District School Board of Indian River County
1990 25th Street, Vero Beach, FL 32960
Business Meeting
Agenda

Date: October 7, 2014
Time: 6:00 p.m.
Room: Teacher Education Center (TEC)

It is hereby advised that if a person decides 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 that includes the testimony and evidence upon which the appeal is to be made.

I. CALL MEETING TO ORDER – Chairman Johnson

II. INSPIRATIONAL MOMENT by Mrs. Simchick

III. PLEDGE OF ALLEGIANCE TO THE FLAG AND PRESENTATION OF COLORS - Sebastian River High School Naval Junior ROTC under the Direction of Master Gunnery Sergeant James O'Neal, USMC (Ret)

IV. ADOPTION OF ORDERS OF THE DAY

V. PRESENTATIONS

A. National Merit Scholarship Semifinalists – Dr. Adams
Sebastian River High School: Nicole Esposito, Devin Michaels
Vero Beach High School: Michael Gallagher, Evan MacKay, Patricia Portmann, Ryan Zerega

VI. CITIZEN INPUT

VII. CONSENT AGENDA

A. Approval of Minutes
1. Discussion Session on Superintendent Search held 9/23/2014
2. Business Meeting held 9/23/2014

Superintendent recommends approval.

B. Approval of Personnel Recommendations – Mr. Fritz
Attached is a list of personnel recommendations that includes personnel additions, terminations, and/or changes. Superintendent recommends approval.

C. Approval of Vero Beach High School New Booster Organizations – Mr. Morrison
Approval is recommended for the following new booster organization for Vero Beach High School: Animal Rescue Club. Superintendent recommends approval.

D. Approval of Donation – Mr. Morrison

1. Rosewood Magnet School received a donation in the amount of $2,000 from Rosewood Magnet School PTA the funds will be utilized to offset the cost of the 5th grade Sea Camp field trip.

2. Osceola Magnet School received a donation in the amount of $12,185.16, from the Osceola Magnet School PTA. The funds will be used for Curriculum supplies, reimbursement for one Xerox copier, science boards and classroom funds. Superintendent recommends approval.

E. Approval of Vero Beach High School Drama Troupe Travel – Dr. Adams

Vero Beach High School Competition Drama Troupe is requesting approval to travel to New York City for an educational, theatrical trip to see several Broadway shows with cast talkbacks after each; to participate in three Master Classes taught by NYC actors; and to visit the 9-11 Memorial, Ellis Island, the Statute of Liberty, and Radio City Music Hall. Students will pay their own way for this trip, there will be no cost to the District. Superintendent recommends approval.

F. Approval of the Renewal Agreement between ACTS Retirement –Life Communities and School District of Indian River County for 2014-15- Mr. Rynberg

This renewal agreement reflects a cooperative spirit between this health institution and the School Board in delivering clinical experiences to our students enrolled in Adult and Community Education Nursing Programs over the next two years beginning in September 2014. There is no cost to the District. Superintendent recommends approval.

Additions 10/03/2014

G. Approval for Dodgertown Elementary School teachers to travel to New York City – Dr. Adams

Dodgertown Elementary School is requesting approval for two teachers to travel to New York City to attend the 12th Annual Coaching Institute: Literacy Coaching and Whole School Writing Reform, October 13-19, 2014. Notification of acceptance into the Institute was just received on September 30, 2014. Superintendent recommends approval.

H. Approval of Out-of-County Student Admission – Mr. Rynberg

Parents have requested permission for their child to attend school in Indian River County. The approved out-of-county request signed by the Principal of the requested school and release letter from the student's home county are attached. This is the child of an employee. Superintendent recommends approval.

VIII. ACTION AGENDA

A. Approval of Resolution No. 2015-06 authorizing the issuance of not-to-exceed $53,000,000 aggregate principal amount of Refunding Certificates of Participation, Series 2014A in order to refund of a portion of the outstanding Certificates of Participation, Series 2005. – Mr. Morrison

On November 21, 2005, the School Board caused the issuance of $80,050,000 aggregate principal amount of Certificates of Participation, Series 2005 (the "Series 2005 Certificates") in order to finance renovations at Vero Beach High School, construct the Alternative Education Center, add a Music Wing to the Sebastian River Middle School, and to purchase 152 acres of land for future educational and administrative facilities at 66th Avenue. Based on current market conditions, the District can achieve significant debt service savings through the refunding of the callable Series 2005 Certificates. The refunding, if approved, would be accomplished through the issuance of Refunding Certificates of Participation, Series 2014A (the "Series 2014A Certificates") in the aggregate principal amount of not-to-exceed $53,000,000. Resolution No. 2015-06 authorizes the issuance of the Series 2014A Certificates in order to refund the Series 2005 Certificates as long as certain parameters are met, including not less than 3% present value savings of the par amount of the refunded Series 2005 Certificates. Based on current market conditions, net present value savings are estimated at approximately $4 million, or approximately 8% of refunded par amount. Total costs of issuance, including Underwriter's Discount and bond insurance, are estimated at approximately $673,000. The Resolution also authorizes the Chairman and Superintendent to execute all necessary documents and take such other action is necessary or required to accomplish the refunding. Superintendent recommends approval.

