficiency of Revenues Over Expenditures	(64,695,989)	(23,386,111)	(23,386,111)	
Other Financing Uses				
Transfers Out	(1,895,000)	(3,987,507)	(3,987,507)	
Total Other Financing Uses	(1,895,000)	(3,987,507)	(3,987,507)	
Net Change in Fund Balances	(66,590,989)	(27,373,618)	(27,373,618)	
Fund Balances, July 1, 2009	93,952,254	93,952,254	93,952,254	
Fund Balances, June 30, 2010	$ 27,361,265	$ 66,578,636	$ 66,578,636	$

Nonmajor Component Units

Component units are legally separate organizations that the primary government must include as part of its financial reporting entity for fair presentation in conformity with generally accepted accounting principles.

The Gulf Coast Academy of Science and Technology, Inc. – A charter school which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring School District and is considered a component unit since it is fiscally dependent on the District to levy taxes for its support.

The Hernando County Education Direct Support Organization, Inc. (Foundation) – A separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the District. The Foundation is considered to be a component unit of the District because of the nature and significance of its relationship to the District.

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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COMBINING SCHEDULE OF NET ASSETS - NONMAJOR COMPONENT UNITS
June 30, 2010
(With comparative totals for June 30, 2009)

	Gulf Coast Academy of Science and Technology, Inc. (Charter School)	Hernando County Education Direct Support Organization, Inc. (Foundation)	Totals	
			2010	2009
ASSETS				
Cash and Cash Equivalents	$ 137,997	$ 84,442	$ 222,439	$ 197,877
Accounts Receivable		850	850	
Due from Other Agencies	9,091		9,091	22,227
Capital Assets:				
Leasehold Improvements, Net	53,418		53,418	69,333
Furniture, Fixtures, and Equipment, Net	26,578		26,578	62,498
Property Under Capital Lease, Net	32,520		32,520	39,786
TOTAL ASSETS	$ 259,604	$ 85,292	$ 344,896	$ 391,721
LIABILITIES				
Salaries and Benefits Payable	$ 4,332	$	$ 4,332	$ 1,752
Accounts Payable	5,759		5,759	2,880
Unearned Revenue	2,315		2,315	1,919
Due to Other Agencies				5,060
Long-Term Liabilities:				
Due Within One Year:				
Obligations Under Capital Lease	16,125		16,125	14,240
Due in More Than One Year:				
Obligations Under Capital Lease	5,413		5,413	20,374
TOTAL LIABILITIES	33,944		33,944	46,225
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	90,978		90,978	137,003
Restricted for:				
Other Purposes		29,634	29,634	27,655
Unrestricted	134,682	55,658	190,340	180,838
TOTAL NET ASSETS	225,660	85,292	310,952	345,496
TOTAL LIABILITIES AND NET ASSETS	$ 259,604	$ 85,292	$ 344,896	$ 391,721

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COMBINING SCHEDULE OF ACTIVITIES - NONMAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Charter School				
Governmental Activities:				
Instruction	$ 483,154	$	$	$
Pupil Personnel Services	350			
Instructional Staff Training Services	5,099			
Board of Education	9,348			
School Administration	244,135			
Facility Services - Non-Capitalized	78,000			65,479
Fiscal Services	13,706			
Food Services	11,808	7,864		
Pupil Transportation Services	36,770			
Operation of Plant	27,813			
Community Service	50,273			
Unallocated Interest on Long-Term Debt	3,591			
Unallocated Depreciation Expense	59,858			
Total Charter School	1,023,905	7,864		65,479
Hernando Education Foundation	169,542		178,920	
Total Component Units	$ 1,193,447	$ 7,864	$ 178,920	$ 65,479

General Revenues:
Grants and Contributions Not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - July 1, 2009

Net Assets - June 30, 2010

(Continued)

Total Charter School	Hernando Education Foundation	Total Component Units
$ (483,154)	$	$ (483,154)
(350)		(350)
(5,099)		(5,099)
(9,348)		(9,348)
(244,135)		(244,135)
(12,521)		(12,521)
(13,706)		(13,706)
(3,944)		(3,944)
(36,770)		(36,770)
(27,813)		(27,813)
(50,273)		(50,273)
(3,591)		(3,591)
(59,858)		(59,858)
(950,562)		(950,562)
	9,378	9,378
(950,562)	9,378	(941,184)
90,537		90,537
	465	465
815,638		815,638
906,175	465	906,640
(44,387)	9,843	(34,544)
270,047	75,449	345,496
$ 225,660	$ 85,292	$ 310,952

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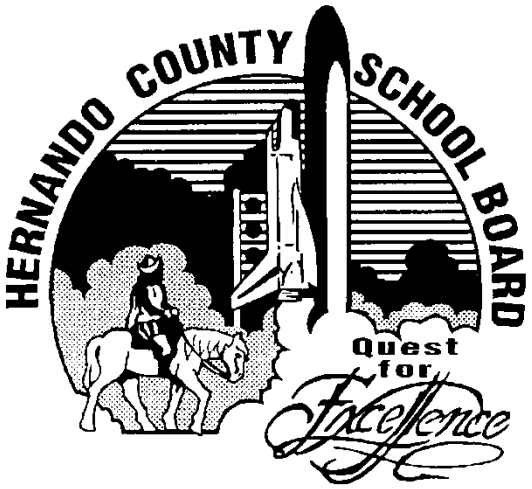
STATISTICAL SECTION



HERNANDO COUNTY SCHOOL BOARD
Quest for
Excellence

Statistical Section

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

Contents **Page**

Financial Trend Information 90

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

Revenue Capacity Information 100

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

Debt Capacity Information 106

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

Demographic and Economic Information 114

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

Operating Information 120

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

TABLE 1

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NET ASSETS BY COMPONENT - GOVERNMENT-WIDE
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2002 (2)	June 30, 2003	June 30, 2004	June 30, 2005
Primary Government:				
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt **(1)**	$ 116,834,667	$ 142,439,905	$ 155,123,601	$ 172,977,972
Restricted	29,759,079	19,646,464	27,077,548	26,253,503
Unrestricted	(7,820,095)	(6,588,323)	(5,118,346)	(5,572,393)
Total Governmental Activities Net Assets	138,773,651	155,498,046	177,082,803	193,659,082
Total Primary Government Net Assets	$ 138,773,651	$ 155,498,046	$ 177,082,803	$ 193,659,082

(1) The growth in net assets is due primarily to the increase in property taxes, increase in impact fees, and inception of the second voter approved local option half cent sales tax. These revenues were used to payoff debt and to construct or purchase capital assets that will be expensed in future years through depreciation.

(2) Government-wide information was not required prior to GASB 34. The District implemented GASB 34 for the fiscal year ending June 30, 2002. As a result, information is only available for the last nine years.

Source: District records

TABLE 1 (Continued)

Fiscal Year Ending				
June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
$ 175,100,895	$ 200,321,945	$ 211,125,761	$ 244,788,425	$ 261,589,398
44,111,824	74,156,527	106,441,480	74,596,072	56,810,124
(3,404,223)	(1,598,307)	(522,035)	1,903,139	3,217,567
215,808,496	272,880,165	317,045,206	321,287,636	321,617,089
$ 215,808,496	$ 272,880,165	$ 317,045,206	$ 321,287,636	$ 321,617,089

TABLE 2

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
CHANGES IN NET ASSETS - GOVERNMENT-WIDE
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2002 (1)	June 30, 2003	June 30, 2004	June 30, 2005
Expenses:				
Governmental Activities				
Instruction	$ 56,397,793	$ 58,878,124	$ 64,809,552	$ 74,677,333
Pupil Personnel Services	5,715,220	6,239,531	6,708,880	7,360,526
Instructional Media Services	1,636,293	1,724,111	1,829,091	1,773,331
Instruction and Curriculum Development Services	2,425,554	2,239,293	3,297,541	3,277,284
Instructional Staff Training Services	1,213,907	1,737,106	2,734,761	2,356,855
Instruction Related Technology				
Board of Education	321,135	319,612	375,438	440,051
General Administration	651,638	685,853	752,865	808,738
School Administration	6,307,971	6,770,113	7,344,585	8,066,629
Facility Services - Non-Capitalized	2,562,414	3,006,663	6,089,369	4,635,438
Fiscal Services	728,217	708,673	922,944	1,173,832
Food Services	5,094,567	5,143,174	5,806,523	6,235,348
Central Services	3,804,631	2,677,344	2,690,335	2,634,518
Pupil Transportation Services	6,258,202	6,656,752	7,151,458	7,822,199
Operation of Plant	6,975,998	7,243,061	8,405,801	9,865,184
Maintenance of Plant	3,354,075	4,695,685	3,800,222	4,308,389
Administrative Technology Services				
Community Services	406,246	426,347	464,754	249,435
Interest and Fiscal Charges	4,489,554	4,501,940	4,516,820	4,299,027
Depreciation Unallocated	5,735,229	6,264,298	7,554,094	8,026,814
Total Governmental Activities Expenses	114,078,644	119,917,680	135,255,033	148,010,931
Program Revenues:				
Governmental Activities				
Charges for Services				
Food Service	2,096,424	2,165,369	2,431,576	2,518,082
Transportation	196,156	227,729	222,966	252,972
Instruction	471,530	6,916	19,919	8,735
Operating Grants and Contributions	7,495,616	8,057,928	8,125,966	8,885,585
Capital Grants and Contributions	3,811,277	9,495,408	15,733,109	11,476,230
Total Governmental Activities Program Revenues	14,071,003	19,953,350	26,533,536	23,141,604
Net Expenses Governmental Activities	(100,007,641)	(99,964,330)	(108,721,497)	(124,869,327)
Total Primary Government Net Expenses	(100,007,641)	(99,964,330)	(108,721,497)	(124,869,327)
General Revenues and Other Changes in Net Assets:				
Governmental Activities				
Property Taxes				
Levied for Operational Purposes	30,031,952	31,646,490	34,919,951	37,400,909
Levied for Debt Service	6,309,869	5,931,239	5,704,439	5,758,154
Levied for Capital Projects	9,210,422	9,885,636	10,862,998	12,275,778
Local Sales Tax	5,209,515	5,612,001	3,538,675	2,951,467
Grants and Contributions not restricted to specific purposes	58,996,705	61,957,511	71,466,209	79,159,048
Unrestricted Investment Earnings	1,213,933	480,786	307,673	1,296,207
Miscellaneous	1,274,261	1,175,062	3,506,309	2,604,043
Total Governmental Activities	112,246,657	116,688,725	130,306,254	141,445,606
Total Primary Government General Revenues and Other Changes in Net Assets	112,246,657	116,688,725	130,306,254	141,445,606
Change in Net Assets:				
Governmental Activities	12,239,016	16,724,395	21,584,757	16,576,279
Total Primary Government	$ 12,239,016	$ 16,724,395	$ 21,584,757	$ 16,576,279

(1) Government-wide information was not required prior to GASB 34. The District implemented GASB 34 for the fiscal year ending June 30, 2002. As a result, information is only available for the last nine years.

