

Hearing Officer Review, if necessary, will be held at 5:30 p.m. in the Large Personnel Conference Room to be followed by Business Portion of Meeting at 6:00 p.m.

Indian River County District School Board
Business Meeting Agenda
October 11, 2011 at 6:00 p.m.

It is hereby advised that if a person decided to appeal any decision made by the Board with respect to any matter considered at this meeting, he/she will need to ensure that a verbatim record is made which includes the testimony and evidence upon which the appeal is to be made.

I. **Call Meeting to Order – Chairman McCain**

(Announcement: Please turn off all cell phones. Cell phones, even when set to a silent mode, can cause loud disturbances within the rooms audio enhancement system.)

II. **INVOCATION by TBA**

III. **PLEDGE OF ALLEGIANCE TO THE FLAG AND PRESENTATION OF COLORS**
by Vero Beach High School's Air Force Junior ROTC under the Direction of Chief Master Sergeant Wade E. Dues, USAF (Ret.)

IV. **ADOPTION OF AGENDA**

V. **PRESENTATIONS**
No presentations

VI. **CITIZEN INPUT**

VII. **CONSENT AGENDA**

A. Approval of Hearing Officer's Recommendation – Dr. Adams

It is recommended that the District School Board accept the Hearing Officer's Findings of Fact, Conclusions of Law, and recommendations in regard to Hearing Number 12-25. Superintendent recommends approval.

B. Approval of Minutes – Dr. Adams

1. Student Progression Plan Workshop held 9/27/2011
2. Administrative Office Space Workshop held 9/27/2011
3. Regular Business Meeting held 9/27/2011

Superintendent recommends approval.

C. Approval of Personnel Recommendations – Mrs. Lannon

Attached is a list of personnel recommendations, which includes personnel additions, terminations, and/or changes. Also included are revisions to the job descriptions for Network Technician and School Support Technician. Superintendent recommends approval.

D. Approval of Donations – Mr. Morrison

1. Sebastian River High School received a donation in the amount of \$5,000 from Scholastic Sports Company, Inc. The funds will be used for athletic sports' needs.
2. Storm Grove Middle School received a donation in the amount of \$1,000 from the Wal-Mart Foundation. The funds will be utilized for afterschool expenses such as tutoring and transportation.
3. Beachland Elementary School received a donation of \$3,015 from the Beachland PTA. The proceeds will be used for Beachland Elementary teachers' classroom spending. A donation in the amount of \$3,440.02 was received from the Mardy Fish Foundation. These funds will be used for afterschool activities. Beachland Elementary received a donation of furniture for their classrooms. The donation consisted of four desks and twelve chairs. The value of the furniture exceeds \$1,000.
4. Fellsmere Elementary School received a donation in the amount of \$2,253.92 from the Mardy Fish Foundation. The funds will be used for afterschool learning in the areas of Art, Music, and PE at Fellsmere Elementary.
5. Liberty Magnet School received a donation in the amount of \$4,204.23 from the Mardy Fish Foundation. The funds will be used for various afterschool activities.

Superintendent recommends approval.

E. Approval to Dispose of Surplus Property – Mr. Morrison

This request is for approval to dispose of surplus property in accordance with Florida Statutes 274.05 and 274.06. The attached lists represent property to be deleted from various inventories and/or for items that have been declared surplus. After Board approval, property will be recycled and/or auctioned.

Superintendent recommends approval.

F. Approval of Articulation Agreement with University of Florida – Mrs. D'Albora

Beginning in 2001, an Articulation Agreement for dual enrollment courses has been in place between the School District of Indian River County and the University of Florida. While this rolling agreement continues to be in place, the University of Florida is requesting that the District review the plan and update the contact information. This item has been placed on the agenda to confirm the District's commitment to this partnership. Superintendent recommends approval.

G. Approval of Revised 2011-2012 Payroll Schedule – Mrs. Lannon

Approval of adjustments to the 9 and 10 month CWA employee Payroll Schedule is requested in order for the employees to receive their end of the fiscal year pay in a more timely manner. Superintendent recommends approval.

VIII. ACTION AGENDA

A. Approval of Membership Renewal with Greater Florida Consortium of School Boards – Dr. Adams

Attached is an invoice for the Consortium Membership dues in the amount of \$3,000 for the 2011-2012 school year. Membership provides professional representation of Consortium Member Districts in Tallahassee on mutual legislative issues. The annual dues have not increased since 2003-2004 school year. Superintendent recommends approval.

B. Approval of Revisions to Student Progression Plan 2011-2012 – Mrs. D’Albora

The State Board of Education requires each District to maintain a Student Progression Plan that outlines policies and procedures related to promotion and retention. The District Student Progression Plan helps to ensure that the required program of study, placement, promotion, reporting, retention, and assessment procedures are equitable and comprehensive; thereby, providing accountability for all students. The School District of Indian River County’s Student Progression Plan has been revised to reflect legislative changes and has been edited for clarification. Superintendent recommends approval.

C. Approval of Resolution #2012-04, Tax Anticipation Notes, Series 2011 – Mr. Morrison

The purpose of this action is to adopt the attached Resolution #2012-04 authorizing the issuance of Tax Anticipation Notes (TAN), Series 2011, in the amount of \$16 million to provide interim funds for the payment of operating expenses; approve the form of documents in connection with the issuance of the notes; delegate to the Superintendent and appropriate staff the authority to accept the most favorable bid for the notes, subject to certain restrictions; and to take all necessary actions in connection with the issuance of the notes. The issuance of the TAN is required in order to provide necessary, short-term financing to position the District in such a manner that it is able to meet projected cash flow deficits of the General Fund. Based upon staff analysis, it is projected that the District will experience cash receipt deficits ranging from \$10 million to \$16 million during the month of November 2011. These cash flow deficits are mainly attributable to the intense slow-down of cash receipts from the Tax Collectors’ Office that is usually experienced from July through the middle of November every year. Superintendent recommends approval.

D. Approval to Award Term Contract for Miscellaneous Roof Repair and/or New Roof Projects, SDIRC 2012-02 - Mr. Morrison

The Maintenance Department requested that an RFP be promulgated to establish a term contract for roof repair and roof replacement projects on an as-needed basis. The purpose and intent of this RFP is to award continuous contracts to three or more qualified professional roofing contractors. When services are required, a quote packet will be provided to all awarded vendors.

Each vendor must then provide a sealed quote for that specific project which will be opened publicly in the Purchasing Department. Final award will be made to the bidder who provides the lowest price for each project. The net annual financial impact as estimated by our Maintenance Department is \$300,000. Award is recommended to Atlantic Roofing II of Vero Beach, Big Lake Roofing, Crowther Roofing, DATO Construction, Springer-Peterson Roofing and Sheet Metal, The Roof Authority, and Total Roofing Systems as best responsive and responsible bidders meeting specifications, terms, and conditions. Superintendent recommends approval.

E. Approval to Award Contract for Engineering Services Bid 2012-03 - Mr. Morrison

The Facilities Department requested that an RFQ be promulgated for professional engineering continuing services which consist of site, civil, surveying, and other engineering services for miscellaneous projects District wide on an as needed basis. The District desires to award multiple firms to provide services as assigned by the Facilities Department on a rotating and/or best fit selection. The net financial impact as estimated by the Facilities Department is \$200,000 annually. It is recommended that negotiations proceed per Chapter 287.055 F.S. to obtain continuing contracts with Carter Associates, Inc.; Kimley-Horn & Associates; Neel-Schaffer, Masteller & Moler, Inc.; MBV Engineering, Inc.; and Schulke Bittle & Stoddard. Superintendent recommends approval.

IX. SUPERINTENDENT'S REPORT

X. DISCUSSION
No discussion items

XI. SCHOOL BOARD MEMBER MATTERS – Chairman McCain

XII. INFORMATION AGENDA
A. Charter School Audits for 2010-2011 – Mr. Morrison

XIII. SUPERINTENDENT'S CLOSING

XIV. ADJOURNMENT – Chairman McCain

Anyone who needs a special accommodation for this meeting/workshop may contact the School District's American Disabilities Act Coordinator, at 564-3060 (TTY 564-8507) at least 48 hours in advance of meeting. NOTE: Changes and amendments to the agenda can occur 72 hours prior to the meeting. All business meetings will be held in the Teacher Education Center (TEC) located in the District Central Offices at 1990 25th Street, Vero Beach, unless otherwise specified. Meetings may broadcast live on Comcast Ch. 28 and may be replayed on Wednesday's and Friday's at 7 p.m. and on Saturday's at 9 a.m. The agenda can be accessed by Internet at <http://www.indianriverschools.org>.

The Indian River County District School Board met on Tuesday, September 27, 2011, at 9:00 a.m. The workshop was held in the Teacher Education Center located at the Central Administrative Offices, 1990 25th Street, Vero Beach, Florida. School Board Members attending were: Chairman Matthew McCain, Vice Chairman Carol Johnson, and Board Members: Karen Disney-Brombach, Claudia Jiménez, and Jeffrey Pegler. Dr. Frances J. Adams, Superintendent of Schools, ~~and School Board Attorney Suzanne D'Agresta were~~ was also present. **School Board Attorney Suzanne D'Agresta was not present.**

Student Progression Plan Workshop Minutes

Note: Chairman McCain was not present.

- I. Workshop was called to order by Vice Chairman Johnson.
- II. Purpose of the Workshop – Dr. Adams
Dr. Adams stated that the purpose of the workshop was to review with the Board the tremendous amount of changes being proposed to the Student Progression Plan. She said that the changes were mostly due to changes in legislation.

Note: Chairman McCain was present.

- III. Presentation – Mrs. D'Albora
Mrs. D'Albora stated that the Student Progression Plan changes would realign the Plan with the legislative changes. The first handout listed all of the State Statutes provided by the Department of Education that must be included in the Plan.

Elementary

Ms. Jody Bennett, Executive Director of Core Curriculum, reviewed the changes made to Admission Requirements for Original Entry, Secondary School Reform, and Indian River Virtual School. Mrs. D'Albora stated that the Department of Education considered the School District as the education facilitators for virtual school. She said that the District was putting together a task force to consider issues such as instituting a set time for virtual students to enter and depart from campuses. Mrs. D'Albora said that they should have something in place by the second semester. The supervision of students, at this time, was being left up to the schools because of the different age groups. Dr. Adams said that adding elementary students to the Virtual School Program was quite different. Mrs. D'Albora stated that they were letting parents know that once their child took five courses in virtual school, they were a full-time virtual student. Dr. Adams noted that there was no funding for virtual students.

Ms. Bennett continued the review with the changes to Florida Virtual School, Participation in State Wide Assessment Program, Grading - Academic Achievement Grade, Work Habit Grade, and Letter Grades.

Secondary

Ms. Deborah Long, Director of Secondary Education and Professional Development, reviewed changes to the Program Requirements, Academic Achievement Grade, Work Habit Grade, Report Cards, and Credit Acceleration Program (CAP). Mrs. D'Albora said that there was no penalty for taking the test but that the score would be recorded on the report card. She said that teachers would not be responsible for CAP grades because there would be no instruction. There was a discussion on the advantages and disadvantages of CAP.

Ms. Long reviewed changes to the State Uniform Transfer of Middle School Course/Credits, End of Course (EOC) Assessment Requirements, Career and Professional Academies, Additional Requirements for Standard High School Diploma Concordant Scores Option, High School Competency Test (HSCT), Graduation Options, Other Options, EOC Waiver, Postsecondary Education Readiness Test, Grading and Report Cards, minor word changes, Career and Professional Education/Florida Ready to Work, State Uniform Transfer of High School Credits, Home Education Students Transferring to Public Schools, Bright Futures Information and other Florida Awards Program, Next Generation Sunshine State Access Points, Enhanced New Needed Opportunity for Better Life and Education for Students with Disabilities (Ennobles) Act, the Student Progression: Glossary of Terms, Appendixes A, B, and C.

IV. Questions – Chairman McCain

Board Members asked questions and made suggestions.

V. ADJOURNMENT – Chairman McCain

Dr. Adams informed the Board about a glitch they had with the bank system (Wells Fargo). She reminded the public that the business meeting at 6 p.m. held at Sebastian City Hall would not be televised live in Vero Beach. Dr. Adams distributed and reviewed a check list of items to go over with the County Commission at the 1 p.m. workshop. The Board brought up questions that they had pertaining to options for Administrative Office space.

With no further discussion, the workshop adjourned at approximately 10:36 a.m.

The Indian River County District School Board met on Tuesday, September 27, 2011, at 1:00 p.m. The workshop was held in the Teacher Education Center located at the Central Administrative Offices, 1990 25th Street, Vero Beach, Florida. School Board Members attending were: Chairman Matthew McCain, Vice Chairman Carol Johnson, and Board Members: Karen Disney-Brombach, Claudia Jiménez, and Jeffrey Pegler. Dr. Frances J. Adams, Superintendent of Schools, and School Board Attorney Suzanne D'Agresta were also present.

**Board Workshop with Indian River County Commissioners and County
Administrator Regarding Administrative Office Space
Minutes**

- I. Workshop was called to order by Chairman Matthew McCain. Chairman McCain said that the purpose of the workshop was to have an open, free-flowing discussion and to dispel with any hearsay.
Introductions:
Chairman Bob Solari, County Commissioner
Peter O'Bryan, Commissioner
Wesley Davis, County Commissioner
Joseph Baird, County Administrator
Michael Zito, Assistant County Administrator
Alan Polackwich, County Attorney
Chris Mora, County Public Works Director

- III. Presentation by School District Staff – Dr. Adams
Dr. Adams opened with some bullet points. She said that the original lease agreement was signed June 9, 1980, for 30 years at \$3,750 per month/\$45,000 per year, with a ten-year renewal option, and with the waiver of Race Track Funds for the duration of the lease. Dr. Adams said that the lease would expire in February 2012. The Board would also like to discuss other available space options. Chairman McCain said that the Board and District Staff were trying to figure out what our options were for Administrative space.

- IV. Open Questions and Discussion – Chairman McCain
Mr. Baird stated that the distribution of Race Track Funds was at the discretion of the County. He said that there was never \$20,000 in Race Track Funds in exchange for the lease. Mr. Baird explained that the County had 25,000 sq. ft. of available space at their new facility, with 135,000 sq. ft. requested by entities that they were responsible for providing space for, such as the Court House and the Sheriff's Department. He stated that the District's current lease was \$1.79 per sq. ft. which was far below the current market rate. Mr. Baird said that they would consider a year-to-year lease with the School District. He said that if the School District would like to purchase the property next door they would be interested, but it would have to be at fair market value. He said that they were

not looking to increase the rent but they were concerned about the District staying in a building with roof and other liability issues.

It was noted that the District had to pay \$500,000 to disconnect from the old County Building before it was torn down and that the County had determined long ago that this building was not worth putting money into for items such as a new roof. Mr. Baird said that the County shared the maintenance costs. Chairman McCain noted that the School District was not in a position to purchase land and build. He stated that it also did not make sense to spend \$300,000 for a new roof and, then, move in two years. He was also concerned about the District's computer equipment that was the main hub for the entire School District. Chairman McCain said that what he had heard was that the County wanted us out so they could tear down the building.

Mr. Baird said that the only reason the building still stood was because of the lease. He said that they did not want to invest any money into the building.

It was noted that the District spent about \$800,000 on the building in the last five years. The Board was not interesting in spending \$300,000 more on a new roof, in order to stay for two years. The Board asked if there were any properties that the County would recommend. Mr. Baird said that he asked his staff and they said that they did not know of any properties for rent. It was noted that this was an unhealthy building. There was a discussion on whether the County or School District should pay for the roof and the feasibility of a land swap. County Commissioners were in agreement to collaborate with the School District in regard to the lease.

V. Closing Statement – Dr. Adams

Chairman McCain said that they would move forward with a spirit of collaboration as we plan for the future. He stated that this building did not offer a long-term solution for Administrative Office space. Dr. Adams said that she hoped the County Staff would meet with District Staff again soon.

VI. ADJOURNMENT – Chairman McCain

With no further discussion, the workshop adjourned at approximately 1:57 p.m.

The Indian River County District School Board met on Tuesday, September 27, 2011, at 6:00 p.m. The business meeting was held in the Sebastian City Council Chambers at 1225 Main Street, Sebastian, Florida. School Board Members attending were: Chairman Matthew McCain, Vice Chairman Carol Johnson, and Board Members: Karen Disney-Brombach, Claudia Jiménez, and Jeffrey Pegler. Dr. Frances J. Adams, Superintendent of Schools, and School Board Attorney Suzanne D'Agresta were also present.

Business Meeting Minutes

- I. Meeting was called to order by Chairman Matthew McCain.
Chairman McCain said that first, he want to thank Sebastian City Council for inviting us to hold our business meeting in their Council Chambers; with special thanks to Sally Maio, City Clerk, for making this happen so smoothly.
- II. Invocation was given by Father John Jacobs of Trinity Episcopal Church.
- III. PLEDGE OF ALLEGIANCE TO THE FLAG AND PRESENTATION OF COLORS
by Sebastian River High School's Naval Junior ROTC under the Direction of MGySgt. James R. O'Neal, USMC (Ret.)
- IV. ADOPTION OF AGENDA
Chairman McCain called for a motion to adopt the Orders of the Day. Mrs. Johnson moved approval of the Orders of the Day, including items under Consent B. Mr. Pegler seconded the motion and it carried with a 5-0 vote.
- V. PRESENTATIONS
No presentations
- VI. CITIZEN INPUT
Beth Weatherstone, President of the Indian River Education Association, requested to speak to the Board regarding the Teacher Evaluation Program.
Jim Hill, Mayor of City of Sebastian, spoke to the Board.

Request to speak after the start of the meeting: Board Members agreed to allow Mr. Gilliam to speak.
Damien Gilliam, spoke to the Board.
- VII. CONSENT AGENDA
Mrs. Disney-Brombach moved approval of the Consent Agenda. Ms. Jiménez seconded the motion and it carried unanimously, with a 5-0 vote.

A. Approval of Minutes – Dr. Adams

1. New Teacher Appraisal Workshop held 9/6/2011
2. Special Board Meeting to Adopt Final Budget and Millage held 9/6/2011
3. RFP for Property, Casualty, and Worker's Compensation Workshop held 9/13/2011
4. Round Table Discussion held 9/13/2011
5. Regular Business Meeting held 9/13/2011

Superintendent recommended approval.

B. Approval of Personnel Recommendations – Mrs. Lannon

Attached was a list of personnel recommendations, which included personnel additions, terminations, and/or changes. Superintendent recommended approval.

C. Approval of Out-of-Field Teachers Report – Mrs. Lannon

Approval was recommended for the attached Out-of-Field Teachers Report for the first semester. The Report included teachers who were out-of-field for course work, not Highly Qualified, or who were out-of-field or out of compliance for ESOL. It was required that the Report be approved by the School Board prior to the FTE Survey period in October. A copy of the Report was available prior to the meeting. Superintendent recommended approval.

D. Approval of Donations – Mr. Morrison

1. Vero Beach High School received a donation in the amount of \$3,500 from Dollar General Literacy Foundation. The funds would be used to purchase books, Kindle book readers, and e-books that were classified as part of the Florida Teens Reading Program. A donation in the amount of \$1,300 was received by the Indian River Blood Bank, Inc. The funds would be utilized to provide scholarships to students taking CPR and phlebotomy certification classes.
2. Osceola Magnet School received a donation in the amount of \$2,694.08 from Osceola Magnet School PTA. These funds would be used to purchase Time of Kids Magazines for Kindergarten students and Weekly Reader Magazines for Grades 1-5.

Superintendent recommended approval.

E. Approval of State's Two-Year Compliance Report on School Board Policies – Dr. Adams

In conformance with the requirements of Section 120.74, Florida Statutes, every two years the School Board must submit a report on all School Board policies that were adopted/amended. Mrs. D'Agresta, Board Attorney, prepared and submitted the report for Board approval. A copy of the Report covering a period from October 1, 2009, through September 30, 2011, was attached. Superintendent recommended approval.

F. Approval of 2011-2012 School Improvement and Differentiated Accountability Plans – Mrs. D’Albora

School Improvement and Differentiated Accountability Plans were respectfully submitted with recommendations for approval. Each School Improvement Plan may be accessed at the following location: <http://www.flbsi.org/SIP>; no login was necessary. Click to “View School Improvement Plan (Read-Only). Attached was a list of schools that have submitted plans approved by their School Advisory Councils and a District Review Committee. Superintendent recommended approval.

VIII. ACTION AGENDA

A. Approval of 5-Year Capital Improvement Program for 2012-2016 Fiscal Years – Mr. Morrison

Approval was recommended for the 5-Year Capital Improvement Program for the fiscal years 2012-2016. This was the final version of the Program which was reviewed at the Board Workshop held on June 28, 2011. Included in the packet for approval were the Capital Project Revenues and Other Financing Sources Projections for the Fiscal Years 2012-2016, the Summary of the Capital Improvement Program for Fiscal Years 2012-2016, and the detailed Project Pages. Superintendent recommended approval. Mrs. Disney-Brombach moved approval of the 5-Year Capital Improvement Program for 2012-2016 fiscal years. Mr. Pegler seconded the motion and it carried unanimously, with a 5-0 vote.

B. Approval of the 2011-2012 5-Year District Facilities Work Plan – Mr. Morrison

Approval was recommended for the 2011-2012, 5-Year District Facilities Work Plan for the School District of Indian River County. The financial information contained in the Work Plan was based on the fiscal years 2012-2016 District’s 5-Year Capital Improvement Program (as detailed in the previous agenda item). In addition, the Work Plan contained information from the Florida Inventory of School Houses (FISH), the Facilities Plant Survey, and the DOE Cohort Projections, with the information from these sources being effective as of July 1, 2011. The 2011-2012 5-Year District Facilities Work Plan was a Department of Education requirement and was due on October 1, 2011, to the Florida Department of Education. Superintendent recommended approval. Mrs. Johnson moved approval of the 2011-2012 5-Year District Facilities Work Plan. Ms. Jiménez seconded the motion and it carried unanimously, with a 5-0 vote.

C. Approval of Second Contract Addendum for Sebastian Charter Junior High School’s Contract – Mr. Morrison

On June 14, 2011, the Board approved the contract extension request of 15 years for Sebastian Charter Junior High School contingent upon the school

securing a loan of \$2.5 million to construct a new facility for expansion. In order for the loan to be approved, the school needed the contract extension of 15 years from June 30, 2015, to June 30, 2026. The Board's approval was limited to a 90-day period, which had proven to be insufficient due to issues encountered during the loan application process. This second request for an extension through to January 30, 2012, from the school was to allow sufficient time to conclude these issues and to secure the loan. Superintendent recommended approval. Mr. Pegler moved approval of the second contract addendum for Sebastian Charter Junior High School's contract. Mrs. Johnson seconded the motion and it carried with a 5-0 vote.

D. Approval to Enter Into RFP Process to Obtain Consultant's Services for Property/Casualty and Workman's Compensation Insurance – Mrs. Lannon

The School District of Indian River County's Risk Management Department requested approval to enter into the CCNA (Consultant's Competitive Negotiation Act) process to obtain consultant services for a Comprehensive Insurance Program to include coverage such as Property/Casualty and Workman's Compensation. The scope of work would include assisting the District in the preparation of an RFP (Request for Proposal), which would ultimately lead to the selection an insurance agent or firm to represent the School District. The consultant selected would aid the District with the evaluation criteria, issuing addendums; as well as, assisting in the preparation of a detailed analysis to compare proposals against each other; as well as, the benefits currently offered by SCERMP (South Central Educational Risk Management Program). This RFP process would determine if a more financially beneficial program was available for our District. This also served as approval to send a letter of notification to SCERMP. Superintendent recommended approval. Mrs. Disney-Brombach moved approval to enter into RFP process to obtain consultant's services for property/casualty, and workman's compensation insurance. Ms. Jiménez seconded the motion.

E. Approval of New Teacher Evaluation Program – Mrs. Lannon

Approval was recommended for the new Teacher Evaluation Program (TEP) as it related to the Student Success Act and the Race to the Top requirements. The TEP consisted of two major components including Instructional Practice and Student Growth. The District had chosen the Marzano Evaluation Model, which was the State adopted-model, as the instructional practice piece of the TEP. At the time of publication of this agenda, the Student Growth Model and several other procedural aspects of the TEP were still being negotiated and an update would be provided prior to the meeting. The TEP was implemented at the start of the 2011-2012 school year and would be reviewed and updated annually. Superintendent recommended approval.

Dr. Adams stated that the negotiation teams reached tentative agreement on the new Teacher Evaluation Process. Mrs. Johnson moved approval of the new Teacher Evaluation Program (TEP) as it related to the Student Success Act and the Race to the Top requirements. Mr. Pegler seconded the motion. Mrs. Lannon distributed a revised descriptive paragraph in conjunction with negotiations with the Indian River County Education Association (IRCEA Teachers' Union) as follows:

Approval was recommended for the new Teacher Evaluation Program (TEP) as it related to the Student Success Act and the Race to the Top requirements. Tentative agreement was reached today (9/27/2011) with IRCEA as detailed in the memorandum to the Superintendent and the supporting documents. The TEP consisted of two major components including Instructional Practice and Student Growth. The District had chosen the Marzano Evaluation Model, which was the State adopted-model, as the instructional practice piece of the TEP. Our plan was to implement the TEP for the 2011-2012 school year and to review and update it annually. Superintendent recommended approval.

Mrs. Lannon stated that the negotiation teams worked on the pieces that needed to be sent to Tallahassee by September 30, 2011. She said that they would continue to amend the process. Ms. Roberts talked about the matrix. She said that there would be an appeals process in place for teachers. District School Board voted unanimously in favor of the motion, with a 5-0 vote.

F. Approval of 2011-2012 Non-Instructional Calendar for Student Monitors – Mrs. Lannon

Attached was the 180-Day, Non-Instructional Calendar for Student Monitors for the 2011-2012 school year. The Student Monitor position was recently reinstated at elementary schools and required an employee work calendar. Superintendent recommended approval.

Dr. Adams stated that the District's Food Service Department was able to provide funding for Student Monitors for the cafeteria; therefore, the calendar for these positions had to be adopted by the District School Board. Ms. Jiménez moved approval of the 2011-2012 Non-Instructional Calendar for Student Monitors. Mrs. Johnson seconded the motion and it carried unanimously, with a 5-0 vote.

G. Approval of Revised 2011-2012 Instructional Calendar – Mrs. Lannon

Approval was requested for the following changes to the adopted 2011-2012 Instructional Calendar. Change Friday, October 28th, and Friday, March 2nd, from full school days for students to ½ days for students and ½ days for teacher professional development. These changes were a result of a tentative agreement with Indian River County Education Association (IRCEA). In addition, FCAT dates were changed by the Florida Department of Education for the 2011-2012 school year. These changes were also reflected in the attached revised 2011-2012 Instructional Calendar. Superintendent recommended approval.

Mrs. Johnson moved approval of the revised 2011-2012 Instructional Calendar. Mr. Pegler seconded the motion and it carried unanimously, with a 5-0 vote.

IX. SUPERINTENDENT'S REPORT

Dr. Adams talked about Class Size Amendment requirements and the District's intent to comply. Three teachers were hired as a result of the class size mandate. Dr. Adams reported on her meeting with the Student Advisory Council

Dr. Adams congratulated Sebastian River High School for achieving an 83% pass rate on the May 2011 International Baccalaureate (IB) tests, in which 115 students took 308 tests. Sebastian River High School's scores in Spanish, History, chemistry, Math Studies, and Math SL surpassed the World averages. Dr. Adam's said that both our high schools were to be commended.

X. DISCUSSION

No discussion items

XI. SCHOOL BOARD MEMBER MATTERS – Chairman McCain

Ms. Jiménez attended the Rosewood PTA Meeting, and the upcoming Connected4Kids Meeting.

Mrs. Disney-Brombach reported on her legislative trip to Washington, D.C.

Chairman McCain reminded the public about the State's local tax mandate for school taxes.

XII. INFORMATION AGENDA

A. Monthly Facilities Report – Mr. Morrison

Ms. Jiménez asked Mrs. Olson to give an oral report on current Facilities projects at Fellsmere, Beachland, and Osceola. Mrs. Disney-Brombach talked about the Energy Savings District Report.

XIII. SUPERINTENDENT'S CLOSING – Dr. Adams

Dr. Adams mentioned the upcoming “Evening for Educators” at the Vero Beach Art Museum. She also spoke of a teacher who went above and beyond, Brenda Buchweitz, Sebastian River High School Math Teacher. Ms. Buchweitz forwarded a book to Dr. Adams titled, *“Who Cares?” Improving Public Schools Through Relationships and Customer Service*, by Kelly E. Middleton and Elizabeth A. Pettit. Dr. Adams mentioned that she hopes to continue to highlight people in the School District who were examples of good customer service.

XIV. ADJOURNMENT – Chairman McCain

Chairman McCain urged all community members to attend the upcoming football game between Sebastian River High School and Vero Beach High School. This year the game would be held at Sebastian River High School.

With no further business, the meeting adjourned at approximately 6:55 p.m.

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CONSENT AGENDA 10/11/11

Personnel Recommendations

1. Instructional Changes
Klein, Sharon – from Student Support Specialist to Fellsmere ESE Teacher 10/24/11
2. Instructional Leaves
Kebbel, John – SRMS, 12/13/11-12/21/11
Lieberman, Bethann - Fellsmere, effective 9/1/11
Newkirk, Karen – Fellsmere, 10/3/11-10/27/11
Myers, Chad – SRHS, 10/1/11-9/30/12
3. Instructional Promotions
Bullard, Reun – from Substitute Teacher to Pelican Island 3rd Grade Teacher 10/12/11
Lasky, Kimberly – from Substitute Teacher to Citrus Kindergarten Teacher 10/3/11
4. Instructional Transfers
Beaudoin, Patricia- from Thompson Pre-K Teacher to Fellsmere ESE Teacher 10/3/11
Buffum, Edward – from Storm Grove Middle ESE VE Teacher to Oslo Middle Math Teacher 9/30/11
Mason, Thomas – from SRMS ESE VE Teacher to Oslo Middle Language Arts Teacher 9/30/11
5. Instructional Separations
Burke, Susan – Citrus, retirement 6/4/12
McGuigan, Mary – Citrus, retirement 6/4/12
Vona, Maria – Rosewood Magnet, resignation 10/5/11
Wright, Raquel – Treasure Coast, resignation 9/29/11
Wright, Timothy – Pelican Island, resignation 11/1/11
6. Instructional Employment
Cooksey, Stephany – Substitute Teacher 10/12/11
Eidem, Keira – SRHS, Assistant Girls Soccer Coach, supplement only 10/12/11
Giordano, Trevor – Substitute Teacher 10/12/11
Hudson, Audestine – Pelican Island, Long Term Substitute 5th Grade Teacher 10/12/11
Justice, Deann – SRHS, JV Softball Coach, supplement only 10/12/11
Marcus, Daniel – Substitute Teacher 10/12/11
McDonald, Andrea – Substitute Teacher 10/12/11
Menzel, Joseph – Substitute Teacher 10/12/11
Parker, Mindy Sue – Substitute Teacher 10/12/11
Rochon, Laura – Substitute Teacher 10/12/11
Roeser, Patricia – Pelican Island, Long Term Substitute Grades 2/3 Teacher 10/12/11
Thomas, Latoryia – SRMS, Science Teacher 10/12/11
Vause, David – Substitute Teacher 10/12/11

7. Support Staff Leaves
Anderson, Tangie – Transportation, extend from 10/3/11-11/18/11
 Frazier, Ruby – Transportation, extend from 9/24/11 to 9/29/11
 Hamel, Ann Marie – FLC, extend from 10/2/11 to ~~10/31/11~~11/30/11
Maxted, Elisa – Citrus 9/26/11-10/9/11
8. Support Staff Promotions
Gipson, Wanda – from Substitute to ESE Self Care Aide 10/7/11
9. Support Staff Transfers
10. Support Staff Separations
 Albee, Sharon – Pelican Island, retirement 6/1/12
 Hubbert, Sharon – SRHS, retirement 10/14/11
 Jones, Eric – Transportation, retirement 10/3/11
 Robinson, William – Dodgertown, retirement, exiting DROP 12/30/11
 Tarrats, Jess Marie – Fellsmere, terminated, just cause 9/27/11
11. Support Staff Employment
Balash, Charles – Substitute Food Service Worker 10/12/11
Bivins, Stacey – Sebastian Elementary, Student Monitor 10/12/11
Davis, Michelle – Pelican Island, Extended Day Coordinator 10/12/11
Donar, Diane – Student Services, School Psychologist 10/12/11
Fraga, Sabrina – Pelican Island, 21st Century Cheerleader Instructor 10/12/11
 Gardiner, Wendy – CWA Collective Bargaining Team Secretary, 2011-2012 school year
 Jones, Abigail – Osceola Magnet, Extended Day Student Worker 10/12/11
 Martin, Susan – CEA Collective Bargaining Team Secretary, 2011-2012 school year
 Terry, Jerusha – Pelican Island, 21st Century Grant Worker 9/28/11
12. Administrative Separations
13. Revised Job Descriptions
 As part of the I.T. reorganization, revisions were made to the following job descriptions: Network Technician and School Support Technician. Among the revisions were changes to the titles and responsibilities in order to better reflect the duties of each position. The title of Network Technician was changed to Network Support Technician and School Support Technician was changed to Computer Support Technician.
14. Support Staff Changes/Promotions
 As a result of the IT reorganization, several job descriptions have been updated. The following are support staff changes due to the

revised job descriptions, effective 10/12/11:

Serraro, Michael – from School Support Technician (P4) to Network Support Technician (P5)

Thompson, Shane – from School Support Technician (P4) to Computer Support Technician (P5)

Educational Technology Specialists from (P1) to (P2):

Balsamo, Thomas

Bangert, Kurt

Clark, Joey

Greto, Michael

Jackman, Darcel

Marinez, Charles

Mellin, Thomas

Mulanax, Sean

Myers, Kent

Nichol, George

Pearson, Benjamin

Penagos, Jorge

SCHOOL DISTRICT OF INDIAN RIVER COUNTY

NETWORK SUPPORT TECHNICIAN

JOB DESCRIPTION

QUALIFICATIONS:

- (1) High school diploma or equivalent.
- (2) Graduation from an accredited electronic technical school.
- (3) Two (2) years successful experience in technology support.
- (4) Successful experience with network support, end user support, server support with emphasis in network operating systems.
- (5) Satisfactory criminal background check and drug screening.
- (1) Bachelor's degree in a related field from an accredited educational institution or Associate's degree from an accredited educational institution in Computer Science or related field and two (2) years of relevant experience or high school diploma and four (4) years relevant experience in network support.
- (2) Valid Florida's driver's license.
- (3) Satisfactory criminal background check and drug screening.

KNOWLEDGE, SKILLS AND ABILITIES:

Extensive troubleshooting skills to provide accurate and fast network repairs utilizing a variety of tools. Ability to read and understand user manuals and schematics associated with network related hardware and software. Ability to use diagnostic programs. Skill in analysis, problem-solving and communication. Ability to work under pressure with no supervision on several projects simultaneously. Extensive knowledge of industry standards in networking software and hardware. Familiarity with many operating systems and network server operating systems. Working knowledge of tone generator/inductive amplifier. Knowledge of telecommunication systems including converged communication and VOIP technology. Ability to communicate orally and in writing. Ability to plan, organize and establish priorities related to the position. Ability to carry out job responsibilities and handle sensitive information in a confidential manner. Ability to work independently and make decisions with minimum supervision. Ability to handle multiple tasks in a professional and courteous manner. Ability to answer a telephone in a professional and courteous manner. Ability to work cooperatively with others.

REPORTS TO:

Network Analyst Administrator

JOB GOAL

To support networks, hardware, equipment and software used in the performance of the instructional and administrative functions for the school district.

NETWORK **SUPPORT** TECHNICIAN (Continued)

SUPERVISES:

~~N/A District Educational Technology Specialists and School Support Technicians~~

PERFORMANCE RESPONSIBILITIES:

Service Delivery

- (1) ~~Assist in the design~~ Design and ~~implementation of~~ implement computer system/network configurations, procedures and policies.
- (2) Install, configure, and upgrade ~~computer hardware and~~ network devices, attached peripherals, network operating systems, other software, and associated cabling and wiring.
- (3) ~~Perform work involving installation, maintenance and repair of security, intercom, clock alarm, bell and public address systems.~~
- (4) ~~Troubleshoot end user problems supporting work stations and network servers of varying platforms.~~
- (5) Provide hardware, software, and network training and support to school and department staff.
- (6) Support and maintain ~~network~~ software and hardware for all schools, departments and networks.
- (7) Install, maintain and use network monitoring and network analyzing tools.
- (8) Identify potential network security threats and respond to security violations.
- (9) Initiate routine diagnostics to isolate causes of system failures and makes minor equipment repairs.
- (10) Investigate and solve ~~network related~~ equipment and software problems.
- (11) Maintain documentation relating to network design and changes, router configurations, TCP/IP number assignments and ~~Help Desk~~ trouble tickets.
- (12) Demonstrate initiative in the performance of assigned responsibilities.

Employee Qualities/Responsibilities

- (13) Meet and deal effectively with the general public, staff members, parents, administrators and other contact persons using tact and good judgment.
- (14) Follow attendance, punctuality and other qualities of an appropriate work ethic.
- (15) Ensure adherence to good safety standards.
- (16) Maintain confidentiality regarding school/workplace matters.
- (17) Model and maintain high ethical standards.
- (18) Maintain expertise in assigned area to fulfill position goals and objectives.
- (19) Participate successfully in the training programs offered to increase skill and proficiency related to the position.
- (20) Keep abreast of current technology in distributed computer and networking systems.
- (21) ~~Supervise assigned personnel, conduct annual performance appraisals, and make recommendations for appropriate employment actions.~~
- (22) ~~Assign duties to the appropriate technical support staff for the day to day operations of the network.~~

Inter/Intra-Agency Communication and Delivery

©EMCS

Board Approved: 4/25/06
 Grade/Duties Revised 5/22/07
 Revised: 07/28/09
 Revised: 09/27/11
 Board Approved: 10/11/11

NETWORK SUPPORT TECHNICIAN (Continued)

- (23) Exercise service orientation when working with others.
- (24) Keep supervisor informed of potential problems or unusual events.
- (25) Use effective, positive interpersonal communication skills.
- (26) Respond to inquiries and concerns in a timely manner.
- (27) Serve on school/district committees as required or appropriate.
- (28) Serve as data communications liaison with schools, departments, vendors and service providers.
- ~~(29) Provide dialup support for staff desiring SBAC network access.~~

System Support

- (30) Exhibit interpersonal skills to work as an effective team member.
- (31) Follow federal and state laws as well as School Board policies, rules and regulations.
- (32) Demonstrate support for the school district and its goals and priorities.
- (33) Demonstrate initiative in identifying potential problems or opportunities for improvement.
- (34) Prepare or assist in the preparation of all required reports and maintain all appropriate records.
- (35) Participate in cross-training activities as required.
- (36) Perform other tasks consistent with the goals and objectives of this position.

PHYSICAL REQUIREMENTS:

Heavy Work: Exerting up to 100 pounds of force occasionally, and/or up to 50 pounds of force frequently and/or up to 20 pounds of force as needed to move objects.

Job Description Supplement 01

TERMS OF EMPLOYMENT:

Professional Technical Pay Grade ~~P6~~ P4-P5 244 days worked per year (12 months)

Pay grade P5 requires eight (8) years experience including two (2) years experience with the School District of Indian River County and recommendation of the immediate supervisor.

EVALUATION:

Performance of this job will be evaluated in accordance with provisions of the Board's policy on evaluation of personnel.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY

SCHOOL COMPUTER SUPPORT TECHNICIAN

JOB DESCRIPTION

QUALIFICATIONS:

- (1) Associate's degree from an accredited educational institution in computer science or related field or graduation from an accredited Technical Institution in a relevant training program or four (4) years of relevant experience.
- (2) Five (5) years of relevant experience.
- (1) Bachelor's degree in Computer Science or a related field from an accredited educational institution or Associate's degree in Computer Science or a related field from an accredited educational institution and two (2) years of relevant experience or high school diploma and four (4) years relevant experience in computer support.
- (2) Valid Florida driver's license.
- (3) Satisfactory criminal background check and drug screening.

KNOWLEDGE, SKILLS AND ABILITIES:

Extensive troubleshooting skills to provide accurate and fast computer repairs utilizing a variety of tools. Ability to read and understand user manuals and schematics associated with computer hardware and software. Ability to work under pressure with no supervision on several projects simultaneously. Ability to use diagnostic programs. Skill in analysis, problem-solving and communication. Knowledge of instructional computing hardware and software. Knowledge of operating systems and networks. Ability to perform basic telephone troubleshooting and problem isolation. Ability to troubleshoot hardware and software. Ability to communicate orally and in writing. Ability to plan, organize and establish priorities related to position. Ability to carry out job responsibilities and handle sensitive information in a confidential manner. Ability to work independently and make decisions with minimum supervision. Ability to handle multiple tasks in a professional and courteous manner. Ability to answer a telephone in a professional and courteous manner. Ability to work cooperatively with others.

REPORTS TO:

Network Analyst
Network Administrator

JOB GOAL

To provide an efficient corrective and preventative maintenance program for all computer related equipment used for information processing, administrative or instructional applications. To support district-wide hardware and software needs and to ensure all information and technology systems integrate effectively into the classroom.

SUPERVISES:

N/A

©EMCS

Qualifications Revised: 1/8/08
8/10/09

Board Approved: 4/25/06

Revised: 07/28/09

Revised: 09/29/11

Board Approved: 10/11/11

SCHOOL COMPUTER SUPPORT TECHNICIAN (Continued)**PERFORMANCE RESPONSIBILITIES:****Service Delivery**

- (1) Perform installation and initial setup of hardware and common software programs used in the district.
- (2) Perform problem isolation, software assistance, pick up and delivery of equipment and proper record keeping.
- (3) Maintain a district wide inventory of computers, software and peripherals.
- (4) Perform basic network troubleshooting and problem isolation.
- (5) Interface with school district staff Technology Coordinators, Education Technology Specialists and Lab Managers to assist them with local problems and to keep them updated with district policy changes and upgrades.
- (6) Maintain knowledge to support computers running different operating systems.
- (7) Coordinate with instructional personnel on curriculum software purchases for network compatibility.
- (8) Perform server integration of curriculum/instructional software.
- (9) Troubleshoot hardware/software of distributed computer systems and associated network facilities.
- (10) Install, configure and upgrade computer hardware, software, and attached peripherals, network and desktop operating systems, applications, and associated cabling.
- (11) Manage and support the district's Help Desk application.
- (12) Assist with the implementation of disaster recovery plans.
- (13) Install, configure and maintain servers, network storage, and backup/recovery systems.
- (14) Provide consulting services (for new hardware and software).
- (15) Demonstrate initiative in the performance of assigned responsibilities.

Employee Qualities/Responsibilities

- (16) Meet and deal effectively with the general public, staff members, parents, administrators and other contact persons using tact and good judgment.
- (17) Follow attendance, punctuality and other qualities of an appropriate work ethic.
- (18) Ensure adherence to good safety standards.
- (19) Maintain confidentiality regarding school/workplace matters.
- (20) Model and maintain high ethical standards.
- (21) Maintain expertise in assigned area to fulfill position goals and objectives.
- (22) Participate successfully in the training programs offered to increase skill and proficiency related to the position.

Inter/Intra-Agency Communication and Delivery

- (23) Exercise service orientation when working with others.
- (24) Keep supervisor informed of potential problems or unusual events.
- (25) Use effective, positive interpersonal communication skills.
- (26) Respond to inquiries and concerns in a timely manner.
- (27) Serve on school/district committees as required or appropriate.

System Support

- (28) Exhibit interpersonal skills to work as an effective team member.
- (29) Follow federal and state laws as well as School Board policies, rules and regulations.

SCHOOL COMPUTER SUPPORT TECHNICIAN (Continued)

- (30) Demonstrate support for the school district and its goals and priorities.
- (31) Demonstrate initiative in identifying potential problems or opportunities for improvement.
- (32) Prepare or assist in the preparation of all required reports and maintain all appropriate records.
- (33) Participate in cross-training activities as required.
- (34) Perform other tasks consistent with the goals and objectives of this position.

PHYSICAL REQUIREMENTS:

Medium Work: Exerting up to 50 pounds of force occasionally, and/or up to 20 pounds of force frequently and/or up to 10 pounds of force as needed to move objects.

Job Description Supplement 12

TERMS OF EMPLOYMENT:

Professional Technical Pay Grade ~~P4~~ P4-P5 244 days worked per year (12 months)

Pay grade P5 requires eight (8) years experience including two (2) years experience with the School District of Indian River County and recommendation of the immediate supervisor.

EVALUATION:

Performance of this job will be evaluated in accordance with provisions of the Board's policy on evaluation of personnel.

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SEBASTIAN RIVER HIGH SCHOOL

9001 Shark Boulevard • Sebastian, Florida 32958

Telephone: (772) 564-4170 • Fax: (772) 564-4182

LF
9/20

September 12, 2011

To: School Board Members
From: Daniel Gilbertson, Sebastian River High School
Regarding: Request for Approval of Donation

A donation of \$5000.00 was received from Scholastic Sports Company, Inc. The funds will be used for athletic sport's needs.

These funds were deposited into Sebastian River High School's athletic internal account.


Daniel Gilbertson



"You Can't Hide That Shark Pride"

Daniel Gilbertson Principal	Dariyall Brown Assistant Principal	Jessica Keaton Assistant Principal	Kelly Ward Assistant Principal	William Wilson III Assistant Principal
Stephanie Cleveland Guidance Counselor	Kim O'Keefe Guidance Counselor	Wendy Palmer Guidance Counselor	Lynn Phillips Guidance Counselor	Enrique Valencia Guidance Counselor



9/26/11

STORM GROVE MIDDLE SCHOOL

6400 57th Street Vero Beach, FL 32967

772-564-6400 • Fax: 772-564-6321

Principal - Mr. Shawn O'Keefe

September 19, 2011

To: School Board Members

From: Shawn O'Keefe, Principal

Regarding: Walmart Foundation Donation

A donation of \$1,000 was received from the Wal-Mart Foundation for such after school expenses such as tutoring and transportation. The donation was deposited into the After School Grant-Walmart internal account.

Sincerely,



Shawn O'Keefe
Principal



School District of Indian River County

Beachland Elementary School

3350 Indian River Drive East
Vero Beach, Florida 32963-1799

Telephone: (772) 564-3300

FAX: (772) 564-3350

Carol Wilson
Principal

Theresa Wagner
Assistant Principal

September 12, 2011

{To}: School Board Members

{From}: Carol Wilson, Principal

Regarding: Donation from Beachland PTA

A donation of \$3,015.00 was received from Beachland PTA. Proceeds are to benefit our teachers for classroom spending needs. These funds were deposited into Beachland's Internal funds.

Carol P. Wilson

Carol P. Wilson, Principal

CW/br



Beachland Elementary School

3350 Indian River Drive East
Vero Beach, Florida 32963-1799

Telephone: (772) 564-3300

FAX: (772) 564-3350

Carol Wilson
Principal

Theresa Wagner
Assistant Principal

September 23, 2011

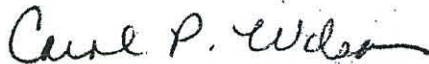
{To}: School Board Members

{From}: Carol Wilson, Principal

Regarding: Donation from Mardy Fish Foundation

A donation of \$3,440.02 was received from the Mardy Fish Foundation.

These funds were deposited into Beachland's Internal funds.



Carol P. Wilson, Principal

CW/br



Beachland Elementary School

3350 Indian River Drive East
Vero Beach, Florida 32963-1799

Telephone: (772) 564-3300

FAX: (772) 564-3350

Carol Wilson
Principal

Theresa Wagner
Assistant Principal

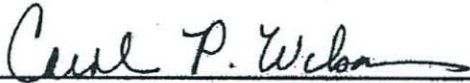
September 12, 2011

{To}: School Board Members

{From}: Carol Wilson, Principal

Regarding: Donation of Furniture

Beachland Elementary received a donation of furniture for our classrooms. The donation consisted of 4 desks and 12 chairs and the value exceeds the required limit of \$1,000.00.



Carol P. Wilson, Principal

CW/br



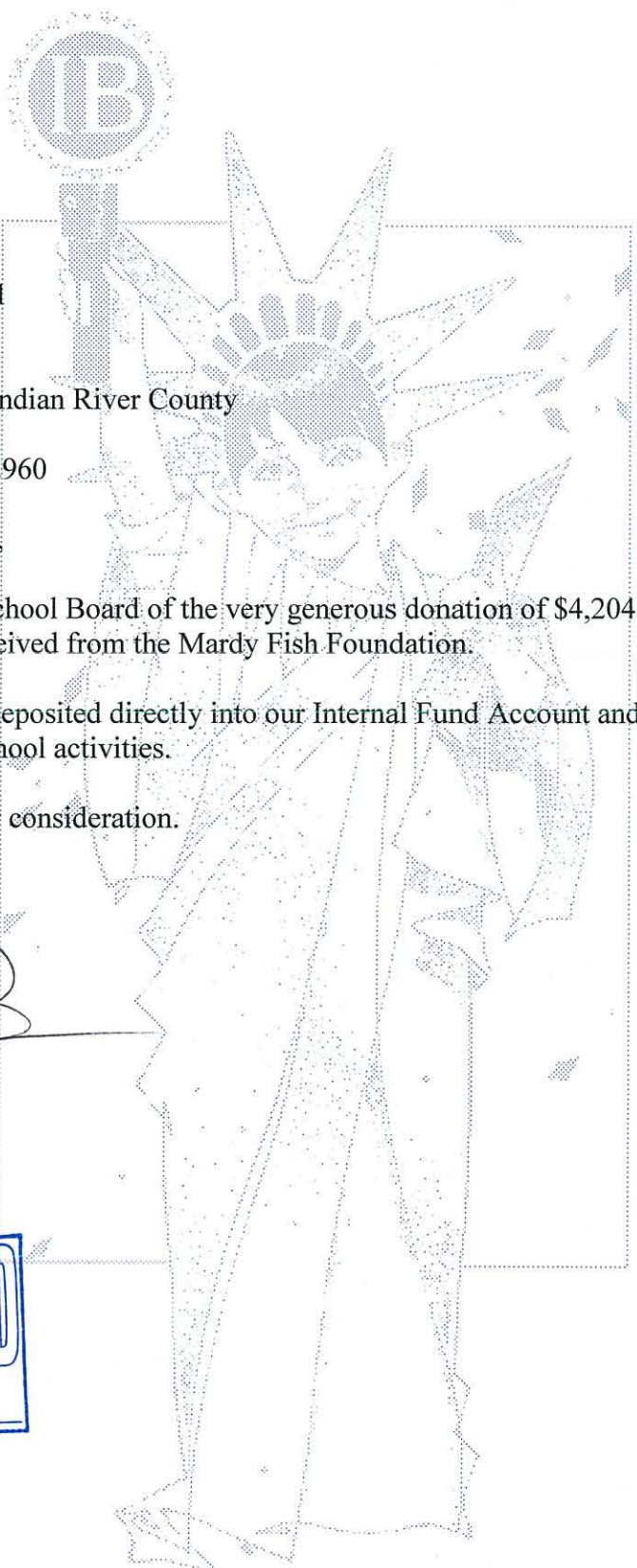
9/27

LIBERTY MAGNET SCHOOL

"An IBO World School - Primary Years Program"

6850 81st Street *Vero Beach, FL 32967 * (772) 564-5300 * Fax: (772) 564-5303

Kelly Baysura
Principal



September 23, 2011

Carter Morrison
School District of Indian River County
1990 25th St.
Vero Beach, Fl. 32960

Dear Mr. Morrison,

Please notify the School Board of the very generous donation of \$4,204.23 that Liberty Magnet School received from the Mardy Fish Foundation.

These funds were deposited directly into our Internal Fund Account and are to be used for various after school activities.

Thank you for your consideration.

Sincerely,

Kelly Baysura
Principal

RECEIVED
SEP 27 2011
By:



9/27

Fellsmere Elementary School
50 North Cypress Street, Fellsmere, FL 32948-9699
772-564-5970 (PH) 772-564-6020 (FAX)

Ramón J. Echeverría
Principal

Susan Del Tufo
Assistant Principal

Memorandum

To: Carter Morrison, Assistant Superintendent of Finance
From: Mr. Ramon Echeverria, Principal
Date: September 21, 2011
Subject: Mardy Fish Foundation Donation

Fellsmere Elementary has received a donation from Mardy Fish Foundation in the amount of \$2253.92 to be used for After-School Learning in the areas of Art, Music, and PE at Fellsmere Elementary.

Please notify the Board of this donation.

RE/jm

A handwritten signature in black ink that reads "Ramon Echeverria".



"Building a brighter tomorrow in the classroom today"
School District of Indian River County

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SURPLUS PROPERTY RECORDS
AUCTION ITEMS - REVENUE GENERATING

ASSET	DESCRIPTION 1	DESCRIPTION 2	ACCOUNT			SERIAL	ACQ		CNTR	BDG	ROOM	DP
			ORIG VAL	GL	FUND		ACQ DATE	P.O.				
00045393	FOOD MIXER	HOBART-CAFE	1,939.18	1340	530	1914025	08/29/1972		9999	00	ACT7	FS
00053516	PLATEMAKER	PRINT SHOP 150	1,260.00	1340	500	860916	04/20/1979	01504	9999	00	ACT7	PS
00058704	FILE CABINET	SCHWAB FILE CAB	1,741.50	1340	530	RECDS MNGMNT	04/10/1987	71982	9999	00	ACT7	RM
00059477	FILE CABINET	SCHWAB-FIREPROO	1,849.00	1340	500	RCRD MANG	03/14/1986	63473	9999	00	ACT7	RM
00061389	M-25 1989	CHEVY UTILITYMA	21,553.04	1350	500	1GDHP32J7K35030	09/22/1989	44881	9999	00	ACT7	WC
00061781	SR-19 1989	CHEVY PICK UP	9,922.00	1350	500	1GCFC24K7KE2651	09/08/1989	24695	9999			ACT7
00062348	FILE CABINET	MICROFILM	2,234.50	1340	530	V097807	09/14/1990	85797	9999	00	ACT7	RM
00062956	MILK DISPENSER	SHELLEY MOBILE	2,000.00	1340	530	87A14127	04/08/1988		9999	00	ACT7	FS
00063175	CUTTER/MIXER (FOOD)	HOBART	2,000.00	1340	530	31-103-027	05/10/1982		9999	00	ACT7	FS
00065130	TAPE RECORDER	OTARI 1/4"2CH R	2,880.00	1340	530	19283080C	07/15/1993	28819	9999	00	ACT7	
00065131	AUDIO PROCESSOR	OTARI 8CH REC/R	5,665.00	1340	530		08/23/1993	28819	9999	00	ACT7	
00065546	FILE CABINET	SCHUAB/MIXED ME	2,234.50	1340	530	V129304	12/21/1993	50048	9999	00	ACT7	RM
00066104	MILK DISPENSER	SHELYGLAS MILK	2,700.00	1340	530	59219135M	01/14/1994	20166	9999	00	ACT7	FS
00072480	ICE MACHINE	MANITOWOC ICE M	1,886.00	1340	530	981261525	03/12/1999	08284	9999	00	ACT7	FS
00079602	SONY 36" VEGA	FD TRINITRON	1,028.00	1340	530	9031728	04/30/2003	00308176	9999	00	ACT7	
00080337	CRESCOR 18 MODEL H13	FOOD/SERV HOLDI	2,333.00	1340	541	1ADJ41247-197	11/24/2003	00403692	9999	00	ACT7	FS
00082811	EPSON EXPRESSION 100	(PRINT SHOP) EP	2,838.79	1383	500	FVS0006179	06/30/2006	00609302	9999	00	ACT7	PS
00083115	NOTEBOOK-LATITUDE D5	DELL LAPTOP	1,081.00	1383	530	JKXBDB1	09/11/2006	00700813	9999	00	ACT7	
00083132	NOTEBOOK-LATITUDE D5	DELL LAPTOP	1,081.00	1383	530	GNXBDB1	09/11/2006	00700813	9999	00	ACT7	
00083229	NOTEBOOK-LATITUDE D5	DELL LAPTOP	1,081.00	1383	530	JQSBDB1	09/11/2006	00700813	9999	00	ACT7	
00083362	ESQ MOTION LE1600	SLATE TABLET PC	2,572.00	1383	530	00182029-LE1600	09/18/2006	00701423	9999	00	ACT7	
** 00084549	2003 CLUB CAR	FOUR PASSENGER	2,400.00	1340	530	AQ0413-376972	11/19/2007	00804833	9999	00	ACT7	
TOTAL						22 RECORDS						
			74,279.51	ORIG VALUE								

* = ACCOUNT AND BASE ORIGINAL VALUES DIFFER

** GOLF CART TO BE CANNIBALIZED AND USED FOR SPARE PARTS. PARTS NOT USED BY THE DISTRICT WILL BE SOLD AT AUCTION.

SURPLUS PROPERTY RECORDS
EQUIPMENT TO RECYCLE - REVENUE GENERATING

ASSET	DESCRIPTION 1	DESCRIPTION 2	ACCOUNT			SERIAL	ACQ			CNTR	BDG	ROOM	DP
			ORIG	VAL	GL		FUND	DATE	P.O.				
00065199	COPIER	MITA DC-1435	1,795.00	1340	530	46050248	08/23/1993	28855	9999	00	RCY7	00	
00072945	PRINTER	LEXMARK OPTRA S	1,254.00	1383	530	11-GBT29	07/30/1999	12636	9999	00	RCY7	PS	
00076781	GRADEQUICK (ELEC GRD	WINDOWS PLATFOR	.00	1382	500	JACKSON	01/16/2001	00107161	9999	00	RCY7		
00076781	GRADEQUICK (ELEC GRD	WINDOWS PLATFOR	1,025.00	1382	500	JACKSON	01/16/2001	00107161	9999	00	RCY7		
00076848	DELL LATITUDE WIT	C800-PIII 800MH	2,400.00	1383	530	6VFNV01	09/24/2001	00203167	9999	00	RCY7		
00076906	DELL LATITUDE	C600 PIII 1.0GH	2,448.00	1383	530	J6PKW01	10/08/2001	00203248	9999	00	RCY7		
00078716	APPLE POWR MAC G4	867MHZ,ETC.	1,303.00	1383	530	XB2380LJLKC	10/07/2002	00303370	9999	00	RCY7	PS	
00078724	DELL LAT.C840	PENT 4,1.80GHZ	2,045.00	1383	500	400YX11	10/14/2002	00303372	9999	00	RCY7	26	
00079745	PLASCOTRAC/3.5 STUDE	TRACKING SYSTEM	1,500.00	1382	500	NONE	12/09/2002	00303714	9999	00	RCY7		
00079746	PLASCOTRAC-LAN	LANSTATION SYST	.00	1382	500	NONE	12/09/2002	00303714	9999	00	RCY7		
00079746	PLASCOTRAC-LAN	LANSTATION SYST	1,125.00	1382	500	NONE	12/09/2002	00303714	9999	00	RCY7		
00079747	PLASCOTRAC-LAN	LANSTATION SYST	1,125.00	1382	500	NONE	10/02/2002	00303714	9999	00	RCY7		
00080132	2.40GHZ/800 FSB, P4,	DELL PRECISION	1,985.00	1383	530	2B32J31	09/30/2003	00403581	9999	00	RCY7	TV	
00081167	2.8 GHZ MINITOWER 51	1703 ULTRA SHAR	2,626.92	1383	500	H2NRN41	04/23/2004	00410185	9999	00	RCY7	TV	
00081733	OPTIPLEX GX280 512MB	1703 ULTRA SHAR	1,263.76	1383	530	GFMLG61	01/18/2005	00506403	9999	00	RCY7	TV	
00081839	DELL OPTIPLEX GX280	530/3.00GHZ 1M	1,130.99	1383	500	GKDOT61	02/22/2005	00507485	9999	00	RCY7		
00082017	PRECISION WORKSTATIO	PENTIUM 4 PROCE	2,890.55	1383	530	G1CN671	04/11/2005	00508792	9999	00	RCY7	BD	
00082074	DELL LATITUDE D800 P	MONITOR (RU	825.82	1383	500	26KBJ71	05/23/2005	00511030	9999	00	RCY7	26	
00082074	DELL LATITUDE D800 P	MONITOR (RU	1,500.00	1383	530	26KBJ71	05/23/2005	00511030	9999	00	RCY7	26	
00082087	LATITUDE D610 PENTIU	FOR-CYNTHIA ROU	1,627.62	1383	542	2CGCK71	05/27/2005	00511326	9999	00	RCY7	TL	
00082398	DELL LAP TOP LATIT D	ATI X600 GRAPHI	2,503.72	1383	530	DDQNM81	10/25/2005	00604297	9999	00	RCY7		
00082697	OPTIPLEX GX 620 W/19	630/3GHZ 2M 800	1,255.00	1383	530	GJCTT91	05/15/2006	00606515	9999	00	RCY7	00	
00082741	iMAC 20-INCH 2GHZ IN	PROTECTION PLAN	1,718.00	1383	500	W8606-3LV2D	05/31/2006	00609297	9999	00	RCY7	PS	
00083169	NOTEBOOK-LATITUDE D5	DELL LAPTOP	1,081.00	1383	530	FL29DB1	09/11/2006	00700813	9999	00	RCY7		
00083455	TRIPLITE 600VA UPS S	RACK/TOWER 120-	.00	1383	530	9516ALCPS541500	09/18/2006	00610396	9999	00	RCY7		
00083455	TRIPLITE 600VA UPS S	RACK/TOWER 120-	2,968.00	1340	530	9516ALCPS541500	09/18/2006	00610396	9999	00	RCY7		
00083474	DELL LATITUDE D620 W	W/ DOCKING STAT	1,709.00	1383	530	DS29VB1	10/23/2006	00703213	9999	00	RCY7		
TOTAL			41,105.38	ORIG VALUE									

* = ACCOUNT AND BASE ORIGINAL VALUES DIFFER

ARTICULATION AND INSTRUCTIONAL MATERIALS AGREEMENT
for Florida Public High School/University of Florida Dual Credit Enrollment

This Agreement between the University of Florida, hereinafter referred to as "University," and The School Board of Indian River County, Florida, hereafter referred to as "School Board," is entered into for the purpose of enhancing learning opportunities for qualified high school students who are attending public high schools in Indian River County.

I. The University agrees to permit high school students enrolled in public high schools in Indian River County, who have been certified by the superintendent as qualified, to enroll in regularly offered courses listed and described in the University's undergraduate catalog, The University Record, under the provisions of Section 1007.271, Florida Statutes, and the following terms and conditions:

- A. The student must have a 3.25 high school grade-point average in academic subjects based on 4 points for an "A", must intend to pursue a baccalaureate degree, and must meet any course requirements as set out in The University Record.
- B. The District Superintendent (or Designee) has indicated approval of the student's intent to participate in Dual Credit Enrollment by signing the "permission paragraph" on University of Florida DCE Form 542.
- C. A course will be open to Dual Credit Enrollment high school students only if not otherwise filled by University of Florida students.
- D. The University will notify the student of his or her grades as is regularly done with University students. In addition, a document will be sent to the High School indicating work completed.

II. The School Board agrees to permit certain qualified students to attend University classes under the following terms:

- A. The high school student and his/her parent(s) or guardian(s) have been counseled on the advisability of taking one or more college courses while in high school and on the specific requirements of the Dual Credit Enrollment program.
- B. The student's parents or guardians, guidance counselor, and principal have been informed and have granted permission for the student to take the course.
- C. The previously mentioned University of Florida DCE Form 542 has been processed.
- D. High school credit for the course(s) upon its (their) successful completion by the Dual Credit Enrollment student will be awarded and grade points will be assigned, equivalent to those for Honors or Advanced Placement courses.
- E. Student must provide their own transportation to and from course site.

III. Both parties agree that:

- A. The University will provide on a loan/return basis instructional materials to a Dual Credit Enrollment student provided:

1. The University of Florida DCE Form 542 has been completed.
 2. The student has not already purchased the instructional materials.
- B. The University of Florida Bookstore will then invoice the student's School Board for the amount of the instructional materials charged, providing the School Board's Billing Contact with a copy of the student's completed UF Form 542 and a Bookstore Invoice for the amount charged. Upon receipt of the invoice, the School Board will remit payment directly to the University of Florida Bookstore in a timely manner.
- C. At the termination of the semester in which the student is enrolled, instructional materials may be kept by the School Board or sold back (if they possess any buy-back value) to credit the School Board's University of Florida Bookstore account. The decision to keep or sell back the instructional materials is solely at the discretion of the School Board and it is the responsibility of the School Board to establish guidelines regarding the instructional materials of their Dual Credit Enrollment students.
- D. The University will be responsible for making an annual report to the Commissioner of Education on the operation of the Dual Credit Enrollment program. The School Board will provide to the University any information requested to complete such reports.
- E. The University will be responsible for monitoring the quality of curriculum to ensure that instruction is consistent with the University of Florida's policies and procedures.