B. Approval to authorize Ford & Associates, Inc., Financial Advisor to the School Board and District staff, to issue a Request for Bids for a Forward Delivery Agreement relating to the Sinking Fund for the Certificates of Participation, Series 2010A, Qualified School Construction Bonds (QSCB) and authorize the Chairman and Superintendent to execute and deliver necessary documents in connection therewith. – Mr. Morrison

On November 9, 2010, the School Board approved the issuance of $26,261,841 in Certificates of Participation, Series 2010A Qualified School Construction Bonds (QSCB) via Resolution 2011-06 to finance the acquisition, construction and equipping of Vero Beach Elementary School and certain other education facilities. Subsequently, on September 11, 2012 the School Board approved a Technical Amendment with the Florida Department of Education, to utilize approximately $20 million of the remaining proceeds of the Series 2010A Certificates for the reconstruction of Vero Beach Elementary, approximately $3 million at Fellsmere Elementary for the addition of a two story classroom building and approximately $3.5 million at Treasure Coast Elementary for the addition of a classroom wing. Section 11 of the Resolution authorizes the Chairman, Superintendent and Chief Financial Officer to enter into an investment agreement, guaranteed investment contract, forward delivery agreement or repurchase agreement in connection with the Series 2010A Certificates upon the advice of the Financial Advisor and Special Counsel. The Financial Advisor has advised staff that current market conditions are favorable for bidding such an agreement in order to invest (and thereby reduce) the annual sinking fund payments the District pays to the trustee in order to repay the principal amount of the Series 2010A Certificates at maturity. Based on current market conditions, total cash flow savings are estimated at approximately $5 million between now and fiscal year 2029. Total costs of issuance are estimated at approximately $75,000. <u>Superintendent recommends approval.</u>

C. Approval to authorize the Chairman of the School Board and Superintendent to execute and deliver First Amendment to Series 2010A Supplemental Trust Agreement. – Mr. Morrison

On November 9, 2010, the School Board approved the issuance of $26,261,841 in Certificates of Participation, Series 2010A via Resolution 2011-06 to finance the acquisition, construction and equipping of Vero Beach Elementary School and certain other educational facilities. Subsequently, on September 11, 2012, the School Board approved a Technical Amendment with the Florida Department of Education, to utilize approximately $20 million of the remaining proceeds of the Series 2010A Certificates for the reconstruction of Vero Beach Elementary, approximately $3 million at Fellsmere Elementary for the addition of a two story classroom building and approximately $3.5 million at Treasure Coast Elementary for the addition of a classroom wing. Pursuant to Section 6.06 of the Series 2010A Supplemental Trust Agreement, the School Board is required to maintain a minimum $5 million depository account with Regions Bank, the initial purchaser of the Series 2010A Certificates. Regions Bank has agreed to waive the minimum deposit requirement. The First Amendment to Series 2010A Supplemental Trust Agreement memorializes the removal of the minimum deposit requirement. <u>Superintendent recommends approval.</u>

D. Approval of Guaranteed Maximum Price for the New Administration Complex Project (Phase I) – Pirtle Construction Company (SDIRC #2014-22) – Mr. Morrison

Approval is recommended for the Guaranteed Maximum Price (GMP) for the New Administration Complex Project (Phase I) in the amount of $1,117,629. This price includes an owner contingency of $30,549, all construction costs, plus management costs with Pirtle Construction Company. Phase I of this project will include all site work, which includes clearing, grading, parking lot and underground utilities. The GMP for Phase II of this project will be presented to the Board for approval at a later date. This price does not include the architect fees, engineering fees or FF&E associated with the project. Superintendent recommends approval.

E. Approval to Piggyback the School Board of Martin County's RFP #5004-0-2012/JC for a Document Management System and Issue a Purchase Order to Advanced Processing & Imaging, Inc. - Mr. Morrison DELETED

~~Pursuant to School Board Policy 6320, the Superintendent's authority is limited to purchase commodities and/or contractual services where the total amount does not exceed $50,000 and does not exceed the applicable appropriation in the District Budget. This request is to grant the authority for the Superintendent to issue a purchase order under this bid for a Document Management System software in the amount of $150,188. Included in this amount is approximately $25,000 for backlog scanning for Personnel files as requested by the Human Resources and Risk Management Department. Approval of this item, will enable the School District to transition its operations to a more paperless environment, thereby revolutionizing its business processes and reducing paper and its attendant storage costs. The District's recurring cost after year one is $26,638. Pricing is per the School Board of Martin County's Bid #5004-0-2012/JC. This bid expires June 19, 2015. Please see the attached bid documentation and contract. Superintendent recommends approval.~~

F. Approval to Reject RFP #2015-03 for Building Automation System Control retrofits at Sebastian River High and Oslo Middle - Mr. Morrison

RFP #2015-03, was promulgated by the Purchasing Department to replace the current Andover HVAC controls with Johnson Metasys controls at Sebastian River High and Oslo Middle School. Two (2) bids were received by the due date of August 21, 2014. After reviewing both responses, the District's Evaluation Team determined that it would be in the best interest of the District to reject all bids and pursue Building Automation System Control retrofits at each school through Performance Contracting. This recommendation is due to the fact that ConEdision Solutions and Florida Power and Light (FPL) are presently conducting their investment grade audits at these two schools to determine the most efficient and appropriate Energy Conservation Methods (ECM), and have indicated that Building Automation System Control retrofits are being considered as a component of any recommended ECM. Superintendent recommends approval.

G. Approval of Revised Superintendent's Annual Financial Report - Mr. Morrison

On September 9, 2014, at the Final Public Hearing on the 2014/15 Millage Rates and Budget, the Board approved the 2013/2014 Superintendent's Annual Financial Report. Subsequent to the meeting, the District received the updated Other Post Employment Benefits (OPEB) analysis from the Wakely Consulting Group. Based on the revised figures and in conjunction with the Florida Department of Education and the State Auditors, the District revised the ES145 Government wide statements to reflect a decrease in net position of the District by $2.0 million or 0.8% as opposed to a decrease of $413 thousand or a decrease of 0.2% previously reported. The revised report will be submitted to the Department of Education upon Board approval. Superintendent recommends approval.