Source: District records

TABLE 2 (Continued)

Fiscal Year Ending				
June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
$ 84,165,241	$ 97,956,943	$ 104,620,004	$ 103,745,430	$ 103,169,236
8,169,248	8,676,491	9,358,470	9,659,517	10,523,787
1,932,166	2,096,047	2,228,490	2,405,268	2,257,766
3,738,300	3,575,078	3,597,622	3,416,775	3,505,308
1,852,367	1,790,904	2,912,419	3,172,689	3,326,018
1,466,525	1,428,024	1,559,473	1,056,421	1,013,023
571,481	516,018	483,014	481,247	473,107
685,915	805,161	694,464	751,679	1,224,187
8,840,345	9,201,708	9,653,650	10,317,777	10,628,079
5,774,968	3,769,071	6,927,176	7,902,932	5,654,963
854,026	809,663	797,447	810,278	842,412
6,964,646	7,426,980	8,632,568	9,802,355	9,975,167
1,577,345	1,781,400	1,831,782	1,938,922	1,749,237
9,249,176	9,896,289	9,077,198	9,230,050	9,138,394
12,100,415	13,714,898	14,779,400	14,714,540	14,975,932
4,674,804	4,697,022	4,688,615	4,548,453	4,704,812
1,155,807	1,326,400	1,564,077	1,804,846	1,725,352
171,320	130,879	124,926	67,495	72,223
6,108,573	9,397,699	9,863,723	9,341,317	9,067,113
9,229,864	9,891,881	11,560,613	12,442,492	14,390,404
169,282,532	188,888,556	204,955,131	207,610,483	208,416,520
2,807,464	3,013,294	3,048,305	2,957,657	2,727,695
55,706	85,480	96,819	74,241	95,330
7,702	13,618	6,240	3,216	3,880
9,436,410	10,687,997	11,510,662	11,545,815	7,546,609
20,279,296	35,174,765	28,693,243	6,732,775	1,848,617
32,586,578	48,975,154	43,355,269	21,313,704	12,222,131
(136,695,954)	(139,913,402)	(161,599,862)	(186,296,779)	(196,194,389)
(136,695,954)	(139,913,402)	(161,599,862)	(186,296,779)	(196,194,389)
44,417,019	55,935,944	62,911,292	63,936,956	61,263,111
4,080,174	4,100,210	3,761,480	2,571,651	34,753
14,829,187	19,336,480	21,909,025	19,325,518	15,358,825
8,492,036	8,526,614	7,950,810	7,558,751	7,470,501
90,837,458	97,639,807	100,724,798	94,316,939	108,040,457
4,284,359	9,916,074	6,493,112	(931,032)	1,732,003
1,679,554	1,529,942	2,014,386	3,760,426	2,624,192
168,619,787	196,985,071	205,764,903	190,539,209	196,523,842
168,619,787	196,985,071	205,764,903	190,539,209	196,523,842
31,923,833	57,071,669	44,165,041	4,242,430	329,453
$ 31,923,833	$ 57,071,669	$ 44,165,041	$ 4,242,430	$ 329,453

TABLE 3

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2002 (2)	June 30, 2003	June 30, 2004	June 30, 2005
Property Taxes:				
Levied for Operational Purposes	$ 30,031,952	$ 31,646,490	$ 34,919,951	$ 37,400,909
Levied for Debt Service (3)	6,309,869	5,931,239	5,704,439	5,758,154
Levied for Capital Projects	9,210,422	9,885,636	10,862,998	12,275,778
Local Sales Taxes (1)	5,209,515	5,612,001	3,538,675	2,951,467
Total	$ 50,761,758	$ 53,075,366	$ 55,026,063	$ 58,386,308

(1) Fiscal year ending June 30, 2005, the District began receiving a new 10-year local option half cent sales tax that was approved by voters on March 9, 2004.

(2) Government-wide information was not required prior to GASB 34. The District implemented GASB 34 for the fiscal year ending June 30, 2002. As a result, information is only available for the last nine years.

(3) The property tax for Debt Service steadily declined over the years because the debt service requirement also declined. In prior years, the combination of an increase in taxable property values and the decline in millage necessary to meet the debt service, reduced the amount levied for debt service. However, in 2009-2010, sufficient funds were available to meet the debt service requirement thereby eliminating the need to levy a specific debt service millage. Collections represent collections from prior years.

Source: District records

Fiscal Year Ending				
June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
$ 44,417,019	$ 55,935,944	$ 62,911,292	$ 63,936,956	$ 61,263,111
4,080,174	4,100,210	3,761,480	2,571,651	34,753
14,829,187	19,336,480	21,909,025	19,325,518	15,358,825
8,492,036	8,526,614	7,950,810	7,558,751	7,470,501
$ 71,818,416	$ 87,899,248	$ 96,532,607	$ 93,392,876	$ 84,127,190

TABLE 4

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending				
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005
General Fund					
Reserved for:					
Encumbrances	$ 1,392,464	$ 506,660	$ 419,206	$ 1,065,145	$ 781,771
State Required Carryover Programs	686,232	556,635	41	2,098,779	1,909,701
Investments in SBA Fund B Surplus Trust Fund					
Investments in Reserve Fund					
Unreserved	(1,193,343)	1,437,535	2,831,462	3,067,627	2,324,876
Total General Fund (1)	$ 885,353	$ 2,500,830	$ 3,250,709	$ 6,231,551	$ 5,016,348
All Other Governmental Funds					
Reserved for:					
Retirement of Long-Term Debt	$ 7,197,533	$ 3,845,549	$ 2,502,366	$ 3,748,139	$ 3,730,707
Encumbrances	3,675,653	3,833,315	6,671,908	13,939,492	8,704,357
Investments in SBA Fund B Surplus Trust Fund					
Investments in Reserve Fund					
Unreserved Reported in:					
Debt Service Fund					
Special Revenue Funds	7,674	2,029	234,589	464,513	404,661
Capital Projects Funds	33,072,007	21,521,551	10,237,560	36,645,445	19,307,377
Total All Other Governmental Funds (2)	$ 43,952,867	$ 29,202,444	$ 19,646,423	$ 54,797,589	$ 32,147,102
Total Combined All Governmental funds	$ 44,838,220	$ 31,703,274	$ 22,897,132	$ 61,029,140	$ 37,163,450

(1) The deficit unreserved fund balance in the fiscal year ending June 30, 2001, occurred as a result of amounts paid from the General Fund to the Internal Service Fund to cover operating losses incurred in the self insurance program for employee group health benefits. The Internal Service Fund was closed.

(2) The fluctuations in total fund balances are primarily due to the timing of debt issues. The District issued $30,000,000 in Certificates of Participation, Series 2003 in December 2003; $106,670,000 in Certificates of Participation, Series 2005 in January 2006; and $45,000,000 in Sales Tax Revenue Bonds in November 2006.

Source: District records

TABLE 4 (Continued)

Fiscal Year Ending					
June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
$ 1,031,540	$ 883,158	$ 1,184,377	$ 479,015	$ 1,145,289
299,284	545,805	916,698	557,545	1,879,554
		909,931	403,870	456,996
			848,750	1,940
4,486,489	5,997,852	5,106,851	9,808,942	15,462,967
$ 5,817,313	$ 7,426,815	$ 8,117,857	$ 12,098,122	$ 18,946,746
$ 3,835,483	$ 8,687,125	$ 16,938,523	$ 9,659,154	$ 7,353,466
12,571,551	37,123,715	30,871,082	40,794,780	33,780,593
		6,085,587	2,701,072	2,700,331
			6,284,335	976,916
	706,594	3,693,939		
671,320	999,994	1,103,112	585,610	1,173,676
132,587,970	142,586,308	136,957,528	90,640,599	55,971,482
$ 149,666,324	$ 190,103,736	$ 195,649,771	$ 150,665,550	$ 101,956,464
$ 155,483,637	$ 197,530,551	$ 203,767,628	$ 162,763,672	$ 120,903,210

