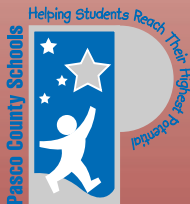




Realizing Our Vision

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007



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

Heather Fiorentino, Superintendent

Comprehensive Annual Financial Report
of the
District School Board of Pasco County
Land O' Lakes, Florida
for the
Fiscal Year Ended June 30, 2007



Issued by:
Finance Services Department

**District School Board of Pasco County
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007**

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INTRODUCTORY SECTION



District School Board of Pasco County

7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638 • 813/ 794-2000

Heather Fiorentino, Superintendent

www.pasco.k12.fl.us

January 22, 2008

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

State law requires that all local governments publish after the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the District School Board of Pasco County, Florida (District) for the fiscal year ended June 30, 2007.

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

The Florida Auditor General has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involves 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 basic financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis report (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the School District

The District and its governing body were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by the District in accordance with Chapter 1001.30, Florida Statutes. The School Board consists of five elected officials responsible for the adoption of policies, which govern the operation of public schools in Pasco County.

The elected Superintendent of Schools is the executive officer of the Board and is responsible for the administration and management of the schools within the applicable parameters of Florida Statutes, State Board of Education Rules, and School Board policies. The Superintendent is also specifically delegated the responsibility of maintaining a uniform system of records and accounts in the District by Section 1010.01, Florida Statutes, as prescribed by the State Board of Education.

The geographic boundaries of the District are those of Pasco County. During the 2006-07 fiscal year, the District operated 73 schools, including 40 elementary schools, 13 middle schools, 10 high schools and 4 specialized schools, and 6 charter schools and reported serving approximately 63,976 unweighted full-time equivalent students.

The District serves students from infants through adults. Students in the District represent a diverse community of learners, including a variety of ethnic and cultural backgrounds. The student population is predominately White (77 percent), Hispanic (12 percent), Black (5 percent), Asian/Pacific Islander or other (6 percent).

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

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

Single Audit

The independent audit of the basic financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the United States Office of Management and Budget (the "OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The standards governing Single Audit engagements require the independent certified public accountants to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

Economic Condition and Outlook

Pasco County is a 745 square mile area located centrally on the west coast of Florida, 200 miles south of the State capital of Tallahassee and 300 miles northwest of Miami. The County is approximately 30 miles northwest of the city of Tampa, and approximately 45 miles north of the City of St. Petersburg. It is part of a 9 county region referred to as the "Nature Coast" and contains an interesting mix of suburban and rural communities. The County was established in 1887 and is one of the fastest growing counties in Florida. Within its borders there are 6 municipalities: the cities of San Antonio, St. Leo, Zephyrhills, Port Richey, Dade City, and New Port Richey. There are also several smaller unincorporated communities such as Darby, Holiday, Hudson, Wesley Chapel, and Land O' Lakes. The county is primarily a retirement and tourist area but construction, retail trade, service industries, agriculture, and manufacturing play active parts in the community's financial status.

The population of Pasco County increased to 424,355 in 2006. In the last ten years, the County's population has grown by more than 34%. For the calendar year 2006, the Florida Price Level Index for School Personnel, which is prepared by the Bureau of Economic and Business Research at the University of Florida under the direction of the Florida Department of Education, ranked Pasco County 16th of 67 counties in the State with a value of 99.4.

The Florida Price Level Index for School Personnel is used to represent the cost of hiring equally qualified personnel across Florida school districts and takes into account the cost of goods and services, access to lakes or sandy beaches, the range of available cultural and recreational opportunities, and the mix of public services and taxes that affect standards of living for a county. A value of 100 represents the weighted average cost to hire and retain qualified personnel. In essence, the District's value of 99.4 implies that it cost the District less than the average school district to attract and retain equally qualified personnel. Surrounding counties such as, Hillsborough (102.1) and Pinellas (100.7), which had higher values will need to provide greater compensation to hire and retain equally qualified personnel.

The District recognizes that continued enhancement of the local economy is of mutual benefit to both the School District and Pasco County. An excellent system of public education is a significant factor in improving the standard of living in Pasco County. As the area's largest employer, employing 8,675 full and part-time employees, the District endeavors to improve its education system by focusing on the following major initiatives.

Major Initiatives

Realizing Our Vision

It is the District's vision *to create a community which works together so all Pasco County students will reach their highest potential*. To achieve this vision, we believe students are individuals with varying abilities and talents and go through stages of individual growth which have unique characteristics and that they learn in school, at home and in the community. We also believe learning should be relevant and prepare our students for rewarding careers in a changing work world. Our District's design and vision for schooling is based on the concept of *A Community of Connected Schools*. The concept is founded on the three guiding principles of *Continuous Progress*, *Continuity of Caring* and *Ensuring Equity and Excellence*.

Continuous Progress schools and classrooms allow and encourage students to learn in a continuous progression as unique individual learners, each needing different learning plans or paths toward the achievement of high standards of education. Thus, the education of our students is focused on the whole child- the academic, social, emotional, physical and artistic growth.

We also have organized our school classrooms into teams, Prekindergarten through the 12th grade, to create learning environments that offer ***Continuity of Caring***. This offers students the opportunity to work together and learn from a common group of teachers and staff for more than one school year. In most team settings, students stay on a team with the same group of teachers for two or three years. Continuity of Caring creates a stable and secure learning place for students – where they CAN achieve. Students, teachers, and parents have more time to build relationships that foster open and productive communication.

Our third guiding principle, ***Ensuring Equity and Excellence***, provides an equitable, quality education that elevates the standard for academic performance for **all** students. We believe that all students should get the chance to learn from qualified teachers in exemplary classroom learning environments. Ensuring Equity and Excellence enables all students to be successful learners.

Class Size Reduction Amendment

In November 2002, the voters of Florida amended the State Constitution to limit class size. By the beginning of fiscal year 2010-11, the amendment established the maximum number of students in core-curricula courses assigned to a teacher in each of the following three grade groupings:

(1) Pre-kindergarten through grade 3, 18 students; (2) grades 4 through 8, 22 students; and (3) grades 9 through 12, 25 students.

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

- For fiscal years 2003-04, 2004-05, and 2005-06, class size will be calculated at the district level.
- For fiscal years 2006-07 and 2007-08, class size will be calculated at the school level.
- For fiscal years 2008-09 and 2009-10, class size will be calculated at the classroom level.

The District has complied with the requirements of Senate Bill 30A at the district level for all grade levels. It is anticipated that the District will continue to meet the constitutional maximums for the three grade groupings at school-level during fiscal year 2007-08.

Capital Outlay Program

During the current fiscal year, the District spent \$208,548,353 on several major construction projects. The District opened three new schools in August 2007 and will open two more schools in January 2008. Two schools are currently under construction and will open in the 2008-09 school year.

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:

- The District School Board of Pasco County was the 8th district in the State to be awarded District Accreditation by The Council of Accreditation and School Improvement of the Southern Association of Colleges and Schools.
- Twenty-six of our teachers achieved National Board Certification in January 2007, which brings us to a total of 117 teachers in our District who have achieved the highest level of certification for a teacher.
- The Pasco Education Foundation, Inc. supported the students, teachers, and programs of the school system with over \$456,000 in classroom grants, scholarships for students and employees, curriculum and academic contests, and recognition events.
- Fiscal Year 2006-07 is the eighth year that accountability reports include grades for schools. Seventy percent of our schools received an "A" or "B" under the State of Florida's A+ Plan.
- Schools throughout Florida are held accountable based on the test results from the Florida Comprehensive Assessment Test (FCAT). The FCAT measures students' attainment of the Florida Sunshine State Standards. At all grade levels tested on the FCAT; District students met or were close to the State average.
- District students who are college bound must meet certain entrance requirements. One of these requirements involves performance on either the American College Testing Program (ACT) or the Scholastic Aptitude Test (SAT). Results showed that District students average scores (20.6) on the ACT were higher than the state average scores (20.3).

Financial Information

Internal Controls

In developing the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition; and
- The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefit likely to be derived; and
- The evaluation of costs and benefits requires estimates and judgment by management.

All internal control evaluations occur within the above framework. We believe that the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The District maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District. Activities of all governmental fund types are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the fund-function-object level for all funds.

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

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

Cash Management and Investments

The intention of the cash management system is to limit the amount of funds placed in accounts where low or no interest is paid. Idle cash is invested in various instruments with various maturity dates, depending on the anticipated future cash requirements.

The overall strategy of holding deposits and making investments is to expose the District to a minimum amount of credit and market risk. All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the District or its agent in the District's name.

Pension and Other Post Employment Benefits

The Florida Retirement System (FRS), a defined benefit retirement plan, covers all regular employees of the District. Essentially all regular employees of participating employers are eligible and must enroll as

members of the FRS. Benefits vest at specified numbers of years of service depending upon the employee's classification. The FRS also includes an early retirement provision but imposes a penalty for each year a member retires before the specified retirement age. The FRS provides retirement, disability, and death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

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

The District also provides postretirement health and dental care benefits for certain retirees. Employees receiving these benefits are financed on a pay-as-you-go basis.

Risk Management

The District is self-insured for workers' compensation, general and automobile liability, with outside contractors providing various administrative services. The District also provides a prescription plan for employees on a self-insured basis. The prescription plan is administered by an insurance carrier under an agreement wherein the District reimburses the insurance carrier for claims paid on a monthly basis. The District is fully insured for medical, dental, vision, mental health, and life insurance. Each of the District's funds compensates the applicable Internal Service Fund based upon its personnel staffing levels. Resources have been accumulated in order to meet potential losses.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (the "ASBO") awarded its Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the seventh consecutive year that the District has received these prestigious awards. In order to be awarded the Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Excellence in Financial Reporting, the District must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

Acknowledgements

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

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

Respectfully submitted,

Ms. Heather Fiorentino
Superintendent of Schools

Ms. Olga Swinson, CPA, CGFM
Chief Finance Officer

Mr. William Kleinsorge, CPA
Director of Finance Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

District School Board
of Pasco County, Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the 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.



Charles S. Cox

President

Jeffrey R. Emery

Executive Director

Association of School Business Officials International



This Certificate of Excellence in Financial Reporting

is presented to

DISTRICT SCHOOL BOARD OF PASCO COUNTY

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2006

upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

List of Principal Officials As of June 30, 2007

Principal Officials – Elected

Ms. Heather Fiorentino, Superintendent of Schools Present Term Expires	November 2008
Mr. Allen Altman, Member from District 1 Present Term Expires	November 2010
Ms. Marge Whaley, Chairman Member from District 2 Present Term Expires	November 2008
Ms. Cathi Martin, Member from District 3 Present Term Expires	November 2010
Ms. Kathryn Starkey, Vice-Chairman Member from District 4 Present Term Expires	November 2008
Mr. Frank Parker, Member from District 5 Present Term Expires	November 2010
Ms. Jean Larkin Weightman, Member from District 1 Term Expired	November 2006
Ms. Kathleen Wolf, Member from District 5 Term Expired	November 2006

Principal Officials – Appointed

Ms. Sandra Ramos, Assistant Superintendent for Curriculum and Instructional Services

Ms. Olga Swinson, CPA, CGFM, Chief Finance Officer

Mr. James Davis, Assistant Superintendent for High, Adult, and Alternative Schools

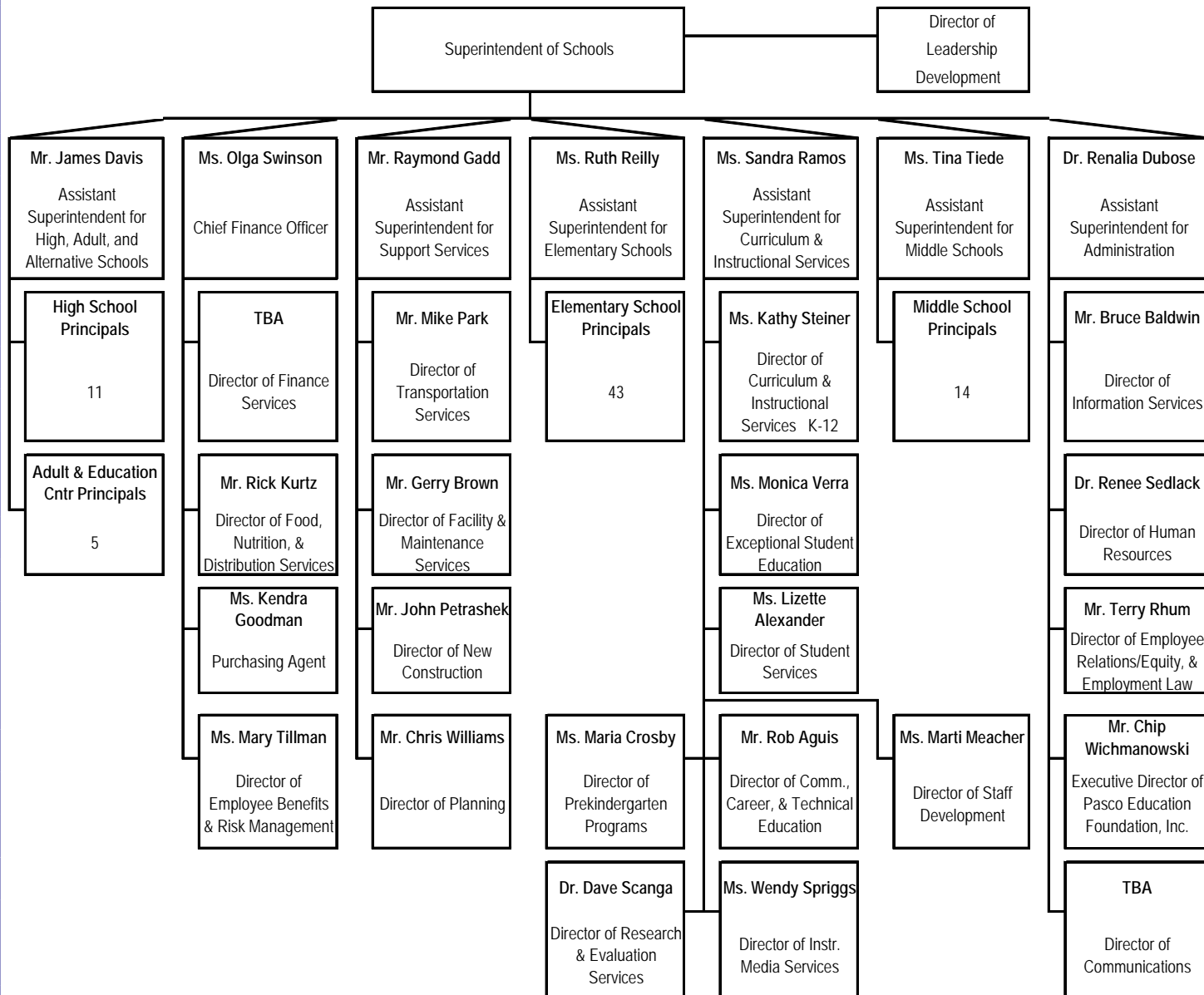
Ms. Ruth Reilly, Assistant Superintendent for Elementary Schools

Ms. Tina Tiede, Assistant Superintendent for Middle Schools

Mr. Raymond Gadd, Assistant Superintendent for Support Services

Dr. Renalia DuBose, Assistant Superintendent for Administration

Organizational Chart



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FINANCIAL SECTION



REPORT OF THE INDEPENDENT AUDITORS



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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



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Fax: 488-6975/SC 278-6975

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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pasco County District School Board as of and for the fiscal year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal accounts for the elementary schools, reported as Agency Funds, which represent 1 percent of the assets and 7 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been provided to us, and our opinion insofar as it relates to the amounts included for the elementary schools' school internal accounts and the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements for the Pasco County Education Foundation, Inc., were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors, provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of the Pasco County District School Board as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 Pasco County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters included under the heading ***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (pages 5 through 17) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pasco County District School Board's basic financial statements. The introductory section, the combining and individual fund financial statements and related budgetary schedules, and the statistical tables listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget's *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund financial statements

and budgetary schedules (pages 69 through 111) and the Schedule of Expenditures of Federal Awards (page 154) have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section (pages i through xii) and the statistical section (pages 114 through 143) 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

January 15, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**District School Board of Pasco County
Management's Discussion and Analysis
June 30, 2007**

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

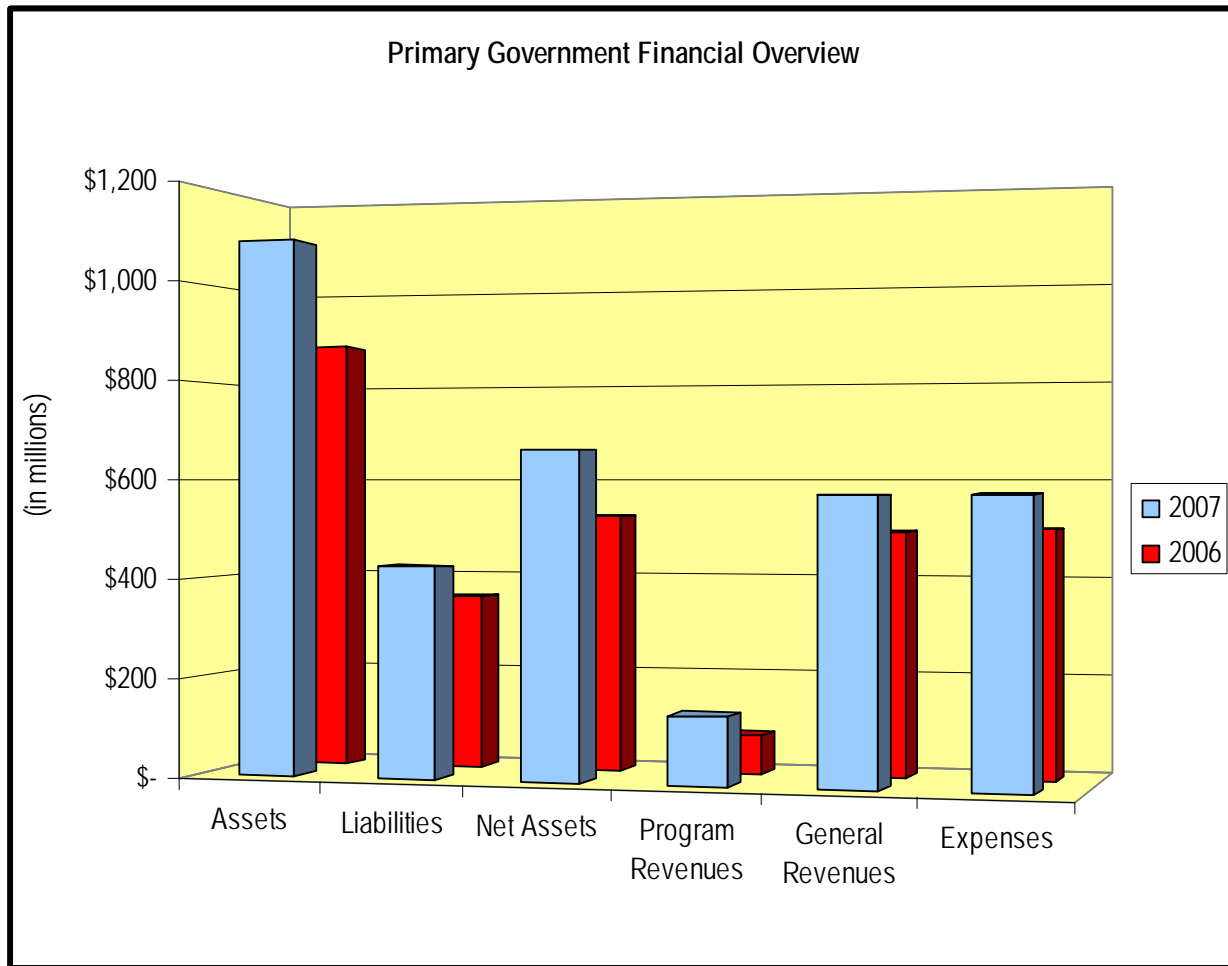
Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the District's basic financial statements and notes to financial statements.

Financial Highlights

Key financial highlights for the 2006-2007 fiscal year are as follows:

- The District's financial position improved during the fiscal year ended June 30, 2007. In total, net assets increased by \$128,586,558, which represents a 24.47 percent increase from the 2005-06 fiscal year.
- General revenues total \$563,497,829, or 80.35 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$137,853,116, or 19.65 percent. Total revenues increased from \$581,367,244 in the 2005-06 fiscal year to \$701,350,945 in the 2006-07 fiscal year. The change is attributed to higher property tax valuations and increases in State operating revenues and capital revenues of \$50,018,343 from the Class Size Reduction Construction funds.
- Expenses total \$572,764,387; only \$137,853,116 of these expenses were offset by program specific charges, with the remainder paid from general revenues. Total revenues exceeded total expenses by \$128,586,558. Total expenses increased \$71,207,714, or 14.20 percent, from \$501,556,673 in the 2005-06 fiscal year. This change is attributed to the increase in instructional salaries and benefits of \$32,733,092, due to the increase in number of teaching positions, cost of living and salary increases, and the direct costs associated with opening three elementary schools, one middle school, and one high school.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriations by the Board, totals \$33,724,599 at June 30, 2007, or 7.38 percent of total General Fund expenditures.
- The District's total debt increased by \$80,987,001, or approximately 31.18 percent. The key factor in this increase is the issuance of \$88,590,000 in Sales Tax Revenue Bonds.

The primary government financial overview for the 2005-2006 and 2006-2007 fiscal year is below:

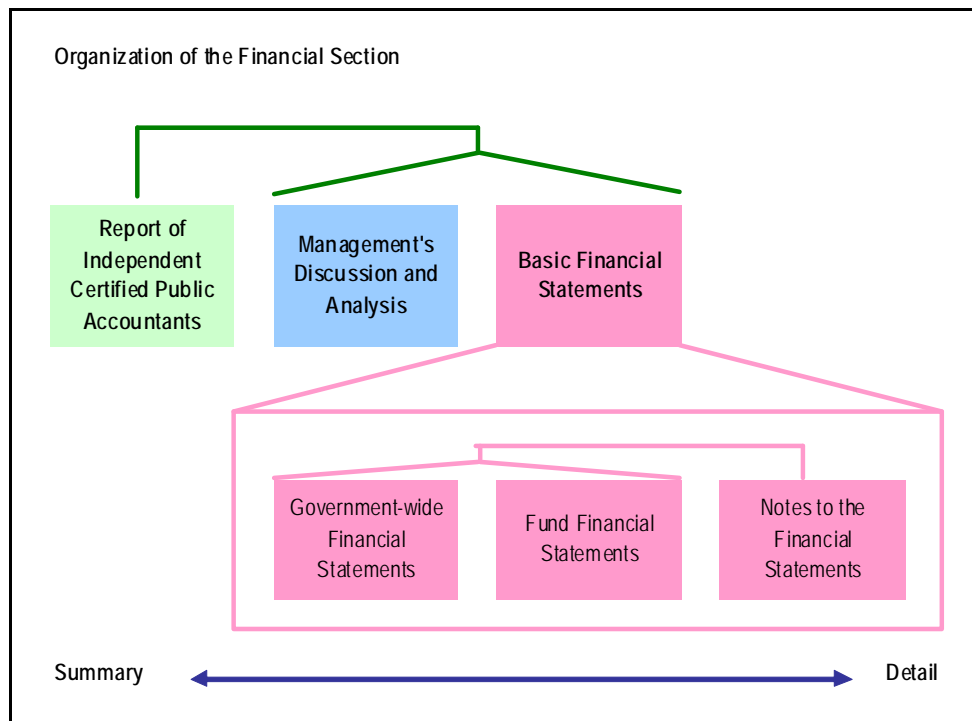


Overview of the Financial Statements

The financial section consists of three parts: report of independent certified public accountants, management's discussion and analysis (this section), and the basic financial statements. Management's discussion and analysis (the "MD&A") is intended to serve as an introduction to the District's basic financial statements and presents other supplementary information in addition to the basic financial statements themselves. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

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

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



The basic financial statements consist of three components:

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

Government-Wide Financial Statements

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

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

- **Governmental Activities** – This represents most of the District's services, including its educational programs: basic, vocational, adult and exceptional education. Support functions, such as operation and maintenance of plant, pupil transportation and administration, are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- **Business-type Activity** – The District charges fees to cover the cost of certain services it provides. The Pasco Learning and Activity Centers of Enrichment (the "PLACE"), a before and after school child care program, is reported as a business-type activity.
- **Component Units** – The District presents the following charter schools: Academy at the Farm, Inc., Countryside Montessori Charter School, Inc., Dayspring Academy for Education and the Arts, The Language Academy Charter School, Inc., Athenian Academy of Pasco County, Inc.; and the Pasco Education Foundation, Inc. (the "Foundation") as separate legal entities in this report. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by accounting principles generally accepted in the United States (the "GAAP").

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

Fund Financial Statements

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

All of the District's funds may be classified within one of three broad categories:

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

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

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

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

- Proprietary funds – Proprietary funds may be established to account for activities in which a fee is charged for services. Two types of proprietary funds are maintained:
 - Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise funds to account for its before and after school child care program.
 - Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses the internal service fund to account for its fully insured employees' group health; individual self-insurance programs for property, casualty, liability, workers' compensation and pharmacy programs; the employee assistance program; graphic services; the energy management program; and exclusive agreements administered by the School Board. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

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

- Fiduciary Funds – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The District uses private-purpose trust funds to account for scholarship funds established by private donors. The District uses a pension trust fund to account for resources used to finance its early retirement program. The District uses agency funds to account for resources held for student activities and groups.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of the government's financial position. The following is a summary of the District's net assets as of June 30, 2007, compared to net assets as of June 30, 2006:

	Net Assets, End of Year						Percentage Change
	Governmental Activities		Business-Type Activities		Total		
	6-30-07	6-30-06	6-30-07	6-30-06	6-30-07	6-30-06	
Current and Other Assets	\$ 337,188,576	\$ 303,630,444	\$ 3,344,060	\$ 3,824,233	\$ 340,532,636	\$ 307,454,677	
Capital Assets	751,275,234	573,132,573	282,704	301,788	751,557,938	573,434,361	
Total Assets	1,088,463,810	876,763,017	3,626,764	4,126,021	1,092,090,574	880,889,038	23.98%
Long-Term Liabilities	383,153,816	300,702,218	547,422	513,695	383,701,238	301,215,913	
Other Liabilities	54,220,828	54,156,346	118,658	53,487	54,339,486	54,209,833	
Total Liabilities	437,374,644	354,858,564	666,080	567,182	438,040,724	355,425,746	23.24%
Net Assets:							
Invested in Capital Assets -							
Net of Debt	464,698,097	378,990,397	282,704	301,788	464,980,801	379,292,185	
Restricted	150,139,097	111,094,082	-	-	150,139,097	111,094,082	
Unrestricted	36,251,972	31,819,974	2,677,980	3,257,051	38,929,952	35,077,025	
Total Net Assets	\$ 651,089,166	\$ 521,904,453	\$ 2,960,684	\$ 3,558,839	\$ 654,049,850	\$ 525,463,292	24.47%

The largest portion of the District's net assets (71.09 percent) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, motor vehicles) less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net assets (22.96 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets (5.95 percent) may be used to meet the government's ongoing obligations to students, employees and creditors.

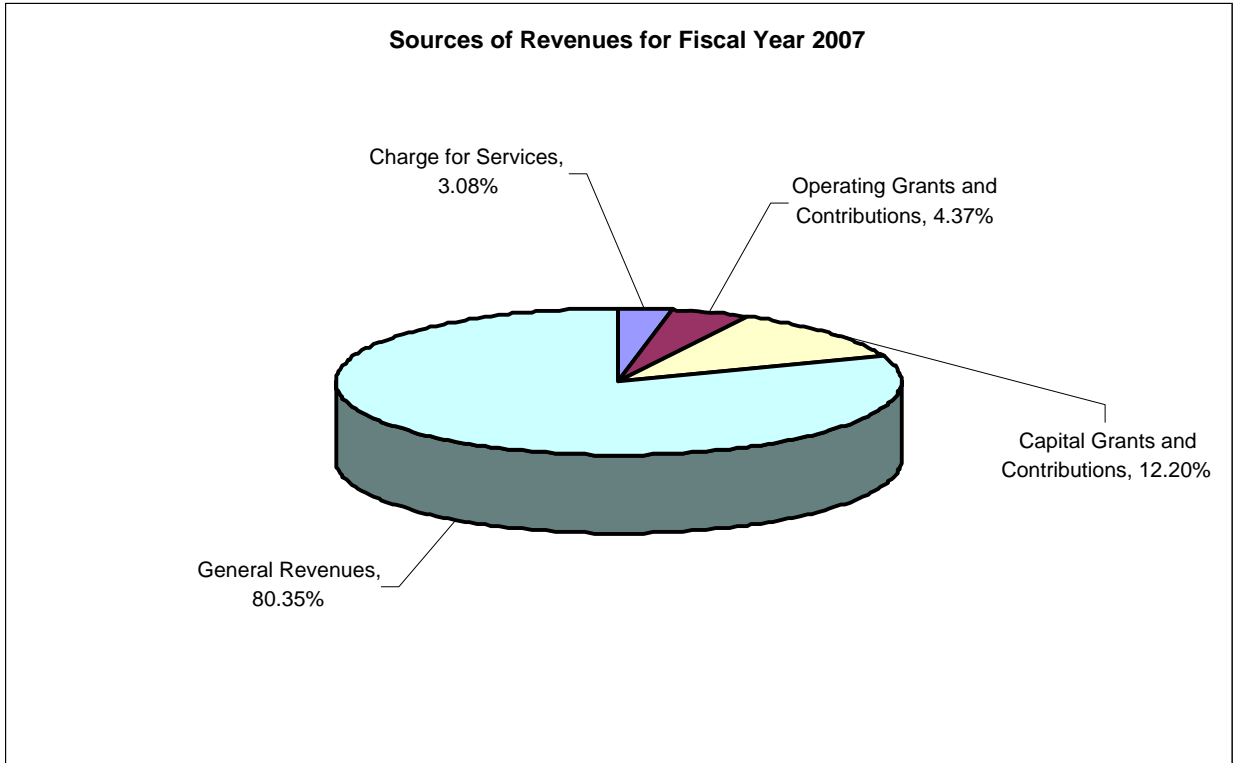
The key elements of the changes in the District's net assets for the fiscal year ended June 30, 2007, and June 30, 2006, are as follows:

Operating Results for the Year						
	Governmental Activities		Business-Type Activities		Total	
	6-30-07	6-30-06	6-30-07	6-30-06	6-30-07	6-30-06
Program Revenues:						
Charges for Services	\$ 13,611,376	\$ 12,110,266	\$ 8,012,395	\$ 7,057,611	\$ 21,623,771	\$ 19,167,877
Operating Grants and Contributions	30,662,856	28,133,635	-	-	30,662,856	28,133,635
Capital Grants and Contributions	85,566,489	38,201,714	-	-	85,566,489	38,201,714
General Revenues:						
Property Taxes, Levied for Operational Purposes	143,633,620	116,114,859	-	-	143,633,620	116,114,859
Property Taxes, Levied for Debt Service	5,799,859	5,506,507	-	-	5,799,859	5,506,507
Property Taxes, Levied for Capital Projects	37,977,156	28,960,352	-	-	37,977,156	28,960,352
Local Sales Taxes	26,642,211	17,137,576	-	-	26,642,211	17,137,576
Grants and Contributions Not Restricted to Specific Programs	318,247,859	293,780,194	-	-	318,247,859	293,780,194
Unrestricted Investment Earnings	11,720,442	12,144,845	197,546	169,708	11,917,988	12,314,553
Miscellaneous	19,279,136	22,049,977	-	-	19,279,136	22,049,977
Total Revenues	693,141,004	574,139,925	8,209,941	7,227,319	701,350,945	581,367,244
Functions/Program Expenses:						
Instruction	320,279,886	285,454,884	-	-	320,279,886	285,454,884
Pupil Personnel Services	26,571,094	23,764,750	-	-	26,571,094	23,764,750
Instructional Media Services	9,481,851	9,456,379	-	-	9,481,851	9,456,379
Instruction and Curriculum Development Services	8,999,208	9,088,378	-	-	8,999,208	9,088,378
Instructional Staff Training Services	9,590,108	8,052,983	-	-	9,590,108	8,052,983
Instruction Related Technology	5,817,654	4,210,967	-	-	5,817,654	4,210,967
Board of Education	2,198,040	1,643,566	-	-	2,198,040	1,643,566
General Administration	2,667,580	2,169,506	-	-	2,667,580	2,169,506
School Administration	31,744,739	27,011,932	-	-	31,744,739	27,011,932
Facilities Acquisition and Construction	13,332,062	9,250,352	-	-	13,332,062	9,250,352
Fiscal Services	2,190,039	2,185,931	-	-	2,190,039	2,185,931
Food Services	28,045,838	25,144,171	-	-	28,045,838	25,144,171
Central Services	8,317,630	3,548,220	-	-	8,317,630	3,548,220
Pupil Transportation Services	27,696,272	22,880,871	-	-	27,696,272	22,880,871
Operation of Plant	40,372,538	35,355,100	-	-	40,372,538	35,355,100
Maintenance of Plant	11,512,727	11,565,861	-	-	11,512,727	11,565,861
Administrative Technology Services	2,245,453	1,704,019	-	-	2,245,453	1,704,019
Community Services	826,818	690,445	8,808,096	6,931,797	9,634,914	7,622,242
Interest on Long-Term Debt	12,066,754	11,446,561	-	-	12,066,754	11,446,561
Total Functions/Program Expenses	563,956,291	494,624,876	8,808,096	6,931,797	572,764,387	501,556,673
Increase (Decrease) in Net Assets	\$ 129,184,713	\$ 79,515,049	\$ (598,155)	\$ 295,522	\$ 128,586,558	\$ 79,810,571

Total revenues increased by \$119,983,701 or 20.63 percent, primarily due to an increase in unweighted full-time student enrollment of 1,870.76 and due to Class Size Reduction Construction funds received for the construction of a new school. State revenues increased by \$86,406,432 or 30.62 percent.

Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Other State revenues are primarily for the acquisition, construction, and maintenance of educational facilities.



Instructional expenses increased by \$34,825,002 or 12.20 percent from the previous year due mainly to an average of eight percent across-the-board pay raise, an increase in the District's required contributions to the Florida Retirement System, employment of additional instructional staff related to the opening of five new schools and due to student enrollment increases.

The total cost of all programs and services increased by \$71,207,714 or 14.20 percent. Teaching alone comprises approximately 55.92 percent of all expenditures. Teaching combined with other school-level programs such as transportation, media, counseling, psychological services, school administration, community services, capital outlay and operations and maintenance comprise 90.03 percent of total expenses. Curriculum development and staff training comprise 3.25 percent of total expenses. District services such as human resources, finance, purchasing, warehouse, data processing and mail couriers comprise 5.18 percent of total expenses and the activities of the PLACE program comprise 1.54 percent of total expenses.

Governmental Activities - By Functions

	6-30-07	Percentage of Total Expenditures
School Level Services:		
Instruction	\$ 320,279,886	55.92%
Pupil Personnel Services	26,571,094	4.63%
Instructional Media Services	9,481,851	1.65%
Instruction Related Technology	5,817,654	1.02%
Pupil Transportation	27,696,272	4.84%
Sub-Total - Direct Services to Students	<u>389,846,757</u>	68.06%
Operations and Maintenance of Plant	51,885,265	9.06%
School Administration	31,744,739	5.54%
Food Services	28,045,838	4.90%
Community Services	826,818	0.14%
Facilities Acquisitions and Construction	13,332,062	2.33%
Sub-Total - Indirect Services to Students	<u>125,834,722</u>	21.97%
Total School Level Services	<u>515,681,479</u>	90.03%
Curriculum & Staff Development		
Instructional and Curriculum Development Services	8,999,208	1.57%
Instructional Staff Training Services	<u>9,590,108</u>	1.68%
Total Curriculum & Staff Development	<u>18,589,316</u>	3.25%
District Services:		
Fiscal Services	2,190,039	0.38%
Central Services	8,317,630	1.45%
Board of Education	2,198,040	0.38%
Administrative Technology Services	2,245,453	0.39%
Interest on Long-Term Liabilities	12,066,754	2.11%
General Administration	<u>2,667,580</u>	0.47%
Total District Services	<u>29,685,496</u>	5.18%
Business Activity - PLACE Program	<u>8,808,096</u>	1.54%
Total Governmental Activities by Function	<u><u>\$ 572,764,387</u></u>	100.00%

Financial Analysis of the District's Funds

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance is \$33,724,599 while the total fund balance is \$59,125,244. The unreserved fund balance increased by \$11,061,629 while the total fund balance increased by \$5,743,619 during the fiscal year. Key factors impacting fund balance are as follows:

- A decrease in the local property tax rate coupled with increased property values increased tax revenues by \$27,518,762.
- Total expenditures increased by \$56,501,171 or 14.12 percent due mainly to an average eight percent across-the-board pay increase, employment of additional staff, and an increase in required contributions to the Florida Retirement System.
- Factors affecting total fund balance increase include an increase in the unexpended balance of State categorical program revenues which are required to be carried forward to the following year to be expended for specific categorical educational programs.
- For the most part, increases in nonenergy related expenses closely paralleled inflation and growth in the number of students.

The Capital Projects – Other Fund are used to account for resources generated by various sources for educational capital outlay needs. The fund balance for these funds at fiscal year-end is \$135,059,675. During the 2006-07 fiscal year, expenditures increased by \$52,344,217, or 42.30 percent. This is mainly due to the completion of six new schools, renovations of various facilities, and the purchase of site acquisitions for future schools.

An overall analysis of the District's Capital Projects – Other Fund is presented below:

Capital Projects - Other Fund				
	<u>6-30-07</u>	<u>6-30-06</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenue	\$ 97,860,628	\$ 62,995,444	\$ 34,865,184	55.35%
Other Financing Sources	91,896,392	93,211,494	(1,315,102)	-1.41%
Beginning Fund Balance	122,169,977	117,467,124	4,702,853	4.00%
Total	<u>\$ 311,926,997</u>	<u>\$ 273,674,062</u>	<u>\$ 38,252,935</u>	<u>13.98%</u>
Expenditures	\$ 176,083,347	\$ 123,739,130	\$ 52,344,217	42.30%
Other Financing uses	783,975	27,764,955	(26,980,980)	-97.18%
Ending Fund Balance	135,059,675	122,169,977	12,889,698	10.55%
Total	<u>\$ 311,926,997</u>	<u>\$ 273,674,062</u>	<u>\$ 38,252,935</u>	<u>13.98%</u>

Business-type Activities

The business-type activity presented is the PLACE, a before and after school child care program. Total revenues of the program were \$8,012,395 and expenses totaled \$8,808,096. Expenses are supported by charges paid by users. The program had a decrease in net assets of \$598,155 due primarily to the cost of opening four new centers.

General Fund Budgetary Highlights

During the current fiscal year, the District received \$6,378,294 of State formula revenues less than the initially budgeted amounts. This decrease was partially due to over projection of students (full-time equivalent). The projected unweighted full-time equivalent student increase for the year (upon which the budget was based) was 2,536. The actual student increase for the year was 1,871. This reduction was substantially offset by tax collections that were \$4,434,162 and interest earnings that were \$2,186,355 higher than the initial revenue estimates.

Budget amendments for expenditures amounted to an increase of \$21,540,223 or 4.56 percent increase to the original budget.

Capital Assets and Long-Term Debt

Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$751,557,938 (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; construction in progress; and audio visual materials and computer software.

Capital Assets (net of depreciation)							
	Governmental Activities		Business-type Activity		Total School District		% Change
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Land	\$ 60,284,274	\$ 44,201,812	\$ -	\$ -	\$ 60,284,274	\$ 44,201,812	36.38%
Construction in Progress	139,548,638	142,832,801	-	-	139,548,638	142,832,801	-2.30%
Improvements Other Than Buildings	9,402,914	8,547,819	6,827	7,272	9,409,741	8,555,091	9.99%
Buildings and Fixed Equipment	494,890,659	340,100,553	31,421	33,496	494,922,080	340,134,049	45.51%
Furniture, Fixtures, and Equipment	24,134,398	20,428,359	216,782	226,523	24,351,180	20,654,882	17.90%
Motor Vehicles	20,962,861	15,195,121	-	-	20,962,861	15,195,121	37.96%
Audio Visual Materials and Computer Software, Net	2,051,490	1,826,108	27,674	34,497	2,079,164	1,860,605	11.75%
Total	\$ 751,275,234	\$ 573,132,573	\$ 282,704	\$ 301,788	\$ 751,557,938	\$ 573,434,361	31.06%

Additional information on the District's capital assets can be found in Note 5 to the financial statements.

Long-term Debt

As of June 30, 2007, the District has total long-term debt outstanding of \$340,740,185. This amount is comprised of \$118,174,558 of bonds payable and \$222,565,627 of certificates of participation notes. During the year, retirement of debt amounted to \$11,115,000 and the District issued \$88,590,000 million in sales tax revenue bonds to provide funds for the construction of Oakstead Elementary School, Double Branch Elementary School, Crews Lake Middle School, and a portion of New High School "EEE."

The following is a summary of the District's long-term debt as of June 30, 2007:

Outstanding Long-Term Debt			
	Total School District		Percentage
	<u>2007</u>	<u>2006</u>	<u>Change</u>
SBE Bonds	\$ 17,056,632	\$ 18,578,243	-8.19%
District Revenue Bonds	3,325,376	3,397,782	-2.13%
Sales Tax Revenue Bonds	92,472,550	-	-
General Obligation Bonds	5,320,000	10,400,000	-48.85%
Certificates of Participation	222,565,627	227,377,159	-2.12%
Total	<u>\$ 340,740,185</u>	<u>\$ 259,753,184</u>	31.18%

The District has been given the following ratings on its Sales Tax Revenue Bonds, Series 2007:

	Sales Tax Revenue Bonds	
	<u>Insured</u>	<u>Underlying</u>
Fitch Ratings	AAA	A
Standard & Poor's	AAA	A

Additional information on the District's long-term debt can be found in Notes 6 through 11 to the financial statements.

Other Matters of Significance

Due to continued shortfalls in anticipated State tax revenues resulting from recent declines in home sales, the District has been notified by the Governor's Office to expect a State revenue shortfall of four percent, or approximately \$6,632,507. Plans have been developed to contend with the revenues shortfall, including freezing instructional support allocations, reserving each department's budgets by ten percent, eliminating all nonessential travel and leaving employee vacancies unfilled. The latest enrollment projections for the 2007-08 fiscal year indicate an increase of approximately 1,720 in full-time equivalent students over projections, which will offset the State revenue shortfall to some extent.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

District School Board of Pasco County
Statement of Net Assets
June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activity	Total	
ASSETS:				
Cash	\$ 19,654,660	\$ 15,154	\$ 19,669,814	\$ 1,529,135
Cash with Fiscal Agent	191,889	-	191,889	-
Investments	226,191,314	3,224,189	229,415,503	1,246,330
Accounts Receivable	1,942,619	104,717	2,047,336	152,146
Capital Credits Receivable	3,062,050	-	3,062,050	-
Deferred Charges	2,606,318	-	2,606,318	-
Prepaid Items	-	-	-	1,115,421
Due From Other Agencies	77,306,738	-	77,306,738	131,399
Inventories	6,232,988	-	6,232,988	-
Capital Assets (net of accumulated depreciation):				
Land	60,284,274	-	60,284,274	300,483
Construction in Progress	139,548,638	-	139,548,638	-
Improvements Other Than Buildings	9,402,914	6,827	9,409,741	11,115
Leasehold Property and Improvements	-	-	-	22,091
Buildings and Fixed Equipment	494,890,659	31,421	494,922,080	1,961,505
Furniture, Fixtures, and Equipment	24,134,398	216,782	24,351,180	266,754
Motor Vehicles	20,962,861	-	20,962,861	5,561
Computer Equipment	-	-	-	23,113
Audio Visual Materials and Computer Software	2,051,490	27,674	2,079,164	991
TOTAL ASSETS	\$ 1,088,463,810	\$ 3,626,764	\$ 1,092,090,574	\$ 6,766,044
LIABILITIES:				
Salaries, Benefits Payable	\$ 5,446,959	\$ 28,984	\$ 5,475,943	\$ 231,986
Payroll Deductions and Withholdings	1,407,400	13,877	1,421,277	-
Accounts Payable	30,477,409	25,776	30,503,185	560,967
Construction Contracts Payable	219,054	-	219,054	-
Construction Contracts Payable-Retainage	7,573,395	-	7,573,395	-
Due to Other Agencies	3,501,486	-	3,501,486	-
Deposits Payable	149,246	-	149,246	-
Accrued Interest Payable	3,442,124	-	3,442,124	-
Deferred Revenue	2,003,755	50,021	2,053,776	147,312
Long-Term Liabilities:				
Portion Due Within One Year:				
Notes Payable	-	-	-	109,226
Obligations Under Capital Leases	-	-	-	12,033
Bonds Payable	13,138,302	-	13,138,302	-
Certificates of Participation Payable	4,981,532	-	4,981,532	-
Estimated Insurance Claims Payable	2,388,844	-	2,388,844	-
Compensated Absences Payable	19,154,846	164,227	19,319,073	52,401
Portion Due After One Year:				
Notes Payable	-	-	-	1,446,466
Obligations Under Capital Leases	-	-	-	37,642
Bonds Payable	105,036,256	-	105,036,256	-
Certificates of Participation Payable	217,584,095	-	217,584,095	-
Estimated Insurance Claims Payable	4,483,054	-	4,483,054	-
Compensated Absences Payable	16,386,887	383,195	16,770,082	-
Total Liabilities	437,374,644	666,080	438,040,724	2,598,033
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	464,698,097	282,704	464,980,801	1,121,362
Restricted for:				
Slate Categorical Programs	14,152,390	-	14,152,390	-
Debt Service	12,942,771	-	12,942,771	-
Capital Projects	121,637,266	-	121,637,266	-
Special Revenue	1,406,670	-	1,406,670	-
Other Purposes	-	-	-	2,689,884
Unrestricted	36,251,972	2,677,980	38,929,952	356,765
Total Net Assets	651,089,166	2,960,684	654,049,850	4,168,011
TOTAL LIABILITIES AND NET ASSETS	\$ 1,088,463,810	\$ 3,626,764	\$ 1,092,090,574	\$ 6,766,044

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

District School Board of Pasco County
Statement of Activities
For the Fiscal Year Ended June 30, 2007

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 320,279,886	\$ 151,873	\$ -	\$ -
Pupil Personnel Services	26,571,094	-	-	-
Instructional Media Services	9,481,851	-	-	-
Instruction and Curriculum Development Service	8,999,208	-	-	-
Instructional Staff Training Services	9,590,108	-	-	-
Instruction Related Technology	5,817,654	-	-	-
Board of Education	2,198,040	-	-	-
General Administration	2,667,580	-	-	-
School Administration	31,744,739	-	-	-
Facilities Acquisition and Construction	13,332,062	-	-	83,486,225
Fiscal Services	2,190,039	-	-	-
Food Services	28,045,838	12,582,463	15,100,164	-
Central Services	8,317,630	-	-	-
Pupil Transportation Services	27,696,272	877,040	15,562,692	-
Operation of Plant	40,372,538	-	-	-
Maintenance of Plant	11,512,727	-	-	-
Administrative Technology Services	2,245,453	-	-	-
Community Services	826,818	-	-	-
Interest on Long-term Liabilities	12,066,754	-	-	2,080,264
Total Governmental Activities	<u>563,956,291</u>	<u>13,611,376</u>	<u>30,662,856</u>	<u>85,566,489</u>
Business-Type Activities:				
PLACE Program	8,808,096	8,012,395	-	-
Total Business-Type Activities	<u>8,808,096</u>	<u>8,012,395</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 572,764,387</u>	<u>\$ 21,623,771</u>	<u>\$ 30,662,856</u>	<u>\$ 85,566,489</u>
Educational Foundation	\$ 767,143	\$ -	\$ -	\$ -
Charter Schools	7,284,546	163,881	140,191	393,145
Total Component Units	<u>\$ 8,051,689</u>	<u>\$ 163,881</u>	<u>\$ 140,191</u>	<u>\$ 393,145</u>

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, 2006

Net Assets, June 30, 2007

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	Business-type Activities	Total	Component Units
\$ (320,128,013)	\$ -	\$ (320,128,013)	\$ -
(26,571,094)	-	(26,571,094)	-
(9,481,851)	-	(9,481,851)	-
(8,999,208)	-	(8,999,208)	-
(9,590,108)	-	(9,590,108)	-
(5,817,654)	-	(5,817,654)	-
(2,198,040)	-	(2,198,040)	-
(2,667,580)	-	(2,667,580)	-
(31,744,739)	-	(31,744,739)	-
70,154,163	-	70,154,163	-
(2,190,039)	-	(2,190,039)	-
(363,211)	-	(363,211)	-
(8,317,630)	-	(8,317,630)	-
(11,256,540)	-	(11,256,540)	-
(40,372,538)	-	(40,372,538)	-
(11,512,727)	-	(11,512,727)	-
(2,245,453)	-	(2,245,453)	-
(826,818)	-	(826,818)	-
(9,986,490)	-	(9,986,490)	-
<u>(434,115,570)</u>	<u>-</u>	<u>(434,115,570)</u>	<u>-</u>
-	(795,701)	(795,701)	-
-	(795,701)	(795,701)	-
<u>(434,115,570)</u>	<u>(795,701)</u>	<u>(434,911,271)</u>	<u>-</u>
-	-	-	(767,143)
-	-	-	(6,587,329)
-	-	-	(7,354,472)
143,633,620	-	143,633,620	-
5,799,859	-	5,799,859	-
37,977,156	-	37,977,156	-
26,642,211	-	26,642,211	-
318,247,859	-	318,247,859	7,705,418
11,720,442	197,546	11,917,988	109,112
19,279,136	-	19,279,136	616,197
<u>563,300,283</u>	<u>197,546</u>	<u>563,497,829</u>	<u>8,430,727</u>
129,184,713	(598,155)	128,586,558	1,076,255
521,904,453	3,558,839	525,463,292	3,091,756
<u>\$ 651,089,166</u>	<u>\$ 2,960,684</u>	<u>\$ 654,049,850</u>	<u>\$ 4,168,011</u>

District School Board of Pasco County
Balance Sheet
Governmental Funds
June 30, 2007

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects		
	Primary Operating Fund	Other Funds		
ASSETS:				
Cash	\$ 19,334,293	\$ -	\$ 320,367	\$ 19,654,660
Investments	14,345,585	132,523,193	45,688,948	192,557,726
Accounts Receivable	926,801	71,876	32,485	1,031,162
Accrued Interest Receivable	-	-	1,892	1,892
Due from Other Funds	47,833,310	-	-	47,833,310
Due from Other Agencies	1,619,286	61,870,848	13,728,843	77,218,977
Inventories	4,850,444	-	1,359,375	6,209,819
TOTAL ASSETS	\$ 88,909,719	\$ 194,465,917	\$ 61,131,910	\$ 344,507,546
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Salaries and Benefits Payable	\$ 5,345,855	\$ -	\$ 101,055	\$ 5,446,910
Payroll Deductions and Withholdings Payable	1,224,332	-	179,420	1,403,752
Accounts Payable	19,563,556	6,038,628	929,812	26,531,996
Construction Contracts Payable	-	219,054	-	219,054
Construction Contracts Payable-Retainage	-	6,649,679	923,716	7,573,395
Due to Other Funds	-	46,498,881	1,068,265	47,567,146
Due to Other Agencies	3,501,486	-	-	3,501,486
Deposits Payable	149,246	-	-	149,246
Deferred Revenue	-	-	2,003,755	2,003,755
Total Liabilities	29,784,475	59,406,242	5,206,023	94,396,740
Fund Balances:				
Reserved for:				
State Categorical Programs	14,152,390	-	-	14,152,390
Encumbrances	11,248,255	42,123,375	8,572,170	61,943,800
Debt Service	-	-	16,384,895	16,384,895
Unreserved:				
Designated for Compensated Absences	4,159,407	-	977,040	5,136,447
Designated for Self Insurance	3,051,665	-	-	3,051,665
Undesignated, Reported in:				
General Fund	26,513,527	-	-	26,513,527
Special Revenue Funds	-	-	413,300	413,300
Capital Projects Funds	-	92,936,300	29,578,482	122,514,782
Total Fund Balances	59,125,244	135,059,675	55,925,887	250,110,806
TOTAL LIABILITIES AND FUND BALANCES	\$ 88,909,719	\$ 194,465,917	\$ 61,131,910	\$ 344,507,546

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

District School Board of Pasco County
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2007

Total fund balances for total governmental funds (page 22).	\$	250,110,806
Amounts reported for governmental activities in the statement of net assets (page 19) are different because:		
Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		751,201,759
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.		3,062,050
Debt issuance costs and underwriter's discounts are not expensed in the government-wide statements but are reported as deferred charges, and amortized over the life of the debt.		2,606,318
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due.		(3,442,124)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		23,388,807
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 consists of:		
Bonds Payable	\$	118,174,558
Certificates of Participation Payable		222,565,627
Compensated Absences Payable		35,098,265
		(375,838,450)
Total Net Assets - Governmental Activities	\$	651,089,166

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

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

Exhibit E

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects		
	Primary Operating Fund	Other Funds		
Revenues:				
Federal Sources:				
Federal Direct	\$ 500,497	\$ -	\$ 4,949,459	\$ 5,449,956
Federal Through State	50,110	-	29,562,373	29,612,483
Food Services	-	-	14,638,784	14,638,784
State Sources:				
Florida Education Finance Program	210,168,920	-	-	210,168,920
Public Education Capital Outlay	-	-	16,678,822	16,678,822
Class Size Reduction Capital Outlay	-	50,018,343	-	50,018,343
Food Services	-	-	461,379	461,379
CO & DS Withheld for State Education Bonds	38,926	-	2,065,451	2,104,377
Racing Commission Funds	-	-	223,250	223,250
CO & DS Distributed	-	-	490,687	490,687
State Grants and Other	88,153,893	-	279,504	88,433,397
Local Sources:				
Property Taxes	143,633,621	-	43,777,015	187,410,636
Local Sales Taxes	-	26,642,211	-	26,642,211
Impact Fees	-	16,196,806	-	16,196,806
Food Services	-	-	12,582,462	12,582,462
Investment Earnings	4,131,335	4,915,292	2,673,815	11,720,442
Local Grants and Other	15,576,850	87,976	49,368	15,714,194
Total Revenues	462,254,152	97,860,628	128,432,369	688,547,149
Expenditures:				
Current-Education:				
Instruction	278,358,371	-	20,533,054	298,891,425
Pupil Personnel Services	23,242,401	-	3,177,924	26,420,325
Instructional Media Services	9,111,778	-	187,382	9,299,160
Inst. and Curriculum Development Services	6,481,830	-	2,760,962	9,242,792
Instructional Staff Training Services	6,189,466	-	3,297,839	9,487,305

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects		
	Primary Operating Fund	Other Funds		
Expenditures (continued):				
Instruction Related Technology	5,505,627	-	234,400	5,740,027
Board of Education	2,196,541	-	-	2,196,541
General Administration	1,448,829	-	1,167,830	2,616,659
School Administration	31,362,443	-	-	31,362,443
Facilities Acquisition and Construction	2,287,349	4,534,049	1,520,622	8,342,020
Fiscal Services	2,222,823	-	77,362	2,300,185
Food Services	234,606	-	27,683,566	27,918,172
Central Services	6,800,487	-	390,570	7,191,057
Pupil Transportation Services	25,092,635	-	379,060	25,471,695
Operation of Plant	39,209,655	-	106,146	39,315,801
Maintenance of Plant	12,334,981	-	14,354	12,349,335
Administrative Technology Services	2,815,871	-	-	2,815,871
Community Services	639,172	-	125,482	764,654
Capital Outlay:				
Facilities Acquisition and Construction	22,329	171,549,298	31,009,771	202,581,398
Other Capital Outlay	1,122,387	-	1,962,420	3,084,807
Debt Service:				
Principal	-	-	11,115,000	11,115,000
Interest	-	-	10,418,172	10,418,172
Fiscal Charges	-	-	2,536,961	2,536,961
Total Expenditures	456,679,581	176,083,347	118,698,877	751,461,805
Excess (Deficiency) of Revenues Over Expenditures	5,574,571	(78,222,719)	9,733,492	(62,914,656)
Other Financing Sources (Uses):				
Transfers In	-	-	16,507,160	16,507,160
Proceeds from Sales Tax Bonds Issued	-	88,590,000	-	88,590,000
Premiums on Sales Tax Bonds	-	3,306,392	744,964	4,051,356
Proceeds from the Sale of Capital Assets	169,048	-	-	169,048
Transfers Out	-	(783,975)	(15,923,185)	(16,707,160)
Total Other Financing Sources (Uses)	169,048	91,112,417	1,328,939	92,610,404
Net Change in Fund Balances	5,743,619	12,889,698	11,062,431	29,695,748
Fund Balances, July 1, 2006	53,381,625	122,169,977	44,863,456	220,415,058
Fund Balances, June 30, 2007	\$ 59,125,244	\$ 135,059,675	\$ 55,925,887	\$ 250,110,806

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

District School Board of Pasco County
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances for Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balances - Governmental Funds (page 25).	\$	29,695,748
<p>Amounts reported for governmental activities on the statement of activities (pages 20 & 21) are different because:</p>		
<p>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 in excess of depreciation expense in the current period.</p>		178,795,948
<p>Capital assets donated to the District increase net assets on the statement of activities. However, they do not provide current financial resources that are not reported as revenues in the governmental funds.</p>		171,133
<p>The undepreciated cost of capital assets disposed of during the period is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balance by the undepreciated cost of the disposed assets.</p>		(807,632)
<p>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. Additionally, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.</p>		(80,341,978)
<p>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.</p>		3,062,050
<p>In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are not recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period.</p>		(2,039,904)
<p>Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrues in the statement of activities.</p>		(794,962)
<p>Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities.</p>		1,444,310
Change in Net Assets - Governmental Activities (pages 20 & 21).	\$	129,184,713

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

District School Board of Pasco County
Statement of Fund Net Assets
Proprietary Funds
June 30, 2007

	Business-type Activity	Governmental Activities
	Nonmajor Enterprise Fund	Internal Service Funds
ASSETS:		
Current Assets:		
Cash	\$ 15,154	\$ -
Cash with Fiscal Agent	-	191,889
Investments	3,224,189	33,633,588
Accounts Receivable	104,717	643,401
Due From Other Agencies	-	87,761
Inventories	-	23,169
	3,344,060	34,579,808
Noncurrent Assets:		
Improvements Other Than Buildings, Net	6,827	-
Buildings and Fixed Equipment, Net	31,421	-
Furniture, Fixtures, and Equipment, Net	216,782	73,475
Computer Software, Net	27,674	-
	282,704	73,475
TOTAL ASSETS	\$ 3,626,764	\$ 34,653,283
LIABILITIES:		
Current Liabilities:		
Salaries and Benefits Payable	\$ 28,984	\$ 49
Payroll Deductions and Withholdings Payable	13,877	3,648
Accounts Payable	25,776	3,945,413
Deferred Revenues	50,021	-
	118,658	3,949,110
Long-term Liabilities:		
Portion Due Within One Year:		
Compensated Absences Payable	164,227	144,489
Estimated Insurance Claims Payable	-	2,388,844
Portion Due After One Year:		
Compensated Absences Payable	383,195	298,979
Estimated Insurance Claims Payable	-	4,483,054
	547,422	7,315,366
Total Long-term Liabilities	547,422	7,315,366
Total Liabilities	666,080	11,264,476
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	282,704	73,475
Unrestricted	2,677,980	23,315,332
	2,960,684	23,388,807
TOTAL LIABILITIES AND NET ASSETS	\$ 3,626,764	\$ 34,653,283

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

District School Board of Pasco County
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

	<u>Business-type Activity</u>	<u>Governmental Activities</u>
	<u>Nonmajor Enterprise Fund</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Charges for Services Provided	\$ 8,012,395	\$ 11,582,922
Insurance Premiums:		
Board Contributions	-	50,385,223
Employees	-	5,055,341
Retirees	-	2,817,624
Other Operating Revenues	-	1,219,762
Total Operating Revenues	<u>8,012,395</u>	<u>71,060,872</u>
Operating Expenses:		
Salaries	5,194,125	1,379,388
Employee Benefits	1,803,770	707,018
Purchased Services	315,998	4,524,929
Insurance Premiums	-	45,394,292
Energy Services	414,675	9,166,137
Materials and Supplies	521,960	242,992
Capital Outlay	140,779	42,032
Insurance Claims	-	10,119,509
Other	360,012	69,536
Depreciation	55,753	16,787
Total Operating Expenses	<u>8,807,072</u>	<u>71,662,620</u>
Operating Loss	<u>(794,677)</u>	<u>(601,748)</u>
Nonoperating Revenues (Expenses):		
Investment Earnings	197,546	1,403,914
Insurance Loss Recoveries	-	442,144
Loss on Disposition of Capital Assets	(1,024)	-
Total Nonoperating Revenues (Expenses)	<u>196,522</u>	<u>1,846,058</u>
Income (Loss) Before Transfers	(598,155)	1,244,310
Transfers In	-	200,000
Change in Net Assets	(598,155)	1,444,310
Total Net Assets, July 1, 2006	<u>3,558,839</u>	<u>21,944,497</u>
Total Net Assets, June 30, 2007	<u>\$ 2,960,684</u>	<u>\$ 23,388,807</u>

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

District School Board of Pasco County
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

	<u>Business-type Activity</u>	<u>Governmental Activities</u>
	<u>Nonmajor Enterprise Fund</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Services	\$ 8,015,930	\$ 11,582,922
Cash Received from Premiums	-	57,943,272
Cash Received from Other Operating Revenues	-	1,219,762
Cash Payments to Suppliers for Goods and Services	(1,761,603)	(59,140,119)
Cash Payments to Employees for Services	(6,940,839)	(1,980,482)
Cash Payments for Insurance Claims	-	(10,797,482)
Net Cash Used by Operating Activities	<u>(686,512)</u>	<u>(1,172,127)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Insurance Loss Recoveries	-	442,144
Transfers In	-	200,000
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>642,144</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(37,693)	-
Net Cash Used by Capital and Related Financing Activities	<u>(37,693)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Earnings	197,546	1,403,914
Net Cash Provided by Investing Activities	<u>197,546</u>	<u>1,403,914</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(526,659)	873,931
Cash and Cash Equivalents, Beginning	3,766,002	32,951,546
Cash and Cash Equivalents, Ending	<u>\$ 3,239,343</u>	<u>\$ 33,825,477</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (794,677)	\$ (601,748)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	55,753	16,787
Change in Assets and Liabilities:		
Increase in Accounts Receivable	(46,486)	(113,505)
Increase in Due From Other Agencies	-	(87,762)
Decrease in Inventory	-	17,180
Increase (Decrease) in Accounts Payable	(8,179)	282,617
Increase Salaries and Benefits Payable	23,329	3,258
Increase (Decrease) in Deferred Revenues	50,021	(113,649)
Increase in Compensated Absences Payable	33,727	102,667
Decrease in Estimated Insurance Claims Payable	-	(677,972)
Total Adjustments	<u>108,165</u>	<u>(570,379)</u>
Net Cash Used by Operating Activities	<u>\$ (686,512)</u>	<u>\$ (1,172,127)</u>

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

District School Board of Pasco County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Pension Trust	Private-Purpose Trust	Agency
ASSETS:			
Cash	\$ 262,598	\$ -	\$ 5,421,454
Investments	8,111,927	27,033	32,040
Accounts Receivable	-	-	11,998
Interest Receivable	59,031	-	-
Inventories	-	-	39,890
TOTAL ASSETS	\$ 8,433,556	\$ 27,033	\$ 5,505,382
LIABILITIES:			
Accounts Payable	\$ -	\$ -	\$ 75,187
Due to Other Funds	-	-	266,164
Internal Accounts Payable	-	-	5,164,031
Total Liabilities	-	-	\$ 5,505,382
NET ASSETS:			
Assets Held in Trust for Pension Benefits	8,433,556	-	
Assets Held in Trust for Medical Benefits	-	27,033	
Total Net Assets	8,433,556	27,033	
TOTAL LIABILITES AND NET ASSETS	\$ 8,433,556	\$ 27,033	