IV. This Agreement shall be effective from the date of its execution and signature by all parties and shall be automatically continued from year to year unless the Agreement is terminated by either party upon thirty (30) days written notice, provided that such termination shall not affect the duties and rights of either party under this Agreement with regard to a Dual Credit Enrollment student from Indian River County currently enrolled in a course at the University of Florida. Termination notices must be sent by certified or registered U.S. Mail, Return Receipt, and shall be deemed duly given and made when received or five days after being made, whichever is earlier.

V. All notices, forms, and other communications hereunder shall be mailed or delivered to:

1. If to the School Board address to:

Superintendent

Correspondence/Billing Contact

2. If to the University, address to:

Mary Jo Koroly, Ph.D.
Center for Precollegiate Education and Training
331 Yon Hall, Box 112010
Gainesville, FL 32611-2010

VI. The University's performance of any of its obligations under this Agreement shall be subject to and contingent upon the availability of funds lawfully appropriated by the Legislature for the purposes reflected in this Agreement for the current and any future fiscal period.

VII. This Agreement constitutes the entire Agreement between the parties with respect to the matters described herein and may be amended only by a writing executed by both parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the date indicated below.

Witnesses:

University of Florida
Board of Regents of the State of Florida

By: _____

Date: _____

Witnesses:

The School Board of Indian River County, Florida

By: _____

Date: _____

September 1, 2011

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2011-2012 Payroll Schedule

REVISED

					Work Dates		
10 Month	9 and 10 Month CWA	11 month	12 month	Pay Date	Begin Date	End Date	Due Date
			1	7/15/2011	7/1/2011	7/8/2011	7/8/2011
			2	7/29/2011	7/9/2011	7/22/2011	7/22/2011
		1	3	8/15/2011	7/23/2011	8/8/2011	8/8/2011
1	1	2	4	8/31/2011	8/9/2011	8/22/2011	8/22/2011
2	2	3	5	9/15/2011	8/23/2011	9/2/2011	9/6/2011
3	3	4	6	9/30/2011	9/3/2011	9/16/2011	9/19/2011
4	4	5	7	10/14/2011	9/17/2011	9/30/2011	10/3/2011
5	5	6	8	10/31/2011	10/1/2011	10/14/2011	10/17/2011
6	6	7	9	11/15/2011	10/15/2011	10/28/2011	10/31/2011
7	7	8	10	11/30/2011	10/29/2011	11/11/2011	11/14/2011
8	8	9	11	12/15/2011	11/12/2011	11/25/2011	11/28/2011
9	9	10	12	12/21/2011	11/26/2011	12/9/2011	12/12/2011
10	10	11	13	1/12/2012	12/10/2011	12/30/2011	1/3/2012
11	11	12	14	1/31/2012	12/31/2011	1/13/2012	1/17/2012
12	12	13	15	2/15/2012	1/14/2012	1/27/2012	1/30/2012
13	13	14	16	2/29/2012	1/28/2012	2/10/2012	2/13/2012
14	14	15	17	3/9/2012	2/11/2012	2/24/2012	2/27/2012
15	15	16	18	3/30/2012	2/25/2012	3/9/2012	3/14/2012
16	16	17	19	4/13/2012	3/10/2012	3/30/2012	4/2/2012
17	17	18	20	4/30/2012	3/31/2012	4/13/2012	4/16/2012
18	18	19	21	5/15/2012	4/14/2012	5/4/2012	5/7/2012
19	19	20	22	5/31/2012	5/5/2012	5/18/2012	5/21/2012
20, 21, 22, 23	20, 21, 22	21,22		6/1/2012			
	23	23	23	6/15/2012	5/19/2012	5/31/2012	6/4/2012
	24			6/19/2012	6/1/2012	6/4/2012	6/5/2012
24*		24**	24**	6/27/2012	6/1/2012	6/30/2012	6/18/2012

* Projected**

THIS SCHEDULE IS SUBJECT TO CHANGE DURING THE YEAR.

NOTE: Adjustments, corrections, re-issues and voids will be combined and processed within two days after payroll, unless otherwise dictated by the law and collective bargaining agreements.

*Leave and extra hours for 10 month employees will be from 5/19/12 thru final work date of calendar

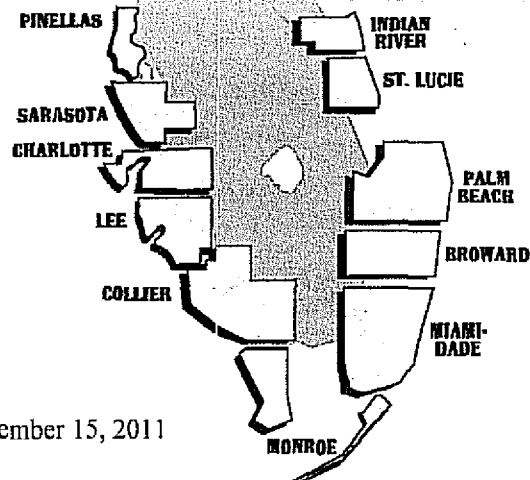
**On the Projected Payroll you will submit any leave employees have submitted in advance. Any leave requests adjustments received after 6/18/12 will be adjusted on the following payroll if applicable.

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SEP 26 2011

Greater Florida Consortium of School Boards

Andrea Messina, President
c/o School Board of Charlotte County
1445 Education Way
Port Charlotte, FL 33948
(941) 255-0808, Ext. 3121



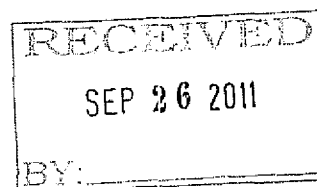
September 15, 2011

MEMORANDUM

TO: Dr. Frances J. Adams, Superintendent
Indian River County School District

FROM: Andrea Messina, President
Greater Florida Consortium of School Boards

SUBJECT: 2011-12 DUES INVOICE



Below you will find the invoice for dues in the Greater Florida Consortium of School Boards for this next year, 2011-12. The dues will continue at \$3,000 annually. There is no increase. We would appreciate it if you would have this invoice processed as soon as possible.

DISTRICT DUES FOR 2011-12

AMOUNT DUE: \$3,000.00

PLEASE MAKE CHECK PAYABLE TO:

GREATER FLORIDA CONSORTIUM OF SCHOOL BOARDS
c/o Charlotte County School District

AND MAIL TO:

Greg Griner, Finance Officer
Charlotte County School District
1445 Education Way
Port Charlotte, FL 33948

*Broward County ☐ Charlotte County ☐ Collier County ☐ Indian River County ☐ Lee County ☐ Miami-Dade County
Monroe County ☐ Palm Beach County ☐ Pinellas County ☐ St. Lucie County ☐ Sarasota County*

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**SCHOOL DISTRICT OF INDIAN RIVER COUNTY
2011-2012 STUDENT PROGRESSION PLAN**

UPDATES TO THE STUDENT PROGRESSION PLAN ARE NOTED ON THE FOLLOWING PAGES:

Procedures For Maintenance And Transfer Of Student Records Interstate Compact For Military Children Assistance To Transitioning Students From Military Families English Language Learners (ELL)	P. 3
Attendance Secondary School Reform Indian River Virtual School Florida Virtual School Part Time Program	P. 4 P.8 P. 12 P. 14
Part Time Enrollment 9th Grade Virtual Course Requirement Acceleration Option For Grades 4 And 5 FCAT and Other Mandatory Assessments	P. 15
Florida Kindergarten Readiness Screener (FLKRS) Florida Comprehensive Assessment Test 2.0 (FCAT 2.0)	P. 17
CELLA Testing The National Assessment of Educational Progress (NAEP)	P. 18
Grading and Reporting For Kindergarten To Fifth Grade Kindergarten To Fifth Grade Work Habits Grades 6-8 Program Requirements	P. 20 P. 21 P. 29
Intensive Reading and Math Guidelines	P. 31
Grading and Report Cards Grades 6-8 Work Habit Grade and Report Cards	P. 32-33
Credit Acceleration Program	P. 34
State Uniform Transfer Of Middle School Courses/Credits End of Course Exams Definition of Credit High School Standard Diploma Grad. Requirements Career & Professional Academies Concordant Scores Option	P. 38 P. 39 P. 40 P. 42 P. 48 P. 50-51
FCAT/ FCAT 2.0	P. 51
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**SCHOOL DISTRICT OF INDIAN RIVER COUNTY
2011-2012 STUDENT PROGRESSION PLAN**

UPDATES TO THE STUDENT PROGRESSION PLAN ARE NOTED ON THE FOLLOWING PAGES:

Student Mid-Term Progress Reports	P. 59
Interinstitutional Articulation Agreements	P. 62
Dual Enrollment	P. 63-64
FL Ready to Work	P. 65
State Uniform Transfer Of High School Credits	P. 67
Home School Students - Transfer of Credit Senior Year	P. 68
Bright Futures Information	P. 69-70
Course Adaptations For Students With Disabilities	P. 71
Minimum Subject Area Requirements For Other Than Standard Diploma	P. 75

"Educate and inspire every student to be successful"

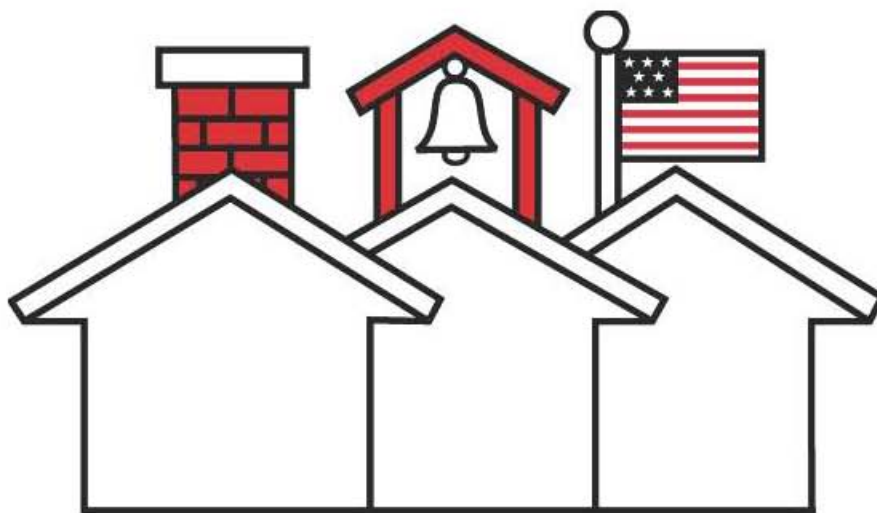


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Florida Statutes Contained in the Student Progression Plan

Florida Statutes	Topic	Elementary	Middle	High
S. 1000.36, F.S.	Interstate Compact on Educational Opportunity for Military Children	P. 3	P. 3	P. 3
S. 1001.42(23), F.S.	Florida Virtual School (FLVS)	P. 12-15	P. 12-15	P. 12-15
S.1002.20(11), F.S.	Reading Assessment K-3	P. 17-18	P. 17-18	P. 17-18
S. 1002.69, F.S.	Kindergarten Readiness Screening	P. 17		
S. 1003.02(1)(i), F.S.	Parental Notification of Acceleration Mechanisms	P. 34	P. 34	P. 40,48,49
S. 1003.05(3), F.S.	Assistance to Transitioning Students from Military Families	P. 7-8	P. 7-8	P. 7-8
S. 1003.21, F.S.	Compulsory School Attendance	P. 4	P. 4	P. 4
S. 1003.25, F.S.	Procedures for Maintenance and Transfer of Student Records	P. 3	P. 3	P. 3
S. 1003.30(3), F.S.	Common Placement Testing for Public Postsecondary Education (PERT)			P. 53
S. 1003.33(1), F.S.	Report Cards; End-of-Year Status Statement	P. 4-5	P. 4-5	P. 4-5
S. 1003.41, F.S.	Next Generation Sunshine State Standards	P. 4	P. 4	P. 4
S. 1003.413, F.S.	Florida Secondary School Redesign Act		P. 8	P. 8
S. 1003.4156, F.S.	Middle Grades Promotion General Requirements		P. 14, 35	
S. 1003.428, F.S., S. 1003.43, F.S.	General Requirements for High School Graduation			P. 42-54
S. 1003.4285(1), F.S.	Standard High School Diploma Designation			P. 42-43
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S. 1003.433, F.S.	Learning Opportunities for Out-of-State and Out-of-Country Transfer Students Needing Additional Instruction to Meet High School Graduation Requirements		P. 38	P. 67-68
S. 1003.436, F.S.	Definition of "Credit"			P. 40
S. 1003.437, F.S.	Middle and High School Grading System		P. 32-34	P. 55-57
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S. 1003.455, F.S.,	Physical Education; Assessment	P. 16	P. 31	P. 43
S. 1003.56, F.S.,	English Language Instruction for Limited English Proficient Students	P. 3, 20	P. 3, 32	P. 3, 55
S. 1003.57, F.S.,	Exceptional Students Instruction	P. 71	P. 71	P. 71
S. 1004.99, F.S.,	Florida Ready to Work Certification Program			P. 65
S. 1006.02, F.S.,	Reporting Requirements: Student Workforce Preparation			P. 65-66
S. 1006.15, F.S.,	Interscholastic Extracurricular Eligibility		P. 11-13	P. 11-13
S. 1007.02, F.S.,	Access to Postsecondary Education and Meaningful Careers for Students with Disabilities (ENNOBLES) Act			P. 77-78
S. 1007.21, F.S.,	Readiness for Postsecondary Education and the Workplace Models for Career Goal Planning			P. 47-48

S. 1002.41, F.S.	Home Education Program	P. 9-11	P. 9-11	P. 9-11
S. 1007.235, F.S.,	Interinstitutional Articulation Agreements			P. 62
S. 1007.27, F.S.,	Articulated Acceleration Mechanisms			P. 61
S. 1007.271, F.S.	Dual Enrollment Programs			P. 57, 63-65
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S. 1008.22, F.S.	Statewide Assessment Program	P. 17-18	P. 17-18	P. 17-18
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STUDENT PROGRESSION PLAN

REQUIREMENTS AND PROCEDURES

2011-2012

Dr. Fran Adams
Superintendent
Tel: 772-564-3150

Terri D'Albora
Assistant Superintendent for Curriculum & Instruction
Tel: 772-564-3014

Jody Idlette Bennett
Executive Director of Core Curriculum
Tel: 772-564-3067

Deborah Long
Director of Secondary Education &
Professional Development
Tel: 772-564-3209

Larry Harrah
Executive Director of Exceptional Student Education (ESE)
& Student Services
Tel: 772-564-5930

STUDENT PROGRESSION PLAN

The School District of Indian River County Student Progression Plan is designed to provide valuable information for school personnel, students, families, and interested citizens with regard to student progression from grade to grade and graduation requirements. Satisfactory progress through the system depends on the combined efforts of students, parents, professional educators and the School Board.

This plan gives consideration to the best interest of our students, and complies with state statutes and State Board of Education directives. As with all policy handbooks, periodic review and revision is undertaken in order to remain consistent with the intent of our local school board and legislative actions.

The document is divided into grade level sections; elementary, middle and high school, in order to facilitate location of specific information. The introduction provides information that is applicable to all grade levels.

This document along with School Board policies and district procedures guides our staff as we strive to educate and inspire every student to be successful.

2011-2012 STUDENT PROGRESSION PLAN

The District School Board of Indian River County, Florida is dedicated to providing instruction that enables students to achieve academically. The school district staff has the responsibility for developing and implementing a plan for student progression.

ADMISSION - REQUIREMENTS FOR ORIGINAL ENTRY

Any pupil enrolled in a school of the Indian River County School District for the first time shall be required to present certification of a medical exam performed within one year prior to entry into Florida schools. Certification of immunization is also required from those communicable diseases identified by the Department of Children and Family Services: poliomyelitis, diphtheria, rubella, rubeola, pertussis, mumps, and tetanus. An exemption may be granted as provided in Section 1003.22, Florida Statutes.

Any pupil previously enrolled in a public school outside the State of Florida who seeks admission to school within the district shall be admitted under the same admission requirements established in the state in which the pupil resided prior to moving to Indian River County. However, any student who does not meet the immunization and health examination requirements set forth in State Statute shall be refused admittance. An exemption may be granted as provided in Section 1003.22, Florida Statutes.

A pupil enrolled as an original entry shall present evidence of date of birth as outlined in Section 1003.21, Florida Statutes. In addition, he/she should present proof of residency and a report card or school records from the school of last attendance. Placement will be made according to the pupil's school records. In the absence of appropriate records, the principal shall temporarily assign the pupil to the grade deemed to be proper until a copy of the student's official record is received or proper grade placement is otherwise determined. Schools are to maintain a log of the transfer of student cumulative folders from one school to the next and a confirmation of receipt needs to be documented. IRCS D 5.03. F.S. 1003.21, 1003.22, 1003.25

INTERSTATE COMPACT FOR MILITARY CHILDREN

The Interstate Compact on Educational Opportunity for Military Children removes barriers to educational success imposed on children of military families because of frequent moves and deployment of their parents.

ASSISTANCE TO TRANSITIONING STUDENTS FROM MILITARY FAMILIES

The School Board of Indian River County is working closely with U.S. Southern Command to ensure that students who are military dependents receive the necessary support as they transition into Indian River. Special accommodations are made for dependents of active military personnel. (Documentation of "active" military status is required). SB 1060 - ss. 1000.36, 1000.37, 1000.38, and 1000.39, F.S.

ENGLISH LANGUAGE LEARNERS (ELL)

The ESOL coordinator/contact person and the guidance counselor/administrator review the educational background of the transferring student to determine appropriate grade level, subject, and ESOL program placement. Parental input regarding educational background should be taken into consideration especially when transcripts, records or report cards are not readily available. Program placement is reflected in the student's schedule in TERMS. Bilingual personnel assist the students and their families when necessary to ensure proper program/course placement.

ATTENDANCE

School attendance is the direct responsibility of the parent(s)/guardian(s). All students are expected to attend school regularly and to be on time for classes in order to benefit from the instructional program and to develop habits of punctuality, self-discipline and responsibility.

CURRICULA

Curricula for the elementary, middle and high schools shall be determined by the laws of the State of Florida and shall be based on Student Performance Standards that are determined by the Next Generation Sunshine State Standards. The curriculum will include all topics and subject matter required by the State Board of Education. In addition, the following may also be used to determine curricula.

1. Needs of students as determined by studies and surveys.
2. Continuous evaluation of the effectiveness of the curricula of the schools in meeting the needs of all students
3. Instructional needs of students requiring remediation in the areas of reading, writing, mathematics and science. Remediation shall be for students not demonstrating grade level proficiency.
4. Individual Educational Plan for students in exceptional educational programs for children with disabilities.

The superintendent may appoint such committees and special study groups as may be necessary to assist him/her in determining the educational needs of the district.

The superintendent shall designate a member of the administrative or supervisory staff to be responsible for the development and coordination of the total curricula of the school district.

REPORT CARDS

Evaluation of student progress is a vital part of the teaching learning process. Effective evaluation provides a sound working relationship between the home and the school and indicates to the parent, the student and the teacher the progress made in reaching the Next Generation Sunshine State standards set for that course or grade level.

Each student is entitled to receive a fair and accurate evaluation of his performance in a subject, course, or program for which a grade is awarded. A grade or report of progress shall be given in all subjects or courses for which promotion or credit is earned in grades kindergarten through twelve. The evaluation shall relate to the objectives of the subject or course (content and skills), which have been identified as being appropriate for the level and subject. The content or skills taught to a particular group of students should be commensurate with the ability and needs of the student in that group or class. The standards and expectations established by the teacher for each group should be appropriate for that level and grade, yet should challenge the students to reach a higher level of achievement. The assessment and other evaluative procedures used should relate directly to the body of knowledge and/or skills taught. Students should be given a grade which represents an accurate measure of performance and should be based on data which is collected throughout the grading period for which the evaluation is made.

Report cards will be issued each nine weeks, four times during the school year. Report cards will reflect:

1. The student's academic performance in each class or course based on examinations (daily, quizzes, weekly, unit, quarterly and semester), homework, special projects, laboratory activities, reports, research papers, notebooks, written papers, class participation and other academic performance criteria. The value based on each of the above should be in keeping with the importance of that item as it relates to achievement in a specific subject and instructional level.
2. The student's conduct and behavior should be reported separate from the academic grade
3. The student's attendance, including absences and tardies

The primary responsibility for evaluating the progress of a student and the assignment of a grade shall rest with the teacher. Each teacher shall, however, establish a system or procedure for determining grades for each course, which can be understood by students and parents. The system for determining grades shall be in writing, submitted to the principal, and shall be shared with students and parents/guardians at the beginning of the course or school term.

Each teacher has a responsibility to work with the other teachers at the department, the grade and school level in developing consistent assessments, grading standards, and achievement expectations within similar subjects or courses. A uniform grading system shall be developed. An individual teacher may evaluate student performance in a manner that is different from other teachers when there are justified reasons. The principal has the responsibility to determine if rules and procedures of the school board are being followed and if sound and fair professional practice has been applied in assessing students. The principal has the responsibility to review the system for determining grades and the standards and achievement expectations set by the teacher. In all cases, the teacher will be consulted in any review and the teacher's professional judgment shall be respected. The principals shall give direction when the teacher's grading system, standards or measurement are not appropriate to the level, subject or ability of the students.

Homework shall be used to reinforce or enrich course content and skills. The homework assigned shall be appropriate for the level and subject and in an amount which will provide the student an opportunity to acquire the knowledge or master the skills which are required. When assigned, homework will be monitored by the teacher and shall be considered by the teacher in grade determination. To enhance the learning process and to keep parents informed, teachers are expected to return student work and test papers when appropriate.

Tests shall relate directly to that which has been taught and should be designed in a manner that will provide an accurate evaluation of the student's knowledge or performance. Teachers are encouraged to develop test questions that span all levels of cognitive complexity.

The final report card for the school year shall contain a statement indicating end-of the year status or performance or nonperformance at grade level, acceptable or unacceptable behavior and attendance, and promotion or non-promotion.

A school shall not exempt students from academic performance requirements based on policies or practices designed to encourage student attendance. A student's attendance record may not be used in whole or in part to provide an exemption from any academic performance requirement. Student midterm progress reports will be sent home each grading period. *F.S. 1003.33(1)*

STUDENT PROGRESSION AND PROGRESS MONITORING PLANS

Florida Statutes require that students who score below achievement level 3 on the Florida Comprehensive Assessment Test (FCAT) in reading and mathematics in grades 3-10 must be provided with additional assessments to determine the nature of the student difficulty, the areas of academic need, and strategies for appropriate intervention and instruction.

The school in which the student is enrolled must develop, in consultation with the student's parent, and must implement a progress monitoring plan. A progress monitoring plan is intended to provide the school district and the school flexibility in meeting the academic needs of the student. A student who is not meeting the school district or state requirements for proficiency in reading and math shall be covered by one of the following plans to target instruction and identify ways to improve his or her academic achievement.

1. A federally required student plan such as an individual educational plan;
2. A school-wide system of progress monitoring for all students; or
3. An individualized progress monitoring plan.

The plan chosen must be designed to assist the student or the school in meeting state and district expectations for proficiency. If the student has been identified as having a deficiency in reading, the K-12 comprehensive reading plan required by statute shall include instructional and support services to be provided to meet the desired levels of performance. District school boards may require low-performing students to attend remediation programs held before or after regular school hours or during the summer if transportation is provided.

The allocation of remedial and supplementary instructional resources for students shall occur in the following priority:

1. Students who are deficient in reading by the end of grade 3
2. Students who fail to meet performance levels required for promotion consistent with the district's plan for student progression *F.S. 1008.25(1)(2)(3)*

Retention decisions should be based on more than a single test score. If a student is retained, it must be within an intensive program that is different from the previous year's program and that takes into account the student's learning style. An appropriate alternative placement for a student who has been retained two or more years should be made. The nature of the alternative placement is determined by the school district.

If the documented deficiencies have not been remediated according to the Progress Monitoring Plan, the student may be retained. Each student who does not meet minimum performance expectations for the statewide assessment tests in reading, writing, mathematics and science must continue remedial or supplemental instruction until expectations are met or the student graduates from high school or is no longer subject to compulsory school attendance.

F.S. 1008.25(4)(b)(c)

RESPONSE TO INTERVENTION (RtI)

The School District of Indian River County is committed to the implementation of a Response to Intervention(RtI) process to improve educational outcomes and meet the academic and behavioral needs of all students. By implementing a comprehensive RtI process, the district will ensure that all students are provided with every reasonable opportunity and support to succeed in the general education environment prior to determining that the student has a disability.

A comprehensive RtI process includes the following essential components:

1. High quality instruction.
2. Intervention matched to student needs.
3. Learning rate and level of performance measured over time.
4. Multiple tiers of evidence-based instruction service delivery.
5. Problem-solving process to guide decisions about instruction and interventions needed to improve learning and/or behavior.
6. A data based system to inform decisions at each tier of service delivery.

The District established the following components in a three-tiered model to address academic and/or behavioral needs identified by school based RtI teams:

Levels of Interventions

1. Tier I

- Is the core curriculum, research based instruction
- Includes all students
- Employs differentiated instruction
- Uses universal screening as determined by the District
- Is adjusted to assure 80% of District schools/classes meet benchmarks

2. Tier II

- Provides additional interventions to students who do not meet Tier I benchmarks
- Supplements, does not replace, Tier I instruction
- Targets students' needs as determined by a review of student records (school history,assessment data, academic and/or behavioral strengths and needs)
- Includes a Progress Monitoring Plan

3. Tier III

- Targets students who are performing significantly below standards and have not madeadequate progress with Tier I and Tier II instruction and interventions
- Provides intense interventions with increased frequency and duration
- Provides small group instruction
- Employs weekly progress monitoring of targeted assessments that acquire more in depth information about students' instructional or behavior needs

At the conclusion of Tier I, Tier II or Tier III interventions, the Rtl team may consider the following options:

- Scale down (or discontinue) the interventions as students demonstrate skills comparable to their peers and are making satisfactory progress
- Continue the interventions in the general education setting as students show satisfactory progress
- Move forward with decisions regarding eligibility for ESE

ANNUAL PROGRESS REPORT

The School District will annually report to the parent or legal guardian of each student the progress of the student toward achieving state and district expectations for proficiency in reading, writing, science and mathematics. The district shall report to the parent or legal guardian the student's results on each statewide assessment test. The evaluation of each student's progress must be based on each student's classroom work, observations, tests, district and state assessments, and other relevant information. No one test with a single administration shall determine promotion or retention. The preponderance of evidence from various evaluations should be used to determine if a student is ready for the work of the next grade.

Progress reporting will be provided to the parent in writing in a format adopted by the district school board.

The school board will annually publish in the local newspaper and report in writing to the State Board of Education by September 1 of each year the following information on the prior school year:

1. the provisions of the law relating to public school student progression and the district school board's policies and procedures on student retention and promotion;
2. by grade, the performance of all students in grades 3 through 10 on the FCAT 2.0 indicating the number and percentage of students scoring at levels 1 & 2 on the reading portion of the FCAT 2.0.
3. by grade, the number and percentage of all students in grades 3-10 who were retained;
4. information on the total number of students who were promoted for good cause, by each category of good cause;
5. any revision to the district school board's policy on retention and promotion from the prior year. *F.S. 1008.25(8)(a)(b)*

SECONDARY SCHOOL REFORM

The SDIRC is implementing a Secondary School Reform Plan, which is designed to ensure instructional excellence and community engagement. The underlying principle of the plan is to significantly alter the educational experience of students in grades six through twelve with the intention of meeting the following goals:

- raise the academic performance of all students;
- increase the graduation rate;
- reduce the achievement gap;
- implement a cycle of continuous improvement in academics; and
- produce literate graduates who are ready for college, career, and citizenship.

HOME EDUCATION

Section 1002.01, F.S., defines home education as the sequentially progressive instruction of a student directed by his or her parent or guardian in order to satisfy Florida's compulsory education requirements. Florida Statute 1002.41 specifies the responsibilities of parents who establish a home education program.

1. Send a written notice of intent to the school district superintendent. The notice must be filed within 30 days of beginning the home education program and must include the following information:
 - a) Name of the home education student(s)
 - b) Date(s) of Birth
 - c) Address
 - d) Parent's signature
2. Maintain a portfolio of educational records. Statute defines a portfolio as
 - a) A log of educational activities which is made contemporaneously with the instruction and which designates by title any reading materials used, and
 - b) samples of any writings, worksheets, workbooks or creative materials used or developed by the student.
3. Make the portfolio available for inspection by the superintendent upon 15-day written notice (The statute does not require the superintendent to inspect all portfolios).
4. Provide an annual educational evaluation of the student's educational progress to the superintendent. The evaluation must consist of one of the following:
 - a) A Florida certified teacher chosen by the parent may evaluate the child's progress based on a review of the portfolio and discussion with the student.
 - b) The student may take any nationally-normed student achievement test administered by a certified teacher.
 - c) The student may take a state student assessment test at a location and under testing conditions approved by the school district.
 - d) The student may be evaluated by a psychologist holding a valid, active license pursuant to Section 490.003 (7) or (8), F.S.
 - e) The student may be evaluated with any other valid measurement tool as mutually agreed upon by the parent and the superintendent.
5. Preserve each student's portfolio for two years.
6. Submit a letter of termination to the school district superintendent upon completion of the home education program, enrollment in a public or private school or moving from the district.

ELEMENTARY SCHOOL

Students who participate in home education for grades kindergarten through fifth, are not eligible to participate on a part time basis in academic or extracurricular activities at the elementary school campus. 1002.41 and 1006.15 F.S.

Transferring into Elementary School from Home Education

The principal is responsible for appropriate placement of students. Principals will use records provided to place students who transfer from home education programs. In the absence of appropriate records, the principal shall temporarily assign the pupil to an age appropriate placement and validate the placement through performance during the first grading period. It is the intention of the School District of Indian River County to meet student academic needs in an age appropriate setting whenever possible

MIDDLE SCHOOL

Part-time Enrollment

Middle school students who are participating in a home education program in accordance with Florida Statutes may be admitted to the public middle schools of the district on a part-time basis, provided there is space available in the requested class. Students in home education who wish to attend public school must have met the criteria for a home education program for the entire semester immediately prior to the time of admission. In addition, they must meet the same registration requirements as full-time students and enroll for and attend at least one regularly scheduled class period at the school. Students must register prior to the start of the semester they wish to attend. Students who are enrolled in the public school full time will be given priority. Home education students who attend school on a part-time basis are subject to all applicable rules and regulations pertaining to full-time students. Attendance on a part-time basis does not entitle the student to participate in non-interscholastic extra-curricular activities.

Interscholastic Extra-curricular Activities

Eligible home education students are permitted to participate in interscholastic extra-curricular activities at the middle school level. Some non-athletic extra-curricular activities require enrollment in a specific class. In those cases, eligible home education students will be permitted to enroll in the appropriate class on a space available basis. The approval of the principal is required. Home Education students are not eligible to participate in non-athletic extracurricular activities that are unrelated to an academic course (i.e. dances).

For participation in an interscholastic extracurricular activity, students must meet the requirements for home education outlined in Florida Statutes *1003.21, 1002.20 and 1006.15* and all other eligibility requirements for participation as designated by state statutes, the Florida High School Activities Association or any other association that governs the district's middle and high school interscholastic extracurricular activities.

Transferring into Middle School from Home Education

If the transfer student does not possess an official transcript or is a home education student, credits shall be validated through performance during the first grading period. A student transferring into a school shall be placed at the appropriate sequential course level and should be passing each required course at the end of the first grading period. Section *1003.25(3)*, F.S.

HIGH SCHOOL

Part-time Enrollment

Students who are participating in a Home Education Program in accordance with Florida Statutes may be admitted to the public high schools of the district on a part-time basis.

Students in home education who wish to attend public school must have met the criteria for a home education program during the entire semester immediately prior to the time of admission. In addition, they must meet the same registration requirements as full time students, including immunizations, and enroll for and attend at least one regularly scheduled class at the school. Students must register prior to the start of the semester they wish to attend. However, students who are enrolled in the public schools full time will be given priority in course registration. Home education students who attend school on a part-time basis are subject to all applicable rules and regulations pertaining to full-time students. Attendance on a part-time basis does not entitle the student to participate in non-interscholastic extra-curricular activities, including graduation.

Interscholastic Extracurricular Activities

Students will be eligible for participation in interscholastic activities based upon the rules and guidelines of the FL High School Athletic Association.

Florida Statutes permit eligible home education students to participate in interscholastic extracurricular activities at the high school level. Some non-athletic extracurricular activities require enrollment in a specific high school course or courses. In those cases, eligible home education students will be permitted to enroll in the appropriate courses on a space available basis. The approval of the principal is required. Home Education students are not eligible to participate in non-athletic extracurricular activities that are unrelated to an academic course (i.e. prom, homecoming dances, etc).

Students who want to participate in an interscholastic extracurricular activity must meet the same residency requirements as other students in the school at which they participate. The residency requirement is identified as the School Zone. Therefore, all home education students who want to participate in an interscholastic extracurricular activity, must go through School Assignment and be assigned a school for participation in an interscholastic extracurricular activity, students must meet the requirements as outlined in Florida Statutes *1002.41* and *1006.15* and all other eligibility requirements for participation as designated by state statutes or the Florida High School Activities Association or any other association that governs the district's interscholastic extra-curricular activities. *F.S. 1007.27(4)*

Transferring into High School from Home Education

State Board Rule 6A-1.09941 establishes a uniform transfer of credit at the high school level as follows: If the transfer student does not possess an official transcript or is a home education student, credits shall be validated through performance during the first grading period. A student transferring into a school shall be placed at the appropriate sequential course level and should have a minimum grade point average of 2.0 at the end of the first grading period.

Section *1003.25(3)*, F.S.

VIRTUAL INSTRUCTION

HB 7067, passed in 2008, created 1002.45, F.S. The statute states, "Beginning with the 2009-2010 school year, each school district shall provide eligible students within its boundaries the option of participating in a virtual instruction program."

Virtual instruction is defined as instruction provided in an interactive learning environment created through technology in which the student and teacher are separated by time, space or both. Students residing within Indian River County have two opportunities for participating in virtual education programs.

INDIAN RIVER VIRTUAL SCHOOL

The School District of Indian River County has established the Indian River Virtual School (IRVS) to provide students with a high quality virtual program. All district policies and procedures applying to student progression and academic achievement apply to students enrolled in Indian River Virtual School. The IRVS offers of a full-time program for students in grades K-12. Initiating enrollment in Indian River Virtual School is through www.FLVSFT.com.

To be eligible to enroll in the Indian River Virtual School for 2011-2012 school year, students must reside within the district and meet at least one of the following conditions:

- (a) The student has spent the prior school year in attendance at a public school in this state and was enrolled and reported by a public school district for funding during the preceding October and February for purposes of the FEFP surveys.
- (b) The student is a dependent child of a member of the United States Armed Forces who was transferred within the last 12 months to this state from another state or from a foreign country pursuant to the parent's permanent change of station orders.
- (c) The student was enrolled during the prior school year in a school district virtual instruction program under this section or a K-8 virtual school program under Section 1002.415, Florida Statutes.
- (d) The student has a sibling who is enrolled in a Virtual Instruction Program.
- (e) The student is eligible to enter Kindergarten or 1st grade.

GRADE PLACEMENT PROCEDURES

Students enrolling in the IRVS shall be administratively placed in the appropriate grade level. This placement will be based on the most recent school records on file with the District, or another approved education provider. If there is no history of school enrollment, the placement will be based on the grade level recommended by the parent. The curriculum provider and District administration will determine final grade placement.

Criteria to be considered may include age, school readiness, ability to work independently, standardized achievement test results, state assessments, previous performance in public and private schools, progress towards graduation standards, and (when applicable) compliance with home education program requirements. In no instance shall placement in a grade be based solely on the recommendation of the parent/guardian or a non-approved curriculum provider.

The provisional placement decision is subject to screening and review of the student's work and performance. Subsequent to appropriate screening, the student shall be allowed to remain in the assigned grade or placed in the most appropriate grade.

ATTENDANCE

The School Board attendance policy will apply to the IRVS. The K-12 IRVS full-time program follows the same school calendar as all other Indian River County public schools. Attendance in the program is expected to be for the entire school year.

FCAT AND OTHER MANDATORY ASSESSMENTS

Students enrolled in IRVS are public school students and are therefore required to participate in all District and State mandated testing, including but not limited to the FCAT 2.0 and End-of-Course Assessments. District and State mandated tests will be administered in a nearby traditional school which is based on the student's place of residence.

EXTRACURRICULAR AND ENRICHMENT ACTIVITIES

Virtual school is a school of choice and therefore certain programs and activities offered at traditional schools may not be available to virtual students. The District has made every attempt possible to create equity between traditional and virtual instructional programs, however, there are activities and events that are impossible to replicate in an individual, online instructional environment.

Students in grades 6-12 may participate in interscholastic extracurricular activities providing they adhere to the requirements, as specified in 1006.15, F.S. Students who want to participate in an interscholastic extracurricular activity must meet the same residency requirements as other students in the school where they participate. The residency requirement is based on the District student assignment plan. Therefore, all Indian River Virtual School (IRVS) students who want to participate in an interscholastic extracurricular activity must go through School Assignment and be assigned a school. IRVS students participating in interscholastic extracurricular activities must meet the requirements of participation as set forth by the Florida High School Athletic Association Policy 26 Section C. All Florida High School Athletic Association requirements must be met, as specified in 1006.15, F.S.

RETENTION/CREDIT RETRIEVAL

Elementary School

Elementary students (K-5) who do not successfully complete grade level requirements will not be permitted to continue in the virtual program for the following year. Instead, students who did not complete the grade level must enroll the following year in a traditional school location to repeat the grade.

Middle School

Middle School students (6-8) who do not successfully pass a course must retake that course before being promoted to high school.

High School

High School students (9-12) must successfully complete the graduation requirements, as specified in 1003.4, F.S. or 1003.429, F.S.

PROMOTION/GRADUATION

The IRVS is a public school in Indian River County and therefore students will be held to all promotion and graduation requirements of Indian River County and the State of Florida. IRVS students will receive an Indian River County School District diploma. The Indian River Virtual School diploma will be mailed to the student upon completion of the 9-12 IRVS.

FLORIDA VIRTUAL SCHOOL

Student may take courses through the Florida Virtual School that is an accredited school funded by the Department of Education. The Florida School Code establishes Florida Virtual School (FLVS) as an educational choice and an acceleration option for parents and students. Students enrolled in district **elementary schools**, middle schools and high schools may choose to enroll in courses available through Florida Virtual School. Students will receive credit for successful completion of such courses. Because of the unique nature of this program, approval of the principal or guidance counselor is required to ensure that the courses meet the student's expectations, academic needs and/or graduation requirements. Students may take courses from the Virtual School on campus before or after school hours in addition to the regular school day or through summer school enrollment. A student may not enroll in the same course concurrently at two different public schools, such as their district school and Florida Virtual School. Initiating enrollment in virtual coursework is through www.FLVS.net. F.S. 1002.37(1)(b)1,2, F.S. 1002.37(2)(g)

PART-TIME PROGRAM

Some of the students who may benefit from enrolling for courses at FLVS are:

- (a) Students who might need to make up credits in order to graduate on schedule
- (b) Students who want to enrich their academic program.
- (c) Students who want to take a course(s) not offered at their school.
- (d) Students who need a more flexible schedule.

9TH GRADE VIRTUAL COURSE REQUIREMENT

Starting the 2011-2012 school year, all incoming 9th grade students (Class of 2015 and thereafter) are required to complete an online course before graduating.

ACCELERATION OPTION FOR GRADES 4 AND 5

Each elementary school principal must notify the parent of each student who scores at Level 4 or Level 5 on FCAT Reading or FCAT Mathematics of the option for the student to take accelerated courses (middle school 6-8) through the Florida Virtual School. Part-time instruction for grades 4 and 5 may be provided only to public school students taking grade 6 through grade 8 courses.

According to the FLVS guidelines, a 4th or 5th grade student enrolled in a middle school course in Florida Virtual School may drop the course on or before the 28th day with no penalty. Following the 28 day grace period, the grades earned in the Virtual course will be averaged with the grades earned in the newly assigned course to determine the grade for the 9 week period.

FCAT AND OTHER MANDATORY ASSESSMENTS

Students enrolled in FLVS are public school students and are therefore required to participate in all District and State mandated testing, including but not limited to the FCAT 2.0 and End-of-Course Assessments. District and State mandated tests will be administered in a nearby traditional school which is based on the student's place of residence.

STUDENT PROGRESSION GRADES K – 5

The school district shall provide all courses required for elementary grade promotion, and appropriate instruction will be designed to ensure that students meet State Board of Education adopted standards (Next Generation Sunshine State Standards) in the following subject areas: reading and other language arts, mathematics, science, social studies, health and physical education, and the arts.

CURRICULA

1. Instruction for the elementary program shall include reading, language arts, mathematics, social studies, science, physical education, music, art, media, and other such disciplines as may be considered necessary for a comprehensive school program.
2. The program for elementary schools shall include physical education classes staffed by physical education teachers. The program will reflect the following outcomes.
 - a. Fitness education and assessment to help students to understand, improve, or maintain their physical well being.
 - b. Instruction in a variety of motor skills and physical activities designed to enhance the physical, mental and social or emotional development of every student.
 - c. Development of, and instruction in, cognitive concepts about motor skills and physical fitness that support a lifelong healthy life style.
 - d. Opportunities to develop positive social and cooperative skills through physical activity participation.
 - e. Instruction in healthy life-long habits

Section 1003.455 F.S.

PHYSICAL EDUCATION WAIVER

1. Thirty minutes of physical activity per day is required. This requirement shall be waived for a student who meets one of the following criteria and for whom a waiver request is submitted to the principal. The waiver form is available at
<http://www.indianriverschools.org/SiteDirectory/Curriculum/Pages/default.aspx>
2. The student is enrolled or required to enroll in a remedial course.
3. The student's parent indicates in writing to the school that:
 - a. The parent requests that the student enroll in another course from among those courses offered as options by the school district;
 - b. The student is participating in physical activities outside the school day which are equal to or in excess of the mandated requirement.
 - c. The student's parent will be notified of the options available before scheduling the student to participate in physical education.

STUDENT ASSIGNMENT

The principal is responsible for appropriate placement of students. Principals will use records provided to place students who transfer from non-district schools, private schools or home education programs. In the absence of appropriate records, the principal shall temporarily assign the pupil to the grade deemed to be proper until a copy of the student's official record is received or proper grade placement is otherwise determined. It is the intention of the School District of Indian River County to meet student academic needs in an age appropriate setting whenever possible. The principal may reassign students during the school year if teacher evaluation and test scores indicate the need for reassignment. When consideration is given to placing students outside of their age appropriate setting, the Executive Director of Core Curriculum will be involved in the decision making process. This process would involve the accumulation of evidence that the student is prepared academically, socially and emotionally for the challenges of that grade.

PARTICIPATION IN STATE WIDE ASSESSMENT PROGRAM

1. Florida Kindergarten Readiness Screener (FLKRS)

The purpose of the Florida Kindergarten Readiness Screener (FLKRS) is to gather information on a child's overall development and to specifically address the readiness of each student for kindergarten based on the VPK Education Standards. The FLKRS is also used to calculate the VPK Provider Kindergarten Readiness Rate, which measures how well a VPK provider prepares four-year-olds to be ready for kindergarten based upon Florida's VPK Education Standards.

Each student who enters kindergarten for the first time, before the 30th day of school will be administered a FLKRS assessment. A screener determined by the Department of Education. Section 1002.69, Florida Statutes

2. Florida Assessment for the Instruction of Reading (FAIR)

The Florida Assessment for the Instruction of Reading is administered to all students in grades K –12 three times a year. The Florida Assessment for Instruction in Reading provides valid and reliable measures of reading in Kindergarten through Grade 12 in a system that combines screening, targeted diagnostic tasks, and ongoing progress monitoring.

3. Florida Comprehensive Assessment Test 2.0 (FCAT 2.0)

The Florida Comprehensive Assessment Test 2.0 measures student success with the Next Generation Sunshine State Standards, includes assessments in reading (grades 3-10), mathematics (grades 3-8) and science (grades 5 and 8) in spring of 2012.

All third through fifth grade students are expected to participate in the Florida Comprehensive Assessment Test (FCAT 2.0) except for (1) students with an active Individual Education plan (IEP) for whom alternative assessment has been identified on the IEP and (2) students who have received services in a program operated in accordance with an approved district limited English proficiency (LEP) program for two years or less, and who have been recommended for exemption by the majority of the students' LEP committee. In this instance, alternative assessments must be identified.

- 4. CELLA Testing:** All English Language Learners (ELL) K – 12 will be assessed using the Comprehensive English Language Learners Assessment (CELLA) in the areas of language acquisition: reading, writing, listening, and speaking.
- 5. The National Assessment of Educational Progress (NAEP)**
The National Assessment of Educational Progress is a periodic national assessment of America's students in mathematics, reading, science, writing, the arts, civics, economics, geography, and U.S. history.
- 6. Other International Assessments**
The Florida Commissioner of Education has the authority to identify additional international assessments.

PROGRESS MONITORING PLANS AND REMEDIATION

The School District of Indian River County monitors the progress of all students through several aspects of the district progress monitoring plan. The district progress monitoring schedule is accessible through the district website.

Students who do not demonstrate proficiency with grade level curriculum in reading, writing, science and mathematics or who score below Level 3 in reading or math must be provided with additional diagnostic assessments to determine the nature of the student's difficulty and areas of academic need. The school must develop, in consultation with the student's parent, and implement a Progress Monitoring Plan.

The purpose of the Progress Monitoring Plan is to guide the teacher's instruction which will assist the student in meeting state and district expectations for proficiency in reading and math. Each Progress Monitoring Plan must identify the specific need, and planned intervention in the area(s) of deficiency. Progress Monitoring plans must be frequently reviewed by the teacher and the assistant principal following each progress monitoring assessment. Progress monitoring data will be evaluated when determining continuation or revision of intervention strategies. If the documented deficiency in reading or mathematics is not remediated in accordance with the Progress Monitoring Plan, the student may be retained. The student must continue to be provided with remedial or supplemental instruction until the expectations are met. Schools shall determine the supplemental strategies that are most appropriate for each student.

READING PROFICIENCY (READ Initiative)

The focus of the READ Initiative is to prevent the retention of grade 3 students and to offer intensive accelerated reading instruction to grade 3 students who failed to meet standards for promotion to grade 4 and to each K-5 student who is assessed as exhibiting a reading deficiency.

Each elementary school in Indian River County shall provide comprehensive research based reading instruction for all students. This reading instruction will be provided for a minimum of 90 minutes each day through the district adopted reading program differentiated for student ability during small group time.

Each K-5 student's reading ability will be regularly assessed. Any student who is observed to have a reading deficiency will be further assessed through diagnostic assessments to measure student proficiency with oral language, phonemic awareness, phonics, fluency, vocabulary and comprehension.

Using the assessment results, any students who score below proficiency will be provided, during regular school hours, intensive reading instruction in addition to the regular reading instruction using a state-identified reading curriculum.

This additional instruction will be provided to target specific deficiencies highlighted through assessment and outlined on the Progress Monitoring Plan. Throughout the school year, instructional strategies will be determined through progress monitoring.

The state identified reading curriculum will have been reviewed by the Florida Center for Reading Research at Florida State University and will meet at a minimum the following:

1. Assists students assessed as exhibiting a reading deficiency in developing the ability to read at grade level
2. Provides skill development in phonemic awareness, phonics, fluency, vocabulary, and comprehension.
3. Provides scientifically based and reliable assessment
4. Provides initial and ongoing analysis of each student's reading progress
5. Is implemented during regular school hours
6. Provides a curriculum in core academic subjects to assist the student in maintaining or meeting proficiency levels for the appropriate grade in all academic subjects.

Parents will be consulted in the development of the Progress Monitoring Plan (PMP) for reading which includes diagnosis of specific deficiencies in the areas of oral language, phonemic awareness, phonics, fluency, comprehension, and vocabulary.

The District School Board shall assist schools and teachers to implement research-based reading activities that have shown to be successful in teaching reading to low performing students. Student progress in each of the areas shall be monitored frequently.

Reading proficiency must be reassessed by locally determined assessment or through teacher observations at the beginning of the grade following the intensive reading instruction.

The student must continue to be provided with intensive reading instruction until the reading deficiency is remediated. *F.S. 1008.25(4)(b), 1002.20(11)*

The parent of any student who exhibits a substantial deficiency in reading must be immediately notified in writing of the following:

1. That his or her child has been identified as having a substantial deficiency in reading with a description of the exact nature of the student's difficulty in learning and lack of achievement in reading.
2. A description of the current services that are provided to the child
3. A description of the proposed supplemental instructional services and supports that will be provided to the child that are designed to remediate the identified area of reading deficiency.
4. That the intensive reading instruction will continue until the deficiency is corrected.
5. Strategies for the parent to use in helping their child succeed in reading proficiency
6. That the Florida Comprehensive Assessment Test (FCAT) is not the sole determiner of promotion and that the additional evaluation, portfolio reviews, and assessments may be used to determine if the student is reading at or above grade level. If the child's reading deficiency is not remediated by the end of grade 3, the child must be retained unless he or she is exempt from mandatory retention for good cause.

7. The district's criteria and policies for mid-year promotion of a retained 3rd grade student during the year of retention once the student has demonstrated ability to read at grade level.F.S. 1008.25(5)(c)

GRADING AND REPORTING FOR KINDERGARTEN TO FIFTH GRADE

A report shall be made to parents each grading period concerning the academic **achievement, work habits, growth**, attendance, conduct and behavior of students in kindergarten through grade five. The report will be based upon the student's classroom work, observations, tests, district and state assessments, and other relevant information as per Section 1008.25, F.S.

It shall be the teacher's responsibility to determine grades based on student mastery of **the current K-12 FLDOE Standards** ~~Next Generation Sunshine State Standards~~. The nine-week evaluations shall reflect all academic performance to determine a final evaluation.

Progress shall be indicated in kindergarten and first grade on the report card by assessing skill attainment. In grades two through five, letter grades shall be entered on the report cards to indicate academic **achievement and work habits** progress.

GRADING - ACADEMIC ACHIEVEMENT GRADE

When reporting a student's academic achievement grade the evaluation shall relate to:

1. level of mastery of standards of the course objectives that have been identified for each course in the state course description and are compatible with the current K-12 FLDOE Standards,
2. performance on district and/or school assessment criteria, and
3. teacher evaluation of students based on mastery of performance standards.

The academic achievement grade shall be representative of the student's level of mastery of standards based on data collected throughout the grading period for which the student is being evaluated. The academic achievement grade shall be based on non-curved measurable evidence such as, but not limited to the following:

- Individual Class Work (essays, research papers, note-taking, etc.)
- Chapter/Unit Tests
- Alternative Assessments (oral exams, rubrics, labs, projects, portfolios, etc.)
- Benchmarks (Not baseline)
- End of Course Exams

Teachers are encouraged to develop test questions that span all levels of cognitive complexity.

*Accommodations must be provided for ELL students receiving services in accordance with an ELL plan .

*Accommodations for ESE students must adhere to the individuals' IEP.

*A student's academic achievement grade shall not be lowered as a disciplinary measure according to SDIRC School Board Policy, Pupil Personnel 5.14.

WORK HABIT GRADE

When determining a student's work habit grade the evaluation shall relate to:

1. learning practices that lead to the mastery of current K-12 FLDOE standards
2. behaviors and personal responsibilities that contribute to student success.

The work habit grade shall be based on measurable evidence such as, but not limited to the following:

- Conduct/Behavior
- Class work/Homework Completion
- Individual and Group Participation
- Organization
- Preparedness
- Punctuality
- Attendance
- Honesty

Academic progress may be reported in a variety of formats including but not limited to the following options listed below. Our electronic grading system employs the numerical values below.

1. Numerical grades used in core academic areas in grades 2 through 5

A	=	89.5 -100
B	=	79.5 - 89.49
C	=	69.5 - 79.49
D	=	59.5 - 69.49
F	=	0 - 59.49

2. Letter Grades used in grades K and 1 and in special area classes.

E	=	Exceeding Expectations	89.5 -100
S	=	Successfully Meeting Expectations	79.5 - 89.49
P	=	Progressing, But Needs Support	69.5 - 79.49
N	=	Not Meeting Expectations	0-69.49
X	=	Area of Concern	
NG	=	Not graded at this time, Standard not covered	

The following letter grades are used in Kindergarten:

KEY	
S = Satisfactory (Successfully Completed Skill)	
I = Improving, but needs support	
X = Improvement needed	
NG = Not graded at this time	
E = Exceeding Expectations	P = Progressing, but Needs Support
S = Successfully Meeting Expectations	N = Not Meeting Expectations

The following letter grades are used in First Grade:

REPORT CARD KEY	
E = Exceeding Expectations	P = Progressing, but Needs Support
S = Successfully Meeting Expectations	N = Not Meeting Expectations
I = Improving, but needs support	
X = Area of Concern	
NG = Not graded at this time	

3. Narrative Reports of Progress
4. Competency Checklists
5. Portfolios

The letters NG (No Grade) may be substituted for a grade when a student has been in attendance for 21 days or less during a nine week grading period.

1. The student had a serious illness or has been absent through no fault of his own and is unable to make up the work.
2. A transfer student has been enrolled for less than 21 days and grades have not been received from the previous school.

If records are received at a later time, the NG should be changed to the appropriate letter grade. An "NG" is not to be used as a substitute for an incomplete or an F. An "NG" does not calculate into the grade point average and requires principal's approval. The final report card for each school year shall contain a statement indicating end-of-the-year status in academic achievement, behavior, attendance and promotion or non-promotion. Students may not be exempt from academic performance requirements based on practices or policies designed to encourage attendance. A student's attendance may not be used in whole or in part to provide an exemption from any academic performance. Student midterm progress reports will be sent home each grading period.

F.S. 1003.33

PROMOTION POLICY

Student promotion in kindergarten through fifth grade is based upon an evaluation of each student's achievement in attaining specific district and/or state requirements. A student will be eligible for promotion when all criteria for promotion have been met. A student who does not demonstrate achievement as described in Section 1008.25, F.S. and the Indian River County Student Progression Plan will be referred to the school's Promotion Review Committee for promotion with a Progress Monitoring Plan or retention. No student may be assigned to a grade level based solely on age or other factors that constitute social promotion. *F.S. 1008.25(6)(a)*

To be eligible for promotion a student must:

1. Demonstrate proficiency with grade level curriculum in reading, writing, mathematics and science. Grade level curriculum is built on a continuum of the Next Generation Sunshine State Standards that are necessary for successful grade-to-grade progression and high school graduation. Proficiency shall be measured based upon the student's classroom work, observations, tests, district and state assessments, and other relevant information as per Section 1008.25, F.S.
2. Participate in and performance on statewide assessment as defined in Section 1008.22, F.S., in grades three through five, at, or above the levels required by the state.

REFERRAL TO PROMOTION REVIEW COMMITTEE

A student who does not demonstrate achievement as described in State Statutes and the Indian River County Student Progression Plan will be referred to the school's Promotion Review Committee (PRC) for promotion with a PMP or retention. Following the PRC meeting, parents will be notified of the committee decision. When a student's academic achievement does not demonstrate proficiency with grade level curriculum, parent notification will occur throughout the year. The teacher will provide to the Promotion Review Committee a form that reviews a student's academic history including but not limited to:

- | | |
|--------------------------|--|
| 1. Attendance | 2. Performance on district assessments |
| 3. Intervention services | 4. Performance on state assessments |
| 5. Promotion history | 6. Work samples |
| 7. Report card | |

The Promotion Review Committee in each school will consist of the principal or a designee, the classroom teacher, and at least one other member of the instructional staff. This team will review the student's progress toward proficiency with grade level curriculum in reading, writing, mathematics and science. In grades three through five, they will additionally review performance on statewide assessments.

After careful consideration of all of a student's relevant information, as documented on the Promotion Review Form, along with teacher observations, the committee will make a recommendation in writing to the principal for promotion with a PMP or retention. The principal shall make the final determination for students based upon State Statutes and the Indian River County Student Progression Plan.

Notification prior to the final report card will be made to the parent(s) or guardian(s) if a child is promoted with a PMP or retained.

PROMOTION WITH A PROGRESS MONITORING PLAN (PMP)

Students who are promoted with a PMP must continue to be provided with remedial or supplemental instructional interventions until proficiency is demonstrated, as determined by the teacher in the next grade level.

RETENTION

A student not demonstrating proficiency with grade level curriculum in reading, writing, science, and mathematics at any grade may be retained within an intensive program that is different from the previous year's program and takes into account the student's learning style. When the teacher's classroom assessments, evaluation of the Progress Monitoring Plan and/or performance on statewide assessments indicate a student has not met state and/or local requirements, retention may be recommended to the principal through the Promotion Review Committee. *F.S. 1008.25(2)(b)*

RETENTION IN GRADE 3 BASED ON READING PROFICIENCY AND GOOD CAUSE EXEMPTIONS

If a student's reading deficiency as identified on the Progress Monitoring Plan has not been remediated by the end of grade 3, as demonstrated by scoring at Level 2 or higher on the statewide assessment test in reading, the student must be retained. An appropriate alternative placement must be considered for a student who has been retained 2 or more years.

The District School Board may only exempt students from mandatory retention, for good cause. Good cause exemptions are limited to the following:

1. Students with disabilities whose Individual Educational Plan indicates that participation in the statewide assessment program is not appropriate, consistent with the requirements of State Board of Education rule.
2. Limited English Proficient students who have had less than 2 years of instruction in an English for Speakers of other Languages program.
3. Students who demonstrate an acceptable level of performance on an alternative standardized reading assessment approved by the State Board of Education.

4. Students with a portfolio, demonstrating reading performance equal to at least FCAT Level two.
5. Students with disabilities who participate in the FCAT and who have an individual Educational Plan or a section 504 plan that reflects that the student has received the intensive remediation in reading, and was previously retained in kindergarten, grade 1, grade 2 or grade 3.
6. Students who have received intensive remediation in reading for 2 or more years but still demonstrate a deficiency in reading and who were previously retained in kindergarten, grade 1, grade 2 or grade 3 for a total of 2 years. Intensive reading instruction for students so promoted must include an altered instructional day based upon an academic improvement plan that includes diagnostic information and specific reading strategies.

Requests for good cause exemptions for students from the mandatory retention requirement as described in items 3 and 4 above shall be made consistent with the following:

The teacher will submit to the principal documentation that indicates that the promotion of the student is appropriate and is based upon the student's academic record. Such documentation may consist only of the existing plan, Individual Educational Plan, if applicable, report card, alternative assessment results or Indian River County Third Grade student portfolio. The principal shall review and discuss such recommendation with the Promotion Review Committee and make the determination as to whether the student should be promoted or retained. If the school principal determines that the student should be promoted through a good cause exemption, the school principal shall make such recommendation in writing to the district school superintendent/designee. The district school superintendent/designee shall accept or reject the school principal's recommendation in writing. *F.S.1008.25(b)(c)*

SUMMER SCHOOL

An academic summer school maybe provided for students in grades kindergarten through five, with funding priority given to third grade. The academic summer school will be operated primarily for students who are in need of significant remediation in reading. Third grade students who attend summer reading camp and have not demonstrated reading proficiency at FCAT level 2 or higher must so demonstrate through a good cause exemption before being promoted. Academic summer programs will be offered beyond third grade when funding is available.

PROMOTION AFTER SUMMER SCHOOL(3rd Grade Reading Camp)

Students who score at level 1 in the reading portion of FCAT in third grade must be retained. These students can demonstrate reading proficiency at level 2 or higher through a portfolio. Students who are not exempted from retention through these or other good cause exemptions can continue to accumulate evidence for a (1) portfolio throughout summer reading camp. At the conclusion of summer reading camp students will have an opportunity to (2) demonstrate reading proficiency by scoring at state designated levels on a nationally normed reading comprehension assessment. If evidence is accumulated during summer school, it will be reviewed by the Executive Director of Core Curriculum for verification. When performance is verified, the student's home school will be notified. Students who do not meet one of these promotion criteria at the end of summer reading camp, will be retained in third grade.

THIRD GRADE MID YEAR PROMOTION

Mid-year promotion is available to any retained student who can demonstrate that they are a successful and independent reader, reading at or above grade level, and ready to be promoted to grade 4.

Mid-year promotion may occur only within the first semester of the school year.

1. Mid-Year Promotion prior to November 1

a) By portfolio

At the beginning of the next school year retained third grade students will be allowed to accumulate additional portfolio evidence during the first 20 days of school. The completed portfolio must meet the standards set by the state for exemption from retention.

b) By standardized Assessment

Students can also be promoted during that period of time by demonstrating reading proficiency on an alternate form of the SAT-10 reading comprehension test. Proficiency will be considered met if the student scores within the 5th SAT 9.

2. Mid-Year Promotion after November 1

a) By portfolio

The portfolio must contain evidence of mastery of third grade Sunshine State Standard Benchmarks for Language Arts as required for good cause exemption. In addition there must be at least two samples of evidence of beginning mastery of each fourth grade reading benchmark as demonstrated on FCAT. This evidence must include multiple choice, short response, and extended response items from passages that are approximately 50% literary text and 50% informational text and that are between 100-900 words with an average of 375 words. All examples of mastery must be demonstrated by a grade of "C" or higher.

b) By standardized Assessment

Students must demonstrate reading mastery by scoring at or above grade level in reading comprehension. This score must be measured in standard scores and translated to a grade equivalent score consistent with the month of promotion to fourth grade (i.e. promotion to fourth grade during the month of December would require a score of 4.3 based on the table provided by the test developer)

SUCCESSFUL PROGRESSION OF RETAINED THIRD GRADERS

Students who score at level one in the reading section of FCAT 2.0 and are not eligible for promotion through good cause will be retained in third grade. Written notice will be sent to the parent of any third grade retained student. This notice will indicate:

1. that the student has not met the proficiency level requirement for promotion
2. the reasons the child is not eligible for good cause exemption
3. a description of proposed interventions and supports that will be provided

The notification must comply with the provisions of *s.1002.20(14)* and must include a description of proposed interventions and support that will be provided to the child to remediate the identified areas of reading deficiency.

Before the beginning of the second year in third grade, the principal, assistant principal, reading coach and classroom teacher will meet to review each retained student's progress. This review must address additional supports and services needed to remediate the identified areas of reading deficiency. Retained students must be provided intensive interventions in reading to ameliorate the student's specific reading deficiency as identified by valid and reliable diagnostic assessments.

INTENSIVE INTERVENTION

Appropriate teaching methodologies will be implemented to assist students in becoming successful readers, able to read at or above grade level and ready for promotion to the next grade.

Retained third graders will

1. be taught through effective instructional practices
2. receive differentiated and intensive instruction with materials different than those used with the child during their previous year in third grade.
3. have a daily, uninterrupted 90 minute reading block that uses scientifically research-based reading instruction including small group instruction.
4. be provided additional reading instruction at least twice a week
5. have more frequent progress monitoring than other students
6. have a student portfolio developed.
7. have a tutor or mentor provided.
8. be assigned to a high performing teacher as determined by student performance data and above-satisfactory performance appraisals
9. be provided an opportunity to attend summer reading camp

The school district of Indian River County will provide to parents of retained students at least one of the following:

1. supplemental tutoring in scientifically research-based reading services in addition to the regular reading block, including tutoring before and/or after school
2. a read at home plan outlined in a parental contract, including participation in "Families Building Better Readers Workshops" and regular parent-guided home reading
3. a mentor or tutor with specialized reading training

INTENSIVE ACCELERATION CLASS

An intensive acceleration class must be provided to any student in grade 3 who scores at level 1 on the reading portion of the FCAT 2.0 and who was retained in grade 3 the prior year because of scoring at Level 1 on the reading portion of the FCAT 2.0. This class must:

1. have a student teacher ratio lower than other 3rd grade classes.
2. be provided with uninterrupted reading instruction for the majority of the student contact time each day
3. be provided opportunities to master the grade 4 Next Generation Sunshine State Standards in other core subject areas
4. use a reading program that is scientifically research-based and has proven results in accelerating student reading achievement within the same school year
5. be provided intensive language and vocabulary instruction using a scientifically research-based program including the use of a speech and language therapist. The classroom teacher will meet with a speech and language therapist on a regular basis to determine the most effective use of the program.
6. have weekly progress monitoring to ensure that progress is being made
7. report to the Department of Education the progress of students at the end of the first semester
8. report to the State Board of Education, as requested, on the specific intensive reading interventions and supports implemented at the school district level.

TRANSITION CLASSES

Students who have been retained in grade 3 and have received intensive instructional services but are still not ready for grade promotion, as determined by the school district, have the option of being placed in a transitional instructional setting. This setting must be designed to produce learning gains sufficient to meet grade 4 performance standards while continuing to remediate the areas of reading deficiency.

STUDENT PROGRESSION GRADES 6-8

PROGRAM REQUIREMENTS

Program requirements are established to ensure that students promoted from grade 8 have the necessary academic skills for success in high school.