TABLE 5

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
SUMMARY OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending				
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005
Federal Direct Sources:					
Reserve Officers Training Corps (ROTC)	$ 96,081	$ 172,203	$ 180,021	$ 157,898	$ 228,039
Miscellaneous Federal Direct	75,096	65,111	60,322	55,459	16,752
Total Federal Direct	171,177	237,314	240,343	213,357	244,791
Federal Through State and Local Sources:					
Food Service	2,363,023	2,581,779	2,816,558	3,088,226	3,350,811
Donated Foods and Cash in Lieu of	293,159	251,342	288,849	286,870	356,757
Other Federal Through State and Local Grants	6,708,928	7,865,718	7,637,686	9,709,645	10,418,952
Total Federal Through State and Local Sources	9,365,110	10,698,839	10,743,093	13,084,741	14,126,520
State Sources:					
Florida Education Finance Program (FEFP)	45,161,425	43,529,691	48,404,572	52,610,070	55,944,824
Other Categoricals	3,817,014	4,533,416	2,784,691	2,943,558	3,160,462
Class Size Reduction				3,245,075	6,763,734
Transportation	4,365,486	4,570,136	4,857,467	4,648,751	5,080,776
District Discretionary Lottery Funds	1,240,147	1,524,133	1,680,940	1,864,105	1,651,846
Motor Vehicle License Tax (Capital Outlay and Debt Service)	658,277	678,608	708,310	766,737	798,351
Gross Receipts Tax (Public Education Capital Outlay)	1,706,461		4,876,882	2,111,260	1,238,939
Classrooms First Program					
Class Size Reduction Construction				6,152,470	1,687,538
Food Services	89,176	92,359	95,054	102,119	97,240
Other State Sources and State Grants	1,293,520	1,332,232	1,227,268	1,021,932	1,322,581
Total State Sources	58,331,506	56,260,575	64,635,184	75,466,077	77,746,291
Local Sources:					
Ad Valorem Taxes	42,574,336	45,552,243	47,463,365	51,487,388	55,434,841
Food Services Sales	1,944,645	2,102,301	2,179,190	2,442,376	2,544,580
Sales Taxes	4,938,234	5,209,515	5,612,001	3,538,675	2,951,467
Impact Fees	1,822,732	3,106,870	3,892,227	6,694,008	7,740,186
Investment Income	2,320,053	1,212,916	480,786	307,675	1,296,207
Local Grants and Other Local Sources	1,301,726	1,855,186	1,308,460	1,569,502	1,874,648
Total Local Sources	54,901,726	59,039,031	60,936,029	66,039,624	71,841,929
Total Revenues	122,769,519	126,235,759	136,554,649	154,803,799	163,959,531
Expenditures:					
Current:					
Instruction	52,922,421	56,192,807	58,836,875	64,053,983	74,927,102
Pupil Personnel Services	5,397,951	5,694,456	6,235,160	6,630,666	7,385,145
Instructional Media	1,525,643	1,630,348	1,722,903	1,807,766	1,779,262
Instruction & Curriculum Development Services	2,441,138	2,416,742	2,237,724	3,259,098	3,288,245
Instructional Staff Training Services	631,183	1,209,497	1,735,889	2,702,879	2,364,738
Instruction Related Technology					
Board of Education	319,899	319,968	319,389	371,061	441,523
General Administration	639,886	649,270	685,372	744,088	811,442
School Administration	6,328,835	6,285,053	6,765,370	7,258,960	8,093,609
Facility Services - Non-Capitalized	451,485	385,731	479,781	435,706	4,831,113
Fiscal Services	701,067	725,275	708,177	912,184	1,177,758
Food Services	4,828,967	5,076,057	5,139,571	5,738,829	6,256,207
Central Services	2,107,377	2,323,147	2,675,469	2,658,971	2,643,330
Pupil Transportation Services	6,129,643	6,235,465	6,652,088	7,068,084	7,848,361
Operation of Plant	6,782,251	6,950,653	7,237,987	8,307,803	9,898,179
Maintenance of Plant	3,745,762	3,341,889	4,692,395	3,755,918	4,322,799
Administrative Technology Services					
Community Services	369,537	404,759	426,046	459,304	250,269
Fixed Capital Outlay					
Facilities Acquisition & Construction	8,564,274	24,903,036	27,348,460	18,911,843	42,076,275
Other Capital Outlay	1,276,933	3,455,928	758,909	1,064,169	556,484
Debt Service					
Principal	6,048,306	7,224,594	6,705,812	7,192,766	8,657,896
Interest	4,624,929	4,325,975	4,070,370	4,361,204	4,176,455
Dues and Fees	249,058	163,578	211,980	142,346	143,610
Total Expenditures	116,086,545	139,914,228	145,645,727	147,837,628	191,929,802
Excess (Deficiency) of Revenues over Expenditures	6,682,974	(13,678,469)	(9,091,078)	6,966,171	(27,970,271)
Other Financing Sources (Uses):					
Refunding Note Payable Issued					
Refunding Bonds Issued					
Premium on Refunding Bonds					
Sale of Bonds	3,233,611		16,550,000	670,000	1,005,000
Insurance Loss Recoveries	46,571	81,899	84,527	77,823	98,508
Certificates of Participation				37,175,000	
Payments to Refunding Bonds Escrow Agent	(1,889,929)		(16,452,600)	(7,443,958)	
Payment to Refund Note Payable					
Premium on Long Term Debt Issued			103,009	337,374	21,039
Discount on Long Term Debt Issued				(6,686)	
Inception of Capital Leases		2,395,573		356,284	2,582,741
Proceeds from Sale of Capital Assets	445,830				397,293
Transfers In	7,486,808	13,711,051	12,261,024	9,199,022	8,695,325
Transfers Out	(9,928,564)	(15,646,472)	(12,261,024)	(9,199,022)	(8,695,325)
Total Other Financing Sources (Uses)	(605,673)	542,051	284,936	31,165,837	4,104,581
Net Change in Fund Balance	6,077,301	(13,136,418)	(8,806,142)	38,132,008	(23,865,690)
Debt Service as a percentage of noncapital expenditures	10.0%	10.4%	9.2%	9.0%	8.6%
Beginning Fund Balance	38,760,920	44,838,221	31,703,274	22,897,132	61,029,140
Adjustments to Fund Balance		1,471			
Ending Fund Balance	$ 44,838,221	$ 31,703,274	$ 22,897,132	$ 61,029,140	$ 37,163,450

Source: District records

Fiscal Year Ending				
June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
$ 196,832	$ 208,251	$ 162,034	$ 260,685	$ 217,776
			455,475	123,106
196,832	208,251	162,034	716,160	340,882
3,882,765	4,177,343	5,343,737	6,278,739	7,289,956
352,824	436,799			
11,464,799	10,466,907	11,183,726	11,197,717	24,122,698
15,700,388	15,081,049	16,527,463	17,476,456	31,412,654
59,094,920	63,346,022	60,785,801	53,730,728	53,387,105
3,366,443	2,761,577	2,764,163	4,065,892	
11,525,626	17,019,169	21,980,256	22,839,350	24,105,224
5,102,187	5,975,878	6,061,757	5,122,307	5,005,490
1,912,792	1,949,968	1,970,029	545,122	62,403
850,094	888,962	895,482	884,388	1,069,152
4,667,215	5,984,938	8,523,072	4,537,560	319,256
1,641,946	23,205,539	16,756,747		
98,634	100,290	105,168	143,886	133,173
1,112,269	1,890,826	1,905,803	1,231,802	1,186,744
89,372,126	123,123,169	121,748,278	93,101,035	85,268,547
63,326,380	79,372,634	88,581,797	85,834,125	76,656,689
2,818,508	3,030,322	3,048,305	2,957,657	2,727,695
8,492,036	8,526,614	7,950,810	7,558,751	7,470,501
15,283,818	5,090,100	2,490,928	1,301,878	413,600
4,284,359	9,916,074	6,493,112	(931,032)	1,732,003
1,381,236	1,396,269	1,792,548	2,973,128	2,594,348
95,586,337	107,332,013	110,357,500	99,694,507	91,594,836
200,855,683	245,744,482	248,795,275	210,988,158	208,616,919
83,887,361	97,690,359	102,447,519	101,380,908	101,243,638
8,138,977	8,649,355	9,175,754	9,484,456	10,345,671
1,923,339	2,087,854	2,184,830	2,352,336	2,218,152
3,727,170	3,566,349	3,562,404	3,388,001	3,480,918
1,846,852	1,786,532	2,895,189	3,158,549	3,315,294
1,462,158	1,424,538	1,541,064	1,041,472	1,000,352
569,779	514,758	479,387	477,287	470,756
683,911	803,195	690,566	747,894	1,221,328
8,814,025	9,179,242	9,543,008	10,202,828	10,547,741
5,796,038	3,778,561	6,911,177	8,129,034	5,585,133
851,484	807,686	790,765	803,075	837,880
6,940,272	7,405,207	8,469,157	9,754,764	9,812,031
1,557,239	1,760,556	1,798,695	1,898,484	1,720,285
8,102,138	8,521,112	8,892,943	9,020,767	8,972,334
12,059,274	13,676,296	14,506,048	14,398,158	14,726,793
4,548,953	4,572,314	4,603,035	4,450,916	4,627,275
1,148,864	1,319,658	1,537,591	1,769,627	1,699,381
170,810	130,559	124,329	67,009	71,956
20,706,823	59,032,314	37,472,530	40,894,834	44,704,012
2,713,418	4,439,330	2,914,648	11,624,051	2,214,117
7,309,954	8,148,145	13,025,474	15,849,019	12,755,702
6,024,319	9,208,025	9,674,887	9,160,593	8,912,777
1,613,414	966,924	107,148	99,036	47,979
190,596,572	249,468,869	243,348,148	260,153,098	250,531,505
10,259,111	(3,724,387)	5,447,127	(49,164,940)	(41,914,586)
	14,419,695			
				370,000
				32,698
3,885,000	45,000,000			
154,713	76,537	789,950	162,664	50,764
106,670,000				
(4,248,548)				(399,338)
	(13,730,235)			
1,599,911	5,304			
			7,998,320	
10,897,065	17,249,400	28,808,674	17,844,559	22,498,420
(10,897,065)	(17,249,400)	(28,808,674)	(17,844,559)	(22,498,420)
108,061,076	45,771,301	789,950	8,160,984	54,124
118,320,187	42,046,914	6,237,077	(41,003,956)	(41,860,462)
8.0%	9.3%	11.2%	12.0%	10.6%
37,163,450	155,483,637	197,530,551	203,767,628	162,763,672
$ 155,483,637	$ 197,530,551	$ 203,767,628	$ 162,763,672	$ 120,903,210

TABLE 6

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
GENERAL GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year	Property Tax			Sales Tax	Total
	General Fund	Debt Service Funds	Capital Projects Funds	Capital Projects Funds	Governmental Activities
2009-2010	$ 61,263,111	$ 34,753	$ 15,358,825	$ 7,470,501	$ 84,127,190
2008-2009	63,936,956	2,571,651	19,325,518	7,558,751	93,392,876
2007-2008	62,911,292	3,761,480	21,909,025	7,950,810	96,532,607
2006-2007	55,935,944	4,100,210	19,336,480	8,526,614	87,899,248
2005-2006	44,417,019	4,080,174	14,829,187	8,492,036	71,818,416
2004-2005	37,400,909	5,758,154	12,275,778	2,951,467	58,386,308
2003-2004	34,919,951	5,704,439	10,862,998	3,538,675	55,026,063
2002-2003	31,646,490	5,931,239	9,885,636	5,612,001	53,075,366
2001-2002	30,031,952	6,309,869	9,210,422	5,209,515	50,761,758
2000-2001	27,973,978	6,272,955	8,327,403	4,938,234	47,512,570

Note: The District's first local option half-cent sales tax (5-Years) approved by the voters on November 3, 1998, began January 1, 1999, and ended December 31, 2003. The District's second local option half-cent sales tax (10-Years) approved by the voters on March 9, 2004, began January 1, 2005, and will end December 31, 2014.