H. Approval of Greater Florida Consortium's 2015 Legislative Program – Ms. Jiménez

The proposed Greater Florida Consortium of School Boards' 2015 Legislative Program is attached. The Consortium bylaws require each School District to approve the Program. The bylaws stipulate that if any issue contained in the proposed Program draws an objection from any one of the member Boards, the issue is removed from the final Program. This bylaw ensures that all the issues in the final Program have the support of all the members. Superintendent recommends approval.

I. Approval of Resolution #2015-07 Concerning Accountability – Mrs. Johnson

This Resolution memorializes the opinion and concerns of the School Board of Indian River County as it relates to Florida's accountability system. Superintendent recommends approval.

IX. SUPERINTENDENT'S REPORT

X. DISCUSSION

No discussion items

XI. SCHOOL BOARD MEMBER MATTERS – Chairman Johnson

XII. INFORMATION AGENDA

A. Charter School Audits – Mr. Morrison

Attached are fiscal 2013/2014 Charter School Audits which are contractually due to the School Board to be submitted annually by September 20.

XIII. SUPERINTENDENT'S CLOSING

XIV. ADJOURNMENT – Chairman Johnson

Anyone who needs a special accommodation may contact the School District's American Disabilities Act Coordinator at 564-3071 (TTY 564-8507) at least 48-hours in advance of the 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 J.A. Thompson Administrative Center at 1990 25th Street, Vero Beach, Fl 32960, unless otherwise specified. Meetings may broadcast live on Comcast/Xfinity Ch. 28, AT&T Uverse Ch. 99, and the School District's website stream; and may be replayed on Tuesdays and Thursdays at the time of the original meeting. For a schedule, please visit the District's website at www.indianriverschools.org/iretv. The agenda can be accessed by Internet at http://www.indianriverschools.org.

The District School Board of Indian River County met on September 23, 2014, at 1:00 p.m. The discussion was held in the Teacher Education Center located at the J.A. Thompson Administrative Center, 1990 25th Street, Vero Beach, Florida 32960. District School Board Members attending were: Chairman Carol Johnson, Vice Chairman Matthew McCain, and Board Members: Claudia Jiménez, and Dale Simchick. Suzanne D'Agresta, School Board Attorney, were also present. Dr. Frances J. Adams, Superintendent of Schools; and Karen Disney-Brombach, Board Member were not present.

Discussion on Superintendent Search
Minutes

I. Discussion session was called to order by Chairman Johnson.
Dr. Adams talked briefly to the School Board about Part IV Gender Equity in Athletics that she added to the Equity Report for adoption at the 6 p.m. business meeting. She also spoke about the Resolution on Accountability being proposed by School Board of Palm Beach. The Resolution was a request for a three-year transition period to the new Florida Assessment Standards. Ms. Jiménez distributed a copy of the Resolution. After discussing the issue, Board Members agreed to have Ms. Jiménez work with Dr. Adams on a "draft" Resolution for Indian River County School District to consider.
Dr. Adams left the Discussion Session.

II. PURPOSE OF THE DISCUSSION SESSION – Chairman Johnson
Chairman Johnson said that there were three areas that the Board needed to talk about regarding the search.

III. Discussion – School Board Members
Chairman Johnson said that the $15,000 reserved for the superintendent search should be transferred to the Board's budget. Chairman Johnson said that the Board needed to decide what to do about a consultant. She distributed information on past searches and explained the process. Other decisions needed were the salary range and advertisement timeline. Chairman Johnson said that another discussion session would need to be scheduled for October. She said that the bulk of the details regarding the search would take place after the November organization meeting. Chairman Johnson said that a good place to start would be the salary issue. It was suggested that Dr. Blanton be hired as the consultant, first; because he would move the Board through the process. It was stated that Dr. Blanton had the pulse of the State and of education on what was going on now.

Chairman Johnson presented information regarding the advertisements that needed to go out first. Board Members agreed that Dr. Blanton would be their choice. It was mentioned that the three-paneled brochure printed by the District could be updated. It was also noted that the Fast Facts would be helpful. Chairman Johnson asked Board Members about the dollar figure for contract negotiations with Dr. Blanton. Mrs. D'Agresta mentioned that the contract should be placed on a business meeting agenda for a vote.

IV. NEXT STEPS – Chairman Johnson

Chairman Johnson said that she would contact Dr. Blanton for a meeting date between now and October 7. She asked Board Members to look at the timeline.

V. ADJOURNMENT – Chairman Johnson

With no further discussion, the session adjourned at approximately 1:30 p.m.

The District School Board of Indian River County met on September 23, 2014, at 6:00 p.m. The business meeting was held in the Teacher Education Center located at the J.A. Thompson Administrative Center, 1990 25th Street, Vero Beach, Florida 32960. District School Board Members attending were: Chairman Carol Johnson, Vice Chairman Matthew McCain, and Board Members: Claudia Jiménez, and Dale Simchick. Dr. Frances J. Adams, Superintendent of Schools; and Suzanne D'Agresta, School Board Attorney, were also present. Karen Disney-Brombach, Board Member, was not present

Business Meeting Minutes

I. Meeting was called to order by Chairman Johnson.
Chairman Johnson stated that Mrs. Disney-Brombach was unable to attend the meeting due to a scheduled surgery. She said that Mrs. Disney-Brombach was doing well.