The following subjects are required in the 6-8 Program Curriculum frameworks and performance standards in the form of benchmarks for the Next Generation Sunshine State Standards have been developed for each course offered in the 6-8 Program.

English/Language Arts 3 years

Mathematics 3 years

Three middle school or higher courses in mathematics. Middle schools must offer at least one high school level mathematics course for which students may earn high school credit. Successful completion of a high school level Algebra I or geometry course is not contingent upon the student's performance on the end-of-course assessment required under 1008.22(3)(c)2.a.(I), F.S. ~~Students who have earned high school credit for Algebra I before the 2010-2011 school year are not subject to the EOC requirements.~~ Beginning with the 2011-2012 school year, to earn high school credit for an Algebra I course, a middle school student must pass the Algebra I end-of-course assessment, and beginning with the 2012-2013 school year, to earn high school credit for a geometry course, a middle school student must pass the geometry end-of-course assessment.

Science 3 years including the study of life and physical or earth sciences

Social Studies 3 years including the study of the US and Florida history, world geography, and world cultures

Reading Students with a deficiency in reading will be assigned to a remedial program.

A variety of elective experiences may be offered by schools including, but not limited to:

Physical Education Required for one semester each year
(unless exempted through the waiver process)

Career and Technology Elective

Art Elective

Band/Orchestra Elective

Chorus Elective

Computer Literacy Elective

Drama Elective

Foreign Language Elective

Health Elective

There shall be instruction in any subject matter, field, topic, or specific area required by law in accordance with the law or implementing regulations of the State Board of Education.

The program for middle schools shall include physical education classes staffed by physical education teachers. The program will reflect the following outcomes:

1. Physical fitness and assessment to help students to understand, improve, or maintain their physical well-being
2. Instruction in a variety of motor skills and physical activities designed to enhance the physical, mental and social or emotional development of every student
3. Development of, and instruction in, cognitive concepts about motor skills and physical fitness that support a life-long healthy life style
4. Opportunities to develop positive social and cooperative skills through physical activities
5. Instruction in Healthy life-long habits

Students will be given special instruction or services as an exceptional education student pursuant to evaluation, eligibility, placement, and dismissal in the manner prescribed in the Special Programs and Procedures for Exceptional Education in the Indian River School District.

In order to be promoted to the ninth grade, students are required to successfully complete:

English/Language Arts	3 year- long (or equivalent) middle school or higher courses that shall emphasize literature, composition and technical text
Mathematics	3 year -long (or equivalent) middle school or higher courses. Each middle school will offer at least one high school level mathematics course for which students may earn high school credit
Science	3 year- long (or equivalent) middle school or higher courses in science
Social Studies	3 year- long (or equivalent) middle school or higher courses in social studies, one semester of which must include the study of state and local government and civics education.

Florida CHOICES requires that the personalized academic and career plan (electronic Personalized Education Plan [ePEP]) must inform students of high school graduation requirements, high school assessment, college entrance test requirements, and programs through which a high school student can earn college credit, including Advanced Placement (AP), International Baccalaureate (IB), Advanced International Certificate of Education (AICE), dual enrollment, career academy opportunities, and courses that lead to national industry certification. Each student shall complete an electronic personal education plan (e-PEP) to be signed by the student, the student's instructor or guidance counselor, and available for the student's parent or guardian to access and view. The e-PEP is part of a course in career planning required before a student leaves middle school.

Career Planning	One course in career and education planning to be completed in the seventh or eighth grade
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Students who have scored Level 1 on FCAT Reading the previous year will be enrolled in a double block of Intensive Reading (approximately 100 minutes). Students scoring at Level 2 must be enrolled either in Intensive Reading or a content area course in which reading strategies are delivered. The type class to which the student is assigned and the reading strategies that are delivered will be determined by diagnosis of reading needs. This will be part of the District Reading Plan that has been approved by Just Read! Florida.

For each year in which a student scores at Level 1 on FCAT Reading, the student must be enrolled in and complete an intensive reading course the following year. Placement of Level 2 readers in either an intensive reading course or a content area course in which reading strategies are delivered shall be determined by diagnosis of reading needs. Reading courses shall be designed and offered pursuant to the comprehensive reading plan required by s. 1011.62(9), F.S.

A middle grades student who scores at Level 1 or Level 2 on FCAT Reading but who did not score below Level 3 in the previous 3 years may be granted a 1-year exemption from the reading remediation requirement; however, the student must have an approved academic improvement plan already in place, signed by the appropriate school staff and the student's parent, for the year for which the exemption is granted.

State Board Rule 6A-6.054, F.A.C. establishes guidelines for placement in reading intervention and for progress monitoring. Progress monitoring must occur three times per year. A student scoring at Level 1 or Level 2 on FCAT Mathematics must receive remediation the following year, which may be integrated into the student's required mathematics course.

Students in grades 6 through 8 may be assigned to an academic support program for the purpose of providing immediate instructional support and/or course recovery when they have demonstrated unsuccessful progress in English, Mathematics, Science or Social Studies. This program may be implemented during the school day, before and after school and/ or during the summer, when funding is available. *F.S. 1003.4156*

The equivalent of one class period per day of physical education for one semester of each year is required. When possible, this requirement may be waived for a student who meets one of the following criteria and for whom a waiver request is submitted to the principal:

1. The student is enrolled or required to enroll in a remedial course.
2. The student's parent indicates in writing to the school that:
 - a) The parent requests that the student enroll in another course from among those courses offered as options by the school district;
 - b) The student is participating in physical activities outside the school day which are equal to or in excess of the mandated requirement.
3. The student's parent will be notified of the options available before scheduling the student to participate in physical education.

The waiver form is available at:

<http://www.indianriverschools.org/SiteDirectory/Curriculum/Pages/default.aspx>

GRADING AND REPORT CARDS

GRADING- ACADEMIC ACHIEVEMENT GRADE

Report cards will be issued quarterly (every nine weeks). It shall be the teacher's responsibility to report an academic achievement grade and a work habit grade for each student. When reporting a student's academic achievement grade the evaluation shall relate to:

1. level of mastery of standards of the course objectives that have been identified for each course in the state course descriptions and are compatible with the Sunshine State Standards for that course. current K-12 FLDOE Standards,
2. performance on school and/or district assessment criteria; and
3. teacher evaluation of students based on mastery of the exit criteria. performance standards.

The academic achievement grade shall be representative of the student's level of mastery of progress and, inasmuch as possible, standards be based on data collected throughout the grading period for which the student is being evaluated. The academic achievement grade shall be based on non-curved measurable evidence such as, but not limited to the following:

such factors as tests and assessments, homework, special projects, laboratory activities, reports, research papers, notebooks, class participation, portfolios and any special activities that relate to a subject area. Teachers are encouraged to develop test questions that span all levels of cognitive complexity.

Each nine weeks during the school year a student will receive a report card indicating student academic progress, conduct and behavior, and attendance.

- Individual Class Work (essays, research papers, note-taking, etc.)
- Chapter/Unit Tests
- Alternative Assessments (oral exams, rubrics, labs, projects, portfolios, etc.)
- Benchmarks (not baseline)
- End of Course Exams
-

Teachers are encouraged to develop test questions that span all levels of cognitive complexity.

*Accommodations must be provided for ELL students receiving services in accordance with an ELL plan .

*Accommodations for ESE students must adhere to the individual's IEP.

*A student's academic achievement grade shall not be lowered as a disciplinary measure according to SDIRC School Board Policy, Pupil Personnel 5.14.

WORK HABIT GRADE

When determining a student's work habit grade the evaluation shall relate to:

3. learning practices that lead to the mastery of current K-12 FLDOE standards
4. behaviors and personal responsibilities that contribute to student success.

The work habit grade shall be based on measurable evidence such as, but not limited to the following:

- Conduct/Behavior
- Class work/Homework Completion
- Individual and Group Participation
- Organization
- Preparedness
- Punctuality
- Attendance
- Honesty

REPORT CARDS

A report of student academic achievement and work habits in each subject area, and attendance shall be made each nine weeks during the school year.

To indicate academic progress, achievement letter grades shall be averaged to determine a semester grade. The symbol for plus shall be affixed to the letter grade as an incentive to the student and shall be used in averaging semester grades. However, no plus may be affixed to the final semester grade. A semester examination is given in academic courses in grades seven through twelve. No comprehensive semester exams will be given in sixth grade. Sixth grade students will take a unit or quarter test during the regularly scheduled exam period that will be calculated into the grade for that marking period. Teachers of students in grade six will use **Appendix A** Grade Conversion Chart.

Semester exams shall be comprehensive and cover the entire semester's work. A copy of each semester exam shall be filed with the principal. A semester exam shall be given in all academic subjects. In other courses, a project or other special activity may be used in lieu of a semester exam when approved by the principal. In seventh grade, semester examinations shall determine one-seventh of the semester average. Each grading period will determine three-sevenths of the semester grade. In eighth grade, semester examinations shall determine one-fifth of the semester average. Each grading period will determine two-fifths of the semester grade. For consistency throughout the district teachers of students in grade seven will use **Appendix B** Grade Conversion Chart to determine semester grades. Teachers of students in grade eight or students who are earning high school credit in middle school will use **Appendix C** Grade Conversion Chart.

Within each semester a student receives three grades, one for each nine weeks and a semester exam grade. Receiving two F's for a course on the report card in the same semester, in any combination, shall result in a final semester grade of F.

No student shall be exempt from academic performance requirements, such as final exams, based on practices or policies designed to encourage student attendance. A student's attendance record may not be used in whole or in part to provide an exemption from any academic performance.

A student's final report card for the school year shall indicate end of year status in academic achievement including promotion or non-promotion.

F.S. 1003.33(2)

Academic achievement will be measured according to the following state gradingscale. Only letter grades will be entered on the report cards to indicate student progress. Our electronic grading system employs the numerical values listed below.

A	=	89.5	–	100	Outstanding Progress
B	=	79.5	–	89.49	Above Average Progress
C	=	69.5	–	79.49	Average Progress
D	=	59.5	–	69.49	Lowest Acceptable Progress
F	=	0	–	59.49	Failing
I	=	Incomplete			Incomplete

*(The work must be made up within twice as many days as missed with excused absence(s) or grade will convert to an F. The principal can make exceptions to this time limit if necessary)

The no grade option is only to be used under the following circumstance(s).

1. The student has suffered a serious illness and will be unable, through no fault of his/her own, to make up the work.
2. A transfer student has been enrolled in a course for a very short time, has not been enrolled in an equivalent course and will not be able to make up the work through no fault of his/her own.

An "NG" is not to be used as a substitute for an incomplete or an "F" and requires a principal's approval.

CREDIT ACCELERATION PROGRAM (CAP)

CAP allows a secondary student to earn high school credit in a course that requires a statewide, standardized end-of-course (EOC) assessment whether or not the student is enrolled in the course or has completed the course. Course credit shall be awarded if the student takes the standardized end-of-the-course assessment and makes a passing proficient score. The standardized EOC assessment will be taken during the regular administration of the assessment.

STUDENT MID-TERM PROGRESS REPORTS

Student midterm progress reports will be sent each grading period.

PROMOTION CRITERIA

Student promotion in grades six through eight is based upon an evaluation of each student's achievement in attaining specified district or state requirements. A student will be eligible for promotion when all promotion criteria have been met.

To be eligible for promotion in grades six through eight, a student must:

1. Participate in statewide assessment tests in grades 6, 7 and 8 as required by Florida Statutes 1008.22. Students will perform on all statewide assessments in reading, writing, science and mathematics at or above the minimum level determined by the state.
2. Pass language arts, mathematics, science and social studies each year in grades 6, 7, & 8. Students will not be promoted from 8th grade to 9th grade until they have successfully completed all of the requirements in the core academic areas as required by the State of Florida. A student who has been retained 2 or more years in grades K-8 will be eligible for an appropriate alternative program.

REMEDICATION AND PROGRESS MONITORING

Students will be identified for remediation by the student's classroom work, observations, tests, district and state assessments, and other relevant information. Remedial instruction may differ according to age, grade, and educational need. The principal may reassign students during the school year if teacher evaluations and test scores indicate the need for reassignment. Students who are performing below grade level expectations and who do not meet specific levels of performance as determined by the district school board in reading, writing, science and mathematics for each grade level, or who score below Level 3 on statewide assessments as stated in *Section 1008.22, F.S.* must be provided with additional diagnostic assessments to determine the nature of the student's difficulty, the areas of academic need, the strategies for appropriate intervention and the instruction needed.

The school in which the student is enrolled must develop, in consultation with the student's parents, and must implement a progress monitoring plan (PMP). A progress monitoring plan is intended to provide the school district and the school with flexibility in meeting the academic needs of the student and to reduce paperwork.

A student who is not meeting the school district or state requirements for proficiency in reading and math shall be covered in one of the following plans to target instruction and identify ways to improve his or her academic achievement:

1. A federally required student plan such as an individual educational plan;
2. A school wide system of progress monitoring for all students; or
3. An individualized progress monitoring plan.

The plan chosen must be designed to assist the student or school in meeting state and district expectations for proficiency.

Progress monitoring will take place a minimum of three times per year. The progress monitoring data will be used to evaluate and revise classroom instruction and determine individual student remediation needs.

If the student has been identified as having a deficiency in reading, the K-12 comprehensive reading plan required by FS1011.62(9) shall include instructional support services to be provided to meet the desired levels of performance. The district school board may require low-performing students to attend remediation programs held before and after regular school hours or during the summer if transportation is provided.

For each year in which the student scores at Level 1 or Level 2 on FCAT Mathematics, the student shall receive remediation the following year.

These requirements apply to students in grades 6, 7, or 8 independent of the grade configuration at the school.

If the student has been identified as having a substantial deficiency in reading as determined by state assessments, the progress monitoring plan will describe specific deficiencies in phonemic awareness, phonics, fluency, comprehension and vocabulary. It will describe the desired performance in these areas and the instructional/ support services to be provided. The schools will monitor the progress of these students. The district will assist schools and teachers in implementing research-based activities for low performing students. *F.S. 1008.25 (4)(b)*

Upon subsequent evaluation, if the documented deficiency has not been remediated in accordance with the progress monitoring plan, the student may be retained. Each student who does not meet the minimum performance expectations defined by the state for the statewide assessment tests in reading, writing, science and mathematics must continue to be provided with remedial or supplemental instruction until the expectations are met or the student graduates from high school or is not subject to compulsory school attendance. The principal may reassign students during the school year if teacher evaluation and test scores indicate the need for reassignment. *F.S. 1008.2(4)(c)*

Schools shall provide for the frequent monitoring of the student's progress in meeting the desired levels of performance. The District School board shall assist schools and teachers to implement research-based reading activities that have shown to be successful in teaching reading to low performing students. *F.S. 1008.25(4)(b)*

PROMOTION WITH REMEDIATION AND RETENTION

A middle school student who does not meet all of the eligibility requirements for promotion to the next grade will be referred to the school's Promotion Review Committee. A Promotion Review Committee in each school, consisting of the principal or a designee, classroom teacher(s), department chairman and/or guidance counselor will review the achievement of each student who has not met all of the promotion criteria. When results of statewide assessments differ from classroom performance, the teacher(s) will supply a written explanation supporting retention or promotion with remediation. Retention decisions must be based on more than a single test score.

After careful consideration of all of the relevant information, the committee will make a recommendation to the principal. The committee may recommend:

1. promotion with a PMP and assignment to the academic support program (course recovery) if the student has met criteria on statewide assessments, but has not successfully completed core academic courses;
2. promotion with a PMP and remediation (intensive reading and/or math) if the student has not met criteria on statewide assessments but has successfully completed the core academic courses;
3. promotion with a PMP and assignment to both the academic support program (course recovery) and remediation (intensive reading and/or math);
4. referral to a special or different program in lieu of promotion; or
5. retention

The principal shall make the final determination. Notification will be made to the parent(s) or guardian if a child is promoted with remediation or retained.

No student may be assigned to a grade based solely on age or other factors that constitute social promotion. A student who has been retained two or more years in grades K-8 will be eligible for an appropriate alternative program within the school.

The Promotion Review Committee should make its recommendation based on one or more of the following conditions: teacher evaluation; two (2) previous retentions in grades kindergarten through eight; English as a student's second language; attendance; mental, physical and social maturity; general progress; and classroom, district and state assessments. However, no student will be promoted to high school who has not successfully completed the core academic courses in middle school as required by the state for high school progression.

Students who have not passed each semester of Language Arts, mathematics, science and social studies will be assigned to the Academic Support Program (course recovery) for the purpose of providing immediate instructional support through remediation and/or course recovery. The program may be implemented during the regular school day, during an extended school day and/or during the summer when funding is available. Students who do not complete the courses required for promotion to high school at the end of summer school after 8th grade will be retained.

Students who are retained in 8th grade and have less than 5 semesters to recover may be provided an opportunity to earn high school credit while recovering middle school courses. Midyear promotion (semester) will be considered when a student has met all middle school course recovery requirements AND earned a minimum of four (4) high school half credits during the first semester.

SUMMER SCHOOL

Students in grades 6-8 who have not met specific promotion criteria may be eligible to attend summer school when summer school is provided. Summer school will be offered only when funding is available. At the end of summer school, the sending principal will make the final determination regarding promotion, promotion with a progress monitoring plan or retention. However, no student will be promoted to high school who has not successfully completed the core academic courses in middle school as required by the state for high school progression.

STATE UNIFORM TRANSFER STUDENTS OF MIDDLE SCHOOL COURSE/CREDITS

Grade or level placement for transfer students in middle school classes, **to include students from out of state and from foreign countries**, will be in accordance with the following:

1. Grades earned and offered for acceptance shall be based on an official transcript and shall be accepted at face value subject to validation if required for the receiving school's accreditation. If validation is necessary, or if the student does not possess an official transcript or is a home education student, successful completion of courses shall be validated through performance during the first grading period, as outlined in Section 2 of this rule.
2. Validation of courses shall be based on performance in classes at the receiving school. A student transferring into a school shall be placed at the appropriate sequential course level and should be passing each required course at the end of the first grading period. Students who do not meet this requirement shall have courses validated using the Alternative Validation Procedure, as outlined in Section 3.
3. If validation based on performance as described above is not satisfactory then any one of the following alternatives shall be used for validation purposes as determined by the teacher, principal and parent:
 - a. Portfolio evaluation by the Superintendent or designee;
 - b. Demonstrated performance in courses taken at other public or private accredited schools;
 - c. Demonstrated proficiencies on nationally-normed standardized subject area tests;
 - d. Demonstrated proficiencies on the FCAT; or
 - e. Written review of the criteria utilized for a given subject provided by the former school.

Students must be provided at least ninety (90) days from date of transfer to prepare for assessments outlined in paragraphs (3) (c) and (d) of this rule if required. F.S. 1003.4156(3)

HIGH SCHOOL CREDIT EARNED IN MIDDLE SCHOOL

A middle school student may earn credits toward high school graduation through courses offered while in middle school. Specific courses may also be used to satisfy requirements for the Florida Bright Futures Scholarship. The student will be classified as a ninth grader for that portion of the school day for which the student is enrolled in high school coursework.

All students will take, at a minimum, one high school math credit during middle school. The chart below presents the courses offered for high school credit in middle schools.

Course	Grade offered	What is the last day that a student can be placed in a lower level course?	Appropriate lower level course placement
Algebra 1A	8 th	NA	There is not a lower level course
Algebra 1	8 th	65 th day	Algebra 1A
Algebra 1 Honors	7 th & 8 th	65 th day	Algebra 1 or Algebra 1A
Geometry Honors	8 th	65 th day	Elective or FLVS Liberal Arts Math or FLVS Regular Geometry
Spanish 1	8 th	65 th day	Elective

*6th grade honors math covers the content of 6th & 7th grade M/J Math

The coursework offered is the same as the coursework offered at the high school; therefore, some students may find the work so challenging that they are unable to maintain an acceptable grade. The following procedures will be followed for high school course work offered in middle school.

1. Schools will conference with parents during the first nine weeks when the student grade is below a B average. Parents who decide to leave their child in the course will be asked to sign a letter indicating their understanding of the high school coursework grade on GPA.
2. Before the 65th day of school, parents will be contacted again if the student's grade is a "C" or lower to discuss appropriate reassignment.
3. Students who are struggling with a high school course (except Algebra 1A) taken in middle school who want to be removed from the course, must be removed by the 65th day of the semester. If they are not removed at that time, they must earn the grade they have.
4. Students who have an F in a high school course must be moved to a different course (except Algebra 1A) by the 65th day of the first semester, if not before.
5. Students who are moved to a different course will keep the grade earned in the previous grading period in the higher level course. Grades earned in the new course will be averaged with the grades from the previous course to determine the new grade.

Students in the middle school who take any high school course for high school credit and earn a grade of "C", "D", or "F" may retake the course for forgiveness. The grade will be replaced with a grade of "C" or higher earned subsequently in the same or comparable course. Grade forgiveness for high school courses taken in middle school can only be recovered through the district course recovery program if the student earned a grade of "F". All other grade forgiveness ("C" or "D") requires the student to retake the course. Grade forgiveness for honors courses in which a student earns the grade of "F" cannot be recovered through the district course recovery program at the honors level.

Since high school courses taken in middle school calculate into the student's high school cumulative Grade Point Average, it is recommended that students and parents strongly consider the grade forgiveness option allowed for middle school students when the grade earned is lower than a "B". Once a student enters high school, grade forgiveness is only allowed for courses where a student has a grade of "D" or "F" and a subsequent grade of "C" or higher has been earned.

F.S. 1003.43(1)

End of Course (EOC) Assessment Requirements

Successful completion of a high school level Algebra I or Geometry course is not contingent upon the student's performance on the end-of-course assessment required under 1008.22(3)(c)2.a.(I), F.S. ~~Students who have earned high school credit for Algebra I before the 2010-2011 school year are not subject to the EOC requirements.~~

Middle grades students and EOC assessment requirements

MiddleGrade Student	Algebra 1 EOC	Geometry EOC
2010-2011 2011-2012	Student must take the EOC but there are no State requirements for calculating the final course grade or for high school credit. If credit is earned through a passing grade in the course, the student does not need to retake or pass the EOC upon entering high school; the credit is banked. The EOC score is banked for use in high school accountability decisions. Must pass EOC for credit in the course.	Student must take the EOC, it will count for 20% of their grade in the course.

STUDENT PROGRESSION GRADES 9-12

CREDIT (AS DEFINED IN SECTION F.S. 1003.436)

These requirements are established to ensure that students graduating from high school have the necessary academic skills for success in the workplace and postsecondary education. One full credit means 135 hours of bona fide instruction. The hourly requirements for one-half credit are one-half the requirement for a full credit. Each course in grades 9 through 12 for which credit toward high school graduation is awarded shall have student performance standards identified. Students must demonstrate performance mastery before credit is awarded. A student may be awarded credit for less than 135 hours of instruction provided that the student has mastered course requirements and the Sunshine State Standards. This may include awarding credit for courses taken during summer school, through performance-based instruction, or course modifications that combine courses.

Credit will be earned in a subject when the teacher certifies that the student has satisfactorily met the student performance standards for that course. Course credit will be awarded on a semester basis. All courses are offered as semester courses. In order to earn one full credit in a one-credit course as described in the Florida Course Code Directory, a student must pass both semesters of the course. Failure to pass a semester will result in loss of one-half credit. A passing grade in the course will denote mastery of the standards. Teacher observations, classroom assignments, performance testing and examination may be considered appropriate methods of assessing student mastery.

The State Board of Education shall determine the number of postsecondary credit hours earned through dual enrollment that satisfy the requirements of the district's inter-institutional articulation agreement and that equal one full credit of the equivalent high school course.

F.S. 1003.235, 1007.271

End of Course (EOC) Assessment Requirements

Ninth graders presently enrolled in Algebra I are required to take a statewide, standardized end-of-course assessment under 1008.22(3)(c)2.c., F.S. 30 percent of a student's course grade shall be comprised of performance on the statewide, standardized end-of-course assessment. Beginning with the 2011-2012 school year, to earn high school credit for an Algebra I course, a student must pass the Algebra I end-of-course assessment.

The Credit Acceleration Program (CAP) allows a secondary student to earn high school credit if the student earns a specified score on the corresponding standardized EOC assessment, whether or not the student is enrolled in the course or has finished the course. The school district is required to allow a student to take the standardized EOC assessment during its regular administration, whether or not the student is enrolled in the course or has finished the course.

Summary of High School Accountability Assessments and High School Graduation Requirements

The statewide assessment program will be changing over the next several years to phase in new assessments aligned to Florida’s new expectations for student learning, known as the Next Generation Sunshine State Standards.

These new assessments will be named FCAT 2.0 and Florida End-of-Course (EOC) Assessments. FCAT 2.0 will measure student achievement in reading (grades 3-10), mathematics (grades 3-8), and science (grades 5, 8), and the design of the assessments will be similar to the current FCAT. The Florida EOC Assessments will be very different from the FCAT—students will participate in these assessments **on the computer** at the conclusion of specific high school courses. The following information is provided to summarize the implementation schedule and how these requirements will likely impact students and school accountability calculations.

	2011-12	2012-13	2013-14
School Grades Calculations	Gr. 9/Gr. 10 FCAT 2.0 Reading • Gr. 10 FCAT Writing • Algebra 1 EOC • Biology EOC†	Gr. 9/Gr. 10 FCAT 2.0 Reading • Gr. 10 FCAT Writing • Algebra 1 EOC • Geometry EOC • Biology EOC	Gr. 9/Gr. 10 FCAT 2.0 Reading • Gr. 10 FCAT Writing • Algebra 1 EOC • Geometry EOC • Biology EOC • US History EOC
Adequate Yearly Progress	Gr. 9/Gr. 10 FCAT 2.0 Reading • Algebra 1 EOC ◊ • Gr. 10 FCAT Writing	Gr. 9/Gr. 10 FCAT 2.0 Reading • Algebra 1 EOC ◊ • Gr. 10 FCAT Writing	Gr. 9/Gr. 10 FCAT 2.0 Reading • Algebra 1 EOC ◊ • Gr. 10 FCAT Writing

This requirement does not apply to students who complete the course prior to this year.

◊ The Elementary and Secondary Education Act (ESEA) peer review guidance provides for middle school students’ scores in a high school course to be “banked” for use in determining the high school’s AYP. ESEA does not allow for middle school students’ scores in high school courses to be used in determining AYP for middle schools.

†Further discussion is needed on how best to include results for school grading without the presence of achievement levels.

HIGH SCHOOL STANDARD DIPLOMAGRADUATION CREDIT REQUIREMENTS

Except as otherwise authorized pursuant to S.1003.429, F.S., for Accelerated high school graduation options, beginning with students entering their first year of high school in the 2007-08 school year, graduation requires the successful completion of a minimum of 24 credits, or an International Baccalaureate curriculum. Students will be advised of eligibility for the state scholarship program and post-secondary admissions.

The 24 credits required for graduation may be earned through applied, integrated and combined courses approved by the Department of Education.

Sixteen (16) core curriculum credits:

English	4 credits	A major concentration in composition, reading for information and literature
Mathematics	4 credits	Algebra I or a series of course equivalent to Algebra I, or a higher level mathematics. Successful completion of Geometry and Algebra II is encouraged Four credits in mathematics, one of which must be Algebra I, a series of courses equivalent to Algebra I, or a higher-level mathematics course. Beginning with students entering grade 9 in the 2010-2011 school year, in addition to the Algebra I credit requirement, one of the four credits in mathematics must be geometry or a series of courses equivalent to geometry as approved by the State Board of Education. Beginning with students entering grade 9 in the 2010-2011 school year the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(I)F.S. must be met in order for a student to earn the required credit in Algebra I. Beginning with students entering grade 9 in the 2011-2012 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(I)F.S. must be met in order for a student to earn the required credit in geometry. Beginning with students entering grade 9 in the 2012-2013 school year, in addition to the Algebra I and geometry credit requirements, one of four credits in mathematics must be Algebra II or a series of courses equivalent to Algebra II as approved by the State Board of Education.
Science	3 credits	Two courses must have a lab component Three credits in science, two of which must have a laboratory component. Beginning with students entering grade 9 in the 2011-2012 school year, one of the three credits in science must be Biology I or a series of courses equivalent to Biology I as approved by the State Board of Education. Beginning with students entering grade 9 in the 2011-2012 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(II), F.S. must be met in order for a student to earn the required credit in Biology I. Beginning with students entering grade 9 in the 2013-2014 school year, one of the three credits must be Biology I or a series of courses equivalent to Biology I as approved by the State Board of Education, one credit must be chemistry or physics or a series of courses equivalent to chemistry or physics as approved by the State Board of Education, and one credit must be an equally rigorous course, as determined by the State Board of Education.
Social Studies	3 credits	1 World History 1 United States History .5 Economics .5 American Government

Physical Education	1 credit*	To include the integration of health
<p>Students in a District that has chosen the Health Opportunities through Physical Education (HOPE) or the HOPE-PE variation will have the following PE waivers available:</p> <ol style="list-style-type: none"> 1. Completing two full seasons of an interscholastic sport at the junior varsity or varsity level shall satisfy the one credit requirement in Physical Education provided the student passes a competency test in physical fitness developed by the Florida Department of Education with a "C" or better. Either coursework or interscholastic sports with the passing of the Personal Fitness state developed test with a 70% will satisfy the Physical Education requirement but not a combination. *If the student satisfies the Physical Education requirement through the interscholastic sport option, a one credit elective must be substituted for the Physical Education requirement. 2. Completing two years in a Reserve Officer Training Corps (R.O.T.C.) class satisfies the full 1 credit PE requirement and the full 1 credit Performing Arts requirement. Students will take two additional elective credits to meet the 24 credit requirement. 		
Performing Fine Arts/Practical arts career & technical education	1 credit Or ½ credit in each of the areas to the right	<ul style="list-style-type: none"> • One credit in practical arts career and technical education or exploratory career and technical education • One credit in performing fine arts to be selected from music, dance, drama, painting or sculpture. A course in any art form that requires manual dexterity or a course in speech and debate
Eight credits electives:		
<ul style="list-style-type: none"> • Four (4) credits in elective courses selected by the student as part of the education plan required by S.1003.4156F.S. These credits may be combined to allow intensive reading or mathematics intervention courses or credit recovery courses as described in S.1003.428(2)(b)1,F.S. 		
<ul style="list-style-type: none"> • Elective course are selected by the student in order to pursue a complete education program as described in S. 1001.43(3), F.S., and to meet eligibility requirements for scholarships 		
<ul style="list-style-type: none"> • For each year in which a student scores at Level 1 on FCAT Reading, the student must be enrolled in and complete an intensive reading course the following year. Placement of Level 2 readers in either an intensive reading course or a content area course in which reading strategies are delivered shall be determined by diagnosis of reading needs. Reading courses shall be designed and offered pursuant to the comprehensive reading plan required by S.1011.62.(9), F.S. 		
<ul style="list-style-type: none"> • For each year in which a student scores Level 1 or Level 2 on FCAT Mathematics, the student must receive remediation the following year. These courses may be taught through applied, integrated or combined courses and are subject to approval by the Department of Education. 		

GENERAL 24 CREDIT PROGRAM FOR STUDENTS BEGINNING HIGH SCHOOL PRIOR TO THE 2007-08SCHOOL YEAR

The 24 credits in the general 24-credit program shall be distributed as follows:

English	4 credits	A major concentration in composition and literature
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Mathematics	3 credits	Algebra I or a series of course equivalent to Algebra I, or a higher level mathematics must be completed Three credits and, beginning with students entering grade 9 in the 2010-2011 school year, four credits in mathematics, one of which must be Algebra I. Beginning with students entering grade 9 in the 2010-2011 school year, in addition to the Algebra I credit requirement, one of the four credits in mathematics must be geometry or a series of courses equivalent to geometry as approved by the State Board of Education. Beginning with students entering grade 9 in the 2010-2011 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(I)F.S. must be met in order for a student to earn the required credit in Algebra I. Beginning with students entering grade 9 in the 2011-2012 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(I)F.S. must be met in order for a student to earn the required credit in geometry.
Science	3 credits	Two courses must have a lab component (Agri-Science Foundations I may count as one science credit) Three credits in science, two of which must have a laboratory component. Beginning with students entering grade 9 in the 2011-2012 school year, one of the three credits in science must be Biology I or a series of courses equivalent to Biology I as approved by the State Board of Education. Beginning with students entering grade 9 in the 2011-2012 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(II)F.S. must be met in order for a student to earn the required credit in Biology I.
Social Studies	3 credits	1 World History 1 United States History .5 Economics .5 American Government
Life Management	.5 credits	To include topics listed in <i>F.S. 1003.43(1)(i)</i>
Physical Education	1 credit*	
To include assessment, improvement, and maintenance of physical fitness. Students completing two full seasons of an interscholastic sport at the junior varsity or varsity level shall satisfy the one credit requirement in Physical Education provided the student passes a competency test in physical fitness developed by the Florida Department of Education with a "C" or better. Either coursework or interscholastic sports will satisfy the Physical Education and Personal Fitness requirement but not a combination. *If the student satisfies the Physical Education requirement through the interscholastic sport option, a one credit elective must be substituted for the Physical Education requirement. Completion of one semester with a grade of "C" or better in marching band or in a physical activity class that requires participation in marching band activities as an extra-curricular activity in a Reserve Officer Training Corps (R.O.T.C.) class a significant component of which is drill, may satisfy one-half of the one credit requirement for physical education but will not receive additional credit for the same course. This half credit may not be used to satisfy the personal fitness requirement nor the requirement for adaptive physical education under an individual education plan (IEP) or 504 Plan		
Practical Arts/ Performing Fine Arts	1 credit	Students may either earn 1 credit in Practical Arts or 1 credit in Performing Fine Arts or .5 credits in each.
Electives	8.5 credits	
Total Credits required	24 credits	

F.S. 1003.43(1)

EARNING CREDIT

Remedial and compensatory courses taken in grades 9-12 may only be counted as elective credit. Credit for high school graduation may be earned for volunteer activities and nonacademic activities that have been approved by the State Board of Education, and approved by the District School Board. A maximum of one-half credit in social studies and one-half elective credit for student completion of non-paid voluntary community or school service work can be earned for volunteer hours. Students choosing this option must complete a minimum of 75 hours of service to earn the one-half credit in either category of instruction. Credit may not be earned for service provided as a result of court action. Volunteer activities for credit or for use as a Bright Futures application, should take place in a not-for-profit setting. If the proposed volunteer activity is in a for-profit setting approval must first be given by the student's guidance counselor before student starts the activity. Each student should complete a volunteer activities plan, maintain a log of hours completed, and a volunteer activity certification form signed by an adult who is not a family member of the students. All three documents must be submitted to the student's guidance counselor before hours/credit is awarded. No student shall be granted credit toward high school graduation for enrollment in the following programs or courses:

1. Any Level 1 course unless the student's assessment indicates that a more rigorous course of study would be inappropriate, in which case a written assessment of the need must be included in the student's Individual Educational Plan, (IEP) or in a student performance plan and signed by the principal, guidance counselor, and parent or guardian if the student is not 18 years or older.
2. More than a total of nine elective credits in remedial programs;
3. More than one credit in exploratory career courses; and
4. More than three credits in practical arts family and consumer sciences classes.

The School District will award high school credit for courses taken in middle school that are listed in the Florida Course Code Directory. The credit awarded shall count toward high school graduation credit and may satisfy the requirements of the Bright Futures Scholarship.

A school may require specific modified courses of programs of study so that exceptional students are assured the opportunity to meet graduation requirements through one of the following strategies:

1. Assignment of the exceptional student to an exceptional class for a basic course with the same student performance standards as those for non-exceptional students.
2. Assignment of the exceptional student to a basic education class for instruction, which is modified to accommodate the student's exceptionality.

The district shall determine which strategy to employ based on an assessment of the student's needs and shall reflect this decision on the student's individual education plan.

F.S. 1003.43(1)(2)(3)(4)

Prior to each student's graduation from high school, the school shall assess the student's preparation to enter the workforce and provide the student and the student's parent or guardian with the results of the assessment. The Department of Education has determined that since FCAT assesses certain Education Goal 3 standards, which was developed from a US Secretary of Labor's report on necessary skills for the workforce (SCANS), the FCAT may serve as the assessment. *F.S. 1006.02(4)*

THREE YEAR COLLEGE PREPARATORY PROGRAM

The three-year college preparatory program requires a minimum of 18 credits. At least 6 of the 18 credits must be received in classes that are classified as honors, dual enrollment, advanced placement, International Baccalaureate, Advanced International Certificate of Education, or specifically listed or identified by the Department of Education as rigorous or weighted by the School District for class rank purposes. ~~For students entering the 9th grade in 2006-07 and thereafter,~~ The three year college preparatory program requires at least 6 credit be received in classes that are offered pursuant to the International Baccalaureate Program, the Advanced Placement Program, dual enrollment, Advanced International Certificate of Education, or specifically listed or identified by the Department of Education, as rigorous (identified as Level 3 and meet course distribution requirements for state university system admissions) , pursuant to F.S.1009.531(3).

The 18 primary credits required for completion of this program are:

English	4 credits	with major concentration in composition and literature
Mathematics	4 credits	Algebra I or higher from courses that qualify for state university admission 4 credits, one of which must be Algebra I or its equivalent, one of which must be in geometry or its equivalent, or a higher-level mathematics from the list of courses that qualify for state university admission (SUS) Three credits and, beginning with students entering grade 9 in the 2010-2011 school year, four credits in mathematics, one of which must be Algebra I. Beginning with students entering grade 9 in the 2010-2011 school year, in addition to the Algebra I credit requirement, one of the four credits in mathematics must be geometry or a series of courses equivalent to geometry as approved by the State Board of Education. Beginning with students entering grade 9 in the 2010-2011 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(I)F.S. must be met in order for a student to earn the required credit in Algebra I. Beginning with students entering grade 9 in the 2011-2012 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(I)F.S. must be met in order for a student to earn the required credit in geometry.
Science	3 credits	two courses must have a laboratory component Three credits in science, two of which must have a laboratory component. Beginning with students entering grade 9 in the 2011-2012 school year, one of the three credits in science must be Biology I or a series of courses equivalent to Biology I as approved by the State Board of Education. Beginning with students entering grade 9 in the 2011-2012 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(II)F.S. must be met in order for a student to earn the required credit in Biology I.
Social Studies	3 credits	1 World History 1 United States History .5 Economics .5 American Government
Foreign Language	2 credits	in the same second language unless the student is a native speaker of or can otherwise demonstrate competency in a language other than English, in which case the student may replace this requirement with two credits in other academic courses.
Electives	3 credits	
Total Required	18 Credits	

THREE YEAR CAREER PREPARATORY PROGRAM

The three-year career preparatory program requires a minimum of 18 credits, they are to be distributed as follows:

English	4 credits	with major concentration in composition and literature
Mathematics	4 credits	4 credits, one of which must be Algebra I or its equivalent, one of which must be in geometry or its equivalent, or a higher-level mathematics course Three credits and, beginning with students entering grade 9 in the 2010-2011 school year, four credits in mathematics, one of which must be Algebra I. Beginning with students entering grade 9 in the 2010-2011 school year, in addition to the Algebra I credit requirement, one of the four credits in mathematics must be geometry or a series of courses equivalent to geometry as approved by the State Board of Education. Beginning with students entering grade 9 in the 2010-2011 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(I)F.S. must be met in order for a student to earn the required credit in Algebra I. Beginning with students entering grade 9 in the 2011-2012 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(I)F.S. must be met in order for a student to earn the required credit in geometry.
Science	3 credits	two must have a laboratory component Three credits in science, two of which must have a laboratory component. Beginning with students entering grade 9 in the 2011-2012 school year, one of the three credits in science must be Biology I or a series of courses equivalent to Biology I as approved by the State Board of Education. Beginning with students entering grade 9 in the 2011-2012 school year, the end-of-course assessment requirements under s.1008.22(3)(c)2.a.(II)F.S. must be met in order for a student to earn the required credit in Biology I.
Social Studies	3 credits	1 World History 1 United States History .5 Economics .5 American Government
Career/Technical	5 credits or 3 credits & 2 Elective credits	career education courses including 3 sequential courses in a career program and 2 other career education courses in a single career education program or in one sequential career and technical dual enrollment program unless 5 credits were earned in career and technical
Total required	18 credits	

F.S. 1003.429(1)

Students may not complete either accelerated option in less than three years, even if 18 credits have been earned. Students may not be part time students.

A student who completes either accelerated option and remains for a fourth year must complete the standard twenty-four credit option.

The selection of one of the three graduation options is exclusively up to the student and parent. If the student and parent fail to select a graduation option, the student shall be considered to have selected the 24 credit general requirements for high school graduation as specified in *F.S. 1003.429(1)(a)*. *F.S. 1003.429*

CAREER & PROFESSIONAL ACADEMIES

A “career and professional academy” is a research-based program that integrates a rigorous academic curriculum with an industry-specific curriculum aligned directly to priority workforce needs established by the regional workforce board. The SDIRC offers a variety of career and professional academies at each traditional high school. *F. S. 1003.493*

Programs at Sebastian River HS:	Programs at Vero Beach HS:
<ul style="list-style-type: none"> ●Culinary Operations ●New Media Technology ●Database Programming ●Digital Design ●Multimedia Design Technology ●Business Supervision & Management – ●Nursing Assistant/Home Health Aide - ●Automotive Technology ●Welding ●Criminal Justice ●Geospatial/Geographic Information Systems 	<ul style="list-style-type: none"> ●Accounting ●Automotive Technology ●Business Management & Supervision ●Building Construction Technology ●Culinary Arts ●Digital Design ●Drafting and Illustrative Design ●Nursing Assistant/Home Health Aide ●New Media Technology ●Web Design

SELECTION OF AN ACCELERATED GRADUATION OPTION

Prior to selecting an accelerated graduation program described in *F.S. 1003.429a* a student and the student’s parent must meet with designated school personnel to receive an explanation of the relative requirements, advantages, and disadvantages of each program option, and the student must also receive the written consent of the student’s parent.

The School Board shall provide each student in grades 6-9 and their parents with information concerning the three year and four year graduation options including the respective curriculum requirement for these options.

The selection of one of these graduation options must be completed by the student prior to the end of grade 9 and is exclusively up to the student and parent, subject to requirements in *F.S. 1003.429(2)*. The deadline will be extended to the end of the student’s first semester of grade 10 for a student who enters a Florida public school after grade 9 upon transfer from a private school, from another state, or who was previously prevented from choosing a graduation option due to illness during grade 9. If the student and parent/guardian fail to select a graduation option, the student shall be considered to have selected the 24 general requirements for high school graduation specified in *F.S.1003.429(1)(a)*.

The district will not establish requirements for accelerated three-year high school graduation options in excess of the requirements in statute. *F.S. 1003.429*

FCAT AND GPA REQUIREMENTS FOR ACCELERATED GRADUATION OPTIONS

Students pursuing accelerated three-year high school graduation options are required to:

1. Earn a passing score on the FCAT as defined in S 1008.22(3)(c) F.S. or scores on a standardized test that are concordant with passing scores on the FCAT as defined in s 1008.22(9), F.S.
2. Achieve a cumulative weighted grade point average of 3.5 on a 4.0 scale, or its equivalent, in courses required for the college preparatory accelerated 3 year high school graduation option.
3. Achieve a cumulative weighted grade point average of 3.0 on a 4.0 scale, or its equivalent, in the courses required for the career preparatory accelerated 3-year high school graduation option.
4. Receive a weighted or un-weighted grade that earns at least 3.0 points or its equivalent, to earn course credit toward the 18 credits required for the college preparatory accelerated program. (A "B" or better in an un-weighted course, a "C" or better in a weighted course for it to count toward graduation).
5. Receive a weighted or un-weighted grade that earns at least 2.0 points or its equivalent, to earn course credit toward 18 credits required for the 18 credits required for the career preparatory accelerated high school graduation option.
6. Weighted grades shall be applied to those courses specifically listed or identified by the department as rigorous or weighted by the district school board for class ranking. Students must earn a "C" or better if the district does not weight the course and the weighted equivalent of a "C" or better if the district weights the course in each course that applies toward graduation. The School District of Indian River County does not give additional weight for a "D", so a student must earn at least a "C" in both weighted or un-weighted courses for them to count for this graduation option).

At the end of grade 10, a student who is not on track to meet the credit, assessment, or grade point average requirements of the accelerated graduation option selected, will have their parent/guardian contacted by the school. They will be notified of the following:

1. The requirements the student is not currently meeting
2. The specific performance necessary in grade 11 for the student to meet the accelerated graduation requirements
3. The right of the student to change to a four-year program

A student who selects one of the accelerated three-year graduation options shall automatically move to the four-year program if the student:

1. Exercises his/her right to change to the four year program
2. Fails to earn five credits by the end of grade 9 (the first year) or fails to earn 11 credits by the end of grade 10 (the second year). Credits must meet the requirements of the graduation option selected in order to be counted as part of the graduation plan
3. Does not achieve a score of 3 or higher on the grade 10 FCAT Writing assessment
4. Has not completed the credit, grade point average, and testing requirement specified in S 1003.429(1) and (6) F.S. by the end of grade 11.

A student who meets all of the requirements of the accelerated graduation options prescribed in 1003.429(1) and (6) F.S. shall be awarded a standard diploma in the form prescribed by the State Board of Education F.S. 1003.429

REQUIRED GRADE POINT AVERAGE FOR STANDARD HIGH SCHOOL GRADUATION

Students are required to have a cumulative grade- point average of 2.0 on a 4.0 scale or its equivalent.

Any course grade not replaced according to the forgiveness policy will be included in the cumulative grade point average even if the student has more than the 24 credits required for graduation.

“Grade forgiveness” for required courses shall be limited to replacing a grade of “D” or “F” with a grade of “C” or higher earned subsequently in the same or comparable course. Forgiveness for elective courses shall be limited to replacing a grade of “D” or “F” with a grade of “C” or higher earned subsequently by retaking the same or comparable course or another course. Any course not replaced according to this policy will be included in the GPA.

Special assistance to obtain a regular high school diploma or equivalency diploma pursuant to *F.S. 1003.43(5)(c)* may be given when the student has completed all requirements for graduation except the attainment of the required cumulative grade point average. These may include but are not limited to the forgiveness policy, summer school attendance, tutoring and study skills sessions.

F.S. 1003.43

ADDITIONAL REQUIREMENTS FOR STANDARD HIGH SCHOOL DIPLOMA

~~A student must pass each part of the 10th grade high school level Florida Comprehensive Assessment Test (FCAT) at levels determined by the state in order to earn a regular high school diploma or earn scores on a standardized test that are concordant with passing scores on the FCAT as defined in s 1008.22(9), F.S. The passing score on the 10th grade FCAT is designated by the State Board of Education~~

~~A student who does not pass both the 10th grade reading and the mathematics sections of the 10th grade Florida Comprehensive Assessment Test will be given additional opportunities to retake the portion(s) not passed before graduating.~~

~~A student can meet the assessment graduation requirement for a standard high school diploma with a concordant score after taking the 10th grade FCAT at least one time, the student is not required to continue retaking the FCAT.~~

Concordant Scores		
Assessment	Reading	Mathematics
FCAT	1926	1889
SAT	420	340
ACT	18	15

Concordant Scores Option—A senior can graduate by receiving a score comparable to the FCAT passing score on the ACT or SAT. The current, approved reading scores may also be used for the Grade 10 FCAT 2.0 Reading assessment for students scheduled to graduate in 2012-13. Students may satisfy the score requirements using various combinations of tests. See the chart on the next page for the concordant scores that must be achieved by graduation year:

Concordant Scores by Graduation Year				
	Reading		Mathematics	
	9th Grade Cohort 2009-10 and prior	9th Grade Cohort 2010-11 to 2012-13	9th Grade Cohort 2009-10 and prior	9th Grade Cohort 2010-11 and beyond
FCAT	1926	1926	1889	1889
SAT	410	420	370	340
ACT	15	18	15	15

Note: The option of substituting a concordant passing score at any time became available to students who have not passed the FCAT on July 1, 2010. Prior to July 1, 2010, students were required to take the FCAT at least three times without passing in order to use the concordant scores. Additional guidance regarding FCAT concordant scores is posted at <http://www.fldoe.org/BII/StudentPro/resources.asp>.

FCAT—Students who entered grade 9 in the 2008-09 school year or prior and were originally scheduled to graduate between 2010 and 2012 must earn passing scores on the Grade 10 FCAT Reading and Mathematics assessments.

FCAT/FCAT 2.0—Students who entered grade 9 in the 2009-10 school year must earn passing scores on the Grade 10 FCAT 2.0 Reading and Grade 10 FCAT Mathematics assessments. The required passing scores are as follows:

FCAT Reading/FCAT 2.0 Reading FCAT Equivalent Score	FCAT Mathematics
1926 (scale score of 300) or above	1889 (scale score of 300) or above

Note: The required FCAT 2.0 Reading scores will change in 2012 once FCAT 2.0 Achievement Level standards are set by the State Board of Education. Students will be required to earn an Achievement Level 3 or higher in order to pass the assessment.

FCAT 2.0 and Florida EOC Assessments—Students who entered grade 9 in the 2010-11 school year and beyond must earn an Achievement Level 3 or higher in order to pass the Grade 10 FCAT 2.0 Reading assessment for graduation purposes. The State Board of Education is scheduled to set the Achievement Level standards for the FCAT 2.0 in December 2011. Once Achievement Levels are established for an EOC assessment, students must pass the EOC assessment by earning an Achievement Level 3 score or higher in order to earn course credit. The table below provides the school year when these requirements begin for students entering grade 9.

Achievement Level 3 Requirement Begins for Students Entering Grade 9	Assessment
2010-2011	Grade 10 FCAT 2.0 Reading
2011-2012	Algebra 1 EOC Assessment
2012-2013	Biology 1 EOC Assessment Geometry EOC Assessment

Note: The US History EOC Assessment is not included in this chart because according to current statute, students will not be required to earn an Achievement Level 3 or higher on the US History EOC Assessment to earn course credit.

High School Competency Test (HSCT) – Lower passing scores for the FCAT have been established for students who were previously required to pass the HSCT. The concordant FCAT scores are as follows:

High School Competency Test (HSCT)/FCAT Concordant Scores for Eligible Students		
	READING	MATHEMATICS
FCAT 268 278		
HSCT 700	700	

Note: The approved HSCT concordant score for the 2011 FCAT 2.0 Reading assessment is an FCAT Equivalent Score of 268..

GRADUATION OPTIONS

• **Retaking the Statewide Assessments**—Students can retake the FCAT or FCAT 2.0 as many times as they like until they pass it and can enroll for a “free” 13th year of public education should they need additional instruction to successfully pass the assessment. Students currently have up to five opportunities to pass the assessments prior to their scheduled graduation. Students who do not pass the Grade 10 FCAT or FCAT 2.0 in the spring of their sophomore year may retest in fall and spring of their junior and senior years; however, it is important to note that the last administration of the FCAT Reading Retake assessment will occur in spring 2012, and the last administration of the FCAT Mathematics Retake assessment will occur in spring 2013. Students who have not passed the FCAT by its last administration will need to take and pass the FCAT 2.0 Reading assessment by earning the approved concordant passing scores that will be established, or by achieving a concordant score on the SAT or ACT. In addition, if students do not pass the required Florida EOC Assessment, they will not earn course credit and must retake the assessment until they pass it.

OTHER OPTIONS

Community College—Seniors with a Certificate of Completion may enroll in any public community college in Florida by taking the Postsecondary Education Readiness Test (P.E.R.T.) or the Florida College Entry-Level Placement Test (CPT) to determine if they qualify to register for college-credit courses or must take remedial courses to continue their college-preparatory studies.

Participation in the testing program is mandatory. The state board shall provide rules for test adaptations and modifications of procedures necessary for students in exceptional education programs and for students who have limited English proficiency.

A student with a disability, as defined in *s 1007.02(2) F.S.*, for whom the individual educational plan (IEP) committee determines that the FCAT cannot accurately measure the student’s abilities taking into consideration all allowable accommodations, must have the FCAT requirement waived for the purpose of receiving a standard high school diploma if the student

1. completes the minimum number and distribution of credits and minimum cumulative grade point average required for the general standard diploma
2. does not meet the FCAT testing requirements after at least two opportunities at periods in the high school progression as defined by the state

A student with a disability, as defined in 1007.02(2), F.S. for whom the IEP committee determines that an End-of-Course (EOC) assessment cannot accurately measure the student's abilities, taking into consideration all allowable accommodations, shall have the end-of-course assessment results waived for the purpose of determining the student's course grade and credit

To be considered for an EOC assessment waiver, the student must meet all of the following criteria:

1. be identified as a student with a disability, as defined in s. 1007.02(2), F.S.
2. have an active individual educational plan
3. have taken the EOC assessment with appropriate allowable accommodations at least once
4. have demonstrated, as determined by the IEP team, achievement of the course standards

As defined in s. 1007.02(2), F.S., students with disabilities eligible to receive an EOC assessment results waiver include students with:

1. Intellectual disability
2. Hearing impairment, including deafness
3. Speech or language impairment
4. Visual impairment, including blindness
5. Emotional or behavioral disability
6. Orthopedic or other health impairment
7. Autism spectrum disorder
8. Traumatic brain injury
9. Specific learning disability, including, but not limited to, dyslexia, dyscalculia, or developmental aphasia

A student who enters a public school at grade 12 from out of state or from a foreign country and provides satisfactory proof of attaining a score on an approved alternative assessment that is concordant to a passing score on the grade 10 FCAT shall satisfy the assessment requirement for the standard high school diploma. A student who enters a Florida public school at grade 12 may use either FCAT or a concordant score to meet graduation assessment requirements.

Transfer students from out of state who have earned a credit in Algebra I, Geometry, and/or Biology I are not required to take the EOC to meet high school graduation requirement.

A student who completes the minimum number of credits prescribed by statute, but who is unable to meet the required grade point average or pass the 10th grade reading and mathematics sections of the Florida Comprehensive Assessment Test required Florida Assessments for each subject area or a concordant standardized test at levels determined by the state shall be awarded a certificate of completion in the form prescribed by the state board.

However, any student who is otherwise entitled to a certificate of completion may elect to remain in the high school either as a full-time student or a part-time student for up to one additional year and receive special instruction to remedy the identified deficiencies. A student who receives a certificate of completion who subsequently meets the requirements for a standard high school diploma shall be awarded a standard high school diploma whenever the requirements are completed. The awarding of a certificate of completion is limited to those students selecting the 24-credit general high school graduation option and is not applicable to the three-year accelerated graduation programs.

The District Superintendent shall be responsible for notifying all students of the consequences of failure to receive a standard diploma, including the potential ineligibility for financial assistance at post-secondary educational institutions.

F.S. 1008.22(3)(c)5, 1008.221, F.S. 1003.43(5)(a)(10)(11), F.S. 1003.433(4)

ADDITIONAL INSTRUCTION TO MEET HIGH SCHOOL GRADUATION REQUIREMENTS

Students who have met all of the requirements for the standard high school diploma except for the passage of the grade 10 FCAT or an alternate assessment by the end of grade 12 will be provided with the following learning opportunities:

1. Participation in an accelerated high school equivalency diploma program during the summer.
2. Upon receipt of the certificate of completion, be allowed to take the College Placement Test/**Postsecondary Education Readiness Test** and be admitted to remedial or credit courses at a state community college, as appropriate. To assist community colleges in identifying these students during the admission process, the certificate itself will bear the designation of "CPT eligible".
3. Participate in an adult general education program for such time as the student requires to master English, reading, mathematics, or any other course required for high school graduation. A student attending an adult general education program shall have the opportunity to take the grade 10 FCAT an unlimited number of times in order to receive a standard high school diploma.

Students who have been enrolled in an ESOL program for less than two school years and have met all of the requirements for the standard high school diploma except for the passage of the grade 10 FCAT or an alternative assessment may receive immersion English language instruction during the summer following their senior year. Students taking such instruction are eligible to take the FCAT or alternative assessment and receive a standard a standard high school diploma upon passage of the grade 10 FCAT or the alternative assessment.

These provisions will be implemented to the extent that funding for this purpose provided by the General Appropriations Act of the Florida Legislature.

F.S. 1003.433(1)(2)

GRADING AND REPORT CARDS

Report cards will be issued quarterly (every nine weeks). When reporting a student's academic achievement grade the evaluation shall relate to:

be the teacher's responsibility to determine grades. When determining a student's grade the evaluation shall relate to:

1. level of mastery of standards of the course objectives that have been identified for each course in the state course description and are compatible with the Next Generation Sunshine State Standards, current K-12 FLDOE Standards,
2. performance on district and/or school assessment criteria, and
3. teacher evaluation based on mastery of performance standards and exit criteria

The academic achievement grade shall be based on non-curved measurable evidence such as, but not limited to, the following:

The academic achievement grade shall be representative of the student's level of mastery of standards progress and, in as much as possible, be based on data collected throughout the grading period for which the student is being evaluated. The academic achievement grade shall be based on such factors as tests and assessments, homework, special projects, laboratory activities, reports, research papers, notebooks, class participation, portfolios and any special activities that relate to a subject area. Teachers are encouraged to develop test questions that span all levels of cognitive complexity non-curved measurable evidence such as, but not limited to, the following:

- End of Course Exams
- Chapter/Unit Tests
- Alternative Assessments (oral exams, rubrics, labs, projects, portfolios, etc.)
- Benchmarks (Not baseline)
- Individual Class work (essays, research papers, note-taking, etc.)

Teachers are encouraged to develop test questions that span all levels of cognitive complexity.

*Accommodations must be provided for ELL students receiving services in accordance with an ELL plan.

*Accommodations for ESE students must adhere to the individual's IEP.

* A student's academic achievement grade shall not be lowered as a disciplinary measure according to SDIRC School Board Policy, Pupil Personnel 5.14.

Work Habit Grade

When reporting a student's work habit grade the evaluation shall relate to:

1. learning practices that lead to the mastery of current K-12 FLDOE standards
2. behaviors and personal responsibilities that contribute to student success.

The work habit grade shall be based on measurable evidence such as, but not limited to, the following:

- Conduct/Behavior
- Class work/ Homework Completion
- Individual and Group Participation
- Organization
- Preparedness
- Punctuality
- Attendance
- Honesty (Code of Student Conduct and Statement of Academic Honesty)

Report Cards

A report of student academic achievement and work habits progress in each subject area, conduct and behavior, and attendance shall be made each nine weeks during the school year. Only Letter grades shall be entered on the report cards to indicate student academic progress and Letter grades shall be averaged to determine a semester grade. The symbol for plus may be affixed to the letter grade as an incentive to the student and shall be used in averaging semester grades. However, no plus may be affixed to the final semester grade. Each nine weeks grade will determine two-fifths (40%) of the semester grade.

Semester exams shall be comprehensive and cover the entire semester's work. A copy of each semester exam shall be filed with the principal. A semester exam shall be given in all academic subjects. In other courses, a project or other special activity may be used in lieu of a semester exam when approved by the principal. Semester exams will determine one-fifth (20%) of the semester grade. For consistency throughout the district, high school teachers will use **Appendix C**, Grade Conversion Chart, to determine final semester grades.

Receiving two F's for a course on the report card in a semester, in any combination, shall result in a final semester grade of F.

It shall be the teacher's responsibility to assign letter or numerical value to measurement devices. Our electronic grading system employs the following numeric value which complies with the state grading scale; therefore, achievement will be measured according to the following

A	=	89.5 - 100	Point Value of 4	Outstanding Progress
B	=	79.5 - 89.49	Point Value of 3	Above Average Progress
C	=	69.5 - 79.49	Point Value of 2	Average Progress
D	=	59.5 - 69.49	Point Value of 1	Lowest Acceptable Progress
F	=	0 - 59.49	Point Value of 0	Failing
I	=	Incomplete	Incomplete (The work must be made up within twice as many days as missed with excused absence(s) or grade will convert to an F. The principal can make exceptions to this time limit if necessary)	

NG = No grade*

*The no grade option is only to be used under the following circumstance(s).

1. The student has suffered a serious illness and will be unable, through no fault of his/her own, to make up the work.
2. A transfer student has been enrolled in a course for a very short time, has not been enrolled in an equivalent course and will not be able to make up the work through no fault of his/her own.

An "NG" is not to be used as a substitute for an incomplete or an F. An "NG" does not calculate into the grade point average and requires principal's approval.

Seniors will be eligible to be excused from final exams in individual courses during their last semester of school under the following conditions:

1. They have maintained an average of B or higher in the course for each nine week grading period during the second semester or have a higher grade in the fourth grading period than the third grading period that averages to a B or higher.
2. The principal may excuse a senior from exams under other conditions.

Schools will not exempt students from academic performance requirements, such as final exams, based on practices or policies designed to encourage student attendance. A student's attendance record may not be used in whole or in part to provide an exemption from any academic performance requirement. *F.S. 1003.437), F.S. 1003.33(2)*

Report cards will be issued quarterly (every nine weeks). It shall be the teacher's responsibility to determine **an academic achievement grade and a work habit grade for each student.**

GRADING OF DUAL ENROLLMENT COURSEWORK

If a student is awarded a "W" by a post-secondary institution with which the School District has a dual enrollment agreement, the "W" cannot be changed to an "F" by the high school. A "W" will be treated the same as an "NG" and will not be calculated into the grade point average.

WEIGHTED GRADE POLICY

The following guidelines regarding the weighting of grades shall be utilized at each district high school.

1. The courses to be weighted shall be those designated by the State of Florida Department of Education as “Level Three” courses.
2. Weighting shall be applied as follows:
 - a. All Level Three courses including International Baccalaureate (IB), Advanced Placement (AP), Dual Enrollment, and Honors courses will be weighted at an additional 1.0 grade point.
 - b. School districts and community colleges must weigh dual enrollment courses the same as Advanced Placement, International Baccalaureate and Advanced International Certificate of Education courses when grade point averages are calculated.
 - c. “D” grades will not receive additional weighting.
3. A course taken while such course is eligible for weighting shall remain weighted at its original level even if the course is deleted from the list of eligible courses, if the weighting changes, or if there is a policy change.
4. All grades will be used in the calculation of the weighted GPA except grades of “D” or “F” that are subsequently retaken for forgiveness and a grade of “C” or better has been earned.
5. A student whose schedule changes in the middle of a semester from a weighted to an unweighted class will have the following apply: If the student has one quarter in a weighted class and one quarter in an unweighted class and takes the semester exam in the unweighted class the student will not receive weighted credit since 60% of the grade is unweighted. Conversely, a student who has one quarter in an unweighted class and one quarter in a weighted class and takes the semester exam in the weighted class may receive a weighted grade since 60% of the grade was in a weighted class. In order to receive extra weight, the final semester grade must be a C or better.
6. Weighting will apply for the purposes of Class Rank (valedictorian, salutatorian, top 10%, etc.) Spring awards will be based on calculations at the end of the 7th semester.
7. Any School Board policy, plan, or approved waiver that modifies this weighted grade policy must be made prior to the end of the first semester of the preceding year in order to give parents and students ample time to consider course selections for the following year. No change in this policy will become effective during the course of any school year. Changes will only become effective for the following school year.
8. Any changes in weighted grade policy would become effective with the incoming freshman class. *F.S. 1003.437*

PROMOTION AND GRADE CLASSIFICATION

In order to be promoted to the next grade of high school, a student must attain the following criteria:

- | | |
|------------------------|--|
| 9 th grade | - Student must have been promoted from 8th grade |
| 10 th grade | - Second year of high school with a minimum of 6 credits |
| 11 th grade | - Third year of high school with a minimum of 12credits |
| 12 th grade | - Fourth year of high school with a minimum of 18credits |

A student who has not earned the minimum credits for a grade level will be classified as being in the previous grade level.

In order to assist students to meet all graduation requirements, mid-year grade level promotions to 10th, 11th and 12th grade will be made for those students retained from the previous year who have met the criteria mid-year.

STUDENT MID-TERM PROGRESS REPORTS

Student **mid-term** progress reports will be sent each grading period.

REMEDIATION

Those students at each grade level in grades 9-12, who are at or below the minimum cumulative grade point average required for graduation, shall be identified. The School District of Indian River County shall assist such students to achieve the required cumulative grade point average by its grade forgiveness policy and summer school coursework. In addition, high schools may offer one or more other activities or class assignments as considered appropriate by the school administration.

- Special Counseling
- Extended Day Services
- Tutorial Programs
- School Sponsored Help Sessions
- Homework Hotlines
- Study Skills Classes

At the end of each semester, the parent or guardian of each student in grades 9, 10, 11, and 12 who has a cumulative grade point average of less than 0.5 above the cumulative grade point average required for graduation shall be notified that the student is at risk of not meeting the requirements for graduation. This notice shall contain an explanation of the policies that have been put in place to assist the student in meeting the grade point average requirement.

The school in which the student is enrolled must develop, in consultation with the student's parents, and must implement a progress monitoring plan. A progress monitoring plan is intended to provide the school district and the school with flexibility in meeting the academic needs of the student and to reduce paperwork.