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

District School Board of Pasco County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2007

	Pension Trust	Private-purpose Trust
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Employer	\$ 1,264,056	\$ -
Total Contributions	<u>1,264,056</u>	<u>-</u>
Investment Earnings:		
Net Decrease in Fair Value of Investments	33,691	-
Interest, Dividends and Other	<u>411,065</u>	<u>1,381</u>
Net Investment Income	<u>444,756</u>	<u>1,381</u>
Total Additions	<u>1,708,812</u>	<u>1,381</u>
DEDUCTIONS:		
Benefits Paid to Participants	501,580	-
Administrative Expense	<u>1,600</u>	<u>-</u>
Total Deductions	<u>503,180</u>	<u>-</u>
Change in Net Assets	1,205,632	1,381
Net Assets, July 1, 2006	<u>7,227,924</u>	<u>25,652</u>
Net Assets, June 30, 2007	<u>\$ 8,433,556</u>	<u>\$ 27,033</u>

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

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal Sources:				
Federal Direct	\$ 1,021,888	\$ 500,000	\$ 500,497	\$ 497
Federal Through State	890,000	47,177	50,110	2,933
State Sources:				
Florida Education Finance Program	220,631,261	212,650,839	210,168,920	(2,481,919)
State Grants and Other	85,707,364	86,728,792	88,192,819	1,464,027
Local Sources:				
Property Taxes	139,199,459	139,475,459	143,633,621	4,158,162
Investment Earnings	1,945,000	4,131,000	4,131,335	335
Local Grants and Other	7,695,324	15,576,399	15,576,850	451
Total Revenues	457,090,296	459,109,666	462,254,152	3,144,486
Expenditures:				
Current-Education:				
Instruction				
Salaries	213,248,006	202,565,775	193,018,763	9,547,012
Employee Benefits	55,470,233	56,921,680	56,917,125	4,555
Purchased Services	21,213,076	20,759,566	16,306,649	4,452,917
Materials and Supplies	13,951,245	14,331,116	8,562,181	5,768,935
Capital Outlay	472,182	1,849,381	507,221	1,342,160
Other Expenses	3,142,803	3,246,744	3,046,432	200,312
Pupil Personnel Services				
Salaries	13,808,621	16,016,698	16,007,035	9,663
Employee Benefits	4,154,667	4,897,783	4,895,621	2,162
Purchased Services	2,014,690	2,235,258	1,850,649	384,609
Materials and Supplies	337,017	419,034	341,876	77,158
Capital Outlay	31,504	128,444	44,742	83,702
Other Expenses	1,365	110,760	102,478	8,282
Instructional Media Services				
Salaries	5,719,768	5,752,009	5,471,652	280,357
Employee Benefits	1,749,839	1,749,020	1,718,826	30,194
Purchased Services	203,613	232,159	208,125	24,034
Materials and Supplies	309,222	400,871	318,865	82,006
Capital Outlay	1,629,756	1,924,552	1,387,617	536,935
Other Expenses	5,745	8,497	6,693	1,804
Inst. and Curriculum Development Services				
Salaries	3,694,756	4,693,645	4,683,938	9,707
Employee Benefits	930,212	1,520,758	1,504,629	16,129
Purchased Services	155,147	181,336	128,870	52,466
Materials and Supplies	106,684	174,776	124,645	50,131
Capital Outlay	13,867	35,694	18,379	17,315
Other Expenses	33,453	23,147	21,369	1,778

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Instructional Staff Training Services				
Salaries	3,870,588	4,976,099	4,537,155	438,944
Employee Benefits	893,176	1,123,018	1,122,430	588
Purchased Services	269,707	352,771	184,584	168,187
Materials and Supplies	111,321	485,971	232,852	253,119
Capital Outlay	13,280	56,592	41,957	14,635
Other Expenses	105,485	133,876	70,488	63,388
Instruction Related Technology				
Salaries	3,101,790	4,195,748	4,193,127	2,621
Employee Benefits	837,907	1,438,911	1,312,266	126,645
Purchased Services	-	-	-	-
Materials and Supplies	300	234	234	-
Capital Outlay	-	914	-	914
Board of Education				
Salaries	-	278,000	277,121	879
Employee Benefits	1,160,000	1,372,000	1,371,621	379
Purchased Services	324,300	446,465	444,930	1,535
Materials and Supplies	2,755	2,355	1,617	738
Capital Outlay	-	400	400	-
Other Expenses	32,000	101,000	100,852	148
General Administration				
Salaries	781,874	981,874	979,064	2,810
Employee Benefits	174,535	317,899	304,469	13,430
Purchased Services	118,207	267,215	129,660	137,555
Materials and Supplies	24,395	27,202	9,311	17,891
Capital Outlay	3,500	5,200	641	4,559
Other Expenses	42,181	48,551	25,684	22,867
School Administration				
Salaries	20,181,137	22,213,303	22,187,653	25,650
Employee Benefits	5,696,827	7,060,872	6,981,909	78,963
Purchased Services	986,861	1,469,869	1,106,276	363,593
Materials and Supplies	365,965	691,330	509,136	182,194
Capital Outlay	111,713	258,897	153,590	105,307
Other Expenses	132,957	432,325	423,879	8,446
Facilities Acquisition and Construction				
Salaries	1,102,610	1,103,723	1,078,287	25,436
Employee Benefits	273,779	323,864	308,790	15,074
Purchased Services	161,355	935,243	881,783	53,460
Materials and Supplies	20,575	20,325	14,082	6,243
Capital Outlay	117,000	859,923	4,114	855,809
Other Expenses	3,716	3,716	293	3,423

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Fiscal Services				
Salaries	1,213,502	2,463,736	1,302,087	1,161,649
Employee Benefits	339,611	540,173	509,614	30,559
Purchased Services	209,475	231,311	199,083	32,228
Materials and Supplies	46,600	58,783	41,647	17,136
Capital Outlay	2,450	6,650	4,743	1,907
Other Expenses	96,980	178,992	165,649	13,343
Food Services				
Salaries	-	166,202	165,315	887
Employee Benefits	-	12,687	12,647	40
Purchased Services	-	-	-	-
Materials and Supplies	-	102,528	56,644	45,884
Capital Outlay	-	300	-	300
Central Services				
Salaries	3,613,289	3,975,893	3,975,450	443
Employee Benefits	1,035,966	1,352,233	1,325,952	26,281
Purchased Services	1,401,886	1,624,406	996,202	628,204
Materials and Supplies	106,602	115,536	96,576	18,960
Capital Outlay	17,162	25,463	15,421	10,042
Other Expenses	192,851	391,507	390,886	621
Pupil Transportation Services				
Salaries	12,388,135	14,561,341	14,543,078	18,263
Employee Benefits	5,081,705	6,029,671	5,914,811	114,860
Purchased Services	836,428	948,481	749,789	198,692
Energy Services	5,421,000	6,051,849	3,132,994	2,918,855
Materials and Supplies	858,193	879,200	712,202	166,998
Capital Outlay	9,877	22,006	11,541	10,465
Other Expenses	10,366	29,766	28,220	1,546
Operation of Plant				
Salaries	11,970,070	13,814,610	13,804,330	10,280
Employee Benefits	4,341,036	5,353,521	4,981,289	372,232
Purchased Services	13,395,558	14,203,996	10,531,683	3,672,313
Energy Services	10,629,770	9,557,202	9,045,408	511,794
Materials and Supplies	651,634	859,270	753,443	105,827
Capital Outlay	51,095	98,403	39,489	58,914
Other Expenses	16,873	55,682	54,013	1,669
Maintenance of Plant				
Salaries	6,047,397	6,562,397	6,558,410	3,987
Employee Benefits	1,732,095	1,982,095	1,954,272	27,823
Purchased Services	3,165,530	3,508,834	2,874,387	634,447
Materials and Supplies	670,000	925,744	899,380	26,364
Capital Outlay	30,500	47,980	33,348	14,632
Other Expenses	9,216	17,616	15,184	2,432

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Administrative Technology Services				
Salaries	1,621,156	1,856,156	1,851,230	4,926
Employee Benefits	406,614	556,614	532,689	23,925
Purchased Services	797,400	800,575	392,533	408,042
Materials and Supplies	54,300	55,880	30,528	25,352
Capital Outlay	2,200	3,500	1,953	1,547
Other Expenses	30,000	30,620	6,938	23,682
Community Services				
Salaries	219,860	265,700	265,135	565
Employee Benefits	77,557	85,084	74,680	10,404
Purchased Services	223,459	238,350	212,314	26,036
Materials and Supplies	40,716	36,939	24,017	12,922
Capital Outlay	10,200	19,609	11,732	7,877
Other Expenses	32,682	54,277	51,294	2,983
Capital Outlay:				
Facilities Acquisition and Construction	-	22,330	22,329	1
Other Capital Outlay	-	1,122,400	1,122,387	13
Total Expenditures	472,528,263	494,068,486	456,679,581	37,388,905
Excess (Deficiency) of Revenues Over Expenditures	(15,437,967)	(34,958,820)	5,574,571	40,533,391
Other Financing Sources:				
Proceeds from the Sale of Capital Assets	75,000	169,000	169,048	48
Net Change in Fund Balance	(15,362,967)	(34,789,820)	5,743,619	40,533,439
Fund Balance, July 1, 2006	53,378,625	53,381,625	53,381,625	-
Fund Balance, June 30, 2007	\$ 38,015,658	\$ 18,591,805	\$ 59,125,244	\$ 40,533,439

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

The District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Pasco County School District is considered part of the Florida system of public education. The governing body of the school district is the Pasco County District School Board which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Pasco County.

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the District School Board is financially accountable and other organizations 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:

- Blended Component Unit. The Pasco County School Board Leasing Corporation, Inc., was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 6. Due to the substantive economic relationship between the Pasco County District School Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.
- Discretely Presented Component Units. The component unit columns in the basic financial statements, Exhibits A and B, include financial data for Academy at the Farm, Inc.; Countryside Montessori Charter School, Inc. (the "Montessori Center"); Dayspring Academy for Education and the Arts (the "Dayspring Academy"); The Language Academy Charter School, Inc. (the "Language Academy"); Athenian Academy of Pasco County, Inc. (the "Athenian Academy"); and the Pasco Education Foundation, Inc. (the "Foundation").
- The School Board has entered into charters with Academy at the Farm; Inc., Montessori Center; Dayspring Academy; Language Academy; and Athenian Academy. The charters were created pursuant to authority established by Section 1002.33, Florida Statutes. Charter schools are publicly financed, small and specialized schools, which operate under the auspices of the School Board. The charters between the School Board and charter schools allow School Board administrators a limited role in monitoring charter schools' finances, business operations and student progress, and little participation in its teaching practices. The charter schools receive funding similar to other public schools in the District.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

- ◇ Academy at the Farm, Inc., focuses on creatively integrating equestrian, horticultural, and farm animal components into an interactive, inclusive learning environment.
- ◇ Montessori Center's programs focus on providing an alternative elementary education program.
- ◇ Dayspring Academy emphasizes the fine arts, offering students specialized instruction in dance, music, and art.
- ◇ Language Academy's focus is to create an atmosphere where language and content learning are reinforced in a variety of modalities. The Language Academy ceased operations in May 2007.
- ◇ Athenian Academy is a K through 5th grade school offering students a program that incorporates the Greek language and culture.

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.

Annual audits of the discretely presented component unit's financial statements are conducted by independent certified public accountants, with the exception of the Language Academy which did not obtain an audit. Financial statements for the component units may be obtained at the component unit's or the District's administrative offices.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including 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. The statements distinguish between governmental activities of the District and those that are considered business-type activities.

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 and for each segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

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 or business segment is self-financing or draws from the general revenues of the District.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Capital Projects – Other Funds – to account for other miscellaneous funds from various sources which are restricted for capital outlay purposes.

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

- Nonmajor Enterprise Fund – Pasco Learning and Activity Centers of Enrichment (PLACE) Fund – to account for the financial resources of the District's PLACE programs, a before and after school child care program.
- Internal Service Funds – to account for the District's fully insured programs for employees' group health; individual self-insurance programs for property, casualty, liability, workers' compensation, and pharmacy program; the employee assistance program; graphics services; the energy management center; and exclusive agreements administered by the School Board.
- Pension Trust Fund – to account for resources used to finance the early retirement program.
- Private-Purpose Trust Fund – to account for resources legally held in the Baertschi Trust and administered by the District's Student Services Department devoted to providing financial assistance for medical care benefits to students in Pasco County. All resources of the fund, including any earnings on invested resources, may be used to support qualifying activities. There is no requirement that any portion of these resources be preserved as capital.
- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities; and the Assist Believe and Care (ABC) program which is funded by employee and public donations, to assist financially disadvantaged students in District schools.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

➤ **Basis of Accounting**

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

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

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 revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The Proprietary Funds are accounted for as proprietary activities under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by the Governmental Accounting Standards Board. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's enterprise and internal service funds are from services provided for before and after school child care and charges for employee health insurance premiums. The principal operating expenses for the enterprise and internal service funds include salaries and benefits, administrative expenses, claims, and insurance premiums for excess coverage. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

The Pasco Education Foundation, Inc., 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.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

➤ **Deposits and Investments**

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 statement of cash flows considers cash and cash equivalents as those accounts used as demand deposit accounts, all highly liquid investments with an original maturity of three months or less, cash held by fiscal agents, and considers cash equivalents as those amounts on deposit in money market accounts.

Investments consist of amounts placed in the State Board of Administration Debt Service accounts for investment of debt service moneys, amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes, and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at fair value, which is amortized cost.

Investments made locally consist of money market and bond mutual funds, corporate debt obligations, and collateralized mortgage obligations and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

➤ **Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. The valuation of the inventories is based on various methods and is presented at the lower of cost or market. Warehouse (including purchased foods and supplies used by the District's Food and Nutrition Service), maintenance, and transportation items are based on a weighted average. Technology Services items and inventory kept at the schools (mainly bookstore and concession stand supplies) are specifically identified and stated at actual cost. Telecommunications and graphics services inventory items are stated at last invoice price, which approximates the first-in, first-out basis. The United States Department of Agriculture surplus commodities 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 \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. Land and buildings acquired or constructed prior to July 1, 1972, are stated at estimated historical cost

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

using price levels at the time of acquisition and, as a result, \$1,348,251 of stated land values and \$15,047,877 of stated building values are based on these estimates.

Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the costs of construction.

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

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

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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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 is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

➤ **State Revenue Sources**

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

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program 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 categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved in the governmental fund financial statements for the unencumbered balance of categorical 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 also received an allocation under the Class Size Reduction Construction Program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department. Accordingly, the District recognizes the allocation of Public Education Capital Outlay and Class Size Reduction Construction funds as deferred revenue until such time as an encumbrance authorization is received.

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 Pasco County Property Appraiser, and property taxes are collected by the Pasco County Tax Collector.

The School Board adopted the 2006 tax levy on September 12, 2006. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become delinquent on April 1 of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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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 Pasco 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.

➤ **Federal Revenue Sources**

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

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

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

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NOTES TO FINANCIAL STATEMENTS
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3. INVESTMENTS

As of June 30, 2007, the District has the following investments and maturities:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool	26 Day Average	\$ 215,033,559
State Board of Administration Debt Service Account	6 Months	441,141
Wachovia Public Funds - State and Municipal Money Market	Limited Withdrawal Interest Bearing Account	1,022,551
WertzYork Short-term Government Bond Mutual Fund	6 Months	16,541,426
Collateralized Mortgage Obligations	Weighted Average - 2 Years	4,547,826
Total Investments, Primary Government		<u>237,586,503</u>
Component Units:		
Money Market Fund		293,922
Corporate Bonds		619,290
Mutual Funds		333,118
Total Investments, Reporting Entity		<u><u>\$ 238,832,833</u></u>

The District also held invested funds on deposit in the operating account in the amount of \$20,284,000 in a money market mutual fund pursuant to a master banking services agreement with a financial institution. These investments ranged daily up to \$30,387,000, with an average monthly investment of \$8,368,485.

Interest Rate Risk

- Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District's investment policy authorizes investments in securities exceeding one year if the maturities of such investments are made to coincide as nearly as practical with cash flow needs as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

- Section 218.415(17), Florida Statutes, provides the authority to invest in the State Board of Administration Local Government Surplus Trust Fund Investment Pool and limits investments in money market funds to Securities and Exchange Commission(SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and investments in interest-bearing time deposits to qualified public depositories, as defined in Section 280.02, Florida Statutes. The District's investment policy authorizes the District to participate in the State Board of Administration Investment Pool. The policy also authorizes the District to invest in interest-bearing time deposits or savings accounts, direct obligations of the United States Treasury, money market funds with the Securities and Exchange Commission, and United States

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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government funds registered under the Investment Act of 1940. The policy further provides that the securities shall only be purchased from financial institutions which are qualified as public depositories by the Treasurer of the State of Florida, Florida based regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1, or from primary security dealers as designated by the Federal Reserve of New York.

- The District's investments in the State Board of Administration Debt Service Accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the State Board of Administration for managing credit risk for this account.
- As of June 30, 2007, the District's investment in the Local Government Surplus Funds Trust Fund investment pool, the State Board of Education Bond Investment Funds and the Wachovia Public Funds- State and Municipal Money Market mutual fund, were unrated.
- The District's investment in the Wertz York Short-term Government Bond Mutual Fund (Core Fund) was rated AA Af/S1+ by Standard and Poor's. Investments in the Collateralized Mortgage Obligations were rated AAA by Bloomberg.

Concentration of Credit Risk

- The District's investment policy places no limit on the amount that may be invested in any one issuer; however, the policy does provide that certain market conditions require investment in certain securities over other investments under different market conditions. It is the policy of the District to diversify its investment portfolio to protect against issuer defaults.

4. RECEIVABLES

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

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

As of June 30, 2007, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Class Size Reduction Construction Funds Appropriated for the District	\$ 1,767,522	\$ -
Food and Nutrition Services Program Prepaid Meals	-	236,233
Total Deferred Revenue for Government Funds	\$ 1,767,522	\$ 236,233

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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5. CHANGE IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Balance 7-1-06	Additions	Deletions	Balance 6-30-07
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 44,201,812	\$ 16,082,462	\$ -	\$ 60,284,274
Construction in Progress	142,832,801	169,084,738	172,368,901	139,548,638
Total Capital Assets Not Being Depreciated	<u>187,034,613</u>	<u>185,167,200</u>	<u>172,368,901</u>	<u>199,832,912</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	28,860,532	1,406,810	-	30,267,342
Buildings and Fixed Equipment	559,287,077	172,368,900	-	731,655,977
Furniture, Fixtures, and Equipment (1)	58,666,398	9,785,276	5,230,442	63,221,232
Motor Vehicles	30,214,589	8,754,481	2,142,773	36,826,297
Audio Visual Materials	232,209	47,460	-	279,669
Computer Software	6,010,231	676,111	8,168	6,678,174
Total Capital Assets Being Depreciated	<u>683,271,036</u>	<u>193,039,038</u>	<u>7,381,383</u>	<u>868,928,691</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	20,312,713	551,715	-	20,864,428
Buildings and Fixed Equipment	219,186,524	17,578,794	-	236,765,318
Furniture, Fixtures, and Equipment (1)	38,238,039	5,511,983	4,663,188	39,086,834
Motor Vehicles	15,019,468	2,747,449	1,903,481	15,863,436
Audio Visual Materials	173,552	17,974	-	191,526
Computer Software	4,242,780	479,129	7,082	4,714,827
Total Accumulated Depreciation	<u>297,173,076</u>	<u>26,887,044</u>	<u>6,573,751</u>	<u>317,486,369</u>
Total Capital Assets Being Depreciated, Net	<u>386,097,960</u>	<u>166,151,994</u>	<u>807,632</u>	<u>551,442,322</u>
Governmental Activities Capital Assets, Net	<u>\$ 573,132,573</u>	<u>\$ 351,319,194</u>	<u>\$ 173,176,533</u>	<u>\$ 751,275,234</u>
Note (1) Includes Internal Service Fund assets of \$95,813 and \$22,338 of accumulated depreciation.				
BUSINESS-TYPE ACTIVITIES				
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	\$ 7,424	\$ -	\$ -	\$ 7,424
Buildings and Fixed Equipment	34,575	-	-	34,575
Furniture, Fixtures, and Equipment	337,700	37,694	10,241	365,153
Computer Software	37,909	-	-	37,909
Total Capital Assets Being Depreciated	<u>417,608</u>	<u>37,694</u>	<u>10,241</u>	<u>445,061</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	152	445	-	597
Buildings and Fixed Equipment	1,079	2,075	-	3,154
Furniture, Fixtures, and Equipment	111,177	46,410	9,216	148,371
Computer Software	3,412	6,823	-	10,235
Total Accumulated Depreciation	<u>115,820</u>	<u>55,753</u>	<u>9,216</u>	<u>162,357</u>
Business Type Activities Capital Assets, Net	<u>\$ 301,788</u>	<u>\$ (18,059)</u>	<u>\$ 1,025</u>	<u>\$ 282,704</u>

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 20,044,260
Pupil Personnel Services	68,704
Instructional Media Services	287,141
Instruction and Curriculum Dev Services	112,716
Instructional Staff Training Services	45,146
General Administration	501
School Administration	34,943
Facilities Acquisition and Construction	5,008,955
Fiscal Services	5,372
Food Services	12,199
Central Services	87,547
Pupil Transportation Services	943,200
Operation of Plant	5,379
Maintenance of Plant	177,954
Community Services	53,027
	<hr/>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 26,887,044</u></u>
 BUSINESS-TYPE ACTIVITIES	
PLACE Program	<u><u>\$ 55,753</u></u>

6. CERTIFICATES OF PARTICIPATION

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

As a condition of the financing arrangement, the District has given a ground lease on District property to the Pasco School Board Leasing Corporation, with a rental fee of \$1 per year. The initial term of the leases are 34 years (commencing on December 1, 1996), 30 years (commencing on March 1, 2004), 14 years (commencing on September 15, 2004), and 25 years (commencing on July 1, 2005), and 15 years (commencing on December 23, 2005). These leases are referred to as the Series 1996 Project, the Series 2004-A Project, the Series 2004-QZAB Project, the Series 2005-A and 2005-B Projects, and the

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Series 2005-QZAB Project, respectively. 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 full lease term from the date of inception of the arrangement.

The District properties included in the ground lease dated April 1, 1992, originally funded from the Certificates of participation Series 1992A, include all or a portion of the sites for the following facilities:

Series 1992A Certificates of Participation

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

The District properties included in the ground lease under the agreement dated December 1, 1996, include land on which some projects are to be constructed. The projects funded from the Series 1996 Certificates of participation are as follows:

Series 1996 Certificates of Participation

New Schools:

- Sand Pine Elementary School
- James E. Marlowe Elementary School
- Chasco Elementary School
- J.W. Mitchell High School
- Wesley Chapel High School
- Pine View Elementary School

The District properties included in the ground lease agreement dated March 1, 2004, funded from the Series 2004-A Certificates of participation, include all or a portion of the sites from the following school facilities:

Series 2004-A Certificates of Participation

New Schools:

- Paul R. Smith Middle School
- Wiregrass Ranch High School

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The District properties included in the ground lease agreement dated September 15, 2004, funded from the Series 2004-QZAB Certificates of Participation, include roofing and heating, ventilation, and air conditioning renovations for the following school facilities:

Series 2004-QZAB Certificates of Participation

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

The District properties included in the ground lease agreement dated July 1, 2005, funded from the Series 2005-A and B Certificates of Participation, include all or a portion of the sites for the following school facilities:

Series 2005-A and B Certificates of Participation

New Schools:
Gulf Highlands Elementary School
Trinity Oaks Elementary School
Dr. John Long Middle School

The District properties included in the ground lease agreement dated December 23, 2005, funded from the Series 2005-QZAB Certificates of Participation, include re-roofing repairs for the following school facilities:

Series 2005-QZAB Certificates of Participation

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

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The lease payments for the Series 1996, Series 2004-A, and Series 2005-A Certificates are payable by the District, semiannually, on August 1 and February 1 at interest rates ranging from 4.90 to 5.07 percent, 2.00 to 5.00 percent, and 3.00 to 5.00 percent, respectively. Lease payments for the variable rate portion of the Series 1996 Certificates are payable on the first business day of each month at an interest rate of 5.07 percent. Interest payments for the Series 2005-B Certificates are payable weekly at auction interest rates set weekly until the final maturity date. The lease payments for the Series 2004-QZAB Certificates are payable by the District, semiannually, on September 15 and March 15 at an interest rate of 1.10 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
2008	\$15,057,142	\$4,875,000	\$10,182,142
2009	15,059,514	5,060,000	9,999,514
2010	15,031,899	5,225,000	9,806,899
2011	15,055,988	5,460,000	9,595,988
2012	15,087,100	5,700,000	9,387,100
2013-2017	75,285,150	32,615,000	42,670,150
2018-2022	81,569,365	48,336,612	33,232,753
2023-2027	76,907,110	56,240,000	20,667,110
2028-2031	61,655,427	56,685,000	4,970,427
Subtotal	370,708,695	220,196,612	150,512,083
Add: Unamortized Premium on Debt	2,369,015	2,369,015	
Total Minimum Lease Payments	<u>\$373,077,710</u>	<u>\$222,565,627</u>	<u>\$150,512,083</u>

7. INTEREST RATE SWAP AGREEMENT

Objectives of the Interest Rate Swap Agreement – In order to protect against the potential of rising interest rates, the District entered into a pay-fixed, receive-variable interest rate swap agreement with Ambac Financial Services, LP (Ambac) on December 1, 1996 for \$80,370,000 of the \$106,770,000 Series 1996 Certificates of Participation, at a cost less than what the District would have paid to issue all fixed rate debt at time of issuance of the Series 1996 Certificates of Participation in December 1996. The intention of the swap agreement was to effectively change the District's variable interest rate on the certificates of participation to a synthetically fixed rate of 5.07 percent.

Terms – The variable rate Series 1996 Certificates of Participation and related swap agreement mature on August 1, 2026. The swap's notional amount of \$80,370,000 matches the \$80,370,000 variable-rate certificates of participation. The swap agreement was entered into at the same time the Series 1996 Certificates of Participation were issued. Beginning in the 2010-11 fiscal year, the notional value of the swap and principal amount of the variable debt decline. Under the swap agreement, the District pays the

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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trustee, U.S. Bank, a fixed payment of 5.07 percent and Ambac pays the trustee the variable interest payment for the certificates of participation, which is based on The Bond Market Association Municipal Swap Index™.

Fair Value – Because interest rates have declined since inception of the swap, the swap has a negative fair value of \$7,391,812 as of June 30, 2007. Ambac, using a proprietary valuation model, estimated the fair value. The model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value. All rates used in the valuation are mid-market levels (mid-way between bid and ask), or are model-based mid-market levels when mid-market levels are not available. The fair values provided take certain factors into consideration, including liquidity of the swap market and the uniqueness of the deal structure as documented in the agreements.

Credit Risk – According to the terms of the swap agreement, the District is not exposed to credit risk. A rise or decline in interest rates does not affect or change the net amount of payments made by the District to the trustee.

Collateral Agreement – The swap agreement includes a collateral agreement, which requires Ambac to provide full collateralization of the fair market value of the swap agreement should Ambac's credit rating fall below AA- as issued by Standard & Poor's or below Aa3 as issued by Moody's Investors Service. Collateral may be in the form of cash or securities.

Termination Risk – The District or Ambac may terminate the swap agreement if the other party fails to perform under the terms of the agreement. Termination due to lack of performance would be considered a termination event. The swap agreement also includes an early termination date of all payment obligations, provided that, if the date selected would result in a payment to Ambac, the District provides evidence satisfactory to Ambac that such payment will be made. Upon occurrence of a termination event, the District has the option to make such payment in equal annual installments over a period of time equal to or greater than five years, up to a maximum time ending on the final maturity date of the certificates of participation.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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8. BONDS PAYABLE

Bonds payable at June 30, 2007, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:				
Series 1998-A	\$ 85,000	\$ 2,200,000	4.5	2008
Series 1999-A	1,565,000	2,000,000	4.00 - 4.75	2019
Series 2000-A	125,000	900,000	5.00 - 5.125	2010
Series 2002-B	1,325,000	1,755,000	3.375 - 5.375	2015
Series 2003-A	1,835,000	1,990,000	3.00 - 5.00	2023
Series 2004-A	1,365,000	1,445,000	3.00 - 4.625	2024
Series 2005-A	8,835,000	8,910,000	4.00 - 5.00	2025
Series 2005-B, Refunding	1,740,000	1,740,000	5.00	2020
District Revenue Bonds:				
Series 2003, Refunding	3,380,000	3,660,000	2.30 - 4.625	2033
Series 2007, Sales Tax	88,590,000	88,590,000	4.00 - 5.00	2014
District General Obligation Bonds:				
Series 2000, Refunding	5,320,000	28,660,000	5.00	2007
Subtotal	<u>114,165,000</u>			
Unamortized Premium on Debt	4,080,069			
Unamortized Discount on Debt	<u>(70,511)</u>			
Total Bonds Payable	<u><u>\$ 118,174,558</u></u>			

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

➤ **State School Bonds**

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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➤ **District Revenue Bonds**

District Revenue Bonds, Refunding Series 2003 - These bonds are authorized by Chapter 79-547 and 79-548, Special Acts of 1979, Laws of Florida, which provides that the bonds be secured from the pari-mutuel tax proceeds distributed annually to Pasco County from the State's Pari-Mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes). The annual distribution is remitted by the Florida Department of Financial Services to the District. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Sales Tax Revenue Bonds, Series 2007 - These bonds are authorized by the Constitution and Laws of the State of Florida, particularly Chapter 1001, Florida Statutes, Chapter 212, Part I, Florida Statutes, Chapter 2006-340, Laws of Florida, and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received pursuant to an Interlocal Agreement from the levy by the County and collection by the Florida Department of Revenue of a one cent local infrastructure sales surtax. These bonds were issued for the purpose of providing funds, together with other available funds of the District, to finance the acquisition and construction of elementary, middle, and high schools within the District.

➤ **District General Obligation Bonds**

General Obligation Bonds, Series 2000, Refunding, are authorized by Article VII, Section 12 of the Constitution of the State of Florida and are secured by a pledge of property taxes levied, pursuant to Chapters 1010 and 1011, Florida Statutes.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Annual requirements to amortize all bonded debt outstanding as of June 30, 2007, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2008	\$ 1,881,418	\$ 1,090,000	\$ 791,418
2009	1,877,511	1,135,000	742,511
2010	1,915,749	1,225,000	690,749
2011	1,921,343	1,290,000	631,343
2012	1,958,841	1,390,000	568,841
2013-2017	9,303,420	7,510,000	1,793,420
2018-2022	2,902,366	2,450,000	452,366
2023-2025	838,750	785,000	53,750
Total State School Bonds	<u>22,599,398</u>	<u>16,875,000</u>	<u>5,724,398</u>
District Revenue Bonds:			
2008	10,363,565	6,185,000	4,178,565
2009	14,218,825	10,370,000	3,848,825
2010	14,211,925	10,785,000	3,426,925
2011	14,147,125	11,215,000	2,932,125
2012	14,134,030	11,775,000	2,359,030
2013-2017	42,745,448	39,165,000	3,580,448
2018-2022	1,110,606	600,000	510,606
2023-2027	1,104,231	740,000	364,231
2028-2032	1,105,394	925,000	180,394
2033	219,713	210,000	9,713
Total District Revenue Bonds	<u>113,360,862</u>	<u>91,970,000</u>	<u>21,390,862</u>
General Obligation Bonds:			
2008	<u>5,453,000</u>	<u>5,320,000</u>	<u>133,000</u>
Total General Obligation Bonds	<u>5,453,000</u>	<u>5,320,000</u>	<u>133,000</u>
Subtotal	141,413,260	114,165,000	27,248,260
Unamortized Discount on Debt	(70,511)	(70,511)	
Unamortized Premium on Debt	<u>4,080,069</u>	<u>4,080,069</u>	
Total	<u>\$ 145,422,818</u>	<u>\$ 118,174,558</u>	<u>\$ 27,248,260</u>

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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JUNE 30, 2007**

9. DEFEASED DEBT

In prior years, portions of the State Board of Education Capital Outlay Bonds (SBE Bonds), Series 1998A and 2000A, were defeased in substance by placing a portion of the proceeds of new SBE Bonds in an irrevocable trust to provide for all future debt service payments on the old SBE Bonds. Accordingly, the trust account assets and the liability for the in-substance defeased SBE Bonds are not included in the District's financial statements. On June 30, 2007, SBE Bond, Series 1998A, totaling \$1,175,000 outstanding, and SBE Bond, Series 2000A, totaling \$615,000 outstanding are considered defeased in substance.