Source: District records

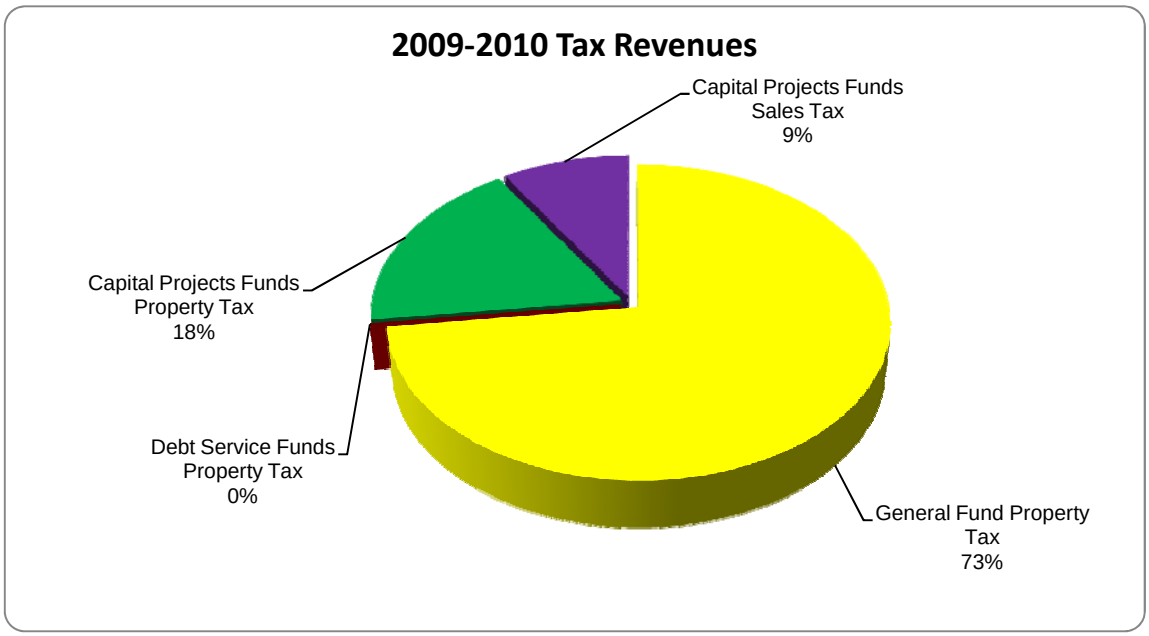


TABLE 7

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
FAIR MARKET VALUE, ASSESSED VALUE, AND TAXABLE VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)
(Unaudited)

	Fair Market Value (1)		Assessed Value (2)		Exemptions (3)		Taxable Value (4)					
Fiscal Year	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property	Centrally Assessed (5)	Total	Ratio of Taxable Value to Assessed Value	Base Millage Rate (6)
2009-2010	13,488,242	1,427,069	12,000,601	1,407,365	3,750,459	338,718	8,250,143	1,068,647	6,924	9,325,714	69.55%	14.2087
2008-2009	15,814,704	1,185,739	13,343,105	1,166,907	3,925,188	326,035	9,417,917	840,872	6,399	10,265,188	70.75%	14.5087
2007-2008	16,513,236	1,105,701	13,238,586	1,085,763	2,695,549	244,027	10,543,037	841,735	13,699	11,398,471	79.57%	14.7947
2006-2007	14,737,836	961,199	11,719,661	942,889	2,566,896	177,754	9,152,765	765,134	6,506	9,924,405	78.38%	16.4216
2005-2006	11,004,597	959,181	9,098,120	939,176	2,193,314	182,425	6,904,806	756,751	6,579	7,668,136	76.40%	17.2466
2004-2005	8,743,878	916,509	7,586,704	897,250	1,986,023	170,782	5,600,681	726,468	10,866	6,338,015	74.71%	17.8014
2003-2004	7,641,536	884,094	6,775,696	865,572	1,855,518	146,051	4,920,178	719,520	9,336	5,649,034	73.93%	18.2184
2002-2003	6,820,855	834,869	6,157,920	825,614	1,733,380	136,897	4,424,540	688,717	5,842	5,119,099	73.30%	18.4034
2001-2002	6,245,810	786,021	5,756,231	776,766	1,673,206	132,039	4,083,025	644,727	5,636	4,733,388	72.45%	18.7294
2000-2001	5,560,463	748,162	5,264,030	738,908	1,576,882	134,043	3,687,148	604,864	6,310	4,298,322	71.60%	19.0184

(1) Fair Market Value of property is amount it could sell for in a competitive open market, assuming that the buyer and seller both acted knowledgeably and without duress.

(2) Assessed value of property is different than fair market value for those properties that have assessment limitations on them, such as the Save Our Homes (SOH) limitation, "greenbelt" for properties which have an agricultural use classification, and pollution control devices.

(3) There are a number of property tax exemptions which include, but are not limited to; homestead, widow/widowers, blind, disabled, veterans, government, and institutional.

(4) Taxable value of property is the resulting value after all applicable exemptions have been deducted from the assessed value of the property. The taxable value is what the millage rates are applied to develop the ad valorem property tax. The 2009 Values based on Final Certification dated October 2, 2009. All other years based on Re-Certification values after the Value Adjustment Board.

(5) Centrally assessed property are the railroad tracks and train cars which cross county lines and are assessed by the Florida Department of Revenue, who provides the assessed values to the respective Property Appraiser.

(6) Base Millage Rate comprised of Total County, Total School and Southwest Florida Management District countywide levy. Specific basins, special ad valorem districts, and municipalities are not included. See calculation of base millage rate on Table 8 page 102.

Source: Hernando County Property Appraiser

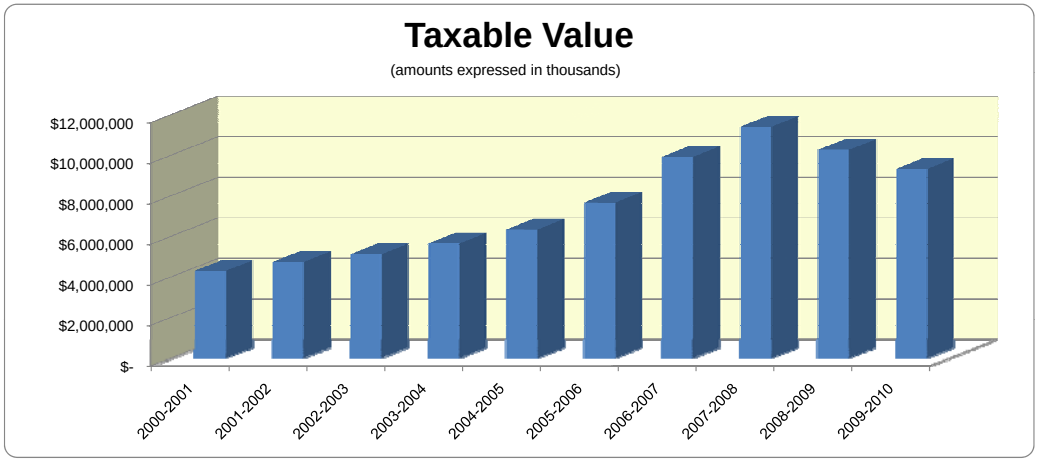


TABLE 8

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY. FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(per $1,000 Assessed Valuation)
(Unaudited)

	Fiscal Year Ending				
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005
District Direct Rates:					
District School Board:					
Local Required Effort	5.9810	5.8170	5.6680	5.6410	5.3450
Discretionary Local	0.5100	0.5100	0.5100	0.5100	0.5100
Supplemental Discretionary	0.2060	0.1910	0.1890	0.1790	0.1710
Voted Debt Service	1.4790	1.3690	1.1940	1.0460	0.9330
Local Capital Improvement	2.0000	2.0000	2.0000	2.0000	2.0000
Total District School Board Direct Rates	10.1760	9.8870	9.5610	9.3760	8.9590
Overlapping Rates:					
Other Hernando County:					
General Fund	7.3498	7.3498	7.3498	7.3498	7.3498
Public Health	0.1306	0.1306	0.1306	0.1306	0.1306
Road & Bridge	0.8400	0.8400	0.8400	0.8400	0.8400
Recreation/Sensitive Lands	0.1000	0.1000	0.1000	0.1000	0.1000
Special Ad Valorem Districts	5.7500	5.7500	6.3200	3.4390	3.5050
Total Other Hernando County Rates	14.1704	14.1704	14.7404	11.8594	11.9254
Southwest Florida Water Management Districts (SWFWMD):					
SWFWMD County Wide	0.4220	0.4220	0.4220	0.4220	0.4220
Hillsborough Basin	0.2850	0.2850	0.2850	0.2850	
Withlacoochee Basin	0.2980	0.2980	0.2650	0.2650	0.2650
Coastal Basin	0.2350	0.2350	0.2350	0.2350	0.2350
Total Southwest Florida Water Management Districts	1.2400	1.2400	1.2070	1.2070	0.9220
Municipalities:					
City of Brooksville	8.0000	8.0000	8.0000	8.0000	7.8700
City of Weeki Wachee	1.1500	1.1500	1.1500	2.5500	2.5500
Total Municipalities	9.1500	9.1500	9.1500	10.5500	10.4200
Total Overlapping Rates (1)	24.5604	24.5604	25.0974	23.6164	23.2674
Base Millage Rate (2)	19.0184	18.7294	18.4034	18.2184	17.8014

Source: Hernando County Property Appraiser

(1) Total Overlapping Rates comprised of Total Other Hernando County Rates, Total Southwest Florida Water Management Districts, and Total Municipalities.

(2) Base Millage Rate comprised of Total County, Total School, and Southwest Florida Management District Countywide levy. It excludes specific basins, special ad valorem districts, and municipalities. See Table 7 for use of Base Millage Rate on page 101.