A student who is not meeting the school district or state requirements for proficiency in reading and math shall be covered in one of the following plans to target instruction and identify ways to improve his or her academic achievement:

1. A federally required student plan such as an individual educational plan;
2. A school wide system of progress monitoring for all students; or
3. A progress monitoring plan.

The plan chosen must be designed to assist the student or school in meeting state and district expectations for proficiency.

Progress monitoring will take place a minimum of three times per year. The progress monitoring data will be used to evaluate and revise classroom instruction and determine individual student remediation needs.

If the student has been identified as having a deficiency in reading, the K-12 comprehensive reading plan required by FS 1011.62(8) shall include instructional support services to be provided to meet the desired levels of performance. The district school board may require low-performing students to attend remediation programs held before and after regular school hours or during the summer if transportation is provided.

For each year in which a student scores at Level 1 on FCAT Reading, the student must be enrolled in and complete an intensive reading course the following year. Placement of Level 2 readers in either an intensive reading course or a content area course in which reading strategies are delivered shall be determined by diagnosis of reading needs. The reading courses shall be designed and offered pursuant to the comprehensive reading plan that is approved by the state.

For each year in which the student scores at Level 1 or Level 2 on FCAT Mathematics, the student shall receive remediation the following year. Remedial instruction provided during high school may not be in lieu of English and mathematics credits required for graduation.

Upon subsequent evaluation, if the documented deficiency has not been remediated in accordance with the progress monitoring plan, the student may be retained. Each student who does not meet the minimum performance expectations defined by the Commissioner of Education for the statewide assessment tests in reading, writing, science and mathematics must continue to be provided with remedial or supplemental instruction until the expectations are met or the student graduates from high school or is not subject to compulsory school attendance.

F.S. 1008.25(4)(a)(b)(c)

HONOR GRADUATE DESIGNATION

A student may qualify as an honor graduate by receiving no less than eleven credits in courses, which have been designated as having rigorous content. The School Advisory Council at each high school may designate a list of specific courses that will qualify Honor Graduate designation or the school may use all Level Three courses designated by the Department of Education. The Level Three courses include all Advanced Placement, International Baccalaureate, Honors, and Dual Enrollment courses.

A student must have an overall GPA of no less than a 3.0 (on a 4.0 scale) and must have received a grade of no less than a "C" in any course specified as an Honor Graduate course.

PERFORMANCE BASED DIPLOMA REQUIREMENTS

The first option is successful completion of the PBD Program which will result in the award of a State of Florida High School Equivalency Diploma. Pursuant to Florida Statute, this diploma "...shall have equal status with other high school diplomas for all state purposes, including admission to any state university or community college." Students enrolled in PBD prior to 2009-2010 will receive a standard high school diploma upon completion of the requirements listed below. Students who enroll beginning with the 2009-10 school year will be awarded an equivalency diploma upon completion of following requirements:

- Successfully pass the Grade 10 Florida Comprehensive Assessment Test (FCAT) or receive a concordant score on an assessment that meets graduation requirements.
- Successfully pass GED.
- Successfully complete six vocational courses, including certification in one area, which indicates that the student is proficient for employment in a specific work area.

While this state approved program is not credit based, credits and grades are recorded for the Performance Based Diploma Program. In the event a student returns to the regular credit-earning program, credit will be earned when a teacher certifies that a student has satisfactorily met the District Student Performance Standards for that course. The student may participate in the graduation ceremonies.

The second option is a credit based PBD Program using computerized software that provides students with academic curriculum. The software is identical to the first option explained above. A standard high school diploma is awarded at the graduation ceremony at the successful achievement of this option. A student who chooses this program must:

- earn 24 credits with 1 credit for PE/Life Management or Health Opportunities through Physical Education (HOPE) and 1 credit for practical or performing arts
- successfully pass the Grade 10 Florida Comprehensive Assessment Test (FCAT) or receive a concordant score on an assessment that meets graduation requirements
- attain a G.P.A. of 2.0 or higher
- complete a career/technical program (3 sequential courses in a program) and 3 additional career/technical courses
- take End-of-Course Exams

Performance Based students will be assigned a teacher-counselor who will meet with the student to teach employability skills and conduct group, individual, and career counseling. All students enrolled in the Performance Based Program will choose and be required to be certified by a career and technical/sponsor in at least one career and technical area.

Students enrolled in this program will not be permitted to graduate before the graduation date of his/her regular class.

ADDITIONAL GED EXIT OPTION

This option is for students that desire to attain a GED. The second semester senior student, who is unable to meet graduation requirements, withdraws from school and attends Adult and Community Education GED prep courses. Successful completion results in participating at the school graduation ceremony. Requirements include:

- score at 7th grade reading level on the Test of Adult Basic Education
- attend a minimum of 10 hours per week
- pass the GED test

ADULT EDUCATION HIGH SCHOOL CLASSES

Although there is no full time Adult High School, a limited number of high school credit recovery courses will be offered through the Adult Education Program to students who are behind in credits or whose grade point average puts them in jeopardy of not receiving a standard diploma. Permission of the principal and guidance counselor is required.

ARTICULATED ACCELERATION

It is the intent of the Legislature that a variety of acceleration mechanisms be available for secondary and post-secondary students attending public educational institutions. It is intended that the articulated acceleration serve to shorten the time necessary for a student to complete the requirements associated with the awarding of a high school diploma and a post-secondary degree, broaden the scope of curricular options available to students or increase the depth of study available for a particular subject. Among the mechanisms for accelerated articulation are: 1) Dual Enrollment; 2) Early Admission; 3) Advanced Placement; 4) the International Baccalaureate Program; 5) Credit by Examination, and 6) the Advanced International Certificate of Education Program. Credit earned through the Florida Virtual School shall provide additional opportunities for acceleration. At the beginning of each school year, the parents of all students in or entering high school will be informed of the opportunities and benefits of accelerated articulation.

F.S. 1007.27, 1003.02(1)(i)

INTERINSTITUTIONAL ARTICULATION AGREEMENTS

The Superintendent of Schools and the President of the Indian River State College shall ~~may~~ establish an articulation committee to develop comprehensive inter-institutional articulation agreements ~~for~~ **between** the school district **and other postsecondary institutions.**

~~The district inter-institutional articulation agreement shall be completed prior to fall registration each year.~~

The agreements ~~will~~ include:

- A ratification of all existing agreements
- Courses and programs available to eligible dual enrollment students
- Eligibility criteria for student participation in dual enrollment
- The process by which students and their parents exercise their option to participate in an articulated acceleration program
- High school credits earned for completion of each dual enrollment course
- Postsecondary courses that meet the criteria for inclusion in the district articulated acceleration program to be counted toward meeting graduation requirements of s1003.43 F.S.
- Eligibility criteria for student participation in dual enrollment courses and programs
- Institutional responsibilities regarding student screening prior to enrollment and monitoring student progress
- Identification of the criteria by which the instructional quality of dual enrollment courses and programs are to be judged and delineation of responsibilities for maintenance of quality.
- Delineation of the institutional responsibilities of the costs of dual enrollment courses and programs including responsibilities for student instructional materials
- Responsibility for providing transportation if the dual enrollment is conducted at a facility other than the high school campus
- Process for converting college credit hours earned through dual enrollment and early admission program to high school credit based on mastery of course outcomes
- An identification of the responsibility of the postsecondary educational institution for assigning letter grades for dual enrollment courses and the responsibility of school districts for posting dual enrollment course grades to the high school transcript as assigned by the postsecondary institution awarding the credit.

School districts and community colleges must weigh dual enrollment courses the same as advanced placement, International Baccalaureate and Advanced International Certificate of Education courses when grade point averages are calculated.

F.S. 1007.235(1)(2)

DUAL ENROLLMENT

The School Board of Indian River County and Indian River State College shall co-sponsor appropriate college courses in high schools during the normal class hours, after normal class hours, and during the summer term when requested by the principal.

All secondary students will be informed of dual enrollment as an educational option and mechanism for acceleration through the guidance department. Students shall be informed of eligibility criteria, the option for taking dual enrollment courses beyond the regular school year, and the minimum academic credits required for graduation. The district will annually assess the demand for dual enrollment and other advanced courses and consider strategies and programs to meet that demand.

In addition, college level courses that lead to an associate degree or career certification will be available on one of the campuses of Indian River State College. Students enrolled in co-sponsored classes shall earn both high school credits from the Indian River County School Board and college credit from Indian River State College if they meet at least the minimum requirements for satisfactory completion of such classes. No fees will be assessed for high school students enrolled in these co-sponsored classes. The State Articulation Coordinating Committee (ACC) will determine the approved list of courses and the high school subject area where the course may be applied. The list of courses will be part of the annual Inter-institutional Acceleration Agreement.

Students who enroll in college credit dual enrollment classes must have completed the ninth grade unless the principal makes an exception. In addition, the Department of Education has adopted guidelines to achieve comparability across school districts of both student qualifications and teacher qualifications for dual enrollment courses. Students who are seeking college credit dual enrollment status must have a high school un-weighted grade point average of 3.0 or above (on a 4.0 scale) and satisfactory scores on the College Entry Level Placement Test/**Post-Secondary Education Readiness Test**.

Students who enroll in career dual enrollment classes must have a high school un-weighted grade point average of 2.0 or above (on a 4.0 scale). In addition, the student must demonstrate readiness for career level college coursework.

Passing grades received in dual enrollment courses may be accepted for high school graduation where an equivalent high school course is identified. The list of dual enrollment courses offered through IRSC and their equivalency to high school credits will be updated annually and available on the college website www.irsc.edu

Career preparation instruction, college preparatory instruction and physical education courses that focus on the physical execution of a skill rather than the intellectual attributes of the activity are ineligible for the inclusion in the dual enrollment program. Recreation and leisure studies courses shall be evaluated individually in the same manner as physical education courses for potential inclusion in the program.

Career dual enrollment shall be provided as a curricular option for secondary students to pursue in order to earn a series of elective courses toward the high school diploma.

School districts and community colleges must weigh college-level dual enrollment courses the same as honors courses and advanced placement courses when grade point averages are calculated. Alternative grade calculation or weighting systems that discriminate against dual enrollment courses are prohibited. *F.S. 1007.271*

EARLY ADMISSION FULL TIME DUAL ENROLLMENT

Early admission shall be a form of dual enrollment through which eligible secondary students enroll in a postsecondary institution on a full time basis in courses that are creditable toward a high school diploma and the associate or baccalaureate degree. Students enrolled pursuant to this subsection shall be exempt from the payment of registration, tuition and laboratory fees. An eligible high school student may be enrolled as a full time dual enrollment student at Indian River State College or any other Florida college or university with which the School District of Indian River County has a current inter-institutional articulation agreement if accepted by that institution. In order to be enrolled as a full time dual enrollment student, the following requirements must be met.

- The student must have an **a minimum** un-weighted GPA of 3.0 based on a 4.0 scale.
- The student must be accepted as a full time dual enrollment student by Indian River State College or a Florida college or university with which the School District of Indian River County has current articulation agreement.
- The high school principal must approve of the full time dual enrollment program.

GRADUATION UNDER EARLY ADMISSION AND ADVANCED STUDIES THROUGH OTHER COLLEGES AND UNIVERSITIES

No student shall be admitted to the early admission and advanced studies program of any college or university without the approval of the high school principal.

1. Consideration of any application by the principal will be based on the following requirements:
 - a. The student must have an un-weighted GPA of 3.0 based on a 4.0 scale
 - b. The student must be accepted by a post-secondary institution authorized under Florida law; or accredited by the Southern Association of Colleges, and Schools or a comparable regional accrediting agency.
2. The principal is authorized to approve the fulfillment of graduation requirements and to award a diploma of graduation to the student at the graduating of his regular class or at a later convenient time pursuant to the state board of education regulations.
3. The School District of Indian River County is not responsible for tuition, fees, books or supplies for students who are enrolled in an early admission program through a college or university with which the district has no inter-institutional articulation agreement.

ADVANCED PLACEMENT

Advanced Placement is the enrollment of an eligible secondary student in a course being offered through the Advanced Placement Program administered by the College Board. Post-secondary credit for an advanced placement course shall be limited to students who score a minimum of 3, on a 5-point scale, on the corresponding Advanced Placement Examination. The postsecondary course for which the student receives credit, shall be determined by the college or university that accepts the student for admission. Students shall be exempt from the payment of any fees. *F.S. 1007.27(6)*

DUAL ENROLLMENT AND ADVANCED PLACEMENT INSTRUCTION

A school district, community college, and state university may conduct advanced placement instruction within dual enrollment courses. Students enrolled in a joint dual enrollment and advanced placement course may be funded by either dual enrollment or advanced placement formula specified in s1001.62F.S. however, no student shall be funded through both.

Post-secondary credit for a joint dual enrollment and advanced placement course shall be awarded as either dual enrollment or advanced placement, based on student preference. An award of advanced placement credit will be limited to those students who score a minimum of 3 on a 5-point scale on the Advanced Placement Examination. No student shall claim double credit, based on completion of a single joint dual enrollment and advanced placement course, nor shall any student be required to complete the Advanced Placement Examination.

F.S. 1007.272(1)

THE INTERNATIONAL BACCALAUREATE PROGRAM

The International Baccalaureate Program is the curriculum in which eligible secondary students are enrolled in a program of studies offered through the International Baccalaureate Program administered through the International Baccalaureate Office. The State Board of Education shall establish rules that specify the cutoff scores and International Baccalaureate Examinations, which will be used to grant postsecondary credit at Community Colleges and Universities. The specific postsecondary course for which a student shall receive credit, shall be determined by the college or university that accepts the student for admission. Students shall be exempt from payment of any fees for administration of the examination regardless of whether or not the student achieves a passing score on the examination.

F.S. 1007.27(8)

CAREER AND PROFESSIONAL EDUCATION/FLORIDA READY TO WORK

Florida's Career and Professional Education (CAPE) Act provides rigorous and relevant career-themed courses that articulate to post-secondary level coursework and lead to industry certification. Students completing a CAPE Academy program must receive a standard high school diploma and the highest available industry certification for that career field. *F.S. 1003.491, 1003.492, 1003.493*
A student who meets all graduation requirements shall be awarded a standard diploma. The school board may attach a Florida gold seal career and technical endorsement to a standard diploma or award-differentiated diplomas to those exceeding the prescribed minimums.

A Florida Ready to Work credential and portfolio shall be awarded to a student who successfully passes rigorous assessments in the identified areas. Each assessment shall be scored on a scale of 3 to 7. The level of credential each student receives is based on the following:

- A bronze-level credential requires a minimum score of 3 or above on each of the assessments
- A silver-level credential requires a minimum score of 4 or above on each of the assessments
- A gold-level credential requires a minimum score of 5 or above on each of the assessments

CREDIT BY EXAMINATION

Credit by examination is the program through which secondary and postsecondary students generate postsecondary credit based on the receipt of a specified minimum score on a nationally standardized general or subject-area examination as delineated by the State Board of Education in the statewide articulation agreement. Students with strong content background in a subject area can earn credit through an examination program administered by the college they attend. One such program is the College-Level Examination Program (CLEP). Students participating in the CLEP are awarded credit on the basis of scores achieved on an examination. Candidates for the CLEP may include students who have completed an AP course, but did not take or earn a qualifying score on the AP exam. Other students who may have had several high school courses in one particular area may wish to take a CLEP exam. CLEP offers another option for students to earn postsecondary credit for their efforts at the high school level.

F.S. 1007.27(7)

ADVANCED INTERNATIONAL CERTIFICATE OF EDUCATION

Advanced International Certificate of Education Program is the enrollment of eligible secondary students in a program of studies offered through the advanced International Certificate of Education administered by the University of Cambridge Local Examinations Syndicate. While the School District of Indian River County currently has no schools operating under this program, transfer credits from will be accepted from other high schools and will be weighted appropriately.

F.S. 1007.27(9)

STATE BOARD OF EDUCATION REVIEW

The State Board of Education shall conduct a review of the extent to which acceleration mechanisms authorized by statute is utilized by the school districts and the public postsecondary institutions.

The report will include ongoing activities and a plan to increase and enhance the use of accelerated mechanisms as a way to shorten the length of time and the funding required for a student, including a student with a documented disability, to obtain a postsecondary degree.

The review and plan shall address but are not limited to:

- The manner in which students, including students with disabilities, are advised regarding the availability of accelerated mechanism options
- The availability of options to eligible students who wish to participate
- The grading practices, including the weighting of courses, of school districts and postsecondary institutions with regard to credit earned through accelerated mechanisms
- The extent to which credit earned is used to meet the general education requirements of a public postsecondary educational institution
- The extent to which instruction could be offered at sites other than public school sites
- The manner in which funding for instruction is provided
- The feasibility of providing students, including those with a disability, the option of choosing Advanced Placement credit or College Level Examination Program (CLEP) credit as an alternative to dual enrollment upon completion of a dual enrollment course

F.S. 1007.27 (11)

STATE UNIFORM TRANSFER STUDENTS OF HIGH SCHOOL CREDITS

Grade level placement and acceptance of credits for transfer students, to include students from out of state and from foreign countries, will be in accordance with the following:

1. Evidence of work or credits offered for acceptance shall be based on an official transcript or cumulative folder and shall be accepted at face value subject to validation for school's accreditation. If validation is necessary, or if the student does not possess an official transcript or is a home education student, credits shall be validated through performance during the first grading period, as outlined in Section 2.
2. Validation of credits shall be based on performance at the receiving school. A student transferring into a school shall be placed at the appropriate sequential course level and should have a minimum grade point average of 2.0 at the end of the first grading period. Students who do not meet this requirement shall have credits validated using the Alternative Validation Procedure, as outlined in Section 3.
3. If validation based on performance is not satisfactory or is not an option because a course is not part of a sequence, or the student is not continuing the sequence, then one of the following alternatives shall be used for validation purposes as determined by the teacher, principal and parent:
 - a. Portfolio evaluation by the Superintendent or designee;
 - b. Written recommendation by a Florida certified teacher selected by the parent and approved by the principal;
 - c. Demonstrated performance in courses taken through dual enrollment or at other public or private accredited schools;
 - d. Demonstrated proficiencies on nationally-normed standardized subject area tests;
 - e. Demonstrated proficiencies on the FCAT; or
 - f. Written review of the criteria utilized for a given subject provided by the former school.
4. Credits earned by a home education student through the Florida Virtual School or through a Florida community College will be accepted at face value. Home education students are eligible to participate in dual enrollment, vocational dual enrollment, early admission and credit by examination.
5. Work and credits transferred from other states shall be evaluated in terms of the requirements of the state where such credit was earned, and district graduation requirements are not retroactive. Students who enter a Florida public high school at the eleventh or twelfth grade from out-of state or from a foreign country shall not be required to spend additional time in a Florida public school in order to meet the high school requirements if they would have met graduation requirements from the school district, state, or country from which he or she is transferring. Such students who are not proficient in English should receive immediate and intensive instruction in English language acquisition. However, to receive a standard high school diploma, a transfer student must earn a 2.0 grade point average and pass the grade 10 FCAT specified in s 1008.22(3), or an alternate assessment as specified in s 1008.22(9).

F.S. 1003.433 (1), 6A-1.09941 F.A.C.

Home Education students transferring into Indian River County Public Schools must be full-time students during their last academic year prior to graduation and must earn a minimum of seven credits during their Indian River County district high school enrollment in order to receive a diploma from the district. These seven credits must include one credit of English, one credit in math, and one credit for a lab science.

Students with credit awarded for Home Education programs shall be eligible to be ranked in their graduating class only if they have been enrolled in a specific Indian River County high school for a minimum of one year and seven credits. No ranking in the top ten students of a graduating class shall be permitted for a transferring Home Education student with less than a minimum of two years and fourteen credits earned in a specific Indian River County high school.

Home Education students may participate in vocational dual enrollment, dual enrollment, early admission and credit by examination programs.

Credits will be accepted from the Florida Virtual School.

High School credit will be awarded to middle school students who successfully complete high school courses.

GRADING OF DUAL ENROLLMENT COURSEWORK

If a student is awarded a “W” by a post-secondary institution with which the School District has a dual enrollment agreement, the “W” cannot be changed to an “F” by the high school. A “W” will be treated the same as an “NG” and will not be calculated into the grade point average.

WEIGHTED GRADE POLICY

The following guidelines regarding the weighting of grades shall be utilized at each district high school.

- i. The courses to be weighted shall be those designated by the State of Florida Department of Education as “Level Three” courses.
- ii. Weighting shall be applied as follows:
 1. All Level Three courses including International Baccalaureate (IB), Advanced Placement (AP), Dual Enrollment and Honors courses will be weighted at an additional 1.0 grade point.
 2. School districts and community state colleges must weigh dual enrollment courses the same as Advanced Placement, International Baccalaureate and Advanced International Certificate of Education courses when grade point averages are calculated.
 3. “D” grades will not receive additional weighting.

- iii. A course taken while such course is eligible for weighting shall remain weighted at its original level even if the course is deleted from the list of eligible courses, if the weighting changes, or if there is a policy change.
- iv. All grades will be used in the calculation of the weighted GPA except grades of "D" or "F" that subsequently retaken for forgiveness and a grade of "C" or better has been earned.
- v. A student whose schedule changes in the middle of a semester from a weighted to an unweighted class will have the following apply: If the student has one quarter in a weighted class and one quarter in an unweighted class and takes the semester exam in the unweighted class the students will not receive weighted credit since 60% of the grade is unweighted. Conversely, a student who has one quarter in an unweighted class and one quarter in a weighted class and takes the semester exam in the weighted class may receive a weighted grade since 60% of the grade was in a weighted class. In order to receive extra weight, the final semester grade must be a C or better.
- vi. Weighting will apply for the purposes of Class Rank (valedictorian, salutatorian, top 10%, etc.) Spring awards will be based on calculations at the end of the 7th semester.

BRIGHT FUTURES INFORMATION

In 1997, the Florida Legislature created the Florida Bright Futures Scholarship Program to reward students for their academic achievements during high school by providing funding to attend post-secondary education in Florida. A student graduating from high school during the 2011-2012 academic year and applying for state aid for the following academic school year must apply for a Florida Bright Futures Scholarship after December 1 and prior to high school graduation. A student may receive funding for only one award. The highest award earned by the student will be selected. In addition to meeting specific program eligibility requirements, students must also meet general eligibility requirements for receipt of state aid.

Community Service for the three categories for the Bright Futures Scholarship Program:

1. **Florida Academic Scholars (FAS)** – must complete 100 hours of community volunteer service

2. **Florida Medallion Scholars (FMS)** – must complete 75 hours of community volunteer service

3. **Gold Seal Vocational (GSV)** – must complete 30 hours of community volunteer service

In order to be eligible to apply for this financial assistance when entering college/university, high school students must complete volunteer hours prior to high school graduation.

Academic Requirements to Qualify for Bright Futures:

Florida Academic Scholars Award

3.5 weighted GPA using the credits listed below, combined with the test scores and community service hours listed below.

Courses must include 16 credits of college preparatory academic courses.

- 4 English (3 with substantial writing)
- 3 Natural Science (2 with substantial lab)
- 2 Foreign Language (sequential, in the same language)
- 4 Mathematics* (Algebra I level and above)
- 3 Social Science

Total - 16 Credits

Florida Medallion Scholars (FMS) Award

3.0 weighted GPA using the credits and test score listed below.

Courses must include 16 credits of college preparatory academic courses.

- 4 English (3 with substantial writing)
- 3 Natural Science (2 with substantial lab)
- 2 Foreign Language (sequential, in the same language)
- 4 Mathematics* (Algebra I level and above)
- 3 Social Science

Total - 16 Credits

Florida Gold Seal Vocational Scholars Award

3.0 weighted GPA using the 16 core credits required for high school graduation with a 4-year diploma (listed below), and a 3.5 unweighted GPA in a minimum of three Career and Technical Education credits in one vocational program (taken over two academic years), and test scores listed below.

Credits must be in the 16 core credits required for high school graduation with a 4-year diploma.

4-year Diploma

Credits must include the 16 core credits required for high school graduation.

- 4 English
- 4 Mathematics (including Algebra I)
- 3 Natural Science (2 with substantial lab)
- 3 Social Science (U.S. Hist., World Hist., U.S. Govt. and Economics)
- 1 Fine; OR Identified Practical Art; OR .5 credit in each
- 1 Physical Education (to include integration of health)

Total - 16 Credits

*Plus a minimum of three Career and Technical Education credits in one vocational program taken over at least 2 academic years

3-year Career Preparatory Diploma** with a 3.0 weighted GPA using the 14 core credits required for graduation listed below

- 4 English (3 with substantial writing)
- 4 Mathematics (including Algebra I)
- 3 Natural Science (2 with substantial lab)
- 3 Social Science (U.S. Hist., World Hist., U.S. Govt., and Economics)

Total - 14 Credits

3-year College Preparatory Diploma** with 3.0 weighted GPA using the 16 core credits required for graduation listed below

- 4 English (3 with substantial writing)
- 4 Mathematics (Algebra I and above)
- 3 Natural Science (2 with substantial lab)
- 3 Social Science (U.S. Hist., World Hist., U.S. Govt., and Economics)
- 2 Foreign Language (in the same language)

Total - 16 Credits

For Additional Information on Bright Futures - Go to Website for complete details:

<http://www.floridastudentfinancialaid.org/SSFAD/bf/>

EXCEPTIONAL STUDENT EDUCATION

The progression plan for students with disabilities has been designed to accommodate the varied needs of students who require educational modifications in order to achieve. This plan will ensure that students in exceptional education who receive a standard diploma will attain equivalent competencies prescribed for non-handicapped students and that students receiving other than a standard diploma or certificate of completion will attain the acceptable level of competency prescribed for that diploma option.

COURSE ADAPTATIONS FOR STUDENTS WITH DISABILITIES

Adaptations to courses may be defined as:

- accommodations – changes in how material is presented or learned and how the student mastery of coursework is demonstrated
- modifications – changes in what material is presented and learned and how the student mastery of modified coursework is demonstrated

Note: Students receiving accommodations are typically following the same Next Generation Sunshine State Standards as those required of general education students. Students receiving modifications are typically following the **Next Generation** Sunshine State Standards Access Points.

Accommodations are provided in basic and vocational courses as necessary to assure students with disabilities the opportunity to meet graduation requirements for a standard diploma. Accommodations do not include modifications to the curriculum frameworks or Sunshine State Standards.

Accommodations to courses may include, but are not limited to the following:

- instructional time may be increased or decreased
- instructional methodology may be varied
- special communications systems may be used by the teacher or the students
- classroom and district assessment procedures may be varied as specified in Rule 6A-1.0943, FAC, to accommodate the student with special needs.

Vocational courses are modified as necessary to assure students with disabilities the opportunity to meet graduation requirements for a standard or special diploma. Modified course outcomes are specified in the Individual Education Plan and must be completed for the student to receive course credit.

When adapting basic courses, one of the following strategies is utilized:

- assignment of the student with disabilities to an exceptional education class for instruction in a basic course with the same Next Generation Sunshine State Standards as those required in the Student Progression Plan of general education students
- assignment of the student with disabilities to a basic class that is modified to meet the individual needs of the student.

The strategy determination is based on an assessment of individual student needs and is reflected in the student's Individual Education Plan.

FS 1003.43

PROMOTION OF STUDENTS WITH A DISABILITY

Promotion is based upon the satisfactory completion of the approved materials and/or textbooks for the assigned ESE grade level based on the district's grading system.

RETENTION/ASSIGNMENT OF STUDENTS WITH A DISABILITY

Elementary and Middle: Refer to the Individual Education Plan (IEP) Committee.

High School: Refer to Student Progression Plan – Grades 9 – 12. (Student Diploma)

The school district may exempt students with disabilities in grade 3 who demonstrate a continued deficiency in reading from mandatory retention only for good cause. These good cause exemptions are now specific in statute and are limited to the following:

1. students with disabilities, whose individual education plan (IEP) indicates that participation in statewide assessment is not appropriate, consistent with the requirements of State Board of Education rule
2. students with disabilities who participate in FCAT and who have an individual educational plan or a Section 504 plan that reflects they have received intensive remediation in reading for more than two years but still demonstrate a deficiency in reading and were previously retained in grades K, 1, or 2.

EXTENDED SCHOOL YEAR

Extended school year services may be provided for any student who would severely regress in his/her skills and overall functioning as demonstrated by supporting documentation to include the objectives on an IEP or a Summary of Skills or lack thereof.

GRADUATION OPTIONS FOR STUDENTS WITH A DISABILITY (HIGH SCHOOL)

STANDARD DIPLOMA

A standard high school diploma will be awarded to students who meet the credit requirements and demonstrate mastery of the State Student Performance Standards that apply, have the state required grade point average and pass the state required test.

1. A student with a disability who passes a standard diploma course(s) can apply that course(s) to fulfill the requirements for the other than standard diploma.
2. A student with a disability enrolled in other than a standard diploma course who has not completed that course can transfer into the equivalent standard diploma course.
3. Students with emotional or behavioral disabilities should be enrolled in a Social and Personal Skills class (ESE 7963070) which will be counted as an elective.
4. Students in the Self-Contained Program for students with emotional or behavioral disabilities seeking a standard diploma should be enrolled in a Social and Personal Skills class (ESE 7963070) in the ninth and tenth grades. The course may be taken all four years and count towards graduation as an elective.

A standard diploma course may be taught by either general education or ESE teacher(s).

OTHER THAN STANDARD DIPLOMA (SPECIAL DIPLOMA)

The Florida Department of Education has created Next Generation Sunshine State Access Points as a way for students with significant cognitive disabilities to access the general education curriculum. These Access Points are designed to reflect the core intent of the Next Generation Sunshine State Standards with reduced levels of complexity. The standards are assessed using the Florida Alternate Assessment.

An other than standard diploma may be issued to students in the following programs:

Intellectual disability	Orthopedic impairment
Deaf or hard of hearing	Traumatic brain injury
Emotional or behavioral disability	Other health impairment
Dual sensory impaired	Specific learning disability
Language impairment	Autism spectrum disorder
Vision impairment	

1. A student with disabilities who has not completed a standard diploma course may transfer to another than standard diploma course (special diploma) and apply any passed Next Generation Sunshine State Standards for general education to the Next Generation Sunshine State Access Points.
2. Documentation to determine mastery of Next Generation Sunshine State Access Points for each course will be the responsibility of the teacher(s) and must be included in the student's permanent records (checklists, etc.). The teacher certifying mastery must date and sign the standard when mastery is achieved.

HIGH SCHOOL SPECIAL CERTIFICATE OF COMPLETION REQUIREMENTS

A student classified as trainable mentally handicapped or profoundly handicapped may be issued a Special Certificate of Completion and may participate in commencement exercises when he/she has mastered 70% of his/her twelfth grade Individualized Educational Plan skills if he/she is unable to meet the requirements of the special diploma. A student who has been identified as a student with an intellectual disability; autism spectrum disorder; deaf; a specific learning disability, emotional or behavioral disability may be issued a Special Certificate of Completion when:

1. all local course requirements have been met, but he/she is unable to master the Next Generation Sunshine State Access Points; or
2. the student has demonstrated to the satisfaction of a review committee consisting of Parent, Principal/Designee, ESE Administrator that the basic life skills have been mastered and are being applied.

Where a pupil files a written request from his parent or guardian and a written statement from a licensed practicing physician certifying that a required course would be physically or mentally harmful to him, the principal shall grant an exemption from taking the course; provided, that such documents are made a part of the student's records; provided further, that no exemption shall be granted for any other course required by law. Where such an exemption is granted the principal shall determine the course, which the student will take in lieu of the required course.

FS 1003.438

MINIMUM SUBJECT AREA REQUIREMENTS FOR OTHER THAN STANDARD DIPLOMA

SPECIAL DIPLOMA OPTION 1

Completion of **Next Generation** Sunshine State Standards Access Points and 19-24 credits including:

SUBJECT AREAS *Exceptional Education Courses*

Language Arts (2 credits of reading may be substituted.)	3 credits
Mathematics	2 credits
Life Management and Transition (ESE) Life Management	1 <i>credit</i> or .5 credit
Post-school Adult Living (1 credit of Social Studies may be substituted)	2 credits
Practical Technology Science	1 credit
Vocational/Career Courses	2+ credits
Employability Skills	1
Additional Vocational or Elective Courses	7+ credits

General education courses may be substituted for exceptional education courses.

Exception to requirements can only be modified with approval from the Executive Director of Exceptional Student Education.

HIGH SCHOOL SPECIAL DIPLOMA OPTION 2

SPECIAL DIPLOMA OPTION 2 is an individually designed diploma option that may meet the needs of young adults with disabilities in accordance with their IEP. A student who has been identified, in accordance with the rules established by the State Board of Education, as a student with disabilities who has an intellectual disability; an autism spectrum disorder; a language impairment; an orthopedic impairment; and other health impairment; a traumatic brain injury; an emotional or behavioral disability; a specific learning disability, including, but not limited to, dyslexia, dyscalculia, or developmental aphasia; or students who are deaf or hard of hearing or dual sensory impaired may be issued an Option 2 Diploma and may participate in commencement exercises when the following requirements are met:

8. successful employment in the community for a minimum of one semester, at or above minimum wage.
9. achievement of annual goals and short-term objectives related to employment and community and community competencies specified on their Employment and Community Competencies Plan.

A student in 9th grade may begin the course of study that may lead to graduation under Option 2. A letter of explanation regarding diploma options will be sent to parents prior to the IEP meeting where Option 2 will be considered. Parent participation in the decision for a student to begin this course of study will be solicited through standard IEP procedures for parent involvement.

Mastery of community and employment competencies listed on the Plan will be certified by a team of teacher/educators. This certification will require the date of certification and the signature of the persons certifying the competencies.

A student may transfer from Special Diploma Option 1 to Option 2 if the Transition IEP team determines a need for competency based educational placement. An assessment of competencies gained in previous credit based classes will be documented on the Plan.

The School Board's requirements for demonstration of mastery of specified employment and community competencies ensure:

1. The student has achieved all the annual goals and short-term objectives, which were specified on the IEP, related to the employment and community competencies.
2. The student is employed in a community-based job, for the number of hours per week specified in the training plan, for the equivalent of one (1) semester, and paid a minimum wage in compliance with the requirements of the Fair Labor Standards Act.
3. The student has mastered the employment and community competencies specified in the training plan. The training plan is developed and signed by the student, parent, teacher, and employer prior to placement in employment and identifies the following:

- a. The expected employment and community competencies
 - b. The criteria for determining and certifying mastery of the competencies
 - c. The work scheduled and minimum number of hours to be worked per week; and
 - d. A description of the supervision to be provided by school district staff.
4. Student mastery of performance standards may be documented through tracking sheet checklist, grades, or samples of student work. Written documentation of student mastery must minimally include the date each standard was mastered, and the sign off by the teacher who verified mastery. Written documentation shall be maintained until the student has graduated.

A student may transfer from Option 2 to Special Diploma Option 1 or a Standard Diploma with the understanding that 19-24 credits are required for Special Diploma Option 1 and 24 credits are required for Standard Diploma graduation. (See Special Diploma to Standard Diploma transfer requirements.)

A student may graduate prior to his/her peers with the permission of the principal.

For more specific information, see School District of Indian River County Special Diploma Option II procedural manual.

FS 1003.438

ENHANCED NEW NEEDED OPPORTUNITY FOR BETTER LIFE AND EDUCATION FOR STUDENTS WITH DISABILITIES (ENNOBLES) ACT

The School District of Indian River County will provide instruction to prepare students with disabilities to demonstrate proficiency in the skills and competencies necessary for successful grade-to-grade progression and high school graduation.

FCAT WAIVER

The ENNOBLES Act also provides, in, for the waiver of the FCAT requirement for graduation with a standard diploma for certain students with disabilities who have met all other requirements for graduation with a standard diploma, except a passing score on the FCAT. In order for the FCAT graduation requirement to be waived, the individual educational plan (IEP) team must meet during the student's senior year to determine whether or not the FCAT can accurately measure the student's abilities, taking into consideration allowable accommodations. "Senior year" refers to the first time that a student has enough credits to be classified as a senior, and to those students with disabilities who have elected to remain enrolled in order to seek a standard diploma.

In accordance with the Individuals with Disabilities Education Act (IDEA), students with disabilities may receive services through the public school system through age 21 (i.e., until their 22nd birthday or, or at the option of the school district, the school year in which the student turns age 22) or until they graduate with a standard diploma, whichever occurs first. Consistent with the provisions of Section 1003.43(11)(a), F.S., any senior who has not achieved a passing score on the FCAT must receive intensive remediation. Section 1003.43(11)(b), Florida Statutes (F.S.)

POST-SECONDARY TRANSITION

Students may continue to work toward mastery of their IEP goals and requirements for graduation through the end of the school year in which they turn 22 so long as they do not graduate with a standard diploma. The ESE Department will work to develop a Transitions Program designed for students between 18 and 22 working to complete a Special Diploma. The program will be for students who continue to require additional support and services to achieve their post-secondary goals. An IEP team will determine eligibility to this program as well as mastery and completion of the program or meeting exit criteria.

STUDENT PROGRESSION: GLOSSARY OF TERMS

Academic Recovery/Acceleration – Remediation and homework help provided by district personnel outside of the traditional school day.

Accelerated Learning Centers – Credit Recovery (ALS) – Credit recovery services are provided for students during the school day, before and after school and during the summer.

Access Points for Students with Significant Cognitive Disabilities – The Next Generation Sunshine State Standards Access Points are expectations written for students with significant cognitive disabilities to access the general education curriculum. Embedded in the State Standards, Access Points reflect the core intent of the standards with reduced levels of complexity.

Accommodations – Changes to the way a student is taught or how a student is tested.

Accreditation – Indian River County Public High Schools are accredited based on the standards set by the Southern Association of Colleges and Schools (SACS).

Alternate Assessment – The Florida Alternate Assessment is an alternate achievement, performance-based test that is aligned with the Next Generation Sunshine State Standards Access Points for students with significant cognitive disabilities who, as determined by the IEP team, meet the two exemption criteria defined by state legislation (determined by responses of “yes” on each of five questions on the *Florida Alternate Assessment Participation Checklist*) for whom participation in state- and district-wide assessments is deemed to be inappropriate.

Alternative Assessment – An assessment, other than the FCAT, that is given to third grade students to show proficiency in the tested benchmark areas (examples: SAT 9/10, portfolio, etc.).

ALS: Accelerated Learning System (A+ Learning System software)– Provide dropout prevention recovery for at-risk students who are in danger of dropping out of school, or who are in need of additional course/credits. The *A+ Learning System* software program consists of an Internet-deliverable instructional management system supported by standards-based assessment tools and core curriculum for grades 6-12. Students earn credits through successful completion of rigorous course matrices which meet all district and state standards (Grades 6-12).

AYP (Adequate Yearly Progress) – No Child Left Behind federal legislation requires that each child make adequate yearly progress.

Credit Acceleration Program (CAP)- A student who is not enrolled in or has not completed the related course can take the standardized EOC during the regular administrations of the assessments, a passing score equates to earning credit in the class.

Comprehensive English Language Learning Assessment (CELLA) – An assessment that the State of Florida uses to measure the growth of students classified as English Language Learners (ELL) in mastering the areas of reading, writing, listening, and speaking in English.

ELL (English Language Learners) – ELL and Limited English Proficient (LEP) are frequently used interchangeably to describe a student whose first language is not English while ESOL refers to the program itself.

EP (Educational Plan) – A legal written plan required by the Florida Department of Education for students in the gifted program.

ePEP (Online Personal Education Planner) – Students who enter Grade 6 for the first time in 2006-2007 and beyond are required to complete an ePEP as part of a career program in Grade 8 and update yearly in grades 9-11 as part of the course registration process in high school.

ESE (Exceptional Student Education) – This is the name given in Florida to educational programs and services for students with special learning needs (including those who have disabilities and those who are gifted). It is sometimes called special education.

End of Course Assessments (EOC)- EOC assessments are rigorous, statewide, standardized assessments developed and approved by the Florida Department of Education. EOC assessments for a subject are administered in addition to the comprehensive assessments. The content knowledge and skills assessed by EOC assessments are aligned to the core curricular content established in the Next Generation Sunshine State Standards.

ESOL (English for Speakers of Other Language) – This is a program for students whose first language is not English. Special teaching materials, techniques, strategies, and testing accommodations are used to assist these students in achieving English proficiency.

Extended School Year Services (ESY) – Individualized instructional services beyond the regular 180 day school year for eligible students with disabilities receiving Exceptional Student Education services.

Florida Comprehensive Assessment Test (FCAT 2.0) – The State of Florida's assessment given annually to students in grades 3-10.

Formative Assessments – Classroom-based assessments that are utilized to assess mastery of concepts and skills taught in the specific course which informs teachers of instructional adjustments to help students master standards.

GED Option – Provides intense instructional preparation for students in order to facilitate successful completion of GED testing leading to the awarding of a GED.

Good Cause Exemption – One of six possible reasons defined in Florida Statutes for a third grade student who has not scored Level 2 on FCAT 2.0 Reading to be promoted to fourth grade.

Health Opportunities through Physical Education (H.O.P.E.) – This one credit physical education course includes integration of health and is required for graduation for those students who elected a standard diploma and who entered the 9th grade for the first time in 2007-2008 and beyond. It replaces for those students the ½ credit personal fitness, ½ credit elective PE, and ½ credit Health/Life Management. The purpose of this course is to develop and enhance healthy behaviors that influence lifestyle choices and student health and fitness.

IEP (Individual Education Plan) - A written, legal plan required by the Individuals with Disabilities Act that is developed, reviewed, and revised in a meeting with an IEP team, not less than annually, for a student with a disability.

Intensive Mathematics – Improve math skills of students who have scored a Level 1 on FCAT Mathematics.

Intensive Reading – Intensive reading instruction or reading intervention for students who scored a Level 1 or Level 2 disfluent on FCAT Reading in grades 6 – 12. This is in addition to the regular English class.

Kindergarten Screening – A statewide screening to assess the readiness of students based on state performance standards. The kindergarten screening is required within the first 30 days of the student's enrollment.

LAS (The Language Assessment Scales Test) – This test is administered to assess the aural/oral skills of a student for whom English is a second language.

Mid-Year Promotion - Mid-year promotion means promotion of a retained student at any time during the year of retention once the student has demonstrated ability to read at grade level.

Modifications – Changes to what a student is expected to learn. If a course is modified, there is a reduction to the amount of material a student must master in order to pass the course. Modifications to core academic grade level standards are reflected as Special Standards.

Performance-Based Diploma (GED Exit Option) - – An academic and career oriented program designed to assist students in obtaining a district high school diploma. The program is for students 16 years or older, who perform below grade level, have academic deficiencies, a history of absenteeism, and a desire to complete requirements to obtain a high school diploma. The program addresses the student's need to develop and improve academic performance and work ethic (e.g., student 16 years or older who are at risk of not graduating).

Portfolio – The student portfolio contains a systematic collection of evidence used by a teacher or home school parent to monitor the student's academic growth over a period of time.

Progress Monitoring Plan (PMP) – A school-wide or individualized student plan to target instruction and to identify methods to assist the student or school in meeting state and district expectations for proficiency. Students with an IEP, ELL Plan or 504 plan which addresses deficits in reading, writing, science, and/or mathematics meet the requirements of a progress monitoring plan for a documented deficit.

Student Progression Plan

Appendix A

Indian River County

Semester Grades - Grade 6

Nine Week Grades	Semester Grade
A+ & A+	A
A+ & A	A
A+ & B+	A
A+ & B	A
A+ & C+	B
A+ & C	B
A+ & D+	B
A+ & D	B
A+ & F	C
A & A	A
A & B+	A
A & B	A
A & C+	B
A & C	B
A & D+	B
A & D	B
A & F	C
B+ & B+	B
B+ & B	B
B+ & C+	B
B+ & C	B
B+ & D+	C
B+ & D	C
B+ & F	C
B & B	B
B & C+	B
B & C	B
B & D+	C
B & D	C
B & F	C
C+ & C+	C
C+ & C	C
C+ & D+	C
C+ & D	C
C+ & F	D
C & C	C
C & D+	C
C & D	C
C & F	D
D+ & D+	D
D+ & D	D
D+ & F	D
D & D	D
D & F	D
F & F	F

Numeric Scale	
100-98	A+
97-90	A
89-88	B+
87-80	B
79-78	C+
77-70	C
69-68	D+
67-60	D
59-0	F

*Note - A nine week or unit test will be given during the scheduled time for semester exams

Appendix D Indian River County

The International Baccalaureate Diploma Program

The International Baccalaureate Diploma is rigorous pre-university course of studies, leading to internationally standardized examinations that meet the needs of highly motivated high school students. The program is designed as a comprehensive two-year curriculum that allows its graduates to fulfill requirements of various national education systems.

Diploma candidates are required to select one subject from each of six subject groups. At least three and not more than four are taken at the higher level (HL), the others at standard level (SL). HL courses represent 240 teaching hours; SL courses cover 150 hours. Students explore subjects in depth more broadly over a two-year period. IB diploma candidates demonstrate mastery by passing a battery of comprehensive written, and in some cases, oral examinations in the subject area.

The six subject groups include:

Language A1:	<i>4 credits</i>	student's first language, including the study of selections from world literature.
Language A2, B, <i>ab initio</i> :	<i>2 credits</i>	second modern language
Individual and Societies:	<i>3 credits</i>	history, geography, economics, philosophy, psychology, social anthropology, business and organization, information technology in a global society, history of the Islamic world.
Experiential Sciences:	<i>3 credits</i>	biology chemistry, physics, environmental systems, design technology
Mathematics:	<i>3 credits</i>	mathematics HL, advanced mathematics SL, mathematics studies, mathematical methods
Theory of Knowledge:	<i>1 credit</i>	
Arts and Electives:	<i>8 credits</i>	must include at least one AP or IB course.

Other requirements:

- 1) Extended essay that includes original research and a 4000-word essay. Creativity, Action, Service (CAS) requires a minimum of 150 hours outside the world of scholarship to be divided with an equal distribution between the areas.

Resolution 2012-04

A RESOLUTION AUTHORIZING THE ISSUANCE OF TAX ANTICIPATION NOTES, SERIES 2011 OF THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA NOT EXCEEDING THE AGGREGATE PRINCIPAL AMOUNT OF \$16,000,000 TO PROVIDE INTERIM FUNDS FOR THE PAYMENT OF OPERATING EXPENSES OF THE DISTRICT; PLEDGING CERTAIN TAX RECEIPTS TO THE PAYMENT OF THE NOTES; AUTHORIZING CERTAIN REMEDIES TO THE HOLDERS OF THE NOTES AND MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING THE FORM, MATURITY DATE, AND CERTAIN PARAMETERS WITH RESPECT TO THE OTHER TERMS AND DETAILS OF THE NOTES; AUTHORIZING THE AWARDED OF SAID NOTES PURSUANT TO A PUBLIC BID; DELEGATING CERTAIN AUTHORITY TO THE SUPERINTENDENT FOR THE AWARD OF THE NOTES AND APPROVAL OF THE TERMS OF THE NOTES; APPOINTING THE PAYING AGENT AND NOTE REGISTRAR FOR SAID NOTES; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING CERTAIN OFFICIALS OF THE BOARD TO TAKE ALL ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID NOTES; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 1011, Florida Statutes, as amended, and other applicable provisions of law.

SECTION 2. DEFINITIONS. The following capitalized terms shall have the following meanings herein, unless the text otherwise expressly requires:

"**Act**" means Chapter 1011, Florida Statutes, as amended.

"**Board**" means The School Board of Indian River County, Florida, the governing body of the District.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Computation Date**" means any date of calculation of the Cumulative Cash Flow Deficit.

"**Continuing Disclosure Certificate**" means the Continuing Disclosure Certificate to be executed by the District on or prior to the issuance of the Notes, the form of which is attached hereto as Exhibit D.

"**County**" means Indian River County, Florida, a political subdivision of the State of Florida.

"**Cumulative Cash Flow Deficit**" means, as of any Computation Date during the Current Fiscal Year, an amount equal to:

(a) The amount the District will expend from the date of issuance of the Notes to such Computation Date for expenditures which would ordinarily be paid out of or financed by ad valorem taxes and other available Non Ad Valorem Funds, minus.

(b) The sum of the "available amounts," as defined in the Code (excluding proceeds of the Notes), whether in the form of cash, investments, or other amounts, which will be available for the payment of working capital expenditures of the type to be paid from the proceeds of the Notes without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Said amounts shall be measured from the date of issuance of the Notes to the Computation Date referred to in paragraph (a) above.

"**Current Fiscal Year**" means the fiscal year of the District which commenced July 1, 2011 and ends June 30, 2012.

"**District**" means the School District of Indian River County, Florida, created by Article IX, Section 4 of the Constitution of Florida.

"**Financial Advisor**" means Ford & Associates, Inc., Tampa, Florida.

"**Holder**" or "**Noteholder**" means the registered owner of a Note.

"Maturity Date" means the maturity date of the Notes, which date shall be no later than June 30, 2012.

"Non-Ad Valorem Funds" means all legally available funds of the District or Board derived from sources other than ad valorem taxation.

"Note" or "Notes" means one or more of the tax anticipation notes authorized by this Resolution in substantially the form attached as Exhibit A hereto, with such modifications as shall be approved by the Superintendent or her designee upon the advice of Note Counsel to the District, approval of such changes to be presumed by the execution thereof by the Superintendent or her designee.

"Note Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida, or such other firm of attorneys having expertise in the state and federal laws applicable to the issuance of public securities and obligations.

"Note Payment Fund" means the School District of Indian River County, Florida Tax Anticipation Notes, Series 2011 Note Payment Fund created by this Resolution.

"Official Bid Proposal" means the Official Bid Proposal that complies with all of the terms and provisions of the Official Notice of Sale and which sets forth an offer to purchase the Notes at the lowest net interest cost to the District.

"Official Notice of Sale" means the Official Notice of Sale pursuant to which the Notes shall be advertised for competitive bid, which Official Notice of Sale shall be substantially in the form attached hereto as Exhibit B.

"Official Statement" means the Official Statement prepared on behalf of the District, dated the date of sale of the Notes and pertaining to the Notes, in substantially the form of the Preliminary Official Statement, a form of which is attached hereto as Exhibit C.

"Operating Budget" means the District's operating budget for the Current Fiscal Year prepared and adopted by the Board in accordance with the Act.

"Paying Agent" or "Note Registrar" means Hancock Bank, Orlando, Florida, its successor or assigns.

"Permitted Investments" means investments from time to time legal for District moneys pursuant to the provisions of Sections 1010.53(2) and 218.415, Florida Statutes, as amended.

"Pledged Revenues" means (a) receipts of ad valorem taxes collected by the Tax Collector of the County for the benefit of the District during the Current Fiscal Year, but only to the extent such tax receipts are levied or legally available for payment of

operating expenses of the District and (b) amounts on deposit in the Note Payment Fund. "Pledged Revenues" shall not include ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes.

"Preliminary Official Statement" shall mean the Preliminary Official Statement "deemed final," except as for permitted omissions, in accordance with Rule 15c2-12 of the Securities and Exchange Commission and Section 17 of this Resolution, the form of which is attached hereto as Exhibit C, with such modifications as shall be approved by the Superintendent or her designee upon the advice of Note Counsel to the District, approval of such changes to be presumed by the execution thereof by the Superintendent or her designee.

"Principal Amount" shall mean not exceeding \$16,000,000, the maximum authorized aggregate principal amount of Notes issued hereunder.

"Purchaser" shall mean the underwriter or underwriters that submit(s) the Official Bid Proposal accepted by the District in accordance with the terms hereof. The Purchaser shall be the initial purchaser and underwriter of the Notes.

"Record Date" shall mean the 15th day of the month (whether or not a business day) immediately preceding the Maturity Date of the Notes.

"Regulations" means the Income Tax Regulations promulgated by the Internal Revenue Service under Section 103 and Sections 141-150 of the Code of 1986.

"State" means the State of Florida.

"Superintendent" means the Superintendent of Schools of the District, Secretary to the Board, and in his or her absence or unavailability, any Deputy Superintendent of the District and such other persons who may be duly authorized to act on the Superintendent's behalf.

"Tentative Budget" means the proposed budget considered by the Board at public hearings, after due notice, for the Current Fiscal Year prior to adoption of the Operating Budget.

SECTION 3. FINDINGS. It is hereby found, determined and declared as follows:

(A) Pursuant to Section 1011.13, Florida Statutes, as amended, and other applicable provisions of law, the school board of any school district in the State of Florida is authorized to negotiate a current loan at any time the current school funds on

hand are estimated to be insufficient to pay obligations created by such school board, in accordance with the applicable budget of such school district.

(B) The Board has caused to be prepared an Operating Budget reflecting the reasonable estimates of receipts and expenditures during the Current Fiscal Year.

(C) The Board, to the extent possible, has endeavored to arrange the expenditures of the District for the Current Fiscal Year so as to make it unnecessary for the District to incur loans.

(D) It is estimated based on the Tentative Budget and the Operating Budget that the school funds will be insufficient, at various times during the Current Fiscal Year, to satisfy obligations to be created by the Board in accordance with the Operating Budget of the District.

(E) It is necessary for the benefit of the schools of the District for a loan to be obtained to meet the disbursement requirements of the Operating Budget, such loan to be retired from Pledged Revenues anticipated to be received in accordance with the Operating Budget and, if necessary, from the Non-Ad Valorem Funds.

(F) The loan or loans shall be evidenced by the issuance of the Notes (or installments thereof), in the aggregate principal amount not exceeding the Principal Amount. The principal of and the interest on the Notes will be payable at maturity.

(G) The Principal Amount shall be less than 80% of the amount to be available from taxes levied by the District for operating purposes for the Current Fiscal Year.

(H) The Principal Amount does not exceed the Cumulative Cash Flow Deficit plus any reasonable working capital reserve not in excess of the amount permitted by Section 1.148-6(d)(3)(iii)(B) of the Regulations.

(I) The loan or loans, as evidenced by the Notes and computed as prescribed by Section 1011.13, Florida Statutes, as amended, will be, in the aggregate, not in excess of the amount necessary for the proper operation of the schools in the District.

(J) The Notes will be payable as to both principal and interest from the Pledged Revenues estimated in the Tentative Budget and the Operating Budget to be available, and, if necessary, are additionally payable from, but are not secured by, the Non-Ad Valorem Funds. Neither the faith and credit nor the taxing power of the State of Florida, the County, or the District are pledged to the payment of the principal of or the interest on the Notes.

(K) It is estimated that the Pledged Revenues will be sufficient to pay the principal of and interest on the Notes when due.

(L) The Superintendent has authorized Note Counsel to prepare a Preliminary Official Statement on behalf of the District, and it is necessary and desirable that the Board delegate to the Superintendent the authority to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to authorize the use of the Preliminary Official Statement and a final Official Statement in connection with the marketing and competitive sale of the Notes in accordance with the terms hereof.

(M) It is necessary and desirable that the Notes be issued in book-entry only form and that the Superintendent be authorized to make such provision and perform such acts as are necessary to provide for the issuance of the Notes in book-entry-only form.

(N) In accordance with Section 218.385, Florida Statutes, and pursuant to this Resolution, the Notes shall be advertised for competitive bids pursuant to the Official Notice of Sale, the form of which is attached hereto as Exhibit B.

(O) Pursuant to the Official Notice of Sale, competitive bids received on such date and time as is determined by the Superintendent in accordance with the terms and provisions of the Official Notice of Bond Sale, shall be publicly opened and announced.

(P) Due to the present volatility and uncertainty of the market for tax-exempt obligations such as the Notes, it is desirable for the District to be able to advertise and award the Notes at the most advantageous time and date which shall be determined by the Superintendent; and, accordingly, the District hereby determines to delegate the advertising and awarding of the Notes to the Superintendent within the parameters described herein.

(Q) It is necessary and appropriate that the Board determine the parameters for the terms and details of the Notes and to delegate certain authority to the Superintendent for the award of the Notes and the approval of the terms of the Notes in accordance with the provisions hereof.

(R) In the event Note Counsel shall determine that the Notes have not been awarded competitively in accordance with the provisions of Section 218.385, Florida Statutes, the Board shall adopt such resolutions and make such findings as shall be necessary to authorize and ratify a negotiated sale of the Notes in accordance with said Section 218.385, Florida Statutes.

SECTION 4. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Notes authorized to be issued hereunder, this Resolution shall be deemed to be and shall constitute a contract between the District, the Board and the Holders of any Notes. The covenants and agreement herein set forth to be performed by the District and the Board shall be for the equal benefit, protection and security of the Holder of each such Note, all of which shall be of equal rank and without

preference, priority or distinction of any of such Notes over any other thereof, except as expressly provided therein and herein.

SECTION 5. AUTHORIZATION, DESCRIPTION AND BOOK-ENTRY PROVISIONS OF THE NOTES. For the purpose of financing the cost of obligations incurred in the ordinary operations of the District in the Current Fiscal Year there are hereby authorized to be issued "School District of Indian River County, Florida Tax Anticipation Notes, Series 2011," in the aggregate principal amount not to exceed \$16,000,000. The exact aggregate principal amount of Notes to be issued pursuant to this Resolution shall be determined by the Superintendent in accordance with the terms of this Resolution; provided such amount shall not exceed \$16,000,000.

The Notes may be issued in one or more installments. The Notes shall be dated, shall be in denominations of \$5,000 or integral multiples thereof, as agreed to between the District and the Purchaser, shall be in fully-registered form, shall mature at such time and shall bear interest from their date until maturity, calculated on a 360-day year basis (consisting of twelve 30-day months), payable at maturity at a rate not to exceed the maximum rate allowed by law, all as provided in the Official Bid Proposal. The Notes shall not be redeemable prior to maturity.

The Notes shall initially be issued in book-entry only form. The Notes shall be registered to Cede & Co., as nominee for The Depository Trust Company ("DTC"). All payments for the principal of and interest on the Notes shall be paid in lawful money of the United States of America, by check, draft or wire transfer to DTC.

To the extent permitted by the provisions of the DTC Blanket Issuer Letter of Representations executed by the District and delivered to DTC (the "DTC Blanket Letter of Representations"), the District shall issue Notes directly to beneficial owners of Notes other than DTC, or its nominee, in the event that:

- (i) DTC determines not to continue to act as the securities depository for the Notes; or
- (ii) The Board has advised DTC of its determination that DTC is incapable of discharging its duties; or
- (iii) The Board, upon compliance with applicable DTC policies and procedures, determines that it is in the best interest of the District not to continue the book-entry system or that the interest of the beneficial owners of the Notes might be adversely affected if the book-entry system is continued.

Upon occurrence of either of the events described in clauses (i) or (iii) above (the Board undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Board to make any such determination) or if the Board

fails to locate another qualified securities depository to replace DTC upon occurrence of either of the events described in clauses (i) or (ii) above, the Board shall mail a notice to DTC for distribution to the beneficial owners of the Notes stating that DTC will no longer serve as securities depository, whether a new securities depository will or can be appointed, the procedures for obtaining authenticated replacement Notes and the provisions which govern the Notes including, but not limited to, provisions regarding authorized denominations, transfer and exchange, principal and interest payments and other related matters. The DTC Blanket Letter of Representations previously executed and delivered by the District shall apply with respect to the Notes.

SECTION 6. EXECUTION AND AUTHENTICATION OF NOTES.

The Notes shall be executed in the name of the District by the Chairman or Vice Chairman of the Board, and attested and countersigned by the Superintendent, as ex-officio Secretary of the Board, and the corporate seal of the District or a facsimile thereof shall be affixed thereto or reproduced thereon. The Notes may be signed and sealed on behalf of the District by any person who at the actual time of the execution of such Notes shall hold such offices in the District, although at the date of such Notes such person may not have been so authorized. The Notes may be executed by the facsimile signatures of the Chairman or Vice Chairman or Superintendent so long as the Notes bear one manual signature.

There shall be a Certificate of Authentication of the Note Registrar on the Notes, and no Note shall be valid or obligatory for any purpose or be entitled to any security or benefit under the provisions of this Resolution unless such certificate shall have been duly executed on such Notes. The authorized signature for the Note Registrar shall be either manual or in facsimile, provided, however, that at least one of the above signatures, including that of the authorized signature for the Note Registrar, appearing on the Notes shall be a manual signature.

SECTION 7. NOTES MUTILATED, DESTROYED, STOLEN OR LOST. In case any Note shall be mutilated, destroyed, stolen or lost, upon the Holder furnishing the District proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may prescribe and paying such expenses as the District may incur, the District shall issue and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Note, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Note, upon surrender of such mutilated Note, if any, to the District and the cancellation thereof; provided however, if the Note shall have matured or be about to mature, instead of issuing a substitute Note, the District may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof. Any Note surrendered under the terms of this Section 7 shall be cancelled by the Superintendent.

Any such duplicate Note issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the District whether or not, as to duplicate Notes, the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the special funds, as hereinafter pledged, to the same extent as the other Notes issued hereunder.

SECTION 8. REGISTRATION AND TRANSFER OF NOTES. The following Section 8 is subject to the provisions of the DTC Blanket Letter of Representations.

All Notes shall be and shall have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and each successive Holder, in accepting any of the Notes, shall be conclusively deemed to have agreed that such Notes shall be and have all of said qualities and incidents of such negotiable instruments.

There shall be a Note Registrar with respect to each series or installment of Notes, which shall be the Superintendent or a bank or trust company located within or without the State of Florida with corporate trust powers. The Note Registrar initially shall be Hancock Bank, Orlando, Florida. The Note Registrar shall be responsible for maintaining the books for the registration of the transfer and exchange of the Notes.

All Notes presented for transfer, exchange or payment (if so required by the District or the Note Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the District or the Note Registrar, as the case may be, duly executed by the Holder or by his duly authorized attorney.

Upon surrender to the Note Registrar for transfer or exchange of any Note accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Holder or his attorney duly authorized in writing, the Note Registrar shall deliver in the name of the Holder or the transferee or transferees, as the case may be, a new fully registered Note or Notes of authorized denominations and of the same maturity and interest rate for the aggregate principal amount which the Holder is entitled to receive.

The District and the Note Registrar may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the delivery of such Notes. The Note Registrar or the District may also require payment from the Holder or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Note shall be delivered.

New Notes delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same debt as the Notes surrendered, shall be secured under this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Notes surrendered.

The District and the Note Registrar may treat the Holder of any Note as the absolute owner thereof for all purposes, whether or not such Notes shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any Note is registered shall be deemed the Holder thereof by the District and the Note Registrar, and any notice to the contrary shall not be binding upon the District or the Note Registrar.

Whenever any Note shall be delivered to the Note Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Note shall be cancelled and destroyed by the Note Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the District.

SECTION 9. FORM OF NOTES. The text of the Notes shall be in substantially the form of Exhibit A hereto, with such variations, deletions and insertions as may be necessary and desirable, and as may be authorized or permitted by this Resolution.

SECTION 10. SECURITY FOR NOTES; SPECIAL OBLIGATIONS OF DISTRICT. To the extent necessary to pay when due the principal of and the interest on the Notes, the Pledged Revenues are irrevocably pledged to the payment of the Notes. The Notes and the interest thereon do not constitute a general obligation or indebtedness of, or a pledge of the faith and credit of, the Board, the District, the County, the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation but shall be payable from and secured solely by a lien upon and pledge of the Pledged Revenues in the manner provided herein and therein. If necessary, Notes are additionally payable from, but are not secured by, the Non-Ad Valorem Funds of the District. The Notes and the obligations evidenced thereby shall not constitute a lien upon any property of or in the District other than the Pledged Revenues in the manner provided in this Resolution. No Holder of the Notes shall ever have the right to compel the exercise of the ad valorem taxing power of the Board, the District, the County or the State or any political subdivision or agency thereof, other than the levy, collection and application of the Pledged Revenues, for the payment of the principal of or interest on the Notes in the manner herein and in the Notes provided.

SECTION 11. NOTE PAYMENT FUND. (a) There is hereby established the "School District of Indian River County, Florida Tax Anticipation Notes, Series 2011 Note Payment Fund" (the "Note Payment Fund") to be held by the District as a separate special fund for the benefit of the Noteholders; provided that the cash required to be accounted for therein may be pooled with other funds of the District so long as adequate accounting records are maintained to reflect and control the restricted purposes of such

Note Payment Fund moneys. The Note Payment Fund shall be held in trust by the District for the sole benefit of the Holders, and the Holders are granted an express lien on the moneys and/or investments held in the Note Payment Fund. The Holders of the Notes shall have no lien upon all or any portion of the Non-Ad Valorem Funds unless and until any such funds are deposited into the Note Payment Fund. The District covenants that it shall deposit sufficient monies or Permitted Investments into the Note Payment Fund on or before March 31, 2012, April 30, 2012 and May 31, 2012, in an amount not less than an amount equal to one-third (1/3) of the principal of and interest on the Notes due on the Maturity Date, such that not later than May 31, 2012, or the first business day thereafter, the balance on deposit therein will equal the amount of principal and interest becoming due on the Notes on the Maturity Date. If, on June 1, 2012, or the first business day thereafter, and continuously thereafter, there is not on deposit in the Note Payment Fund an amount (including Permitted Investments and the income or earnings to be received thereon) equal to all principal of and interest on the Notes at maturity, the Board shall designate the Note Payment Fund as its depository for the receipt of Pledged Revenues and continue such designation until such time as the amount in the Note Payment Fund, together with the earnings to be received thereon, is equal to all principal of and interest on the Notes at maturity.