II. Inspirational Moment was given by Ms. Jiménez.

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

IV. ADOPTION OF ORDERS OF THE DAY
Chairman Johnson called for a motion for the Orders of the Day that included the addition of Consent I Out-of-State SRHS Band Trip. She asked Dr. Adams to state for the record why this item should be added to the agenda. <u>Ms. Jiménez moved approval of the Orders of the Day, with Consent I. Mrs. Simchick seconded the motion and it carried unanimously, with a 4-0 vote.</u>

V. PRESENTATIONS
No presentations

VI. CITIZEN INPUT
Susan Williams requested to speak on pending FSBA lawsuit in Florida.
Tim Adriance requested to speak on Step-Up Scholarship.

Chairman Johnson asked Mrs. D'Agresta to speak to the lawsuit. Mrs. D'Agresta said that she was not familiar with the details of the lawsuit because the School District was not involved.

VII. CONSENT AGENDA

Chairman Johnson called for a motion. Ms. Jiménez moved approval of the Consent Agenda with Consent I. Mr. McCain seconded the motion. Board Members discussed funding of the School Resource Officers and D.A.R.E. Program. The Board voted unanimously in favor of the motion, with a 4-0 vote.

A. Approval of Minutes – Dr. Adams

1. Discussion Session held 9/9/2014
2. Special Meeting for Pending Litigation held 9/9/2014
3. Special Meeting to Adopt 2014-2015 Budget and Millage held 9/9/2014
4. Business Meeting held 9/9/2014
5. Special Meeting on Impact Fees held 9/11/2014

Superintendent recommended approval.

B. Approval of Personnel Recommendations – Mr. Fritz

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

C. Approval of Vero Beach High School Symphony Band Trip – Dr. Adams

The Vero Beach High School Symphony Band, comprised of approximately 70 advanced musicians in grades 10-12, had been invited to the 38th Annual South Carolina Band Clinic on February 14, 2015, on the campus of the University of South Carolina in Columbus. The VBHS Band and the Fighting Indians Band Boosters, Inc., would cover all expenses. Superintendent recommended approval.

D. Approval of 2014-2015 Charter School Transportation Agreement Renewal with Indian River Charter High School – Mr. Fritz

Attached was the 2014-2015 Transportation Agreement with Indian River Charter High School to provide transportation, substitute bus drivers, and spare buses for students of the charter school. This agreement was for one year. The charter school agreed to reimburse the District for the costs associated with transporting their students. Superintendent recommended approval.

E. Approval of Updated School Resource Officer Agreement with Indian River County Sheriff's Department – Mr. Fritz

The purpose of the agreement was to continue to provide law enforcement, counseling, and law-related educational service programs to the schools of Indian River County as defined in F.S. 1006.12. The District was responsible for 50% of the salaries of the SROs, funding for the DARE Program, and 50% of conference expenses, not to exceed $5,000 annually. Superintendent recommended approval.

F. Approval of Out of Field Teachers Report – Mr. Fritz

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 would be available prior to the meeting. Superintendent recommended approval.

G. Approval to Dispose of Surplus Property – Mr. Morrison
This request was for approval to dispose of surplus property in accordance with Florida Statutes 274.05 and 274.06. The attached lists represented property to be deleted from various inventories and/or for items that had been declared surplus. After Board approval, the property would be recycled and/or auctioned. It was requested that this property be deleted from the Fixed Asset Ledger. <u>Superintendent recommended approval.</u>

H. Approval of Vero Beach High School New Booster Organizations – Mr. Morrison
Approval was recommended for the following new booster organizations for Vero Beach High School: Volleyball, Vero Beach High School Sailing Team, C.H.I.E.F.S., Biotechnology, Nintendo-Pamine, and Lady Indian Dancers. <u>Superintendent recommended approval.</u>

Additional item 9/18/2014:

I. Approval of Sebastian River High School Band Trip – Dr. Adams
The Sebastian River High School Band had been invited to march in the New Orleans St. Patrick's Day Parade on March 14, 2014. While in New Orleans, students would also learn about the rich history and culture of the birthplace of American jazz music. The trip would also include a visit to Florida State University where students would study with professors from the College of Music. The students and SRHS Band Parent Association would cover all expenses. <u>Superintendent recommended approval.</u>

VIII. ACTION AGENDA

A. Approval of 2014-2015 Schoolhouse Consulting Group, Inc., Contract Renewal – Dr. Adams
The contract renewal was for October 1, 2014, through June 30, 2015, for legislative services for the Treasure Coast Work Group, representing issues common to the Treasure Coast Region. The attached invoice was for services for the 2015 Legislative Session and to enhance federal legislative representation at a rate of $30,875, pro-rated among Indian River, Martin, Okeechobee, and St. Lucie School Districts. This amount would continue at the same rate from 2009. The cost was $6,792.50. Superintendent recommended approval.

Chairman Johnson called for a motion. <u>Mrs. Simchick moved approval of the 2014-2015 Schoolhouse Consulting Group, Inc., contract renewal. Mr. McCain seconded the motion and it carried unanimously, with a 4-0 vote.</u>

B. Approval of Annual Equity Report for 2013-2014 – Mr. Fritz
Equity, when used in education, referred to all students receiving the same caliber of education regardless of the neighborhood they lived in or demographic characteristics such as their race, ethnicity, special education status, or other factors. Institutions that received federal funds were obligated to take steps to prohibit discrimination and to provide equal access to educational programs, services, and activities. As well, institutions receiving federal funds must be equitable in their employment practices. Each institution must develop plans to demonstrate compliance. The Florida Department of Education (FDOE) would ensure that institutions complied with all requirements. The School District of Indian River County's Florida Educational Equity Act (FEEA) update provided the FDOE with the information

required to evaluate the District's efforts in achieving compliance with the requirements. Additionally, the FEEA update comprised of the District's civil rights, policies, and procedures; and its efforts to improve academic achievement and access to high quality instruction for minority students, particularly minority male students. The FEEA update contained disaggregated data on students' participation rates in advanced placement, dual enrollment, honors, and other level 3 courses. The FEEA update also included the results of the District's employment data for administrative, instructional, and guidance positions.