TABLE 8 (Continued)

Fiscal Year Ending				
June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
5.2070	5.0100	4.9960	5.0860	5.2310
0.5100	0.5100	0.5100	0.4980	0.7480
0.2500	0.2470	0.2160	0.2130	0.0000
0.5470	0.4220	0.3430	0.2320	0.0000
2.0000	2.0000	2.0000	1.7500	1.5000
8.5140	8.1890	8.0650	7.7790	7.4790
7.2400	6.7400	5.4394	5.4394	5.4394
0.1306	0.1306	0.1102	0.1102	0.1102
0.8400	0.8400	0.7091	0.7091	0.7091
0.1000	0.1000	0.0844	0.0844	0.0844
3.4550	3.3550	2.9664	2.9423	2.9423
11.7656	11.1656	9.3095	9.2854	9.2854
0.4200	0.4220	0.3866	0.3866	0.3866
0.2650	0.2650	0.2308	0.2308	0.2308
0.2350	0.2050	0.1885	0.1885	0.1885
0.9200	0.8920	0.8059	0.8059	0.8059
7.5000	7.5000	6.3230	6.0690	6.0690
2.4856	2.3898	2.1744	2.1173	2.5769
9.9856	9.8898	8.4974	8.1863	8.6459
22.6712	21.9474	18.6128	18.2776	18.7372
17.2446	16.4216	14.7947	14.5087	14.2087

TABLE 9

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	2009-2010				2000-2001			
Taxpayer	Type of Business	Taxable Value	Rank	Percent of Taxable Value (1)	Type of Business	Taxable Value	Rank	Percent of Taxable Value (1)
Cemex, Inc.	Cement Manufacturing	$315,952,537	1	3.39%	Cement Manufacturing	$88,817,528	1	2.07%
Withlacoochee River Electric Co-op	Public Utility	154,369,743	2	1.66%	Public Utility	86,634,065	2	2.02%
Wal-Mart Stores, Inc.	Retail Sales	130,615,189	3	1.40%	Retail Sales	31,892,561	5	0.74%
AT&T Florida	Telecommunications	59,420,030	4	0.64%	Telecommunications	51,162,177	3	1.19%
HCA Health Services of Florida, Inc.	Hospital/ Health Care	56,843,409	5	0.61%	Hospital/ Health Care	30,125,488	6	0.70%
Progress Energy (Florida Power Corporation)	Public Utility	40,584,967	6	0.44%	Public Utility	29,900,000	7	0.70%
Bright House Networks	Cable Utility	32,435,326	7	0.35%				
Hampton Ridge Development	Real Estate	30,392,562	8	0.33%				
Hernando HMA	Hospital & Health Care	27,327,008	9	0.29%				
Florida Crushed Stone Corporation	Rock Mining	23,607,854	10	0.25%				
Central Power & Lime Inc.					Cement Manufacturing	34,260,392	4	0.80%
Wal-Mart Stores East LP					Retail Sales	26,679,032	8	0.62%
Hernando County Water & Sewer					Public Utility	15,601,348	9	0.36%
Oak Hill Community Hospital Columbia/HCA					Hospital/ Health Care	14,798,259	10	0.34%

(1) Percentage of Taxable Value to County Total Taxable Value. Total Taxable Value can be found on Table 7 page 101 of this report.

Source: Hernando County Property Appraiser

TABLE 10

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

		Collected to End of Tax Year			Collected in Fiscal Year	
Fiscal Year	Total Tax Levy	Current Tax Collections (1)	Percent of Levy	Delinquent Collections (1)	Total Collections (1)	Percent of Levy
2009-2010	$ 78,787,235	$ 75,774,531	96.18%	$ 882,158	$ 76,656,689	97.30%
2008-2009	89,340,049	85,566,159	95.78%	267,966	85,834,125	96.08%
2007-2008	92,033,622	88,415,644	96.07%	166,153	88,581,797	96.25%
2006-2007	81,382,516	79,349,039	97.50%	23,595	79,372,634	97.53%
2005-2006	65,368,562	63,250,756	96.76%	75,624	63,326,380	96.88%
2004-2005	56,824,659	55,256,318	97.24%	178,523	55,434,841	97.55%
2003-2004	53,032,096	51,343,843	96.82%	143,545	51,487,388	97.09%
2002-2003	48,976,597	47,378,486	96.74%	84,879	47,463,365	96.91%
2001-2002	46,877,343	45,378,995	96.80%	173,248	45,552,243	97.17%
2000-2001	43,802,567	42,474,967	96.97%	122,459	42,597,426	97.25%

(1) Net of allowable discounts

Note: Property Taxes become due and are payable between November 1st of the year assessed and March 31st of the following year. A four percent (4%) discount is allowed if the taxes are paid in November, with the discount declining by one percent (1%) each month thereafter. Accordingly, taxes collected will never equal 100% of the tax levy. Taxes become delinquent on April 1st of each tax year and tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1st of each Accordingly, the majority of taxes are collected in the fiscal year levied.

Source: Hernando County Tax Collector

TABLE 11

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

	Governmental Activities (1)									
Fiscal Year	General Obligation Bonds	State Board of Education Bonds	Certificates of Participation	District Revenue Bonds	Sales Tax Revenue Bonds	Notes	Capital Leases	Total Primary Government	Per Capita (2)	Percentage of Per Capita Income (2)
2009-2010	$	$ 5,117,145	$ 141,343,121	$ 2,725,000	$ 29,902,947	$ 11,454,297	$ 4,539,955	$ 195,082,465	$ 1,177	Not Available
2008-2009	805,000	5,576,805	144,468,846	2,795,000	35,273,537	12,406,134	6,585,904	207,911,226	1,260	4.32%
2007-2008	4,555,000	6,015,895	147,479,571	2,860,000	40,439,126	13,322,390	1,160,347	215,832,329	1,309	4.66%
2006-2007	8,180,000	6,449,985	150,380,296	2,925,000	45,004,715	14,204,395	1,783,816	228,928,207	1,411	5.10%
2005-2006	11,675,000	6,864,075	153,176,021	2,985,000		14,235,885	2,516,010	191,451,991	1,219	4.62%
2004-2005	15,045,000	7,050,000	47,420,000	3,045,000		14,848,167	3,303,682	90,711,849	602	2.35%
2003-2004	19,970,000	6,370,000	49,450,000	3,105,000		15,392,057	1,676,409	95,963,466	661	2.66%
2002-2003	24,685,000	5,995,000	20,620,000	3,160,000		15,872,047	1,722,900	72,054,947	512	2.08%
2001-2002	28,460,000	6,255,000	22,340,000	3,215,000		16,292,347	2,010,280	78,572,627	576	2.39%
2000-2001	32,430,000	6,500,000	24,910,000	3,290,000		16,656,942		83,786,942	631	2.69%

Note: The primary government does not have any outstanding debt for business-type activities.

Source:
(1) District Records
(2) Total Primary Government Debt divided by Population and Per Capita Income from Page 114

TABLE 12

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2010
(Unaudited)

Jurisdiction	Other Debt Outstanding	Direct Debt: Percentage Applicable to School Board of Hernando County	Direct Debt: Amount Applicable to School Board of Hernando County	Direct and Overlapping Debt (1): Percentage Applicable To Hernando County	Direct and Overlapping Debt (1): Amount Applicable To Hernando County
Hernando County Board of County Commissioners					
Gas Tax Bonds, Series 2002	$ 3,080,000			100.00%	$ 3,080,000
Capital Improvement Bonds, Series 2002	13,830,000			100.00%	13,830,000
Capital Improvement Bonds, Series 2004	20,195,000			100.00%	20,195,000
Capital Improvement Bonds, Series 1998	6,075,000			100.00%	6,075,000
District School Board of Hernando County					
1997 Certificates of Participation	3,520,000	100.00%	$ 3,520,000	100.00%	3,520,000
2003A Certificates of Participation	30,000,000	100.00%	30,000,000	100.00%	30,000,000
2003B Certificates of Participation	2,575,000	100.00%	2,575,000	100.00%	2,575,000
2005 Certificates of Participation	104,230,000	100.00%	104,230,000	100.00%	104,230,000
Totals	$ 183,505,000		$ 140,325,000		$ 183,505,000

Source: District Records and Hernando County, Florida Comprehensive Annual Financial Report

(1) Overlapping governments are those whose geographic are coincides at least in part with the area of the District.

TABLE 13

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
CALCULATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(amounts expressed in thousands)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004
Taxable Value (1)	$ 4,298,323	$ 4,733,389	$ 5,119,099	$ 5,649,034
Debt Limit - 10% of Taxable Value	$ 429,832	$ 473,339	$ 511,910	$ 564,903
Amount of Debt Applicable to the Debt Limit:				
General Obligation Bonds Payable	$ 32,430	$ 28,460	$ 24,685	$ 19,970
Less, Amount Available for Debt Service	6,335	3,469	2,133	2,161
Total Debt Applicable to the Debt Limit	$ 26,095	$ 24,991	$ 22,552	$ 17,809
Legal Debt Margin	$ 403,737	$ 448,348	$ 489,358	$ 547,094
Total Debt Applicable to the Debt Limit as a Percentage of the Debt Limit	6.07%	5.28%	4.41%	3.15%

(1) Provided by Hernando County Property Appraiser. The 2009 Taxable Value based on Final Certification dated October 2, 2009. All other years based on re-certification values after Value Adjustment Board.

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

Source: District Records

TABLE 13 (Continued)

Fiscal Year Ending					
June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
$ 6,338,015	$ 7,668,136	$ 9,924,406	$ 11,398,471	$ 10,265,188	$ 9,325,714
$ 633,802	$ 766,814	$ 992,441	$ 1,139,847	$ 1,026,519	$ 932,571
$ 15,045	$ 11,675	$ 8,180	$ 4,555	$ 805	$
2,253	2,451	2,712	2,572	805	
$ 12,792	$ 9,224	$ 5,468	$ 1,983	$	$
$ 621,010	$ 757,590	$ 986,973	$ 1,137,864	$ 1,026,519	$ 932,571
2.02%	1.20%	0.55%	0.17%	0.00%	0.00%

TABLE 14

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Population (1)	Taxable Value	Gross General Bonded Debt (2)	Less Debt Service Funds (3)	Net General Bonded Debt	Ratio of Net General Bonded Debt to Taxable Value	Per Capita
2009-2010	165,802	$ 9,325,713,565	$ -	$ -	$ -	0.00%	$ -
2008-2009	165,048	10,265,186,925	805,000	805,000	-	0.00%	-
2007-2008	164,907	11,398,471,460	4,555,000	2,572,995	1,982,005	0.02%	12
2006-2007	162,193	9,924,406,058	8,180,000	2,712,042	5,467,958	0.06%	34
2005-2006	157,006	7,668,136,229	11,675,000	2,451,002	9,223,998	0.12%	59
2004-2005	150,784	6,338,015,172	15,045,000	2,253,294	12,791,706	0.20%	85
2003-2004	145,207	5,649,033,706	19,970,000	2,161,041	17,808,959	0.32%	123
2002-2003	140,670	5,119,098,942	24,685,000	2,133,423	22,551,577	0.44%	160
2001-2002	136,484	4,733,388,623	28,460,000	3,469,206	24,990,794	0.53%	183
2000-2001	132,762	4,298,322,792	32,430,000	6,335,309	26,094,691	0.61%	197