(b) All investments held in the Note Payment Fund shall mature on or prior to the Maturity Date. All such investments shall be valued for the purpose of this Section 11 at their principal amount, and interest income or earnings to be received on or prior to the date of maturity of the Notes shall be included in the Note Payment Fund balance for purposes of determining whether the requirements of this Section 11 have been met.

(c) Funds in the Note Payment Fund may be invested only in Permitted Investments. Earnings on investments held in the Note Payment Fund shall be retained and reinvested in the Note Payment Fund until the amount on deposit in the Note Payment Fund together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law except as provided in Subsection 11(d) hereof.

(d) Amounts in the Note Payment Fund, other than earnings permitted to be withdrawn by the District pursuant to Subsection 11(c) hereof, shall be applied solely to the payment of the principal of and interest on the Notes. After all such principal and interest shall have been paid, or at such time as provision for payment thereof shall have been made pursuant to Section 15 hereof, any amounts remaining in the Note Payment Fund may be used in the District's discretion as provided by law.

(e) On or prior to June 15, 2012, the District shall, if necessary, adjust the amount on deposit in the Note Payment Fund in order to ensure that sufficient funds are on deposit therein on the Maturity Date to pay the principal of and interest on the Notes in full.

SECTION 12. APPLICATION OF NOTE PROCEEDS. The proceeds of the sale of the Notes shall first be applied by the District to pay the costs of preparation and issuance of the Notes. The remaining proceeds from the sale of the Notes shall be used by the District to pay the lawful expenses of the District as the Board shall direct. The Holders of the Notes issued hereunder shall have no responsibility for the use of the proceeds of said Notes, and the use of such Note proceeds by the District shall in no way affect the rights of such Noteholders.

SECTION 13. COVENANTS OF DISTRICT AND BOARD. The Board covenants on its behalf and on behalf of the District with the Holders so long as any of the Notes are outstanding and unpaid as follows, to the extent not already performed or accomplished:

(a) to comply promptly with the Act and other applicable statutes in regard to (i) adoption of the Operating Budget, (ii) determination of the amounts necessary to be raised for current operating purposes for the Current Fiscal Year, (iii) determination of millage necessary to be levied for current operating purposes for the Current Fiscal Year, (iv) certification of such millage to the County Property Appraiser, (v) ordering the County Property Appraiser to assess such millage, and (vi) collecting the taxes paid and due to the Board from the County Tax Collector;

(b) in preparing, approving and adopting its Operating Budget controlling or providing for the expenditures of its funds, so long as any principal of or interest on the Notes are outstanding and unpaid, to appropriate, allot and approve, in the manner required by law from funds of the District derived from sources other than ad valorem taxes and legally available therefor, amounts sufficient to pay the principal of and interest on the Notes;

(c) not to issue any (i) indebtedness of any kind payable from the Pledged Revenues which indebtedness is secured by a lien upon the Pledged Revenues superior to that of the Notes, (ii) obligations (other than additional installments of Notes) payable from or secured by a lien on the moneys on deposit in the Note Payment Fund, and (iii) additional obligations having an equal lien upon the Pledged Revenues if the issuance of such additional indebtedness would violate the provisions of Section 1011.13(1), Florida Statutes, as amended. Subject to the foregoing limits, the Board may issue additional obligations (including additional installments of Notes) payable from and secured by a lien upon the Pledged Revenues on a parity with the Notes, and may issue obligations having a first lien upon moneys of the District other than the Pledged Revenues and the moneys on deposit in the Note Payment Fund;

(d) except as otherwise expressly provided herein, not to enter into any contract or other agreement and not to take any action by which the rights of any Holder might be impaired or diminished; and

(e) not to modify or amend this Resolution or any resolution amendatory hereof or supplemental hereto, unless such modification or amendment would not, in the opinion of Note Counsel, have a material adverse effect on the interests of the Holders, without the consent in writing of Holders of fifty-one percent (51%) or more in principal amount of the Notes then outstanding, provided that no modification or amendment shall permit, without the consent of all the Holders, a change (i) in the maturity of the Notes or a reduction in the rate of interest thereon, (ii) in the amount of the principal obligation evidenced by the Notes, (iii) that would affect the unconditional promise of the District to collect the ad valorem tax revenues and to make the deposits to the Note Payment Fund required herein, (iv) that would reduce the percentage of Holders required above, for modifications or amendments hereto, (v) that would affect the tax covenants of the District contained in Section 14 hereof, or (vi) that would impair the obligation of the District to pay the principal of and interest on the Notes at maturity or the remedies granted herein for the enforcement of such obligation. For the purpose of Holders' voting rights or consents, the Notes owned by or held for the account of the District, directly or indirectly, shall not be counted.

Any rating agency providing a rating for the Notes shall be notified, in writing, and supplied with a copy, of any modification, amendment or supplement to this Resolution so long as the rating assigned by such rating service is in effect.

SECTION 14. TAX COMPLIANCE. Neither the Board, the District nor any third party over whom the Board or the District has control, will make any use of the proceeds of the Notes or the Pledged Revenues at any time during the term hereof and thereof which would cause the Notes to be "private activity bonds" within the meaning of Section 103(b)(1) of the Code or "arbitrage bonds" within the meaning of Section 103(b)(2) of the Code. The Board, on behalf of the District, covenants throughout the term of the Notes, to comply with the requirements of the Code and the Regulations, as such may be amended from time to time.

SECTION 15. DEFEASANCE. If, at any time the Board shall have paid, or shall have made provision for payment of the principal of and interest on the Notes then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the holders of the Notes shall be no longer in effect and the Notes shall no longer be deemed to be outstanding and unpaid for the purposes of this Resolution. For purposes of the preceding sentence, deposit of Permitted Investments in irrevocable trust or pursuant to an irrevocable letter of instruction with the State Board of Administration of the State or with a bank or trust company with corporate trust powers for the sole benefit of the Noteholders, the principal of which, together with the earnings to be received thereon, will be sufficient to make timely payment of the principal of and interest on the Notes, shall constitute provision for payment.

SECTION 16. OFFICIAL STATEMENT; OFFICIAL NOTICE OF SALE; SALE AND AWARD OF NOTES. (a) The form of, and the distribution and delivery on behalf of the District of, the Preliminary Official Statement for the Notes, in substantially the form attached hereto as Exhibit C, and the distribution and delivery to the Purchaser of final Official Statements, substantially in the form of the Preliminary Official Statement with such changes, insertions, deletions and modifications as shall be necessary to reflect the final terms and details of the Notes, are hereby authorized and approved. The Superintendent, on behalf of the District, is hereby authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission.

(b) The form of the Official Notice of Sale attached hereto as Exhibit B and the terms and provisions thereof are hereby authorized and approved. The Superintendent, on behalf of the District, is hereby authorized to make such changes, insertions, deletions and modifications as he shall deem necessary prior to the advertisement of such Official Notice of Sale. The Superintendent is hereby authorized to advertise and publish the Official Notice of Sale or a summary thereof, at such time as he shall deem necessary and appropriate, upon the advice of the Financial Advisor, to accomplish the competitive sale of the Notes.

(c) The Superintendent, on behalf of the District and only in accordance with the terms hereof, shall award the Notes to the underwriter or underwriters that submit the bid which complies in all material respects with the Official Notice of Sale and offers to purchase the Notes at the lowest net interest cost to the District, as calculated by the Financial Advisor in accordance with the terms and provisions of the Official Notice of Sale.

SECTION 17. EXECUTION OF DOCUMENTS. The Chairman, Vice Chairman, Superintendent, ex-officio Secretary of the Board, and their designee(s) are hereby authorized to execute and deliver such documents and certificates, including the Official Statement and the Notes, in addition to those expressly authorized by this Resolution, and to take such further actions as they shall deem reasonably necessary or appropriate to effect the issuance of the Notes and the other transactions contemplated by this Resolution.

Those officers are further authorized to make or effect any election, selection, choice, consent, approval, or waiver on behalf of the District with respect to the Notes as the District is permitted or required to make or give under the federal income tax laws, for the purpose of assuring, enhancing or protecting favorable tax treatment or characterization of the Notes or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties thereon, or making payments in lieu thereof, or obviating such amounts or payments, as determined by such officer. Any such action of such officer shall be in writing and signed by the officer.

SECTION 18. NOTE REGISTRAR AND PAYING AGENT AND AGREEMENT THEREFOR. Hancock Bank, Orlando, Florida, is hereby appointed Note Registrar and Paying Agent hereunder. The Note Registrar and Paying Agent shall perform such duties as are more fully described herein and in the Notes.

The Note Registrar and Paying Agent shall fulfill the functions of Note Registrar and Paying Agent with respect to the Notes until a qualified successor shall have been designated by the District and accepted such duties, such designation to be subject to written notice to the Note Registrar and Paying Agent, or until the Notes have been paid in full pursuant to the terms hereof and of the Notes.

SECTION 19. SECONDARY MARKET DISCLOSURE. The District hereby covenants and agrees that, in order to provide for compliance by the District with the secondary market disclosure requirements of Rule 15c2-12 of the Security and Exchange Commission, as amended (the "Rule"), it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the District and dated the date of delivery of the Notes, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form attached hereto as Exhibit D with such changes, amendments, modifications, deletions and additions as shall be approved by the Superintendent who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with such Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; provided, however, to the extent allowable by law, any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 19 and the Continuing Disclosure Certificate.

SECTION 20. REMEDIES. Any Holder may sue to protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State or the United States of America or granted and contained in this Resolution, and to enforce and compel the performance of all duties required by this Resolution or by any applicable laws to be performed by the District, the Board or by any officer thereof, and may take all steps to enforce this Resolution to the full extent permitted or authorized by the laws of the State or the United States of America.

SECTION 21. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution and shall in no way affect the validity of all other provisions of this Resolution or of the Notes issued hereunder.

SECTION 22. REPEALING CLAUSE. All resolutions or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 23. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

Passed and Adopted at a regular meeting this 11th day of October, 2011.

**SCHOOL DISTRICT OF INDIAN
RIVER COUNTY, FLORIDA**

(SEAL)

By: _____
Chairman, School Board of Indian
River County, Florida

ATTEST:

By: _____
Superintendent, Secretary, School Board of
Indian River County, Florida

EXHIBIT A

NO. R-_____

\$16,000,000.00

**UNITED STATES OF AMERICA
STATE OF FLORIDA
SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA
TAX ANTICIPATION NOTE, SERIES 2011**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ISSUE</u>	<u>CUSIP</u>
_____%	June 30, 2012	_____, 2011	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ MILLION AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the School District of Indian River County, Florida (the "District"), for value received, hereby promises to pay to the Registered Owner on the Maturity Date set forth above the Principal Amount set forth above, upon presentation and surrender hereof at the office of Hancock Bank, Orlando, Florida, as Note Registrar and Paying Agent, plus interest from the Date of Issue at the Interest Rate set forth above on the Principal Amount set forth above until payment of said Principal Amount, such interest to be calculated on a 360-day year basis (consisting of twelve 30-day months), but solely from (a) ad valorem tax payments collected for the benefit of the District during the fiscal year of the District which commenced July 1, 2011 and ends June 30, 2012, for operating purposes (excluding certain special millage levies described in the Resolution, as defined below) and (b) amounts on deposit in the Note Payment Fund established pursuant to the Resolution (collectively the "Pledged Revenues"). This Note is additionally payable from, but is not secured by a lien upon or pledge of, the Non-Ad Valorem Funds of the District, as defined and as provided in the Resolution described below. This Note is not subject to redemption prior to maturity.

This Note is one of an authorized issue of Notes in the aggregate principal amount of \$16,000,000 designated "School District of Indian River County, Florida Tax Anticipation Notes, Series 2011," of like date, tenor and effect, except as to number, issued under the authority of Chapter 1011, Florida Statutes, as amended, and other applicable provisions of law, and pursuant and subject to the terms and conditions of a resolution duly adopted by The School Board of Indian River County, Florida, the governing body of the District, on October 11, 2011 (the "Resolution"), to which

reference should be made to ascertain all of the terms and conditions applicable to the Notes and which by reference thereto are fully incorporated herein.

This Note and the interest hereon is a special obligation of the District payable from and secured solely by the Pledged Revenues. This Note and the interest hereon do not constitute a general obligation or indebtedness of, or a pledge of the faith and credit of, the Board, the District, Indian River County, Florida, the State of Florida, or any political subdivision or agency thereof, within the meaning of any constitutional or statutory provision or limitation but shall be payable solely from the Pledged Revenues in the manner and to the extent provided herein and in the Resolution. It is expressly agreed by the Registered Owner of this Note that such Registered Owner shall have no right to compel the exercise of the ad valorem taxing power of the Board, the District, Indian River County, Florida, the State of Florida, or any political subdivision or agency thereof, except from the Pledged Revenues, to provide for payment of principal of or interest on this Note.

It is further agreed between the District and the Holder of this Note that this Note and the obligation evidenced hereby shall not constitute a lien upon any property of or in the District, other than the Pledged Revenues, in the manner provided in the Resolution.

This Note is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities law of the State of Florida. The District and the Paying Agent may treat the registered owner of this Note as the absolute owner hereof for all purposes, whether or not this Note be overdue, and the District and the Paying Agent shall not be affected by notice to the contrary.

The District has reserved the right in the Resolution to issue additional obligations having an equal lien on the Pledged Revenues with the lien of the Notes provided certain conditions stated in the Resolution are met and to defease the lien of the Notes upon the Pledged Revenues upon making provision for payment thereof as provided in the Resolution. The District has further covenanted in the Resolution not to issue any obligations (other than additional installments of the Notes) payable from or having a lien on the moneys on deposit in the Note Payment Fund.

The Issuer has established a book-entry system of registration for the Notes. Except as specifically provided otherwise in the Resolution, an agent will hold this Note on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owner of this Note shall be deemed to have agreed to such arrangement.

This Note may be transferred or exchanged upon the terms and conditions specified in the Resolution.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Florida to happen, exist and be performed precedent to and in the issuance of this Note, have happened, exist and have been performed in regular and due form and time as so required.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been duly executed by the Note Registrar.

IN WITNESS WHEREOF, the School District of Indian River County, Florida, acting by and through the School Board of Indian River County, Florida, has caused this Note to be manually signed by the Chairman of the School Board and attested by the Superintendent, Secretary of the School Board, and its seal to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the Date of Issue.

**SCHOOL DISTRICT OF INDIAN RIVER
COUNTY, FLORIDA**

(SEAL)

By: _____
Chairman, School Board of Indian River
County, Florida

ATTEST:

Superintendent, Secretary, School Board
of Indian River County, Florida

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue described in the within-mentioned Resolution.

HANCOCK BANK, as Registrar

By: _____
Authorized Signatory

Date of Authentication: _____, 2011.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

Please insert Social Security or other Identifying Number of Assignee

(Name and Address of Assignee)

the within note and does hereby irrevocably constitute and appoint _____ as his agent to transfer the note on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or change whatever and the Social Security or other identifying number of such assignee must be supplied.

(Authorized Officer)

The following abbreviations, when used in the inscription on the face of the within note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	JT TEN	- as joint tenants with right of survivorship and not as tenants in common
TEN ENT	- as tenants by the entirety	UNIF TRANS MIN ACT	- _____ (Cust.)
		Custodian for	_____ (Minor)
		under Uniform Transfers to Minors Act of	_____ (State)

Additional abbreviations may also be used though not in list above.

EXHIBIT B

FORM OF OFFICIAL NOTICE OF SALE

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

EXHIBIT D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2011

NEW ISSUE: FULL BOOK-ENTRY

Rating: Moody's "_____"
(See "NOTE RATING" herein)

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel, the interest on the Notes is, under existing statutes, regulations, rulings and court decisions, (i) excludable from gross income of the holders of such Notes for federal income tax purposes except as described under the caption "TAX EXEMPTION" herein and (ii) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. See "TAX EXEMPTION" herein for a discussion of Note Counsel's opinion.

\$16,000,000*

SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA
TAX ANTICIPATION NOTES, SERIES 2011

Dated: Date of Delivery

Due: June 30, 2012

The Tax Anticipation Notes, Series 2011 (the "Notes"), of the School District of Indian River County, Florida (the "District") will be issued under the authority of Section 1011.13, Florida Statutes, as amended, pursuant to and subject to the terms and conditions of a resolution adopted by the School Board of Indian River County, Florida on October 11, 2011 (the "Resolution"), authorizing the issuance of the Notes. The Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof and, when issued, will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). The Notes will be deposited with DTC, which will be responsible for maintaining a book-entry-only system for recording the interests of its participants, which, in turn, will be responsible for maintaining records with respect to beneficial ownership interests of individual purchasers of the Notes. Purchasers of the Notes (the "Beneficial Owners") will not receive physical delivery of note certificates. As long as Cede & Co. is the registered owner of the Notes, principal and interest payments will be made by Hancock Bank, Orlando, Florida, as Registrar and Paying Agent, directly to Cede & Co., as the registered owner. DTC will, in turn, remit such payments to its participants for subsequent disbursement to the Beneficial Owners. Interest on the Notes will be paid on maturity.

The Notes are not subject to redemption prior to maturity.

PAYMENT FOR THE PRINCIPAL AND INTEREST ON THE NOTES WILL BE MADE IN IMMEDIATELY AVAILABLE FUNDS (FEDERAL FUNDS).

Interest Rate: ____% **Yield:** ____% **Initial CUSIP No.:** _____

The principal of and interest on the Notes shall be payable from and secured by a lien upon (a) receipts of ad valorem taxes collected for operating purposes (excluding ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes; or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes; or otherwise levied pursuant to Section 1011.71(2), Florida Statutes) and (b) amounts on deposit in the Note Payment Fund for the Notes; and, if necessary, shall be additionally payable from, but not secured by, legally available funds of the District derived from sources other than ad valorem taxation.

ELECTRONIC BIDS ONLY FOR THE NOTES PURSUANT TO THE PROVISIONS OF THE OFFICIAL NOTICE OF SALE WILL BE RECEIVED BY THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA, AT 11:00 A.M., LOCAL TIME ON OCTOBER __, 2011 PURSUANT TO THE BIDCOMP PARITY® COMPETITIVE BIDDING SYSTEM. THIS PRELIMINARY OFFICIAL STATEMENT SHALL BE "DEEMED FINAL" BY THE DISTRICT AS OF ITS DATE FOR PURPOSES OF AND EXCEPT FOR CERTAIN OMISSIONS PERMITTED BY SEC RULE 15c2-12(b)(1).

This cover page contains certain information for quick reference only. It is not a summary of this issue. Potential investors must read the entire Official Statement, including the appendices, to obtain information essential to the making of an informed investment decision.

The Notes are offered in full book-entry form, when, as, and if issued and received by the purchaser of the Notes and subject to the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel. Certain legal matters will be passed upon for the District by Brown, Garganese, Weiss & D'Agresta, P.A., Orlando, Florida, Counsel to the School Board of Indian River County. Ford & Associates, Inc., Tampa, Florida is serving as Financial Advisor to the District. It is expected that settlement for the Notes will occur through the facilities of DTC in New York, New York on or about _____, 2011.

Dated: September __, 2011.

*Preliminary, subject to change.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

1990 25th Street
Vero Beach, Florida 32960

BOARD MEMBERS

Matthew McCain, Chairman
Carol Johnson, Vice Chairman
Karen Disney-Brombach
Claudia Jiménez
Jeffrey Pegler

SCHOOL OFFICIALS

Superintendent of Schools
Dr. Frances J. Adams

Assistant Superintendent for Finance/Operations
Carter Morrison

Accounting Manager
Charlene Atkins

COUNSEL TO THE SCHOOL BOARD

Brown Garganese Weiss & D'Agresta, P.A.
Orlando, Florida

NOTE COUNSEL

Nabors, Giblin & Nickerson
Tampa, Florida

FINANCIAL ADVISOR

Ford & Associates, Inc.
Tampa, Florida

PAYING AGENT

Hancock Bank
Orlando, Florida

This Official Statement does not constitute an offer to sell the Notes in any state or other jurisdiction to any person to whom it is unlawful to make such offer in such state or jurisdiction. No dealer, salesman or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Notes, and if given or made, such information or representation must not be relied upon.

The information set forth herein has been furnished by the District, and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District or anyone acting on its behalf with respect to the information provided by other sources. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, except as stated herein, create any implication that there has been no change in the affairs of the District since the date hereof.

The Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon exemptions contained in the Securities Act, will not be listed on any stock or securities exchange and neither the Securities and Exchange Commission nor any other Federal, state, municipal or other governmental entity, other than the School Board, has passed upon the accuracy or adequacy of this Official Statement.

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APPENDICES

APPENDIX A	General Information Regarding Indian River County, Florida
APPENDIX B	Excerpted Pages from the Comprehensive Annual Financial Report of the School District of Indian River County, Florida for Fiscal Year Ended June 30, 2010
APPENDIX C	Excerpted Pages from the Annual Financial Report (Unaudited) of the School District of Indian River County, Florida for Fiscal Year Ended June 30, 2011
APPENDIX D	Form of Resolution
APPENDIX E	Form of Legal Opinion
APPENDIX F	Form of Continuing Disclosure Certificate

OFFICIAL STATEMENT

Relating to

\$16,000,000*

SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA Tax Anticipation Notes, Series 2011

INTRODUCTION

This Official Statement, including the cover page and the appendices, is provided by the School Board of Indian River County, Florida (the "School Board" or "Board"), the governing body of the School District of Indian River County, Florida (the "District"), a public body corporate and politic established and existing pursuant to Section 4, Article IX of the Florida Constitution and the laws of the State of Florida (the "State"), including, particularly, Chapter 1001, Florida Statutes, as amended, in connection with the issuance and sale of the District's \$16,000,000 Tax Anticipation Notes, Series 2011 (the "Notes"). The Notes are being issued pursuant to Section 1011.13, Florida Statutes, as amended, and a resolution adopted by the School Board on October 11, 2011 (the "Resolution"), in anticipation of the receipt by the District of certain revenues during the fiscal year which commenced July 1, 2011, and ends June 30, 2012 (the "2011/2012 Fiscal Year"). See "SECURITY FOR THE NOTES" herein. The issuance of the Notes is consistent and in accordance with the District's annual financial planning procedures. The proceeds of the Notes may only be used to pay operating expenditures incurred or accrued during the 2011/2012 Fiscal Year.

The District derives its revenues primarily from State educational funds and from ad valorem taxes levied by the District on taxable property located in Indian River County, Florida (the "County") for the support of public schools. The Notes are special obligations of the District and are secured as to principal and interest by a pledge of the receipts from the ad valorem property taxes levied for the purpose of operations during the 2011/2012 Fiscal Year. If necessary, the Notes are additionally payable from, but are not secured by, legally available funds of the District derived from sources other than ad valorem taxation. See "SECURITY FOR THE NOTES" herein.

Pursuant to the Resolution, the District covenants to deposit said ad valorem tax receipts in a note payment fund (the "Note Payment Fund") to be maintained and monitored by the District, on particular dates and in specified amounts until the amount so deposited equals the principal of and interest on the Notes due at maturity. See "SECURITY FOR THE NOTES" herein.

*Preliminary, subject to change.

The District has covenanted and agreed for the benefit of the holders of the Notes to provide notices of certain material events pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

This Official Statement contains information concerning the District, the School Board, their finances, the sources of payment of the Notes and certain provisions contained in the Notes and the Resolution. All references herein to the Resolution, other agreements, documents and laws are qualified in their entirety by reference to the Resolution and each such agreement, document or law, and all references to the Notes are further qualified by reference to the definitive form thereof and information with respect thereto contained in the Resolution. The form of the Resolution is attached hereto as APPENDIX D. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution, unless the context clearly indicates a different meaning is intended.

DESCRIPTION OF THE NOTES

The Notes are authorized to be issued pursuant to the provisions of Chapter 1011.13, Florida Statutes, as amended, and the Resolution. The Notes will be dated the date of issuance of the Notes (currently expected to be _____, 2011 comprised of twelve 30-day months) and will mature June 30, 2012. Interest on the Notes (calculated on a 360-day year basis comprised of twelve 30-day months) will be payable at maturity. Both the principal of and interest on the Notes shall be payable upon presentation and surrender at the principal office of Hancock Bank, Orlando, Florida, as Registrar and Paying Agent. The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Note proceeds will be used to pay operating expenses of the District prior to the receipt of budgeted revenues. Imbalances in the District's cash flow result from the timing of the receipt of ad valorem property taxes.

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT DOES NOT TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One

fully-registered note certificate will be issued for the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard and Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for such Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other

name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Distributions and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent for the Notes. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor securities depository is not obtained, Notes certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but takes no responsibility for the accuracy thereof.

SECURITY FOR THE NOTES

Nature of Obligation

The Notes are special obligations of the District, payable from (a) receipts of ad valorem taxes (the "Tax Receipts") collected by the Indian River County Tax Collector for the benefit of the District during the 2011/2012 Fiscal Year, but only to the extent such tax receipts are levied or legally available for payment of operating expenses of the District and (b) amounts on deposit in the Note Payment Fund (collectively, the "Pledged Revenues"). Pledged Revenues shall not include ad valorem taxes collected to pay the principal of and interest on obligations of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes. If necessary, the Notes are additionally payable from, but are not secured by, the Non-Ad Valorem Funds of the District (defined in the Resolution as all legally available funds of the District or the School Board derived from sources other than ad valorem taxation).

The Tax Receipts will be received periodically throughout the 2011/2012 Fiscal Year. Pursuant to the Resolution, the District has covenanted to deposit the Tax Receipts into the Note Payment Fund in sufficient amounts so that the balance on deposit therein (as of the dates shown) is as follows: \$_____ by March 31, 2012 (approximately one-third of the total principal and interest due on the Notes), \$_____ by April 30, 2012 (approximately two-thirds of the total principal and interest due on the Notes), and \$_____ by May 31, 2012, so that the balance on deposit therein on May 31, 2012 will equal the amount of principal and interest on the Notes at maturity.

If, on June 1, 2012, or the first business day thereafter, and continuously thereafter, there is not on deposit in the Note Payment Fund an amount (including investments and the income or earnings to be received thereon) equal to all principal of and interest on the Notes at maturity, the School Board shall designate the Note Payment Fund as its depository for the receipt of Pledged Revenues and continue such designation until such time as the amount in the Note Payment Fund, together with the earnings to be received thereon, is equal to all principal of and interest on the Notes at maturity.

NO OWNER OF ANY OF THE NOTES SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE SCHOOL BOARD, THE DISTRICT, THE COUNTY, THE STATE OF

FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OR TAXATION IN ANY FORM ON ANY PROPERTY THEREIN FOR PAYMENT THEREOF, OR BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE SCHOOL BOARD OR THE DISTRICT, EXCEPT FOR THE PLEDGED REVENUES AND ANY NON-AD VALOREM FUNDS DEPOSITED IN THE NOTE PAYMENT FUND.

The proceeds of the Notes are not pledged as security for payment of principal of and interest on the Notes and will be expended by the District to pay the costs of issuance of the Notes and to pay the obligations created by the District in accordance with its preliminary budget for the 2011/2012 Fiscal Year. The holders of the Notes will have no responsibility for the use of the proceeds of the Notes, and the use of such proceeds by the District will in no way affect the rights of such Noteholders.

Note Payment Fund

In accordance with the terms of the Resolution, the District has established a fund designated the "Note Payment Fund." The District will make or cause to be made deposits of the Pledged Revenues and other revenues in the amounts and by the dates provided in the Resolution, as summarized above, into the Note Payment Fund to ensure the timely payment of the principal of and interest on the Notes.

Moneys on deposit in the Note Payment Fund shall be held solely for the payment of the Notes. Pending disbursement upon the Maturity Date of the Notes, such moneys may be invested, pursuant to the Resolution, at the direction of the District in investments which are, under Florida law, legal for the investment of surplus funds of school districts. Interest on such investments in the Note Payment Fund shall be retained in the Note Payment Fund and will be available to reduce the amounts required to be deposited by the District in the Note Payment Fund.

THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA

The District

The District is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes. The boundaries of the District are coterminous with the County. As of July 1, 2011, the District included 28 schools (including 5 charter schools), 17,596 students and 1,985 full-time employees, including 1,074 instructional personnel. Management of the schools is independent of County and city governments. Indian River County collects taxes for the District, but exercises no control over their expenditures.

The School Board

The School Board is a body corporate existing under the laws of the State of Florida. The School Board is the governing body of the District, consisting of five members elected for overlapping four-year terms. Under existing law, the School Board's duties and powers include, but are not limited to, the development of policies and rules for the efficient operation of the District, the acquisition, maintenance and disposition of school property within the District; the development and adoption of a school program for the District; the establishment, organization and operation of schools, including vocational and evening schools and the establishment and operation of programs for gifted students and for students in residential care facilities; the appointment, compensation, promotion and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The School Board also has broad financial responsibilities, including the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education.

The present members of the School Board, their respective offices and expiration of their respective terms are as follows:

<u>Name/Office</u>	<u>Term Expires</u>
Matthew McCain, Chairman	November 2012
Carol Johnson, Vice Chairman	November 2014
Karen Disney-Brombach	November 2014
Claudia Jiménez	November 2012
Jeffrey Pegler	November 2014

Superintendent of Schools

The Superintendent of Schools is appointed by, and serves as ex officio Secretary to, the School Board. The Superintendent oversees operations of the school system, makes policy recommendations to the School Board, and performs the duties assigned to her by law and the regulations of the State Department of Education.

The Superintendent also prepares the annual budget for approval by the School Board, recommends the tax levy based upon needs illustrated by the budget, recommends debt issuance or borrowing plans of the School Board when necessary, provides recommendations for investment of available funds, and keeps records with respect to all funds and financial transactions of the School Board.

Administration

Dr. Frances J. Adams, Superintendent. Dr. Adams has been a part of the District since 1983. She has worked in a variety of capacities for the District including: classroom teacher, Coordinator of Staff Development, Assistant Principal of a Middle School, an Elementary Principal, Founding Principal of the second high school in the District, and Assistant Superintendent of Curriculum and Instruction. From 1998 to 2011, Dr. Adams provided leadership, direction and oversight for curriculum and instruction priorities and projects that supported district strategic initiatives and met state and federal mandates. She consulted and collaborated directly with school administrators regarding all aspects of curriculum, instruction and assessment services. She implemented a PreK-12 continuous improvement model that has resulted in the District being an “A” school district for four consecutive years. Dr. Adams received her Bachelor’s in Education from Youngstown State University, a Masters Degree in Education from Colorado State University, a Masters Degree in School Administration from Edinboro University, and a Doctorate in Education from Nova Southeastern University. She has received numerous awards and recognitions throughout her career including: Woman of Distinction Award for Public Sector, sponsored by Palm Glades Girl Scout Council, named to Who’s Who Among Top Executives, named the District’s Outstanding Principal, nominated for the Commissioner’s Principal Achievement Award for Outstanding Leadership, and received a letter of invitation from the Florida Education Commissioner to apply for “Principal in Residence” Program in Tallahassee. She is a member of various professional associations including Phi Delta Kappa, Florida Association of School Administrators, Florida Association of Curriculum Development, and the Florida Organization of Instruction Leaders, of which she is a Past President. She has also been an active in civic organizations such as YMCA, Treasure Coast Teen Institute, Sebastian River Medical Center, and United Way. She currently serves as co-chair for the Indian River County March of Dimes Walk for Babies. Dr. Adams has presented at many local, state and national conferences and in her role as Superintendent, she continues to be a community leader and visionary leader for the District.

Carter Morrison, Assistant Superintendent for Finance/Operations. Prior to his current position, Mr. Morrison served for four years as the Supervisor of Accounting with Martin County Public Schools. His duties included the supervision of General Accounting, Accounts Payable, Accounts Receivable and all Federal Programs. Mr. Morrison also served as the Purchasing Card Program Administrator for the District's \$16 million Purchasing Card program. In addition he served as a staff auditor with Haas Diaz & Co. CPA's (now Rachlin, Cohen & Holtz) in West Palm Beach, Florida, for three years. He has also worked as a tax accountant and auditor for Singer & Lusardi CPA's in Worcester, Massachusetts. Mr. Morrison holds a Masters of Business Administration and a Bachelors of Science degree from Fitchburg State College, Fitchburg, Massachusetts, and is a Certified Government Finance Officer.

Charlene Atkins, Accounting Manager. Ms. Atkins joined the Indian River Public School finance team in August 2000 as a Senior Accountant and was promoted to Accounting Manager in July 2007. From 1996-1999 she was an Accounting Supervisor for Brevard Public Schools and, prior to moving to Florida in 1994, was the Division Accountant for a small school district in Virginia. Her duties include oversight of cash and investments, debt service funds, and the food service fund. She is a licensed Certified Public Accountant in the Commonwealth of Virginia and holds a Bachelor of Science degree from Longwood University in Farmville, Virginia.

Statistical Data

The following table presents a summary of general statistical data regarding the District

**School District of Indian River County, Florida
Summary of Selected Statistical Data
Five Year History**

<u>School Year</u>	<u>Number of Schools</u> ⁽²⁾	<u>Number of Instructors</u>	<u>FTE Enrollment</u> ⁽³⁾	<u>Average Expenditures per FTE Student</u> ⁽⁴⁾
2011/2012 ⁽¹⁾	28	1,074	17,596	\$7,205
2010/2011	28 ⁽⁵⁾	1,152	17,571	6,770
2009/2010	28	1,129	17,516	7,060
2008/2009	27	1,175	17,398	7,519
2007/2008	26	1,172	17,481	8,014

(1) Budgeted Figures

(2) Inclusive of charter schools

(3) Full-time equivalent, inclusive of charter school students

(4) Operating fund expenditures

(5) An elementary school was re-purposed into a special center; however, the total number of schools did not change from 2009/10.

Source: School District of Indian River County, Florida

Employee Relations

The employees of the District are nominated for employment at the discretion of the Superintendent of Schools, subject to confirmation by the School Board. Personnel policies and guidelines are codified and are published in the School Board Policy Manual.

Under the Constitution of the State of Florida, public employees have the right to collectively join together for the purpose of bargaining over the terms and conditions of employment. Collective bargaining associations in the District are the Indian River County Education Association ("IRCEA"), which represents 1,074 teachers, and Communication Workers of America ("CWA"), which represents 665 employees. The contracts with the unions expire on June 30, 2012. Strikes or work actions by public employees, under any conditions, are prohibited by state law. The relationships of the District with both the IRCEA and the CWA are stable.

Retirement and Other Postemployment Benefit Programs

State Retirement Program. The Board does not administer a separate retirement plan for its officers and employees. However, pursuant to law, all full-time employees are, with minor exceptions, members of defined retirement plans of the State administered by its Department of Administration, Division of Retirement. The retirement plans of the State consist of contributory and non-contributory benefit plans. The plans provide for retirement, death and disability benefits and require contributions by employees and/or participating agencies as stated percentages of compensation set by law as determined from time to time by the State Legislature. The plans' accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits, and other plan related matters are the responsibility of the State Department of Administration, Division of Retirement, and are not computed on an individual agency basis.

The District's liability for participation in the plan 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, 2009, June 30, 2010, and June 30, 2011 totaled \$7,783,110, \$7,430,600 and \$7,809,139 (unaudited), respectively, which were equal to the required contributions for each fiscal year.

The Florida Legislature also created a defined contribution program called the Public Employee Optional Retirement Program (PEORP). Benefits in PEORP vest after one year of service. This program is administered by the Florida Retirement System as an option to the defined benefit plan, and is self-directed by the employee. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class. There were 317 participants during Fiscal Year 2010/11. Required employer contributions made by the District to the program for the Fiscal Years ended June 30, 2009, June 30, 2010, and June 30, 2011 totaled \$1,179,037, \$1,189,320, and \$1,265,375 (unaudited), respectively. Additional information regarding the retirement programs is included in Note 16 to the

audited financial statements for the Fiscal Year ended June 30, 2010 attached as Appendix B hereto and Note 15 to the annual financial report (unaudited) for the Fiscal Year ended June 30, 2011 attached as Appendix C hereto.

During its 2011 regular session, the State Legislature adopted legislation that makes significant changes to the Florida Retirement System with respect to employee contributions and employer contributions, among other items. Effective July 1, 2011, all members of the Florida Retirement System were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class and subclass of the Florida Retirement System. For Fiscal Year 2010-11, contribution rates ranged from 10.77% to 23.25% of annual covered payroll. Under the adopted legislation, employer contribution rates range from 4.91% to 14.10% of annual covered payroll. The savings resulting from such reduced contributions will be used to partially offset the reduction in State education funding for Fiscal Year 2012. See "REVENUES OF THE DISTRICT - State Sources - State Budget Cuts" below. Additionally, the bill eliminates the cost of living adjustment for all Florida Retirement System employees for service earned on or after July 1, 2011, although the bill does contemplate reinstatement of the adjustment in 2016 under certain conditions. On June 20, 2011, the Florida Education Association, a teachers union, announced it has filed a class action lawsuit challenging the constitutionality of such legislative changes with respect to existing employees. The suit alleges the legislation unlawfully impairs state employee contracts, constitutes a taking of private property without full compensation and violates government workers constitutional right to collective bargaining. At present, the outcome of such lawsuit cannot be determined. However, if the plaintiffs are ultimately successful, the impact to the District's finances could be substantial given the current State economy and level of education funding.

The other changes to the Florida Retirement System contained in the legislation only apply to employees who are initially enrolled in the Florida Retirement System on or after July 1, 2011. For personnel entering the Florida Retirement System on and after July 1, 2011, the following changes apply: the average final compensation upon which retirement benefits are calculated will be based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement, the Deferred Retirement Option Plan (DROP) is maintained but the interest accrual rate will be reduced from 6.5% to 1.3%, the normal retirement age is increased from 62 to 65 and the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

Other Post Employment Benefit Program. In addition to its contributions under the State's retirement plan described above, the District provides other postemployment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy, by providing access to health insurance plans requiring the use of a single

"blended" or "common" rate for both active and retired employees. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

As with all governmental entities of similar size providing similar plans, the District was required to implement with the Governmental Accounting Standards Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefit Plans other than Pension Plans ("GASB 45") no later than its Fiscal Year ended June 30, 2008. To that point, the District had historically accounted for its OPEB contributions on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities to OPEB and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded.

The District's actuarial accrued liability (unaudited) related to OPEB, which approximates the present value of all future expected postretirement life and medical premiums and administrative costs which are attributable to the past service of those retired and active employees, was \$11.04 million as of June 30, 2011. The District's annual required contribution ("ARC"), which is the portion of the total accrued actuarial liability allocated to the applicable fiscal year needed to pay both normal costs (current and future benefits earned) and to amortize the unfunded accrued liability (past benefits earned, but not previously provided for) was approximately \$1.45 million (unaudited) as of June 30, 2011. The calculation of the accrued actuarial liability and the ARC is, by definition and necessity, based upon a number of assumptions, including interest rates on investments, average retirement age, life expectancy, healthcare costs per employee and insurance premiums, many of which factors are subject to future economic and demographic variations. The District's net, end-of-year OPEB obligation was \$14.50 million (unaudited) as of June 30, 2011, which reflects the District's approximately \$882,021 contribution toward its annual OPEB costs during Fiscal Year 2010/11.

While the District does not know at this time what its ultimate OPEB liabilities will be in connection with GASB 45 compliance in the future or how much of the related ARC's it will need to budget in future years, it expects its OPEB liability to be significant, but manageable within its normal budgeting process. Information regarding the District's Fiscal Year 2009/10 OPEB obligations is included in Note 17 to the audited financial statements for the Fiscal Year ended June 30, 2010 attached as Appendix B hereto and Note 16 to the annual financial report (unaudited) for the Fiscal Year ended June 30, 2011 attached as Appendix C hereto.

Indebtedness

The following table summarizes the District's long-term debt outstanding as of June 30, 2011. Bonded debt of the District consists of various series of local and State Board of Education Bond issues.

General Obligation debt is secured by the levy of ad valorem taxes for such purpose. Principal and interest on State Board of Education Bonds are secured by and payable from the State motor vehicle license taxes distributable to the District under State law. The responsibility for principal and interest payments, investment of funds, and reserve requirements for State Board of Education Bonds is administered by the State Board of Education and the State Board of Administration. Payments on the Certificates of Participation are primarily derived from ad valorem taxes received by the School Board.

School District of Indian River County, Florida General Long-Term Debt (As of June 30, 2011)⁽²⁾

<u>General Description</u>	<u>Outstanding Balance</u>
General Obligation Ref. Bonds:	
Series 2002	\$9,270,000
Self-Supporting State Bonds ⁽¹⁾ :	
Series 2005-A	5,145,000
Series 2008-A	1,105,000
Series 2010-A	155,000
Certificates of Participation ⁽²⁾ :	
Series 2005	64,500,000
Series 2007	40,585,000
Series 2010-A ⁽³⁾	<u>26,261,000</u>
Total	<u>\$147,021,000</u>

(1) Bonds are issued by the State Board of Education on behalf of the District 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 such Bonds.

(2) Certificates of Participation figures as of July 2, 2011.

(3) With respect to such certificates, the District is required to make annual sinking fund payments of \$1,458,944 in the years 2011 through 2028, inclusive. Such sinking fund installments are expected to be invested pursuant to a guaranteed investment contract. The District will receive a credit against its sinking fund payment each year based on interest earnings on the guaranteed investment contract over the prior year. The interest earnings, combined with the sinking fund installments, are expected to produce funds necessary to retire the \$26,261,000 principal amount due on December 1, 2028.

(4) The District's compensated absences and net OPEB liability were [\$8.8] million (unaudited) and \$14.5 million (unaudited), respectively, as of June 30, 2011.

Source: School District of Indian River County, Florida.

Direct and Overlapping Debt and Debt Ratios

The following table presents a statement of direct and overlapping debt for the School District of Indian River County.

The School District of Indian River County, Florida Debt Statement*

DIRECT DEBT	General Obligation <u>Debt</u>	Non-Self <u>Supporting Debt</u>	Self <u>Supporting Debt</u>
General Obligation Ref. Bonds, Series 2002	\$ 9,270,000		
State Bonds, Series 2005-A			\$ 5,145,000
State Bonds, Series 2008-A			1,105,000
State Bonds, Series 2010-A			155,000
Certificates of Participation, Series 2005		\$ 64,500,000	
Certificates of Participation, Series 2007		40,585,000	
Certificates of Participation, Series 2010-A		26,261,000	
Total Direct Debt	<u>\$ 9,270,000</u>	<u>\$ 131,346,000</u>	<u>\$ 6,405,000</u>
OVERLAPPING⁽¹⁾			
Limited General Obligation Bonds, Series 2006	\$ 38,270,000		
General Obligations Bonds, Series 2001	5,210,000		
Spring Training Facility Rev. Bonds, Series 2001		\$ 12,310,000	
Water and Sewer Ref. Rev. Bonds, Series 1993-A			\$ 1,555,000
Water and Sewer Ref. Rev. Bonds, Series 2005			21,925,000
Water and Sewer Ref. Rev. Bonds, Series 2009			26,370,000
Recreational Ref. Rev. Bonds, Series 2003			3,175,000
Total Overlapping Debt	<u>\$ 43,480,000</u>	<u>\$ 12,310,000</u>	<u>\$53,025,000</u>
Total Direct and Overlapping Debt	<u>\$ 52,750,000</u>	<u>\$ 143,656,000</u>	<u>\$59,430,000</u>

*Figures are as of June 30, 2011 with respect to the District (except for Certificate of Participation figures which are as of July 2, 2011) and as of September 30, 2010 with respect to the County.

(1) Overlapping debt consists of the debt of Indian River County.

Source: School District of Indian River County, Florida; Comprehensive Annual Financial Report of Indian River County, Florida for the Fiscal Year ended September 30, 2010.

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The School District of Indian River County, Florida
Summary of Direct and Overlapping Debt
As of June 30, 2011

	<u>Total Outstanding Debt</u>	<u>Percentage of Total Taxable Assessed Valuation⁽²⁾</u>	<u>Per Capita⁽³⁾</u>
General Obligation			
Direct	\$ 9,270,000	0.0660%	\$ 65.65
Overlapping ⁽¹⁾	<u>43,480,000</u>	<u>0.3096</u>	<u>307.94</u>
TOTAL	\$52,750,000	0.3756%	\$373.59
Non Self-Supporting Debt			
Direct	\$131,346,000	0.9352%	\$930.23
Overlapping ⁽¹⁾	<u>12,310,000</u>	<u>0.0877</u>	<u>87.18</u>
TOTAL	\$143,656,000	1.0229%	\$1,017.41
Self-Supporting Debt			
Direct	\$6,405,000	0.0456%	\$ 45.36
Overlapping ⁽¹⁾	<u>53,025,000</u>	<u>0.3776</u>	<u>375.54</u>
TOTAL	\$59,430,000	0.4231%	\$420.90
TOTAL DIRECT DEBT	\$146,866,000	1.0457%	\$1,040.14
TOTAL OVERLAPPING DEBT ⁽¹⁾	\$108,815,000	0.7748%	\$770.66
Total Assessed Valuation Per Capita ⁽²⁾⁽³⁾	\$99,465.52		

(1) Calculations based upon figures as of September 30, 2010.

(2) Based upon preliminary 2010 School Taxable Assessed Valuation of \$14,044,332,671 as of July 1, 2011. Such figure is subject to adjustment.

(3) Based upon 2010 County population estimate of 141,198.

Notes: The School District debt does include State Board of Education Bonds which are secured by State Motor Vehicle License taxes.

Source: School District of Indian River County, Florida; Indian River County, Florida Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2010.

Accounting Matters

Accounting policies conform with generally accepted accounting principles applicable to state and local governmental units. The District implemented the provisions of GASB Statement No. 34, Basic Financial Statements B and Management's Discussion and Analysis B for State and Local Governments ("GASB 34"), and related GASB pronouncements, during the Fiscal Year ended June 30, 2003. GASB 34 created new

basic financial statements for reporting the District's financial activities. In addition to fund-basis financial statements, the financial statements now include government-wide financial statements prepared on the accrual basis of accounting that split the District's programs between governmental and business-type activities. The organization of such financial statements for Fiscal Year 2010/2011 was as follows:

Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and statement of activities, present information about the District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units. 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 expense and program revenues for each function or program of the District's governmental activities and for each segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense for the District has been allocated based upon a percentage of functional expenditures to total expenditures with direct allocation for some expenses in pupil transportation, food service and maintenance of plant functions.

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.

The effects of interfund activity have been eliminated from the government-wide financial statements, except for interfund services provided and used, and net residual amounts between governmental activities and business-type activities.

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, reconciliations are presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

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

Special Revenue- American Recovery and Reinvestment Act (ARRA) Fund - to account for certain Federal grant program resources provided for operations and other programs as set out in the American Recovery and Reinvestment Act of 2009.

Debt Service Fund - Other Fund - to account for financial resources for debt principal and interest for the Series 2005, Series 2007, and Series 2010A Certificates of Participation. The latter is a Qualified School Construction Bond.

Capital Projects Fund - Local Capital Improvement Fund - to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, payments on operating leases, motor vehicles purchases, equipment purchases, costs of environmental compliance, and payment of property and casualty premiums.

Capital Projects Fund - Other Fund - to account for other financial resources generated by the Series 2005, Series 2007, and Series 2010A Certificates of Participation, impact fees, and Class Size Reduction construction funds to be used for capital projects.

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

Internal Service Funds B to account for the District's individual self-insurance programs and to account for the resources of the East Central Florida Management Training Institute (MTI) consortium for which the School Board acted as fiscal agent for the 2009/10 Fiscal Year.

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

Private-Purpose Trust Fund - to account for resources of the Waldo Schraubstader Scholarship Fund.

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

Budget Process

State law requires the School Board to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following the County Appraiser's official certification of taxable property, which usually occurs on or about July 1. The School Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the County Appraiser prepares tax millage notices for property owners within the School District. The final budget and tax rate are fixed on or before September 18 of each year, following a final public hearing. The final budget for the 2011/12 Fiscal Year was adopted by the School Board on September 6, 2011.

The Superintendent of Schools is responsible for preparing the preliminary and tentative budgets for recommendation to the School Board. Florida law requires the School Board to adopt and maintain a balanced budget, in which anticipated revenues combined with beginning fund balances equal appropriations. Generally, the final budget is substantially the same as the tentative budget since the School Board's hiring plans and materials purchases have been determined before the tentative budget is adopted.

Auditing System

In addition to local internal audits, two other budget reviews are conducted. The Department of Education conducts regular financial compliance reviews of each school district to ensure that the school districts comply with state regulations. In conjunction with this review, the Financial Management Section of the Florida Department of Education reviews the cost reporting system of each school district to ensure that the Financial and Program Costs Accounting and Reporting for Florida schools is being properly implemented by the School Board.

Reporting Achievements

The School Board's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009 (the "2009 Fiscal Year CAFR"), was awarded the Certificate of Achievement for Excellence in Financial Reporting (the "Certificate of Achievement") by the Government Finance Officers Association of the United States and Canada. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is only valid for a period of one year.

Furthermore, the School Board received the Association of School Business Officials International Certificate of Excellence in Financing Reporting for the 2009 Fiscal Year CAFR.

General Fund Revenue Sources

The District's general fund revenues are derived from federal and State appropriations and local sources of funds. The District's two major sources of funds from the State are funding under the Florida Education Finance Program ("FEFP") and the State's Categorical Education Program. Categorical funds are restricted to the specific purposes for which they were authorized. The State Legislature appropriates funds for FEFP. The level of funding received by each school district is then determined in accordance with State law, particularly Chapter 1010, Florida Statutes.

To participate in FEFP funding, each school district must levy a minimum millage for operating purposes, which is set by the State Commissioner of Education, based upon the aggregate local effort for all school districts, and the most recent estimate of the non-exempt assessed valuation for school purposes prepared by the Department of Revenue. The required local effort millage for the District for the Fiscal Year of the School Board ending June 30, 2012 is 5.396 mills.

The following tables summarize General Fund operations for the three fiscal years ending June 30, 2007 through 2009, the unaudited General Fund operations for the 2010/2011 Fiscal Year and budget for Fiscal Year 2011/12.

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School District of Indian River County, Florida
Statement of Operations for the General Fund
Fiscal Years 2007-2011

	Audited <u>2007/08</u>	Audited <u>2008/09</u>	Audited <u>2009/10</u>	Unaudited <u>2010/11</u>	Budgeted <u>2011/12</u>
BEGINNING					
BALANCE	\$ 11,373,899	\$9,880,822	\$4,844,682	\$2,536,951	\$14,572,039
REVENUE:					
Federal	\$465,247	\$ 393,365	\$ 379,776	\$ 414,657	\$230,000
State	31,928,546	32,821,131	23,211,931	28,186,971	30,093,131
Local	<u>99,629,415</u>	<u>91,507,078</u>	<u>97,033,733</u>	<u>96,493,438</u>	<u>89,345,524</u>
Total Revenues	\$132,023,208	\$124,721,574	\$120,625,440	\$125,095,067	\$119,668,655
EXPENDITURES					
Instruction	\$ 85,231,373	\$ 86,287,683	\$ 80,468,723	\$ 75,625,765	\$81,788,684
Pup. Pers. Svcs.	4,103,518	4,104,908	3,767,547	3,550,297	3,366,520
Instr. Med. Svcs.	2,059,767	2,173,178	1,385,185	1,178,345	1,771,780
Instr. & Curr. Dev.	4,841,533	4,085,634	2,423,506	1,535,064	3,741,154
Instr. Staff Training	670,025	571,482	212,780	173,116	853,322
Instr. Rltd. Tech	933,805	832,274	838,206	726,160	800,164
Board	1,039,671	1,012,604	1,077,557	953,551	1,047,349
General Admin.	508,730	542,778	434,766	470,249	384,033
School Admin.	9,274,636	9,060,379	8,261,852	7,826,955	6,964,021
Fac. Acq.	103,175	194	37,263	22,586	518,401
Fiscal Svcs.	1,218,395	1,140,850	1,117,723	1,249,190	4,275,111
Food Svcs.	40,657	57,235	41,278	29,205	--
Central Svcs.	2,518,636	2,080,004	2,085,114	1,962,473	1,825,688
Pupil Trans.	5,970,174	5,377,965	4,998,173	4,802,245	4,905,040
Operation of Plant	14,725,610	12,721,224	11,174,732	10,765,908	11,575,870
Maint. of Plant	3,428,108	3,322,395	28	294,143	665,951
Admin. Tech. Svcs.	2,317,978	2,473,320	2,236,909	2,407,593	1,804,578
Comm. Svcs.	1,006,042	46,218	33,569	408	315
Capital Outlay	102,154	--	--	--	--
Debt Service	--	421,667	407,556	438,333	500,000
Transfers	--	--	--	--	--
Total Expenditures	<u>\$140,093,987</u>	<u>\$136,311,992</u>	<u>\$121,002,467</u>	<u>\$114,061,761</u>	<u>\$126,787,984</u>
Other Financial Sources	\$ 6,577,702	\$ 6,802,982	\$ (1,930,704)	\$ 1,001,782	\$921,022
Net Change in Fund Balance	\$ (1,493,077)	\$(4,787,436)	\$ (2,307,731)	\$ 12,035,088	\$(6,198,307)
Adjustment to Beg. Fund Balance	--	(248,704)	--	--	--
Ending Balance	\$ 9,880,822	\$ 4,844,682	\$ 2,536,951	\$ 14,572,039	\$8,373,732

Source: School District of Indian River County

The Florida Legislature in January 2009 adopted legislation creating Section 1011.051, Florida Statutes, entitled "Guidelines for general funds." This new section requires that if a school district's unreserved General Fund balance in the approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. The section further requires that if the unreserved General Fund balance is projected to fall below two percent (2%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. Within 14 days after receiving such notification of a balance below two percent (2%), if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements. In Fiscal Year 2010/11, the District's unreserved General Fund balance (unaudited) was 9.62% of General Fund revenues. The District projects the unreserved General Fund balance to be 5.00% of General Fund revenues for Fiscal Year 2011/12. For purposes of such calculation, assigned and unassigned funds are considered to be unreserved.

Cash and Investments

As of June 30, 2011, the District held cash and investments totaling \$15,655,637 and \$688,216, respectively, in its General Fund.

Cash Management

The 2010/11 Fiscal Year General Fund cash flow presented in the following table was prepared from financial records of the District.

The second table following presents a projected General Fund cash flow for the 2011/12 Fiscal Year. The cash flow is based on the 2011/12 Fiscal Year preliminary budget and historical experience adjusted to reflect current economic conditions. The 2011/12 Fiscal Year cash flow projection is based on the disbursement requirements for the entire Fiscal Year, including certain disbursements which could take place in the 2011/12 Fiscal Year, but which are not in 2011/12 Fiscal Year tentative budget expenditures, such as certain advances to other funds and provisions for contingencies. Revenue projections reflect the anticipation dates of receipt of funds provided under the Florida Education Finance Program (FEFP) and other state programs, and the expected timing of receipt of tax revenues collected by the County for the District. Ad valorem taxes shown in these tables reflect the general operating levy.

SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Actual Cash Flow Analysis - General Fund
For the Fiscal Period July 1, 2010 to June 30, 2011

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash Balance (1)	\$4,402,292	\$1,312,764	\$620,946	\$36,995	\$23,415,834	\$41,170,069	\$69,409,423	\$65,248,834	\$63,190,439	\$62,135,533	\$51,016,934	\$35,553,825	\$4,402,292
RECEIPTS:													
Federal (2)	\$107,457	\$221,832	\$406,010	\$431,676	\$574,120	\$558,668	\$586,889	\$447,060	\$560,649	\$499,943	\$566,421	\$1,285,471	\$6,246,196
State													
FEFP	871,492	614,251	614,302	614,302	614,302	614,302	472,360	472,360	472,360	527,131	586,182	588,312	7,061,656
Categorical & other	1,584,989	1,568,016	1,780,818	2,245,829	1,659,487	1,644,996	1,604,174	1,735,622	1,701,524	1,704,048	1,917,471	1,978,341	21,125,315
Total State	2,456,481	2,182,267	2,395,120	2,860,131	2,273,789	2,259,298	2,076,534	2,207,982	2,173,884	2,231,179	2,503,653	2,566,653	28,186,971
Local													
Ad Valorem Tax	-	6,229	48,623	-	27,027,395	45,415,820	3,201,708	4,332,975	2,275,747	5,721,566	1,736,214	3,511,349	93,277,626
Miscellaneous local	415,982	159,574	405,203	252,328	129,917	81,427	245,397	797,134	177,447	183,648	154,254	344,261	3,346,572
Total local	415,982	165,803	453,826	252,328	27,157,312	45,497,247	3,447,105	5,130,109	2,453,194	5,905,214	1,890,468	3,855,610	96,624,198
Transfers	55,887	55,687	55,527	55,745	55,789	54,602	79,181	77,291	75,256	100,999	102,529	102,529	871,022
Interfund loans		5,000,000	7,000,000										12,000,000
Note Proceeds				30,000,000									30,000,000
Total Receipts	\$3,035,807	\$7,625,589	\$10,310,483	\$33,599,880	\$30,061,010	\$48,369,815	\$6,189,709	\$7,862,442	\$5,262,983	\$8,737,335	\$5,063,071	\$7,810,263	\$173,928,387
DISBURSEMENTS:													
Salaries and Benefits (2)	2,092,070	5,034,400	7,774,633	8,196,770	10,865,332	7,861,626	7,897,414	7,777,185	4,427,654	7,781,078	7,765,928	13,893,798	91,367,888
Other disbursements (2)	4,033,265	3,283,007	3,119,801	2,024,271	1,441,443	268,835	2,452,884	2,143,652	1,890,235	1,928,745	2,614,141	3,492,920	28,693,199
Interfund repayment						12,000,000							12,000,000
Note repayment										10,146,111	10,146,111	10,146,111	30,438,333
Total Disbursements	\$6,125,335	\$8,317,407	\$10,894,434	\$10,221,041	\$12,306,775	\$20,130,461	\$10,350,298	\$9,920,837	\$6,317,889	\$19,855,934	\$20,526,180	\$27,532,829	\$162,499,420
Ending Cash Balance (2)	\$1,312,764	\$620,946	\$36,995	\$23,415,834	\$41,170,069	\$69,409,423	\$65,248,834	\$63,190,439	\$62,135,533	\$51,016,934	\$35,553,825	\$15,831,259	\$15,831,259

SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Projected Cash Flow Analysis - General Fund
For the Fiscal Period July 1, 2011 to June 30, 2012

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash Balance (1)	\$15,831,259	\$11,976,809	\$5,521,521	\$46,284	\$8,800,295	\$23,817,411	\$57,208,658	\$51,873,888	\$48,743,717	\$43,249,799	\$35,881,941	\$24,047,147	\$15,831,259
RECEIPTS:													
Federal (2)	\$40,515	\$1,961	\$1,839	\$16,525	\$7,103	\$49,747	\$14,936	\$4,911	\$30,341	\$-	\$15,352	\$46,772	\$230,002
State													
FEFP	996,008	702,013	702,072	702,072	702,072	702,072	539,849	539,849	539,849	602,446	669,934	672,368	8,070,604
Categorical & other	1,664,938	1,647,109	1,870,645	2,359,112	1,743,194	1,727,972	1,685,091	1,823,169	1,787,351	1,790,002	2,014,191	1,909,754	22,022,528
Total State	2,660,946	2,349,122	2,572,717	3,061,184	2,445,266	2,430,044	2,224,940	2,363,018	2,327,200	2,392,448	2,684,125	2,582,122	30,093,132
Local													
Ad Valorem Tax	-	5,982	46,698	-	24,946,703	41,920,597	2,959,658	4,001,211	1,886,798	5,495,056	1,572,442	3,372,339	86,207,484
Miscellaneous local	406,182	155,815	395,657	246,384	126,856	79,509	239,616	778,355	173,267	179,322	150,620	256,454	3,188,037
Total local	406,182	161,797	442,355	246,384	25,073,559	42,000,106	3,199,274	4,779,566	2,060,065	5,674,378	1,723,062	3,628,793	89,395,521
Transfers	55,887	55,687	55,527	55,745	55,789	54,602	79,181	77,291	75,256	100,999	102,529	102,529	871,022
Interfund loans			3,000,000										3,000,000
Note Proceeds				16,000,000									16,000,000
Total Receipts	\$3,163,530	\$2,568,567	\$6,072,438	\$19,379,838	\$27,581,717	\$44,534,499	\$5,518,331	\$7,224,786	\$4,492,862	\$8,167,825	\$4,525,068	\$6,360,216	\$139,589,677
DISBURSEMENTS:													
Salaries and Benefits (2)	2,079,416	5,003,950	7,727,609	8,147,192	10,799,614	7,814,075	7,849,647	7,730,145	7,672,266	7,734,015	7,718,956	13,873,654	94,150,539
Other disbursements (2)	4,938,564	4,019,905	3,820,066	2,478,635	1,764,987	329,177	3,003,454	2,624,812	2,314,514	2,361,668	3,200,906	1,780,757	32,637,445
Interfund repayment						3,000,000							3,000,000
Note repayment										5,440,000	5,440,000	5,440,000	16,320,000
Total Disbursements	\$7,017,980	\$9,023,855	\$11,547,675	\$10,625,827	\$12,564,601	\$11,143,252	\$10,853,101	\$10,354,957	\$9,986,780	\$15,535,683	\$16,359,862	\$21,094,411	\$146,107,984
Ending Cash Balance (2)	\$11,976,809	\$5,521,521	\$46,284	\$8,800,295	\$23,817,411	\$57,208,658	\$51,873,888	\$48,743,717	\$43,249,799	\$35,881,941	\$24,047,147	\$9,312,952	\$9,312,952

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Investments

In accordance with State law, the District is required to keep all surplus funds invested. The District's investment policy authorizes the District to use government securities, collateralized bank deposits, certificates of deposit, collateralized repurchase agreements, money market funds utilizing government securities and the Local Government Surplus Funds Trust Fund of the Florida State Board of Administration ("SBA").

The SBA is authorized to invest in a wide range of investments including:

A. Mortgage pass-through certificates, meaning certificates evidencing ownership of an undivided interest in pools of conventional mortgages on real property which is improved by a building or buildings used for residential purposes for one-to-four families when:

(1) such real property is located in Florida;

(2) such mortgages are originated by one or more banks or savings and loan associations organized under the laws of Florida, by national banks or federal savings and loan associations having their principal place of business in Florida, or by a lender that is approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act and has its principal place of business in Florida, or by any combination thereof; and

(3) such mortgages are transferred or assigned to a corporate trustee acting for the benefit of the holders of such certificates.

B. Futures and options; provided, the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the SBA by rule authorizes a different market.

C. Domestic or foreign national principal contracts.

On November 29, 2007, the SBA implemented a temporary freeze on the assets held in the SBA's Local Government Surplus Trust Fund Investment Pool (the "Pool") due to an unprecedented amount of withdrawals from the Pool coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the SBA restructured the Pool into 2 separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a

payment, paid more slowly than expected and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants have no restrictions on withdrawals. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants have monthly transfers made by the S.B.A. from Pool B to Pool A. Market valuations of the assets held in Pool B are available from the Pool Administrator. In addition, full realization of the principal value of Pool B assets is not readily determinable.

As of June 30, 2011, the District had [\$697,951] in Pool A and \$688,216 in Pool B, and currently plans to continue investing in Pool A. Additional information regarding the Local Government Surplus Fund Trust Fund may be obtained from the SBA.

REVENUES OF THE DISTRICT

The District derives its revenues from certain State and local sources. The major categories of these revenue sources are briefly described under the following sub-headings.

Local Revenue Sources

Local revenue for school district support is derived almost entirely from real and tangible personal property taxes described in "AD VALOREM TAX PROCEDURES" herein. School districts in the State are permitted to levy ad valorem property taxes separately for (i) operational purposes, (ii) the payment of debt service, and (iii) capital outlays and maintenance of school facilities. The amount of each such levy is subject to various constitutional and statutory limitations. See "AD VALOREM TAX PROCEDURES - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" herein. In addition, the District earns interest on cash invested and collects other miscellaneous revenues.

For operational purpose, the Florida Legislature annually places requirements on each school district to levy a millage rate that is defined by law to be the "district required local effort" for those school districts desiring to participate in the allocation of state funds available to school districts. The District's required local effort was 4.410 mills for Fiscal Year 2008/09, 5.048 mills for Fiscal Year 2009/10, 5.422 mills for Fiscal Year 2010/11 and is budgeted at 5.396 mills for Fiscal Year 2011/12. Included in such required local effort millage for 2010/11 was a Prior Period Funding Adjustment Millage of 0.036 mills, as authorized by Section 1011.62(4)(e), Florida Statutes. Such Prior

Period millage is levied when the preliminary taxable value for prior years is greater than the final taxable value for such years, thereby resulting in lower than expected revenues from the required local effect millage. [The District did not meet the statutory requirements for such levy for Fiscal Year 2011/12.] School boards are also authorized to levy an additional "discretionary millage" for operations, not to exceed an amount established annually by the Legislature. For Fiscal Year 2010/11 the discretionary millage was 0.748 mills and is 0.748 mills for Fiscal Year 2011/12. For the 2009-10 and 2010-11 Fiscal Years, school districts were also authorized to levy a discretionary millage in an amount not to exceed 0.25 mills for critical operating needs or critical capital needs if approved by a super majority of the school board. The District levied 0.25 mills pursuant to such authorization in the 2010-11 and 2011-12 Fiscal Years. (see "AD VALOREM TAX PROCEDURES - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes - Further Reduction in Local Option Millage" herein).