10. ESTIMATED ARBITRAGE REBATE

In accordance with United States Treasury Department regulations, the District made an arbitrage rebate payment of \$314,908 and a yield restriction payment of \$224,137 on February 12, 2002, for the arbitrage earnings from the investment of proceeds from the \$106,770,000 Certificates of Participation, Series 1996. These payments were made from the Capital Projects – Other Fund. Subject to calculation assumptions, the cumulative arbitrage amount for all funds equals (\$1,932,070). Because the accrued rebate is negative, the District is eligible to apply for a refund of the prior rebate payments which the District plans to do during the 2007-08 fiscal year.

11. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-06	Additions	Deductions	Balance 6-30-07	Due in One Year
GOVERNMENTAL ACTIVITIES					
Certificates of Participation Payable	\$ 224,901,612	\$ -	\$ 4,705,000	\$ 220,196,612	\$ 4,875,000
Add: Unamortized Premium on Debt	2,475,547	-	106,532	2,369,015	106,532
Total Certificates of Participation Payable	<u>227,377,159</u>	<u>-</u>	<u>4,811,532</u>	<u>222,565,627</u>	<u>4,981,532</u>
Bonds Payable	32,400,000	88,590,000	6,825,000	114,165,000	12,595,000
Add: Unamortized Premium (Discount) on Debt	(23,975)	4,051,356	17,823	4,009,558	543,302
Total Bonds Payable	<u>32,376,025</u>	<u>92,641,356</u>	<u>6,842,823</u>	<u>118,174,558</u>	<u>13,138,302</u>
Estimated Insurance Claims Payable	7,549,871	10,119,509	10,797,482	6,871,898	2,388,844
Compensated Absences Payable (1)	33,399,163	21,706,130	19,563,560	35,541,733	19,154,846
Total Governmental Activities	<u>\$ 300,702,218</u>	<u>\$ 124,466,995</u>	<u>\$ 42,015,397</u>	<u>\$ 383,153,816</u>	<u>\$ 39,663,524</u>
BUSINESS-TYPE ACTIVITIES					
Compensated Absences Payable	<u>\$ 513,695</u>	<u>\$ 579,015</u>	<u>\$ 545,288</u>	<u>\$ 547,422</u>	<u>\$ 164,227</u>

Note (1) Includes balances at June 30, 2007, of the Internal Service Funds of \$443,468 with \$144,489 due in one year, and additions and deductions of \$244,865 and \$142,199, respectively.

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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12. 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 2007-08 fiscal year budget as a result of purchase orders outstanding at June 30, 2007.

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Funds	Interfund	
	Receivables	Payables
Major Funds:		
General	\$ 47,833,310	\$ -
Capital Project:		
Other	-	46,498,881
Nonmajor Governmental Funds	-	1,068,265
Fiduciary Funds	-	266,164
Total	<u>\$ 47,833,310</u>	<u>\$ 47,833,310</u>

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 purpose 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	Transfers Out
Major Funds:		
Capital Project:		
Other	\$ -	\$ 783,975
Nonmajor Governmental Funds	16,507,160	15,923,185
Internal Service Funds	200,000	-
Total	<u>\$ 16,707,160</u>	<u>\$ 16,707,160</u>

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Interfund transfers represent permanent transfers of moneys between funds. In general, funds are transferred from Capital Projects to the Debt Service Funds to make debt service payments for certificates of participation. The transfer to the Internal Service Fund is to provide funding for environmental regulation compliance issues.

14. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2006-07 fiscal year:

Florida Education Finance Program	\$	210,168,920
Categorical Educational Programs:		
Class Size Reduction Operating		50,218,424
Transportation		15,562,691
Instructional Materials		6,687,431
Other		5,584,716
Class Size Reduction Construction		50,018,343
Gross Receipts Tax (Public Education Capital Outlay)		16,678,822
Workforce Development Program		3,831,157
Motor Vehicle License Tax (Capital Outlay and Debt Service)		2,595,064
Discretionary Lottery Funds		2,507,677
Reading Programs		1,411,078
Charter School Capital Outlay Funding		804,121
Food Service Supplement		461,379
Mobile Home License Tax		430,770
Pari-Mutuel Tax		223,250
Fuel Tax Refund		180,512
School Health Supplement		165,826
Full Service Schools		110,596
Miscellaneous		938,398
		<hr/>
Total	\$	<u>368,579,175</u>

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

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

15. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2006 tax roll for the 2006-07 fiscal year:

	Millages	Taxes Levied
GENERAL FUND		
Nonvoted School Tax:		
Required Local Effort	4.921	\$ 127,973,649
Basic Discretionary Local Effort	0.510	13,238,653
Supplemental Discretionary Local Effort	0.250	5,883,846
DEBT SERVICE FUNDS		
Voted Tax:		
Interest and Sinking	0.228	5,903,514
CAPITAL PROJECTS FUNDS		
Nonvoted Tax:		
Local Capital Improvements	1.500	38,839,123
Total	7.409	\$ 191,838,785

16. STATE RETIREMENT PROGRAM

Defined Benefit Plan – All regular employees of the District are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). 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 eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible and must enroll as members of the FRS.

Benefits in the defined benefit plan vest at six years of service. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before 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 the provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate, except 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.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Funding Policy – The contribution rates for members are established, and may be amended, by the State of Florida. During the 2006-07 fiscal year, contribution rates were as follows:

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

Note: (A) Employer rates include 1.11 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include .05 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions, including employee contributions, for the fiscal years ending June 30, 2005, June 30, 2006, and June 30, 2007, totaled \$18,282,148, \$23,094,197 and \$28,676,402, respectively, which were equal to the required contributions for each fiscal year.

Defined Contribution Plan – Effective July 1, 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. There were 1,275 District participants during the 2006-07 fiscal year. Required contributions made to the PEORP totaled \$3,853,246.

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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17. EARLY RETIREMENT PROGRAM

Plan Description

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

Based on an actuarial report as of July 1, 2005, employee membership data related to the Plan was as follows.

Retirees and Beneficiaries Currently Receiving Benefits	91
Active Plan Participants	<u>3,487</u>
Total	<u><u>3,578</u></u>

A summary of eligibility and benefits follow:

➤ Eligibility

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

➤ Benefits

The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement. The benefit amount will be based on the initial benefit amount determined by the FRS prior to any cost-of-living adjustments and will remain unchanged, once established, unless a specific increase is authorized by the Board. Effective July 1, 1997, the amount of early retirement benefits for new participants ages 50 through 54 has been reduced to a flat 35 percent of the FRS benefit, with this reduction phased-in over a period of four years. Total benefits provided by the Plan for the fiscal years ending June 30, 2005, June 30, 2006 and June 30, 2007, totaled \$529,305, \$609,545 and \$501,580, respectively.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Summary of Significant Accounting Policies

Significant accounting policies related to basis of accounting and method of asset valuation are disclosed in Note 1. Investment disclosures related to the Pension Trust Fund are in Note 3.

Contributions and Reserves

The District's Early Retirement Plan was established by the Board on July 1, 1983, and amended as of January 1, 1997. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the Plan for the year and amortization payments sufficient to completely amortize the initial unfunded liability within 30 years from the effective date and any subsequent increase in the unfunded liability within 30 years of being so increased based on an actuarial study. The Plan, as amended, resulted in revisions to the amortization of the initial unfunded liability.

Periodic employer contributions to the Plan are determined on an actuarial basis using the "Entry Age Normal Cost Method." Annual pension cost is funded on a current basis. Pursuant to Section 112.64, Florida Statutes, the unfunded actuarial accrued liability is funded over a 30-year period for participants prior to July 1, 1997, and funded over a 40-year period for the revised plan. Periodic contributions for both normal cost and the amortization of the unfunded actuarial liability are based on the level percentage of payroll method.

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

Total contributions to the Plan in the 2006-07 fiscal year, amounting to \$1,264,056, all of which were paid by the Board, were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2005.

The computation of the annual required contribution for the 2006-07 fiscal year was based on the same: (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method and (d) other significant factors used to determine the required annual contributions for the previous years.

All of the assets in the District's Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose.

Costs of administering the Plan are financed through the plan's resources (employer contributions and investment earnings).

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Concentrations

The Plan's investments at June 30, 2007, consisted of the following:

	Balance June 30, 2007	Percentage of Plan Net Assets
Collateralized Mortgage Ogligations	\$ 4,547,826	54.30%
Money Market	262,598	3.14%
Investment in State Board of Administration Pool	3,564,101	42.56%
Total	<u>\$ 8,374,525</u>	<u>100.00%</u>

Trend Information

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Values of Plan Assets	Actuarial Accrued Liability (1)	Unfunded Actuarial Accrued Liability (2)	Funded Ratio (3)	Covered Payroll	Ratio of Unfunded Actuarial Accrued Liability Covered Payroll
1998	\$ 1,934,101	\$ 10,149,571 (4)	\$ 8,215,470	19.1%	\$ 89,677,642 (4)	9.2%
1999	2,581,300	11,368,316 (4)	8,787,016	22.7%	95,976,496 (4)	9.2%
2000	3,202,191	12,152,701 (4)	8,950,510	26.3%	101,477,155 (4)	8.8%
2001	4,192,866	13,304,440 (4)	9,111,574	31.5%	107,293,070 (4)	8.5%
2002	5,187,341	14,424,748 (4)	9,237,407	36.0%	106,204,704 (4)	8.7%
2003	5,859,574	13,630,135 (4)	7,770,561	43.0%	105,127,379 (4)	7.4%
2004	5,868,121	13,736,412 (4)	7,868,291	42.7%	117,802,339 (4)	6.7%
2005	6,519,604	17,408,848 (4)	10,889,244	37.4%	130,477,299 (4)	8.3%
2006	7,230,174 (5)	18,124,077 (6)	10,893,903 (4)	39.9%	130,477,299 (4)	8.3%
2007	8,433,556 (5)	19,297,524 (6)	10,863,968 (4)	43.7%	130,477,299 (4)	8.3%

Notes:

(1)The actuarial method used is the Entry Age Normal Cost Method.

(2)The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.

(3)The percentage funded is derived by dividing the actuarial value of assets by the actuarial accrued liability.

(4) Based on data from an actuarial valuation report as of July 1, 2005.

(5) Based on the District's financial statements.

(6) The Actuarial Accrued Liability is the Unfunded Actuarial Accrued Liability plus the Actuarial Values of Plan Assets.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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Isolated analysis of the dollar amounts of the actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

Trends in the unfunded actuarial accrued liability and covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation, and aids analysis of the progress made in accumulating assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

Schedule of Employer Contributions:

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1998	\$ 635,788	100%
1999	674,799	100%
2000	759,816	100%
2001	806,371	100%
2002	874,746	100%
2003	926,422	100%
2004	807,918	100%
2005	926,422	100%
2006	1,202,825	100%
2007	1,264,056	100%

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

Valuation Date	July 1, 2005
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent Open
Remaining Amortization Period	40 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return *	6.25%
Projected Salary Increases *	5.00%
*Includes Inflation at	3.25%
Cost-of-Living Adjustments	None

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

18. POST EMPLOYMENT BENEFITS

Pursuant to Section 112.0801, Florida Statutes, the District pays a portion of the cost of health and dental care insurance benefits for retired former employees. For those employees who retire, the School Board contributes the same amount toward the retiree's health insurance premium each year as it does toward the regular employee's premium. This contribution begins upon retirement and continues until the retiree is eligible to receive Medicare benefits. This contribution is contingent upon the retiree meeting the following conditions: 1) 30 years of service under Florida Retirement System or 25 years of service under FRS and at least age 50 at retirement; 2) 20 years of service in the District; 3) contributes his/her health insurance subsidy received from the State of Florida toward the cost of this medical premium; and 4) continues to participate in one of the Board-approved health plans after his/her retirement.

In addition, the District contributed \$20 per month toward health insurance premiums for eligible former employees. This contribution will continue as long as the employee maintains health benefits through the District. At June 30, 2007, benefits were being provided to 320 retired former employees. The cost of the benefits provided is recognized as an expense each month as premiums are paid. For the 2006-07 fiscal year, the District's premiums totaled \$1,142,796 for all post-employment benefits.

19. MEMBERSHIP IN NONPROFIT CORPORATION

The District participated in a nonprofit electric cooperative, the Withlacoochee River Electric Cooperative, Inc., established under the provisions of Chapter 425, Florida Statutes. In accordance with this Statute, revenues in excess of operating expenses, unless determined by a vote of the membership, are distributed by the Cooperative on a pro rata basis to its members. The policy of the Cooperative is to credit the excess revenues to members' accounts. Capital credits are distributed only after the Cooperative attains a certain margin of profit required by the Rural Electrification Administration. At June 30, 2007, the accumulated credits to the District's account are \$3,062,050. During the 2006-2007 fiscal year, the District received capital credits of \$137,253.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

20. CONSTRUCTION CONTRACT COMMITMENTS

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

District School Board of Pasco County Construction Contracts Commitments
As of June 30, 2007

Project	Contract Amount	Completed to Date	Balance Committed
Double Branch Elementary School "J":			
Architect	\$ 406,250	\$ 363,528	\$ 42,722
Construction Manager	9,962,547	9,752,726	209,821
New River Elementary School "M":			
Architect	537,747	381,702	156,045
Construction Manager	12,705,800	2,695,310	10,010,490
Gulf Trace Elementary School "N":			
Architect	590,650	456,810	133,840
Construction Manager	12,406,337	3,673,577	8,732,760
Veterans Elementary School "P":			
Architect	643,750	327,871	315,879
Construction Manager	9,593,927	-	9,593,927
Charles S. Rushe Middle School "EE":			
Architect	800,000	698,060	101,940
Construction Manager	28,251,583	27,053,339	1,198,244
Crews Lake Middle School "FF":			
Architect	1,192,000	834,241	357,759
Construction Manager	29,357,000	7,576,742	21,780,258
Sunlake High School "DDD":			
Architect	1,066,400	987,575	78,825
Construction Manager	32,758,606	29,861,367	2,897,239
High School "FFF":			
Architect	1,592,500	366,000	1,226,500
R. B. Stewart Middle School Renovations:			
Architect	1,100,670	1,014,752	85,918
Construction Manager	16,233,097	13,035,867	3,197,230
Total	\$ 159,198,864	\$ 99,079,467	\$ 60,119,397

DISTRICT SCHOOL BOARD OF PASCO COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

21. RISK MANAGEMENT PROGRAMS

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

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

A liability in the amount of \$6,534,963 was actuarially determined to cover estimated incurred, but not reported, workers' compensation, automobile liability, general liability, and property/casualty insurance claims payable at June 30, 2007.

The District provides a prescription plan for employees on a self-insured basis, which is administered by an insurance carrier under an agreement wherein the District reimburses the insurance carrier for claims paid on a monthly basis. A liability in the amount of \$336,935 was determined to cover prescription plan claims payable at June 30, 2007.

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

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2005-06	\$ 7,140,686	\$ 11,125,064	\$ 10,715,879	\$ 7,549,871
2006-07	7,549,871	10,119,509	10,797,482	6,871,898

Health care, hospitalization, dental care, mental health care, life insurance, and vision care coverages are 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.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

22. INTERNAL SERVICE FUNDS

The following is a summary of financial information as reported in the Internal Service Funds for the 2006-2007 fiscal year:

	Total	Group Health Insurance	Flexible Benefits Plan	Property, Casualty, Workers' Compensation	Prescription Self-Insurance Plan	Employee Assistance Program	District Print Center	Energy Management Program	Exclusive Agreement
Total Assets	\$ 34,653,283	\$ 3,041,924	\$ 1,463,262	\$ 21,328,473	\$ 756,044	\$ 43,239	\$ 347,913	\$ 6,077,096	\$ 1,595,332
Liabilities and Net Assets:									
Account Payable	\$ 3,945,413	\$ 2,907,634	\$ 264,288	\$ 293,663	\$ 4,092	\$ 4,160	\$ 3,477	\$ 468,099	\$ -
Payroll Deductions and Withholdings Payable	3,697	1,896	-	798	-	149	665	189	-
Estimated Insurance Claims Payable	6,871,898	-	-	6,534,963	336,935	-	-	-	-
Compensated Absences Payable	443,468	131,083	-	183,767	-	38,930	48,227	41,461	-
Net Assets:									
Invested in Capital Assets	73,475	-	-	-	-	-	1,195	-	72,280
Unrestricted Net Assets	23,315,332	1,311	1,198,974	14,315,282	415,017	-	294,349	5,567,347	1,523,052
Total Liabilities and Net Assets	\$ 34,653,283	\$ 3,041,924	\$ 1,463,262	\$ 21,328,473	\$ 756,044	\$ 43,239	\$ 347,913	\$ 6,077,096	\$ 1,595,332
Revenues:									
Premium Contributions	\$ 58,258,188	\$ 38,841,424	\$ 1,190,873	\$ 9,651,456	\$ 8,574,435	\$ -	\$ -	\$ -	\$ -
Charges for Services	11,582,922	-	-	-	-	-	712,421	10,870,501	-
Insurance Loss Recoveries	442,144	-	-	442,144	-	-	-	-	-
Interest Income	1,403,914	21,569	56,160	920,075	-	115	17,380	318,488	70,127
Other	1,219,762	2,225	90,845	448,249	-	233,270	1,575	137,253	306,345
Total Revenues	72,906,930	38,865,218	1,337,878	11,461,924	8,574,435	233,385	731,376	11,326,242	376,472
Total Expenses	71,662,620	38,938,932	1,190,873	10,689,767	8,162,318	233,385	774,958	11,430,615	241,772
Transfers In (Out)	200,000	-	-	200,000	-	-	-	-	-
Change in Net Assets	\$ 1,444,310	\$ (73,714)	\$ 147,005	\$ 972,157	\$ 412,117	\$ -	\$ (43,582)	\$ (104,373)	\$ 134,700

23. LITIGATION

The Board is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the Board's attorney, should not materially affect the financial condition of the District.

24. SUBSEQUENT EVENTS

On June 5, 2007, the School Board approved a resolution to issue \$143,605,000 Certificates of Participation, (Series 2007A and 2007B). The proceeds of the certificates (\$143,692,964) were received on July 10, 2007. The proceeds will be used to finance the cost of acquisition and/or construction of Charles S. Rushe Middle School, Gulf Trace Elementary School, Veterans Elementary School, Sunlake High School, New River Elementary School, and Ridgewood High School classroom additions. For the Certificates of Participation,

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Series 2007A, (which represent \$76,045,000 of the issue) interest is payable semi-annually on August 1 and February 1 commencing August 1, 2007. Interest rates range from 3.82 to 4.73 percent and principal is payable annually beginning August 1, 2008 and matures August 1, 2027. For the Certificates of Participation, Series 2007B, (which represent \$67,560,000 of the issue) interest payments are payable weekly at auction rates with principal payable annually beginning August 1, 2028 and matures on August 1, 2032.

In addition, the District also entered into an interest rate-swap agreement in relation to the Series 2007B Certificates, effective July 10, 2007. The intention of the swap agreement was effectively to change the District's variable interest rate on the certificates to a synthetically fixed rate of 4.428 percent. This agreement runs concurrently with the Series 2007B certificates and also matures on August 1, 2032.

As discussed in Note 3, at June 30, 2007 the District School Board of Pasco County had \$215,033,559 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On December 4, 2007, the State Board of Administration restructured the Pool and implemented temporary restrictions on the withdrawal of moneys that were on deposit including the requirement that a redemption fee be paid for withdrawals in excess of amounts to be periodically set by the State Board of Administration. Information regarding the restructuring and withdrawal restrictions is available from the District and the State Board of Administration. The District had \$185,155,670 invested in the Pool as of January 15, 2008.

COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining Schedules of Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

Other Federal Programs Fund – To account for the receipt and use of Federal grant proceeds.

Nonmajor Debt Service Funds

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

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

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

General Obligation Bonds Fund – To account for payments of principal and interest for the voter-approved bond referendum issued to finance the construction of new schools and facilities.

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

Nonmajor Capital Projects Funds

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

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

Special Act Bonds Fund – To account for district revenue bond proceeds to be used for the acquisition and/or construction and maintenance of schools.

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

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

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

**District School Board of Pasco County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007**

	Special Revenue			Debt Service		
	Food and Nutrition Services Fund	Other Federal Programs Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	District Revenue Bonds Fund	General Obligation Bonds Fund
Assets:						
Cash	\$ -	\$ 19,739	\$ 19,739	\$ -	\$ -	\$ 2,427
Investments	-	186,494	186,494	441,141	21,464	9,895,023
Accounts Receivable	32,435	50	32,485	-	-	-
Accrued Interest Receivable	-	-	-	-	-	-
Due from Other Agencies	1,256,158	540,439	1,796,597	-	-	3,405
Inventories	1,359,375	-	1,359,375	-	-	-
Total Assets	2,647,968	746,722	3,394,690	441,141	21,464	9,900,855
Liabilities and Fund Balances:						
Liabilities:						
Salaries and Benefits Payable	21,697	79,358	101,055	-	-	-
Payroll Deductions and Withholdings Payable	64,975	114,445	179,420	-	-	-
Accounts Payable	26,638	381,544	408,182	-	-	-
Construction Contracts Payable - Retainage	-	-	-	-	-	-
Due to Other Funds	891,755	171,375	1,063,130	-	-	-
Deferred Revenue	236,233	-	236,233	-	-	-
Total Liabilities	1,241,298	746,722	1,988,020	-	-	-
Fund Balances:						
Reserved for:						
Encumbrances	16,330	-	16,330	-	-	-
Debt Service	-	-	-	441,141	21,464	9,900,855
Unreserved:						
Designated for:						
Compensated Absences	977,040	-	977,040	-	-	-
Undesignated, Reported in:						
Special Revenue Funds	413,300	-	413,300	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Total Fund Balance	1,406,670	-	1,406,670	441,141	21,464	9,900,855
Total Liabilities and Fund Balances	\$ 2,647,968	\$ 746,722	\$ 3,394,690	\$ 441,141	\$ 21,464	\$ 9,900,855

Debt Service		Capital Projects						
Certificates of Participation Fund	Total Nonmajor Debt Service Funds	State Board of Education Bonds Fund	Special Acts Bonds Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Local Optional Millage Levy Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 298,201	\$ 300,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,367
5,726,477	16,084,105	2,537,244	2,274,338	1,498,964	8,893,637	14,214,166	29,418,349	45,688,948
-	-	-	-	-	-	-	-	32,485
1,892	1,892	-	-	-	-	-	-	1,892
-	3,405	-	-	11,907,527	-	21,314	11,928,841	13,728,843
-	-	-	-	-	-	-	-	1,359,375
<u>6,026,570</u>	<u>16,390,030</u>	<u>2,537,244</u>	<u>2,274,338</u>	<u>13,406,491</u>	<u>8,893,637</u>	<u>14,235,480</u>	<u>41,347,190</u>	<u>61,131,910</u>
-	-	-	-	-	-	-	-	101,055
-	-	-	-	-	-	-	-	179,420
-	-	-	3,939	249,678	-	268,013	521,630	929,812
-	-	-	-	889,124	-	34,592	923,716	923,716
5,135	5,135	-	-	-	-	-	-	1,068,265
-	-	-	-	1,767,522	-	-	1,767,522	2,003,755
<u>5,135</u>	<u>5,135</u>	<u>-</u>	<u>3,939</u>	<u>2,906,324</u>	<u>-</u>	<u>302,605</u>	<u>3,212,868</u>	<u>5,206,023</u>
-	-	493,180	77,795	4,076,802	-	3,908,063	8,555,840	8,572,170
6,021,435	16,384,895	-	-	-	-	-	-	16,384,895
-	-	-	-	-	-	-	-	977,040
-	-	-	-	-	-	-	-	413,300
-	-	2,044,064	2,192,604	6,423,365	8,893,637	10,024,812	29,578,482	29,578,482
<u>6,021,435</u>	<u>16,384,895</u>	<u>2,537,244</u>	<u>2,270,399</u>	<u>10,500,167</u>	<u>8,893,637</u>	<u>13,932,875</u>	<u>38,134,322</u>	<u>55,925,887</u>
<u>\$ 6,026,570</u>	<u>\$ 16,390,030</u>	<u>\$ 2,537,244</u>	<u>\$ 2,274,338</u>	<u>\$ 13,406,491</u>	<u>\$ 8,893,637</u>	<u>\$ 14,235,480</u>	<u>\$ 41,347,190</u>	<u>\$ 61,131,910</u>

District School Board of Pasco County
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2007

	Special Revenue			Debt Service				
	Food and Nutrition Services Fund	Other Federal Programs Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	District Revenue Bonds Fund	General Obligation Bonds Fund	Certificates of Participation Fund	Total Nonmajor Debt Service Funds
Revenues:								
Federal Sources:								
Federal Direct	\$ -	\$ 4,949,459	\$ 4,949,459	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Through State	-	29,562,373	29,562,373	-	-	-	-	-
Food Services	14,638,784	-	14,638,784	-	-	-	-	-
State Sources:								
Food Services	461,379	-	461,379	-	-	-	-	-
CO & DS Withheld for State Education Bonds	-	-	-	2,065,451	-	-	-	2,065,451
Racing Commission Funds	-	-	-	-	223,250	-	-	223,250
CO & DS Distributed	-	-	-	-	-	-	-	-
Public Education Capital Outlay	-	-	-	-	-	-	-	-
State Grants and Other	-	-	-	216,863	-	-	-	216,863
Local Sources:								
Property Taxes	-	-	-	-	-	5,799,859	-	5,799,859
Food Services	12,582,462	-	12,582,462	-	-	-	-	-
Investment Earnings	27,127	-	27,127	-	2,720	527,019	93,932	623,671
Local Grants and Other	48,660	-	48,660	-	-	-	-	-
Total Revenues	27,758,412	34,511,832	62,270,244	2,282,314	225,970	6,326,878	93,932	8,929,094
Expenditures:								
Current-Education:								
Instruction	-	20,533,054	20,533,054	-	-	-	-	-
Pupil Personnel Services	-	3,177,924	3,177,924	-	-	-	-	-
Instructional Media Services	-	187,382	187,382	-	-	-	-	-
Instruction and Curriculum Development Services	-	2,760,962	2,760,962	-	-	-	-	-
Instructional Staff Training Services	-	3,297,839	3,297,839	-	-	-	-	-
Instruction Related Technology	-	234,400	234,400	-	-	-	-	-
General Administration	-	1,167,830	1,167,830	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction	-	167	167	-	-	-	-	-

	Special Revenue			Debt Service				
	Food and Nutrition Services Fund	Other Federal Program Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	District Revenue Bonds Fund	General Obligation Bonds Fund	Certificates of Participation Fund	Total Nonmajor Debt Service Funds
Expenditures (continued):								
Fiscal Services	-	77,362	77,362	-	-	-	-	-
Food Services	27,651,906	31,660	27,683,566	-	-	-	-	-
Central Services	-	390,570	390,570	-	-	-	-	-
Pupil Transportation Services	-	379,060	379,060	-	-	-	-	-
Operation of Plant	-	106,146	106,146	-	-	-	-	-
Maintenance of Plant	-	14,354	14,354	-	-	-	-	-
Community Services	-	125,482	125,482	-	-	-	-	-
Capital Outlay:								
Facilities Acquisition and Construction	-	65,220	65,220	-	-	-	-	-
Other Capital Outlay	-	1,962,420	1,962,420	-	-	-	-	-
Debt Service:								
Principal	-	-	-	1,255,000	75,000	5,080,000	4,705,000	11,115,000
Interest	-	-	-	858,430	143,615	386,650	9,029,477	10,418,172
Fiscal Charges	-	-	-	165,471	345	95,212	2,275,933	2,536,961
Total Expenditures	27,651,906	34,511,832	62,163,738	2,278,901	218,960	5,561,862	16,010,410	24,070,133
Excess (Deficiency) of Revenues Over Expenditures	106,506	-	106,506	3,413	7,010	765,016	(15,916,478)	(15,141,039)
Other Financing Sources (Uses):								
Transfers In	-	-	-	-	-	-	16,173,695	16,173,695
Premium on Sales Tax Bonds	-	-	-	-	-	-	744,964	744,964
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	16,918,659	16,918,659
Net Change in Fund Balances	106,506	-	106,506	3,413	7,010	765,016	1,002,181	1,777,620
Fund Balances, Beginning	1,300,164	-	1,300,164	437,728	14,454	9,135,839	5,019,254	14,607,275
Fund Balances, Ending	\$ 1,406,670	\$ -	\$ 1,406,670	\$ 441,141	\$ 21,464	\$ 9,900,855	\$ 6,021,435	\$ 16,384,895

(Continued)

District School Board of Pasco County
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2007

	Capital Projects						Total Nonmajor Governmental Funds
	State Board of Education Bonds Fund	Special Act Bonds Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Local Optional Millage Levy Fund	Total Nonmajor Capital Projects Funds	
Revenues:							
Federal Sources:							
Federal Direct	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,949,459
Federal Through State	-	-	-	-	-	-	29,562,373
Food Services	-	-	-	-	-	-	14,638,784
State Sources:							
Food Services	-	-	-	-	-	-	461,379
CO & DS Withheld for State Education Bonds	-	-	-	-	-	-	2,065,451
Racing Commission Funds	-	-	-	-	-	-	223,250
CO & DS Distributed	-	-	-	490,687	-	490,687	490,687
Public Education Capital Outlay	-	-	16,678,822	-	-	16,678,822	16,678,822
State Grants and Other	-	-	-	62,641	-	62,641	279,504
Local Sources:							
Property Taxes	-	-	-	-	37,977,156	37,977,156	43,777,015
Food Services	-	-	-	-	-	-	12,582,462
Investment Earnings	213,847	119,983	89,729	426,417	1,173,041	2,023,017	2,673,815
Local Grants and Other	-	-	-	-	708	708	49,368
Total Revenues	213,847	119,983	16,768,551	979,745	39,150,905	57,233,031	128,432,369
Expenditures:							
Current-Education:							
Instruction	-	-	-	-	-	-	20,533,054
Pupil Personnel Services	-	-	-	-	-	-	3,177,924
Instructional Media Services	-	-	-	-	-	-	187,382
Instruction and Curriculum Development Services	-	-	-	-	-	-	2,760,962
Instructional Staff Training Services	-	-	-	-	-	-	3,297,839
Instruction Related Technology	-	-	-	-	-	-	234,400
General Administration	-	-	-	-	-	-	1,167,830
School Administration	-	-	-	-	-	-	-
Facilities Acquisition and Construction	-	90,969	46,417	-	1,383,069	1,520,455	1,520,622