(1) Hernando County Monthly Demographics Update Summary - through September 30, 2010
(2) Includes General Obligation Bonds only
(3) Reserved for Debt Service - General Obligation Bonds only
(4) Population and Per Capita amounts for the prior fiscal years were adjusted to reflect actual statistics from the Hernando County Monthly Demographics Update Summary - through September 30, 2010

Source: District records

TABLE 15

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENT EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Principal	Interest and Dues & Fees	Total Debt Service	Total General Governmental Noncapital Expenditures	Ratio of Debt Service to General Governmental Noncapital Expenditures
2009-2010	$ 805,000	$ 44,680	$ 849,680	$ 203,613,376	0.42%
2008-2009	3,750,000	188,482	3,938,482	207,634,213	1.90%
2007-2008	3,625,000	341,835	3,966,835	202,960,970	1.95%
2006-2007	3,495,000	474,718	3,969,718	185,997,225	2.13%
2005-2006	3,370,000	590,811	3,960,811	167,176,331	2.37%
2004-2005	4,925,000	778,146	5,703,146	149,297,043	3.82%
2003-2004	4,715,000	979,259	5,694,259	127,861,616	4.45%
2002-2003	4,195,000	1,571,061	5,766,061	117,538,358	4.91%
2001-2002	3,970,000	1,928,557	5,898,557	111,555,264	5.29%
2000-2001	3,745,000	2,137,006	5,882,006	106,245,339	5.54%

Source: District records

TABLE 16

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY
REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Taxable Value	Annual Lease Payment	Millage Levy to Provide 1.00x Coverage (1)
2009-2010	$ 9,325,713,565	$ 9,663,103	1.091 Mills
2008-2009	10,265,186,925	9,666,783	0.991 Mills
2007-2008	11,398,471,460	9,666,888	0.893 Mills
2006-2007	9,924,406,058	9,663,318	1.025 Mills
2005-2006	7,668,136,229	6,285,991	0.863 Mills
2004-2005	6,338,015,172	4,154,546	0.690 Mills
2003-2004	5,649,033,706	3,783,647	0.705 Mills
2002-2003	5,119,098,942	2,845,460	0.585 Mills
2001-2002	4,733,388,623	3,813,543	0.848 Mills
2000-2001	4,298,322,792	2,819,639	0.691 Mills

(1) Millage rate calculated using 95% of the taxable value

Note: Capital lease arrangements financed by Certificates of Participation are not considered general obligation debt as no specific property tax levy has been pledged

Source: District records

TABLE 17

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
ANTICIPATED SALES TAX REVENUE COLLECTIONS
REQUIRED TO COVER SALES TAX REVENUE BOND PAYMENTS
LAST SIX FISCAL YEARS
(Unaudited)

Fiscal Year	10-Year Sales Tax Revenue (1)	Principal	Interest and Dues & Fees	Annual Debt Service on Sales Tax Revenue Bonds	Sales Tax Revenue Coverage (2)
2009-2010	$ 7,470,501	$ 5,370,000	$ 1,187,265	$ 6,557,265	1.14
2008-2009	7,558,751	5,165,000	1,384,540	6,549,540	1.15
2007-2008	7,950,810	4,565,000	1,579,110	6,144,110	1.29
2006-2007	8,526,614		1,223,342	1,223,342	6.97
2005-2006	8,492,036				
2004-2005	2,951,467				

(1) Collections on the District's second local option half-cent sales tax (10-Years) approved by the voters on March 9, 2004, began January 1, 2005 and will end December 31, 2014. The District issued $45,000,000 in Sales Tax Revenue Bonds on November 1, 2006.

(2) Sales Tax Revenue Collections divided by the debt service on the Sales Tax Revenue Bonds.

Source: District records

TABLE 18

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
COUNTY-WIDE DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Population (1)	Personal Income (2)	Per Capita Income (2)	Public School Enrollment (3)
2009-2010	165,802	Not Available	Not Available	23,296
2008-2009	165,048	$ 4,810,819	$ 29,148	23,454
2007-2008	164,907	4,627,950	28,064	23,172
2006-2007	162,193	4,488,367	27,673	23,227
2005-2006	157,006	4,138,678	26,360	22,333
2004-2005	150,784	3,857,356	25,582	21,272
2003-2004	145,207	3,610,717	24,866	20,290
2002-2003	140,670	3,462,451	24,614	19,082
2001-2002	136,484	3,292,949	24,127	18,469
2000-2001	132,762	3,118,447	23,489	17,410

Source:
(1) Hernando County Monthly Demographics Update Summary - through September 30, 2010
(2) U. S. Census Bureau. Per Capita Income and Personal Income data for Tax Year 2009 was not available. Personal Income was calculated by multiplying the Estimated Population and Per Capita Income. Personal Income stated in thousands.
(3) District Records
(4) Florida Agency for Workforce Innovation - Labor Market Statistics
(5) Bureau of Economic and Business Research, University of Florida
(6) Hernando County Planning Department
(7) Population and Per Capita amounts for the prior fiscal years were adjusted to reflect actual statistics from the Hernando County Monthly Demographics Update Summary - through September 30, 2010

TABLE 18 (Continued)

Percentage of Students on Free and Reduced Lunch (3)	Labor Force (4)	Unemployment Rate % (4)	Median Age (5)	Citizens With a Bachelor's Degree (6)
59.5%	64,364	15.0%	50.7	12.7%
54.1%	63,228	13.1%	50.0	12.7%
47.1%	64,694	7.5%	45.3	12.7%
42.7%	62,107	5.4%	46.6	10.5%
41.0%	56,262	4.1%	46.6	10.5%
43.3%	54,301	4.9%	49.7	8.2%
46.3%	52,275	5.3%	49.6	8.2%
45.4%	52,168	5.4%	50.4	8.2%
42.4%	51,526	4.1%	49.5	8.2%
40.1%	49,989	3.5%	49.5	6.3%

TABLE 19

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
NON-RETAIL, NON-GOVERNMENT
LAST FIVE FISCAL YEARS
(Unaudited)

	2009-2010			2008-2009		2007-2008	
Employer / Type of Business	Number of Employees	Rank	% (1)	Number of Employees	Rank	Number of Employees	Rank
Wal-Mart Distribution Center Distribution Center	1,200	1	1.9%	1,200	1	1,200	1
Hernando Healthcare Healthcare	1,032	2	1.6%	763	3	763	3
Oak Hill Hospital Healthcare	947	3	1.5%	850	2	850	2
Rinker Materials/FCS Mining and Cement	300	4	0.5%	300	7		
Cemex, Inc. Cement Manufacturer	264	5	0.4%	426	4	426	4
Accuform, Inc. Manufacturer	245	6	0.4%	225	9	225	8
Sparton Electronics Manufacturer	225	7	0.3%	325	5	325	5
Hernando Pasco Hospice Healthcare	207	8	0.3%	300	8	300	7
Evergreen Woods, Inc. Residential Care	160	9	0.2%	160	10	160	9
Commercial Carrier Corporation Transportation	145	10	0.2%			145	10
Sun Trust Banking	135	11	0.2%	308	6	308	6
Gale Insulation Residential & Commercial Contractor							
Total	4,860		7.5%	4,857		4,702	

Information not available for years prior to Fiscal Year 2005-2006

(1) Percentage shown represents the number of employees as a percent of Hernando County's total labor force of 64,364.

Source: Hernando County Office of Business Development

TABLE 19 (Continued)

2006-2007		2005-2006	
Number of Employees	Rank	Number of Employees	Rank
1,600	1	1,600	1
763	3	763	3
850	2	850	2
300	6	300	6
126	10		
185	7	149	9
325	4	325	4
160	8	160	7
145	9	145	10
308	5	308	5
		160	8
4,762		4,760	

TABLE 20

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
SCHOOL BUILDING INFORMATION AND STUDENT ENROLLMENT DATA
LAST TEN FISCAL YEARS
(Unaudited)

	Year Constructed (1)	Age of School in Years	Square Footage (2)	Permanent Student Stations (3)	Current Utilization Based on Permanent Student Stations	Relocatables	Relocatable Student Stations (4)
Elementary Schools:							
Brooksville Elementary	1968	42	119,202	751	106.8%	13	226
Chocachatti Elementary (Magnet)	1998	12	112,096	737	127.5%	13	266
Deltona Elementary	1989	21	121,817	994	86.7%	18	352
Eastside Elementary	1973	37	84,181	736	80.6%	5	94
John D. Floyd Elementary (Changed to K-8)	1986	24	139,288	1,203	N/A		
Moton Elementary	1989	21	101,292	672	122.9%	13	246
Pine Grove Elementary	1988	22	133,744	1,120	102.4%	30	590
Spring Hill Elementary	1980	30	106,647	804	86.3%	14	249
Suncoast Elementary	1994	16	138,488	1,016	87.6%	7	146
Westside Elementary	1972	38	81,436	574	137.1%	23	458
Total Elementary School Student Enrollment							
Middle Schools:							
Fox Chapel Middle School	1978	32	128,843	1,079	68.3%	7	198
D. S. Parrott Middle School	1988	22	149,230	1,131	74.4%	1	22
Powell Middle School	1984	26	150,693	1,200	79.5%		
West Hernando Middle School	1993	17	181,213	1,274	78.5%	9	198
Total Middle School Student Enrollment							
Combination Schools:							
Challenger K-8 School of Science and Mathematics (Magnet)	2004	6	264,087	1,734	89.6%	1	22
Explorer K-8	2008	2	278,996	2,095	96.1%		
John D. Floyd Elementary (Changed from Elementary)	1986	24	139,288	1,203	88.4%	25	578
Total Combination School Student Enrollment							
High Schools:							
Central High School	1989	21	286,082	2,288	76.6%	6	150
Hernando High School	1962	48	267,328	1,873	73.8%	7	170
Nature Coast Technical High School (Magnet)	2001	9	256,750	1,371	108.0%		
Springstead High School	1975	35	219,630	1,759	123.0%	24	795
Total High School Student Enrollment							
Specialty Schools:							
Star Education Center	1974	36	19,260	121	77.7%	4	67
Stop Camp/Withlacoochee DJJ	N/A		N/A	N/A		N/A	
Total Specialty Schools Student Enrollment							
Charter Schools:							
Gulf Coast Academy of Science and Mathematics	N/A		N/A	N/A		N/A	
Total Charter School Student Enrollment							
Total Pre-Kindergarten to Grade 12 Student Enrollment							
Adult Education:							
Adult Education Centers	N/A		N/A	N/A		N/A	
Heart Literacy	1986	24	3,598	N/A		N/A	
Total Adult Student Enrollment							
District Total Pre-Kindergarten to Adult Student Enrollment							