Historically, budgeted revenues from ad valorem taxes were based on applying millage levies to ninety-five percent (95%) of the non-exempt assessed valuation of real and personal property. However, due to a change in applicable law, budgeted revenues are now required to be based on applying millage levies ninety-six percent (96%) of the non-exempt assessed valuation of real and personal property. Historically, the local taxes have been received at less than one hundred percent (100%) of assessed valuation due to the discounts for early payment. The County usually collects approximately ninety-six percent (96%) of the levied taxes. Ad valorem tax receipts for operating purposes decreased from \$93.68 million for the 2009/10 Fiscal Year to [\$93.34] million for the 2010/11 Fiscal Year. Ad valorem tax receipts for operating purposes are budgeted to be \$86.21 million for the 2011/12 Fiscal Year.

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Historical and currently budgeted millage rates (tax per \$1,000 of assessed value) are as follows:

	<u>2006-07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12⁽¹⁾</u>
Required Local Effort	4.551	4.657	4.410	5.048	5.422 ⁽²⁾	5.396
Discretionary	0.612	0.611	0.600	0.748	0.748	0.748
Critical Operating Needs Levy	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>0.000⁽³⁾</u>	<u>0.250⁽³⁾</u>	<u>0.250⁽³⁾</u>
Total Operating Millage	5.163	5.268	5.010	5.796	6.420	6.394
Debt Service Millage ⁽⁴⁾	0.280	0.270	0.280	0.300	0.330	0.350
Capital Outlay	<u>2.000</u>	<u>2.000</u>	<u>1.750</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>
Total Millage	7.443	7.538	7.040	7.596	8.250	8.244

- (1) Budgeted figures.
- (2) Includes 0.036 mills Prior Period Adjustment Millage Levy for Fiscal Year 2010/11. See "REVENUES OF THE DISTRICT - Local Sources" above.
- (3) Authorized pursuant to recent legislative amendments to Section 1011.71, Florida Statutes. See "AD VALOREM TAX PROCEDURES - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes – Further Reduction in Local Option Millage Levy" herein.
- (4) Used to pay debt service on the District's outstanding General Obligation Bonds. See "THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA - Indebtedness" herein.

The School Board levies each year a non-voted, real and tangible personal property tax millage, known as the "Local Option Millage Levy," for capital outlay and maintenance purposes. Currently, this levy may be up to 1.50 mills, except as provided below (for Fiscal Year 2008/09 the maximum Local Option Millage Levy was 1.75 mills and was 2.00 mills in prior Fiscal Years), for costs of construction, renovation, remodeling, maintenance and repair of educational plant; for the purchase, lease or lease-purchase of equipment, educational plants, and construction materials directly related to the delivery of student instruction; for the rental or lease of existing buildings, or space within existing buildings, originally constructed or used for purposes other than education, for conversion to use as educational facilities; for the opening day collection for the library media center of a new school; for the purchase, lease-purchase or lease of school buses; and for servicing of payments related to certificates of participation. The District levied 2.0 mills in Fiscal Years 2006/07 and 2007/08 and 1.75 mills in Fiscal Years 2008/09 and 1.50 mills in Fiscal Year 2009/10. Pursuant to a change in applicable law (see "- Recent Legislative Initiatives and Constitutional Amendments Relating to Ad Valorem Taxes" below), and except as described in the next paragraph, the District is currently limited to levying a Local Option Millage Levy of 1.50 mills. The School Board is not required to levy any millage for capital outlay purposes in the future, but did levy 1.50 mills for Fiscal Year 2010/11 and is budgeted to levy 1.50 mills for Fiscal Year 2011/12. The receipts of the Local Option Millage Levy are not pledged to, or available for, the payment of the Notes.

In the event that revenues generated from the Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make lease payments. Additionally, if the revenues generated from 1.50 mills is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical capital needs, a school board may elect to levy up to 0.25 mills for capital purposes in lieu of a like amount of discretionary operating millage. Such legislation further authorizes district school boards, by a super majority vote, to levy an additional 0.25 mills for critical capital outlay needs or for critical operating needs. In order for a school district to continue this levy after the 2010/11 Fiscal Year, the levy was required to be approved by the voters of such school district in the 2010 general election or a subsequent election held at any time. Such voter approval will only authorize the levy for an additional two-year period. The District levied 0.25 mills for such purposes in Fiscal Year 2010-11. The voters of the District approved such levy in the 2010 general election. Accordingly, The District is budgeted to levy 0.25 mills for critical operating needs for Fiscal Year 2011/12. The revenue from such levy are available for payment of the Notes. See "- Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" below.

Ad valorem tax receipts for capital and maintenance purposes decreased from \$23.95 million in Fiscal Year 2009/10 to \$21.8 million in Fiscal Year 2010/11. The District has budgeted approximately \$20.2 million of ad valorem tax receipts for capital and maintenance purposes for Fiscal Year 2011/12.

In addition to the School Board levies, qualified electors, by referendum, may vote an additional millage levy for operational and capital outlay purposes, as prescribed by the Florida Constitution and applicable statutes. Before a school district may issue general obligation bonds, qualified electors within the district must approve a millage levy to pay the principal of and interest on such bonds. The School Board levied 0.30 mills in Fiscal Year 2009/10, 0.33 mills in Fiscal 2010/11 and is levying 0.35 mills in Fiscal Year 2011/12 for payments of debt service on its outstanding general obligation bonds.

The School Board also receives educational facilities impact fees which are levied and collected by the County for all new residential construction in the County. The School Board received \$291,170 in educational facilities impact fees for the 2008/09 Fiscal Year, \$278,711 for the 2009/10 Fiscal Year and \$331,751 for the 2010/11 Fiscal Year. The School Board is not budgeted to receive any educational impact fee revenues for Fiscal Year 2011/12. The educational facilities impact fees are not pledged to or available to make payments on the Notes.

State Revenue Sources

Operating Revenue. The three primary sources of educational funding from the State are (i) basic Florida Educational Finance Program ("FEFP") receipts, (ii) FEFP categorical program receipts, and (iii) certain other specified revenue sources.

The major portion of State support is distributed under the provisions of the FEFP, which was enacted by the Florida Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis using a formula that takes into account varying program cost factors and district cost differentials. The program cost factors which are used to determine the level of each school district's FEFP funding are determined by the Florida Legislature. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the weighing formula. In addition, the level of State funding is adjusted during each year to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in the County. General Fund receipts from FEFP were \$5.73 million for the 2008/09 Fiscal Year, \$7.9 million for the 2009/10 Fiscal Year (inclusive of \$5.9 million of State Stabilization Funds provided pursuant to the Recovery Act (defined below)), and \$6.2 million for the 2010/11 (inclusive of \$5.8 million of State Stabilization Funds provided pursuant to the Recovery Act). General Fund FEFP revenues are budgeted at \$8.07 million for Fiscal Year 2011/12.

FEFP categorical program receipts are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each district. Among the larger categorical programs are the programs for school bus transportation and instructional material. Allocations for these categorical appropriations are based on funding formula and discretionary State Department of Education grants. The majority of the funds available require actual appropriation by the School Board for the purposes for which they were provided. Total State categorical aid decreased from \$25.48 million for the 2008/09 Fiscal Year to \$18.8 million for the 2009/10 Fiscal Year. FEFP categorical receipts were approximately \$20.1 million for the 2010/11 Fiscal Year. Of such amount, approximately \$19.4 million was dedicated to fund a portion of the costs related to the Class Size Legislation described herein under "REVENUES OF THE DISTRICT- Constitutional Amendments Related to Class Size Reduction." FEFP categorical receipts are budgeted to be approximately \$20.1 million for Fiscal Year 2011/12.

The District also receives additional State educational funding from a variety of miscellaneous State programs. These sources include State mobile home license tax revenues and the Florida State Lottery.

State Budget Cuts. As a result of declining State revenues operating revenues from the State to the District were reduced by over \$4.5 million over the three fiscal years

ended June 30, 2011. As required by law, the Florida Legislature passed the State budget for fiscal year 2011-12 during its 2011 regular session. Included in the adopted budget was a \$1.35 billion or 7.96% reduction in funding for education from fiscal year 2010-11. Such reduction correlates to a decrease of \$542.03 in funding per student in the State. At present, it is anticipated that such budget will result in a reduction of \$4.9 million in total FEFP revenue to the District for Fiscal Year 2011-2012. In order to partially offset the loss of such revenue, the Legislature adopted a bill that requires public employees contribute 3% of their income to their retirement effective July 1, 2011, which, in turn, would reduce the District's employer contribution by approximately \$4.1 million. See "THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA - Retirement and Other Post-Employment Benefits" above for information regarding changes to the Florida Retirement System. Moreover, the State has advocated the use of temporary federal education dollars in order to further offset the loss of such revenue. The District projected a budget shortfall of \$5.4 million for Fiscal Year 2012 due to decreases in Federal, State and local revenue. However, the District has identified \$3.6 million in potential cost reductions [and will utilize certain unreserved funds to make up such shortfall,] which is intended to ensure a balanced budget while simultaneously continuing to maintain adequate contingency reserves.

Capital Outlay. State capital outlay revenues available to the District were \$7.8 million or approximately 20.3% of the District's total capital outlay revenues for Fiscal Year 2008/09. State capital outlay revenues available to the District were \$1.1 million or approximately 4.1% of the District's total capital outlay revenues for Fiscal Year 2009/10. State capital outlay revenues available to the District were \$1.8 million or approximately 7.3% of the District's total capital outlay revenues for Fiscal Year 2010/11.

The primary source of State educational funding contributions to the District's capital outlay requirements is the Florida Public Education Capital Outlay program ("PECO"). The method of allocation of funds to the district school boards is provided by state law based upon a statutory formula, components of which are the number of students in various districts and the proposed uses of the funds by the various districts. The Commissioner of Education administers the PECO program and allocates or reallocates funds as authorized by law. Under PECO, the State distributed approximately \$1.83 million in Fiscal Year 2008/09, approximately \$294,965 for the 2009/10 Fiscal Year and \$824,916 for the 2010/11 Fiscal Year.

The District also receives motor vehicle license revenues, also known as capital outlay and debt service ("CO&DS") funds. CO&DS funds can be used to make lease-purchase payments, but only if the lease-purchase facility appears on the project priority list (the "PPL") approved by the State Board of Education. The District received [\$672,642] of CO&DS funds in Fiscal Year 2009/10 and [\$700,879] of CO&DS funds in Fiscal Year 2010/11. Funds in the amount of \$579,431, and \$590,587 were withheld

from the allocations in Fiscal Year 2009/10 and Fiscal Year 2010/11, respectively, to repay bonds issued by the State and secured by such revenues.

On November 24, 1997, the Governor of the State of Florida signed into law a bill creating the "Public School Capital Outlay Program Act" (the "Act"). Among the several programs established by the Act is the "Classrooms First Program," which provides for the issuance by the State of revenue bonds, the proceeds of which will be distributed to the various school districts based upon a formula similar to the formula used in allocating PECO funds. The proceeds of such revenue bonds must be applied by a school district for new construction, remodeling, renovation or major repairs, with a priority on construction of new, permanent classroom Facilities. If a school district certifies that it has no unmet need for permanent classroom Facilities or if its unmet needs are less than its proposed allocation of the revenue bond proceeds, it may choose to receive an annual distribution of state lottery revenues in lieu of all or a portion of its allocation of state bond proceeds. Such annual distribution must be used to construct, renovate, remodel, repair or maintain educational Facilities. In addition, in order to receive any of such state funds, a school district must fully utilize state bonding capacity relating to its CO&DS funds allocation. In order to continue participation in the Classrooms First Program, the District may be required to utilize additional state bonds payable from CO&DS funds in the future. The District received \$6,405,000 in funds from the issuance of additional State bonds in 2005, approximately \$1,210,000 in funds from the issuance of additional State bonds in 2008 and \$160,000 in funds from the issuance of additional state bonds in 2010.

The District also received approximately \$5.17 million in Fiscal Year 2008/09 under the Class Size Reduction Lottery Revenue Bond Program, but did not receive any funds under such program in Fiscal Year 2009/10. Funds under the Class Size Reduction Lottery Revenue Bond Program are generated from the sale of State lottery bonds and are distributed to the various school districts based upon a formula similar to the formula used in allocating the PECO funds. Such funds may be used by a school district for any new capital projects that are not included in such school district's then current five-year capital plan.

Under the Act the District may be entitled to receive other state revenues pursuant to other programs if the District achieves certain standards relating to its capital outlay efforts. It is not possible at this time to determine or estimate the amount of such state revenues, if any, that the District may receive in the future.

Special Revenue Sources

The District also receives certain local, state and federal moneys, substantially all of which are restricted for specific programs. Programs funded with these special revenue sources in the past include school food service operations and programs financed

through the Educational Handicapped Act, the Education Consolidation and Improvement Act and other federally financed programs.

Constitutional Amendments Related to Class Size Reduction

Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010/11 school year. Amendment 9 and Section 1003.03, Florida Statutes, which implements Amendment 9, are referred to herein as the "Class Size Legislation."

The Class Size Legislation established constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. Such legislation generally provides for a phased-in compliance which would be determined on a school-by-school basis through and including Fiscal Year 2009-10, with final compliance on an individual classroom basis beginning in Fiscal Year 2010-11. In the event a school district is not in compliance with such requirements, the legislation provides that the State shall reduce categorical funds due to such school district for operational purposes.

The Class Size Legislation further created an "Operating Categorical Fund for Class Size Reduction," the "Classroom for Kids Program," the "District Effort Recognition Grant Program" and the "Class Size Reduction Lottery Revenue Bond Program" to provide funding programs for capital outlays and operating expenditures necessary in relation to these mandated class size reductions.

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars.

Through Fiscal Year 2009-10, the District complied with the requirements of the Class Size Legislation which was based on the average class size at each school. Beginning in Fiscal year 2010-11, the requirements were based on the number of students in each individual classroom. As of the October 2010 Survey, the week during which DOE determines compliance with class size maximums, the District had 100% of the classrooms in compliance. Accordingly, the District is in compliance with the requirements of the Class Size Legislation.

In the November 5, 2002, general election, the voters of the State of Florida also approved Amendment 8 to the State Constitution which provides that every 4-year old child in the State shall be offered a free, high quality pre-kindergarten learning

opportunity by the State no later than the 2005 school year. In furtherance thereof, Section 411.012, Florida Statutes, created a voluntary universal pre-kindergarten education program for four-year olds within the Agency for Workforce Innovation and directed the State Board of Education to conduct a study and make recommendations for this education program regarding curriculum and standards, quality of instruction, delivery system, assessment and evaluation, funding and best practices.

During the 2004-A special session, the Florida Legislature passed House Bill 1-A, codified in Part V of Chapter 1002, Florida Statutes, which creates a statewide Voluntary Pre-kindergarten Education Program. House Bill 1-A, as codified in Part V, Chapter 1002, Florida Statutes, is referred to herein as the "Pre-K Legislation." Among other things, the Pre-K Legislation provides eligibility and enrollment requirements, authorizes parents to enroll their children in a school-year pre-kindergarten ("Pre-K") program delivered by a private Pre-K provider, a summer program delivered by a public school or private Pre-K provider or, if offered in a school district that meets class-size reduction requirements, a school year Pre-K program delivered by a public school. The Pre-K Legislation also requires school districts to deliver summer Pre-K programs and permits school districts to deliver school-year Pre-K programs. Additionally, the Pre-K Legislation appropriates State funds to finance the Pre-K programs and provides the method for calculating the funds allocated to each Pre-K program provider.

The Pre-K Legislation provides State funding for the Pre-K programs. The District has approximately 143 students in its Pre-K Program.

AD VALOREM TAX PROCEDURES

Property Assessment

No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Such taxes may be levied only by counties, school districts, municipalities and certain special districts. For all purposes, real and personal property valuation is determined as of January 1, each year, by the County appraiser. Except as noted below, all taxable real and tangible personal property must be assessed at 100% of fair market value.

The following uses of real property are generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary and governmental. In addition, there are special exemptions for widows, hospitals, homesteads, working waterfronts and homes for the aged and disabled veterans. In particular, pursuant to Article VII, Section 6 of the Constitution and Section 196.031, Florida Statutes, the first \$25,000 of the assessed valuation of a homestead is exempt from taxation for any person who has title to a residence in such homestead on a permanent basis. Further, agricultural land, non-commercial recreational land, inventory and livestock are assessed at less than 100% of fair market value.

In the November 7, 2006 general election, the voters of Florida approved Amendments 6 and 7 to the State Constitution, which provided for an increase in the homestead (ad valorem tax) exemption to \$50,000 from \$25,000 for certain low-income seniors effective January 1, 2007 and provided a discount from the amount of ad valorem taxes for certain permanently disabled veterans effective December 7, 2006, respectively. The extent to which these amendments may affect the ad valorem tax collections of the District in future years is not currently known.

Additionally, in the January 29, 2008 special election, the voters of the State also approved an additional homestead exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead for property with an assessed value equal or greater than \$75,000. However, this exemption does not apply to school district taxes.

By voter referendum held on November 2, 1992, Article VII, Section 4 of the Florida Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. This amendment is known as the "Save Our Homes" amendment. The effective date of the amendment was January 1, 1995. Studies have been conducted analyzing the effect of this amendment on property values and tax collections in Florida since its effective date. Such studies conclude that while the assessed values of homestead property within the State have been lower due to the amendment, the impact on total property tax revenues for local governments within the State has been small due to growth in the total property tax base and the property tax revenues received with respect to non-homestead property. There is no assurance that such revenues will not be materially adversely affected in the future. See "Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" herein for information concerning recently passed legislation that may affect the Save Our Homes amendment.

Procedure for Tax Collection. All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. The Tax Collector mails to each property owner on the assessment roll a notice of taxes levied by the County, the School

Board, and other taxing authorities. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were levied. All taxes collected are remitted by the County to the governmental unit levying the taxes. (See "Disposition of Tax Collections".)

Delinquent real property taxes bear interest at the rate of eighteen percent (18%) per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of eighteen percent (18%) per year from April 1 until paid. Delinquent personal property taxes must be advertised within forty-five (45) days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

Florida law provides that real property tax liens are superior to all other liens and that personal property tax liens are superior to all other liens, except prior United States Internal Revenue Service liens. The Tax Collector advertises once each week for four weeks and sells tax certificates on or before June 1 of each year on all real property with taxes due. Delinquent Tax Certificates not sold at auction revert to the County.

Disposition of Tax Collections

Section 200.001, Florida Statutes, provides, in effect, that county tax millages shall consist of four components: (a) general millage, (b) debt service millage, (c) voted millage, and (d) dependent special district millage. Section 197.0124, Florida Statutes, requires the Tax Collector to distribute taxes collected to each taxing authority four times per month during the first two months after the tax roll comes into its possession and once per month thereafter.

The School District is budgeted to levy a total millage of 8.244 mills for Fiscal Year 2011/2012. The levy includes 6.394 mills for general operations, 0.35 mills for debt service and 1.50 mills for capital projects. The following table shows the tax collections of the District for the last five years.

School District of Indian River County, Florida
Tax Collections
For Fiscal Years 2006 - 2011

	2006 Taxes FY 06-07 <u>Audited</u>	2007 Taxes FY 07-08 <u>Audited</u>	2008 Taxes FY 08-09 <u>Audited</u>	2009 Taxes FY 09-10 <u>Audited</u> ¹	2010 Taxes FY 10-11 <u>Unaudited</u> ⁽¹⁾
General Fund	\$89,193,534	\$ 94,914,174	\$ 88,841,099	\$ 93,743,085	\$93,341,422
Debt Service Fund	4,828,207	4,860,904	4,954,263	4,850,280	4,794,074
Capital Outlay Fund	<u>34,531,018</u>	<u>36,012,340</u>	<u>31,012,471</u>	<u>24,274,807</u>	<u>21,816,243</u>
Total Collected	\$128,552,759	\$135,787,418	\$124,807,833	\$122,868,172	\$119,951,739
% Collected	96.56%	96.74%	96.29%	96.24%	96.94%

(1) Through June 30, 2011

Source: School District of Indian River County

Assessed Valuation

The following table shows the assessed value and taxable value for operating millages in each of the past ten years. No single taxpayer in the County pays as much as ten percent (10%) of the total ad valorem taxes levied.

School District of Indian River County, Florida
Just and Taxable Value of Taxable Property

Fiscal Year Ended	Real Property Just Value	Personal Property Just Value	Total Just Value ⁽¹⁾	Total Taxable Value	Percent of Total Taxable Value to Total Just Value
2002	\$10,531,128,290	\$707,941,621	\$11,247,646,904	\$8,541,205,140	75.9%
2003	11,975,902,750	694,305,280	12,679,434,232	9,530,620,283	75.1
2004	13,534,323,150	693,374,322	14,240,720,350	10,717,793,063	75.3
2005	15,705,282,117	699,716,008	16,416,179,277	12,222,585,880	74.5
2006	19,253,494,827	712,011,582	19,977,045,580	14,279,412,670	71.5
2007	25,447,211,057	755,187,275	26,214,228,265	17,885,105,074	68.2
2008	25,141,630,059	782,529,196	25,937,926,930	18,620,780,021	74.1
2009	24,122,080,860	739,467,578	24,881,555,781	18,328,611,920	76.0
2010	21,258,018,675	761,011,306	22,034,192,151	16,701,824,363	75.6
2011	17,317,035,896	652,541,286	17,979,055,919	14,044,332,671	78.1

(1) Includes Centrally Assessed Property.

Source: Florida Department of Revenue, Florida Property Valuations and Tax Data Book.

Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes

Constitutional amendments related to ad valorem exemptions. On January 29, 2008, in a special election held in conjunction with Florida's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. The following is a brief summary of certain provisions contained in the approved amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000. **This exemption does not apply to school district taxes.**

2. Permits owners of homestead property to transfer up to \$500,000 of their "Save Our Homes" benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then the assessed value of the new homestead property shall equal the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. The Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. See "AD VALOREM TAX PROCEDURES - Property Assessment" herein for information relating to the Save Our Homes assessment cap. **This exemption applies to all taxes, including school district taxes.**

3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax. **This exemption applies to all taxes, including school district taxes.**

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10 year period, subject to extension by an affirmative vote of electors. **This limitation does not apply to school district taxes.**

The amendments were effective for the 2008 tax year (2008-2009 fiscal year for local governments). While certain members of the Florida Legislature publicly indicated that they would seek to replace the ad valorem revenues lost by school districts with other revenue sources, the Florida Legislature approved significant budget cuts for education during its 2011 regular session. See "REVENUES OF THE DISTRICT – State Revenue Sources – State Budget Cuts" herein.

From time to time over the last few years, the Save Our Homes assessment cap and portability provision described above have been subject to legal challenge. The plaintiffs in such cases have generally argued that the Save Our Homes assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property, in violation of the State Constitution's Equal Protection provisions and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution and that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions. However, there is no assurance that any future challenges to such provisions will not be successful. Any potential impact on the District or its finances as a result of such challenges cannot be ascertained at this time.

Exemption for Deployed Military Personnel. In the November 2010 General Election voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the legislature. This constitutional amendment took effect on January 1, 2011. At this time, it is impossible to estimate with any certainty the level of impact that the constitutional amendment will have on the District.

Ad Valorem Taxation Proposals. During its 2011 regular session, the Legislature of the State passed a resolution proposing several constitutional amendments relating to ad valorem taxation or which otherwise may affect school district finances. Among other things, these proposals seek to prohibit the increase of assessed value for property whose fair market value declined over the prior year, reduce the limitation on annual increases of non-homestead property from 10% to 5% for all levies other than school district levies and provide an additional homestead exemption for first-time homeowners in an amount initially equal to 50% of homestead property's just value, subject to reduction of 20% or more each year over a 5 year period. All of such proposals require approval by 60% of the voters. At present, the impact of any such proposals on the District's finances cannot be accurately ascertained.

Limitations on State Revenue Amendment. In its 2011 regular session, the Florida Legislature passed a resolution which (1) replaces the existing state revenue limitation based on State personal income growth with a new state revenue limitation based on changes in population and inflation; (2) requires excess revenues to be deposited into the Budget Stabilization Fund to support public education or to return to taxpayers; (3) adds fines and revenues used to pay debt service on bonds issued after July 1, 2012 to the state revenues subject to the limitation; (4) authorizes the Florida Legislature to increase the revenue limitation by a supermajority vote; and (5) authorizes the Florida Legislature to place a proposed increase before the voters, which would require approval of 60% of the voters. The proposal will be on the ballot in the 2012 general election or at an earlier

election authorized by law. If approved by 60% of the voters, the new state revenue limitation is more likely to constrain state revenues than the current state revenue limitation; however, the potential impact on the District or its finances cannot be ascertained at this time.

There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

Reduction in Local Option Millage Levy. During the 2008 session, the Florida Legislature amended Section 1011.71(2), Florida Statutes, to reduce the maximum millage rate that school districts may levy for capital outlay and maintenance purposes (referred to in this Official Statement as the Local Option Millage Levy) from 2.0 mills to 1.75 mills commencing in fiscal year 2008-2009. In conjunction with such reduction, the State's Commissioner of Education increased the amount of the required local effort for each school district in the State, which resulted in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes.

Further Reduction in Local Option Millage Levy. Section 1011.71, Florida Statutes, was amended in the recent years to provide for the following: (i) a reduction of the maximum Local Option Millage Levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009 for the 2009-2010 fiscal year; and (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 mills for capital improvement needs in lieu of an equivalent amount of the discretionary mills for operations as provided in the State General Appropriation Act.

LITIGATION

[To be reviewed by General Counsel to the School Board]

In the opinion of Brown Garganese Weiss & D'Agresta, P.A., General Counsel to the District, there is no litigation now pending or threatened (i) to restrain or enjoin the issuance or sale of the Notes; (ii) questioning or affecting the validity of the Notes, the Resolution or the pledge by the District under the Resolution; or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Notes.

The District is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, Brown Garganese Weiss & D'Agresta, P.A., General Counsel believes that there are substantial defenses to such litigation and disputes and that, in any event, ultimate liability in excess of applicable

insurance coverage, resulting therefrom, will not materially adversely affect the financial position or results of operations of the District.

NOTEHOLDER'S RISK

The District has prepared an operating budget and set a millage rate it anticipates will be sufficient to pay all expenses incurred in operating the District's schools. Although Florida Statutes require the District to adopt a balanced budget, in the event expenditures exceed the amount budgeted therefore or the delinquency on tax payments exceeds that of previous years, the Notes and/or the interest thereon may not be paid in full at maturity.

In particular, the adequacy of the Pledged Revenues to provide for repayment of the Notes depends upon (1) the ability of taxpayers in Indian River County to pay the ad valorem taxes levied in 2011, (2) the percentage of collection of ad valorem taxes for the 2011/2012 Fiscal Year, (3) the receipt by the District of the federal and State funds upon which it depends, in part, for the funding of its operations for the current year, and (4) the absence of the need for extraordinary, unforeseen expenditures during the 2011/2012 Fiscal Year. These matters are largely dependent upon factors beyond the control of the District, and any adverse developments with respect to these or other factors could affect the ability of the District to pay the principal of and interest on the Notes.

FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report of Indian River County Public Schools, Florida, as of June 30, 2010 and for the year ended, excerpted pages of which are appended hereto as Appendix B as part of this Official Statement have been audited by the Office of the Auditor General of the State of Florida. as set in its report dated December 15, 2010, which report is also appended hereto.

The Annual Financial Report (unaudited) of the School District of Indian River County, Florida for the fiscal year ended June 30, 2010 and for the year ended, is also appended hereto as Appendix C as part of this Official Statement. The figures in such report are not audited and are subject to change during the auditing process.

UNDERWRITING

The Notes are being purchased by _____ at an aggregate purchase price of \$_____ (which consists of the par amount of the Notes, plus a note premium of \$_____). The offer of the Underwriter to purchase the Notes provides for purchase of all of the Notes if any are purchased. The Underwriter intends

to re-offer the Notes to the public at a price of ____% of the principal amount thereof, resulting in compensation to the Underwriter in the amount of \$_____.

The Underwriter may offer to sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The District has retained Ford & Associates, Inc., Tampa, Florida, as financial advisor (the "Financial Advisor") with respect to the issuance and sale of the Notes. The Financial Advisor assisted in matters relating to the planning, structuring, and issuance of the Notes, and has provided additional advice. The Financial Advisor is not obligated to undertake nor has undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

NOTE RATING

Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "____" to the Notes. An explanation of the significance of the ratings may be obtained only from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0501. There is no assurance that the rating will be in effect for any given period of time or that it will not be revised downward, suspended or withdrawn entirely by Moody's if in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating given the Notes may have an adverse effect on the liquidity or market of the Notes.

TAX EXEMPTION

Opinion of Note Counsel

In the opinion of Note Counsel, the form of which is included as APPENDIX E hereto, under existing statutes, regulations, rulings and court decisions, the interest on the Notes is (a) excludable from gross income of the owners thereof and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Notes is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the School Board to comply subsequent to the

issuance of the Notes with certain requirements of the Code regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States may cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to their date of issue. The School Board has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Notes for purposes of federal income taxation. In rendering this opinion, Note Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Notes, including among other things, restrictions relating to the use of investment of the proceeds of the Notes and the payment of certain arbitrage earnings in excess of the "yield" on the Notes to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Notes being included in gross income for federal income tax purposes retroactive to their date of issue.

Financial Institutions

Banks and thrift institutions are generally unable to deduct any portion of the interest expense allocable to purchasing or carrying tax-exempt obligations (except "qualified tax-exempt obligations") if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds after August 7, 1986. An exception is provided for "qualified tax exempt obligations" specifically designated as such by the issuer. The School Board has not designated the Notes as qualified tax-exempt obligations under Section 265(b)(3) of the Code.

Collateral Tax Consequences

Except as described above, Note Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Notes. Prospective purchasers of Notes should be aware that the ownership of Notes may result in other collateral federal tax consequences. For example, ownership of the Notes may result in collateral tax consequences to various types of corporations relating to (1) the branch profits tax, (2) the environmental tax, and (3) the inclusion of interest on the Notes in passive income for certain Subchapter S corporations. In addition, the interest on the Notes may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE NOTES AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE NOTEHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE

CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE NOTEHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Notes may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Notes should consult their own tax advisors as to the income tax status of interest on the Notes in their particular state and local jurisdictions.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Notes. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Notes. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Notes and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Notes.

Tax Treatment of Note Premium

The Notes were offered at a price in excess of the principal amount thereof. Under the Code, the excess of the cost basis of a note over the amount payable at maturity or earlier call date is generally characterized as "note premium." For federal income tax purposes, a portion of the note premium on the Notes in each taxable year will reduce the cost basis of the owner thereof (i.e. be amortized), but may not be deducted. The amount of amortizable note premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. Special rules apply in the case of an owner who holds a Note as inventory, stock in trade or for sale to customers in the ordinary course of business.

Owners of Notes should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the annual amount of amortizable note premium, the treatment of such note premium upon the sale or other disposition of Notes and with respect to the state and local tax consequences of owning and disposing of Notes.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Notes are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note

Counsel, whose approving opinion (a form of which is attached hereto as APPENDIX E) will be available at the time of delivery of the Notes. The actual legal opinion to be delivered by Note Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Note Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the School Board by its General Counsel, Brown, Garganese, Weiss & D'Agresta, P.A., Orlando, Florida.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the District make a full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to principal or interest at any time after December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the District, and certain additional financial information, unless the District believes in good faith that such information would not be considered material by a reasonable investor. The District is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

CONTINGENT FEES

The School Board has retained Note Counsel and the Financial Advisor, with respect to the authorization, sale, execution and delivery of the Notes. Payment of each fee of such professionals is each contingent upon the issuance of the Notes.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Noteholders to provide notices of the occurrence of certain enumerated material events. Such covenant shall only apply so long as the Notes remain outstanding under the Resolution. The covenant shall also cease upon the termination of the continuing disclosure requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule") by legislative, judicial or administration action. The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access System described in the Form of the Continuing Disclosure Certificate attached hereto as APPENDIX F. The specific nature of the notices of material events are described in APPENDIX F - Form of

Continuing Disclosure Certificate, which shall be executed by the District at the time of issuance of the Notes. These covenants have been made in order to assist the Underwriter in complying with the Rule. Because the Notes mature in less than 18 months, the District is not required to provide any other information other than notices of material events pursuant to the Rule. [The District has never failed to comply with any prior undertakings pursuant to the Rule.]

MISCELLANEOUS

The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Notes that there has been no change in the affairs of the District from the date hereof.

The Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or the holders of any of the Notes.

Further information regarding the District is available upon request from Mr. Carter Morrison, Chief Financial Officer, 1990 25th Street, Vero Beach, Florida 32960, (772) 564-3180; and/or Mr. Jerry Ford, Ford & Associates, Inc., 109 South MacDill Avenue, Tampa, Florida 33609-3128, (813) 874-6621, Financial Advisor to the District.

[Remainder of page intentionally left blank]

CERTIFICATE CONCERNING THIS OFFICIAL STATEMENT

Concurrently with the delivery of the Notes, the Chair of the School Board and the Superintendent will furnish a certificate to the effect that, to the best of their knowledge, this Official Statement (except for the information under the caption "BOOK-ENTRY SYSTEM ONLY" as to which no opinion will be expressed), as of the date of delivery of the Notes, does not contain any untrue statement of a material fact and does not omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances for which they were made, not misleading.

**SCHOOL DISTRICT OF INDIAN RIVER
COUNTY, FLORIDA**

By: _____
Chair

By: _____
Superintendent

APPENDIX A

**GENERAL INFORMATION REGARDING
INDIAN RIVER COUNTY, FLORIDA**

APPENDIX B

**EXCERPTED PAGES FROM THE COMPREHENSIVE ANNUAL FINANCIAL
REPORT OF THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY,
FLORIDA FOR THE FISCAL ENDED JUNE 30, 2010**

APPENDIX C

**EXCERPTED PAGES FROM THE ANNUAL FINANCIAL REPORT
(UNAUDITED)
OF THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA
FOR THE FISCAL ENDED JUNE 30, 2011**

APPENDIX D
FORM OF RESOLUTION

APPENDIX E
FORM OF LEGAL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

OFFICIAL NOTICE OF SALE
\$16,000,000*
SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA
TAX ANTICIPATION NOTES
SERIES 2011

ELECTRONIC BIDS via the Bidcomp Parity Competitive Bidding System (the "Parity System") in the manner described herein will be received by the School Board of Indian River County, Florida (the "Governing Body"), at the office of the School District of Indian River County, Florida (the "Issuer") in care of Mr. Carter Morrison, Chief Financial Officer, 1990 25th Street, Vero Beach, Florida 32960, telephone - (772) 564-3180; fax - (772) 564-4139 until 11:00 a.m. local time on _____, 2011, or at such later time or date as may be determined by the Superintendent of the Issuer (the "Superintendent") and communicated through TM3 News Wire (the "Bid Date"), for the purchase of all, but not less than all, of \$16,000,000* Tax Anticipation Notes, Series 2011, of the Issuer (the "Notes") to be dated the date of delivery, in the denominations of \$5,000 or integral multiples thereof, bearing interest payable at maturity and maturing on June 30, 2012. Immediately thereafter bids will be examined by representatives of the Issuer.

The Notes shall be issued in fully registered, book-entry-only form through a program qualified with The Depository Trust Company, New York, New York ("DTC"), as depository. The Notes shall be registered in the name of Cede & Co., as nominee for DTC, and shall be payable with respect to both principal and interest by Hancock Bank, Orlando, Florida, as Registrar and Paying Agent, directly to such registered owner.

The Notes will not be redeemable prior to their stated date of maturity.

PURPOSE

The Notes will be issued for the purpose of temporarily financing part of the operating costs of the Issuer for its current fiscal year.

AUTHORITY

The Notes will be issued under the authority of Chapter 1011, Florida Statutes, as amended, pursuant to and subject to the terms and conditions of a Resolution adopted by the School District of Indian River County, Florida on October 11, 2011.

*Preliminary, subject to change.

SECURITY FOR NOTES

The Notes will be special obligations of the Issuer, payable from and secured by the ad valorem tax payments collected for operating purposes of the Issuer during its fiscal year ending June 30, 2012 (excluding ad valorem taxes collected to pay the principal of and interest on any bonds of the Issuer authorized and issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the Governing Body pursuant to Section 1011.14, Florida Statutes or otherwise levied pursuant to Section 1011.71(2), Florida Statutes) (collectively, the "Pledged Revenues"); and, if necessary, will be additionally payable from, but will not be secured by, all legally available funds of the Issuer derived from sources other than ad valorem taxation (the "Non-Ad Valorem Funds"), the enforceability of all of which will be subject to bankruptcy laws and other laws affecting creditors' rights, and the exercise of judicial discretion.

INTEREST RATE AND BIDDING DETAILS

Bidders shall specify a rate of interest (computed on a 360-day year basis consisting of twelve 30-day months) in a multiple of 1/100 of 1% per annum.

No bid for less than all of the Notes offered, or for less than [100%] of the par value thereof, or producing a net interest cost rate greater than [2.00%] will be considered. Award of the Notes will be made to the bidder whose bid offers the lowest net interest cost to the Issuer, such lowest net interest cost to be determined by the Financial Advisor to the Issuer by taking the aggregate amount of interest at the fixed rate specified in the bid, computed from October __, 2011 (the assumed closing date) to the stated maturity date of the Notes, and subtracting therefrom the amount of any premium bid. Award of the Notes will be made on the same day bids are received. If two or more bids offer the same net interest cost, the Notes will be awarded to the bidder on the bid selected by lot among those bids bearing the same net interest cost.

The Issuer reserves the right to reject any and all bids, to waive any informality in any bid, to take any action adjourning or postponing the sale of the Notes or to take any other action the Governing Body may deem to be in the best interest of the Issuer.

PROCEDURES FOR BIDDING

Electronic Bidding Procedure

Bidders must submit bids by the Parity System. Subscription to the Parity System is required in order to submit an electronic bid. The Issuer will neither confirm any subscriptions nor be responsible for any failure of a prospective bidder to subscribe.

Additional information concerning bidding through the Parity System may be directed to Parity Customer Service at (212) 849-5021.

If the Issuer selects a winning bid, then the successful bidder must submit a "Good Faith Deposit" (the "Deposit") to the Issuer in the form of a wire transfer in the amount of [\$160,000] not later than 2:00 p.m., Eastern Time on the business day following the award. See " - *Submission of Deposit*" below.

Disclaimer

Each prospective electronic bidder shall be solely responsible for submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. Neither the Issuer nor the Parity System shall have any duty or obligation to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Issuer nor the Parity System shall be responsible for a bidder's failure to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, the Parity System. The Issuer is using the Parity System as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Notes. The Issuer is not bound by any advice and determination of the Parity System to the effect that any particular bid complies with the terms of this Official Notice of Sale. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via the Parity System are the sole responsibility of the bidders; and the Issuer is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Notes, he should immediately telephone Parity Customer Service at (212) 849-5021 and notify the Issuer's Financial Advisor, Jerry W. Ford at Ford & Associates at (813) 874-6621.

Submission of Electronic Bids

The Issuer will accept electronic bids only. Electronic bids must be submitted for the purchase of all or none of the Notes via the Parity System to the Parity System terminal in the office of the Chief Financial Officer, at 11:00 a.m., Eastern Daylight Savings Time, on October __, 2011, unless postponed as described herein. Prior to that time, an eligible prospective bidder may (1) input the proposed terms of its bid, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Notes or (3) withdraw its proposed bid. Once the bids are communicated electronically via Parity System to the Issuer care of the Chief Financial Officer, each bid will constitute an irrevocable offer to purchase the Notes on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on Parity System shall constitute the official time. For information purposes only, bidders are requested to state

in their bids the true interest cost to the Issuer, represented by the rate or rates of interest and the bid price specified in their respective bids.

Submission of Non-Electronic Bids Prohibited

The Issuer will not accept non-electronic bids.

Submission of Deposit

If the Issuer selects a winning bid, then such successful bidder is required to submit its Deposit to the Issuer in the form of a wire transfer not later than 2:00 p.m., Eastern Time on the business day following the award. The Deposit of the successful bidder will be collected and the proceeds thereof retained by the Issuer to be applied as partial payment for the Notes and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of the bid, the proceeds thereof will be retained as and for full liquidated damages.

Notwithstanding anything herein to the contrary, the Issuer will not accept any bids and will not issue the Notes unless the Notes satisfy the preconditions for issuance of the Notes established by the Resolution.

Amendment of Notice

The Issuer reserves the right to modify or amend this Official Notice of Sale. Any bid submitted shall be in accordance with, and incorporate by reference, this Official Notice of Sale, including any revisions made pursuant to this paragraph. Such modifications or amendments shall be communicated through TM3 News Wire as soon as practicable.

CUSIP NUMBERS

CUSIP identification numbers and CUSIP Service Bureau charges for assignment of the numbers will be the responsibility of the successful bidder, but any delay, error or omission with respect thereto shall not constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Notes in accordance with the terms of this Official Notice of Sale. It is also anticipated that the Notes will be in book-entry form with The Depository Trust Company to act as the Noteholders' nominee pursuant to the terms of the Resolution. It shall be the responsibility of the successful bidder to obtain eligibility for the Notes with The Depository Trust Company.

DELIVERY OF NOTES

Delivery of and payment for the Notes is expected to be made within 10 calendar days from the sale date in New York, New York, or such other place and time mutually

acceptable to the purchaser and the Issuer. Payment of the balance of the purchase price, plus accrued interest, if any, shall be made to the Issuer at the closing in Federal Reserve Funds of the United States of America.

The legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida ("Note Counsel") will be furnished without charge to the purchaser at the time of delivery. For a further discussion of the content of that opinion, see the Preliminary Official Statement for the Notes.

There will also be furnished at the time of delivery of the Notes, a closing transcript, including a certificate of the Issuer (which may be included in a consolidated closing certificate) relating to the accuracy and completeness of the Official Statement and that the Preliminary Official Statement is deemed final for purposes of SEC Rule 15c2-12 (the "SEC Rule"). There will also be delivered at closing a legal opinion of general counsel to the Issuer stating, among other things, that there is no known litigation or administrative action or proceeding pending or threatened at the time of delivery of the Notes, to restrain or enjoin or seeking to restrain or enjoin the issuance and delivery of the Notes or affecting the validity of the Notes.

DISCLOSURE AND OTHER OBLIGATIONS OF PURCHASER

The purchaser, by submitting its bid, agrees to furnish to the District and Note Counsel, a certificate containing information as to the *bona fide* initial offering price of the Notes to the public and sales of the Notes appropriate for determination of the issue price of, and the yield on the Notes under the Code, as and at the time requested by Note Counsel.

Additionally, the winning bidder must complete the Truth-In-Bonding and Disclosure Statement provided by Note Counsel (the form of which is attached hereto as Exhibit A).

Furthermore, the purchaser shall advise the underwriting department of DTC, not less than 7 business days prior to the Note closing, of the closing date, CUSIP identification number and interest rate borne by the Notes.

CONTINUING DISCLOSURE

The Issuer has covenanted and agreed in the Resolution for the benefit of the holders of the Notes to provide certain continuing disclosure information pursuant to the SEC Rule. See the Preliminary Official Statement for the Notes for further discussion of such covenant.

OFFICIAL STATEMENT

The Issuer shall furnish at its expense within 7 business days after the Notes have been awarded to the purchaser, and in sufficient time to accompany any confirmation of the purchaser that requests payment from any customer, a sufficient number of copies of the final Official Statement, which, in the judgment of the Financial Advisor to the Issuer, will permit the purchaser to comply with applicable SEC and MSRB rules.

ADDITIONAL INFORMATION

Copies of the Preliminary Official Statement to be "deemed final" (except for permitted omissions) by the Issuer in accordance with the SEC Rule and other information may be obtained from Mr. Jerry W. Ford, Ford & Associates, Inc., 109 MacDill Avenue, Tampa, Florida 33609, telephone - (813) 874-6621; telecopy - (813) 874-6624; Financial Advisor to the Issuer.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA

By: /s/ Frances J. Adams, Ed.D.
Superintendent of Schools

FORM OF TRUTH-IN-BONDING AND DISCLOSURE STATEMENT

_____, 2011

School Board of Indian River County, Florida
Vero Beach, Florida

Re: \$16,000,000 School District of Indian River County, Florida Tax
Anticipation Notes, Series 2011

Dear Board Members:

The purpose of the following two paragraphs is to furnish, pursuant to the provisions of Sections 218.385(2) and (3), Florida Statutes, as amended, the truth-in-bonding statement required thereby, as follows:

(a) The School District is proposing to issue \$_____ principal amount of the above-referenced Notes for the purpose of temporarily financing part of its current operation costs, as more fully described in the Official Notice of Sale relating to the Notes. This obligation is expected to be repaid over a period of less than one year. At a true interest cost of approximately _____%, total interest paid over the life of the obligation will be approximately \$_____.

(b) The Notes are special obligations of the District, payable from and secured by certain ad valorem tax payments collected for operating purposes of the Issuer during the fiscal year ending June 30, 2012 and, if necessary, will be additionally payable from but will not be secured by a lien upon or pledge of, all legally available funds of the Issuer derived from sources other than ad valorem taxation. Authorizing this debt or obligation will result in approximately \$_____ (representing the total principal and interest paid with respect to the Notes) of such revenues not being available for other services or purposes of the District for the fiscal year of the District ending June 30, 2012.

(c) Furthermore, pursuant to Section 218.386, Florida Statutes, the names, addresses and estimated amounts of compensation of any person who has entered into an understanding with the managing underwriter or, to the managing underwriter's knowledge, the District, or both, for any paid or promised compensation or valuable

consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and managing underwriter or who exercises or attempts to exercise any influence to effect any transaction in the purchase of the Notes are set forth below in the space provided. **If no information is provided below, the District shall presume no compensation was paid.**

The foregoing is provided for information purposes only and shall not affect or control the actual terms and conditions of the Bonds.

Very truly yours,

By: _____
Authorized Signatory

Approval to Award Term Contract for Miscellaneous Roof Repair and/or New Roof Projects – SDIRC 2012-02 Mr. Morrison

Requested by: Maintenance Department

Estimated Annual Expenditure: \$300,000 Fund Source: Capital

The purpose and intent of this RFP is to award continuous contracts to qualified professional roofing contractors. When services are required, a quote packet will be provided to all awarded vendors. Each vendor must then provide a sealed quote for that specific project which will be opened publicly in the Purchasing Department. Final award will be made to the bidder who provides the lowest price for each project.

Bids were opened at 2:00 p.m. on September 13, 2011. Notice was mailed to 22 (twenty-two) vendors and was also posted on our website. We received seven (7) responses. All responses were evaluated and it has been determined that all bidders met the specifications, terms and conditions of the RFP. Therefore it is recommended that initial award be made to all bidders as follows:

Legend: Primary Award _____ Secondary _____ Reject ()

- Atlantic Roofing II of Vero Beach
- Big Lake Roofing
- Crowther Roofing
- DATO Construction
- Springer-Peterson Roofing and Sheet Metal
- The Roof Authority
- Total Roofing Systems

Failure to file a protest within the time prescribed in Florida Statutes 120.57(3) or failure to post a bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under Chapter 120, Florida Statutes.

Award is recommended to Atlantic Roofing II of Vero Beach, Big Lake Roofing, Crowther Roofing, DATO Construction, Springer-Peterson Roofing and Sheet Metal, The Roof Authority and Total Roofing Systems as best responsive and responsible bidders meeting specifications, terms and conditions.

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**Approval to Award Contract for Engineering Services - Bid
2012-03 - Mr. Morrison**

Requested by: Facilities Department

Estimated Annual Amount: \$200,000

Fund Source: Capital

The purpose and intent of this RFQ is to award continuous contracts to qualified professional engineering firms for site, civil, surveying and other engineering services district wide on an as-needed basis. In order to meet the needs of our District, award of multiple firms is recommended.

Advertisement soliciting professional qualifications and letters of interest from qualified firms was placed in the Vero Beach Press Journal on August 31, 2011, was mailed to nineteen (19) firms in our vendor database and was also posted on the district website. Ten (10) firms responded by the required date of September 13, 2011. The selection team consisting of representatives from Finance, Facilities, Curriculum, Building Department and an elementary school principal evaluated all responses and short-listed to 6 firms. The short-listed firms attended interviews and it is recommended that all firms be prequalified to participate in future projects on a best fit or rotational basis.

Carter Associates Inc.
Kimley-Horn & Associates
Neel-Schaffer
Masteller & Moler Inc.
MBV Engineering Inc.
Schulke Bittle & Stoddard

It is recommended that negotiations proceed per Chapter 287.055 F.S. to obtain continuing contracts with Carter Associates, Inc., Kimley-Horn & Associates, Neel-Schaffer, Masteller & Moler, Inc., MBV Engineering Inc., and Schulke Bittle & Stoddard.

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**IMAGINE SCHOOLS
AT SOUTH VERO
(A division of Imagine Schools
at South Indian River
County, LLC)**

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2011**

**BERMAN & HOPKINS
WRIGHT & LAHAM
CPAs AND ASSOCIATES, LLC**

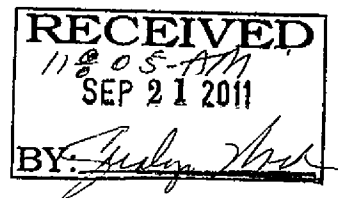


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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Imagine Schools at South Indian River County, LLC
Vero Beach, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Imagine Schools at South Vero (the "School"), a component unit of the School Board of Indian River County, Florida and a division of Imagine Schools at South Indian River County, LLC (the "Charterholder") as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Imagine Schools at South Vero's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of Imagine Schools at South Vero at June 30, 2011, and the results of its operations for the year then ended, and is not intended to be a complete presentation of the Charterholder.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Imagine Schools at South Vero as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A-13 to the financial statements, the School adopted the provisions of Government Auditing Standard ("GASB") No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2011, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Imagine Schools at South Vero's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

September 13, 2011
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of Imagine Schools at South Vero (the "School"), a component unit of the School Board of Indian River County, Florida and a division of Imagine Schools at South Indian River County, LLC (the "Charterholder"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School'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 basic financial statements starting on page 8.

Financial Highlights

- The School's assets exceeded its liabilities at June 30, 2011 by \$248,795.
- The School's net assets increased by \$291,906.
- At June 30, 2011, the School's governmental fund balance sheet reported combined ending fund balance of \$178,161, of which \$95,167 is unassigned.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and transportation are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the School Board of Indian River County, Florida. The School Board of Indian River County, Florida includes the operations of the School in their operational results.

~~The government-wide financial statements can be found on pages 8 - 9 of this report.~~

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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

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

The School maintains six individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital outlay fund, which are considered to be major funds.

The School adopts an annual appropriated operating budget for the School. A budgetary comparison statement with required notes has been provided to demonstrate compliance with this budget and can be found on page 26 through 28 of this report.

The basic governmental fund financial statements can be found on pages 10 - 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

Government-Wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$248,795 for the year ended June 30, 2011, and liabilities exceeded its assets by \$43,111 for the year ended June 30, 2010.

Condensed statement of net assets and the statement of activities are provided below.

Statement of Net Assets

	Governmental Activities		
	2011	2010	Variance
ASSETS			
Current and other assets	\$ 544,884	\$ 394,487	\$ 150,397
Capital assets, net of accumulated depreciation	136,662	32,331	104,331
Total assets	<u>681,546</u>	<u>426,818</u>	<u>254,728</u>
LIABILITIES			
Current and other liabilities	359,995	304,808	55,187
Noncurrent liabilities	72,756	165,121	(92,365)
Total liabilities	<u>432,751</u>	<u>469,929</u>	<u>(37,178)</u>
NET ASSETS (DEFICIT)			
Invested in capital assets	136,662	32,331	104,331
Unrestricted	112,133	(75,442)	187,575
Total net assets	<u>\$ 248,795</u>	<u>\$ (43,111)</u>	<u>\$ 291,906</u>

The increase in current and other assets is a result of increased cash from the increase in revenue the School received as well as an increase in the prepaid expenses for the year ended June 30, 2011. The increase in capital assets, net of accumulated depreciation is largely a result of approximately 65 computers and several printers that the School invested in for the current year. The increase in current and other liabilities is due from the increase in accrued payroll and other expenses because the School hired 15 new employees for the year ended June 30, 2011 as well as an increase in the liability due to the management company. The decrease in the long-term liabilities outstanding is directly related to the decrease in the straight-line calculation of the accrued rent expenses.

The following table indicates the change in net assets for the School:

Statement of Activities

Revenues:	Governmental Activities		
	2011	2010	Variance
Program revenues:			
Charges for services	\$ 511,508	\$ 362,193	\$ 149,315
Operating grants and contributions	815,947	198,846	617,101
Capital grants and contributions	116,701	-	116,701
General revenues			
State passed through local school district	4,602,604	3,557,413	1,045,191
Contributions	-	739,983	(739,983)
Other revenues	9,729	73,093	(63,364)
Total revenues	6,056,489	4,931,528	1,124,961
Expenses:			
Basic instruction	2,468,441	1,845,798	622,643
Exceptional instruction	94,670	60,376	34,294
Other instruction	201,754	168,344	33,410
Health services	29,474	23,754	5,720
Curriculum development	1,527	36,153	(34,626)
Staff development	17,431	14,413	3,018
Board of directors	15,518	13,000	2,518
School administration	1,154,553	947,530	207,023
Food services	104,937	13,091	91,846
Central services	19,694	24,371	(4,677)
Transportation	-	25,340	(25,340)
Operation of plant	1,590,911	1,704,504	(113,593)
Maintenance of plant	9,061	2,791	6,270
Community services	56,612	70,386	(13,774)
Total expenses	5,764,583	4,949,851	814,732
Change in net assets	291,906	(18,323)	310,229
Net deficit - beginning	(43,111)	(24,788)	(18,323)
Net assets (deficit) - ending	\$ 248,795	\$ (43,111)	\$ 291,906

The increases in both revenues and expenditures are directly related to the increase in student enrollment, the hiring of 15 new employees and to the fact that the School moved into their new, larger facility, thus accounting for the increase in basic instruction, school administration and operation of plant. The School also received \$301,720 in Capital Outlay funding, as well a charter school implementation grant of \$290,152 and an ARRA state fiscal stabilization grant of \$236,876.

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$178,161.

General Fund Budgetary Highlights

The final expenditure budget of the general fund is approximately \$850,986 lower than the original budget. This change was primarily due to a revision downward of anticipated student enrollment for the year with a commensurate decrease in expenditures.

The School's actual general fund expenditures equaled its budget at year-end.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$136,662 (net of accumulated depreciation). This investment in capital assets includes buildings improvements and furniture fixture and equipment. Additional information on the School's capital assets can be found in Note C.

Debt administration. The School's long-term liabilities at June 30, 2011 totaled \$72,756. Current year activity represents the increase in accrued rent expense. Additional information on the School's long-term obligations can be found in Note E.

Request for Information

This financial report is designed to provide a general overview of Imagine Schools at South Vero's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jonathan Sternberg at 6000 4th Street, Vero Beach, FL 32967.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 373,503
Accounts receivable	12,963
Due from other agencies	75,424
Prepaid expenses	82,994
Total current assets	544,884
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Building improvements	28,582
Furniture, fixtures and equipment	93,004
Audio visual equipment	11,575
Software	3,501
Total capital assets	136,662
Total assets	681,546
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	2,367
Accrued payroll and related benefits	179,600
Due to operating company	1,793
Deferred revenue	176,235
Noncurrent liabilities	
Accrued rent due in one year	54,719
Accrued rent due in more than one year	18,037
Total liabilities	432,751
NET ASSETS	
Investment in capital assets	136,662
Unrestricted	112,133
Total net assets	\$ 248,795

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

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 2,468,441	\$ 172,010	\$ 411,996	\$ 18,422	\$ (1,866,013)
Exceptional instruction	94,670	-	36,163	-	(58,507)
Other instruction	201,754	205,450	-	-	3,696
Health services	29,474	-	-	-	(29,474)
Curriculum development	1,527	-	-	-	(1,527)
Staff development	17,431	-	-	-	(17,431)
Board of directors	15,518	-	-	-	(15,518)
School administration	1,152,829	-	-	98,279	(1,054,550)
Food services	104,937	38,370	66,068	-	(499)
Central services	19,694	-	-	-	(19,694)
Operation of plant	1,592,635	-	301,720	-	(1,290,915)
Maintenance of plant	9,061	-	-	-	(9,061)
Community services	56,612	95,678	-	-	39,066
Total governmental activities	\$ 5,764,583	\$ 511,508	\$ 815,947	\$ 116,701	(4,320,427)
General revenues:					
State through local school district					4,602,604
Other revenues					9,729
Total general revenues					4,612,333
Change in net assets					291,906
Net deficit at July 1, 2010					(43,111)
Net assets at June 30, 2011					\$ 248,795

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

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	<u>General Fund</u>	<u>Capital Outlay</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 373,503	\$ -	\$ -	\$ 373,503
Accounts receivable	12,963	-	-	12,963
Due from general fund	-	-	6,728	6,728
Due from other agencies	75,424	-	-	75,424
Prepaid expenses	82,994	-	-	82,994
Total assets	<u>\$ 544,884</u>	<u>\$ -</u>	<u>\$ 6,728</u>	<u>\$ 551,612</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,367	\$ -	\$ -	\$ 2,367
Accrued payroll and other expenses	179,600	-	-	179,600
Due to operating company	1,793	-	-	1,793
Deferred revenue	169,507	-	6,728	176,235
Due to other funds	6,728	-	-	6,728
Total liabilities	<u>359,995</u>	<u>-</u>	<u>6,728</u>	<u>366,723</u>
FUND BALANCES				
Nonspendable prepaid expenses	82,994	-	-	82,994
Unassigned	101,895	-	-	101,895
Total fund balances	<u>184,889</u>	<u>-</u>	<u>-</u>	<u>184,889</u>
Total liabilities and fund balances	<u>\$ 544,884</u>	<u>\$ -</u>	<u>\$ 6,728</u>	<u>\$ 551,612</u>

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

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

June 30, 2011

Fund balances - total governmental funds \$ 184,889

The net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Building improvements, net	\$ 28,582	
Furniture, fixtures and equipment, net	93,004	
Audio visual equipment, net	11,575	
Software, net	<u>3,501</u>	
Total capital assets		136,662

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued rent		<u>(72,756)</u>
Total net assets of governmental activities		<u><u>\$ 248,795</u></u>

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

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2011

	General Fund	Capital Outlay	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through local school district	\$ 1,669	\$ -	\$ 563,191	\$ 564,860
Federal passed through state	-	-	66,068	66,068
State passed through local school district	4,602,604	301,720	-	4,904,324
Program fees	388,376	-	-	388,376
Other local revenues	94,491	-	38,370	132,861
Total revenues	<u>5,087,140</u>	<u>301,720</u>	<u>667,629</u>	<u>6,056,489</u>
Expenditures				
Current:				
Basic instruction	2,041,773	-	410,327	2,452,100
Exceptional instruction	58,507	-	36,163	94,670
Other instruction	201,754	-	-	201,754
Health services	29,474	-	-	29,474
Curriculum development	1,527	-	-	1,527
Staff development	17,431	-	-	17,431
Board of directors	15,518	-	-	15,518
School administration	1,152,829	-	-	1,152,829
Food services	499	-	104,438	104,937
Central services	19,694	-	-	19,694
Operation of plant	1,381,556	301,720	-	1,683,276
Maintenance of plant	9,061	-	-	9,061
Community services	56,612	-	-	56,612
Fixed capital outlay	5,695	-	116,701	122,396
Total expenditures	<u>4,991,930</u>	<u>301,720</u>	<u>667,629</u>	<u>5,961,279</u>
Net change in fund balances	95,210	-	-	95,210
Fund balances at July 1, 2010	89,679	-	-	89,679
Fund balances at June 30, 2011	<u>\$ 184,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,889</u>

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

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the year ended June 30, 2011

Net change in fund balances - total government funds \$ 95,210

The change in net assets reported for governmental activities
in the statement of activities is different because:

Governmental funds report fixed capital outlays as expenditures.
However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Total fixed capital outlay	\$ 122,396	
Less: depreciation	<u>(18,065)</u>	
		104,331

Some of the expenses reported in the statement of activities do not
require the use of current financial resources and, therefore, are not
reported as expenditures in governmental funds.

Change in accrued rent	<u>92,365</u>	
Change in net assets of governmental activities		<u>\$ 291,906</u>

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

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Imagine Schools at South Vero, (the "School") is a division of Imagine Schools at South Indian River County, LLC (the "Charterholder") which is a Florida limited liability company whose sole member is Imagine School Non-Profit, Inc., a Virginia not-for-profit. The governing body of the School is the Board of Directors, which is comprised of five members. Financial information presented is that of the School only. The School's entire workforce is provided by the management company; therefore, all employee benefits are provided by the management company.

The general operating authority of Imagine Schools at South Vero is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Indian River, Florida (the "District"). The current charter is effective through June 30, 2013. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Imagine Schools at South Vero is considered a component unit of the School Board of Indian River County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets, net of related debt, restricted net assets, and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. 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 recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by Indian River County District School Board, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash consists of cash on hand at the School and a checking account held at a financial institution. The School has no cash equivalents.

5. Receivables

The School's receivables consist of amounts due from governmental agencies and other third parties. After reviewing the individual account balances, the School's management has determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid expenses in both government-wide and fund financial statement.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives (years)</u>
Buildings and fixed equipment	5 - 20
Furniture, fixtures and equipment	5 - 10
Computer software	3 - 5
Audio visual equipment	3 - 5

8. Deferred revenues

Deferred revenues include amounts collected before the revenue recognition criteria are met under both the modified and full accrual basis of accounting. The deferred items consist of grant revenues not expended.

9. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as other financing uses.

10. Accrued rent

In the government-wide financial statements, accrued rent obligations are reported as liabilities in the statement of net assets. At the end of the current fiscal year, the School had \$72,756 in accrued rent related to the facilities lease agreement.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue sources

Revenues for current operations are received primarily from the State of Florida through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

11. Income taxes

The School is a charter school under a division of Imagine Schools at South Indian River County LLC, a Florida limited liability company whose sole member is Imagine School Non-Profit, Inc., which is a Virginia not-for-profit, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

12. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification

For the year ending June 30, 2011, the School implemented Government Auditing Standard ("GASB") No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not in nonspendable form (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE B - CASH

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. All funds in a "noninterest-bearing transaction account" are insured in full by the Federal Deposit Insurance Corporation ("FDIC") from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. At June 30, 2011, all of the Schools accounts were in non-interest bearing transaction accounts and thus fully insured.

NOTE C - CAPITAL ASSETS

Changes in capital assets activity are as follows:

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Capital assets depreciated:				
Buildings and fixed equipment	\$ 27,981	\$ 3,317	\$ -	\$ 31,298
Furniture, fixtures and equipment	5,275	100,657	-	105,932
Audio visual materials	-	14,013	-	14,013
Computer software	-	4,409	-	4,409
Total assets depreciated	<u>33,256</u>	<u>\$ 122,396</u>	<u>\$ -</u>	<u>\$ 155,652</u>
Less accumulated depreciation:				
Buildings and fixed equipment	397	\$ 2,319	\$ -	2,716
Furniture, fixtures and equipment	528	12,400	-	12,928
Audio visual materials	-	2,438	-	2,438
Computer software	-	908	-	908
Total accumulated depreciation	<u>925</u>	<u>\$ 18,065</u>	<u>\$ -</u>	<u>18,990</u>
Total governmental activities capital assets, net	<u>\$ 32,331</u>			<u>\$ 136,662</u>

Depreciation expense at June 30, 2011 was charged to functions of the School as follows:

Basic instruction	\$ 16,341
School administration	<u>1,724</u>
	<u>\$ 18,065</u>

**Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE D - CONCENTRATIONS

Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
School Board of Indian River County, Florida	
Base funding	\$ 3,395,486
Exceptional student education guaranteed allocation	74,781
Class size reduction	879,397
Safe schools	17,729
Discretionary lottery	2,730
Instructional materials allocation	56,738
Student academic improvement	147,118
Subtotal	<u>4,573,979</u>
Capital outlay	301,720
Charter school implementation grant	290,152
ARRA State fiscal stabilization grant	236,876
IDEA funds	36,163
Title II funding	1,669
Other state revenues	<u>28,625</u>
Total from School Board of Indian River County, Florida	5,469,184
National School Lunch Program	66,068
Other revenues	<u>521,237</u>
	<u><u>\$ 6,056,489</u></u>

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Management service contract

The School entered into an operating agreement with the management company on June 20, 2008. This agreement calls for an indirect cost allocation equal to 12% of the per-pupil funding provided by state and local governments, plus an administrative fee of \$2,500 per month for the first two hundred forty months of operation. The total allocation charged to operations for the year ended June 30, 2011 was \$607,400.