	Capital Projects						Total Nonmajor Governmental Funds
	State Board of Education Bonds Fund	Special Act Bonds Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Local Optional Millage Levy Fund	Total Nonmajor Capital Projects Funds	
Expenditures (continued):							
Fiscal Services	-	-	-	-	-	-	77,362
Food Services	-	-	-	-	-	-	27,683,566
Central Services	-	-	-	-	-	-	390,570
Pupil Transportation Services	-	-	-	-	-	-	379,060
Operation of Plant	-	-	-	-	-	-	106,146
Maintenance of Plant	-	-	-	-	-	-	14,354
Community Services	-	-	-	-	-	-	125,482
Capital Outlay:							
Facilities Acquisition and Construction	1,992,405	53,935	9,127,233	-	19,770,978	30,944,551	31,009,771
Other Capital Outlay	-	-	-	-	-	-	1,962,420
Debt Service:							
Principal	-	-	-	-	-	-	11,115,000
Interest	-	-	-	-	-	-	10,418,172
Fiscal Charges	-	-	-	-	-	-	2,536,961
Total Expenditures	1,992,405	144,904	9,173,650	-	21,154,047	32,465,006	118,698,877
Excess (Deficiency) of Revenues Over Expenditures	(1,778,558)	(24,921)	7,594,901	979,745	17,996,858	24,768,025	9,733,492
Other Financing Sources (Uses):							
Transfers In	-	-	333,465	-	-	333,465	16,507,160
Premium on Sales Tax Bonds	-	-	-	-	-	-	744,964
Transfers Out	-	-	-	-	(15,923,185)	(15,923,185)	(15,923,185)
Total Other Financing Sources (Uses)	-	-	333,465	-	(15,923,185)	(15,589,720)	1,328,939
Net Change in Fund Balances	(1,778,558)	(24,921)	7,928,366	979,745	2,073,673	9,178,305	11,062,431
Fund Balances, Beginning	4,315,802	2,295,320	2,571,801	7,913,892	11,859,202	28,956,017	44,863,456
Fund Balances, Ending	\$ 2,537,244	\$ 2,270,399	\$ 10,500,167	\$ 8,893,637	\$ 13,932,875	\$ 38,134,322	\$ 55,925,887

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

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Food and Nutrition Services Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Federal Sources:				
Food Service	\$ 13,986,942	\$ 14,644,165	\$ 14,638,784	\$ (5,381)
State Sources:				
Food Service	453,237	468,379	461,379	(7,000)
Local Sources:				
Food Service Sales	11,834,634	12,596,261	12,582,462	(13,799)
Investment Earnings	22,753	15,628	27,127	11,499
Local Grants and Other	22,109	25,709	48,660	22,951
Total Revenues	<u>26,319,675</u>	<u>27,750,142</u>	<u>27,758,412</u>	<u>8,270</u>
Expenditures:				
Current-Education:				
Food Services				
Salaries	8,857,938	10,083,405	9,929,936	153,469
Employee Benefits	3,168,040	4,101,924	3,753,414	348,510
Purchased Services	802,687	863,723	664,634	199,089
Energy Services	315,000	285,000	314,675	(29,675)
Materials and Supplies	12,256,010	12,973,176	12,727,557	245,619
Capital Outlay	35,000	42,078	5,248	36,830
Other Expenses	585,000	401,000	256,442	144,558
Total Expenditures	<u>26,019,675</u>	<u>28,750,306</u>	<u>27,651,906</u>	<u>1,098,400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>300,000</u>	<u>(1,000,164)</u>	<u>106,506</u>	<u>1,106,670</u>
Other Financing Sources (Uses):				
Transfers Out	(300,000)	(300,000)	-	300,000
Net Change in Fund Balance	-	(1,300,164)	106,506	1,406,670
Fund Balance, Beginning	1,300,164	1,300,164	1,300,164	-
Fund Balance, Ending	<u>\$ 1,300,164</u>	<u>\$ -</u>	<u>\$ 1,406,670</u>	<u>\$ 1,406,670</u>

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Federal Sources:				
Federal Direct	\$ 5,245,488	\$ 5,569,574	\$ 4,949,459	\$ (620,115)
Federal Through State	34,245,745	38,532,807	29,562,373	(8,970,434)
Federal Through Local	-	92,555	-	(92,555)
Total Revenues	39,491,233	44,194,936	34,511,832	(9,683,104)
Expenditures:				
Current-Education:				
Instruction				
Salaries	13,422,059	12,603,096	12,297,132	305,964
Employee Benefits	5,260,560	5,592,295	4,356,401	1,235,894
Purchased Services	2,271,310	2,125,062	1,549,909	575,153
Materials and Supplies	1,225,882	2,376,829	1,512,718	864,111
Capital Outlay	1,563,468	1,864,834	631,919	1,232,915
Other Expenses	185,707	183,092	184,975	(1,883)
Pupil Personnel Services				
Salaries	2,134,162	2,394,934	2,156,079	238,855
Employee Benefits	759,697	814,457	670,243	144,214
Purchased Services	135,682	447,997	247,031	200,966
Materials and Supplies	86,132	130,909	79,455	51,454
Capital Outlay	33,934	81,211	23,876	57,335
Other Expenses	3,647	1,940	1,240	700
Instructional Media Services				
Salaries	85,823	137,348	130,749	6,599
Employee Benefits	30,975	37,931	34,233	3,698
Purchased Services	9,800	22,400	22,400	-
Capital Outlay	-	4,100	-	4,100
Instructional and Curriculum Development Services				
Salaries	2,750,838	2,399,106	2,076,048	323,058
Employee Benefits	835,607	624,886	536,641	88,245
Purchased Services	244,583	203,399	93,341	110,058
Materials and Supplies	240,396	117,061	23,376	93,685
Capital Outlay	215,249	242,092	6,763	235,329
Other Expenses	48,273	40,532	24,793	15,739
Instructional Staff Training Services				
Salaries	1,910,991	2,251,363	1,685,449	565,914
Employee Benefits	454,381	596,789	325,078	271,711
Purchased Services	675,828	1,645,154	809,947	835,207
Materials and Supplies	642,270	492,331	193,820	298,511
Capital Outlay	20,928	96,725	15,604	81,121
Other Expenses	527,071	802,469	267,941	534,528
Instruction Related Technology				
Salaries	171,114	204,318	185,478	18,840
Employee Benefits	47,704	53,843	48,515	5,328
Purchased Services	500	407	407	-
Capital Outlay	-	7,212	-	7,212

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
General Administration				
Other Expenses	1,166,450	1,516,432	1,167,830	348,602
School Administration				
Salaries	-	490	-	490
Employee Benefits	-	86	-	86
Facilities Acquisition and Construction				
Purchased Services	20,000	16,650	-	16,650
Capital Outlay	89,321	40,483	167	40,316
Fiscal Services				
Salaries	51,059	67,312	59,992	7,320
Employee Benefits	19,430	26,638	16,083	10,555
Purchased Services	1,100	3,420	930	2,490
Materials and Supplies	2,200	2,240	357	1,883
Capital Outlay	3,000	3,000	-	3,000
Food Services				
Salaries	-	150	-	150
Employee Benefits	-	26	-	26
Purchased Services	27,500	33,460	31,660	1,800
Materials and Supplies	2,000	-	-	-
Central Services				
Salaries	132,286	185,184	154,498	30,686
Employee Benefits	43,638	84,060	41,607	42,453
Purchased Services	81,444	300,781	162,621	138,160
Materials and Supplies	9,000	10,371	1,186	9,185
Capital Outlay	23,760	13,760	-	13,760
Other Expenses	39,500	31,447	30,658	789
Pupil Transportation Services				
Salaries	74,618	136,506	89,204	47,302
Employee Benefits	21,794	40,119	26,526	13,593
Purchased Services	1,420,532	360,647	263,330	97,317
Materials and Supplies	1,167	1,167	-	1,167
Capital Outlay	8,240	13,240	-	13,240
Operation of Plant				
Salaries	2,101	2,301	-	2,301
Employee Benefits	385	196	-	196
Purchased Services	30,000	57,173	22,452	34,721
Energy Services	61,837	229,098	79,722	149,376
Materials and Supplies	4,300	3,804	3,217	587
Capital Outlay	-	1,015	755	260
Maintenance of Plant				
Purchased Services	35,000	95,937	14,354	81,583
Energy Services	-	-	-	-
Capital Outlay	-	168,304	-	168,304

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Community Services				
Salaries	44,668	45,321	45,321	-
Employee Benefits	12,953	10,631	10,631	-
Purchased Services	54,316	64,559	64,559	-
Materials and Supplies	9,253	1,206	1,205	1
Capital Outlay	3,810	3,791	3,766	25
Capital Outlay:				
Facilities Acquisition and Construction	-	65,389	65,220	169
Other Capital Outlay	-	1,962,420	1,962,420	-
Total Expenditures	39,491,233	44,194,936	34,511,832	9,683,104
Net Change in Fund Balance	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - State Board of Education Bonds Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State Sources:				
CO & DS Withheld for State Education Bonds	\$ 2,141,174	\$ 2,080,174	\$ 2,065,451	\$ (14,723)
State Grants and Other	-	-	216,863	216,863
Total Revenues	<u>2,141,174</u>	<u>2,080,174</u>	<u>2,282,314</u>	<u>202,140</u>
Expenditures:				
Debt Service:				
Principal	1,255,000	1,255,000	1,255,000	-
Interest	886,174	886,174	858,430	27,744
Fiscal Charges	-	165,472	165,471	1
Total Expenditures	<u>2,141,174</u>	<u>2,306,646</u>	<u>2,278,901</u>	<u>27,745</u>
Net Change in Fund Balance	-	(226,472)	3,413	229,885
Fund Balances, Beginning	437,728	437,728	437,728	-
Fund Balances, Ending	<u>\$ 437,728</u>	<u>\$ 211,256</u>	<u>\$ 441,141</u>	<u>\$ 229,885</u>

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - District Revenue Bonds Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State Sources:				
Racing Commission Funds	\$ 223,250	\$ 223,250	\$ 223,250	\$ -
Local Sources:				
Investment Earnings	600	600	2,720	2,120
Total Revenues	<u>223,850</u>	<u>223,850</u>	<u>225,970</u>	<u>2,120</u>
Expenditures:				
Debt Service:				
Principal	75,000	75,000	75,000	-
Interest	143,616	143,616	143,615	1
Fiscal Charges	1,000	1,000	345	655
Total Expenditures	<u>219,616</u>	<u>219,616</u>	<u>218,960</u>	<u>656</u>
Net Change in Fund Balance	4,234	4,234	7,010	2,776
Fund Balance, Beginning	14,454	14,454	14,454	-
Fund Balance, Ending	<u>\$ 18,688</u>	<u>\$ 18,688</u>	<u>\$ 21,464</u>	<u>\$ 2,776</u>

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - General Obligation Bonds Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local Sources:				
Ad Valorem Taxes	\$ 5,373,542	\$ 5,697,570	\$ 5,799,859	\$ 102,289
Investment Earnings	250,000	346,250	527,019	180,769
Total Revenues	<u>5,623,542</u>	<u>6,043,820</u>	<u>6,326,878</u>	<u>283,058</u>
Expenditures:				
Debt Service:				
Principal	5,080,000	5,080,000	5,080,000	-
Interest	386,650	386,650	386,650	-
Fiscal Charges	110,000	110,000	95,212	14,788
Total Expenditures	<u>5,576,650</u>	<u>5,576,650</u>	<u>5,561,862</u>	<u>14,788</u>
Net Change in Fund Balance	46,892	467,170	765,016	297,846
Fund Balances, Beginning	9,135,839	9,135,839	9,135,839	-
Fund Balances, Ending	<u>\$ 9,182,731</u>	<u>\$ 9,603,009</u>	<u>\$ 9,900,855</u>	<u>\$ 297,846</u>

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - Certificates of Participation Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State Sources:				
Investment Earnings	\$ 160,100	\$ 93,932	\$ 93,932	\$ -
Expenditures:				
Debt Service:				
Principal	18,086,714	5,086,714	4,705,000	381,714
Interest	11,940,071	9,029,478	9,029,477	1
Fiscal Charges	2,129,890	3,044,955	2,275,933	769,022
Total Expenditures	<u>32,156,675</u>	<u>17,161,147</u>	<u>16,010,410</u>	<u>1,150,737</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(31,996,575)</u>	<u>(17,067,215)</u>	<u>(15,916,478)</u>	<u>1,150,737</u>
Other Financing Sources:				
Premium on Sale of Bonds	-	744,965	744,964	(1)
Transfers In	32,156,075	16,173,695	16,173,695	-
Total Other Financing Sources	<u>32,156,075</u>	<u>16,918,660</u>	<u>16,918,659</u>	<u>(1)</u>
Net Change in Fund Balance	159,500	(148,555)	1,002,181	1,150,736
Fund Balances, Beginning	5,019,254	5,019,254	5,019,254	-
Fund Balances, Ending	<u>\$ 5,178,754</u>	<u>\$ 4,870,699</u>	<u>\$ 6,021,435</u>	<u>\$ 1,150,736</u>

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Public Education Capital Outlay Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State Sources:				
Public Education Capital Outlay	\$ 18,446,344	\$ 18,446,344	\$ 16,678,822	\$ (1,767,522)
Local Sources:				
Investment Earnings	13,400	89,729	89,729	-
Total Revenues	<u>18,459,744</u>	<u>18,536,073</u>	<u>16,768,551</u>	<u>(1,767,522)</u>
Expenditures:				
Current-Education:				
Facilities Acquisition and Construction	-	46,417	46,417	-
Capital Outlay:				
Facilities Acquisition and Construction	18,445,000	19,239,503	9,127,233	10,112,270
Total Expenditures	<u>18,445,000</u>	<u>19,285,920</u>	<u>9,173,650</u>	<u>10,112,270</u>
Excess (Deficiency) of Revenues over Expenditures	14,744	(749,847)	7,594,901	8,344,748
Other Financing Sources:				
Transfer In	-	333,465	333,465	-
Total Other Financing Sources	<u>-</u>	<u>333,465</u>	<u>333,465</u>	<u>-</u>
Net Change in Fund Balance	14,744	(416,382)	7,928,366	8,344,748
Fund Balances, Beginning	2,571,801	2,571,801	2,571,801	-
Fund Balances, Ending	<u>\$ 2,586,545</u>	<u>\$ 2,155,419</u>	<u>\$ 10,500,167</u>	<u>\$ 8,344,748</u>

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Other Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State Sources:				
Class Size Reduction Capital Outlay	\$ 53,808,596	\$ 50,808,596	\$ 50,018,343	\$ (790,253)
State Grants and Other	-	-	-	-
Local Sources:				
Local Sales Tax	27,754,270	23,254,270	26,642,211	3,387,941
Impact Fees	25,451,832	25,451,832	16,196,806	(9,255,026)
Investment Earnings	4,925,067	4,218,167	4,915,292	697,125
Local Grants and Other	-	87,977	87,976	(1)
Total Revenues	<u>111,939,765</u>	<u>103,820,842</u>	<u>97,860,628</u>	<u>(5,960,214)</u>
Expenditures:				
Current-Education:				
Facilities Acquisition and Construction	-	4,534,050	4,534,049	1
Capital Outlay:				
Facilities Acquisition and Construction	323,528,297	318,797,833	171,549,298	147,248,535
Total Expenditures	<u>323,528,297</u>	<u>323,331,883</u>	<u>176,083,347</u>	<u>147,248,536</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(211,588,532)</u>	<u>(219,511,041)</u>	<u>(78,222,719)</u>	<u>141,288,322</u>
Other Financing Sources (Uses):				
Proceeds from Sales Tax Bonds Issued	-	106,612,020	88,590,000	(18,022,020)
Premium on Sales Tax Bonds	218,800,000	134,806,392	3,306,392	(131,500,000)
Transfer Out	(13,062,438)	(783,975)	(783,975)	-
Total Other Financing Sources (Uses)	<u>205,737,562</u>	<u>240,634,437</u>	<u>91,112,417</u>	<u>(149,522,020)</u>
Net Change in Fund Balance	(5,850,970)	21,123,396	12,889,698	(8,233,698)
Fund Balances, Beginning	122,169,977	122,169,977	122,169,977	-
Fund Balances, Ending	<u>\$ 116,319,007</u>	<u>\$ 143,293,373</u>	<u>\$ 135,059,675</u>	<u>\$ (8,233,698)</u>

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - State Board of Education Bonds Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local Sources:				
Investment Earnings	\$ 210,699	\$ 214,880	\$ 213,847	\$ (1,033)
Expenditures:				
Capital Outlay:				
Facilities Acquisition and Construction	4,264,859	4,530,682	1,992,405	2,538,277
Total Expenditures	4,264,859	4,530,682	1,992,405	2,538,277
Excess (Deficiency) of Revenues Over Expenditures	(4,054,160)	(4,315,802)	(1,778,558)	2,537,244
Net Change in Fund Balance	(4,054,160)	(4,315,802)	(1,778,558)	2,537,244
Fund Balances, Beginning	4,316,051	4,315,802	4,315,802	-
Fund Balances, Ending	\$ 261,891	\$ -	\$ 2,537,244	\$ 2,537,244

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Special Act Bonds Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local Sources:				
Investment Earnings	\$ 90,000	\$ 120,000	\$ 119,983	\$ (17)
Expenditures:				
Current:				
Facilities Acquisition and Construction	-	90,969	90,969	-
Capital Outlay:				
Facilities Acquisition and Construction	50,000	145,023	53,935	91,088
Total Expenditures	50,000	235,992	144,904	91,088
Net Change in Fund Balance	40,000	(115,992)	(24,921)	91,071
Fund Balance, Beginning	2,295,320	2,295,320	2,295,320	-
Fund Balance, Ending	\$ 2,335,320	\$ 2,179,328	\$ 2,270,399	\$ 91,071

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Capital Outlay and Debt Service Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State Sources:				
CO & DS Distributed	\$ 450,000	\$ 495,000	\$ 490,687	\$ (4,313)
State Grants and Other	-	65,000	62,641	(2,359)
Local Sources:				
Investment Earnings	295,000	445,000	426,417	(18,583)
Total Revenues	<u>745,000</u>	<u>1,005,000</u>	<u>979,745</u>	<u>(25,255)</u>
Net Change in Fund Balance	745,000	1,005,000	979,745	(25,255)
Fund Balance, Beginning	<u>7,913,892</u>	<u>7,913,892</u>	<u>7,913,892</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 8,658,892</u>	<u>\$ 8,918,892</u>	<u>\$ 8,893,637</u>	<u>\$ (25,255)</u>

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Local Optional Millage Levy Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local Sources:				
Ad Valorem Taxes	\$ 36,694,541	\$ 36,880,974	\$ 37,977,156	\$ 1,096,182
Investment Earnings	835,841	1,513,886	1,173,041	(340,845)
Local Grants and Other	-	738	708	(30)
Total Revenues	<u>37,530,382</u>	<u>38,395,598</u>	<u>39,150,905</u>	<u>755,307</u>
Expenditures:				
Current-Education:				
Facilities Acquisition and Construction	-	1,383,070	1,383,069	1
Capital Outlay:				
Facilities Acquisition and Construction	26,494,000	29,286,418	19,770,978	9,515,440
Total Expenditures	<u>26,494,000</u>	<u>30,669,488</u>	<u>21,154,047</u>	<u>9,515,441</u>
Excess of Revenues Over Expenditures	<u>11,036,382</u>	<u>7,726,110</u>	<u>17,996,858</u>	<u>10,270,748</u>
Other Financing Sources (Uses):				
Transfers In	300,000	300,000	-	(300,000)
Transfers Out	(19,293,637)	(19,293,637)	(15,923,185)	3,370,452
Total Other Financing Sources (Uses)	<u>(18,993,637)</u>	<u>(18,993,637)</u>	<u>(15,923,185)</u>	<u>3,070,452</u>
Net Change in Fund Balance	(7,957,255)	(11,267,527)	2,073,673	13,341,200
Fund Balances, Beginning	11,859,199	11,859,199	11,859,202	3
Fund Balances, Ending	<u>\$ 3,901,944</u>	<u>\$ 591,672</u>	<u>\$ 13,932,875</u>	<u>\$ 13,341,203</u>

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Combining Statements of Internal Service Funds

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

Group Health Insurance Plan – To account for the financing of the District's fully-insured program for employees' medical and dental benefits.

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

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

Prescription Self-Insurance Plan – To account for the financing and payment of claims for the District's self-insured prescription plan.

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

District Print Center – To account for the financing of goods and services provided to District schools and departments by the Print Center.

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

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

District School Board of Pasco County
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2007

	Group Health Insurance Plan	Flexible Benefits Plan	Property, Casualty, and Workers' Compensation Self-Insurance Plan
Assets:			
Current Assets:			
Cash with Fiscal Agent	\$ -	\$ 191,889	\$ -
Investments	2,940,390	1,234,006	21,155,481
Accounts Receivable	101,534	37,367	85,231
Due From Other Agencies	-	-	87,761
Inventories	-	-	-
Total Current Assets	<u>3,041,924</u>	<u>1,463,262</u>	<u>21,328,473</u>
Noncurrent Assets:			
Capital Assets:			
Furniture, Fixtures, and Equipment	-	-	-
Accumulated Depreciation	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>3,041,924</u>	<u>1,463,262</u>	<u>21,328,473</u>
Liabilities:			
Current Liabilities:			
Payroll Deductions and Withholdings Payable	1,896	-	798
Accounts Payable	2,907,634	264,288	293,663
Total Current Liabilities	<u>2,909,530</u>	<u>264,288</u>	<u>294,461</u>
Long-term Liabilities:			
Portion Due Within One Year:			
Compensated Absences Payable	44,202	-	33,020
Estimated Insurance Claims Payable	-	-	2,051,909
Portion Due After One Year:			
Compensated Absences Payable	86,881	-	150,747
Estimated Insurance Claims Payable	-	-	4,483,054
Total Long-term Liabilities	<u>131,083</u>	<u>-</u>	<u>6,718,730</u>
Total Liabilities	<u>3,040,613</u>	<u>264,288</u>	<u>7,013,191</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	-	-	-
Unrestricted	1,311	1,198,974	14,315,282
Total Net Assets	<u>1,311</u>	<u>1,198,974</u>	<u>14,315,282</u>
Total Liabilities and Net Assets	<u>\$ 3,041,924</u>	<u>\$ 1,463,262</u>	<u>\$ 21,328,473</u>

Prescription Self-Insurance Plan	Employee Assistance Program	District Print Center	Energy Management Program	Exclusive Agreement	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191,889
336,795	43,219	323,549	6,077,096	1,523,052	33,633,588
419,249	20	-	-	-	643,401
-	-	-	-	-	87,761
-	-	23,169	-	-	23,169
<u>756,044</u>	<u>43,239</u>	<u>346,718</u>	<u>6,077,096</u>	<u>1,523,052</u>	<u>34,579,808</u>
-	-	2,549	-	93,264	95,813
-	-	(1,354)	-	(20,984)	(22,338)
-	-	1,195	-	72,280	73,475
<u>756,044</u>	<u>43,239</u>	<u>347,913</u>	<u>6,077,096</u>	<u>1,595,332</u>	<u>34,653,283</u>
-	149	665	189	-	3,697
4,092	4,160	3,477	468,099	-	3,945,413
<u>4,092</u>	<u>4,309</u>	<u>4,142</u>	<u>468,288</u>	<u>-</u>	<u>3,949,110</u>
-	8,302	39,894	19,071	-	144,489
336,935	-	-	-	-	2,388,844
-	30,628	8,333	22,390	-	298,979
-	-	-	-	-	4,483,054
<u>336,935</u>	<u>38,930</u>	<u>48,227</u>	<u>41,461</u>	<u>-</u>	<u>7,315,366</u>
<u>341,027</u>	<u>43,239</u>	<u>52,369</u>	<u>509,749</u>	<u>-</u>	<u>11,264,476</u>
-	-	1,195	-	72,280	73,475
415,017	-	294,349	5,567,347	1,523,052	23,315,332
415,017	-	295,544	5,567,347	1,595,332	23,388,807
<u>\$ 756,044</u>	<u>\$ 43,239</u>	<u>\$ 347,913</u>	<u>\$ 6,077,096</u>	<u>\$ 1,595,332</u>	<u>\$ 34,653,283</u>

District School Board of Pasco County
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2007

	Group Health Insurance Plan	Flexible Benefits Plan	Property, Casualty, and Workers' Compensation Self-Insurance Plan
Operating Revenues:			
Insurance Premiums:			
Board Contributions	\$ 30,968,459	\$ 1,190,873	\$ 9,651,456
Employees	5,055,341	-	-
Retirees	2,817,624	-	-
Charges for Services Provided	-	-	-
Other Receipts	2,225	90,845	448,249
Total Operating Revenues	<u>38,843,649</u>	<u>1,281,718</u>	<u>10,099,705</u>
Operating Expenses:			
Salaries	466,197	-	283,129
Employee Benefits	128,103	-	397,790
Purchased Services	86,157	1,190,873	759,072
Insurance Premiums	38,240,427	-	7,153,865
Energy Services	-	-	-
Materials and Supplies	4,904	-	5,765
Insurance Claims	-	-	2,030,502
Capital Outlay	587	-	9,602
Other	12,557	-	50,042
Depreciation	-	-	-
Total Operating Expenses	<u>38,938,932</u>	<u>1,190,873</u>	<u>10,689,767</u>
Operating Income (Loss)	<u>(95,283)</u>	<u>90,845</u>	<u>(590,062)</u>
Nonoperating Revenues:			
Investment Earnings	21,569	56,160	920,075
Loss Recoveries	-	-	442,144
Total Nonoperating Revenues	<u>21,569</u>	<u>56,160</u>	<u>1,362,219</u>
Income (Loss) Before Transfers	<u>(73,714)</u>	<u>147,005</u>	<u>772,157</u>
Transfers In	-	-	200,000
Change in Net Assets	<u>(73,714)</u>	<u>147,005</u>	<u>972,157</u>
Net Assets, Beginning	<u>75,025</u>	<u>1,051,969</u>	<u>13,343,125</u>
Net Assets, Ending	<u>\$ 1,311</u>	<u>\$ 1,198,974</u>	<u>\$ 14,315,282</u>

Prescription Self-Insurance Plan	Employee Assistance Program	District Print Center	Energy Management Program	Exclusive Agreement	Totals
\$ 8,574,435	\$ -	\$ -	\$ -	\$ -	\$ 50,385,223
-	-	-	-	-	5,055,341
-	-	-	-	-	2,817,624
-	-	712,421	10,870,501	-	11,582,922
-	233,270	1,575	137,253	306,345	1,219,762
<u>8,574,435</u>	<u>233,270</u>	<u>713,996</u>	<u>11,007,754</u>	<u>306,345</u>	<u>71,060,872</u>
-	86,933	301,855	241,274	-	1,379,388
-	22,433	93,167	65,525	-	707,018
73,311	122,721	178,912	1,928,704	185,179	4,524,929
-	-	-	-	-	45,394,292
-	-	-	9,166,137	-	9,166,137
-	803	200,803	28,203	2,514	242,992
8,089,007	-	-	-	-	10,119,509
-	495	221	136	30,991	42,032
-	-	-	636	6,301	69,536
-	-	-	-	16,787	16,787
<u>8,162,318</u>	<u>233,385</u>	<u>774,958</u>	<u>11,430,615</u>	<u>241,772</u>	<u>71,662,620</u>
<u>412,117</u>	<u>(115)</u>	<u>(60,962)</u>	<u>(422,861)</u>	<u>64,573</u>	<u>(601,748)</u>
-	115	17,380	318,488	70,127	1,403,914
-	-	-	-	-	442,144
-	115	17,380	318,488	70,127	1,846,058
412,117	-	(43,582)	(104,373)	134,700	1,244,310
-	-	-	-	-	200,000
412,117	-	(43,582)	(104,373)	134,700	1,444,310
2,900	-	339,126	5,671,720	1,460,632	21,944,497
<u>\$ 415,017</u>	<u>\$ -</u>	<u>\$ 295,544</u>	<u>\$ 5,567,347</u>	<u>\$ 1,595,332</u>	<u>\$ 23,388,807</u>

**District School Board of Pasco County
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2007**

	Group Health Insurance Plan	Flexible Benefits Plan	Property, Casualty, and Liability Self-Insurance Plan
Cash Flows from Operating Activities:			
Cash Received from Services	\$ -	\$ -	\$ -
Cash Received from Premiums	38,637,226	1,260,669	9,578,713
Cash Received from Other Operating Revenues	2,225	90,846	448,249
Cash Payments to Suppliers for Goods and Services	(37,905,235)	(1,308,298)	(7,832,145)
Cash Payments to Employees for Services	(559,990)	-	(638,630)
Cash Payments to Insurance Claims	-	-	(3,045,411)
Net Cash Provided (Used) by Operating Activities	<u>174,226</u>	<u>43,217</u>	<u>(1,489,224)</u>
Cash Flows from Noncapital Financing Activities:			
Insurance Loss Recoveries	-	-	442,144
Transfers From Other Funds	-	-	200,000
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>642,144</u>
Cash Flows from Investing Activities:			
Investment Earnings	21,569	56,160	920,075
Net Cash Provided by Investing Activities	<u>21,569</u>	<u>56,160</u>	<u>920,075</u>
Net Change in Cash and Cash Equivalents	195,795	99,377	72,995
Cash and Cash Equivalents, Beginning	2,744,595	1,326,518	21,082,486
Cash and Cash Equivalents, Ending	<u>\$ 2,940,390</u>	<u>\$ 1,425,895</u>	<u>\$ 21,155,481</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	\$ (95,283)	\$ 90,845	\$ (590,062)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities			
Depreciation	-	-	-
Change in Assets and Liabilities:			
Accounts Receivable	(90,548)	69,796	15,019
Due From Other Agencies	-	-	(87,762)
Inventories	-	-	-
Payroll Deductions and Withholdings Payable	1,758	-	644
Accounts Payable	439,396	(117,424)	146,200
Deferred Revenues	(113,649)	-	-
Compensated Absences Payable	32,552	-	41,644
Estimated Insurance Claims Payable	-	-	(1,014,907)
Total Adjustments	<u>269,509</u>	<u>(47,628)</u>	<u>(899,162)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 174,226</u>	<u>\$ 43,217</u>	<u>\$ (1,489,224)</u>

Prescription Self-Insurance Plan	Employee Assistance Program	District Print Center	Energy Management Program	Exclusive Agreement	Totals
\$ -	\$ -	\$ 712,421	\$ 10,870,501	\$ -	\$ 11,582,922
8,466,601	15	24	24	-	57,943,272
-	233,270	1,575	137,252	306,345	1,219,762
(377,735)	(128,408)	(360,212)	(11,003,101)	(224,985)	(59,140,119)
-	(104,801)	(390,651)	(286,410)	-	(1,980,482)
(7,752,071)	-	-	-	-	(10,797,482)
<u>336,795</u>	<u>76</u>	<u>(36,843)</u>	<u>(281,734)</u>	<u>81,360</u>	<u>(1,172,127)</u>
-	-	-	-	-	442,144
-	-	-	-	-	200,000
-	-	-	-	-	642,144
-	115	17,380	318,488	70,127	1,403,914
-	115	17,380	318,488	70,127	1,403,914
336,795	191	(19,463)	36,754	151,487	873,931
-	43,028	343,012	6,040,342	1,371,565	32,951,546
<u>\$ 336,795</u>	<u>\$ 43,219</u>	<u>\$ 323,549</u>	<u>\$ 6,077,096</u>	<u>\$ 1,523,052</u>	<u>\$ 33,825,477</u>
\$ 412,117	\$ (115)	\$ (60,962)	\$ (422,861)	\$ 64,573	\$ (601,748)
-	-	-	-	16,787	16,787
(107,834)	15	24	23	-	(113,505)
-	-	17,180	-	-	(87,762)
-	143	524	189	-	17,180
(304,423)	(4,389)	2,542	120,715	-	3,258
-	-	-	-	-	282,617
-	4,422	3,849	20,200	-	(113,649)
336,935	-	-	-	-	102,667
<u>(75,322)</u>	<u>191</u>	<u>24,119</u>	<u>141,127</u>	<u>16,787</u>	<u>(677,972)</u>
<u>\$ 336,795</u>	<u>\$ 76</u>	<u>\$ (36,843)</u>	<u>\$ (281,734)</u>	<u>\$ 81,360</u>	<u>\$ (1,172,127)</u>

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Combining Statements of Agency Funds

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

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

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

District School Board of Pasco County
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2007

	School Internal Accounts	ABC Program	Total
Assets:			
Cash	\$ 5,421,454	\$ -	\$ 5,421,454
Investments	-	32,040	32,040
Accounts Receivable	11,998	-	11,998
Inventories	39,890	-	39,890
Total Assets	<u>\$ 5,473,342</u>	<u>\$ 32,040</u>	<u>\$ 5,505,382</u>
Liabilities:			
Accounts Payable	\$ 43,147	\$ 32,040	\$ 75,187
Due to Other Funds	266,164	-	266,164
Internal Accounts Payable	5,164,031	-	5,164,031
Total Liabilities	<u>\$ 5,473,342</u>	<u>\$ 32,040</u>	<u>\$ 5,505,382</u>

District School Board of Pasco County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2007

	School Internal Accounts			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Cash	\$ 5,089,648	\$ 663,612	\$ 331,806	\$ 5,421,454
Accounts Receivable	25,525	13,527	27,054	11,998
Inventories	75,146	35,257	70,513	39,890
Total Assets	<u>\$ 5,190,319</u>	<u>\$ 712,396</u>	<u>\$ 429,373</u>	<u>\$ 5,473,342</u>
Liabilities:				
Accounts Payable	\$ 327,728	\$ 44,270	\$ 296,811	\$ 75,187
Due to Other Funds	-	279,845	13,681	266,164
Internal Accounts Payable	4,862,591	269,400	-	5,131,991
Total Liabilities	<u>\$ 5,190,319</u>	<u>\$ 593,515</u>	<u>\$ 310,492</u>	<u>\$ 5,473,342</u>
ABC Program				
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Investments	\$ 25,093	\$ 9,026	\$ 2,079	\$ 32,040
Liabilities:				
ABC Program Payable	\$ 25,093	\$ 9,026	\$ 2,079	\$ 32,040
Total Agency Funds				
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Cash	\$ 5,089,648	\$ 663,612	\$ 331,806	\$ 5,421,454
Investments	25,093	9,026	2,079	32,040
Accounts Receivable	25,525	13,527	27,054	11,998
Inventories	75,146	35,257	70,513	39,890
Total Assets	<u>\$ 5,215,412</u>	<u>\$ 721,422</u>	<u>\$ 431,452</u>	<u>\$ 5,505,382</u>
Liabilities:				
Accounts Payable	\$ 327,728	\$ 44,270	\$ 296,811	\$ 75,187
Due to other Funds	-	279,845	13,681	266,164
Internal Accounts Payable	4,862,591	269,400	-	5,131,991
ABC Program Payable	25,093	9,026	2,079	32,040
Total Liabilities	<u>\$ 5,215,412</u>	<u>\$ 602,541</u>	<u>\$ 312,571</u>	<u>\$ 5,505,382</u>

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Combining Statements of Component Units

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

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

Athenian Academy, Inc. – A kindergarten through 5th grade school offering students a program that incorporates the Greek language and culture.