(1) Year constructed date from the Florida Inventory of School Housing (FISH). This date does not reflect additions, renovations, replacements or remodelings. Average age of the schools 24.6 years.
(2) Square footage is current permanent and does not include portables.
(3) Permanent student stations reflect student stations in permanent buildings which excludes student stations in relocatables.
(4) Student stations in relocatable classrooms.
(5) Permanent student stations reflect utilization factor per SREF

Source: District records

Student Enrollment

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
788	803	810	846	864	810	808	766	797	802
696	721	720	800	806	921	916	922	915	940
787	875	889	952	956	1,037	1,057	951	876	862
697	711	684	666	631	680	681	653	588	593
917	916	1,016	1,068	1,372	1,258	1,508	N/A	N/A	N/A
672	672	639	695	727	653	711	794	863	826
1,013	985	1,049	1,000	1,016	1,075	1,240	1,399	1,154	1,147
685	753	801	912	1,005	920	1,056	1,053	689	694
838	803	834	911	1,016	917	976	928	914	890
797	872	876	840	897	875	935	965	814	787
7,890	8,111	8,318	8,690	9,290	9,146	9,888	8,431	7,610	7,541
1,102	1,183	1,250	1,299	1,205	1,113	1,015	958	782	737
1,016	1,031	1,026	1,034	971	963	851	828	851	841
1,083	1,182	1,272	1,239	1,384	1,139	1,203	1,211	1,033	954
1,007	1,100	1,221	1,310	1,355	1,130	1,108	1,121	1,035	1,000
4,208	4,496	4,769	4,882	4,915	4,345	4,177	4,118	3,701	3,532
					1,379	1,460	1,472	1,469	1,553
								1,943	2,014
							1,587	1,003	1,064
					1,379	1,460	3,059	4,415	4,631
1,736	1,817	1,952	1,785	1,942	1,964	1,876	1,947	1,904	1,753
1,422	1,394	1,321	1,244	1,287	1,379	1,348	1,371	1,360	1,383
			1,097	1,257	1,410	1,373	1,361	1,463	1,480
1,750	1,918	2,013	1,701	1,724	1,904	1,915	1,924	1,968	2,164
4,908	5,129	5,286	5,827	6,210	6,657	6,512	6,603	6,695	6,780
50	57	55	65	69	57	90	97	89	94
15	25		19	21	17	13			
65	82	55	84	90	74	103	97	89	94
			109	108	117	117	115	113	117
			109	108	117	117	115	113	117
17,071	17,818	18,428	19,592	20,613	21,718	22,257	22,423	22,623	22,695
339	305	353	417	367	378	706	470	539	274
	346	301	281	292	237	264	279	292	327
339	651	654	698	659	615	970	749	831	601
17,410	18,469	19,082	20,290	21,272	22,333	23,227	23,172	23,454	23,296

TABLE 21

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
NUMBER OF PERSONNEL
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Classroom Teachers (1)	Other Instructional (2)	Administrative (3)	Support Services (4)	Total Full Time	Ratio of Instructional Personnel to Administrators
2009-2010	1,508	193	81	1,240	3,022	21.00
2008-2009	1,563	184	85	1,281	3,113	20.55
2007-2008	1,627	169	85	1,252	3,133	21.13
2006-2007	1,561	161	86	1,240	3,048	20.02
2005-2006	1,456	149	85	1,311	3,001	18.89
2004-2005	1,296	136	81	1,260	2,773	17.68
2003-2004	1,101	127	72	1,188	2,488	17.05
2002-2003	1,033	126	73	1,118	2,350	15.87
2001-2002	1,014	124	71	1,147	2,356	16.02
2000-2001	969	118	75	1,069	2,231	14.49

(1) Elementary Classroom Teachers, Secondary Classroom Teachers, Exceptional Education Teachers, Other Teachers
(2) Guidance Counselors, Occupational Specialists, Social Workers, Psychologists, Media Specialists
(3) Principals, Assistant Principals, Superintendent, Executive Directors, Directors, Managers, Coordinators
(4) Paraprofessionals, Bus Drivers, Clerical, Secretarial, Service Workers, Skilled Craft, etc.

Source: District records

TABLE 22

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
AVERAGE TEACHER SALARIES
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Bachelor's	Master's	Specialist's	Doctorate	All Degrees
2009-2010	$ 40,568	$ 45,963	$ 43,496	$ 50,705	$ 42,398
2008-2009	39,996	45,622	43,124	49,815	41,795
2007-2008	38,263	45,270	48,218	50,730	40,753
2006-2007	36,322	44,291	45,099	51,607	39,089
2005-2006	34,181	41,279	40,647	46,887	36,733
2004-2005	33,583	40,630	39,336	47,660	36,177
2003-2004	32,775	38,661	37,500	39,781	34,818
2002-2003	31,754	37,496	40,662	38,077	33,852
2001-2002	31,421	37,377	41,671	39,800	33,618
2000-2001	30,771	37,036	37,619	39,883	33,137

Source: District records

TABLE 23

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Government-wide Governmental Activities Expenses	Public School Enrollment (1)	Percentage Change	Cost per Student	Percentage Change	Classroom Teachers	Percentage Change (2)	Pupil Teacher Ratio
2009-2010	$ 208,416,520	23,296	-0.7%	$ 8,946	1.1%	1,508	-3.5%	15.45
2008-2009	207,610,483	23,454	1.2%	8,852	0.1%	1,563	-3.9%	15.01
2007-2008	204,955,131	23,172	-0.2%	8,845	8.8%	1,627	4.2%	14.24
2006-2007	188,888,556	23,227	4.0%	8,132	7.3%	1,561	7.2%	14.88
2005-2006	169,282,532	22,333	5.0%	7,580	8.9%	1,456	12.3%	15.34
2004-2005	148,010,931	21,272	4.8%	6,958	4.4%	1,296	17.7%	16.41
2003-2004	135,255,033	20,290	6.3%	6,666	6.1%	1,101	6.6%	18.43
2002-2003	119,917,680	19,082	3.3%	6,284	1.7%	1,033	1.9%	18.47
2001-2002	114,078,644	18,469	6.1%	6,177	Not Available	1,014	4.6%	18.21
2000-2001	Not Available	17,410	1.9%	Not Available	Not Available	969	4.0%	17.97

(1) Enrollment includes grades PK through Adult students.
(2) The November 2002 Constitutional Amendment to reduce class size begins in 2003-2004.

Source: District records

COMPLIANCE SECTION

HERNANDO COUNTY SCHOOL BOARD
Quest for
Excellence

Compliance Section

This part of the District School Board of Hernando County, Florida's comprehensive annual financial report presents specific compliance information.

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DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Education:				
School Breakfast Program	10.553	321	$ 1,339,820	
National School Lunch Program	10.555	300	5,210,660	
Summer Food Service Program for Children	10.559	323	183,176	
Florida Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555 (2)	None	556,300	
Total Child Nutrition Cluster			7,289,956	
Florida Department of Education:				
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	371	122,133	
Total United States Department of Agriculture			7,412,089	
United States Department of Justice:				
Indirect:				
Hernando County Board of Commissioners:				
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803	2010-ARRC-HERN-3-W7-334	2,905	
Total United States Department of Justice			2,905	
United States Department of Education:				
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	262,263	4,432,587	
Special Education - Preschool Grants	84.173	267	95,414	
ARRA - Special Education - Grants to States, Recovery Act	84.391	263	2,594,958	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	267	123,789	
Total Special Education Cluster			7,246,748	
Title I, Part A Cluster:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	126,212,222,226,228	4,376,868	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212	1,269,943	
Total Title I, Part A Cluster			5,646,811	
Educational Technology State Grants Cluster:				
Florida Department of Education:				
Education Technology State Grants	84.318	121	38,309	
ARRA - Education Technology State Grants, Recovery Act	84.386	121	33,151	
Total Educational Technology State Grants Cluster			71,460	
State Fiscal Stabilization Fund Cluster:				
Florida Department of Education:				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	591	7,324,211	
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	592	597,370	
Total State Fiscal Stabilization Fund Cluster			7,921,581	
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191,193	227,315	
Career and Technical Education - Basic Grants to States	84.048	161	250,365	
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	74,480	
Charter Schools	84.282	298	96,132	96,132
English Language Acquisition Grants	84.365	102	89,769	
Improving Teacher Quality State Grants	84.367	224	961,608	
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	7,839	
Hernando County Community Anti-Drug Coalition:				
Safe and Drug-Free Schools and Communities - State Grants	84.186	COT BD	12,789	
Washington County District School Board:				
Reading First State Grants	84.357	None	7,773	
Total United States Department of Education			22,614,670	96,132

DISTRICT SCHOOL BOARD OF HERNANDO COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Fiscal Year Ended June 30, 2010

United States Department of Homeland Security:				
Indirect:				
Florida Division of Emergency Management:				
Hazard Mitigation Grant	97.039	07HM-05-05-37-03-013	1,034,616	
Total United States Department of Homeland Security			1,034,616	
United States Department of Defense:				
Direct:				
Air Force Junior Reserve Officers Training Corps	None	N/A	115,773	
Navy Junior Reserve Officers Training Corps	None	N/A	102,003	
Total United States Department of Defense			217,776	
Total Expenditures of Federal Awards			**$ 31,282,056**	**$ 96,132**

Notes:

(1) Basis of Presentation - The Schedule of Expenditures of Federal Awards represents amounts expended from Federal Programs during the 2009-2010 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 - Nartional School Lunch Program - Represents the amount of donated food received during the 2009-2010 fiscal year totaling $10,888 and for cash-in-lieu of foods totaling $545,412. Donated food is valued at fair value as determined at the time of donation by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution.

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AUDITOR GENERAL
STATE OF FLORIDA

DAVID W. MARTIN, CPA
AUDITOR GENERAL

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

PHONE: 850-488-5534
FAX: 850-488-6975

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hernando County District School Board as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon 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 Hernando County District School Board's financial statements. For the school internal funds and the aggregate discretely presented component units, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to District management in our operational audit report No. 2011-034, dated November 2010.