The operating agreement further specifies that the School may request operating capital advances to pay for operating expenses of the School referred to as "Operating Capital Advances". The operating company shall be reimbursed for such advances on the first day of each month in which the funds reside in the School's operating account for which not otherwise reserved by the operating budget. The operating company agrees to contribute 90% of any outstanding Operating Capital Advances at the end of the current fiscal year that are in excess of \$250,000 or 90% of the cumulative loss in excess of \$500,000, however in the current year, the operating company agreed to waive the excess limit. During the year, the School did not receive a contribution under this program.

In consideration of the operating company's commitment to make Loss Mitigation Contributions, the School will pay the operating company a Loss Mitigation Allocation of 2% of totals revenues for the first year of operations. For the years after the first year of operation, the School shall pay the operating company fees ranging from 1% to 3% for the Loss Mitigation Allocation. The total allocation charged to operations for the year ended June 30, 2011 was \$96,233.

2. Facilities and equipment operating leases

The School has committed to pay a facility allocation to an affiliated company of the management company for the building where the School is located. The School entered into the lease agreement in June 2008 and amended in March 2009. The lease is effective through the length of the School's charter (See Note A-1).

Terms of the lease require an annual base rent of \$1,271,560 for 2011 and \$1,327,560 for the years thereafter. Commencing July 1, 2009 and on July 1 of each year thereafter, the base rent per year is subject to an annual increase equal to the lesser of the overall CPI increase for the immediately preceding calendar year as reported by the Bureau of Labor Statistics or the maximum amount permitted by law and extends through the length of the School's charter. Current year facilities expense charged to operations totaled \$1,273,447. On the government-wide statements the School has recorded an accrued rent expense of \$36,075 as of June 30, 2011 for the facility use fee.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE E - COMMITMENTS AND CONTINGENCIES (continued)

2. Facilities and equipment (continued)

The School has also committed to pay various equipment use fees to their management company for certain equipment use at the School's location. Current year equipment expense charged to operations totaled \$146,727. Terms of the leases specify that the charge for the equipment use fees will be included in the annual budget as may be amended from time to time. The duration of the leases are for a period of 36 months each with payment commencing on July 1, 2009. On the government-wide statements the School has recorded an accrued rent expense of \$36,681 as of June 30, 2011 for the equipment use fee.

The following is a schedule of future minimum lease payments for the following years ending June 30:

	Facilities	Equipment	Total
2012	\$ 1,327,560	\$ 146,727	\$ 1,474,287
2013	1,327,560	-	1,327,560
	\$ 2,655,120	\$ 146,727	\$ 2,801,847

A summary of changes in the long-term liabilities related to the accrued rent expense are as follows:

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011	Due within one year
Accrued rent expense	\$ 165,121	\$ -	\$ 92,365	\$ 72,756	\$ 54,719

These liabilities have historically been paid from the general fund.

3. Federal grants

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2011 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE F - RELATED PARTIES

1. Due to/(from) management company

The School has entered into multiple agreements with the management company. The management company is responsible for organizing, developing, managing, staffing, and operating the School. During the current year, the management company charged fees to the School for management services and certain equipment as described in Note E-1. The due to/(from) management company also reflects activity for operating advances and certain expenses paid on behalf of the School.

The due to/(from) management company activity consists of the following for the year ended June 30, 2011:

	Operating expenses	Management fees	Advances/ Contribution	Due to/(from) management company
Balance at July 1, 2010	\$ 8,860	\$ -	\$ 60,000	\$ 68,860
Invoiced	672,928	703,633	240,000	1,616,561
Payments	(681,610)	(762,018)	(240,000)	(1,683,628)
Balance at June 30, 2011	<u>\$ 178</u>	<u>\$ (58,385)</u>	<u>\$ 60,000</u>	<u>\$ 1,793</u>

1. Facility and equipment lease

Schoolhouse Finance, LLC, owns the property which is leased to the School (see Note E-2). Presently, this company is wholly owned by the School's management company. Total rent payments charged to the School under their leases amounts to \$1,271,670.

2. Shared employee expenses

The School shares employees with other schools operated by the same management company. A portion of their salaries are allocated to the School on a cost reimbursement basis. The total amount allocated in the current year amounted to \$17,940.

NOTE G - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the School's liability is \$25,000 per occurrence. There have been no significant reductions in insurance coverage during the fiscal year 2011. Settled claims resulting from the risks described above have not exceeded the insurance coverage since the School's inception.

**Imagine Schools at South Vero
(A division of Imagine Schools at South Indian River County, LLC)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE H - SUBSEQUENT EVENT

The School has evaluated subsequent events through September 13, 2011 the date at which the financial statements were issued.

REQUIRED SUPPLEMENTAL INFORMATION

Imagine Schools at South Vero
(A division of Imagine School at South Indian River County, LLC)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenue				
Base FTE funding	\$ 5,142,591	\$ 4,620,658	\$ 4,604,273	\$ (16,385)
Supplemental fee revenue	481,129	487,172	482,867	(4,305)
Gross school revenue	5,623,720	5,107,830	5,087,140	(20,690)
Expenditures				
Non-profit expenditures				
Facility use fee	1,104,000	890,618	1,007,802	(117,184)
Total non-profit expenditures	1,104,000	890,618	1,007,802	(117,184)
School operating expenditures				
Salaries and benefits	2,790,358	2,272,360	2,495,332	(222,972)
Other school service expense	-	202,927	166,828	36,099
Direct educational expense	537,484	369,470	188,781	180,689
General and administrative	383,999	236,352	115,679	120,673
Facility operating expense	197,952	150,208	150,203	5
Equipment use fees	163,644	146,724	202,410	(55,686)
Marketing and enrollment	2,300	3,631	3,632	(1)
Total school operating expenditures	4,075,737	3,381,672	3,322,865	58,807
Indirect costs	559,682	605,808	577,400	28,408
Loss mitigation	116,601	126,202	96,233	29,969
Total expenditures	5,856,020	5,004,300	5,004,300	0
Net change in fund balances	\$ (232,300)	\$ 103,530	82,840	\$ (20,690)
Adjustments to conform with GAAP:				
Capital outlay expenditures			(5,695)	
Depreciation expense			18,065	
Excess of revenue over expenditures (GAAP basis)			95,210	
Fund balances at July 1, 2010			89,679	
Fund balances at June 30, 2011			\$ 184,889	

See accompanying note to required supplemental information.

Imagine Schools at South Vero
(A division of Imagine School at South Indian River County, LLC)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND

For the year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Federal, state & local revenue	\$ -	\$ 301,720	\$ 301,720	\$ -
Expenditures				
Non-profit expenditures				
Facility use fee	-	301,720	301,720	-
Change in fund balances	-	-	-	-
Fund balances at July 1, 2010	-	-	-	-
Fund balances at June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplemental information.

**Imagine Schools at South Vero
(a division of Imagine School at South Indian River County, LLC)**

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2011

NOTE A - BUDGETARY INFORMATION

1. Budgetary basis of accounting

The School's annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors. Since the budgetary basis differs from accounting principles generally accepted in the United States (GAAP), budget and actual amounts in the accompanying required supplemental information are presented on the budgetary basis. A reconciliation to the net change in fund balances presented in conformity with GAAP is set forth in the adjustments to the required supplementary information. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

Imagine Schools at South Vero
(a division of Imagine School at South Indian River County, LLC)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures (1)</u>
U.S. DEPARTMENT OF EDUCATION/PASS THROUGH DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA		
2008 - 11 Public Charter School Grant Program	84.282	\$ 290,152
Education Stabilization Funds - ARRA	84.394	236,876
IDEA Part B	84.027	36,163
Title II Grants	84.367	1,669
U.S. DEPARTMENT OF AGRICULTURE/PASS THROUGH FLORIDA DEPARTMENT OF EDUCATION		
National School Lunch Program	10.555	66,068
		<u>\$ 630,928</u>

Note 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of the School during its fiscal year July 1, 2010 to June 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Imagine Schools at South Vero
(a division of Imagine School at South Indian River County, LLC)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency(ies) identified that are not considered to be material weakness(es)? **No**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

Type of auditors' report issued on compliance for major programs: **Unqualified for all major programs.**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **No**

The programs tested as major programs are as follows:

U.S. Department of Education - 2008 - 11 Public Charter School Grant Program - CFDA Number 84.282

U.S. Department of Education - ARRA - State Fiscal Stabilization Funds, Recovery Act - CFDA Number 84.394

The threshold for distinguishing type A and B programs was **\$300,000**

Did the auditee qualify as a low-risk auditee? **No**

Imagine Schools at South Vero
(a division of Imagine School at South Indian River County, LLC)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

B. FINDINGS - FINANCIAL STATEMENTS

None in the current year.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

None in the current year.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

10-1 IDEA Grant Award Recording

Material Weakness

Criteria: The School's charter agreement requires the School to utilize the state codification of accounts as contained in the Financial and Program Cost Accounting and Reporting for Florida Schools (the "Redbook")

Condition: During the course of the audit, it was noted that the School recorded their entire IDEA Grant funding as an accounts receivable while recording the offsetting entry against the expense. The School did not receive the entire award and the General Fund had to cover the remaining expenditures, therefore, the General Fund budget was over-expended by \$53,061 in the current year.

Cause: The School was not following their reporting requirements.

Effect: The School's revenue was understated as the revenue was never being recorded and the expenditures were also being understated since they were being offset with the accounts receivable entry.

Auditors' recommendation: We recommend that the School record all revenues and expenditures separately in accordance with Redbook.

Status as of June 30, 2011: The above issue has been resolved.

**Imagine Schools at South Vero
(a division of Imagine School at South Indian River County, LLC)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CORRECTED (CONTINUED)

10-2 Reconcile accounts to supporting documents

Material Weakness

Criteria: It is the School's policy to reconcile all balance sheet accounts on a monthly basis.

Condition: During the course of the audit, it was noted that accrued rent account was not reconciled to the supporting documentation.

Cause: The School was not reconciling their general ledger to supporting documentation.

Effect: The School's trial balance had to be materially adjusted to reconcile errors in the amount of \$123,992.

Auditors' recommendation: In order to make the financial reports generated by the accounting system to be as meaningful as possible, it is our recommendation that the School reconcile the aforementioned accounts to supporting documentation on a yearly, if not monthly basis.

Status as of June 30, 2011: The above issue has been resolved.

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

To the Board of Directors
Imagine Schools at South Indian River County, LLC
Vero Beach, Florida

We have audited the financial statements of governmental activities, each major fund and the aggregate remaining fund information of Imagine Schools at South Vero (the "School"), a component unit of the School Board of Indian River County, Florida and a division of Imagine Schools at South Indian River County, LLC (the "Charterholder") as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 13, 2011. 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.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement accounts. 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*.

This report is intended solely for the information and use of the School's management, regulatory agencies of federal and state governments, the School Board of Indian River County, Florida, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

September 13, 2011
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

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

To the Board of Directors
Imagine Schools at South Indian River County, LLC
Vero Beach, Florida

Compliance

We have audited Imagine Schools at South Vero's (the "School"), a component unit of the School Board of Indian River County, Florida and a division of Imagine Schools at South Indian River County, LLC (the "Charterholder"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2011. The Schools major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the Schools compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *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 School'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 School's compliance with those requirements.

In our opinion, the School, 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, 2011.

Internal Control over Compliance

Management of the School, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

This report is intended solely for the information and use of management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 13, 2011
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

To the Board of Managers
Imagine Schools at South Indian River County, LLC
Vero Beach, Florida

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Imagine Schools at South Vero (the "School"), a component unit of the School Board of Indian River County, Florida and a division of Imagine Schools at South Indian River County, LLC (the "Charterholder"), as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 13, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements that could have a direct and material effect on each Major Federal Program and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 13, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of the charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned Auditors' reports or schedule:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See the schedule of findings and questioned costs and the attached list for corrective actions, if any, that have been taken to address any significant findings and recommendations made in the preceding annual financial audit report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Imagine Charter Schools at South Vero, which is a division of Imagine Schools at South Indian River County, LLC which is a Florida limited liability company.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of Imagine Charter School at South Vero's management, Board of Managers, others within the entity, the School Board of Indian River County, Florida, the State of Florida Office of the Auditor General and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 13, 2011
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Prior Year Management Recommendations - Corrected

09-2 Proper period recording

Criteria: Generally accepted accounting principals require that expenses be recorded in the period in which the expense was incurred.

Condition: During the course of our audit, approximately \$27,000 in earned wages were under accrued as part of the year end salary accrual. We also noted, that the School improperly recorded one invoice totaling \$9,193 as accounts payable.

Status as of June 30, 2010:

Condition: During the course of our audit, it was noted that \$1,846 of revenues and \$1,564 of expenditures relating to the National School Lunch program expenditures were not recorded in the correct period. Although these amounts are small, they are material to the food service fund.

Effect: The School's trial balance had to be adjusted to reconcile these differences.

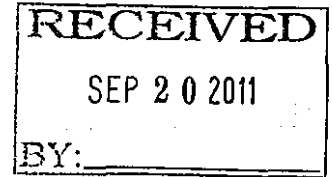
Auditors' recommendation: In order to make the financial reports generated by the accounting system as meaningful as possible, we recommended the School establish monitoring procedures over the aforementioned accounts to ensure proper recording of accruals.

Status as of June 30, 2011: The above issue has been resolved.

Current Year Management Recommendations

There are no management recommendations for the current year.

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INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Annual Financial Report

June 30, 2011

(With Independent Auditors' Report Thereon)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Annual Financial Report

June 30, 2011

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Independent Auditors' Report

The Board of Directors
Indian River Charter High School, Inc.:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian River Charter High School, Inc., a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian River Charter High School, Inc., as of June 30, 2011, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the financial statements, the School adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 15, 2011 on our consideration of the Indian River Charter High School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3 through 9 and on pages 26 and 27, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

MORGAN, JACOBY, TURN, BOYLE & ASSOCIATES, P.A.

September 15, 2011

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Management's Discussion and Analysis

This section of the Indian River Charter High School, Inc.'s (the School) annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the School's basic financial statements, which immediately follow this section.

Financial Highlights

The composition of the School's financial condition improved as a result of the School's continuing growth, sound management and expansion.

The School's net assets increased by \$313,845 or 6.1%. In comparison, the prior year experienced an increase of \$1,382,534. The change reflected in the past two years is primarily due to a special transfer of \$1,080,000 in the prior year from the local tax funds held by the Indian River County School District for additional capital outlay. Six hundred thirty five students were enrolled in the 2009-2010 school year and enrollment remained the same for the 2010-2011 school year. The funds per student (FTE) decreased 6.1% from the prior year, but were offset by new funding of \$308,349 available from the federal government under the America Recovery and Reinvestment Act. The School also remained aware of the current economic trends and maintained expenses, which increased \$162,163 or 3.9% from the prior year.

At year end, the School accumulated a surplus of unrestricted net assets of \$1,719,373, which was an increase of \$63,497 for this fiscal year.

In addition to the above financial highlights, the School also achieved the following nonfinancial results:

- The School enrolled more students in dual enrollment classes at Indian River State College than any other high school in the county during the 2010-2011 school year.
- For the 2010-2011 school year, the School's 10th grade mathematics and reading scores were the highest in the district. 85% of the School's 10th grade students passed FCAT mathematics and 61% of 10th grade students passed FCAT reading.
- The School is categorized as the only pending "A" high school in Indian River County. The School earned 504 FCAT points in 2010-2011, giving us necessary points to maintain the "A" rating awarded by the State of Florida in the 2010-2011 school year. This is 23 points higher than any other school in the district, making the School the highest performing high school in the district with regard to FCAT.
- Students from the School earned an average 21.1 composite score on the ACT, which is higher than both the district and national averages. On the individual English, Mathematics, Reading and Science subsections, students again scored higher than the state average. In the areas of English, Math and Social Science, the percentage of the School's students deemed by the ACT to be prepared for college-level coursework is higher than the national average.

(Continued)

- The School's Visual and Performing Arts programs (VAPA) was recognized with a variety of regional and state-wide accolades including:
 - All Visual and Performing Arts departments combined efforts to produce the School's annual musical "Fame," in partnership with the Vero Beach Theatre Guild for performance space. The production was a huge success and earned \$20,136 in revenue which will be utilized to finance this year's production of "Cinderella".
 - The Drama department presented in conjunction with the School's Ballet program, their own creative version of "Romeo and Juliet" combining the words of Shakespeare with the music of Prokofiev. The Drama program presented its first Summer Stock program "The Fantasticks". The cast combined both current students and alumni focusing on the talent of School students. Along with this production, a student-written play, "This is not a Drill" was featured and performed for the community.
 - The VAPA Chorus and a full orchestra of School students in conjunction with local professionals presented two classic Masses; Schubert's "Mass in G" and Louis Vierne's "Messe Solennelle." In addition, they continue to do numerous concerts for organizations within the community throughout the school year.
 - The School's Jazz Ensembles continued to expand its performance venues by providing music for Rotary Club functions, the Ft. Pierce Jazz and Blues Society, Indian River County Chamber of Commerce, the Educational Foundation, and Boy's and Girl's Club. Two Students received prestigious scholarship awards for their musical abilities.
 - The Visual Arts program, expanding upon the Fall Semester Show, produced the first annual Children's Art Fair attended by approximately 1,000 local elementary students. One student's art received best of show in the Vero Beach Museum's Art Show. Three students received art scholarships while thirteen percent of the graduating class will continue their post-secondary education focusing on the visual arts.
 - The School's Dance Team competed in the Orlando, Florida "I Love Dance" Competition winning 1st place in their category and 2nd place overall.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are School-Wide financial statements that provide both short-term and long-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the School-Wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about activities that are operated like businesses. The School currently has no proprietary funds.
- Fiduciary funds statements provide information about the financial relationships in which the School acts solely as agent for the benefit of others.

(Continued)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School's budget for the year.

School-Wide Statements

The School-Wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two School-Wide statements report the School's net assets and how they have changed. Net assets – the difference between the School's assets and liabilities – is one way to measure the School's financial health or position.

- Over time, increases or decreases in the School's net assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the overall health of the School, consideration needs to be given to additional nonfinancial factors such as the grade assessed under the State of Florida's school grading system and the number of full-time equivalents of students attending the School.

In the School-Wide financial statements, the School's activities are divided into two categories:

- Governmental activities – The School's basic services are included here, such as regular and special education, transportation, and administration. Intergovernmental revenues from the Indian River County School Board (initially funded by property taxes) finance most of these activities.
- Business-type activities – These activities charge fees to help cover the costs of services provided. The School currently has no activities that would be classified as business-type.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's funds, focusing on its most significant or "major" funds – not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The School establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (like Federal grants).

(Continued)

There are three kinds of funds:

- Governmental funds – The School’s basic services are included in governmental funds, which generally focus on how cash and other financial assets that can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School’s programs. Because this information does not encompass the additional long-term focus of the School-Wide statements, we provide additional information with the governmental funds statements that explains the relationship or differences between them.
- Proprietary funds – Services for which a fee is charged are generally reported in proprietary funds. Proprietary funds are reported in the same way as the School-Wide financial statements. The School currently has no funds that would be considered proprietary funds.
- Fiduciary funds – The School is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds and scholarship funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the School-Wide financial statements because the School cannot use these assets to finance its operations.

Financial Analysis of the School as a Whole

Net assets of the School’s governmental assets consisted of the following as of June 30, 2011 and 2010:

	Net Assets – Governmental Activities	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 2,626,141	3,330,722
Capital assets, net	<u>5,440,515</u>	<u>4,538,881</u>
Total assets	<u>8,066,656</u>	<u>7,869,603</u>
Current liabilities	388,715	211,271
Long-term debt	<u>2,235,585</u>	<u>2,529,821</u>
Total liabilities	<u>2,624,300</u>	<u>2,741,092</u>
Net assets:		
Invested in capital assets	3,249,823	2,060,620
Restricted	473,160	1,412,015
Unrestricted	<u>1,719,373</u>	<u>1,655,876</u>
Total net assets	\$ <u>5,442,356</u>	<u>5,128,511</u>

The School’s net assets increased by \$313,845, or 6.1%, from the prior year. This is a decrease from prior year’s increase of \$1,382,534. In the prior year, a special transfer from the Indian River County School District caused a large increase in net assets. The School continued to carefully monitor its expenses to stay within its tightened budget due to decreasing revenues.

The School had no business-type assets as of June 30, 2011 and 2010.

(Continued)

The following schedule compares revenues and expenses during the years ended June 30, 2011 and 2010:

	<u>Change in Net Assets – Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues:		
General revenues:		
Intergovernmental	\$ 4,186,520	5,516,643
Other	46,283	24,307
Operating grants and contributions	398,202	–
Special item – loss on disposal of capital assets	<u>(2,240)</u>	<u>(5,659)</u>
Total revenues	<u>4,628,765</u>	<u>5,535,291</u>
Expenses:		
Instruction related	2,827,860	2,537,026
Administration	529,870	629,166
Food service	7,699	–
Transportation	5,178	8,235
Maintenance and operations	419,724	433,409
Other	<u>524,589</u>	<u>544,921</u>
Total expenses	<u>4,314,920</u>	<u>4,152,757</u>
Change in net assets	\$ <u>313,845</u>	<u>1,382,534</u>

Total revenues for the year decreased by \$906,526, or 16.4%, due to decreased operational revenue allocated on a per-student basis (FTE revenues) in the amount of \$163,950 and the one time aforementioned District local capital improvement tax dollars funds allotted in the year ended June 30, 2010.

Total expenses increased \$162,163, or 3.9%, due to the School's conscientious budgeting decisions reflecting an investment in instruction related expenses.

Financial Analysis of the School's Funds

The School's general fund assets increased \$54,605 during the year to \$1,894,875 and increased its cash by \$238,848 and increased its reserves by \$63,497. The net increase in reserves was attributable to a decrease in FTE revenues of \$239,956 offset by a decrease in expenses of \$123,915 and an increase in contributions and student fees of \$110,953.

The School's special revenue fund consisted of funding received under the America Recovery and Reinvestment Act (ARRA) Fund. The Special Revenue – ARRA Fund does not report fund balance because revenues are reported to the extent of expenditures. This new funding of \$308,349 became available from the federal government in an effort to stimulate the economy and to keep teachers employed.

The net decrease of \$751,824 in the School's capital projects fund reflects a \$1,090,345 decrease in revenues and a \$1,063,835 increase in expenditures as the School continues to maintain its facilities and upgrade educational equipment where needed as budgetary restrictions allow. Also, the School transferred \$246,990 from the unrestricted general fund to the capital projects fund during the current year.

(Continued)

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011, the School had invested \$5,440,515 in a variety of capital assets, as reflected in the following schedule, which represents a net increase (additions less disposals and depreciation) of \$901,634 or 19.9% from the end of last year.

	<u>2011</u>	<u>2010</u>
Improvements other than buildings	\$ 359,560	392,748
Buildings and improvements	3,639,733	3,850,104
Furniture, fixtures, and equipment	183,648	234,182
Audio/visual equipment	9,500	16,488
Computer software	21,984	24,650
Construction in progress	<u>1,226,090</u>	<u>20,709</u>
Governmental capital assets, net	\$ <u>5,440,515</u>	<u>4,538,881</u>

As of June 30, 2011, the School was nearing completion of a new classroom building and had incurred \$1,226,090, all of which was funded by capital projects funding and contributions accumulated by the School. Subsequently, the School completed construction and received the certificate of occupancy on August 4, 2011.

Depreciation expense amounted to \$346,368 for the year ended June 30, 2011.

Long-term Debt

During the year ended June 30, 2005, the School completed construction on the buildings to house its new visual and performing arts program. The construction was financed with long-term debt of \$3,800,000. The principal balance on the loan at June 30, 2011 is \$2,235,585. The repayment provision calls for monthly installments of \$31,479, including interest at 3.82%, until May 7, 2014 when interest becomes adjustable every five years thereafter, until the debt is repaid on April 7, 2018.

Factors Bearing on the School's Future

At the time these financial statements were prepared and audited, the School was aware of the following circumstances that could significantly affect its financial health in the future:

- The addition of the State of Florida Biology End of Course exam requirement precipitated the need for enhancement of the School's science curriculum. Four classrooms were retrofitted into two science labs to reach this goal. The new science labs afford the School's students the opportunity to engage in higher order academic experiences. In addition, due to continued wear and tear of the original classroom portables, eight new classrooms were constructed over the summer. These eight classrooms were constructed using additional funds awarded through Indian River County School District tax dollars.

(Continued)

- The School has increased its international student population for the 2011-2012 school year. The reputation of the academic program available at the School has become well known in the international arena prompting a rise in the number of international applications submitted and accepted. Currently, the School has a total of fourteen international students' enrolled coming from six countries. As cultural awareness and understanding is a main focus of the mission of the School, international student attendance offers first hand cultural exposure to local students.
- The popularity of the Visual and Performing Arts department has increased the need for a performance venue. Discussions are in progress with the local community and local sponsors to determine if a collaborative effort could afford a shared venue which would meet both the School's need and a need within the local community. Preliminary discussion meetings are currently taking place to determine if this combined effort is possible. In August 2011, the School received a conditional pledge in the amount of \$400,000 to assist in this endeavor.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Indian River Charter High School, Inc., 6055 College Lane, Vero Beach, FL 32966.

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Statement of Net Assets

June 30, 2011

	<u>Total Governmental Activities</u>
Assets:	
Cash	\$ 2,081,647
Due from primary government (note 2)	432,062
Other receivables	5,649
Prepaid expenses	61,890
Capital assets, net of accumulated depreciation of \$2,383,181 (note 3)	5,440,515
Unamortized debt issue cost, net of accumulated amortization of \$47,782	<u>44,893</u>
Total assets	<u>8,066,656</u>
Liabilities:	
Accounts payable	190,520
Accrued expenses	172,013
Deferred revenue	26,182
Long-term debt (note 4):	
Due within one year	296,153
Due after one year	<u>1,939,432</u>
Total liabilities	<u>2,624,300</u>
Net Assets:	
Invested in capital assets, net of related debt	3,249,823
Restricted for capital projects	473,160
Unrestricted	<u>1,719,373</u>
Total net assets	\$ <u>5,442,356</u>

See accompanying notes to basic financial statements.

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Statement of Activities

Year Ended June 30, 2011

	<u>Expenses</u>	<u>Program Revenues – Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets – Governmental Activities</u>
Governmental activities:			
Instruction	\$ 2,523,070	325,657	(2,197,413)
Pupil personnel services	155,855	3,098	(152,757)
Instructional media services	62,448	–	(62,448)
Technology	86,487	22,849	(63,638)
School administration	529,870	46,598	(483,272)
Facilities acquisition and construction	79,546	–	(79,546)
Food service	7,699	–	(7,699)
Pupil transportation services	5,178	–	(5,178)
Operation of plant	403,932	–	(403,932)
Maintenance of plant	15,792	–	(15,792)
Interest on long-term debt	92,008	–	(92,008)
Unallocated depreciation expense	346,368	–	(346,368)
Amortization expense	<u>6,667</u>	<u>–</u>	<u>(6,667)</u>
Total governmental activities	\$ <u>4,314,920</u>	<u>398,202</u>	<u>(3,916,718)</u>
General revenues:			
Intergovernmental:			
Local for operational purposes			3,757,602
State through local school recognition			47,633
State through local for capital projects			381,285
Investment earnings			10,752
Miscellaneous			35,531
Special item – loss on disposal of capital assets			<u>(2,240)</u>
Total general revenues and special item			<u>4,230,563</u>
Change in net assets			313,845
Net assets, beginning of year			<u>5,128,511</u>
Net assets, end of year			\$ <u>5,442,356</u>

See accompanying notes to basic financial statements.

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Balance Sheet
Governmental Funds

June 30, 2011

<u>Assets</u>	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Cash	\$ 1,827,336	26,182	228,129	2,081,647
Due from primary government (note 2)	—	—	432,062	432,062
Other receivables	5,649	—	—	5,649
Prepaid expenses	<u>61,890</u>	<u>—</u>	<u>—</u>	<u>61,890</u>
	<u>\$ 1,894,875</u>	<u>26,182</u>	<u>660,191</u>	<u>2,581,248</u>

Liabilities and Fund Balances

Liabilities:

Accounts payable	8,943	—	181,577	190,520
Accrued expenses	166,559	—	5,454	172,013
Deferred revenue	<u>—</u>	<u>26,182</u>	<u>—</u>	<u>26,182</u>
Total liabilities	<u>175,502</u>	<u>26,182</u>	<u>187,031</u>	<u>388,715</u>

Fund Balances:

Nonspendable	61,890	—	—	61,890
Restricted	—	—	473,160	473,160
Committed	—	—	—	—
Assigned	26,455	—	—	26,455
Unassigned	<u>1,631,028</u>	<u>—</u>	<u>—</u>	<u>1,631,028</u>
Total fund balances	<u>1,719,373</u>	<u>—</u>	<u>473,160</u>	<u>2,192,533</u>
	<u>\$ 1,894,875</u>	<u>26,182</u>	<u>660,191</u>	

Reconciliation of governmental fund balances to entity-wide government activities net assets:

Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$7,823,696 and the accumulated depreciation is \$2,383,181.		5,440,515
Long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.		(2,235,585)
Unamortized debt issue costs are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$92,675 and the accumulated amortization is \$47,782.		<u>44,893</u>
Total net assets – governmental activities		<u>\$ 5,442,356</u>

See accompanying notes to basic financial statements.

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

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

Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Federal through state	\$ —	308,349	—	308,349
State through local	47,633	—	381,285	428,918
Local (note 5)	3,636,131	—	121,471	3,757,602
Contributions	22,975	—	—	22,975
Other	<u>108,276</u>	<u>—</u>	<u>4,885</u>	<u>113,161</u>
Total revenues	<u>3,815,015</u>	<u>308,349</u>	<u>507,641</u>	<u>4,631,005</u>
Expenditures:				
Current - education:				
Instruction	2,287,266	235,804	—	2,523,070
Pupil personnel services	152,757	3,098	—	155,855
Instructional media services	62,448	—	—	62,448
Technology	63,638	22,849	—	86,487
School administration	483,272	46,598	—	529,870
Facilities acquisition and construction	22,546	—	57,000	79,546
Food service	7,699	—	—	7,699
Pupil transportation services	5,178	—	—	5,178
Operation of plant	403,932	—	—	403,932
Maintenance of plant	15,792	—	—	15,792
Debt service:				
Principal	—	—	294,235	294,235
Interest	—	—	92,008	92,008
Capital outlay:				
Facilities acquisition and construction	<u>—</u>	<u>—</u>	<u>1,251,143</u>	<u>1,251,143</u>
Total expenditures	<u>3,504,528</u>	<u>308,349</u>	<u>1,694,386</u>	<u>5,507,263</u>
Other financing sources (uses):				
Transfers in	—	—	246,990	246,990
Transfers out	(246,990)	—	—	(246,990)
Proceeds on sale of capital assets	<u>—</u>	<u>—</u>	<u>900</u>	<u>900</u>
Total other financing sources (uses)	<u>(246,990)</u>	<u>—</u>	<u>247,890</u>	<u>900</u>
Net change in fund balances	63,497	—	(938,855)	(875,358)
Fund balances, beginning of year	<u>1,655,876</u>	<u>—</u>	<u>1,412,015</u>	<u>3,067,891</u>
Fund balances, end of year	\$ <u>1,719,373</u>	<u>—</u>	<u>473,160</u>	<u>2,192,533</u>

See accompanying notes to basic financial statements.

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (Continued)

Year Ended June 30, 2011

	<u>Total Governmental Funds</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities:	
Net change in fund balances – total governmental funds	\$ (875,358)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,251,143) exceed depreciation expense (\$346,368).	904,775
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term debt in the statement of net assets and does not affect the statement of activities.	294,235
The payment of debt issue costs is an expenditure in the governmental funds, however, the costs are allocated over their useful lives as amortization expense. This is the amount by which debt issue costs (\$-0) exceed amortization expense (\$6,667).	(6,667)
The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net assets differs from the change in fund balances by the cost of assets sold.	<u>(3,140)</u>
Change in net assets of governmental activities	\$ <u>313,845</u>

See accompanying notes to basic financial statements.

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Statement of Fiduciary Net Assets
Agency Funds

June 30, 2011

	<u>Total Agency Funds</u>
Assets:	
Cash	\$ <u>86,959</u>
Total assets	\$ <u>86,959</u>
Liabilities:	
Amounts held for others	<u>86,959</u>
Total liabilities	\$ <u>86,959</u>

See accompanying notes to basic financial statements.

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

June 30, 2011

(1) Organization and Summary of Significant Accounting Policies

Indian River Charter High School, Inc. (the School) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 228.056, Florida Statutes. The School was incorporated on March 27, 1998 and is governed by a Board of Directors.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the Indian River County District School Board (the District). The current charter was renewed on January 14, 2003 and is effective until June 30, 2018. The charter may be renewed by mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

The accounting policies of the School conform to accounting principles generally accepted in the United States of America applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The following is a summary of the more significant policies.

(a) Reporting Entity

The reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the organization; or (c) is obligated in some manner for the debt of the organization. There are no component units of the School.

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

(b) *Basic Financial Statements*

The basic financial statements include both School-Wide (based on the School as a whole) and fund financial statements. Both the School-Wide and fund financial statements categorize primary activities as either governmental or business type. In the School-Wide statement of net assets, governmental and business-type activities are presented separately and are reflected on a full accrual, economic resource basis, which incorporates long-term assets as well as long-term debt. As of and for the year ended June 30, 2011, the School had no activities that would be considered business-type.

The School-Wide statement of activities reflects both the gross and net costs per functional category (instruction, administration, maintenance, etc.), which are otherwise being supported by general government revenues, such as property taxes and intergovernmental revenues. The statement of activities reduces gross expenses, including depreciation, by related program revenues such as discretionary grants that can be used for either operating or capital purposes. The net cost by function is normally covered by general revenues.

This School-Wide focus is more on the sustainability of the School as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The governmental funds in the fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and the source and use of liquid resources. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the School-Wide statements, a reconciliation is presented on each of the fund financial statements, which briefly explains the adjustment necessary to transform the fund based financial statements into the total governmental column of the School-Wide presentation.

The School's fiduciary funds are presented in the fund financial statements and since, by definition, these assets are being held for the benefit of others and cannot be used to address activities or obligations of the School, these funds are not incorporated into the School-Wide financial statements.

(c) *Basis of Presentation*

The financial transactions of the School are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that records cash and other financial resources, liabilities, reserves, fund equity, revenues, and expenditures.

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

Governmental Funds

The School adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011. The Statement clarified the definitions of the various governmental funds.

The School has determined all of its funds to be major funds, as described below.

General Fund

The General Fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue – American Recovery and Reinvestment Act (ARRA) Fund

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It is used to account for proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes. During the year ended June 30, 2011, the School's special revenue funds were used to account for certain Federal grant program resources provided for operations and other programs as set out in the American Recovery and Reinvestment Act of 2009.

Capital Projects Fund

Capital projects funds are used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for educational capital outlay needs, including new construction or renovation and remodeling projects and other capital assets. During the year ended June 30, 2011, the School used the capital projects fund to account for capital outlays funded by capital outlay revenues and long-term debt. New classroom construction was in progress at June 30, 2011.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in fund net assets, financial position, and cash flows, which is similar to businesses. As of and for the year ended June 30, 2011, the School had no activities which would be accounted for in a proprietary fund.

Fiduciary Funds – Agency Funds

The School accounts for the scholarship funds and the student activities funds in the agency fund.

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

(d) *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The School-Wide financial statements are presented on an accrual basis of accounting, while the governmental funds in the fund financial statements are presented on a modified accrual basis.

Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized when they are susceptible to accrual; when they become measurable and available to finance the School's operations. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recorded when the liabilities are incurred.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the School may recognize receivables and revenue when the applicable eligibility requirements including time requirements have been met. Revenues for certain grants are recognized when the expenditures are made when grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources. Resources provided before eligibility requirements are met are reported as deferred revenues.

(e) *Budgets and Budgetary Accounting*

The School annually adopts a budget for all governmental funds. Budgets are presented on the modified accrual basis of accounting. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget, which has been adjusted for authorized revisions during the year.

(f) *Cash*

The School's cash includes demand deposits with financial institutions, which are insured in part by Federal depository insurance. As of June 30, 2011, the School's demand deposit accounts exceeded Federal deposit insurance limits by \$161,255.

In addition, the School's excess cash are invested into repurchase agreements providing for maturity on a daily basis and are collateralized with Federal agency securities held by the assigning bank. As of June 30, 2011, cash includes \$1,720,002 of deposits invested in overnight repurchase agreements. The underlying securities pledged by the bank as collateral had market values totaling \$1,720,908 as of June 30, 2011.

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
 (A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

(g) Capital Assets

Property and equipment purchased are reported at historical cost, net of accumulated depreciation, in the School-Wide financial statements but are not reported in the governmental fund financial statements. Contributed property and equipment are recorded at the fair market value at the time received. Expenditures for capital assets are reported in the governmental fund that financed the acquisition or construction. The School's capitalization level is \$1,000. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation on all assets is recorded in the School-Wide financial statements only and is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Improvements other than buildings	10 – 20
Buildings and improvements	10 – 25
Furniture, fixtures, and equipment	5 – 10
Audio/visual equipment	7
Computer software	3

(h) Compensated Absences

Compensated absences for vacation, sick, and other personal leave are provided for all regular, full-time employees. An employee may accrue leave based on School policy which differs between full time instructional staff and full time year-round administrative staff. However, employees are not entitled to cash payment in lieu of taking leave or upon termination. Compensated absences are recorded as expenditures when leave is used and no liability for compensated absences is reflected in the financial statements.

(i) Long-Term Debt

Long-term obligations that will be financed by resources to be received in the future are reported in the School-Wide financial statements, but not in the governmental fund financial statements. Loan costs are deferred and amortized over the life of the related debt.

(j) Fund Balance Reporting

The School adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011. The Statement established fund balance classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of resources in governmental funds, as summarized below (in order of spending).

Nonspendable

Nonspendable fund balance represents resources that are not in spendable form or are legally required to be maintained intact. The School's nonspendable fund balance consists of prepaid expenses as of June 30, 2011.

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

Restricted

Restricted fund balance represents resources that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The School's restricted fund balances consist of resources held for capital projects as of June 30, 2011.

Committed

Committed fund balance represents resources that can be spent only for the specific purposes established by the School's Board of Directors (the School's highest level of decision-making authority). There were no committed fund balances as of June 30, 2011.

Assigned

Assigned fund balance represents resources that are intended to be spent for specific purposes, but do not meet the definition of restricted or committed fund balances. The School's Board of Directors, committees of the Board of Directors, and School management have the ability to assign fund balances.

Unassigned

Unassigned fund balance represents resources that do not have any constraints upon spending.

(k) Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 228.056(13), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under provisions of Section 236.081, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

(l) Income Taxes

The School is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In accordance with the Internal Revenue Code, the Center is not considered a private foundation.

The School's income tax filings are subject to audit by various taxing authorities. The School's open audit periods are 2008-2011.

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

(m) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Receivables

As of June 30, 2011, due from primary government includes \$432,062 of funding under the Capital Outlay allocation, which is accounted for in the capital projects fund. Such funds are held in an investment account by the Indian River County School District on behalf of the School. Unexpended amounts available under the Capital Outlay program as of June 30, 2011 amounted to \$432,062.

(3) General Capital Assets

The following is a summary of the changes in the School's governmental capital assets for the year ended June 30, 2011:

	Balance <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>2011</u>
Improvements other than buildings	\$ 600,297	—	—	600,297
Buildings and improvements	5,145,205	4,194	(5,955)	5,143,444
Furniture, fixtures, and equipment	760,260	31,168	(25,765)	765,663
Audio/visual equipment	35,599	—	(2,290)	33,309
Computer software	47,908	10,400	(3,415)	54,893
Construction in progress	<u>20,709</u>	<u>1,205,381</u>	<u>—</u>	<u>1,226,090</u>
Total capital assets	<u>6,609,978</u>	<u>1,251,143</u>	<u>(37,425)</u>	<u>7,823,696</u>
Less accumulated depreciation for:				
Improvements other than buildings	207,549	33,188	—	240,737
Buildings and improvements	1,295,101	214,147	(5,537)	1,503,711
Furniture, fixtures, and equipment	526,078	81,399	(25,462)	582,015
Audio/visual equipment	19,111	6,492	(1,794)	23,809
Computer software	<u>23,258</u>	<u>11,142</u>	<u>(1,491)</u>	<u>32,909</u>
Total accumulated depreciation	<u>2,071,097</u>	<u>346,368</u>	<u>(34,284)</u>	<u>2,383,181</u>
Governmental capital assets, net	\$ <u>4,538,881</u>	<u>904,775</u>	<u>(3,141)</u>	<u>5,440,515</u>

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

In an effort to further extend the benefits of the Indian River Charter High School to a larger school population, the School completed construction of a physical addition to the school facilities during the year ended June 30, 2005. The total cost of the construction was \$4,335,230, a portion of which was funded by a \$3,800,000 mortgage note payable (see note 4). The addition was placed into service in June 2005. In addition, construction began on a new 8 classroom building and is in progress as of June 30, 2011.

(4) Long-Term Debt

The following is a summary of the changes in the School's long-term debt for the year ended June 30, 2011:

	<u>Balance</u> <u>2010</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>2011</u>
\$3,800,000 Mortgage note payable, monthly installments of \$31,479, including interest at 3.82%, through May 7, 2014; then interest is adjustable at the 5 year Treasury Rate plus 3% and every 5 years thereafter, monthly principal and interest payments due through April 7, 2018	\$ <u>2,529,820</u>	<u>—</u>	<u>294,235</u>	<u>2,235,585</u>

The mortgage note payable is secured by all buildings, improvements, other real property, and all personal property of the School, and is 90% guaranteed by the United States Department of Agriculture.

The future maturities of long-term debt for each of the years ending June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 296,153	81,591	377,744
2013	308,047	69,697	377,744
2014	320,192	57,552	377,744
2015	332,816	44,928	377,744
2016	345,857	31,887	377,744
2017 – 2018	<u>632,520</u>	<u>22,532</u>	<u>655,052</u>
	<u>\$ 2,235,585</u>	<u>308,187</u>	<u>2,543,772</u>

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

(5) Schedule of Local Revenue Sources

The following is a schedule of local revenue sources and amounts:

<u>Sources</u>	<u>Amount</u>
Indian River County District School Board:	
Florida Education Finance Program	\$ 2,978,964
Discretionary lottery funds	2,296
Class size	589,948
School academic improvement	123,754
Instructional materials and teacher training	47,727
Safe schools	<u>14,913</u>
Total	\$ <u>3,757,602</u>

The School's charter contract provides for a discretionary District administrative fee of up to 5% of the revenues received on a per-student basis. During the 2010-2011 school year, the state of Florida provided for the administrative fee to be assessed on the first 250 students (500 students prior to the 2010-2011 school year). In accordance with this provision, the District withheld \$63,901 from the School's revenues for the year ended June 30, 2011, which was included in school administration expenses in the accompanying statement of activities and statement of revenues, expenditures, and changes in fund balances.

(6) Leases

The School leases land and certain buildings under a lease agreement with Indian River State College through March 31, 2018. The lease provides for payments of \$4,750 per month for each of the five years ending March 31, 2013; and \$5,000 per month for each of the five years ending March 31, 2018. The lease has an option to be renewed for ten additional years.

During the year ended June 30, 2007, the School entered into a 63 month lease for their copying equipment. The lease provides for payments of \$1,446 per month through June 30, 2012. During the year ended June 30, 2011, the School terminated its lease and entered into a new one. The current lease provides for payments of \$1,489 per month through November 30, 2015.

Total rent expense incurred during the year ended June 30, 2011 amounted to \$74,645.

(Continued)

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

The future lease commitments as of June 30, 2011 follow:

	\$	74,868
2012		75,618
2013		77,868
2014		77,868
2015		70,423
2016		<u>105,000</u>
2017 – 2018		
	\$	<u>481,645</u>

(7) Interfund Transfers

The School transferred \$246,990 from the general fund to the capital projects fund to provide for expenditures funded in the current and prior years by the unassigned resources of the general fund.

(8) Risk Management

The School maintains general liability, professional liability, automobile liability, and workers' compensation coverages through purchased commercial insurance with minimal or no deductibles for each line of coverage. The School also maintains property coverage with a deductible of \$5,000 for all perils except wind or hail. For these perils, the deductible is 5%, with a minimum of \$50,000.

(9) Pension Plan

The School's employees participate in a salary deferral plan under Internal Revenue Code 403(b). The School currently contributes on a discretionary basis 15% of all full-time employees' salaries and matches the first \$500 in employee contributions on a dollar-for-dollar basis. The employees vest in all employer contributions evenly over a three-year period of service. Employees hired after September 1, 2008 vest in all employer contributions evenly over a five-year period of service. During the year ended June 30, 2011, the School provided for contributions approximating \$318,151.

(10) Subsequent Events

Subsequent to June 30, 2011, the School completed construction of its new classroom building and received a certificate of occupancy on August 4, 2011.

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual

General Fund

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State	\$ —	—	47,633	47,633
Local	3,665,404	3,680,404	3,636,131	(44,273)
Contributions	—	—	22,975	22,975
Other	<u>19,000</u>	<u>13,814</u>	<u>108,276</u>	<u>94,462</u>
Total revenues	<u>3,684,404</u>	<u>3,694,218</u>	<u>3,815,015</u>	<u>120,797</u>
Expenditures:				
Current – education:				
Instruction	2,447,556	2,444,254	2,287,266	156,988
Pupil personnel services	160,040	160,407	152,757	7,650
Instructional media services	64,332	63,206	62,448	758
Technology	—	64,552	63,638	914
School administration	620,894	521,404	483,272	38,132
Facilities acquisition and construction	—	—	22,546	(22,546)
Food service	—	5,000	7,699	(2,699)
Pupil transportation services	8,000	10,700	5,178	5,522
Operation of plant	462,805	431,877	403,932	27,945
Maintenance of plant	<u>21,500</u>	<u>16,000</u>	<u>15,792</u>	<u>208</u>
Total expenditures	<u>3,785,127</u>	<u>3,717,400</u>	<u>3,504,528</u>	<u>212,872</u>
Other financing sources (uses):				
Transfers out	<u>(37,800)</u>	<u>(46,654)</u>	<u>(246,990)</u>	<u>(200,336)</u>
Net change in fund balance	(138,523)	(69,836)	63,497	133,333
Fund balance, beginning of year	<u>1,655,876</u>	<u>1,655,876</u>	<u>1,655,876</u>	<u>—</u>
Fund balance, end of year	\$ <u>1,517,353</u>	<u>1,586,040</u>	<u>1,719,373</u>	<u>133,333</u>

INDIAN RIVER CHARTER HIGH SCHOOL, INC.
(A Component Unit of the Indian River County District School Board)

Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual

Special Revenue Fund

Year Ended June 30, 2011

		<u>Budgeted Amounts</u>			Favorable (Unfavorable) Variance with Final Budget
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:					
Federal through state	\$	<u>309,572</u>	<u>309,572</u>	<u>308,349</u>	(1,223)
Total revenues		<u>309,572</u>	<u>309,572</u>	<u>308,349</u>	(1,223)
Expenditures:					
Current – education:					
Instruction		240,125	240,125	235,804	4,321
Pupil personnel services		–	–	3,098	(3,098)
Technology		22,849	22,849	22,849	–
School administration		<u>46,598</u>	<u>46,598</u>	<u>46,598</u>	–
Total expenditures		<u>309,572</u>	<u>309,572</u>	<u>308,349</u>	1,223
Net change in fund balance		–	–	–	–
Fund balance, beginning of year		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Fund balance, end of year	\$	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

The Board of Directors
Indian River Charter High School, Inc.:

We have audited the basic financial statements of Indian River Charter High School, Inc. (the School) as of and for the year ended June 30, 2011 and have issued our report thereon dated September 15, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School'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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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 organization's internal control.

Our consideration of the 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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



This report is intended for the information of the Board of Directors, management, the Indian River County District School Board, and the Auditor General of the State of Florida. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

MORGAN, JACOBY, THEERN, BOYLE & ASSOCIATES, P.A.

September 15, 2011



Management Letter

The Board of Directors
Indian River Charter High School, Inc.:

We have audited the financial statements of Indian River Charter High School, Inc., as of and for the year ended June 30, 2011, and have issued our report thereon dated September 15, 2011.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters dated September 15, 2011. Disclosures in that report should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no findings or recommendations made in the preceding annual financial audit report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our audit disclosed the following matter:

1) *Tracking Purchase Orders*

In conjunction with the implementation of GASB 54, we noted the School's purchase order log was not fully updated on a timely basis and outstanding purchase orders were not investigated for final disposition on a timely basis. We recommend that the School maintain an accurate, detailed purchase order log and investigate outstanding purchase orders in a timely manner. It is our understanding that the School has currently modified its purchase order log and procedures to implement this recommendation.

- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: 1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and, 2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.



- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title for the charter school. The official title of the School is Indian River Charter High School, Inc.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Directors, management, the Indian River County District School Board, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

MORGAN, JACOBY, THURN, BOYCE & ASSOCIATES, P.A.

September 15, 2011

INDIAN RIVER CHARTER HIGH SCHOOL

6055 College Lane ♦ Vero Beach, Florida 32966 ♦ Telephone (772) 567-6600 ♦ Fax (772) 567-6338

Cynthia A. Trevino-Aversa, Director

Dr. Ray Adams, Assistant Director

Shenoeck Berrios, Business Manager

September 12, 2011

Morgan, Jacoby, Thurn, Boyle and Associates
700 20th St
Vero Beach, FL 32960

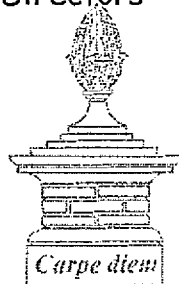
Gentlemen:

Thank you for advising us of improvements we could make relating to our purchase order process. We understand the need and the recommended process will be implemented immediately.

Sincerely,



Gene Waddell, Chairman
Board of Directors



BOARD OF DIRECTORS

Gene Waddell
Chairman

Robert A. Brackett
Secretary

Karl Zimmermann
Treasurer

Barbara Armour-Strimel

Pamela Bjorkman

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Dr. David Sullivan

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NORTH COUNTY CHARTER SCHOOL, INC.

**Basic Financial Statements
with
Independent Auditors' Report**

Year ended June 30, 2011

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KMETZ NUTTALL ELWELL GRAHAM, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
North County Charter School, Inc.
Vero Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North County Charter School, Inc. (School), a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North County Charter School, Inc. as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2011, on our consideration of the North County Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 on pages 3 - 7 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 on it.

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

July 28, 2011

**NORTH COUNTY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

As management of North County Charter School, Inc. (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011. This overview and analysis is required by generally accepted accounting principles (GAAP) in the United States of America and in Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34).

FINANCIAL HIGHLIGHTS

- The assets of the School as reported in the government-wide financial statements exceeded its liabilities at the close of the current fiscal year by \$1,616,509 (net assets). Of this amount, \$308,028 (unrestricted net assets) may be used to meet the ongoing obligations of the School. The School's total net assets increased by \$530,020 or 49% in comparison with prior year net assets.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$308,028, or 18% of total expenditures. The School's combined ending fund balances increased by \$132,032 or 75% in comparison with the prior year balances. \$308,028 is available for spending at the School's discretion (unassigned fund balance) and has been appropriated in the subsequent year's budget.
- Investment in capital assets increased over the prior year by \$628,724 or 21%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, and 5) supplementary auditors' reports.

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

The *statement of net assets* presents information on all of the School's assets (both short-term spendable resources and capital assets) and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements present functions of the School that are principally supported by local revenues (FTE dollars thorough the Indian River County School District) (*governmental activities*) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The School has no business-type activities and no component units for which they are financially accountable. The government-wide financial statements can be found on pages 8 and 9 of this report.

**NORTH COUNTY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds used by the School are considered governmental fund types.

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

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

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The School adopts an annual appropriated budget for all funds. Government accounting standards require the School to report a budgetary comparison statement for the general fund and any major special revenue funds. A budgetary comparison statement has been provided for the general fund. The School has no major special revenue funds. The basic governmental fund financial statements can be found on pages 10 - 13 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 22 of this report.

Required supplementary information – The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$1,616,509 at June 30, 2011.

A portion of the School's net assets (81%) reflects its investment in capital assets, net of related debt (e.g. land, buildings, equipment and furniture). The School has related debt outstanding as of June 30, 2011, of \$2,328,199 that was used to acquire these assets. The School uses these capital assets to provide educational services; consequently, these assets are *not* available for future spending.

**NORTH COUNTY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

NORTH COUNTY CHARTER SCHOOL, INC.'S NET ASSETS

	2011	2010
Current assets	\$ 328,618	\$ 207,120
Capital assets, net	3,636,680	3,007,956
Total assets	3,965,298	3,215,076
Current liabilities	71,948	120,506
Long-term liabilities	2,276,855	2,009,223
Total liabilities	2,348,803	2,129,729
Net assets:		
Invested in capital assets, net of related debt	1,308,481	910,493
Unrestricted	308,028	175,996
Total net assets	\$ 1,616,509	\$ 1,086,489

An additional portion of the School's net assets (19%) represents *unrestricted net assets* that are available to meet the financial obligations of the School.

**NORTH COUNTY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

NORTH COUNTY CHARTER SCHOOL, INC.'S CHANGE IN NET ASSETS

	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 15,430	\$ 12,240
Operating grants and contributions	141,070	47,030
Capital grants and contributions	421,628	41,822
General revenues:		
FTE non-specific revenues	965,573	833,125
Unrestricted investment earnings	426	66
Gifts, grants and bequests not restricted to specific programs	4,782	3,156
Total revenues	1,548,909	937,439
Expenses:		
Instruction	510,627	378,383
Pupil personnel services	723	-
Instructional staff training	444	-
Board	2,103	2,138
School administration	152,322	145,742
Facilities acquisition and construction	11,878	4,970
Fiscal services	12,280	9,185
Food services	71,230	50,072
Transportation	13,641	14,570
Operation of plant	73,153	56,853
Maintenance of plant	10,034	2,677
Interest on long-term debt	102,924	76,105
Depreciation - unallocated	57,530	52,229
Total expenses	1,018,889	792,924
Increase in net assets	530,020	144,515
Net assets, beginning of year	1,086,489	941,974
Net assets, end of year	\$ 1,616,509	\$ 1,086,489

Governmental activities -- The School relies heavily on general revenues (i.e. FTE dollars) to fund the expenses of the governmental activities. Program revenues consisting of capital and operating grants comprise 36% of total revenues. General revenues comprise 64% of total revenues.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

**NORTH COUNTY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$308,028, an increase of \$132,032 over the previous fiscal year. The fund balance consists of *unassigned fund balance*, which is available for spending at the District's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

- The original budget was amended, and approved by the School's Board of Directors, for fiscal year June 30, 2011, to decrease funding due to decrease in anticipated enrollment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The School's investment in capital assets for its governmental activities as of June 30, 2011, amounted to \$3,636,680 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, furniture and construction in progress. Additional information on the School's capital assets can be found in Notes 1 and 2 on pages 16 and 20 of this report.

Long-term debt – The School has related debt outstanding as of June 30, 2011, of \$2,328,199 that was used to acquire these assets. Additional information on the School's long-term debt can be found in Notes 1 and 3 on pages 16 and 21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The School received the majority of its revenues from FTE dollars provided by Indian River County School District.
- Indian River County School District continues to retain 5% administrative costs on revenues.
- The Charter School's enrollment is at 70%.
- The Charter School has estimated revenues and appropriations in the fiscal year 2011-12 budget of \$1,383,382. Appropriations include an additional \$176,600, \$80,000, \$11,400, \$17,000, \$17,000, and \$58,000 for instructional salary/wage increases, administrative salary/wage increases, administrative supplies, food service salary/wage increases, operation of plant salary/wage increases, and debt service. Appropriations also include a decrease of \$629,700 for facilities acquisitions and construction.

All of these factors were considered in preparing the School's budget for 2011-12 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ken Miller, President/Treasurer, North County Charter School, Inc., 6640 Old Dixie Highway, Vero Beach, Florida 32967.

North County Charter School, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Statement of Net Assets

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 307,114	\$ -	\$ 307,114
Due from local sources	20,604	-	20,604
Interest receivable	14	-	14
Deposits receivable	900	-	900
Capital assets, net	3,636,680	-	3,636,680
Total Assets	3,965,312	-	3,965,312
Liabilities			
Deferred revenue	20,604	-	20,604
Long-term liabilities:			
Due within one year	51,344	-	51,344
Due in more than one year	2,276,855	-	2,276,855
Total Liabilities	2,348,803	-	2,348,803
Net Assets			
Invested in capital assets, net of related debt	1,308,481	-	1,308,481
Unrestricted	308,028	-	308,028
Total Net Assets	\$ 1,616,509	\$ -	\$ 1,616,509

See accompanying notes to the basic financial statements.

North County Charter School, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Statement of Activities

Year ended June 30, 2011

	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction	\$ 510,627	\$ -	\$ 87,235	\$ -	\$ (423,392)	\$ -	\$ (423,392)
Pupil personnel services	723	-	-	-	(723)	-	(723)
Instructional staff training	444	-	-	-	(444)	-	(444)
Board	2,103	-	-	-	(2,103)	-	(2,103)
School administration	152,322	-	-	-	(152,322)	-	(152,322)
Facilities acquisition and construction	11,878	-	-	381,057	369,179	-	369,179
Fiscal services	12,280	-	-	-	(12,280)	-	(12,280)
Food services	71,230	15,430	53,835	10,739	8,774	-	8,774
Transportation	13,641	-	-	-	(13,641)	-	(13,641)
Operation of plant	73,153	-	-	-	(73,153)	-	(73,153)
Maintenance of plant	10,034	-	-	-	(10,034)	-	(10,034)
Interest on long-term debt	102,924	-	-	29,832	(73,092)	-	(73,092)
Depreciation - unallocated *	57,530	-	-	-	(57,530)	-	(57,530)
Total Governmental Activities	\$ 1,018,889	\$ 15,430	\$ 141,070	\$ 421,628	(440,761)	-	(440,761)
General Revenues:							
Local revenue:							
Florida Education Finance Program					748,802	-	748,802
Class size funds					194,132	-	194,132
Lottery					418	-	418
Instructional materials					12,133	-	12,133
School recognition funds					10,088	-	10,088
Gifts, grants and bequests					4,782	-	4,782
Interest earned					426	-	426
Total General Revenues					970,781	-	970,781
Change in Net Assets					530,020	-	530,020
Net Assets, beginning					1,086,489	-	1,086,489
Net Assets, ending					\$ 1,616,509	\$ -	\$ 1,616,509

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



North County Charter School, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Balance Sheet - Governmental Funds

June 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 307,114	\$ -	\$ -	\$ 307,114
Due from local sources	-	20,604	-	20,604
Interest receivable	-	14	-	14
Deposits receivable	900	-	-	900
Due from other fund	14	-	-	14
Total Assets	\$ 308,028	\$ 20,618	\$ -	\$ 328,646
Liabilities and Fund Balances				
Liabilities:				
Deferred revenue	\$ -	\$ 20,604	\$ -	\$ 20,604
Due to other fund	-	14	-	14
Total Liabilities	-	20,618	-	20,618
Fund balances:				
Unassigned	308,028	-	-	308,028
Total Liabilities and Fund Balances	\$ 308,028	\$ 20,618	\$ -	328,646

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,636,680
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,328,199)
Net assets of governmental activities	<u>\$ 1,616,509</u>

See accompanying notes to the basic financial statements.

North County Charter School, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds

Year ended June 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental:				
State through local	\$ -	\$ 70,534	\$ -	\$ 70,534
Federal through State	-	-	97,974	97,974
Interest	-	426	-	426
Local	970,355	340,355	69,265	1,379,975
Total Revenues	970,355	411,315	167,239	1,548,909
Expenditures				
Current - Education:				
Instruction	413,333	-	84,340	497,673
Pupil personnel services	723	-	-	723
Instructional staff training	444	-	-	444
Board	2,103	-	-	2,103
School administration	151,333	-	-	151,333
Facilities acquisition and construction	11,878	-	-	11,878
Fiscal services	12,280	-	-	12,280
Food services	-	-	69,458	69,458
Transportation	13,641	-	-	13,641
Operation of plant	73,153	-	-	73,153
Maintenance of plant	10,034	-	-	10,034
Debt service	-	176,198	-	176,198
Fixed Capital Outlay:				
Facilities acquisition and construction	-	690,826	11,143	701,969
Total Expenditures	688,922	867,024	164,941	1,720,887
Excess (Deficiency) of Revenues over Expenditures	281,433	(455,709)	2,298	(171,978)
Other Financing Sources (Uses)				
Loan proceeds	-	304,010	-	304,010
Operating transfers in (out)	(149,401)	151,699	(2,298)	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	132,032	-	-	132,032
Fund Balance, beginning of year	175,996	-	-	175,996
Fund Balance, end of year	\$ 308,028	\$ -	\$ -	\$ 308,028

See accompanying notes to the basic financial statements.

North County Charter School, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2011

Net change in fund balances - governmental funds	\$ (171,978)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$701,969) exceeds depreciation expense (\$73,245) in the period.	628,724
Repayment of the mortgage payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	73,274
Change in net assets of governmental activities	\$ 530,020

See accompanying notes to the basic financial statements.



North County Charter School, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Budgetary Comparison Schedule - General Fund

Year ended June 30, 2011

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local	\$ 999,755	\$ 895,730	\$ 970,355	\$ 74,625
Interest income	1	1	-	(1)
Total Revenues	999,756	895,731	970,355	74,624
Expenditures				
Current - Education:				
Instruction	479,422	392,745	413,333	(20,588)
Pupil personnel services	-	-	723	(723)
Instructional staff training	500	500	444	56
Board	2,350	2,350	2,103	247
School administration	137,528	123,421	151,333	(27,912)
Facilities acquisition and construction	98,050	12,500	11,878	622
Fiscal services	10,500	13,000	12,280	720
Transportation	30,000	30,000	13,641	16,359
Operation of plant	74,300	68,450	73,153	(4,703)
Maintenance of plant	3,400	10,100	10,034	66
Total Expenditures	836,050	653,066	688,922	(35,856)
Excess of Revenues over Expenditures	163,706	242,665	281,433	38,768
Other Financing Sources (Uses)				
Operating transfers in (out)	-	-	(149,401)	(149,401)
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	163,706	242,665	132,032	(110,633)
Fund Balance, beginning of year	258,844	336,190	175,996	
Fund Balance, end of year	\$ 422,550	\$ 578,855	\$ 308,028	

See accompanying notes to the basic financial statements.

North County Charter School, Inc.

A Charter School and Component Unit of the
Indian River County District School Board
Notes to Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The North County Charter School, Inc., is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is composed of not less than five members. The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Indian River County District School Board. The current charter is effective until June 30, 2012. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The North County Charter School, Inc. is considered a component unit of the Indian River County District School Board.

Criteria for determining if other entities are potential component units of the School which should be reported with the School'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 provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The School has no business-type activities. Governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Reconciling items arise from differences in the measurement focuses and bases of accounting between the statements, and certain required eliminations.

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-wide Statements

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School's functions and business-type activities. The functions are also supported by general revenues (funding received from the Indian River County School District, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (administration, food services, facilities acquisition and construction, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue. The School does not allocate indirect costs. This government-wide focus is more on the sustainability of the School as an entity and the change in the School's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The School's major governmental funds are as follows:

General Fund - Used to account for all financial resources not required to be accounted for in another fund.

Capital Projects Fund - Used to account for the financial resources to be used in the acquisition, construction, or improvement of capital facilities.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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.

Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

The governmental funds financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis, revenues, except for certain grant revenues, are recognized when they become measurable and available. 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 unmatured interest on long-term debt, which should be recognized when due. The principal exception to this general rule is that prepaid items are generally not accrued.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services and capital outlay). The budget is adopted and approved by the Board of Directors. The budget amounts presented in the accompanying financial statements are as amended by the Schools’ Board of Directors and adopted on a basis consistent with generally accepted accounting principles.

Cash

The School's cash consists of demand deposits with financial institutions, which are insured by Federal depository insurance.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general school purposes are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated assets are recorded at fair market value at the date of donation. The School maintains a capitalization threshold of \$750. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and fixed equipment	50 years
Improvements other than buildings	10 years
Furniture, fixtures and equipment	5-10 years
Loan costs	5 years

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.



North County Charter School, Inc.

A Charter School and Component Unit of the
Indian River County District School Board
Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Revenue Sources

Revenues for current operations are received primarily from the Indian River County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School received Federal awards for the enhancement of various educational programs. This assistance is 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.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements awarded before the eligibility requirements are met are recorded as deferred revenue.