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

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

The Language Academy Charter School, Inc. – Focuses on creating an atmosphere where language and content learning are reinforced in a variety of modalities.

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

District School Board of Pasco County
Combining Statement of Net Assets
Component Units
June 30, 2007

	Academy at the Farm, Inc.	Athenian Academy, Inc.	Countryside Montessori Charter School, Inc.
Assets:			
Cash	\$ 238,504	\$ 7,790	\$ 128,300
Investments	-	-	-
Accounts Receivable	95,701	13,247	10,000
Due From Other Agencies	90,398	-	14,115
Prepaid Expenses	4,891	18,380	-
Capital Assets (net of accumulated depreciation):			
Land	-	-	-
Improvements Other Than Buildings	-	-	-
Leasehold Property and Improvements	22,091	-	-
Buildings and Fixed Equipment	673,501	179,884	-
Furniture, Fixtures and Equipment	26,767	58,888	104,185
Motor Vehicles	-	-	-
Computer Equipment	23,113	-	-
Audio Visual Materials	-	-	-
Total Assets	<u>1,174,966</u>	<u>278,189</u>	<u>256,600</u>
Liabilities:			
Current Liabilities:			
Salaries and Wages Payable	8,952	-	-
Accounts Payable	134,428	166,553	1,216
Deferred Revenue	-	-	-
Total Current Liabilities	<u>143,380</u>	<u>166,553</u>	<u>1,216</u>
Long-term Liabilities:			
Due within one year:			
Note Payable	78,884	-	-
Compensated Absences	22,100	-	-
Capital Lease Obligations	-	-	-
Total Due within one year	<u>100,984</u>	<u>-</u>	<u>-</u>
Due in more than one year:			
Note Payable	580,982	-	-
Capital Lease Obligations	-	-	-
Total Due in more than one year	<u>580,982</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>825,346</u>	<u>166,553</u>	<u>1,216</u>
Net Assets (Deficit):			
Invested in Capital Assets, Net of Related Debt	145,217	238,772	104,185
Restricted	-	-	-
Unrestricted	204,403	(127,136)	151,199
Total Net Assets (Deficit)	<u>\$ 349,620</u>	<u>\$ 111,636</u>	<u>\$ 255,384</u>

Dayspring Academy for Education and the Arts	The Language Academy Charter School, Inc. UNAUDITED	Pasco Education Foundation, Inc.	Total Component Units
\$ 405,520	\$ 26,047	\$ 722,974	\$ 1,529,135
-	-	1,246,330	1,246,330
18,597	7,645	6,956	152,146
26,886	-	-	131,399
6,180	-	1,085,970	1,115,421
300,483	-	-	300,483
11,115	-	-	11,115
-	-	-	22,091
1,108,120	-	-	1,961,505
76,212	702	-	266,754
4,561	1,000	-	5,561
-	-	-	23,113
991	-	-	991
<u>1,958,665</u>	<u>35,394</u>	<u>3,062,230</u>	<u>6,766,044</u>
223,034	-	-	231,986
19,092	99,880	139,798	560,967
147,312	-	-	147,312
<u>389,438</u>	<u>99,880</u>	<u>139,798</u>	<u>940,265</u>
30,342	-	-	109,226
30,301	-	-	52,401
12,033	-	-	12,033
<u>72,676</u>	<u>-</u>	<u>-</u>	<u>173,660</u>
865,484	-	-	1,446,466
37,642	-	-	37,642
<u>903,126</u>	<u>-</u>	<u>-</u>	<u>1,484,108</u>
<u>1,365,240</u>	<u>99,880</u>	<u>139,798</u>	<u>2,598,033</u>
555,981	77,207	-	1,121,362
-	-	2,689,884	2,689,884
37,444	(141,693)	232,548	356,765
<u>\$ 593,425</u>	<u>\$ (64,486)</u>	<u>\$ 2,922,432</u>	<u>\$ 4,168,011</u>

District School Board of Pasco County
Combining Statements of Activities
Component Units
For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Academy at the Farm, Inc., Activities:					
Instruction	\$ 1,198,822	\$ -	\$ 106,652	\$ -	\$ (1,092,170)
Instructional Staff Training Services	26,282	-	-	-	(26,282)
School Administration	284,942	-	-	-	(284,942)
Fiscal Services	77,048	-	-	-	(77,048)
Operation of Plant	134,610	-	-	-	(134,610)
Maintenance of Plant	11,119	-	-	-	(11,119)
Community Services	18,721	60,575	-	-	41,854
Depreciation-Unallocated	75,763	-	-	-	(75,763)
	<u>\$ 1,827,307</u>	<u>\$ 60,575</u>	<u>\$ 106,652</u>	<u>\$ -</u>	<u>(1,660,080)</u>
Total Academy at the Farm, Inc., Activities					
General Revenues:					
Grants and Contributions not Restricted to Specific Programs					1,790,025
Miscellaneous					-
Total General Revenues					<u>1,790,025</u>
Change in Net Assets					129,945
Net Assets, Beginning					<u>219,675</u>
Net Assets, Ending					<u>\$ 349,620</u>

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Athenian Academy, Inc., Activities:					
Instruction	\$ 459,404	\$ -	\$ -	\$ -	\$ (459,404)
Pupil Personnel Services	6,603	-	-	-	(6,603)
School Board	3,470	-	-	-	(3,470)
School Administration	153,230	-	-	-	(153,230)
Facilities Acquisition and Construction	15,267	-	-	-	(15,267)
Fiscal Services	109,669	-	-	-	(109,669)
Food Services	13,333	-	-	-	(13,333)
Operation of Plant	205,998	-	-	-	(205,998)
	<u>\$ 966,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(966,974)</u>
Total Athenian Academy, Inc., Activities					
General Revenues:					
Grants and Contributions not Restricted to Specific Programs					611,597
Miscellaneous					467,013
Total General Revenues					<u>1,078,610</u>
Change in Net Assets					111,636
Net Assets, Beginning					-
Net Assets, Ending					<u>\$ 111,636</u>

<u>Countryside Montessori Charter School, Inc., Activities:</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Instruction	\$ 589,778	\$ -	\$ -	\$ -	\$ (589,778)
Instructional Staff Training Services	1,134	-	-	-	(1,134)
School Administration	172,805	-	-	-	(172,805)
Facilities Acquisition and Construction	148,000	-	-	105,997	(42,003)
Fiscal Services	43,978	-	-	-	(43,978)
Food Services	12,945	18,526	-	-	5,581
Pupil Transportation Services	3,523	-	-	-	(3,523)
Operation of Plant	47,191	-	-	-	(47,191)
Maintenance of Plant	450	-	-	-	(450)
Community Services	133,105	-	-	-	(133,105)
Depreciation-Unallocated	31,392	-	-	-	(31,392)
Total Countryside Montessori Charter School, Inc., Activities	<u>\$ 1,184,301</u>	<u>\$ 18,526</u>	<u>\$ -</u>	<u>\$ 105,997</u>	<u>(1,059,778)</u>

General Revenues:

Grants and Contributions not Restricted to Specific Programs	1,012,281
Miscellaneous	1,658
Total General Revenues	<u>1,013,939</u>
Change in Net Assets	(45,839)
Net Assets, Beginning	<u>301,223</u>
Net Assets, Ending	<u>\$ 255,384</u>

<u>Dayspring Academy for Education and the Arts Activities:</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Instruction	\$ 1,366,820	\$ -	\$ -	\$ -	\$ (1,366,820)
Pupil Personnel Services	279	-	-	-	(279)
School Administration	667,417	-	-	-	(667,417)
Facilities Acquisition and Construction	-	-	-	77,172	77,172
Fiscal Services	129,721	-	-	-	(129,721)
Food Services	101,461	40,447	33,539	-	(27,475)
Pupil Transportation Services	30,620	44,333	-	-	13,713
Operation of Plant	221,795	-	-	209,976	(11,819)
Maintenance of Plant	8,056	-	-	-	(8,056)
Community Services	75,887	-	-	-	(75,887)
Interest on Long-term Debt	61,029	-	-	-	(61,029)
Depreciation-Unallocated	68,107	-	-	-	(68,107)
Amortization-Unallocated	2,563	-	-	-	(2,563)
Total Dayspring Academy for Education and the Arts Activities	<u>\$ 2,733,755</u>	<u>\$ 84,780</u>	<u>\$ 33,539</u>	<u>\$ 287,148</u>	<u>(2,328,288)</u>

General Revenues:

Grants and Contributions not Restricted to Specific Programs	2,357,680
Miscellaneous	147,526
Total General Revenues	<u>2,505,206</u>
Change in Net Assets	176,918
Net Assets, Beginning	<u>416,507</u>
Net Assets, Ending	<u>\$ 593,425</u>

District School Board of Pasco County
Combining Statements of Activities
Component Units
For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
The Language Academy Charter School, Inc., Activities:					
UNAUDITED:					
Instruction	\$ 256,036	\$ -	\$ -	\$ -	\$ (256,036)
Pupil Personnel Services	34	-	-	-	(34)
Instructional Staff Training Services	288	-	-	-	(288)
School Administration	85,202	-	-	-	(85,202)
Facilities Acquisition and Construction	3,686	-	-	-	(3,686)
Fiscal Services	107,775	-	-	-	(107,775)
Pupil Transportation Services	23,130	-	-	-	(23,130)
Operation of Plant	90,523	-	-	-	(90,523)
Maintenance of Plant	222	-	-	-	(222)
Depreciation-Unallocated	5,313	-	-	-	(5,313)
Total The Language Academy Charter School, Inc., Activities	\$ 572,209	\$ -	\$ -	\$ -	(572,209)

General Revenues:

Grants and Contributions not Restricted to Specific Programs	657,624
Miscellaneous	-
Total General Revenues	657,624
Change in Net Assets	85,415
Net Deficit, Beginning	(149,901)
Net Deficit, Ending	\$ (64,486)

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Pasco Education Foundation, Inc., Activities:					
Community Services	\$ 767,143	\$ -	\$ -	\$ -	(767,143)

General Revenues:

Grants and Contributions not Restricted to Specific Programs	1,276,211
Investment Earnings	109,112
Total General Revenues	1,385,323
Change in Net Assets	618,180
Net Assets, Beginning	2,304,252
Net Assets, Ending	\$ 2,922,432

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Total Component Units Activities:					
Instruction	\$ 3,870,860	\$ -	\$ 106,652	\$ -	\$ (3,764,208)
Pupil Personnel Services	6,916	-	-	-	(6,916)
Instructional Staff Training Services	27,704	-	-	-	(27,704)
School Board	3,470	-	-	-	(3,470)
School Administration	1,363,596	-	-	-	(1,363,596)
Facilities Acquisition and Construction	166,953	-	-	183,169	16,216
Fiscal Services	468,191	-	-	-	(468,191)
Food Services	127,739	58,973	33,539	-	(35,227)
Pupil Transportation Services	57,273	44,333	-	-	(12,940)
Operation of Plant	700,117	-	-	209,976	(490,141)
Maintenance of Plant	19,847	-	-	-	(19,847)
Community Services	994,856	60,575	-	-	(934,281)
Interest on Long-term Debt	61,029	-	-	-	(61,029)
Depreciation-Unallocated	180,575	-	-	-	(180,575)
Amortization-Unallocated	2,563	-	-	-	(2,563)
	<u>\$ 8,051,689</u>	<u>\$ 163,881</u>	<u>\$ 140,191</u>	<u>\$ 393,145</u>	<u>(7,354,472)</u>
General Revenues:					
Grants and Contributions not Restricted to Specific Programs					7,705,418
Investment Earnings					109,112
Miscellaneous					616,197
Total General Revenues					<u>8,430,727</u>
Change in Net Assets					1,076,255
Net Assets, Beginning					<u>3,091,756</u>
Net Assets, Ending					<u>\$ 4,168,011</u>

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STATISTICAL SECTION

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Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Economic and Demographic Information

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

Table 14	Demographic and Economic Statistics
Table 15	Principal Employers

Operating Information

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

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

Sources: Unless otherwise noted, the information in this section is derived from the District's comprehensive annual reports for the relevant year. The District implemented the new reporting model, GASB 34, in the fiscal year ending June 30, 2002.

**District School Board of Pasco County
Net Assets by Component - Government-Wide
Last Six Fiscal Years (A)
(Unaudited)**

	For the Fiscal Year Ending					
	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
Governmental activities:						
Invested in capital assets, net of related debt	\$ 230,936,279	\$ 253,158,057	\$ 277,057,761	\$ 284,226,371	\$ 378,990,397	\$ 464,698,097
Restricted	79,311,646	86,875,402	92,616,679	132,104,422	111,094,082	150,139,097
Unrestricted	4,571,949	8,190,015	25,890,788	26,058,611	31,819,974	36,251,972
Total Governmental Activities Net Assets	314,819,874	348,223,474	395,565,228	442,389,404	521,904,453	651,089,166
Business-Type Activities:						
Invested in capital assets, net of related debt	74,366	49,670	68,678	87,929	301,788	282,704
Unrestricted	1,748,625	2,121,863	2,583,585	3,175,388	3,257,051	2,677,980
Total Business-Type Activities Net Assets	1,822,991	2,171,533	2,652,263	3,263,317	3,558,839	2,960,684
Primary Government:						
Invested in capital assets, net of related debt	231,010,645	253,207,727	277,126,439	284,314,300	379,292,185	464,980,801
Restricted	79,311,646	86,875,402	92,616,679	132,104,422	111,094,082	150,139,097
Unrestricted	6,320,574	10,311,878	28,474,373	29,233,999	35,077,025	38,929,952
Total Primary Government Net Assets	\$ 316,642,865	\$ 350,395,007	\$ 398,217,491	\$ 445,652,721	\$ 525,463,292	\$ 654,049,850

Note: (A) The District implemented GASB Statement 34 in 2002.

Source: District records

District School Board of Pasco County
Changes in Net Assets - Primary Government
Last Six Fiscal Years (A)
(Unaudited)

	For the Fiscal Year Ending					
	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
Expenses						
Governmental Activities						
Instruction	\$ 173,027,222	\$ 185,522,121	\$ 232,211,511	\$ 249,481,508	\$ 285,454,884	\$ 320,279,886
Pupil Personnel Services	17,473,772	18,778,908	19,469,785	21,156,345	23,764,750	26,571,094
Instructional Media Services	7,486,080	7,943,809	8,225,851	8,899,097	9,456,379	9,481,851
Instruction and Curriculum Development Services	8,193,854	6,695,992	8,452,430	8,024,881	9,088,378	8,999,208
Instructional Staff Training	8,648,679	10,554,709	10,232,251	11,448,750	8,052,983	9,590,108
Instruction Related Technology	-	-	-	-	4,210,967	5,817,654
Board of Education	816,580	1,140,096	1,370,793	1,399,327	1,643,566	2,198,040
General Administration	1,199,112	1,149,336	1,283,059	1,174,386	2,169,506	2,667,580
School Administration	19,753,941	21,681,662	23,980,247	24,847,257	27,011,932	31,744,739
Facilities Acquisition and Construction	3,511,569	3,653,309	5,242,411	7,226,608	9,250,352	13,332,062
Fiscal Services	1,646,776	1,812,594	1,921,790	2,104,263	2,185,931	2,190,039
Food Services	17,927,530	19,698,367	22,153,742	23,244,513	25,144,171	28,045,838
Central Services	6,665,024	7,131,988	7,968,624	7,654,273	3,548,220	8,317,630
Pupil Transportation Services	13,956,938	15,150,867	17,541,767	20,260,829	22,880,871	27,696,272
Operation of Plant	20,438,905	25,567,173	25,010,607	30,108,432	35,355,100	40,372,538
Maintenance of Plant	8,200,258	8,651,843	9,648,268	10,598,270	11,565,861	11,512,727
Administrative Technology Services	-	-	-	-	1,704,019	2,245,453
Community Services	624,560	587,070	673,936	874,940	690,445	826,818
Interest on Long-term Liabilities	8,123,775	7,404,121	7,872,993	9,274,923	11,446,561	12,066,754
Depreciation-Unallocated	18,056,664	18,714,146	635,665	-	-	-
Total Government Activities Expenses	335,751,239	361,838,111	403,895,730	437,778,602	494,624,876	563,956,291
Business-Type Activities:						
PLACE Program	4,673,823	4,626,977	5,205,434	5,596,822	6,931,797	8,808,096
Total Business-Type Activities Expenses	4,673,823	4,626,977	5,205,434	5,596,822	6,931,797	8,808,096
Total Primary Government Expenses	\$ 340,425,062	\$ 366,465,088	\$ 409,101,164	\$ 443,375,424	\$ 501,556,673	\$ 572,764,387
Program Revenues						
Governmental Activities:						
Charges for services	\$ 7,890,846	\$ 8,174,320	\$ 10,662,655	\$ 11,423,234	\$ 12,110,266	\$ 13,611,376
Operating grants and contributions	22,411,986	23,947,137	24,749,825	26,955,586	28,133,635	30,662,856
Capital grants and contributions	15,407,242	19,608,710	35,790,040	25,399,494	38,201,714	85,566,489
Total Government Activities Program Revenue	45,710,074	51,730,167	71,202,520	63,778,314	78,445,615	129,840,721
Business-Type Activities:						
Charge for Services	4,438,894	4,956,941	5,652,571	6,131,730	7,057,611	8,012,395
Total Business-Type Activities Expenses	4,438,894	4,956,941	5,652,571	6,131,730	7,057,611	8,012,395
Total Primary Government Program Revenues	\$ 50,148,968	\$ 56,687,108	\$ 76,855,091	\$ 69,910,044	\$ 85,503,226	\$ 137,853,116
Net (Expense) Revenues						
Government Activities	\$ (290,041,165)	\$ (310,107,944)	\$ (332,693,210)	\$ (374,000,288)	\$ (416,179,261)	\$ (434,115,570)
Business-Type Activities	(234,929)	329,964	447,137	534,908	125,814	(795,701)
Total Primary Government Net (Expenses)Revenues	\$ (290,276,094)	\$ (309,777,980)	\$ (332,246,073)	\$ (373,465,380)	\$ (416,053,447)	\$ (434,911,271)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Property Taxes:						
Levied for general purposes	\$ 67,955,373	\$ 75,505,300	\$ 85,299,507	\$ 96,731,933	\$ 116,114,859	\$ 143,633,620
Levied for debt services	6,848,384	6,817,073	5,691,990	5,827,079	5,506,507	5,799,859
Levied for capital purposes	21,151,817	23,591,081	26,719,999	23,941,847	28,960,352	37,977,156
Sales taxes	-	-	-	7,009,724	17,137,576	26,642,211
Grants and contributions not restricted to Specific Programs	211,340,660	227,645,628	253,013,763	268,260,814	293,780,194	318,247,859
Miscellaneous	7,358,214	7,542,235	7,213,634	13,968,454	22,049,977	19,279,136
Unrestricted investment earnings	2,604,425	2,410,227	2,096,071	5,084,613	12,144,845	11,720,442
Total Governmental Activities	317,258,873	343,511,544	380,034,964	420,824,464	495,694,310	563,300,283
Business-Type Activities						
Interest	66,722	37,817	34,400	76,146	169,708	197,546
Gain on sales of Capital Assets	601,996	(19,239)	(807)	-	-	-
Transfers	(2,114,390)	-	-	-	-	-
Total Business-Type Activities	(1,445,672)	18,578	33,593	76,146	169,708	197,546
Total Primary Government	\$ 315,813,201	\$ 343,530,122	\$ 380,068,557	\$ 420,900,610	\$ 495,864,018	\$ 563,497,829
Changes in Net Assets						
Governmental activities	\$ 27,217,708	\$ 33,403,600	\$ 47,341,754	\$ 46,824,176	\$ 79,515,049	\$ 129,184,713
Business-type activities	(1,680,601)	348,542	480,730	611,054	295,522	(598,155)
Total Primary Government	\$ 25,537,107	\$ 33,752,142	\$ 47,822,484	\$ 47,435,230	\$ 79,810,571	\$ 128,586,558

Note: (A) The District implemented GASB Statement 34 in 2002.

Source: District records

**District School Board of Pasco County
Fund Balances - Governmental Funds
Last 10 Fiscal Years
(Unaudited)**

	For the Fiscal Year Ending			
	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001
General Fund:				
Reserved	\$ 8,245,233	\$ 10,201,601	\$ 13,966,662	\$ 15,062,635
Unreserved	8,964,961	10,764,990	8,227,445	14,436,136
Total General Fund	<u>\$ 17,210,194</u>	<u>\$ 20,966,591</u>	<u>\$ 22,194,107</u>	<u>\$ 29,498,771</u>
 All Other Governmental Funds				
Reserved	\$ 33,518,967	\$ 45,874,348	\$ 11,599,223	\$ 26,066,926
Unreserved, reported in:				
Capital Projects funds	66,836,494	60,750,576	63,854,132	43,463,967
Special Revenue funds	1,100,514	1,085,199	1,080,238	886,391
Total all other government funds	<u>\$ 101,455,975</u>	<u>\$ 107,710,123</u>	<u>\$ 76,533,593</u>	<u>\$ 70,417,284</u>

Source: District records

For the Fiscal Year Ending					
<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>
\$ 13,813,138	\$ 19,023,621	\$ 20,765,087	\$ 29,826,188	\$ 30,718,655	\$ 25,400,645
22,228,986	23,759,323	27,424,436	22,854,329	22,662,970	33,724,599
<u>\$ 36,042,124</u>	<u>\$ 42,782,944</u>	<u>\$ 48,189,523</u>	<u>\$ 52,680,517</u>	<u>\$ 53,381,625</u>	<u>\$ 59,125,244</u>
\$ 12,540,865	\$ 41,226,410	\$ 17,114,439	\$ 52,272,443	\$ 84,322,255	\$ 67,080,440
55,313,926	31,418,093	137,603,806	117,450,717	66,991,443	122,514,782
1,006,579	67,732	7,615,190	414,307	1,112,459	1,390,340
<u>\$ 68,861,370</u>	<u>\$ 72,712,235</u>	<u>\$ 162,333,435</u>	<u>\$ 170,137,467</u>	<u>\$ 152,426,157</u>	<u>\$ 190,985,562</u>

District School Board of Pasco County
Changes in Fund Balances - Governmental Funds
and Debt Service Ratio
Last 10 Fiscal Years
(Unaudited)

	For the Fiscal Year Ending				
	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002
Revenues:					
Federal Sources:					
Federal Grants	\$ 12,948,680	\$ 16,818,564	\$ 21,067,200	\$ 21,791,222	\$ 24,137,321
Food Services	7,800,901	7,825,979	8,427,703	9,238,077	10,433,683
Total Federal Sources	<u>20,749,581</u>	<u>24,644,543</u>	<u>29,494,903</u>	<u>31,029,299</u>	<u>34,571,004</u>
State Sources:					
Florida Education Finance Program	127,965,368	142,980,337	136,001,545	158,568,220	159,962,932
Public Education Capital Outlay	1,479,894	5,125,719	4,092,481	6,725,315	6,939,814
Food Services	343,239	322,773	305,707	300,233	328,015
State Grants and Other	35,145,706	58,997,236	48,792,771	60,681,349	38,816,085
Total State Sources	<u>164,934,207</u>	<u>207,426,065</u>	<u>189,192,504</u>	<u>226,275,117</u>	<u>206,046,846</u>
Local Sources:					
Property Taxes	77,715,301	85,071,944	85,200,310	89,115,509	96,079,073
Food Service sales	5,304,441	5,950,071	6,422,854	7,233,973	7,763,522
Interest Income and other	7,958,953	6,656,220	7,640,598	5,331,475	2,604,425
Local grants and other	5,291,048	4,106,358	6,503,589	5,870,809	13,415,153
Total local sources	<u>96,269,743</u>	<u>101,784,593</u>	<u>105,767,351</u>	<u>107,551,766</u>	<u>119,862,173</u>
Total Revenues	<u>281,953,531</u>	<u>333,855,201</u>	<u>324,454,758</u>	<u>364,856,182</u>	<u>360,480,023</u>
Expenditures:					
Current-Education:					
Instruction	137,443,180	148,728,618	153,563,579	162,849,720	172,207,491
Pupil Personnel Services	13,551,580	14,462,656	15,089,529	16,526,054	17,439,150
Instructional Media Services	6,591,161	6,424,434	6,929,048	7,360,835	7,350,072
Instruction and Curriculum Development Services	9,281,180	11,043,121	11,065,757	12,056,880	8,347,745
Instructional Staff Training	2,217,831	2,660,349	3,202,895	3,962,652	8,645,969
Instruction Related Technology	-	-	-	-	-
Board of Education	434,426	512,013	515,692	644,358	816,580
General Administration	786,647	794,458	897,961	1,105,118	1,207,812
School Administration	15,376,280	16,374,069	16,569,988	18,296,006	19,585,052
Facilities Acquisition and Construction	2,403,714	2,061,220	62,410,412	54,688,949	3,509,163
Fiscal Services	1,220,919	1,349,522	1,520,806	1,587,112	1,642,500
Food Services	12,662,227	14,022,944	14,865,824	16,138,072	17,927,530
Central Services	5,376,913	6,092,156	6,103,036	6,919,305	6,818,844
Pupil Transportation Services	10,432,805	11,235,665	12,438,044	13,356,634	13,800,235
Operation of Plant	18,089,648	19,501,098	19,084,291	20,256,022	22,164,077
Maintenance of Plant	6,446,554	7,071,699	7,366,646	7,319,157	7,994,871
Administrative Technology Services	-	-	-	-	-
Community Services	579,564	384,955	684,672	580,016	623,996
Capital Outlay:					
Facilities Acquisition and Construction	27,741,334	38,514,444	666,613	887,934	28,151,070
Other Capital Outlay	1,835,176	3,156,294	3,670,565	3,154,679	2,591,791
Debt Service:					
Principal	5,342,999	10,267,262	7,721,000	8,036,000	8,536,000
Interest	8,284,981	7,642,030	6,992,489	6,762,724	5,030,994
Fiscal Charges	1,652,721	2,173,884	2,417,415	1,303,386	3,287,634
Total Expenditures	<u>287,751,840</u>	<u>324,472,891</u>	<u>353,776,262</u>	<u>363,791,613</u>	<u>357,678,576</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,798,309)	9,382,310	(29,321,504)	1,064,569	2,801,447
Other Financing Sources (Uses):					
Bonds Issued	5,264,524	1,994,567	(743,174)	-	-
Premiums on Bonds Issued	-	-	-	-	-
Proceeds from the Sale of Capital Assets	361,723	215,602	422,525	408,395	271,602
Transfers In	7,195,540	12,024,127	12,088,049	8,643,988	10,818,479
Transfers Out	(7,986,015)	(12,505,547)	(12,394,910)	(8,928,597)	(8,904,089)
Total Other Financing Sources (Uses)	<u>4,835,772</u>	<u>1,728,749</u>	<u>(627,510)</u>	<u>123,786</u>	<u>2,185,992</u>
Net Change in Fund Balances	<u>\$ (962,537)</u>	<u>\$ 11,111,059</u>	<u>\$ (29,949,014)</u>	<u>\$ 1,188,355</u>	<u>\$ 4,987,439</u>
Debt service as a percentage of noncapital expenditures	5.92%	7.10%	4.90%	4.48%	5.16%

For the Fiscal Year Ending					
June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	
\$ 26,678,188	\$ 29,851,174	\$ 32,356,248	\$ 39,534,258	\$ 35,062,439	
11,193,116	11,711,559	12,809,355	13,241,412	14,638,784	
<u>37,871,304</u>	<u>41,562,733</u>	<u>45,165,603</u>	<u>52,775,670</u>	<u>49,701,223</u>	
178,891,142	186,318,235	193,043,959	200,638,043	210,168,920	
9,188,024	2,591,195	8,532,339	6,276,697	16,678,822	
344,530	346,848	355,324	450,066	461,379	
35,685,425	72,217,070	63,561,130	74,807,937	141,270,054	
<u>224,109,121</u>	<u>261,473,348</u>	<u>265,492,752</u>	<u>282,172,743</u>	<u>368,579,175</u>	
106,045,757	117,711,496	126,476,401	150,581,718	187,410,636	
8,131,164	9,337,438	10,080,135	11,218,023	12,631,122	
2,245,513	1,931,693	4,732,004	12,119,203	11,720,442	
16,444,875	18,959,383	32,711,282	61,410,331	58,504,551	
<u>132,867,309</u>	<u>147,940,010</u>	<u>173,999,822</u>	<u>235,329,275</u>	<u>270,266,751</u>	
394,847,734	450,976,091	484,658,177	570,277,688	688,547,149	
186,201,942	217,194,639	233,509,362	267,722,522	298,891,425	
18,749,083	19,477,582	21,062,301	23,602,641	26,420,325	
7,955,608	7,917,753	8,668,730	9,174,479	9,299,160	
7,800,511	7,516,009	8,218,853	9,055,144	9,242,792	
9,590,885	9,931,680	11,271,261	8,514,846	9,487,305	
-	-	-	3,601,604	5,740,027	
1,131,241	1,307,482	1,419,980	1,694,729	2,196,541	
1,137,085	1,219,732	1,192,890	1,695,006	2,616,659	
21,450,583	22,842,424	24,595,874	27,011,757	31,362,443	
4,042,513	3,673,013	5,143,051	5,813,105	8,342,020	
1,776,948	1,795,050	2,018,434	2,230,050	2,300,185	
19,698,367	21,457,407	23,103,185	25,057,154	27,918,172	
7,043,454	7,425,925	7,444,562	7,097,572	7,191,057	
15,090,707	16,674,101	19,003,325	21,827,807	25,471,695	
25,367,491	26,927,868	31,827,115	35,057,234	39,315,801	
8,629,940	9,401,376	10,192,985	11,191,370	12,349,335	
-	-	-	1,704,019	2,815,871	
477,035	703,861	836,651	714,491	764,654	
31,781,067	30,235,927	49,969,607	152,246,322	202,581,398	
2,612,226	2,309,026	2,593,958	3,421,282	3,084,807	
8,872,000	7,615,000	8,010,000	10,060,000	11,115,000	
4,125,435	3,670,519	6,132,698	8,850,650	10,418,172	
3,569,026	4,519,550	3,022,013	3,206,317	2,536,961	
<u>387,103,147</u>	<u>423,815,924</u>	<u>479,236,835</u>	<u>640,550,101</u>	<u>751,461,805</u>	
7,744,587	27,160,167	5,421,342	(70,272,413)	(62,914,656)	
2,314,443	67,970,597	6,953,789	67,833,454	88,590,000	
732,655	97,015	119,895	236,031	4,051,356	
10,349,265	7,596,261	9,604,411	41,977,480	16,507,160	
(10,549,265)	(7,796,261)	(9,804,411)	(42,177,480)	(16,707,160)	
2,847,098	67,867,612	6,873,684	67,869,485	92,610,404	
<u>\$ 10,591,685</u>	<u>\$ 95,027,779</u>	<u>\$ 12,295,026</u>	<u>\$ (2,402,928)</u>	<u>\$ 29,695,748</u>	
4.70%	4.04%	4.02%	4.56%	4.41%	

District School Board of Pasco County
Assessed and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Estimated Actual Value (1)		Exemptions (2)		Taxable Assessed Value				(4) Assessed Value as a Percentage of Estimated Actual Value	(5) Total Direct Tax Rate
	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property	Centrally (3) Assessed Value	Total		
2007 (6)										
2006	\$ 27,816,171	\$ 2,703,034	\$ 9,780,678	\$ 801,281	\$ 18,035,493	\$ 1,901,753	\$ 12,278	\$ 19,949,524	65.34%	7.01
2005	22,176,530	2,514,555	7,692,987	754,442	14,483,543	1,760,113	20,075	16,263,731	65.82%	8.90
2004	18,856,854	2,378,108	6,536,758	724,111	12,320,096	1,653,997	17,233	13,991,326	65.83%	9.82
2003	16,827,459	2,028,809	5,984,669	607,132	10,842,790	1,421,677	10,918	12,275,385	65.06%	10.21
2002	14,926,055	1,963,446	5,302,122	589,344	9,623,933	1,374,102	10,376	11,008,411	65.14%	9.77
2001	13,152,045	1,868,291	4,618,086	553,376	8,533,959	1,314,915	11,610	9,860,484	65.60%	10.15
2000	12,088,754	1,789,152	4,427,416	538,894	7,841,338	1,250,258	12,513	9,104,109	65.54%	9.55
1999	10,904,978	1,712,511	3,737,435	522,961	7,167,543	1,189,550	11,576	8,368,669	66.27%	9.17
1998	10,444,615	1,654,314	3,649,055	499,453	6,795,560	1,154,861	13,656	7,964,077	65.75%	10.01

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

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

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

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

(5) Total Tax Levy (See P. 173 of 2006 Pasco County CAFR) to Total Taxable Assessed Value (above). Tax rates are per \$1,000 of assessed value.