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
November 22, 2010
Audit Report No. 2011-054

AUDITOR GENERAL
STATE OF FLORIDA

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

DAVID W. MARTIN, CPA
AUDITOR GENERAL

PHONE: 850-488-5534
FAX: 850-488-6975

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL IN ACCORDANCE WITH OMB *CIRCULAR A-133*

Compliance

We have audited the Hernando County District School Board's compliance with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2010. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its 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 OMB *Circular A-133*. 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 compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB *Circular A-133* and which are described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1, 2, and 3.

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 to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 and 2. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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
November 22, 2010
Audit Report No. 2011-054

HERNANDO COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	Yes
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 *Circular A-133*?	Yes
Identification of major programs:	Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559); ARRA - Child Nutrition Discretionary Grants Limited Availability (CFDA No. 10.579); Title I Part A Cluster (CFDA Nos. 84.010 and 84.389); Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); Improving Teacher Quality State Grants (CFDA No. 84.367); and State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 and 84.397)
Dollar threshold used to distinguish between Type A and Type B programs:	$938,461
Auditee qualified as low-risk auditee?	Yes

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Federal Awards Finding No. 1:
Federal Agency: United States Department of Agriculture
Pass-Through Entity: Florida Department of Education
Program: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: $16,825

Allowable Cost/Cost Principles. United States Office of Management and Budget *Circular A-87* provides principles for determining allowable costs, including indirect costs that may be allocated to a Federal program. Indirect costs are costs that are incurred for a common or joint purpose, are not readily assignable to the cost objectives specifically benefited without efforts disproportionate to the results achieved, and are calculated by multiplying allowed costs by an approved indirect cost rate. To ensure consistent indirect cost rate computations and application of the rate to allowable expenditures, the Florida Department of Education (FDOE) published instructions for use by district school boards. The instructions require, in part, that school districts exclude the cost of food service program supplies from the computation of indirect cost rate and from the expenditures to which the indirect cost rate is applied.

For the 2009-10 fiscal year, the District excluded the cost of food service program supplies from the computation of the indirect cost rate, but applied its FDOE-approved indirect cost rate of 3.58 percent to food service program total expenditures, including food service program supply costs totaling $469,964, resulting in indirect cost overcharges totaling $16,825. Subsequent to our inquiry, the District, in November 2010, reimbursed the food service program for the indirect cost overcharges.

Recommendation: The District should enhance procedures to ensure that it calculates indirect costs pursuant to guidance from the Florida Department of Education.

District Contact Person: Desiree Henegar, Chief Financial Officer

Federal Awards Finding No. 2:
Federal Agency: United States Department of Education
Pass-Through Entity: Florida Department of Education
Program: Title I Grants to Local Educational Agencies (CFDA Nos. 84.010 and 84.389)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: $12,227

Special Tests and Provisions – Personnel Qualifications. Title 34, Section 200.55, Code of Federal Regulations (CFR), requires school districts to ensure that teachers who teach core academic subjects in a program supported with Title I funds, such as a Title I schoolwide program, be highly qualified (HQ). Title 34, Section 200.56, CFR, stipulates, among other things, that a teacher must be certified in each core academic subject assigned, generally through State testing or additional coursework, to be HQ. In addition, Title 34, Section 200.58, CFR, requires school districts to ensure that paraprofessionals, who work in Title I schoolwide programs, have completed two years of

higher education study, have an associate's or higher degree, or demonstrate knowledge through a formal State or local academic assessment the ability to assist in instructing, as appropriate.

Our review of District records disclosed 3 of 25 teachers tested, who taught one or more core academic subjects at Title I schoolwide program schools, did not meet the requirements to be HQ for some of the core academic subjects they were teaching. Additionally, our testing of four paraprofessionals at Title I schoolwide program schools disclosed one paraprofessional who did not meet the Federal qualifications. District personnel indicated that a plan was in place during the 2009-10 school year to assist teachers in becoming highly qualified by the beginning of the 2010-11 school year, and that certain nonhighly qualified teachers were reassigned. In addition, all paraprofessionals who did not have an associate's degree or had not completed 60 college credit hours were required to pass a standardized test to meet the qualifications for the job. However, District personnel indicated that the above-noted paraprofessional did not meet the qualifications by the end of the 2009-10 fiscal year, and salaries and benefits paid to the paraprofessional during this period totaled $12,227, representing questioned costs subject to disallowance by the grantor. Similar findings were noted in our report No. 2010-058.

Having qualified staff enhances the District's ability to properly educate Title I students and contributes toward meeting the adequate yearly progress standards set by the United States Department of Education.

Recommendation: The District should continue its efforts to ensure that all teachers and paraprofessionals working in Title I schoolwide program schools are properly qualified. Additionally, the District should document the allowability of these questioned costs, totaling $12,227, to the grantor (Florida Department of Education) or restore this amount to the Title I program.

District Contact Person: Felita Jones, Supervisor of Title I

Federal Awards Finding No. 3:
Federal Agency: United States Department of Education
Pass-Through Entity: Florida Department of Education
Program: Improving Teacher Quality State Grants (CFDA No. 84.367)
Finding Type: Noncompliance
Questioned Costs: $9,024

Allowable Costs/Cost Principles. United States Office of Management and Budget Circular *A-87,* Attachment A, Section C.1., provides, in part, that to be allowable under Federal awards, costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards, be authorized or not prohibited under State or local laws or regulation, and be adequately documented. During the 2009-10 fiscal year, the District had expenditures for the Improving Teacher Quality (ITQ) program totaling $961,608 and we tested 25 expenditures totaling $295,330 to determine their propriety. Although ITQ expenditures tested were generally for grant purposes, our tests disclosed a purchase totaling $9,024 for middle school books and digital video discs that was contrary to the intended use restrictions in the grant. The ITQ program had a change in directors and the former ITQ director approved this purchase, although District records did not evidence the allowability of this charge to the program. District personnel concurred that this charge was made in error and subsequent to our inquiry in October 2010, the District returned the questioned costs to the ITQ program.

Recommendation: The District should enhance procedures to ensure that expenditures charged to the Improving Teacher Quality Grant program are necessary and reasonable for the proper administration of the program.

District Contact Person: Eric Williams, State and Federal Grants Manager

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, and the **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS,** the District had taken corrective actions for findings included in our report No. 2010-058.

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

HERNANDO COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

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
2010-058 (1)	Title 1 Grants to Local Educational Agencies (CFDA No. 84.010)/Special Tests and Provisions - Highly Qualified Teachers	District records disclosed that seven teachers, assigned to a Title 1 schoolwide project school, did not meet the requirements to be highly qualified, contrary to Federal regulations.	Not Corrected	The District had a plan in place to assist teachers in becoming highly qualified by the beginning of the 2010-11 fiscal year. All teachers that are not highly qualified by the beginning of the 2010-11 fiscal year will be reassigned.
(2)	Hazard Mitigation Grant (CFDA No. 97.039)/Procurement - Contract Administration	Improvements could be made in procedures to provide the required contractual provisions for expenditures funded with Federal moneys.	Corrected	The District Purchasing Department implemented procedures to ensure that all future bids, regardless of fund source, contain the required Federal language in general terms and conditions section of the bid documents.

EXHIBIT A
MANAGEMENT'S RESPONSE

The School Board of Hernando County, Florida
919 North Broad Street
Brooksville, Florida 34601
(352) 797-7000
Fax (352) 797-7100

Superintendent
Bryan A. Blavatt
Chairperson
James C. Yant
Vice Chairperson
Dianne Bonfield
Members
Charles "Pat" Fagan
Cynthia J. Moore
John K. Sweeney

November 22, 2010

The Honorable David W. Martin, CPA
Auditor General
Office of the Auditor General
G74 Claude Pepper Building
111 West Madison
Tallahassee, FL 32399-1450

Re: Hernando County District School Board Preliminary and Tentative Audit Findings for the Fiscal Year Ended June 30, 2010

Dear Mr. Martin:

Please accept the following written response concerning the preliminary and tentative audit findings for the Hernando County District School Board's 2009-2010 fiscal year financial and federal audit.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding No. 1: Allowable Cost / Cost Principles

Procedures could be improved to ensure indirect costs are properly calculated for the food service program.

Response:

The District relied on prior direction from the Florida Department of Education by excluding only food costs from the computation of indirect costs for the food service program. When notified during the audit that all object 500 – Materials and Supplies should be excluded, procedures were modified for allocating indirect costs to the food service program.

Finding No. 2: Special Tests and Provisions – Personnel Qualifications

District records disclosed that three teachers and one paraprofessional assigned to Title I schoolwide program schools did not meet the qualification requirements, contrary to Federal regulations.

Response:

The District has procedures in place to ensure that all teachers and paraprofessionals in all schools meet highly-qualified requirements. The three teachers noted in the finding have all been either removed from the teaching assignment or have met highly-qualified requirements. Reading is a field that is extremely hard to staff due to a shortage of reading endorsed or certified teachers, but we are doing everything we can to recruit the necessary teachers for our classrooms.

The transfer of the paraprofessional into a Title I school without having obtained highly-qualified status has prompted our Human Resources Department to review and revise transfer procedures so that this will not occur again. As of June 2010, the District does not have any paraprofessionals employed who do not meet highly-qualified requirements, including both Title I and non-Title I schools.

The mission of the Hernando County School System is to provide a quality education in a safe environment for the youth of our community to foster their growth physically, socially, and academically. We will provide the opportunity for life-long learning for all our citizens so that all may compete and flourish in a modern, global economy. While students are our primary concern, and we recognize they are the reason for our existence, we are also sensitive to the needs of others such as parents, the community and all employees of Hernando County Schools.

An Equal Opportunity Employer

Finding No. 3: Allowable Cost / Cost Principles

The District made a purchase totaling $9,024 for middle school books and digital video discs that was contrary to the intended use restrictions of the Improving Teacher Quality Grant program.

Response:

As indicated in the finding, the transaction occurred during a transition period of the Professional Development Department. The District will endeavor to ensure that grant expenditures are necessary and reasonable for the proper administration of the Improving Teacher Quality program.

We would like to extend our appreciation to your staff for their assistance throughout the audit process. If you should have any questions or concerns, please contact Desiree Henegar, Chief Financial Officer, at (352) 797-7000.

Sincerely,

Bryan A. Blavatt
Superintendent

BAB/drh

cc: School Board Members
Sonya Jackson, Assistant Superintendent
Heather Martin, Executive Director of Business Services

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HERNANDO COUNTY SCHOOL BOARD
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HERNANDO COUNTY SCHOOL BOARD
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