For the 2013-2014 school year, the District increased in the percentage of students taking Advanced Placement (AP) and International Baccalaureate (IB) courses for all groups. However, overall the District did not progress in its' efforts to increase the number of Dual Enrollment students. Moreover, the District did not appreciably increase the number of minority staff members. Efforts were being made by the respective schools and Curriculum and Instruction Department to encourage student participation in AP, IB, and Dual Enrollment courses. The District was also actively recruiting by attending fairs and visiting colleges to interview and hire qualified minority candidates. Superintendent recommended approval.

Chairman Johnson called for a motion. <u>Mrs. Simchick moved approval of the annual Equity Report for 2013-2014. Ms. Jiménez seconded the motion and it carried unanimously, with a 4-0 vote.</u>

C. Approval of District Digital Classrooms Plan for 2014-15 – Mr. Green

As required by Florida Statute 1011.62(12)(b), each School District would receive a Florida Digital Classrooms allocation to support School District efforts and strategies to improve outcomes related to student performance by integrating technology in classroom teaching and learning. Prior to the distribution of the Florida Digital Classrooms allocation, each District School Board shall submit to the Department of Education a School Board approved Digital Classrooms Plan (DCP) by October 1, 2014, and then by March 1 of each subsequent year. Funds provided to the District through this allocation would be used to purchase mobile carts with class sets of wireless devices necessary for students to access and interact with the secondary math digital curriculum. To support this initiative, professional development to assist teachers with integrating and delivering digital content was being requested through the Digital Learning Grant. The total allocation to the District was $393,240. Each charter school in the District would receive a pro-rata share of the allocation based on student FTE. Superintendent recommended approval.

Chairman Johnson called for a motion. <u>Mr. McCain moved approval of the District Digital Classroom Plan for 2014-15. Mrs. Simchick seconded the motion.</u> Mr. Green explained the goal and the process. <u>Board Members voted unanimously in favor of the motion, with a 4-0 vote.</u>

D. Approval of Professional Development Digital Learning Grant for 2014-15 – Mr. Rynberg

Approval was recommended for the Professional Development Digital Learning Grant through the Florida Department of Education. The $75,000 non-competitive grant for professional development activities would support the goals included in the District Digital Classroom Plan. District leaders, teachers, and students would receive training and support in the areas of Technology Integration Matrix (TIM), school-based book studies on Digital Learning, student projects using Digital Resources, and professional development aligned with Digital Content; and would employ technology in the content areas of educational leadership and management. Superintendent recommended approval.

Chairman Johnson called for a motion. Mrs. Simchick moved approval of the Professional Development Digital Learning Grant for 2014-15. Mr. McCain seconded the motion. Mr. Green answered questions about the implementation of the grant. The Board voted unanimously in favor of the motion, with a 4-0 vote.

E. Approval of Five-Year Capital Improvement Program for 2015-2019 Fiscal Years – Mr. Morrison

Approval was recommended for the Five-Year Capital Improvement Program for the fiscal years 2015-2019. This was the final version of the Program that was reviewed at the Board Workshop held on June 20, 2014. Included in the packet for approval was the Capital Project Revenues and Other Financing Sources Projections for the Fiscal Years 2015-2019; the Summary of the Capital Improvement Program for Fiscal Years 2015-2019; the detailed Project Pages; and a listing of the small projects. Superintendent recommended approval.

Chairman Johnson called for a motion. Mr. McCain moved approval of the Five-Year Capital Improvement Program for 2015-2019 Fiscal Years. Ms. Jiménez seconded the motion and it carried unanimously, with a 4-0 vote.

F. Approval of 2014-2015 Five-Year District Facilities Work Plan – Mr. Morrison

Approval was recommended for the 2014-2015, Five-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 2015-2019 District's Five-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 Educational Plant Survey, and the Florida Department of Education Cohort Projections, with the information from these sources being effective as of July 1, 2014. The 2014-2015 Five-Year District Facilities Work Plan was a requirement of Department of Education and was due on October 1, 2014, as per State Requirements for Educational Facilities (SREF) Section 2.1(1)(d)1. Superintendent recommended approval.

Dr. Adams handed out a revised sheet, page 16 of 16. The revision removed figures from the column on the actual 2014-2015/2033-2034 new student capacity column that was corrected by the Department of Education (DOE) earlier in the day. Mr. Morrison stated for the record that the document originated from the DOE and that the correction should have been made by the DOE a few years ago. He said that the State finally made the correction this afternoon.

Chairman Johnson called for a motion. Ms. Jiménez moved approval of the 2014-2015 Five-Year District Facilities Work Plan. Mr. McCain seconded the motion. Board Members talked about anticipated growth in the North County. The Board voted unanimously in favor of the motion, with a 4-0 vote.

G. Approval to Piggyback the School Board of Broward County's Bid #28-134T, the Palm Beach County School District's Bids #14C-33W, and #11C-36S to Issue Purchase Orders to Holb-Sierra Corporation for Surveillance Systems - Mr. Morrison

Pursuant to School Board Policy 6320, the Superintendent's authority was limited to purchase commodities and/or contractual services where the total amount did not exceed $50,000 and did not exceed the applicable appropriation in the District Budget. This request was to grant the authority for the Superintendent to issue purchase orders under this item, including those that may be in excess of $50,000. Holb-Sierra would provide the District with services for repair, upgrades, and new installations of security cameras for the Avigilon conversion as the District migrates to our new standard video system. The estimated financial impact to the District for 2014-2015 was $370,672. The District received quotes for four schools; Storm Grove Middle, Gifford Middle, Sebastian River Middle School, and Sebastian River High School totaling $320,672. In addition, the Information Technology Department requested $50,000 for miscellaneous repairs. The scope of these projects required the utilization of three bids. The first bid was the School Board of Broward County's Bid #28-134T for equipment purchases that would expire on February 28, 2015. The second bid was Palm Beach County School's Bid #14C-33W for video and card access equipment that would expire on April 21, 2016. The third bid was Palm Beach County School's Bid #11C-36S for the Avigilon camera equipment and this bid would expire May 4, 2016. Attached was the bid documentation. This item was to be funded from the technology portion of the voter approved .6 millage. Superintendent recommended approval.