(6) Pasco County's Comprehensive Financial Report is for FY ending 9/30/2006. Year 2007 is not available.

Source: Pasco County Property Appraiser

**District School Board of Pasco County
General Governmental Tax Revenues by Source
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	Property Tax			Sales Tax (2)	Total
	General Purposes	Debt Service (1)	Capital Projects		
2007	\$ 143,633,621	\$ 5,799,859	\$ 37,977,156	\$ 26,642,211	\$ 214,052,847
2006	116,114,859	5,506,507	28,960,352	17,137,576	167,719,294
2005	96,731,933	5,827,079	23,941,847	7,009,724	133,510,583
2004	85,299,507	5,691,990	26,719,999	-	117,711,496
2003	75,505,300	6,817,073	23,591,081	-	105,913,454
2002	67,955,373	6,848,384	21,151,817	-	95,955,574
2001	63,355,380	7,106,969	18,653,160	-	89,115,509
2000	60,499,456	7,153,922	17,546,932	-	85,200,310
1999	60,843,521	7,385,727	16,842,696	-	85,071,944
1998	55,110,923	7,105,710	15,498,667	-	77,715,300

(1) The property tax for Debt Service has declined, because the debt service requirement has been declining. The final payment will be made in fiscal year 2007-08.

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

Source: District Records

**District School Board of Pasco County
Property Tax Levies and Collections
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (A)	Percentage of Levy		Amount (A)	Percentage of Levy
2007	\$ 191,838,693	\$ 180,711,833	94.2%	6,675,656	\$ 187,387,489	97.7%
2006	154,434,507	150,217,909	97.3%	319,664	150,537,573	97.5%
2005	129,207,056	124,863,501	96.6%	1,612,900	126,476,401	97.9%
2004	123,221,609	117,152,441	95.1%	534,027	117,686,468	95.5%
2003	109,957,798	105,435,769	95.9%	609,990	106,045,759	96.4%
2002	99,301,605	95,447,537	96.1%	594,490	96,042,027	96.7%
2001	92,244,944	88,594,238	96.0%	417,095	89,011,333	96.5%
2000	88,391,793	85,046,937	96.2%	153,373	85,200,310	96.4%
1999	84,401,275	84,494,667	100.1%	527,428	85,022,095	100.7%
1998	76,801,713	77,404,010	100.8%	311,290	77,715,300	101.2%

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

Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1st of each year.

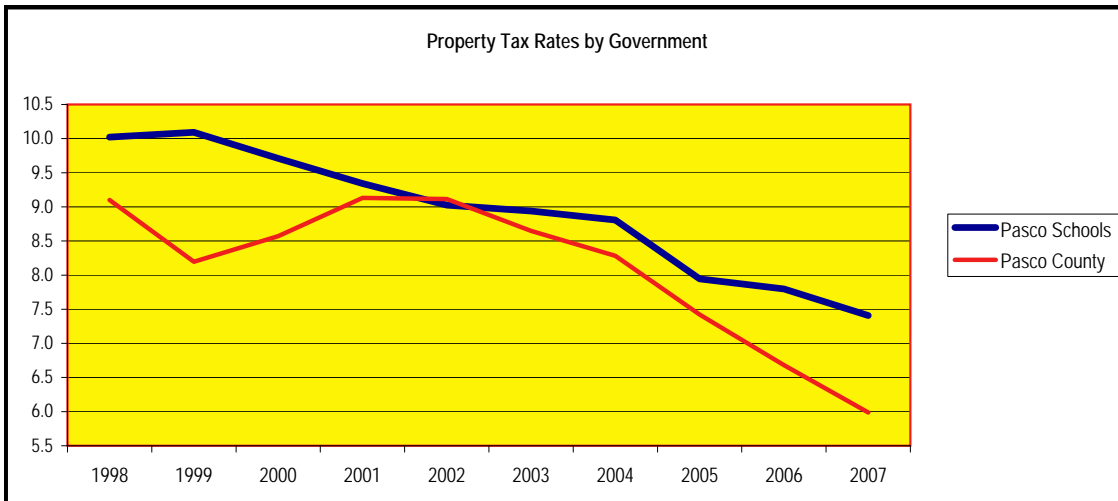
(A) Net of allowable discounts

Source: District records

**District School Board of Pasco County
Direct and Overlapping Property Tax Rates
Last 10 Fiscal Years
(per \$1,000 assessed valuation)
(Unaudited)**

Fiscal Year	Local Required Effort Millage	Discretionary Local Millage	Supplemental Discretionary Millage	Capital Improvement Millage	Debt Service Millage	Total Pasco Schools	Pasco County
2007	4.921	0.510	0.250	1.500	0.228	7.409	5.988
2006	5.253	0.510	0.250	1.500	0.285	7.798	6.681
2005	5.378	0.510	0.192	1.500	0.364	7.944	7.423
2004	5.658	0.510	0.214	2.000	0.425	8.807	8.282
2003	5.623	0.510	0.232	2.000	0.574	8.939	8.648
2002	5.631	0.510	0.241	2.000	0.643	9.025	9.114
2001	5.884	0.510	0.250	2.000	0.697	9.341	9.132
2000	6.134	0.510	0.250	2.000	0.815	9.709	8.570
1999	6.458	0.510	0.250	2.000	0.874	10.092	8.196
1998	6.345	0.510	0.250	2.000	0.916	10.021	9.100

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



**District School Board of Pasco County
Principal Property Taxpayers
Current and 9 Years Ago
(Unaudited)**

<u>Taxpayer</u>	<u>2007</u>			<u>1998</u>		
	<u>Rank</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total Assessed Value</u>
Florida Power Corporation	1	\$ 290,142,970	0.70%	1	\$ 229,128,882	2.07%
Verizon Communications, Inc.	2	267,758,723	0.65%	2	167,912,368	1.52%
Withlacoochee River Electric Cooperative	3	185,484,679	0.45%	3	96,334,880	0.87%
Shady Hills Power Company LLC	4	152,823,989	0.37%	-	-	
HCA Health Services of Florida	5	115,099,325	0.28%	8	27,060,113	0.24%
Bright House Networks	6	95,946,811	0.23%	-	-	
Wal-Mart Stores	7	83,048,152	0.20%	-	-	
Zephyrhills Bottled Water	8	74,101,681	0.18%	9	19,068,160	0.17%
Gulf View Associates	9	50,525,630	0.12%	7	31,747,155	0.28%
Target Corporation	10	47,223,174	0.11%	-	-	
Lykes Pasco Packing Company		-		4	57,728,947	0.52%
Pasco Cogen Ltd.		-		5	51,262,071	0.46%
New Port Richey Hospital, Inc.		-		6	31,808,444	0.28%
Adam Smith Enterprises		-		10	22,000,452	0.19%
Total		<u>\$ 1,362,155,134</u>	<u>3.29%</u>		<u>\$ 734,051,472</u>	<u>6.60%</u>

Source: Pasco County Government - 1998 CAFR
Pasco County Property Appraiser - 2007 Data

District School Board of Pasco County
Ratios of Outstanding Debt by Type
Last 10 Fiscal Years
(Unaudited)

Governmental Activities										
Fiscal Year	State Board of Education Bonds	District Revenue Bonds	General Obligation Bonds	Sales Tax Revenue Bonds	Certificates of Participation	Note Payable	Capital Leases	Total Primary Government	Estimated Population	Per Capita
2007	\$ 9,400,000	\$ 3,380,000	\$ 5,320,000	\$ 88,590,000	\$ 220,196,612	\$ -	\$ -	\$ 326,886,612	450,171	\$ 726
2006	18,545,000	3,455,000	10,400,000	-	224,901,612	-	-	257,301,612	424,355	606
2005	19,755,035	3,470,188	15,250,000	-	161,661,000	-	-	200,136,223	406,898	492
2004	17,930,000	3,605,000	19,885,000	-	159,325,000	-	-	200,745,000	389,776	515
2003	16,950,000	3,660,000	24,320,000	-	97,470,000	-	-	142,400,000	375,318	379
2002	17,905,000	1,260,000	29,610,000	-	99,495,000	607,000	-	148,877,000	361,468	412
2001	18,800,000	1,350,000	34,620,000	-	101,430,000	1,213,000	-	157,413,000	352,380	447
2000	19,655,000	1,430,000	39,260,000	-	103,285,000	1,819,000	-	165,449,000	344,765	480
1999	19,555,000	1,560,000	43,995,000	-	105,065,000	2,425,000	104,145	172,704,145	326,494	529
1998	18,180,000	1,685,000	48,155,000	-	106,770,000	3,031,000	3,199,947	181,020,947	321,074	564

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

Source: District records

District School Board of Pasco County
Ratio of Net General Bonded Debt Outstanding
Last 10 Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Net Taxable Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Less Debt Service Funds (4)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2007	450,171	25,750,555	5,320,000	\$ -	5,320,000	0.02%	\$ 12
2006	424,355	19,949,524	10,400,000	5,320,000	5,080,000	0.03%	12
2005	406,898	16,263,731	15,250,000	8,900,003	6,349,997	0.04%	16
2004	389,776	13,991,326	19,885,000	8,453,142	11,431,858	0.08%	29
2003	375,318	12,275,385	24,320,000	8,260,380	16,059,620	0.13%	43
2002	361,468	11,008,411	29,610,000	7,987,892	21,622,108	0.20%	60
2001	352,380	9,860,484	34,620,000	7,673,079	26,946,921	0.27%	76
2000	344,765	9,104,109	39,260,000	6,514,280	32,745,720	0.36%	95
1999	326,494	8,368,669	43,995,000	7,993,142	36,001,858	0.43%	110
1998	321,074	7,964,077	48,155,000	7,394,563	40,760,437	0.51%	127

(1) Population was obtained from the United States of Commerce, Bureau of Economic Analysis.

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

(3) Includes General Obligation Bonds only.

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

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

Source: District records

District School Board of Pasco County
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2007
 (Unaudited)

Jurisdiction	General Obligation Bonded Debt Outstanding	Direct Debt		Direct and Overlapping Debt	
		Percentage Applicable to this Governmental Unit	Amount Applicable to this Governmental Unit	Percentage Applicable to Pasco County	Amount Applicable to Pasco County
Pasco County Board of County Commissioners	\$ 110,368,000	0%	-	100%	\$ 110,368,000
District School Board of Pasco County	\$ 5,320,000	100%	-	100%	\$ 5,320,000
Totals	<u>\$ 115,688,000</u>		<u>\$ -</u>		<u>\$ 115,688,000</u>

Source: District records

**District School Board of Pasco County
Legal Debt Margin Information
Last 10 Fiscal Years
(Unaudited)**

	For the Fiscal Year Ending			
	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001
Assessed Valuation	\$ 7,964,077,000	\$ 8,368,669,000	\$ 9,104,109,000	\$ 9,860,484,000
Debt Limit	\$ 796,407,700	\$ 836,866,900	\$ 910,410,900	\$ 986,048,400
Less: Net Debt applicable to the limit	181,020,947	172,704,145	165,449,000	157,413,000
Legal debt margin	<u>\$ 615,386,753</u>	<u>\$ 664,162,755</u>	<u>\$ 744,961,900</u>	<u>\$ 828,635,400</u>
Total net debt applicable to the limit as a percentage of debt	22.73%	20.64%	18.17%	15.96%

Note:

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

Source: District Records

For the Fiscal Year Ending					
June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
\$ 11,008,411,000	\$ 12,275,385,000	\$ 13,991,326,000	\$ 16,263,731,000	\$ 19,949,524,000	\$ 25,750,555,000
\$ 1,100,841,100	\$ 1,227,538,500	\$ 1,399,132,600	\$ 1,626,373,100	\$ 1,994,952,400	\$ 2,575,055,500
148,877,000	142,400,000	200,745,000	200,136,223	257,301,612	326,886,612
<u>\$ 951,964,100</u>	<u>\$ 1,085,138,500</u>	<u>\$ 1,198,387,600</u>	<u>\$ 1,426,236,877</u>	<u>\$ 1,737,650,788</u>	<u>\$ 2,248,168,888</u>
13.52%	11.60%	14.35%	12.31%	12.90%	12.69%

**District School Board of Pasco County
Demographic and Economic Statistics
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	Estimated Population (1)		Personal Income (thousands of dollars)		Per Capita Personal Income (4)	Unemployment Rate (2)	Student Membership (3)
2007	450,171	(5)	N/A		N/A	3.4%	64,688
2006	424,355	(4)	12,569,000	(4)	29,619	4.4%	62,085
2005	406,898	(4)	11,442,000	(4)	28,120	4.8%	59,722
2004	389,776	(4)	10,263,464		26,332	5.0%	56,822
2003	375,318		9,431,508		25,129	3.6%	54,595
2002	361,468		8,853,085		24,492	2.8%	51,674
2001	352,380		8,401,592		23,842	3.3%	47,526
2000	344,765		7,844,336		22,753	4.2%	45,283
1999	326,494		7,212,317		22,091	4.3%	44,509
1998	321,074		6,831,464		21,277	5.2%	43,126

N/A = Data not currently available

- Source:
- (1) Bureau of Economic and Business Research for 1998 - 2003
 - (2) Florida Agency for Workforce Innovation, Office of Workforce Information Services, Labor Market Statistics
 - (3) District records
 - (4) Pasco County Government
 - (5) U.S. Census Bureau

**District School Board of Pasco County
Principal Employers
Current and 9 Years Ago
(Unaudited)**

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
District School Board of Pasco County	1	8,675	4.74%	1	5,766	4.32%
Pasco County Government	2	2,245	1.23%	3	1,507	1.13%
State of Florida Government	3	1,281	0.70%	2	1,507	1.13%
Pasco County Sheriff	4	1,149	0.63%		-	
HCA Health Services of Florida	5	1,000	0.55%		-	
Regional Medical Center Bayonet Point	6	1,000	0.55%	8	1,200	0.90%
Community Hospital of New Port Richey	7	1,000	0.55%	7	1,200	0.90%
Saddlebrook Resort	8	720	0.39%		-	
Florida Hospital Zephyrhills	9	708	0.39%		-	
Pasco-Hernando Community College	10	609	0.33%		-	
Lykes Pasco		-		4	1,350	1.01%
Publix Supermarkets		-		5	1,313	0.98%
Winn-Dixie Supermarkets		-		6	1,300	0.97%
East Pasco Medical Center		-		9	1,106	0.83%
Wal-Mart Stores		-		10	945	0.71%
Total		<u>18,387</u>	<u>10.04%</u>		<u>17,194</u>	<u>12.89%</u>

Source: Pasco County Government

**District School Board of Pasco County
Number of Personnel
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	Instructional	Administrative	Other Support Personnel	Total	Ratio of Instructional and Administrative Personnel to Pupils
2007	5,746	321	2,608	8,675	10.66
2006	5,469	290	2,422	8,181	10.78
2005	5,049	266	2,566	7,881	11.24
2004	4,365	247	2,454	7,066	12.32
2003	4,278	253	2,390	6,921	12.05
2002	4,252	239	2,320	6,811	11.51
2001	4,059	238	2,200	6,497	11.06
2000	3,991	225	2,095	6,311	10.74
1999	3,757	218	2,014	5,989	11.20
1998	3,622	207	1,937	5,766	11.26

Source: State of Florida Data for Budget Advertisement
School Board records

**District School Board of Pasco County
Teacher Base Salaries
Last 10 Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Minimum Salary (1)</u>	<u>Maximum Salary (1)</u>	<u>County Average Salary (1)</u>	<u>Statewide Average Salary (2)</u>
2007	\$ 35,300	\$ 61,750	\$ 43,472	\$ 45,296
2006	33,100	59,300	41,600	42,702
2005	31,550	56,750	39,600	41,578
2004	31,100	54,900	38,800	40,598
2003	31,000	53,800	38,000	40,275
2002	28,700	50,800	37,080	39,275
2001	28,400	50,800	35,310	38,230
2000	26,700	49,000	33,000	36,722
1999	25,300	47,075	32,000	35,916
1998	23,000	45,600	30,800	34,473

Source: (1) School Board Records
(2) Florida Department of Education

**District School Board of Pasco County
Operating Statistics
Last 10 Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Instructional Staff</u>	<u>Pupil Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
2007	64,688	\$ 456,679,581	\$ 7,060	9.53%	5,746	11.26	44.36%
2006	62,085	400,178,410	6,446	8.16%	5,469	11.35	44.18%
2005	59,722	355,917,943	5,960	3.79%	5,049	11.83	46.28%
2004	56,822	326,277,926	5,742	7.91%	4,365	13.02	46.08%
2003	54,595	290,523,060	5,321	2.11%	4,278	12.76	46.01%
2002	51,674	269,291,877	5,211	-3.60%	4,252	12.15	44.45%
2001	47,526	256,914,234	5,406	1.88%	4,059	11.71	44.13%
2000	45,283	240,276,412	5,306	0.49%	3,991	11.35	42.78%
1999	44,509	235,016,000	5,280	5.04%	3,757	11.85	44.63%
1998	43,126	216,796,098	5,027	4.49%	3,622	11.91	44.98%

Source: District records

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

	Place in Service (a)	Square Footage (b)	Portables	Capacity (Students)	Full-Time Equivalent Enrollment Data	
					1997-1998	1998-1999
Elementary Schools						
Anclote	1973	64,309	4	489	924.06	894.29
Calusa	1979	74,435	4	657	870.74	897.07
Centennial	1986	87,837	3	659	570.21	606.06
Chasco	2000	105,230	7	624	-	-
Chester W. Taylor	1996	96,454	15	536	642.21	729.31
Cotee River	1993	119,944	1	766	1,076.01	1,038.02
Cypress	1973	68,562	17	424	748.53	759.22
Deer Park	1988	78,546	4	600	814.56	863.80
Denham Oaks	1994	120,019	6	694	767.11	793.36
Fox Hollow	1990	86,750	9	582	983.70	1,057.91
Gulf Highlands	2006	116,938	0	772	-	-
Gulfside	1977	72,122	1	634	663.82	716.05
Hudson	1966	78,012	15	551	908.79	931.77
James M. Marlowe	1999	102,826	1	616	-	-
Lacoochee	1971	82,667	3	579	514.84	500.54
Lake Myrtle	1984	98,634	7	754	915.73	951.07
Longleaf	2005	102,263	5	674	-	-
Mary Giella	1989	89,462	2	634	603.45	590.32
Mitty P. Locke	1966	85,466	11	724	919.50	933.63
Moon Lake	1982	75,659	6	616	560.26	550.13
Northwest	1973	82,160	6	720	741.71	749.92
Oakstead	2006	126,143	4	762	-	-
Pasco	1954	92,802	5	715	752.88	715.08
Pine View	2003	99,191	4	624	-	-
Quail Hollow	1975	66,512	15	465	1,037.98	556.50
Richey	1958	77,126	10	558	863.90	870.67
Rodney B. Cox	1925	67,491	8	506	443.52	446.05
San Antonio	1981	79,807	4	597	817.01	850.61
Sand Pine	1998	81,476	35	535	-	729.14
Sanders Memorial	1944	83,423	12	640	651.19	657.63
Schrader	1972	90,301	2	736	788.84	827.60
Seven Oaks	2005	101,073	22	674	-	-
Seven Springs	1987	77,123	2	629	990.36	1,123.52
Shady Hills	1973	73,676	2	437	573.71	580.01
Sunray	2000	98,064	2	668	-	-
Trinity	2001	101,287	22	621	-	-
Trinity Oaks	2006	116,975	6	758	-	-
Wesley Chapel	2002	99,856	30	618	-	-
West Zephyrhills	1958	83,003	9	774	654.06	690.34
Woodland	1977	78,141	19	670	1,003.33	1,028.31
Total Elementary Schools					21,802.01	22,637.93

Full-Time Equivalent Enrollment Data							
1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
921.70	553.58	572.68	605.36	631.94	612.26	582.82	574.48
873.66	774.01	791.33	726.92	707.83	737.85	743.61	686.86
598.66	573.88	636.23	679.38	664.89	697.83	695.92	713.95
-	741.69	822.52	877.85	939.54	982.98	1,041.04	655.34
727.12	789.98	749.02	729.25	765.50	789.74	814.96	842.44
911.49	822.49	821.93	820.21	792.00	761.40	779.67	787.20
694.45	690.40	681.16	693.44	736.58	728.41	782.17	879.17
894.59	898.59	901.29	919.90	919.88	1,014.77	688.00	650.38
902.97	914.51	1,002.23	1,025.02	878.29	901.90	915.07	881.93
1,119.51	929.84	919.90	931.91	967.31	994.31	1,006.68	704.13
-	-	-	-	-	-	-	609.92
773.97	488.58	489.61	556.37	604.84	640.07	627.65	642.37
881.98	896.61	832.71	790.04	805.02	805.78	830.99	836.59
510.37	648.78	716.95	675.72	704.78	697.10	653.67	638.86
488.14	487.40	466.95	429.84	422.06	401.57	428.06	406.20
979.31	1,020.02	1,013.25	1,033.27	862.12	854.22	830.00	828.13
-	-	-	-	-	-	712.44	809.65
571.14	538.30	578.96	597.52	564.74	642.07	674.13	614.11
838.51	851.51	785.10	785.75	802.71	863.67	880.13	882.26
545.99	556.60	572.95	560.97	569.59	595.17	565.92	624.79
825.04	763.96	757.41	757.00	807.97	743.88	713.73	698.45
-	-	-	-	-	-	-	730.76
720.74	682.61	696.40	685.67	670.66	674.70	724.82	684.04
-	-	-	-	588.20	718.68	693.13	725.37
548.74	621.10	683.99	569.42	611.94	782.13	823.35	834.19
670.71	612.35	618.94	613.99	659.77	643.73	642.65	654.02
456.37	452.39	447.59	434.15	422.41	436.80	445.86	468.17
830.61	801.13	731.45	608.60	612.97	638.63	689.07	694.46
821.70	936.80	1,030.23	708.36	810.25	980.23	987.61	1,043.65
673.86	694.33	732.11	804.58	731.75	834.43	1,052.44	733.34
880.56	666.75	636.12	631.09	645.06	709.43	756.70	562.53
-	-	-	-	-	-	913.38	1,057.30
1,184.32	1,237.36	717.04	678.69	655.12	691.02	735.03	704.47
587.53	564.75	572.51	570.06	561.80	594.60	611.95	589.66
-	710.79	765.28	752.22	740.98	790.60	863.56	865.61
-	-	670.05	810.12	977.27	1,219.49	1,103.08	653.81
-	-	-	-	-	-	-	559.64
-	-	-	829.77	1,123.22	1,339.56	1,030.74	1,377.56
733.10	789.93	859.56	834.61	874.17	914.31	934.72	895.33
1,019.09	973.79	963.43	888.47	889.59	918.36	938.28	938.12
23,185.93	23,684.81	24,236.88	24,615.52	25,722.75	27,351.68	28,913.03	29,739.24

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

	Place in Service (a)	Square Footage (b)	Portables	Capacity (Students)	Full-Time Equivalent Enrollment Data	
					1997-1998	1998-1999
Middle Schools						
Bayonet Point	1973	133,838	4	886	1,342.95	1,389.17
Centennial	2001	112,425	4	616	-	-
Chasco	2001	139,123	4	848	-	-
Dr. John Long	2006	187,602	4	1,287	-	-
Gulf	1964	165,827	3	1,344	1,011.97	947.24
Hudson	1984	147,814	13	1,053	1,287.81	1,292.93
Pasco	1946	111,634	5	759	984.20	973.08
Paul R. Smith	2006	187,602	0	1,287	-	-
Pine View	1977	138,136	7	1,184	1,294.59	1,288.02
Raymond B. Stewart	1926	164,195	7	1,104	1,085.51	1,110.09
River Ridge (c)	1990		18	1,125	-	-
Seven Springs	1995	229,706	3	1,310	1,488.55	1,555.21
Thomas E. Weightman	1990	146,480	12	975	1,090.50	1,132.40
Total Middle Schools					9,586.08	9,688.14
Education Centers						
F. K. Marchman Tech	1984	180,240	4	691	344.12	401.14
Harry Schwettman	1923	28,375	4	207	116.82	98.17
James Irvin	1995	11,099	20	391	141.01	87.62
Moore Mickens	1952	73,437	3	523	194.90	205.07
Other Programs	n/a	n/a	n/a	n/a	1,340.25	218.81
Total Education Centers					2,137.10	1,010.81
High Schools						
Gulf	1971	239,958	5	1,620	1,659.42	1,787.58
Hudson	1973	183,548	4	1,606	1,382.33	1,417.74
J. W. Mitchell	2000	223,102	27	1,938	-	-
Land O' Lakes	1973	186,272	16	1,458	1,635.53	1,750.71
Pasco	1964	196,934	11	1,069	1,355.86	1,431.40
Ridgewood	1977	188,107	30	1,316	1,703.54	1,753.47
River Ridge (c)	1990	371,899	5	1,780	3,001.51	3,103.88
Wesley Chapel	1999	216,228	11	1,518	-	-
Wiregrass Ranch	2006	218,380	0	1,761	-	-
Zephyrhills	1973	203,437	14	1,143	1,667.39	1,744.97
Total High Schools					12,405.58	12,989.75

Full-Time Equivalent Enrollment Data							
1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1,400.98	1,436.35	936.70	949.51	1,036.93	1,053.98	996.28	985.50
-	-	547.99	629.10	677.37	675.80	622.14	652.80
-	-	847.18	939.70	978.00	957.01	898.17	888.52
-	-	-	-	-	-	-	1,263.58
996.11	1,015.19	1,009.70	1,034.94	1,101.16	1,107.17	1,143.62	949.17
1,333.38	1,231.46	1,218.04	1,161.42	1,186.65	1,198.00	1,214.83	1,195.56
917.75	952.50	864.70	895.05	806.00	823.66	768.59	756.11
-	-	-	-	-	-	-	915.92
1,323.11	1,315.85	1,438.95	1,514.21	1,629.42	1,756.39	1,821.72	1,871.85
1,060.22	1,118.85	961.06	947.71	959.86	998.66	977.82	1,003.34
-	-	-	-	-	-	-	1,467.56
1,594.50	1,727.28	1,654.83	1,676.40	1,826.74	1,960.16	1,942.20	1,307.65
1,258.93	1,335.43	1,259.83	1,434.66	1,622.18	1,823.40	1,914.89	1,074.60
9,884.98	10,132.91	10,738.98	11,182.70	11,824.31	12,354.23	12,300.26	14,332.16
388.32	407.35	525.20	528.57	478.83	472.43	475.19	450.10
117.92	126.72	108.50	118.40	125.76	96.25	120.52	109.54
110.40	95.29	85.98	119.49	107.85	114.23	138.52	107.25
214.13	213.10	197.16	188.90	177.98	213.44	180.58	198.50
266.20	411.15	538.06	653.28	743.15	789.77	904.98	903.86
1,096.97	1,253.61	1,454.90	1,608.64	1,633.57	1,686.12	1,819.79	1,769.25
1,942.45	1,472.58	1,388.13	1,408.06	1,440.64	1,538.04	1,676.18	1,681.49
1,485.22	1,453.25	1,493.59	1,524.04	1,533.07	1,547.86	1,602.24	1,604.57
-	1,127.17	1,631.92	1,921.82	2,092.21	2,278.11	2,363.38	2,423.92
1,754.80	1,720.77	1,791.43	1,856.48	1,927.15	2,043.68	2,289.43	2,499.67
1,318.17	1,287.81	1,287.28	1,265.48	1,261.52	1,255.87	1,327.94	1,280.16
1,846.13	1,774.20	1,661.36	1,682.52	1,680.84	1,826.36	1,850.34	1,846.46
3,295.67	3,219.08	3,139.60	3,261.26	3,339.14	3,497.02	3,420.93	1,935.79
838.22	1,160.38	1,392.35	1,589.52	1,794.41	2,045.29	2,275.14	1,789.58
-	-	-	-	-	-	-	715.01
1,424.21	1,338.41	1,313.55	1,353.97	1,383.16	1,434.37	1,505.77	1,597.89
13,904.87	14,553.65	15,099.21	15,863.15	16,452.14	17,466.60	18,311.35	17,374.54

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

	Place in Service (a)	Square Footage (b)	Portables	Capacity (Students)	Full-Time Equivalent Enrollment Data	
					1997-1998	1998-1999
Charter Schools						
Academy at the Farm	n/a	n/a	n/a	n/a	-	-
Athenian Academy	n/a	n/a	n/a	n/a	-	-
Countryside Monetssori	n/a	n/a	n/a	n/a	-	-
Dayspring Academy	n/a	n/a	n/a	n/a	-	-
Deerwood Academy	n/a	n/a	n/a	n/a	-	-
Language Academy	n/a	n/a	n/a	n/a	-	-
Richard Milburn Academy	n/a	n/a	n/a	n/a	-	-
Total Charter Schools					-	-
East Bus Garage	1972	9,061	0	n/a	-	-
West Bus Garage	1962	21,292	0	n/a	-	-
Central Bus Garage	1980	7,964	1	n/a	-	-
Admininstation Building	1974	191,122	5	n/a	-	-
District Maintenance	1984	46,890	0	n/a	-	-
Northwest Bus Garage	1988	9,415	1	n/a	-	-
Southeast Bus Garage	1980	8,212	0	n/a	-	-
Total District					45,930.77	46,326.63

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

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

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

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

Source: District Records

Full-Time Equivalent Enrollment Data							
1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
-	-	-	140.11	185.00	223.29	253.31	255.79
-	-	-	-	-	-	-	106.50
-	-	-	49.94	70.00	99.50	126.50	153.50
-	131.75	265.72	298.50	349.82	359.81	391.68	403.92
-	-	165.50	183.65	-	-	-	-
-	-	-	65.41	135.00	124.50	117.00	87.00
-	-	-	39.51	112.73	128.26	170.84	154.01
-	131.75	431.22	777.12	852.55	935.36	1,059.33	1,160.72
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
48,072.75	49,756.73	51,961.19	54,047.13	56,485.32	59,793.99	62,403.76	64,375.91

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SINGLE AUDIT REPORT

FEDERAL REPORTS AND SCHEDULES

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS



DAVID W. PASCO, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pasco County District School Board as of and for the fiscal year ended June 30, 2007, which collectively comprise the District's basic financial statements, and have issued our report thereon included under the heading ***INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS***. Our report on the basic financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of certain school internal funds and the aggregate discretely presented component units, as described in our report on the Pasco County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Pasco County Education Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the ***FINDINGS AND RECOMMENDATIONS*** section of this audit report, finding Nos. 1 and 2, to be significant deficiencies in the internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, administrative 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*.