Compensated Absences

Sick and personal leave expenditures are recognized when payments are made to the employees. Sick and personal leave do not accumulate from year-to-year, thus no liability is recorded.

Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Restricted Assets

Restricted assets are interest earned on amounts set aside for capital projects, whose use is limited by legal requirements.



Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance

Beginning with fiscal year June 30, 2011, the School implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School did not have any nonspendable resources as of June 30, 2011.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School did not have any restricted resources as of June 30, 2011.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2011.

Assigned – This classification includes amounts that are constrained by the School’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School or by an official or body to which the School delegates the authority. The School did not have any assigned resources as of June 30, 2011.

Unassigned – This classification includes the residual fund balance for the General Fund.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Beginning fund balances for the School’s governmental funds have been restated to reflect the above classifications.

Note 1 – Summary of Significant Accounting Policies (continued)

Interfund Activity

Loans between governmental funds are reported as interfund receivables or payables as appropriate and are subject to elimination upon consolidation. Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. During the year ended June 30, 2011, the School made an interfund transfer of \$2,298 from the special revenue fund to the general fund for funds received related to prior year expenditures incurred through the general fund. Also, during the year ended June 30, 2011, the School made an interfund transfer of \$151,699 from the general fund to the capital projects fund to temporarily subsidize the capital projects fund. As fund balance becomes available the capital project fund will transfer back amounts subsidized by the general fund.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended June 30, 2011.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through July 28, 2011, the date the financial statements were available to be issued.

North County Charter School, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Notes to Basic Financial Statements (continued)

Note 2 – Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 472,278	\$ -	\$ -	\$ 472,278
Total capital assets not being depreciated	472,278	-	-	472,278
Other capital assets:				
Buildings and fixed equipment	2,572,601	636,345	-	3,208,946
Improvements other than buildings	37,207	12,385	-	49,592
Furniture, fixtures and equipment	70,155	31,256	-	101,411
Loan costs	-	21,983	-	21,983
Total other capital assets at historical cost	2,679,963	701,969	-	3,381,932
Less accumulated depreciation for:				
Buildings and fixed equipment	(110,509)	(54,634)	-	(165,143)
Improvements other than buildings	(6,022)	(4,065)	-	(10,087)
Furniture, fixtures and equipment	(27,754)	(13,081)	-	(40,835)
Loan costs	-	(1,465)	-	(1,465)
Total accumulated depreciation	(144,285)	(73,245) *	-	(217,530)
Other capital assets, net	2,535,678	628,724	-	3,164,402
Governmental activities capital assets, net	\$ 3,007,956	\$ 628,724	\$ -	\$ 3,636,680

*** Depreciation expense was charged to governmental functions as follows:**

Instruction	\$ 12,954
School administration	989
Food services	1,772
Unallocated	57,530
	\$ 73,245

Note 3 – Long-Term Liabilities

The changes in the School’s long-term obligations for governmental activities during the year consist of the following:

	Principal Outstanding June 30, 2010	Additions	Reductions	Principal Outstanding June 30, 2011	Amount Due in One Year
Mortgage payable	\$ 2,097,463	\$ 304,010	\$ 73,274	\$ 2,328,199	\$ 51,344

On February 22, 2011, the School re-negotiated their loan with RBC Bank for \$2,350,000 to purchase new facilities and finance additional facilities. On March 25, 2011, the School amended the note to incorporate an interest rate swap agreement to set the interest rate at LIBOR, plus 5%. Beginning May 1, 2011, the agreement requires principal, plus accrued interest payments until the maturity date of February 24, 2016, at which time all unpaid principal and interest shall become immediately due and payable.

Currently, and in the past, payments on the mortgage payable are made by the General and Capital Projects Funds.

Amounts needed for the planned extended repayment of the mortgage at June 30, 2011, are as follows:

Fiscal year ending June 30	Principal	Interest	Total
2012	\$ 51,344	\$ 122,656	\$ 174,000
2013	56,035	117,965	174,000
2014	60,600	113,400	174,000
2015	65,537	108,463	174,000
2016 and thereafter	2,094,683	38,579	2,133,262
	\$ 2,328,199	\$ 501,063	\$ 2,829,262

Note 4 – Deferred Revenue

During fiscal years ending June 30, 2001 through 2010, the School was awarded capital outlay funds of \$525,164 and an additional award of \$71,710 for fiscal year ending June 30, 2011. The School has expended \$576,270 of the \$596,874 awarded and has deferred revenue of \$20,604 as of June 30, 2011. Interest earned during the year was \$28.

Note 5 – Fund Balance

Beginning with fiscal year June 30, 2011, the School implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the School Charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by the Board of Directors.

Assigned – Amounts that are designated by the Principal for a specific purpose.

Unassigned – All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 10). As discussed in Note 1, restricted funds are used first as appropriate. Decreases to fund balance first reduce Unassigned Fund Balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has Unassigned Fund Balance of \$308,028 at June 30, 2011.

Note 6 – 401(k) Plan

The School initiated a 401(k) plan on September 1, 2002, that covers all employees who have attained twenty years of age and satisfied a one-year service requirement. Employees may make elective contributions up to 25% of their compensation and the limit established by federal law. The School may make elective contributions equal to the employee’s contribution up to a limit of 3% of the employee’s compensation for the fiscal year. For the year ended June 30, 2011, the School contributed \$2,951 to the plan.

Note 7 – Risk Management Programs

Personnel of the School are provided through a leasing arrangement with a licensed employee leasing company. Workers' compensation coverage is provided by the employee leasing company. Employees of the School are covered by purchased health insurance. The School contributes monthly for each employee to the plan and employees, at their option, authorize payroll withholdings to pay for dependents. Employees may also voluntarily enroll in other various insurance plans through a pre-tax program. Employees authorize payroll withholdings and are responsible for all premiums.

General liability, professional liability, and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Commercial coverage has not been exceeded.



**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
North County Charter School, Inc.
Vero Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North County Charter School, Inc. (School), a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 28, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School'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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

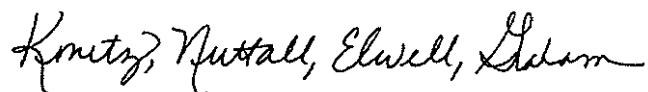
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

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

To the Board of Directors
North County Charter School, Inc.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

July 28, 2011





Independent Auditors' Management Letter

To the Board of Directors
North County Charter School, Inc.
Vero Beach, Florida

We have audited the basic financial statements of North County Charter School, Inc., as of and for the year ended June 30, 2011, and have issued our report thereon dated July 28, 2011.

We conducted our audit 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, if any, which are dated July 28, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter included the following information, which is not included in the aforementioned auditor's report.

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

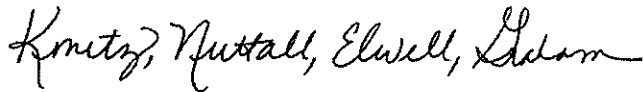
To the Board of Directors
North County Charter School, Inc.

Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is North County Charter School, Inc.

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that North County Charter School, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

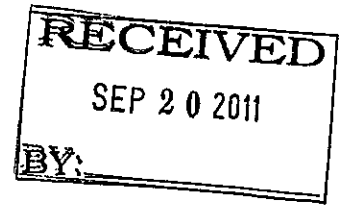
Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor North County Charter School, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the board of directors, management, the Florida Auditor General, Indian River County School District, and the Office of School Choice, and is not intended to be and should not be used by anyone other than these specified parties.



Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

July 28, 2011



SEBASTIAN CHARTER JUNIOR HIGH, INC.

**Basic Financial Statements
with
Independent Auditors' Report**

Year ended June 30, 2011

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KMETZ NUTTALL ELWELL GRAHAM, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Sebastian Charter Junior High, Inc.
Sebastian, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sebastian Charter Junior High, Inc. (the School), a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sebastian Charter Junior High, Inc. as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2011, on our consideration of Sebastian Charter Junior High, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. 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 on pages 3 – 7 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 on it.

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

September 19, 2011

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**SEBASTIAN CHARTER JUNIOR HIGH, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

As management of Sebastian Charter Junior High, Inc. (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011. This overview and analysis is required by generally accepted accounting principles (GAAP) in the United States of America in Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34).

FINANCIAL HIGHLIGHTS

- The assets of the School as reported in the government-wide financial statements exceeded its liabilities at the close of the current fiscal year by \$637,757 (net assets). Of this amount, \$101,339 (unrestricted net assets) may be used to meet the ongoing obligations of the School. The School's total net assets increased by \$150,125 or 30% in comparison with prior year net assets.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$121,266, or 9% of total expenditures. The School's combined ending fund balance increased by \$43,419 or 55% in comparison with the prior year balances. \$101,339 of the \$121,266 is available for spending at the School's discretion (unassigned fund balance). The remaining \$19,927 has been designated for capital projects.
- Investment in capital assets increased over the prior year by \$106,706 or 26%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, and 5) supplementary auditors' reports.

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

The *statement of net assets* presents information on all of the School's assets (both short-term spendable resources and capital assets) and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements present functions of the School that are principally supported by local revenues (FTE dollars through the Indian River County School District) (*governmental activities*) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The School has no business-type activities and no component units for which they are financially accountable. The government-wide financial statements can be found on pages 8 and 9 of this report.



**SEBASTIAN CHARTER JUNIOR HIGH, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds used by the School are considered governmental fund types.

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

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

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The School adopts an annual appropriated budget for all funds. Government accounting standards require the School to report a budgetary comparison statement for the general fund and any major special revenue funds. A budgetary comparison statement has been provided for the general fund. The School has no major special revenue funds. The basic governmental fund financial statements can be found on pages 10 - 12 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 21 of this report.

Required supplementary information – The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$637,757, at June 30, 2011.

A portion of the School's net assets (80%) reflects its investment in capital assets, net of related debt (e.g. land, buildings, equipment and furniture). The School has related debt outstanding as of June 30, 2011, of \$314,195 that was used to acquire these assets. The School uses these capital assets to provide educational services; consequently, these assets are *not* available for future spending.

**SEBASTIAN CHARTER JUNIOR HIGH, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

SEBASTIAN CHARTER JUNIOR HIGH, INC.'S NET ASSETS

	2011	2010
Current assets	\$ 593,618	\$ 198,378
Capital assets, net	830,686	760,833
Total assets	1,424,304	959,211
Current liabilities	508,633	154,541
Long-term liabilities:	277,914	317,038
Total liabilities	786,547	471,579
Net assets:		
Invested in capital assets, net of related debt	516,491	409,785
Restricted for:		
Capital projects	19,927	18,334
Unrestricted	101,339	59,513
Total net assets	\$ 637,757	\$ 487,632

An additional portion of the School's net assets (15%) represents *unrestricted net assets* that are available to meet the financial obligations of the School. A final portion of the School's net assets (5%) is restricted for capital projects. At the end of the current fiscal year, the School is able to report positive balances in all three categories of net assets.

**SEBASTIAN CHARTER JUNIOR HIGH, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

SEBASTIAN CHARTER JUNIOR HIGH, INC.'S CHANGE IN NET ASSETS

	2011	2010
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 157,129	\$ 61,582
Capital grants and contributions	190,902	105,596
General revenues:		
FTE non-specific revenues	965,454	903,776
Unrestricted investment earnings	1,593	442
Gifts, grants and bequests not restricted to specific programs	-	53,115
Total revenues	1,315,078	1,124,511
Expenses:		
Instruction	623,632	512,938
Instructional staff training	6,410	8,808
Board	6,252	9,381
School administration	293,888	322,210
Facilities acquisition and construction	5,188	1,230
Fiscal services	15,032	11,297
Food services	74,002	61,461
Transportation	19,144	18,843
Operation of plant	61,595	60,352
Maintenance of plant	7,607	6,784
Interest on long-term debt	23,484	22,066
Depreciation - unallocated	28,719	16,848
Total expenses	1,164,953	1,052,218
Change in net assets	150,125	72,293
Net assets, beginning of year	487,632	415,339
Net assets, end of year	\$ 637,757	\$ 487,632

Governmental activities -- The School relies heavily on general revenues (i.e. FTE dollars) to fund the expenses of the governmental activities. Program revenues consisting of capital and operating grants comprise 26% of total revenues. General revenues comprise 74% of total revenues.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

**SEBASTIAN CHARTER JUNIOR HIGH, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$121,266, an increase of \$43,419 over the previous fiscal year. The fund balance consists of *unassigned fund balance*, which is available for spending at the School's discretion, with a portion (\$19,927) primarily designated for capital projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The School's investment in capital assets for its governmental activities as of June 30, 2011, amounted to \$830,686 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, furniture and computer software. Additional information on the School's capital assets can be found in Notes 1 and 2 on pages 16, 18 and 19 of this report.

Long-term debt – The School has related debt outstanding as of June 30, 2011, of \$314,195 that was used to acquire these assets. Additional information on the School's long-term debt can be found in Notes 1, 3 and 4 on pages 16, 19 and 20 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The School received the majority of its revenues from FTE dollars provided by the Indian River County School District.
- The Indian River County School District continues to retain 5% administrative costs on revenues.
- The Charter School's enrollment is expected to be 100% for the fiscal year ending 2011-2012.
- The School is in the process of planning and budgeting for the construction of a new, more permanent school building, to be constructed on the existing school site.

All of these factors were considered in preparing the School's budget for the 2011-2012 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dr. Martha McAdams, Principal, Sebastian Charter Junior High, Inc., 782 Wave Street, Sebastian, Florida 32958.

Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Statement of Net Assets

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 107,227	\$ -	\$ 107,227
Due from state sources	89,104	-	89,104
Due from local sources	377,360	-	377,360
Accrued interest receivable	19,927	-	19,927
Capital assets, net	830,686	-	830,686
Total Assets	1,424,304	-	1,424,304
Liabilities			
Accounts payable	4,782	-	4,782
Payroll tax payable	1,106	-	1,106
Deferred revenue	466,464	-	466,464
Long-term liabilities:			
Due within one year:			
Note payable	33,629	-	33,629
Obligation under capital leases	2,652	-	2,652
Due in more than one year:			
Note payable	273,612	-	273,612
Obligation under capital leases	4,302	-	4,302
Total Liabilities	786,547	-	786,547
Net Assets			
Invested in capital assets, net of related debt	516,491	-	516,491
Restricted for:			
Capital projects	19,927	-	19,927
Unrestricted	101,339	-	101,339
Total Net Assets	\$ 637,757	\$ -	\$ 637,757

See accompanying notes to the basic financial statements.

Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Statement of Activities

Year ended June 30, 2011

	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction	\$ 623,632	\$ -	\$ 83,127	\$ 38,298	\$ (502,207)	\$ -	\$ (502,207)
Instructional staff training	6,410	-	-	-	(6,410)	-	(6,410)
Board	6,252	-	-	-	(6,252)	-	(6,252)
School administration	293,888	-	-	108,067	(185,821)	-	(185,821)
Facilities acquisition and construction	5,188	-	-	-	(5,188)	-	(5,188)
Fiscal services	15,032	-	-	-	(15,032)	-	(15,032)
Food services	74,002	-	74,002	-	-	-	-
Transportation	19,144	-	-	-	(19,144)	-	(19,144)
Operation of plant	61,595	-	-	14,157	(47,438)	-	(47,438)
Maintenance of plant	7,607	-	-	6,896	(711)	-	(711)
Interest on long-term debt	23,484	-	-	23,484	-	-	-
Depreciation - unallocated *	28,719	-	-	-	(28,719)	-	(28,719)
Total governmental activities	\$ 1,164,953	\$ -	\$ 157,129	\$ 190,902	(816,922)	-	(816,922)
General Revenues:							
Local revenue:							
Florida Education Finance Program					781,826	-	781,826
Discretionary lottery funds					546	-	546
Instructional materials					11,354	-	11,354
Class size					140,010	-	140,010
School recognition					10,575	-	10,575
Other miscellaneous local sources					21,143	-	21,143
Interest earned					1,593	-	1,593
Total general revenues and special items					967,047	-	967,047
Change in net assets					150,125	-	150,125
Net Assets, beginning					487,632	-	487,632
Net Assets, ending					\$ 637,757	\$ -	\$ 637,757

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

See accompanying notes to the basic financial statements.



Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Balance Sheet - Governmental Funds

June 30, 2011

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 107,227	\$ -	\$ -	\$ 107,227
Due from state sources	-	89,104	-	89,104
Due from local sources	-	377,360	-	377,360
Accrued interest receivable	-	19,927	-	19,927
Total Assets	\$ 107,227	\$ 486,391	\$ -	\$ 593,618
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 4,782	\$ -	\$ -	\$ 4,782
Payroll tax payable	1,106	-	-	1,106
Deferred revenue	-	466,464	-	466,464
Total Liabilities	5,888	466,464	-	472,352
Fund balances:				
Restricted	-	19,927	-	19,927
Unassigned	101,339	-	-	101,339
Total Fund Balances	101,339	19,927	-	121,266
Total Liabilities and Fund Balances	\$ 107,227	\$ 486,391	\$ -	\$ 593,618
Total fund balances				\$ 121,266
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				830,686
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(314,195)
Net assets of governmental activities				<u>\$ 637,757</u>

See accompanying notes to the basic financial statements.

Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
Year ended June 30, 2011

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal through local	\$ -	\$ 190,902	\$ 83,127	\$ 274,029
Interest	-	1,593	-	1,593
Local	965,454	-	74,002	1,039,456
Total Revenues	965,454	192,495	157,129	1,315,078
Expenditures				
Current - Education:				
Instruction	524,586	7,392	83,127	615,105
Instructional staff training	6,410	-	-	6,410
Board	6,252	-	-	6,252
School administration	291,059	-	-	291,059
Facilities acquisition and construction	4,337	850	-	5,187
Fiscal services	15,032	-	-	15,032
Food services	-	-	74,002	74,002
Transportation	19,144	-	-	19,144
Operation of plant	45,833	15,762	-	61,595
Maintenance of plant	7,607	-	-	7,607
Debt service	7,392	52,945	-	60,337
Fixed Capital Outlay:				
Facilities acquisition and construction	7,166	102,763	-	109,929
Total Expenditures	934,818	179,712	157,129	1,271,659
Excess of Revenues over Expenditures	30,636	12,783	-	43,419
Other Financing Sources (Uses)				
Transfers in	11,190	-	-	11,190
Transfers out	-	(11,190)	-	(11,190)
Net Other Financing Sources (Uses)	11,190	(11,190)	-	-
Net Change in Fund Balances	41,826	1,593	-	43,419
Fund Balances, beginning of year	59,513	18,334	-	77,847
Fund Balances, end of year	\$ 101,339	\$ 19,927	\$ -	\$ 121,266

See accompanying notes to the basic financial statements.

Sebastian Charter Junior High, Inc.

A Charter School and Component Unit of the
Indian River County District School Board

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

Year ended June 30, 2011

Net change in fund balances - governmental funds	\$ 43,419
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$109,928) exceeds depreciation expense (\$40,075) in the period.	69,853
Repayment of note payable and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	36,853
<hr/> Change in net assets of governmental activities	<hr/> \$ 150,125

See accompanying notes to the basic financial statements.

Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Budgetary Comparison Schedule - General Fund

Year ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local	\$ 854,379	\$ 943,427	\$ 965,454	\$ 22,027
Total Revenues	854,379	943,427	965,454	22,027
Expenditures				
Current - Education:				
Instruction	561,934	598,916	524,586	74,330
Instructional staff training	900	2,400	6,410	(4,010)
Board	9,501	13,720	6,252	7,468
School administration	240,620	252,328	291,059	(38,731)
Facilities acquisition and construction	-	-	4,337	(4,337)
Fiscal services	11,650	15,550	15,032	518
Transportation	19,000	19,100	19,144	(44)
Operation of plant	63,150	68,750	45,833	22,917
Maintenance of plant	9,000	8,500	7,607	893
Debt service	55,300	57,800	7,392	50,408
Fixed Capital Outlay:				
Facilities acquisition and construction	1,910	7,200	7,166	34
Total Expenditures	972,965	1,044,264	934,818	109,446
Other Financing Sources				
Transfers in	-	-	11,190	11,190
Total Other Finances Sources	-	-	11,190	11,190
Net Change in Fund Balance	\$ (118,586)	\$ (100,837)	41,826	\$ 142,663
Fund Balance, beginning of year			59,513	
Fund Balance, end of year			\$ 101,339	

See accompanying notes to the basic financial statements.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Sebastian Charter Junior High, Inc., (the School) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is composed of not less than five members. The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Indian River County District School Board. The current charter is effective until June 30, 2012. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The Sebastian Charter Junior High, Inc. is considered a component unit of the Indian River County District School Board.

Criteria for determining if other entities are potential component units of the School which should be reported with the School'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 provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The School has no business-type activities. Governmental fund financial statements include a reconciliation, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Reconciling items arise from differences in the measurement focuses and bases of accounting between the statements, and certain required eliminations.

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-wide Statements

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School's functions and business-type activities. The functions are also supported by general revenues (funding received from the Indian River County School District, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (administration, food services, facilities acquisition and construction, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue. The School does not allocate indirect costs. This government-wide focus is more on the sustainability of the School as an entity and the change in the School's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The School's major governmental funds are as follows:

General Fund - Used to account for all financial resources not required to be accounted for in another fund.

Capital Projects Fund - Used to account for all acquisitions or construction of capital facilities.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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.

Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

The governmental funds financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis, revenues, except for certain grant revenues, are recognized when they become measurable and available. 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 unmatured interest on long-term debt, which should be recognized when due. The principal exception to this general rule is that prepaid items are generally not accrued.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services and capital outlay). The budget is adopted and approved by the Board of Directors. The budget amounts presented in the accompanying financial statements are adopted on a basis consistent with generally accepted accounting principles.

Cash

The School's cash consists of demand deposits with financial institutions, which are insured by Federal depository insurance.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general school purposes are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated assets are recorded at fair market value at the date of donation. The School maintains a capitalization threshold of \$750. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and fixed equipment	50 years
Improvements other than buildings	40 years
Computers and software	5 years
Property under capital leases	4-5 years

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.



Note 1 – Summary of Significant Accounting Policies (continued)

Revenue Sources

Revenues for current operations are received primarily from the Indian River County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School received Federal awards for the enhancement of various educational programs. This assistance is 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.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements awarded before the eligibility requirements are met are recorded as deferred revenue.

Compensated Absences

Sick and personal leave expenditures are recognized when payments are made to the employees. Up to two sick days and one personal day may be rolled over each year.

Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Restricted Assets

Restricted assets is interest earned on amounts set aside for capital projects, whose use is limited by legal requirements.

Interfund Activity

Loans between governmental funds are reported as interfund receivables or payables as appropriate and are subject to elimination upon consolidation. Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Notes to Basic Financial Statements (continued)

Fund Balance

Beginning with fiscal year June 30, 2011, the School implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable -- This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School did not have any nonspendable resources as of June 30, 2011.

Restricted -- This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has \$19,927 of restricted resources as of June 30, 2011.

Committed -- This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2011.

Assigned -- This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School or by an official or body to which the School delegates the authority. The School did not have any assigned resources as of June 30, 2011.

Unassigned -- This classification includes the residual fund balance for the General Fund.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Beginning fund balances for the School's governmental funds have been restated to reflect the above classifications.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Subsequent Events

Management has evaluated subsequent events through September 19, 2011, the date the financial statements were available to be issued.

Note 2 – Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 186,218	\$ -	\$ -	\$ 186,218
Total capital assets not being depreciated	186,218	-	-	186,218
Other capital assets:				
Improvements other than buildings	37,187	-	-	37,187
Buildings and fixed equipment	598,871	38,306	-	637,177
Furniture, fixtures and equipment	70,019	7,889	-	77,908
Property under capital leases	12,904	-	-	12,904
Computer software	15,490	-	-	15,490
Construction in Progress	30,350	63,733	-	94,083
Total other capital assets at historical cost	764,821	109,928	-	874,749
Less accumulated depreciation for:				
Improvements other than buildings	(9,139)	(1,287)	-	(10,426)
Buildings and fixed equipment	(111,242)	(27,430)	-	(138,672)
Furniture, fixtures and equipment	(52,025)	(8,241)	-	(60,266)
Property under capital leases	(4,087)	(2,581)	-	(6,668)
Computer software	(13,713)	(536)	-	(14,249)
Total accumulated depreciation	(190,206)	(40,075) *	-	(230,281)
Other capital assets, net	574,615	69,853	-	644,468
Governmental activities capital assets, net	\$ 760,833	\$ 69,853	\$ -	\$ 830,686

Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Notes to Basic Financial Statements (continued)

Note 2 – Capital Assets (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 8,527
School administration	2,829
Unallocated	28,719
	\$ 40,075

Note 3 – Obligation under Capital Leases

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

Fiscal year ending June 30, 2011	Amount
2012	\$ 3,012
2013	3,012
2014	1,506
Total minimum lease payments	7,530
Less amount representing interest	(576)
	\$ 6,954

The imputed interest rate is 6.79 percent.

Note 4 – Long-Term Liabilities

In July 2003, the School refinanced the mortgage note payable on their land and building with a local financial institution. The School borrowed \$505,000 against the existing real property and the addition of a modular complex which was installed in August 2003. The agreement requires monthly payments of \$4,399 including interest at 6.5%, and matures in November 2019.



Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Notes to Basic Financial Statements (continued)

Note 4 – Long-Term Liabilities (continued)

Amounts needed for the repayment of the mortgage at June 30, 2011, are as follows:

Fiscal year ending June 30	Principal	Interest	Total
2012	\$ 33,629	\$ 19,160	\$ 52,789
2013	35,881	16,908	52,789
2014	38,285	19,159	52,789
2015	40,848	11,941	52,789
2016-2018	158,598	285,701	444,299
	\$ 307,241	\$ 352,869	\$ 655,455

The changes in the School's long-term obligations for governmental activities during the year consist of the following:

	Principal Outstanding June 30, 2010	Additions	Reductions	Principal Outstanding June 30, 2011	Amount Due in One Year
Note payable	\$ 341,602	\$ -	\$ 34,361	\$ 307,241	\$ 33,629
Obligation under capital leases	9,446	-	2,492	6,954	2,652
	\$ 351,048	\$ -	\$ 36,853	\$ 314,195	\$ 36,281

Note 5 – Fund Balance

Beginning with fiscal year June 30, 2011, the School implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the School Charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by the Board of Directors.

Assigned – Amounts that are designated by the Principal for a specific purpose.

Unassigned – All amounts not included in other spendable classifications.



Sebastian Charter Junior High, Inc.
A Charter School and Component Unit of the
Indian River County District School Board
Notes to Basic Financial Statements (continued)

Note 5 – Fund Balance (continued)

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 10). As discussed in Note 1, restricted funds are used first as appropriate. Decreases to fund balance first reduce Unassigned Fund Balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has Unassigned Fund Balance of \$101,339 at June 30, 2011.

Note 6 – Deferred Revenue

During prior fiscal years the School received Capital Outlay awards which are to be used toward capital purchases or improvements. At June 30, 2011, the School had Capital Outlay deferred revenue of \$466,464.

Note 7 – 401(k) Plan

The School initiated a 401(k) plan on August 22, 2006, that covers all employees who have attained twenty one years of age and satisfied a one-year service requirement. Employees may make elective contributions up to 25% of their compensation and the limit established by federal law. The School may make elective contributions equal to the employee's contribution up to a limit of 3% of the employee's compensation for the fiscal year.

Note 8 – Risk Management Programs

During the year ended June 30, 2011, employees of the School were covered by purchased health insurance. The School contributes monthly for each employee to the plan and employees, at their option, authorize payroll withholdings to pay contributions for dependents.

General liability, professional liability, property, and workers' compensation coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Commercial coverage has not been exceeded.

Note 9 – Architect Contract

During the year, the School entered into an agreement with Banov Architecture and Construction, Inc. to be the design architect for a new school building. The fees for these services will be approximately \$120,000 or 3% of the total construction costs. The School paid a total of \$85,000 in fees thru the year ended June 30, 2011.



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other
Matters based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Sebastian Charter Junior High, Inc.
Sebastian, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sebastian Charter Junior High, Inc. (the School), a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 19, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School'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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Procedures and Practices

Established accounting procedures and practices provide guidance for employees in carrying out their duties and responsibilities and in conducting the day-to-day operations of the School. The School has procedures and practices manuals in place. We recognize that the School has limited staff and that the areas to be covered by established practices are much more limited than in a larger organization. Accordingly, we have discussed with school personnel specific areas in which developing and documenting accounting procedures and practices may enhance the effectiveness and efficiency of the School's internal control over operations. Such accounting procedures and practices may be beneficial to address such matters as accounting and record keeping, budget preparation and amendment, accountability and control of fixed assets, and the acquisition of goods and services.

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Michael L. Kmetz, CPA, PFS • Scott A. Nuttall, CPA, CFP • Brian J. Elwell, CPA • Patrick K. Graham, CPA, MA
Teresa M. LaSota, CPA • David P. Reisinger, CPA • Melissa M. Medlock, CPA • Sonu (Sonny) Patel, CPA

To the Board of Directors
Sebastian Charter Junior High, Inc.

The effective implementation of these enhanced procedures and practices could specifically provide for additional financial and record keeping controls, including the following:

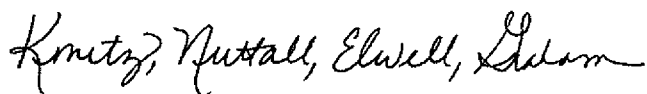
- Employee duties were not always adequately separated between the authorization, custody and record keeping processes for assets such as cash in bank accounts and purchased goods and services. We recognize that the size of the School limits the extent of separation of employee duties and we recommend the Board continue its high degree of involvement in the financial process.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

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

This report is intended solely for the information and use of the board of directors, management, and pass-through entities and it not intended to be and should not be used by anyone other than these specified parties.



Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

September 19, 2011



Independent Auditors' Management Letter

To the Board of Directors
Sebastian Charter Junior High, Inc.
Sebastian, Florida

We have audited the basic financial statements of Sebastian Charter Junior High, Inc., (the School) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 19, 2011.

We conducted our audit 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. We have issued our Independent Auditor's report on Internal Control over Financial Reporting and on compliance and Other Matters. Disclosures in that report, if any, which are dated September 19, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken..

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements), b) failures to properly record financial transactions, c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. In connection with our audit, we did not have any such findings.

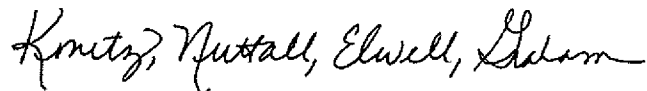
To the Board of Directors
Sebastian Charter Junior High, Inc.

Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Sebastian Charter Junior High, Inc.

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Sebastian Charter Junior High, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Sebastian Charter Junior High, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the board of directors, management, the Florida Auditor General, Indian River County School District, and the Office of School Choice, and is not intended to be and should not be used by anyone other than these specified parties.



Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

September 19, 2011



Sebastian Charter Junior High
782 Wave Street, Sebastian, FL 32958
772-388-8838 / Fax 772-388-8815
www.scjh.org

September 19, 2011

To Whom It May Concern:

This letter is in response to the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Sebastian Charter Junior High staff continues to follow the outlined procedures and policies for fiscal management as developed by the Board of Directors. The Board of Directors is given information regarding the finances and reports will continue to be shared with members so that they can have a high degree of involvement in the financial process.

Sincerely,

A handwritten signature in black ink that reads "Martha L. McAdams". The signature is written in a cursive, flowing style.

Martha L. McAdams, Ph. D.
Principal/Executive Director

SOARING PROUDLY INTO THE FUTURE
An equal opportunity educator and employer

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BY: _____

ST. PETER'S ACADEMY, INC.
(A component unit of the
Indian River County District
School Board)

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2011**

**BERMAN HOPKINS
WRIGHT & LAHAM**
CPAS AND ASSOCIATES, LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Peter's Academy, Inc.
Vero Beach, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of St. Peter's Academy, Inc. (the "School"), a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2011, which collectively comprise St. Peter's Academy, Inc.'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of St. Peter's Academy, Inc.'s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of St. Peter's Academy, Inc. as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A-13 to the financial statements, the School adopted the provisions of Government Auditing Standard ("GASB") No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2011, on our consideration of St. Peter's Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

September 14, 2011
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of St. Peter's Academy, Inc. (the "School"), a component unit of the Indian River County District School Board, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since 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 basic financial statements starting on page 8.

Financial Highlights

- The assets of the School exceeded its liabilities at June 30, 2011 by \$1,244,943 (net assets).
- The School's total net assets increased by \$198,158.
- At June 30, 2011 the School's governmental fund balance sheet reported combined ending unassigned fund balance of \$180,798.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and transportation are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the Indian River County District School Board. The Indian River County District School Board includes the operations of the School in their operational results.

The government-wide financial statements can be found on pages 8 - 9 of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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

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

The School maintains five individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances for each major fund and the aggregate remaining fund information.

The basic governmental fund financial statements can be found on pages 10 - 13 of this report.

The School adopts an annual appropriated operating budget for the school. Budgetary comparison statements with the required notes have been provided for the general fund and food service fund to demonstrate compliance with this budget and can be found starting on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

Government-Wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$1,244,943, respectively, for the year ended June 30, 2011.

Condensed statement of net assets and the statement of activities are provided below.

Statement of Net Assets

	Governmental Activities		
	2011	2010	Variance
ASSETS			
Current and other assets	\$ 244,485	\$ 128,280	\$ 116,205
Capital assets, net of accumulated depreciation	1,532,740	1,503,564	29,176
Total assets	<u>1,777,225</u>	<u>1,631,844</u>	<u>145,381</u>
LIABILITIES			
Current and other liabilities	63,687	72,599	(8,912)
Noncurrent liabilities	468,595	512,460	(43,865)
Total liabilities	<u>532,282</u>	<u>585,059</u>	<u>(52,777)</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,064,145	991,104	73,041
Unrestricted	180,798	55,681	125,117
Total net assets	<u>\$ 1,244,943</u>	<u>\$ 1,046,785</u>	<u>\$ 198,158</u>

The largest increase in current and other assets of \$116,205 is a result of a significant increase in cash which was largely due from increased FEFP revenues as well as additional grants received by the School. The largest decrease in current and other liabilities is the decrease in noncurrent liabilities which was related to the refinancing of the note payable during the current year.

The following table indicates the change in net assets for the School:

Statement of Activities

	Governmental Activities		
	2011	2010	Variance
Revenues:			
Program revenues:			
Charges for services	\$ -	\$ 40	\$ (40)
Operating grants and contributions	501,613	291,413	210,200
Capital grants and contributions	42,625	71,090	(28,465)
General revenues:			
State passed through local school district	914,324	751,363	162,961
Other revenues	17,396	13,996	3,400
Total revenues	<u>1,475,958</u>	<u>1,127,902</u>	<u>348,056</u>
Expenses:			
Basic instruction	621,792	586,875	34,917
Exceptional instruction	12,916	3,858	9,058
Parental involvement	-	1,389	(1,389)
Instructional media services	1,396	-	1,396
Staff development	-	3,600	(3,600)
School administration	249,802	202,550	47,252
Facilities	65,398	61,237	4,161
Food service	175,949	153,804	22,145
Transportation	42,412	28,322	14,090
Operation of plant	65,510	80,260	(14,750)
Interest on long-term debt	42,625	34,402	8,223
Total expenses	<u>1,277,800</u>	<u>1,156,297</u>	<u>121,503</u>
Change in net assets	198,158	(28,395)	226,553
Net assets - beginning	<u>1,046,785</u>	<u>1,075,180</u>	<u>(28,395)</u>
Net assets - ending	<u>\$ 1,244,943</u>	<u>\$ 1,046,785</u>	<u>\$ 198,158</u>

The large increase in operating grants and contributions of \$210,200 is a result of increased voluntary prekindergarten education program, district school tax plan revenues and educational jobs funds that were received in the current year. The large increase in state passed through local school district of \$162,961 was a direct result of increased student enrollment for the year ended June 30, 2011. The increases in basic instruction and school administration were a result of more employees for the accommodation of the increased student enrollment.

Governmental activities. Governmental activities increased the School's net assets by \$198,158 for the year ended June 30, 2011.

Financial Analysis of the Government's Funds

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

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

The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$180,798.

General Fund Budgetary Highlights

General fund expenditures for the School were higher than anticipated during the year ended June 30, 2011 by a total of \$209,196 as an amendment to the final budget was not performed to account for the additional expenditures. This was a direct result of increased instruction expenditures.

Capital Asset and Debt Administration

Capital Assets. The School's investment in capital assets, net of related debt, for its governmental activities as of June 30, 2011, amounts to \$1,532,740 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, improvements other than building, and furniture, fixtures and equipment, and vehicle. Additional information on the School's capital assets can be found in Note D.

Debt Administration. The School's long-term liabilities at June 30, 2011 totaled \$468,595. During the current year the debt outstanding from prior year for both the note payable and the church loan of \$512,460 were retired early. A new note was issued for \$470,361. Additional information on the School's long-term obligations can be found in Note E.

Request for Information

This financial report is designed to provide a general overview of St. Peter's Academy, Inc.'s finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Ruther Jefferson at 4250 38th Avenue, Vero Beach, FL 32967.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 165,804
Due from related party	255
Due from other agencies	78,426
Total current assets	<u>244,485</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Buildings and improvements	1,494,481
Improvements other than building	3,824
Furniture, fixtures and equipment	29,063
Vehicles	5,372
Total capital assets	<u>1,532,740</u>
Total assets	<u>1,777,225</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	6,022
Accrued payroll and payroll taxes	38,294
Deferred revenue	19,371
Noncurrent liabilities	
Due within one year	22,489
Due in more than one year	446,106
Total liabilities	<u>532,282</u>
NET ASSETS	
Investment in capital assets, net of related debt	1,064,145
Unrestricted	180,798
Total net assets	<u>\$ 1,244,943</u>

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

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 621,792	\$ -	\$ 233,416	\$ -	\$ (388,376)
Exceptional instruction	12,916	-	12,916	-	-
Instructional media services	1,396	-	-	-	(1,396)
School administration	249,802	-	102,263	-	(147,539)
Facilities	65,398	-	18,983	-	(46,415)
Food service	175,949	-	134,035	-	(41,914)
Transportation	42,412	-	-	-	(42,412)
Operation of plant	65,510	-	-	-	(65,510)
Interest on long-term debt	42,625	-	-	42,625	-
Total governmental activities	<u>\$ 1,277,800</u>	<u>\$ -</u>	<u>\$ 501,613</u>	<u>\$ 42,625</u>	<u>(733,562)</u>
		General revenues:			
					914,324
					17,396
					<u>931,720</u>
					198,158
					<u>1,046,785</u>
					<u>\$ 1,244,943</u>

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

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	Capital Projects Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 165,804	\$ -	\$ -	\$ -	\$ 165,804
Due from related party	-	-	255	-	255
Due from other agencies	40,025	38,401	-	-	78,426
Due from other funds	13,263	-	5,767	-	19,030
Total assets	<u>\$ 219,092</u>	<u>\$ 38,401</u>	<u>\$ 6,022</u>	<u>\$ -</u>	<u>\$ 263,515</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 6,022	\$ -	\$ 6,022
Accrued payroll and payroll taxes	38,294	-	-	-	38,294
Due to other funds	-	19,030	-	-	19,030
Deferred revenue	-	19,371	-	-	19,371
Total liabilities	<u>38,294</u>	<u>38,401</u>	<u>6,022</u>	<u>-</u>	<u>82,717</u>
FUND BALANCES					
Unassigned	<u>180,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,798</u>
Total fund balances	<u>180,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,798</u>
Total liabilities and fund balances	<u>\$ 219,092</u>	<u>\$ 38,401</u>	<u>\$ 6,022</u>	<u>\$ -</u>	<u>\$ 263,515</u>

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

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

June 30, 2011

Fund balances - total governmental funds \$ 180,798

The net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Buildings and improvements, net	\$ 1,494,481
Improvements other than building, net	3,824
Furniture, fixtures and equipment, net	29,063
Vehicles, net	<u>5,372</u>

Total capital assets 1,532,740

Long-term liabilities (note payable) are not due and payable in the current period and therefore are not reported in the funds.

(468,595)

Total net assets of governmental activities

\$ 1,244,943

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

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2011

	General Fund	Capital Projects Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Federal passed through state	\$ -	\$ -	\$ 103,617	\$ -	\$ 103,617
Federal passed through local school district	-	-	-	136,868	136,868
State passed through local school district	1,014,425	58,704	-	-	1,073,129
State passed through local agency	109,464	-	-	-	109,464
State revenues	-	-	30,418	-	30,418
Other revenues	17,396	5,066	-	-	22,462
Total revenues	<u>1,141,285</u>	<u>63,770</u>	<u>134,035</u>	<u>136,868</u>	<u>1,475,958</u>
Expenditures					
Current					
Basic instruction	491,035	-	-	123,952	614,987
Exceptional instruction	-	-	-	12,916	12,916
Instructional media services	1,396	-	-	-	1,396
School administration	246,877	2,162	-	-	249,039
Facilities	24,234	-	-	-	24,234
Food service	-	-	175,354	-	175,354
Transportation	42,412	-	-	-	42,412
Operation of plant	65,510	-	-	-	65,510
Fixed capital outlay	78,503	-	-	-	78,503
Debt service					
Principal	-	514,226	-	-	514,226
Interest	-	42,625	-	-	42,625
Total expenditures	<u>949,967</u>	<u>559,013</u>	<u>175,354</u>	<u>136,868</u>	<u>1,821,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>191,318</u>	<u>(495,243)</u>	<u>(41,319)</u>	<u>-</u>	<u>(345,244)</u>
Other financing sources and (uses):					
Transfers in	-	24,882	41,319	-	66,201
Transfers out	(66,201)	-	-	-	(66,201)
Proceeds from issuance of long-term debt	-	470,361	-	-	470,361
Total other financing sources and (uses)	<u>(66,201)</u>	<u>495,243</u>	<u>41,319</u>	<u>-</u>	<u>470,361</u>
Net change in fund balances	125,117	-	-	-	125,117
Fund balances at July 1, 2010	55,681	-	-	-	55,681
Fund balances at June 30, 2011	<u>\$ 180,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,798</u>

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

St. Peter's Academy, Inc.
 (A component unit of the Indian River County District School Board)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES**

For the year ended June 30, 2011

Net change in fund balances - total government funds \$ 125,117

The change in net assets reported for governmental activities
 in the statement of activities is different because:

Governmental funds report fixed capital outlays as expenditures.
 However, in the statement of activities, the cost of those assets
 is allocated over their estimated useful lives and reported as
 depreciation expense.

Total fixed capital outlay	\$ 78,503	
Less: depreciation	<u>(49,327)</u>	
		29,176

The issuance of long-term debt provides current financial resources
 to governmental funds, while the repayment of the principal of long-
 term debt consumes current financial resources of governmental
 funds. Neither transaction, however, has any effect on net assets.
 This amount is the net effect of these differences in the treatment of
 long-term debt.

Proceeds from issuance of long-term debt	(470,361)	
Principal payment on note payable	<u>514,226</u>	
		<u>43,865</u>

Change in net assets of governmental activities \$ 198,158

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

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

St. Peter's Academy, Inc., (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The School began its operations as a division of St. Peter's Human Services, Incorporated. Effective July 1, 2006, the School was spun off from St. Peter's Human Services, Inc. into a separate not-for-profit organization, St. Peter's Academy, Inc. The governing body of the School is the Board of Directors. The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

The general operating authority of St. Peter's Academy, Inc. is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Indian River, Florida (the "District"). The current charter is effective through June 30, 2013. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. St. Peter's Academy, Inc. is considered a component unit of the School Board of Indian River County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets, restricted net assets, and unrestricted net assets. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Three of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the current fiscal period. 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 recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund – is the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

Capital Projects Fund - used to account for the financial resources to be used in the acquisition, construction, or improvement of capital facilities.

Food Service Fund - this fund accounts for all of the activity for the School's food service receipt and expenditures. Included in this fund are the receipts for the National School Lunch Program and the Florida Department of Health's Child Care Food Program.

4. Cash

Cash consists of cash on hand at the School and a checking account held at a financial institution. The School has no cash equivalents.

5. Receivables

The School's receivables consist of amounts due from a related party and other agencies. After reviewing the individual account balances, the School's management has determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Interfund receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

7. Deferred revenues

Deferred revenues include amounts collected before the revenue recognition criteria are met under both the modified and full accrual basis of accounting. The deferred items consist of grant revenues not expended.

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as other financing uses.

9. Capital assets

Capital assets are reported in the governmental columns of the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10 - 39
Improvements other than building	10 - 15
Furniture, fixtures and equipment	5 - 10
Vehicles	5

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

11. Income taxes

St. Peter's Academy, Inc. qualifies as a tax-exempt organization, and is therefore, exempt from income tax. Accordingly, no tax provisions have been made in the accompanying financial statements.

12. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification

For the year ending June 30, 2011, the School implemented Government Auditing Standard ("GASB") No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE B - INTERFUND ACTIVITY

1. Interfund receivable and payable

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

	Due From Other Funds	Due To Other Funds	Total
General fund	\$ 13,263	\$ -	\$ 13,263
Food service fund	5,767	-	5,767
Capital projects fund	-	19,030	(19,030)
	\$ 19,030	\$ 19,030	\$ -

2. Interfund transfers

Interfund transfers for the year ended June 30, 2011 are as follows:

	Transfers in	Transfers out
General fund	\$ -	\$ 66,201
Capital projects fund	24,882	-
Food service fund	41,319	-
	\$ 66,201	\$ 66,201

For the year ended June 30, 2011, the above transfer was completed from the general fund to the lunch program fund to cover the current year loss. Transfers are used to move unrestricted general fund revenues to finance programs that the School accounts for in other funds.

NOTE C - CASH

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. All funds in a "non-interest-bearing transaction account" are insured in full by the Federal Deposit Insurance Corporation ("FDIC") from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. At June 30, 2011, all of the Schools accounts were in non-interest bearing transaction accounts and thus fully insured.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE D - CAPITAL ASSETS

Changes in capital assets activity are as follows:

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Capital assets depreciated:				
Building and improvements	\$ 1,512,466	\$ 64,810	\$ -	\$ 1,577,276
Improvements other than building	19,557	-	-	19,557
Furniture, fixtures and equipment	141,250	7,611	-	148,861
Computer software	7,051	-	-	7,051
Vehicles	-	6,082	-	6,082
Total assets depreciated	<u>1,680,324</u>	<u>\$ 78,503</u>	<u>\$ -</u>	<u>1,758,827</u>
Less accumulated depreciation:				
Building and improvements	40,487	\$ 42,308	\$ -	82,795
Improvements other than building	14,605	1,128	-	15,733
Furniture, fixtures and equipment	114,617	5,181	-	119,798
Computer software	7,051	-	-	7,051
Vehicles	-	710	-	710
Total accumulated depreciation	<u>176,760</u>	<u>\$ 49,327</u>	<u>\$ -</u>	<u>226,087</u>
Total governmental activities capital assets, net	<u>\$ 1,503,564</u>			<u>\$ 1,532,740</u>

Depreciation expense at June 30, 2011 was charged to the functions of the School as follows:

Basic instruction	\$ 6,805
School administration	763
Facilities	41,164
Food service	595
	<u>\$ 49,327</u>

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE E - LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities are as follows:

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011	Due within one year
Note payable	\$ 476,225	\$ 470,361	\$ 477,991	\$ 468,595	\$ 22,489
Church loan	36,235	-	36,235	-	-
Totals	\$ 512,460	\$ 470,361	\$ 514,226	\$ 468,595	\$ 22,489

On September 26, 2006, the School negotiated a \$500,000 note payable with Seacoast National Bank to construct a new facility. The agreement required monthly interest payments of \$3,741 beginning October 26, 2006, for a maximum of fifteen (15) months. The note was scheduled to mature on June 27, 2028 but, during the year was early retired and a new note issued. During the current year, the School made principal and interest payments toward the note of \$476,225 and \$40,738, respectfully.

On May 17, 2011, the School refinanced the 2006 note for \$470,361, payable to Seacoast National Bank and is secured by a mortgage on the real property. The agreement requires monthly interest payments commencing on June 17, 2011 in the amount of \$3,654 until May 17, 2016, at which point the rate will be adjusted to a new fixed tax exempt rate equal to the non tax exempt equivalent rate of 350 BP over the 5 year Treasury Constant Maturity, which was 5.26% at June 30, 2011. Interest and principal payments on the note are being made by the Capital Projects fund. During the year, the School made principal and interest payments toward the note of \$1,766 and \$1,887, respectfully.

In March 2008, the School entered into a non-interest bearing note with St. Peter's Academy Missionary Baptist Church, a related party, for \$36,235 to assist with the construction of the building. During the year, this note was repaid in full with three payments of \$12,078, with the final payment made on February 5, 2011.

The annual principal and interest payment amounts on the note payable outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 22,489	\$ 21,357	\$ 43,846
2013	23,559	20,287	43,846
2014	24,681	19,165	43,846
2015	25,856	17,990	43,846
2016	29,849	16,933	46,782
2017-2021	342,161	46,914	389,075
	\$ 468,595	\$ 142,646	\$ 611,241

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE F - CONCENTRATIONS

Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Indian River County, Florida	
Base funding	\$ 657,070
Exceptional student education guaranteed allocation	24,190
Class size reduction	182,684
Safe schools	3,431
Transportation	6,973
Discretionary lottery	528
Instructional materials allocation	10,979
Student academic improvement	28,469
District school tax plan	100,101
Subtotal	1,014,425
Capital outlay	58,704
Title I	47,554
IDEA	12,916
Title XIV of Division A of American Recovery and Reinvestment Act (ARRA)	48,251
Education jobs fund program	28,147
Total from School Board of Indian River County, Florida	1,209,997
Other revenues	
National school lunch program	103,617
State day care food service	30,418
Other miscellaneous revenues	131,926
Total revenue	\$ 1,475,958

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE G - RELATED PARTIES

1. Facilities

The School leases some of its facilities under an annually renewable lease agreement with St. Peter's Missionary Baptist Church (the "Church") for \$2,650 per month. Several of the members of the School's Board of Directors are associated with the Church. Total rent expenses incurred during the year ended June 30, 2011 totaled \$32,474. At June 30, 2011, there were no amounts outstanding.

Effective April 2008, the School entered into an additional new lease with the Church to lease the real property, in addition to the multipurpose education building that was constructed during the current year. The lease commenced on July 1, 2006, and shall expire forty (40) years from the effective date of the lease. Further, the School shall have one ten (10) year option to extend the lease. The lease provides for an initial payment of \$364,875, with monthly payments of \$1 thereafter. As of June 30, 2011, none of the monthly payments have been made.

2. Due from related party

St. Peter's Academy Inc. and St. Peter's Human Services, Inc. are both related to the Church but have separate business principals. St. Peter's Academy Inc. is the School itself and St. Peter's Human Services, Inc. is related to the Day Care services and Assisted Living Facility that is also run by the School. At June 30, 2011, the balance due from the day care account was \$255.

3. Note payable

As described in Note E, the School had entered into a note payable agreement with the Church in order to help with construction costs accumulated in March 2008. This was retired during the year.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE H - 403(b) PLAN

The School participates in a salary deferral plan under the Internal Revenue Code 403(b). Employees may make elective contributions of up to 20% of their compensation and the limit established by federal law. For the year ended June 30, 2011, the School did not make a contribution into the plan. In accordance with current professional pronouncements, the School has not included such funds in its financial statements.

NOTE I - RISK MANAGEMENT

Employees of the School are covered by purchased health insurance. The School contributes monthly for each employee to the plan and employees, at their option, authorize payroll withholdings to pay for dependants. Employees may also voluntarily enroll in other various insurance plans through a pre-tax program. Employees authorize payroll withholdings and are responsible for all premiums.

General liability, professional liability, automobile liability, worker's compensation, and property coverage's are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Commercial coverage has not been exceeded. There have been no significant reductions in insurance coverage during the fiscal year 2011. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE J - FEDERAL GRANTS

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2011 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE K - SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 14, 2011, the date which the financial statements were issued.

REQUIRED SUPPLEMENTAL INFORMATION

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Base FTE funding	\$ 992,461	\$ 992,461	\$ 1,014,425	\$ 21,964
Other state revenue	70,000	70,000	109,464	39,464
Other local revenues	-	-	17,396	17,396
Total revenues	<u>1,062,461</u>	<u>1,062,461</u>	<u>1,141,285</u>	<u>78,824</u>
Expenditures				
Instruction	428,281	428,281	491,035	(62,754)
Instructional media services	-	-	1,396	(1,396)
School administration	215,526	215,526	246,877	(31,351)
Facilities acquisition and construction	31,800	31,800	102,737	(70,937)
Transportation	26,016	26,016	42,412	(16,396)
Operation of plant	39,148	39,148	65,510	(26,362)
Total expenditures	<u>740,771</u>	<u>740,771</u>	<u>949,967</u>	<u>(209,196)</u>
Excess of revenues over expenditures	321,690	321,690	191,318	(130,372)
Other financing uses				
Transfers out	-	-	(66,201)	(66,201)
Net change in fund balance	321,690	321,690	125,117	(196,573)
Fund balance at July 1, 2010	55,681	55,681	55,681	-
Fund balance at June 30, 2011	<u>\$ 377,371</u>	<u>\$ 377,371</u>	<u>\$ 180,798</u>	<u>\$ (196,573)</u>

See accompanying note to required supplemental information.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - FOOD SERVICE FUND**

For the year ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Food service	\$ 134,000	\$ 134,000	\$ 134,035	\$ 35
Expenditures				
Food service	138,907	138,907	175,354	(36,447)
Deficiency of revenues under expenditures	(4,907)	(4,907)	(41,319)	(36,412)
Other financing sources				
Transfers in	-	-	41,319	41,319
Net change in fund balance	(4,907)	(4,907)	-	4,907
Fund balance at July 1, 2010	-	-	-	-
Fund balance at June 30, 2011	<u>\$ (4,907)</u>	<u>\$ (4,907)</u>	<u>\$ -</u>	<u>\$ 4,907</u>

See accompanying notes to required supplemental information.

St. Peter's Academy, Inc.
(A component unit of the Indian River County District School Board)

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2011

NOTE A - BUDGETARY INFORMATION

1. Budgetary basis of accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries, purchased services, and capital outlay). The budget is adopted and approved by the Board of Directors. The budget amounts presented in the accompanying financial statements are amended by the School's Board of Directors and adopted on a basis consistent with generally accepted accounting principles.

2. Excess of expenditures over appropriations

The School's general fund total expenditures exceeded its budget by \$209,196. The over-expenditures affected all functional areas and are the result of higher than expected expenses. These over-expenditures were only partially funded by higher than anticipated other state revenues as well as other local revenues.

The School's food service fund total expenditures exceeded its budget by \$36,447. The majority of the over-expenditures are the result of higher than expected food service expenses. These over-expenditures were funded by a transfer from the School's general fund.

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

To the Board of Directors
St. Peter's Academy, Inc.
Vero Beach, Florida

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of St. Peter's Academy, Inc. (the "School"), a component unit of the Indian River County District School Board as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 14, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Peter's Academy, Inc.'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 St. Peter's Academy, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Peter's Academy, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying management letter, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying management letter as item 10-02 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in the accompanying management letter as items 10-1 and 10-3 to be significant deficiencies.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of St. Peter's Academy, Inc. in the management letter dated September 14, 2011.

St. Peter's Academy, Inc.'s response to the findings identified in our audit is described in the accompanying letter of management response. We did not audit St. Peter's Academy, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of St. Peter's Academy, Inc.'s management, the board of directors, regulatory agencies of federal and state governments, the Indian River County District School Board, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

September 14, 2011
Melbourne, Florida

Berman Hopkins Wright & LaHani
CPAs and Associates, LLP

MANAGEMENT LETTER

To the Board of Directors
St. Peter's Academy, Inc.
Vero Beach, Florida

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of St. Peter's Academy, Inc. (the "School"), a component unit of the Indian River County District School Board, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 14, 2011.

We conducted our audit 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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated September 14, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of the charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See the attached list for corrective actions, if any, that have been taken to address any significant findings and recommendations made in the preceding annual financial audit report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See the attached list for any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. See the attached list for any such violations.

- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse, and (2) deficiencies in internal control that are not significant deficiencies. See the attached list for any such findings.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is St. Peter's Academy, Inc., a component unit of the Indian River County School Board, which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Act, and Section 1002.33, Florida Statutes.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that St. Peter's Academy, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of St. Peter's Academy, Inc.'s management, Board of Directors, others within the entity, the School Board of Indian River County, Florida, the State of Florida Office of the Auditor General and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 14, 2011
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Preceding Findings, Recommendations and Other Matters - Corrected

10-5 Revenue recognition *Material Weakness*

Criteria: Criteria: The School is required to keep the revenues it receives from the State in the School's general ledger and cash account.

Status as of June 30, 2011:

Condition: It was noted that during the year, there were three checks received from the State that were incorrectly recorded or not recorded at all within the School's records.

Effect: The School's revenue, cash and receivable accounts had to be materially adjusted to account for the missing transactions.

Auditors' recommendation: We recommend that any revenues that are designated for the School be deposited and accounted for within the School's records.

The above issue has been resolved as of June 30, 2011.

Preceding Findings, Recommendations and Other Matters - Repeated

10-1 Maintain records on the modified accrual basis of accounting *Significant Deficiency*

Criteria: Generally accepted accounting principals require governments maintain their records on the modified accrual or an accrual basis of accounting.

Status as of June 30, 2011:

Condition: The School's records were maintained on a cash basis whereby certain revenues are recognized when received and expenses are recognized when paid.

Effect: Twenty-eight adjustments were required at year-end to record numerous accounts receivable and account payable accruals and other reclassifications to properly state balances at June 30, 2011. Furthermore, financial information provided to the Board and externally during the year did not reflect the complete effects of the School's transactions for the periods presented. The total adjustments to receivables and due from other agencies/related parties totaled approximately \$104,000. The total adjustments to accounts payable were approximately \$20,000.

Auditors' recommendation: We recommend the School record the necessary adjustments to convert the records to the modified accrual basis. To assist in recording these entries, the School should consider developing a closing schedule that includes a review of transactions for completeness, reconciliation of all general ledger accounts, and posting of any adjustments necessary to properly record all transactions under the modified accrual basis of accounting.

Preceding Findings, Recommendations and Other Matters - Repeated (continued)

10-2 Improve bank reconciliation procedures
Material Weakness

Criteria: A cash reconciliation that reconciles from the bank balance to the general ledger should be prepared and reviewed on a monthly basis to determine that all cash transactions have been recorded properly and to discover bank errors.

Status as of June 30, 2011:

Condition: During our testing, we noted that while the School completes and reviews the bank reconciliations on a monthly basis, for the months of October 2010 and May 2011 there were several outstanding checks that were reversed and then re-recorded as revenue. It was also noted that during the year, there were several checks that were reported as outstanding for numerous months and then reversed out, but never cleared. In addition, in October 2010 we noted on the bank statement several checks cleared the bank and was duly noted on the bank reconciliation, and reappeared as outstanding on the May 2011 bank reconciliation. In addition, we noted a wire payment was cleared on the bank reconciliation even though it was never generated from the bank or in the system. This payment was cleared on the bank reconciliation by an adjusting entry.

Effect: Cash transactions may have been recorded improperly and bank errors may not be discovered.

Auditors' recommendation: We recommend that management review the bank reconciliations and review the bank statements in conjunction with the reconciliations on a monthly basis for any unusual checks or other transactions. Additionally, we recommend the reconciliation be signed as an indication of approval by the appropriate personnel. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. In order to make the financial reports generated by the accounting system as meaningful as possible, we recommended the School reconcile the aforementioned accounts to supporting documentation on a monthly basis.

10-3 General ledger review
Significant Deficiency

Criteria: A timely review of the general ledger is required to identify and correct discrepancies that may occur from error.

Status as of June 30, 2011:

Condition: Throughout fieldwork, we noted various discrepancies in the general ledger which could have been corrected had a timely review been executed.

Effect: The lack of review allowed material misstatements to occur.

Auditors' recommendation: We recommend the School institute policies to ensure that a monthly review of the general ledger be performed by an appropriate level of management.

Preceding Findings, Recommendations and Other Matters - Repeated (continued)

10-4 Budget amendments

Criteria: Section 1002.33(9)i of the Florida Statutes requires that the governing body of the charter school adopt an annual budget. This budget should be amended if management believes expenses will exceed actual appropriations.

Status as of June 30, 2011:

Condition: During the current year, actual expenditures exceeded final budgeted appropriations of the general fund by \$209,196 and \$41,319 in the food service fund.

Effect: The School did not amend the budget to reflect additional expenditures incurred after the final amendment, thus the School's actual expenditures exceeded budgeted appropriations.

Auditors' recommendation: It is our recommendation that the School amend their budget to ensure that the School's actual expenditures do not exceed the budget. The School has the ability to amend their budget within 60 days after the fiscal year end.

10-6 Payroll withholdings

Criteria: The School is required to pay their payroll liabilities in a timely manner with respect to each payroll disbursement.

Status as of June 30, 2011:

Condition: It was noted that during the year, that on one occasion the payroll related liabilities was not paid within a timely manner.

Effect: The School's payroll liability account has an account balance for the year ended June 30, 2011 that reflects a past due amount. This account needs to be reconciled and balances brought current with outstanding payroll liabilities. Unpaid balances will result in various bank and other penalties if this continues to be late.

Auditors' recommendation: We recommend that the School pay all payroll liabilities within a reasonable amount of time with regards to each payroll period.

Current Year Findings, Recommendations and Other Matters

11-1 Held check

Criteria: The School is required to deposit their payroll deductions in a timely manner with respect to payroll withholdings.

Condition: It was noted that during the year, that the payroll deductions for the retirement plan was not paid to the retirement plan within a timely manner and further was subsequently voided and remains unpaid to current date.

Effect: The School's should promptly deposit earnings withheld from employees for the retirement plan.

Auditors' recommendation: We recommend that the School deposit withholding from employees for the retirement plan within a reasonable amount of time with regards to each payroll period.

11-2 Grant award recording

Criteria: The School's charter agreement requires the School to utilize the state codification of accounts as contained in the Financial and Program Cost Accounting and Reporting for Florida Schools (the "Redbook").

Condition: It was noted during the year, that the School received three additional awards and did not separately track expenditures related to the specific funds. All ARRA funds received have maintenance of records specifications that must be adhered to and this was not followed by the School.

Effect: The School's should separately track expenditures incurred for the various grants received.

Auditors' recommendation: We recommend that the School record all revenues and expenditures separately in accordance with Redbook.

11-3 Board Meetings

Criteria: The School's charter agreement requires the School to publicly post board meetings.

Condition: During the audit we were unable to find any instances of public posting of the board meetings, including posting on the school district's website.

Effect: The parents of children attending the school should have information readily located regarding any scheduled board meetings for their personal information and access to the board by means of attendance at the meetings.

Auditors' recommendation: We recommend that the School publicly post all board meetings.

ST. PETER'S ACADEMY

4250 38TH AVENUE

VERO BEACH, FL 32967

TELEPHONE: 772-562-1963 FAX: 772-567-8361

EMAIL: stpetersschool@bellsouth.net

September 16, 2011

RESPONSE TO MANAGEMENT LETTER

St. Peter's Academy Governing Board of Directors is in receipt of the management letter regarding compliance and internal control in financial reporting. The recommendations offered in the management letter will be implemented as follows:

10 – 1 Maintain Records on the Modified Accrual Basis of Accounting

The school shall convert its accounting procedures to a modified accrual basis from its current procedure of cash basis. This will include a reconciliation of all general ledger accounts.

10 – 2 Improve Bank Reconciliation Procedures

Management shall review the bank reconciliations and review the bank statements in conjunction with the reconciliations on a monthly basis for any unusual checks or other transactions; the reconciliations shall be signed as an indication of approval by appropriate personnel.

10 – 3 General Ledger Review

The school shall implement a policy that the administration shall review the general ledger accounts prior to completion of the financial statements.

10 – 4 Budget Amendments

The budget will be reviewed on a monthly basis and amended if expenditures exceed budgeted amount.

10 – 5 Revenue Recognition – corrected

10 – 6 Payroll Withholdings

The school shall process all payroll liabilities on the same day of payroll and check to verify correct posting of all electronic payments.

11 – 1 – Held Check

The school shall deposit withholdings for employee retirement plan within a timely manner with regards to each pay period.

11 – 2 Grant Award Recording

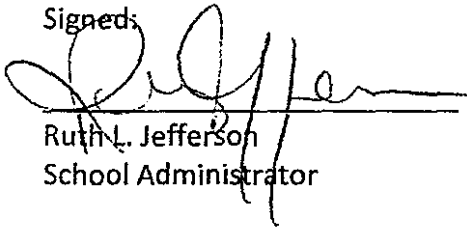
The school will record all revenue & expenditures separately in accordance with Financial and Program Cost Accounting and Reporting "Redbook".

11 – 3 Board Meetings

The school will publicly post all Board meetings.

If questions arise regarding this matter, please do not hesitate to contact me at (772)562-1963

Signed:



Ruth L. Jefferson
School Administrator

/memo:responsemgletter

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