Chairman Johnson called for a motion. Mrs. Simchick moved approval to piggyback the School Board of Broward County's Bid #28-134T, the Palm Beach County School District's Bids #14C-33W, and #11C-36S to issue purchase orders to Holb-Sierra Corporation for surveillance systems. Mr. McCain seconded the motion. The Board thanked the community for the voter millage to keep school houses safe. The Board voted unanimously in favor of the motion, with a 4-0 vote.

H. Approval of Agreement with Bryant Miller Olive P.A. for Disclosure of Counsel Services – Mr. Morrison

Approval was requested for the Agreement with Bryant Miller Olive, P.A., for disclosure counsel services for the upcoming refunding of the Certificates of Participation, Series 2014 and the issuance of all related purchase orders that may exceed $50,000. The District's disclosure counsel, Judson Freeman, Esquire, merged his law practice with Bryant Miller Olive, P.A.; and this Agreement served to document that change. The scope of services and fees remained the same. The Agreement also disclosed a potential conflict of interest on an unrelated public finance project involving Citigroup Global Markets; and the School Board was asked to consent to the representation that was required by the rules regulating the Florida Bar. Superintendent recommended approval.

Chairman Johnson called for a motion. Mr. McCain moved approval of the agreement with Bryant Miller Olive P.A. for Disclosure of Counsel Services. Ms. Jiménez seconded the motion and it carried unanimously, with a 4-0 vote.

IX. SUPERINTENDENT'S REPORT

Dr. Adams reported on the movement of staff to comply with class size requirements. She also reported that enrollment was stable with a slight increase. Dr. Adams reported that Indian River Fellowship for Instructional Leaders began on this date, focusing on student and classroom engagement. She said that they also held peer reviews on School Improvement Plans. She thanked staff for attending. Dr. Adams mentioned the upcoming ribbon cutting ceremony for the Wellness Center. She said that the Center opened their doors today.

X. DISCUSSION

Ms. Jiménez asked Mrs. D'Agresta to clarify the drug testing/background check requirements for Board Members. Mrs. D'Agresta stated that elected officials were not employees of the School District and were not required to take the drug test or fingerprinting, regardless of the benefits and salary received for the position. She explained that Board Members do not have keys for schools and would be required to use the raptor system upon entering a school facility. Chairman Johnson noted that the Board Member would not be issued an identification card.

XI. SCHOOL BOARD MEMBER MATTERS – Chairman Johnson

Ms. Jiménez reported on her attendance at the two-day meeting with the Greater Florida Consortium of School Boards and her attendance at the Child Summit in Ft. Pierce.

Mrs. Simchick talked about the two band trips. She thanked the booster clubs and community for supporting the trips.

Chairman Johnson talked about her attendance of the Sebastian Charter Junior High School celebration of their new facility.

XII. INFORMATION AGENDA

A. Agreement Form for Contracted Services- Mr. Morrison

The Division of Finance and Operations was committed to continuous process improvements within its Division that included the Purchasing Department. With guidance from the School Board's attorney, staff developed a standard "Agreement Form for Contracted Services". The primary purpose of this agreement was to provide the District with additional contract language beyond what could be found in our Purchase Order "Terms and conditions". This contract was specifically designed to be entered into for services less than $50,000 that may or may not be associated with a formal bid process. This agreement would be posted on the District website to be used by all Schools and Departments that contracted for services.

B. Requests for future CCNA Services "Consultants Competitive Negotiation Act" – Mr. Morrison

Past requests for CCNA services, such as architectural and engineering, were obtained utilizing a formal process requesting information on professional qualifications, evaluations of previous public work projects, evidence of the ability and capacity to complete the work in a timely manner, as well as evidence of the firm being an equal opportunity employer. The Purchasing Department, with the guidance of the School Board's attorney, had rewritten the District bid solicitation document to incorporate changes that included additional specific terms, conditions and evaluation criteria that were similar to the Request for Proposal (RFP) template. The addition of this language now provided prospective bidders for these types of services with a more complete and comprehensive package.

C. Charter School Financials – Mr. Morrison

Charter school financial statements were presented to the Board for information only. No approval of a charter school's financial statement was required. This presentation of charter school financial statements was to demonstrate compliance with Section 1002.33, Florida Statutes. Specifically, subsection (5) (b) required the District, as sponsor, to monitor the revenues and expenditures of the charter school and to perform the duties provided in s. 1002.345. High performing charter schools were only required to submit financials quarterly. All charter schools currently operating in Indian River had been designated as high performing. Indian River Charter High School, Imagine Schools of South Vero, Sebastian Charter Junior High School, and St. Peter's Academy opted to submit financials quarterly. North County Charter School opted to submit financials monthly.

XIII. SUPERINTENDENT'S CLOSING

Dr. Adams thanked her staff for everything they do for the District. She closed with a short video on Attendance Awareness Month.

XIV. ADJOURNMENT – Chairman Johnson

With no further business, the meeting adjourned at approximately 7:19 p.m.