Also, we noted certain instances of noncompliance which are not material to the basic financial statements and certain other deficiencies and an instance of noncompliance related to Federal programs which are discussed in the ***FINDINGS AND RECOMMENDATIONS*** section of this audit report.

The District's response to the findings identified in our audit is described in the accompanying ***MANAGEMENT RESPONSE***. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management. Copies of this report are available pursuant to Section 11.45(4), Florida Statutes, and its distribution is not limited.

Respectfully submitted,



David W. Martin, CPA

January 15, 2008



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the District's compliance with the types of compliance requirements described in the United States Office of Management and Budget's (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the fiscal year ended June 30, 2007. 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 the District's major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB *Circular A-133* and which is described in the accompanying ***FINDINGS AND RECOMMENDATIONS*** section as Federal Awards Finding No. 1.

Internal Control Over Compliance

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

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

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

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

The District's response to the findings identified in our audit is described in the accompanying ***MANAGEMENT RESPONSE***. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable

management. Copies of this report are available pursuant to Section 11.45(4), Florida Statutes, and its distribution is not limited.

Respectfully submitted,



David W. Martin, CPA

January 15, 2008

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**PASCO COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Florida Department of Agriculture and Consumer Services:			
Food Donation	10.550(2)	None	\$ 1,522,994
Florida Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	321	3,257,246
National School Lunch Program	10.555	300	9,737,634
Summer Food Service Program for Children	10.559	323	88,264
Total Child Nutrition Cluster			13,083,144
Child and Adult Care Food Program	10.558	None	32,646
Total United States Department of Agriculture			14,638,784
United States Department of Justice:			
Indirect:			
Pasco County Sheriff's Department:			
Public Safety Partnership and Community Policing Grants	16.710	None	61,708
United States Department of Labor:			
Indirect:			
Florida Department of Education:			
National Farmworker Jobs Program	17.264	405	121,389
United States Department of Education:			
Direct:			
Funds for the Improvement of Education	84.215	N/A	88,772
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	262, 263	12,304,882
Special Education - Preschool Grants	84.173	267	326,959
Total Special Education Cluster			12,631,841
Adult Education - State Grant Program	84.002	191, 193	459,502
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	11,759,174
Migrant Education - State Grant Program	84.011	217	197,976
Vocational Education - Basic Grants to States	84.048	151	633,702
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	283,543
Education for Homeless Children and Youth	84.196	127	82,674
State Grants for Innovative Programs	84.298	113	133,358
Education Technology State Grants	84.318	121	126,930
Comprehensive School Reform Demonstration	84.332	128	95,345
English Language Acquisition Grants	84.365	102	303,815
Improving Teacher Quality State Grants	84.367	224	2,260,663
Pasco-Hernando Community College:			
Tech-Prep Education	84.243	None	90,670
University of South Florida:			
Education Research, Development and Dissemination	84.305	None	261,507
Total Indirect			29,320,700
Total United States Department of Education			29,409,472
United States Department of Health and Human Services:			
Direct:			
Head Start	93.600(3)	N/A	4,762,268
Corporation for National and Community Service:			
Direct:			
Retired and Senior Volunteer Program	94.002	N/A	125,482
Indirect:			
Florida Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	234	28,002
Total Corporation for National and Community Service			153,484

**PASCO COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Fiscal Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
Department of Homeland Security:			
Indirect:			
Florida Department of Law Enforcement: Homeland Security Grant Program	97.067	None	<u>3,512</u>
United States Department of Defense:			
Direct:			
Air Force Junior Reserve Officers Training Corps	None	N/A	70,839
Army Junior Reserve Officers Training Corps	None	N/A	137,576
Navy Junior Reserve Officers Training Corps	None	N/A	<u>292,082</u>
Total United States Department of Defense			<u>500,497</u>
Total Expenditures of Federal Awards			<u>\$ 49,651,114</u>

- Notes:
- (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2006-07 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 - Food Donation. Represents the amount of donated food received during the 2006-07 fiscal year. Commodities are valued at fair value as determined at the time of donation.
 - (3) Head Start. Expenditures include \$200,780 for grant number/program year 04CH3070/38 and \$4,561,488 for grant number/program year 04CH3070/39.

**PASCO COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

SUMMARY OF AUDIT RESULTS

As required by United States Office of Management and Budget *Circular A-133*, Section __.505, the following is a summary of the results of the audit of the Pasco County District School Board for the fiscal year ended June 30, 2007:

- An unqualified opinion was issued on the financial statements.
- Certain matters involving the internal control and its operation were considered to be significant deficiencies, though none of the significant deficiencies was considered a material weakness.
- No noncompliance was reported which is material to the financial statements.
- No significant deficiencies in internal control over major Federal programs were reported.
- An unqualified opinion was issued on major program compliance.
- Audit findings on Federal programs are listed below under the subheading ***FINDINGS AND RECOMMENDATIONS***.
- Major Federal programs included: Food Donation (CFDA No. 10.550); Child Nutrition Cluster [School Breakfast Program (CFDA No. 10.553), National School Lunch Program (CFDA No. 10.555), and Summer Food Service Program for Children (CFDA No. 10.559)]; and Special Education Cluster [Special Education – Grants to States (CFDA No. 84.027) and Special Education – Preschool Grants (CFDA No. 84.173)].
- The dollar threshold used to distinguish between Type A and Type B Federal programs was \$1,489,533.
- The low risk entity threshold was not applied.

FINDINGS AND RECOMMENDATIONS

Significant Deficiencies

Finding No. 1: Inventories – Separation of Duties

The District could enhance its internal control over maintenance, warehouse, and telecommunications inventories by adequately separating asset custody and record keeping responsibilities, and limiting access to inventory storage areas. The maintenance, warehouse, and telecommunications inventories totaled \$1,442,837, \$2,056,609, and \$1,139,949, respectively, at June 30, 2007.

Two employees in the maintenance department, two employees in the District's main warehouse, and two employees in the telecommunications department had unrestricted access to the physical inventory and maintained the perpetual inventory records. Under these conditions, there is an increased risk that errors or fraud could occur and not be timely detected.

Recommendation: The District should provide for an adequate separation of duties associated with the maintenance, warehouse, and telecommunications departments' inventories to the extent practicable with existing personnel.

Follow-up to Management Response:

In response to Finding No. 1, the District indicates that compensating controls over warehouse inventories that minimize the risk for errors or fraud are already in place and the District feels that the cost to implement additional controls would exceed the benefits derived. In discussions with District staff, the District indicated that physical inventory counts are conducted twice a year, and that adjustments to the perpetual records are made, as necessary. However, we believe the controls afforded by these procedures do not compensate for the weakness noted in the finding, and it is in the District's best interest to design and implement effective controls over its warehouse inventories.

Finding No. 2: Construction Projects

The District's New Construction and Code Compliance Department is responsible for the administration of the construction program. Our review of controls over construction projects and related expenditures disclosed the following deficiencies:

- Construction Manager Contracts - Subcontractor Monitoring. Section 1013.45(1)(c), Florida Statutes, authorizes districts to contract for the construction or renovation of facilities with a construction management entity (CME). Under the CME process, contractor profit and overhead are contractually agreed upon, and the contracted firm is responsible for all scheduling and coordination in both the design and construction phases and is generally responsible for the successful, timely, and economical completion of the construction project. CME firms may also be required to offer a guaranteed maximum price (GMP). The GMP provision allows for the difference between actual cost of the project and the GMP amount, or the net costs savings, to be returned to the District. Our review of Trinity Oaks Elementary School (GMP \$14.7 million) and Sun Lake High School (GMP \$34.6 million) projects disclosed the following:
 - The District made payments to the CME for the Trinity Oaks Elementary School project based on payment applications; however, the payments were not supported by subcontractor detailed invoices to provide for proper monitoring of subcontractor billings, project contingency funds, and potential cost savings under the GMP. Subcontractor charges generally represent a large portion of work billed. For example, of the total \$522,073 requested on Payment Application No. 18 for Trinity Oaks Elementary School, approximately \$443,589 represented subcontractor charges, and detailed invoices were not submitted to the District for these charges. Absent adequate preaudit of supporting invoices by appropriate staff, the District cannot ensure that payments are proper.
 - The District did not monitor and approve the CME's selection and award of the various subcontracts. The agreement provides that the CME was responsible for subcontractor bidding of sitework, masonry, structural steel, electrical and other subcontractor work, and for providing copies of subcontracts to the District. Our review disclosed that the CME generally provided subcontractor bid information to the project architect; however, District records did not evidence the District's participation in the process. Without District involvement in the subcontractor bid award process, and appropriate documentation thereof, the District has limited assurance that the CME complied with the terms of the contract in the handling and awarding of subcontractor bids.
 - We noted that the subcontractor selected for painting, casework, hollow core, and walkway covers on the Trinity Oaks Elementary School project was not the lowest bidder for the work. In addition, we noted that the bid tabulation for doors, frames, and hardware did not include the subcontractor that was ultimately selected and, although requested, documentation was not

provided to evidence the basis upon which the subcontractor was selected. Failure to establish controls to ensure that the CME used the lowest and best bidder, or documentation explaining otherwise, may result in higher project costs and an unrealized opportunity for cost savings to the District.

- **Contract Penalty Clauses.** Section 1013.47, Florida Statutes, provides that construction contracts, in part, contain time limits in which construction is to be completed and penalties to be paid by the contractor for any failure to comply with the terms of the contract. As part of our audit procedures, we noted that the two CME contracts did not contain penalty clauses. Financial penalties provide the District with a means to hold the contractor responsible, thereby increasing a contractor's incentive to complete a project by a certain date.

Recommendation: The District should establish adequate monitoring procedures over payments to construction management entities to ensure the payments are properly supported by detailed subcontractor invoices, and documentation is maintained to evidence that the process of selecting subcontractors is fair and equitable. Also, the District should enhance procedures over construction projects to ensure that construction contracts contain appropriate penalty clauses.

Additional Matters

Finding No. 3: Board Meetings and Minutes

The District's procedures did not ensure that minutes were prepared for all Board meetings and subsequently reviewed and approved by the Board. Section 1001.42(1), Florida Statutes, provides that the minutes of each Board meeting shall be reviewed, corrected if necessary, and approved at the next regular meeting, or at an intervening special meeting if the Board desires. Section 286.011(2), Florida Statutes, requires that all minutes of a Board be promptly recorded and open to public inspection.

The GOVERNMENT-IN-THE-SUNSHINE MANUAL prepared by the Office of the Attorney General indicates, in Part I, Section C.1., that the Sunshine Law extends to any gathering, whether formal or casual, of two or more members of the same board or commission to discuss some matter on which foreseeable action may be taken by the public board or commission. In addition, the GOVERNMENT-IN-THE-SUNSHINE MANUAL, Section D, indicates that the Sunshine Law specifically applies to informal discussions and workshops and refers to the Florida Supreme Court's statement that "collective inquiry and discussion stages" are embraced within the terms of the statute.

During the 2006-2007 fiscal year, the Board conducted 48 meetings, including 23 regular meetings, 16 workshops, 4 appeal hearings, an informal meeting, and other meetings. While our audit disclosed that minutes were, for the most part, timely recorded and approved by the Board, minutes were not recorded and Board-approved for the 16 workshop meetings. In addition, although minutes for the four appeal hearings and informal meeting were documented, the minutes were not approved by the Board. When Board meetings are not properly recorded and approved, the actions taken at the meetings are not clearly documented and available for public inspection.

Recommendation: The Board and Superintendent should enhance procedures to ensure that minutes of all meetings subject to the provisions of the Sunshine Law are prepared, reviewed by the Board, corrected if necessary, and timely approved.

Finding No. 4: Unclaimed Property

Section 717.113, Florida Statutes, states that all intangible property that has remained unclaimed by the owner for more than one year after it became payable or distributable is presumed unclaimed. Further, Sections 717.113, 717.117, and 717.119, Florida Statutes, require that any governmental agency holding funds or other property presumed unclaimed shall report and deliver such property to the Florida Department of Financial Services (Department) by May 1 of each year for the preceding calendar year.

The District filed the required unclaimed property report with the Department on April 30, 2007, for the calendar year ended December 31, 2006, which indicated that the District had no property presumed to be unclaimed as of that date. However, our review disclosed that, as of June 30, 2007, outstanding payroll and accounts payable checks, totaling \$14,209.92, were currently being shown on the District records even though they were outstanding in excess of one year as of December 31, 2006. As a result, the District did not properly report and remit these unclaimed funds to the Department. Section 717.117(3), Florida Statutes, provides that the Department may impose and collect a penalty of \$10 per day up to a maximum of \$500 for failure to properly report unclaimed property.

Recommendation: The District should report and remit unclaimed property to the Florida Department of Financial Services, as required by the provisions of Chapter 717, Florida Statutes.

Finding No. 5: Strategic Planning

The District's planning and budgeting procedures could be improved by the enhancement of its strategic planning process. The District is in the process of formalizing its five-year strategic plan, and the final plan is scheduled to be submitted for Board approval in January 2008; however, the plan could be further enhanced by including long-term and short-term (annual) goals, priorities for the goals, and the financial impact of implementing the planned goals and action plans. In addition, a goal for a responsive budgeting process, linking strategic and operational priorities with resources, should be included with an appropriate quantifiable level of unreserved fund balance to be maintained in the General Fund. A comprehensive strategic plan with the prioritization of the Board's strategic objectives would provide guidance in budget development and would assist the Board and administrators when making spending decisions.

Recommendation: The District should continue its efforts in creating a comprehensive strategic plan.

Finding No. 6: Fingerprinting

The District should improve its procedures for timely obtaining fingerprints and background screenings for instructional and noninstructional staff that have direct contact with students. Sections 1012.56(9) and 1012.465, Florida Statutes, require that instructional personnel renewing their teaching certificates and noninstructional personnel undergo a level 2 background screening, which includes fingerprinting, every five years following initial screening upon employment. In a memorandum dated June 25, 2004, the Florida Department of Education

(FDOE) recommended that districts conduct background screenings for certified instructional employees every five years, at the time of renewal of their teaching certificates, and that background screenings be obtained for approximately 20 percent of the noninstructional employees each year, beginning with the 2004-05 fiscal year, in order to complete background screenings for all employees over the five-year period ending July 1, 2009.

Although the FDOE recommended that districts initiate the fingerprinting and background screening process for all instructional and noninstructional staff during the 2004-05 fiscal year, District records evidenced that the District's process did not begin until September 2006. Further, for the 2006-07 fiscal year, the District only completed the required fingerprinting and background screenings on 35 percent of the District's staff, instead of the recommended screenings of 60 percent of the staff by the 2006-07 fiscal year pursuant to the guidance provided by FDOE. Absent the required fingerprinting and background screenings, there is an increased risk that staff with unsuitable backgrounds may be allowed access to students.

The District indicated that the fingerprint machine used prior to September 2006 was not portable and was difficult to collect fingerprints. During the 2006-07 fiscal year, the District purchased its own portable fingerprint machine with the intention of purchasing two more during the 2007-08 fiscal year.

Recommendation: The District should enhance its procedures to ensure that required fingerprinting and background screenings are performed for staff on a timely basis.

Finding No. 7: Capital Outlay - Architect Insurance

The District did not ensure that its architectural firms were adequately and properly insured. Section 4.1(2)(f) of the Florida Department of Education's publication, *State Requirements for Educational Facilities – 1999*, recommends that district school boards ensure that their architects carry insurance for errors and omissions or liability, either through board policy or through the advertisement for request for services. The District obtained architectural services for the Trinity Oaks Elementary and Sun Lake High Schools with construction contracts totaling \$14.7 million and \$34.6 million, respectively. The architectural firm provided a certificate of liability insurance evidencing that it carried various coverages, including \$3 million and \$1 million in professional liability insurance for Trinity Oaks Elementary and Sun Lake High Schools, respectively. However, District records did not evidence the basis upon which the District determined the reasonableness of the architect's insurance for the two projects. Additionally, our review disclosed that the Board does not have a policy requiring its architects carry insurance, and the District's request for architect services did not contain requirements for types and amounts of insurance that should be carried. The District can limit its exposure to the various risks of possible loss relating to architectural services by establishing procedures to ensure that its contracted firms are adequately and properly insured for coverages such as professional liability, errors and omissions, and general, automobile, and workers' compensation liability.

Recommendation: The District should enhance its procedures to ensure that its architectural firms are adequately and properly insured by determining the types and limits of coverage that should be maintained by the architectural firm and including those insurance requirements in all invitations to obtain professional services, new agreements, and renewed agreements for architectural services.

Finding No. 8: Educational Facilities - Safety Procedures

In August 2005, the District completed construction of the Longleaf Elementary and Seven Oaks Elementary Schools and, in August 2006, the District completed construction of the Gulf Highlands Elementary, Oakstead Elementary, John Long Middle and Paul R. Smith Middle Schools; however, as of November 2007, District records did not evidence that floor plans for the schools had been provided to area law enforcement agencies and fire departments, contrary to Section 1013.13, Florida Statutes. This information may be useful to local authorities in the event that emergency hazardous conditions develop at District sites. Section 1013.13, Florida Statutes, requires the Superintendent to provide a copy of the educational floor plans and other relevant documents to law enforcement agencies and fire departments that have jurisdiction over District facilities. This statute further requires that, after the initial submission of these copies, the Superintendent must submit to these agencies by October 1 of each year, revised documents of District facilities that were modified during the preceding year.

Recommendation: The District should enhance school safety procedures to ensure that floor plans and other relevant documents are filed timely with appropriate law enforcement agencies and fire departments, as required.

Finding No. 9: Tangible Personal Property

Improvements were needed in internal controls over tangible personal property. The District reported \$45,402,184 in tangible personal property (furniture, fixtures, and equipment; motor vehicles; and audio visual materials), net of accumulated depreciation, at June 30, 2007. To ensure proper accountability and safeguarding of tangible personal property, the District should annually make a complete physical inventory of property, compare the results of the inventory with the property records, reconcile all discrepancies, and make appropriate adjustments to the property records. Property items not located during the inventory process should be promptly reported to the custodian and a thorough investigation made. Items not located after the investigation should be reported to the appropriate law enforcement agency.

Our review disclosed that the District could make the following enhancements in controls over tangible personal property:

- As a result of the annual physical inventory completed in November 2006, District personnel noted 507 property items, totaling \$871,688, that could not be located, primarily including computer processors, monitors, printers, and various other electronic equipment with acquisition dates ranging from January 1971 to November 2005. However, District personnel indicated that none of the 507 missing property items were reported to a law enforcement authority. When missing property items are not reported to the appropriate law enforcement agency, the District's ability to recover missing property may be limited.

- The District indicated that 216 of the 507 missing property items, totaling \$383,118, were approved by the Board for write-off during the 2006-07 fiscal year, and that the resolution of the remaining 291 items was pending the completion of the next annual physical inventory, prior to submission and review of the Board. However, as of November 2007, District records could not be provided to evidence that District personnel had properly adjusted the property records for the 291 missing items. Failure to timely update the property records for missing property may result in tangible personal property being inaccurately reported on the financial statements.
- We selected 20 items from the District's property records for physical inspection, and concurrently selected 29 items observed at these locations for comparison to the District's property records. Our tests for physical inspection disclosed three property items, costing approximately \$30,638, that could not be located, including a keyboard music lab (although listed as an individual property item, it included several keyboard computers and other items), a portable computer, and a refrigerator. In addition, our tests disclosed ten property items which did not have property numbers attached to the property and eight of those property items could not be traced to the subsidiary records. We also noted three items, with costs totaling \$34,046, which did not have the name of the District on the property. Properly marking property of the District enhances the District's ability to readily account for its property and may reduce the difficulty in identifying District property recovered from theft.

Pursuant to Chapter 2006-122, Laws of Florida, rulemaking authority for local government-owned tangible personal property was transferred from the Auditor General to the State Chief Financial Officer, effective July 1, 2006.

Recommendation: District procedures could be improved to enhance accountability over tangible personal property by ensuring property items unlocated during the physical inventory procedures are timely reported to the appropriate law enforcement agency, property records are properly adjusted to reflect missing property, and items are appropriately marked as property of the District.

Finding No. 10: Charter School Monitoring

During the 2006-07 fiscal year, the District sponsored six charter schools and, pursuant to Section 1002.33(5), Florida Statutes, was required to monitor and review the charter schools in their progress towards the goals established in the charter contracts. The charter contracts require the charter schools to obtain commercial insurance and list the District as the additional insured on the policies, and provide for specific minimum insurance requirements for the various types of risk coverage. Our review disclosed the following deficiencies over the District procedures in monitoring insurance coverage of the charter schools:

- The contracts require that the Charter Schools obtain insurance from an insurer that is authorized by the Florida Department of Insurance (now the Office of Insurance Regulation, Department of Financial Services) or an eligible surplus lines insurer under Florida Statutes. In addition, the insurer must have a Best's Rating of "A-" or better and a Financial Size Category of "VII" or better, according to the latest edition of Best's Key Rating Guide, published by A.M. Best Company. The District did not obtain documentation to support that the charter schools had obtained insurance coverage from insurers that met these requirements. Subsequent to audit inquiry, the District verified that all insurers had a Best's Rating of "A-" or better with only one insurer not meeting the requirement of a Financial Size Category of "VII" or better.
- The contracts require the charter schools to maintain automobile liability of \$1,000,000 per occurrence and \$2,000,000 annual aggregate coverage; however, we noted that one school, Academy at the Farms, did not carry automobile insurance.

Without adequate procedures to monitor the charter schools' insurance coverages, there is an increased risk that such coverages may not exist, or may not be sufficient, subjecting the District to potential losses.

Recommendation: The District should enhance its monitoring procedures to ensure that the charter schools are in compliance with the contract provisions regarding insurance coverages.

Finding No. 11: Information Technology – Back-up Tape Procedures

Sound back-up and retention procedures for information technology-related media include provisions for the secure storage, both on-site and off-site, of back-up data files, software, and related documentation. It is important that accurate records be maintained of the location of back-ups and that storage sites are periodically inspected for adequate physical security measures.

During our review we noted that there were no written policies and procedures outlining daily procedures, including back-up schedules; steps to follow in the absence of the individual responsible for the tapes; off-site storage, including retrieval of tapes from the off-site storage during business hours as well as after business hours; and procedures for recycling, rotating, and destroying tapes. Without formal policies and procedures to establish controls and measures necessary for the quality and consistency with which an entity's objectives are achieved, management may not have a basis for determining whether directives are properly performed and personnel will not have guidelines for achieving management's expectations.

Audit inquiry disclosed that daily and weekly back-up data tapes are maintained in vaults on the District premises. After a month, back-up tapes are prepared and kept in a safety deposit box at a bank located within seven miles from the District. However, waiting a month to transfer back-up tape data to an off-site storage site increases the risk that data may be lost within the month, requiring it to be reentered into the applications.

Recommendation: The District should develop and distribute detailed data back-up tape procedures in order to promote sound internal control. In addition, to ensure data security, the District should consider transferring back-up tape data to an off-site storage site on a weekly basis.

Finding No. 12: Information Technology – Disaster Recovery

The District could improve its information technology disaster recovery procedures. The District's disaster recovery plan, dated November 2004, includes an agreement with another school district whereby each district agreed to serve as an alternate-processing site for the other in the event of a disaster that interrupts critical information technology operations. However, our review disclosed that the District's disaster recovery plan did not contain the following necessary elements:

- The disaster recovery plan did not include consideration of such matters as the procedures for minimizing and containing damage and restoring telecommunications capability. Without consideration of these elements, there is an increased risk of data loss in the event of a system failure.
- The disaster recovery plan also did not address procedures for minimizing the disruption to operations. Such a plan should indicate the conditions under which the back-up site will be used; identify the employees needed at the site and their job responsibilities; identify the supplies needed; outline procedures for notification of the back-up site and employees; establish a job priority schedule; include

steps to be followed at the back-up site; and the plan should be provided to key employees. When staff responsibilities in a disaster are not articulated, there is an increased risk that recovery during an emergency may be delayed.

- The alternative-processing site agreement had not been tested. Without adequate testing at the alternative facility, there is an increased risk that the selected applications will not produce the expected results.

Recommendation: The District should enhance its disaster recovery plan to address procedures for minimizing the disruption of operations in the event of a disaster and make the enhanced plan available to key employees. Additionally, the District should conduct a disaster recovery test to ensure its ability to produce the output needed to sustain selected operations during a prolonged data center outage.

Finding No. 13: Information Technology – Program Change Controls

Controls over systems development and modification activities are intended to ensure that new systems and system changes are suitably approved, designed, tested, and implemented. Sound program change controls typically include, among other things, adequate user involvement in requesting, testing, and approving program changes; information systems and user personnel approval for program changes; and, sufficient documentation of program changes. Our review of the District’s procedures disclosed the following:

- Incompatible duties were noted in that the same programmer or system analyst who made the program modifications also moved the changes to the production environment. We also noted that not all requests for changes were approved by a supervisor.
- The District did not maintain documentation of user approval for modifications made.

The absence of adequate controls over program modifications increases the risk that erroneous or unauthorized program changes will be placed into the production environment and not be timely detected.

Recommendation: The District should strengthen procedures in the above-mentioned areas to provide increased assurance that all program change activities are properly authorized and implemented.

Federal Awards Finding No. 1:

Federal Agency: United States Department of Education

Pass-Through Entity: Florida Department of Education

Program: Special Education Cluster (CFDA Nos. 84.027 and 84.173)

Finding Type: Noncompliance

Questioned Costs: Not Applicable

Cash Management. Title 34, Section 80.21(i), Code of Federal Regulations, provides that subgrantees shall promptly, but at least quarterly, remit interest earned on cash advances to the appropriate Federal agency. The subgrantee may keep interest amounts up to \$100 per year for administrative expenses. The Florida Department of Education (FDOE) has instructed the district school boards to remit interest earned on Federal cash advances to the FDOE Comptroller’s Office. During the 2006-07 fiscal year, the District had interest earnings, totaling \$43,568.32, on advances of Federal cash; however, the District did not remit the earnings, net of the \$100 administrative expenses, to FDOE, contrary to the requirements of Title 34, Section 80.21(i), Code of Federal Regulations.

Recommendation: The District should develop procedures to ensure that interest earnings on cash advances are remitted to FDOE, as required. Additionally, the District should remit interest earnings, totaling \$43,468.32, to FDOE.

*PASCO COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2007*

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

Audit Report No. and Awards Finding No.	Program/ Area	Brief Description	Status	Comments
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No Federal findings in the prior year.



District School Board of Pasco County

7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638 • 813/794-2000

Heather Fiorentino, Superintendent

www.pasco.k12.fl.us

January 14, 2008

David W. Martin, CPA
Auditor General
111 West Madison Street
Tallahassee, Florida 32302

Dear Mr. Martin:

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

The following paragraphs enumerate various actions the District will take and provides clarification applicable to certain findings and recommendations listed in the preliminary and tentative operational audit report for the fiscal year ended June 30, 2007.

Finding #1, Inventories – Separation of Duties: Asset custody, record keeping responsibilities and access to the inventory storage areas for the maintenance and telecommunications inventories will be separated to the extent practical with existing personnel. Compensating controls over warehouse inventories that minimize the risk for errors or fraud are already in place and the District feels that the cost to implement additional controls would exceed the benefits derived.

Finding #2, Construction Projects: The District will enhance its monitoring procedures over payments to construction management entities to ensure payments are properly supported by detailed invoices. The District will establish procedures to document and maintain evidence that the process of selecting subcontractors by construction management entities is fair and equitable. The District will include penalty clauses in all future construction contracts in accordance with Section 1013.47, Florida Statutes.

Finding #3, Board Meetings and Minutes: The District has changed its procedures to ensure that minutes of all meetings subject to the provisions of the Sunshine Law are prepared, reviewed, corrected and timely approved.

Finding #4, Unclaimed Property: The District agrees with the recommendation and will fully comply by reporting and remitting all unclaimed property that has remained unclaimed by the owner for more than one year to the State of Florida. We are currently doing our due diligence to contact the property owners.

Finding #5, Strategic Planning: The District's strategic plan, [Living the Vision 2008-2013](#), contains goals, objectives and strategies designed to take the District into the next five years. The District will use the strategic plan to establish priorities and make spending decisions.

January 14, 2008

Finding #6, Fingerprinting: The District has implemented a three year phase-in plan beginning in 2006-07. All background screenings will be completed by the July 1, 2009 deadline.

Finding #7, Capital Outlay - Architect Insurance: The District will establish procedures to ensure that all contracted architect firms are adequately and properly insured for coverage such as professional liability, errors and omissions, and general, automobile, and workers' compensation liability.

Finding #8, Educational Facilities - Safety Procedures: The District has taken steps to ensure compliance with Section 1013.13, Florida Statutes.

Finding #9, Tangible Personal Property: A list of all items discovered missing during the physical inventory will be reported to the Pasco Sheriff's Office in a timely fashion. During this year's reconciliation, those items will be either found or written off on a subsequent board meeting prior to the end of this fiscal year

The District will enhance its procedures to ensure that all property is appropriately marked as property of the District.

Finding #10, Charter School Monitoring: The District will enhance its monitoring procedures to ensure that the charter schools are in compliance with the contract provisions regarding insurance coverage.

Finding #11, Information Technology – Back-up Tape Procedures: The District will develop detailed data back-up tape procedures and in order to ensure data security, back-up tape data will be transferred to an off-site storage site on a weekly basis.

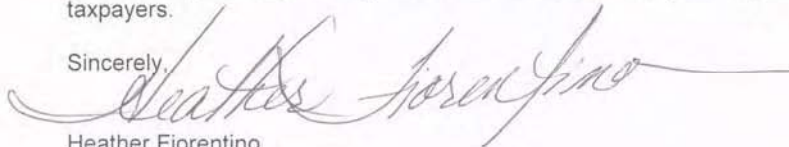
Finding #12, Information Technology – Disaster Recovery: The District will enhance its Disaster Recovery plan. These procedures will specify staff responsibilities and operational management in order to minimize disruptions to key data, telecommunications, and computer operations.

Finding #13, Information Technology – Program Change Controls: – The District will develop procedures to improve the separation of incompatible duties, approval process by supervisors and maintaining documentation of user approvals for modifications.

Federal Finding #1, Cash Management: The District understands the requirements to remit interest on at least a quarterly basis to the Florida Department of Education Comptroller's Office. We are currently up to date through the quarter ending June 30, 2007.

Please be assured that these procedures will be enhanced to strengthen existing internal accounting control systems, which permit the District to be as effective and efficient as practical, utilizing our limited resources and providing accountability to our taxpayers.

Sincerely,



Heather Fiorentino
Superintendent