CONSENT AGENDA 10/7/14

Personnel Recommendations

1. Instructional Changes

Karr, Jessica – VBHS, change start date from 9/24/14 to 10/1/14
Nelson, Kristen – Adult Education, from Career Specialist to ABE/GED Teacher 10/1/14
Shutes, Sarah – Glendale, change start date from 9/24/14 to 10/3/14

2. Instructional Leaves

Dheere, Joan – ESE, 9/8/14-12/10/14
Hackford, Amanda – Treasure Coast, 9/15/14-6/9/15
Newinski, Paige – Liberty Magnet, 8/28/14-10/20/14
Ogilvie, Jacquelyn – SRMS, 8/12/14-6/9/15
Tatro, Meredith – SRMS, 9/12/14-9/19/14
Topp, Stephanie – Rosewood Magnet, 2/11/15-~~**6/8/15**~~ **5/4/15**

3. Instructional Promotions

4. Instructional Transfers

Colon-Stiles, Anita – from VBE 2nd Grade Teacher to Sebastian Elementary 1st Grade Teacher 10/22/14

5. Instructional Separations

Alexander, Wendy – VBE, retirement, entering DROP 10/1/14
Baer, Elizabeth – VBHS, retirement, exit DROP 8/29/14
Denninger, Patricia – Adult Education, retirement 10/3/14, pending FRS attestation
McClelland, Randee – Indian River Academy, resignation 10/3/14
Rustay, Charles – VBHS, retirement, entering DROP 9/1/14
Rustay, Sherrol – Indian River Academy, retirement, entering DROP 9/1/14
Weatherstone, Elizabeth – Gifford Middle, retirement 6/9/15, pending FRS attestation

6. Instructional Employment

Bechtel, Melanie – VBE, 4th/5th Grade Teacher, approval of employment pending background clearance
Bolling, Kerri – Dodgertown, Kindergarten Teacher 10/8/14
Dolan, Shannon – VBE, 4th Grade Teacher 10/8/14
Mulligan, Aidan – Dodgertown, 2nd Grade Teacher 10/8/14

7. Support Staff Changes

Barrett, Kim – Print Shop, change start date from 9/24/14 to 10/1/14
Clark, Tabatha – Gifford Middle, change start date from 9/24/14 to 10/1/14
Erney, Jacqueline – ~~Fellsmere, Food Service Manager~~ Food Service, Manager in Training 10/6/14
Saldana, Rodrigo – Rosewood Magnet, change start date from 9/22/14 to 9/24/14

8. <u>Support Staff Leaves</u>
   Alvarez, Silvia – Fellsmere, 8/22/14-10/10/14
   Cartolaro, Danielle – Transportation, 9/2/14-12/31/14
   Musselwhite, Barbara – Adult Education, 10/17/14-11/14/14
   Smith, Melinda – Transportation, 9/29/14-10/10/14
9. <u>Support Staff Promotions</u>
   Jones, Monica – from Gifford Middle Food Service Worker to Food Service, Manager in Training 10/6/14
10. <u>Support Staff Transfers</u>
   Biondi, LeShann – from Indian River Academy School Computer Lab Assistant to Rosewood Magnet School Computer Lab Assistant 10/20/14
   Eggleston, Theresa – from Pelican Island Teacher Assistant to Treasure Coast Teacher Assistant 9/25/14
   Karcol, John – from Beachland .50 Food Service Worker to .50 FLC Food Service Worker 9/23/14
11. <u>Support Staff Separations</u>
   Andresen-Lott, Shyanna – Dodgertown, termination during probationary period 10/8/14
   Autullo, Margaret – Wabasso, retirement 1/30/15, pending FRS attestation
   Bucknor, Carlton – Citrus, resignation 9/19/14
   Christopherson, Victoria – SRHS, retirement, entering DROP 11/1/14
   Pierce, Fabian – Transportation, resignation 9/25/14
12. <u>Support Staff Employment</u>
   Bowick-Lovett, Geneira – VBE, Custodian 10/8/14
   Dutoi, Melissa – Beachland, .5 Food Service Worker 10/8/14
   Fernandez, Fernando – Oslo Middle/Gifford Middle ESOL Teacher Assistant, no benefits, sunset position 10/8/14
   Kidd, Billy – Oslo Middle, .5 Food Service Worker 10/8/14
   Mack, Lucille – Wabasso, ESE Teacher Assistant, sunset position 10/8/14
   McMiller, Lolita – VBE, .5 Food Service Worker 10/8/14
   Peers, Angela – Treasure Coast, Student Monitor 10/8/14
   San Martin, Tania – Pelican Island, .5 ESOL Teacher Assistant, sunset position 10/8/14
   Stallings, Angela – VBHS, ESE Teacher Assistant 10/14/14
13. <u>Administrative Separations</u>

14. <u>Administrative Employment</u>

15. <u>Administrative Leaves</u>

16. <u>Approval of Placement in Instructional Substitute Pool</u>
   Conley, Chelsea - Substitute Teacher 10/8/14

Hamilton, Kayla - Substitute Teacher 10/8/14
Hollinger, Brett - Substitute Teacher 10/8/14
Melloh, Kathleen – Substitute Teacher 10/8/14
Savoie, Emily – Substitute Teacher 10/8/14
Taylor, Johnny – Substitute Teacher 10/8/14
Williams, Derrick – Substitute Teacher 10/8/14

17. Approval of Placement in Support Staff Substitute Pool

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4050 ✓

Internal /External Cooperative Organization Registration Form

Newly formed Organization: X (must be submitted to the Board) Renewal of Prior Year ______

Cooperative Organization Name: ______

Cooperative Organization Sponsor: ______

Sponsor Contact Information: (772) 564-5405

Supports the Internal Account (Club, Class, Team etc.): Animal Rescue Club

School Sponsor of the Club, Class or Team: Lisa Fosmoen

Date of Organizations first business meeting for the current school year: ______

*A list of Officer's for the current school year is due to the Principal 30 days after this date.

Internal Cooperative Organizations:
Internal Account Name and Number: 4050

External Cooperative Organizations:
(A checklist of required documentation is available from the School Boookkeeper for these organizations)

Indicate if LLC, Inc, 501 (c)(3), or other: ______

Federal Tax Identification Number: ______

Consumer's Certificate of Exemption Number: ______ Expiration Date: ______

Organization mailing address:

______

______

All organizations of the school, or operating on behalf of the school, which obtains monies from the public, shall be accountable to the board for the receipt and expenditure of those funds. Booster type organizations shall present a financial statement to the principal as of June 30 of each year. Please see the Internal Accounts Procedures Manual for specific requirements regarding financial statements. The principal shall retain these financial statements with the school records, to be used to provide information to the board, as necessary. All booster type organizations shall follow the school board rules as it relates to financial accountability. The superintendent will be informed in writing by a principal of any booster, school advisory, and/or special projects. (SDIRC Board Policy 10.03)

Signature of Sponsor Lisa Fosmoen Date 9/9/2014

Approved by: ______ Date 9/10/14
Principal's Signature

RECEIVED
SEP 18 2014
By

Revised 4/25/2013

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Rosewood Magnet School

3850 16th Street ❧ Vero Beach, FL 32960
(772) 564-3840 ❧ Fax (772) 564-3888

Deborah Dillon
Principal

"A Rich Tradition, A Bright Future"
An Honor Roll School

RECEIVED
SEP 12 ...
By [signature]

Date: September 10, 2014

To: School Board Members

From: Deborah J. Dillon, Principal

Regarding: Donation

Rosewood Magnet School received a donation of $2,000.00 from Rosewood Magnet PTA to offset cost of the 5th grade Sea Camp field trip.

These funds were deposited into Rosewood Magnet's internal funds.

Deborah J. Dillon, Principal

OSCEOLA MAGNET SCHOOL
1110 18th Avenue S.W. • Vero Beach, Florida 32962
Telephone (772) 564-5821

Kathleen Goldstein - Principal Janice McCord - Assistant Principal

Date: September 19, 2014

To: School Board Members

From: Kathleen Goldstein

Regarding: *Request for Approval of Donation*

A donation of $12,185.16, was received from Osceola Magnet School PTA. The funds are to be used for Curriculum supplements, reimbursement for one Xerox copier, science boards and classroom funds.

$5,915.87 was deposited into Osceola Magnet School's internal funds account entitled General Fund and Science Department and sell as the individual classroom funds.

$6,269.29 was deposited into Osceola Magnet School's district funds to reimburse accounts Basic (K-12) other purchased services and Basic (K-12) supplies.

Kathleen Goldstein

Signature
Kathleen Goldstein

RECEIVED
SEP 23 2014
By

"Staff and students exploring this wide, wonderful world together"

School District of Indian River County

SEP 19 2014

VERO BEACH HIGH SCHOOL

1707 16th Street, Vero Beach, Florida 32960
Mr. Shawn O'Keefe, Principal

September 18, 2014

RE: Request for Out-Of-State Trip

Dear Ms. Stang:

The Vero Beach High School Competition Drama Troupe would like approval to travel to New York City for an educational, theatrically based trip from June 8 through June 13, 2015.

In New York, the group will be seeing approximately four Broadway shows with cast talkbacks after each, attending and participating in three Master Classes taught by NYC actors, and visiting several tourist attraction including, but not limited to, the 9-11 Memorial, Ellis Island, the Statute of Liberty, and Radio City Music Hall. Travel while in New York City would be by public transportation and walking.

Travel to the Orlando Airport for a flight to New York City will be by way of SDIRC transportation on Monday, June 8, 2015. The trip back will be by plane from New York City to Orlando Airport and by SDIRC from the airport to Vero Beach. Students will return to Vero Beach on June 13, 2015.

If the trip is approved, they will be leaving on June 8, 2015 and will return on June 13, 2015. The entire trip will take place during summer break and thus no instructional time will be lost. Approximately 47 students (if they all participate), along with their teacher, Dee Rose Imbro will be accompanying the students. Depending upon interest shown, there will be from five to ten additional chaperones involved. The goal is to have at least one adult chaperone for every five students.

Expenses for the trip will the responsibility of each student attending: there will be no cost to the county. Arrangements for insurance will be made through Risk Management.

Please place this item on the agenda for School Board approval.

If you have any questions, please contact my office.

Sincerely,

Shawn O'Keefe

approved

9/22/14

VBHS Main Campus
Telephone: (772) 564-5400
Fax: (772) 564-5553

Freshman Learning Center
Telephone: (772) 564-5800
Fax: (772) 564-5679

" It's Great To Be A Fighting Indian! "

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AGREEMENT
BETWEEN
ACTS Retirement-Life Communities, Inc.
and the
SCHOOL DISTRICT OF INDIAN RIVER COUNTY
INDIAN RIVER COUNTY SCHOOL BOARD

Article I – General

Section I - Parties Involved - The following is an agreement between the School District of Indian River County (SDIRC) and ACTS Retirement-Life Communities, Inc. D/B/A Indian River Estates (hereinafter, "IRE").

Section II - Description - A cooperative effort by the SDIRC and IRE, to provide Practical Nursing student supervised clinical experiences in order to prepare students to become Licensed Practical Nurses.

Article II - Organization and Operation of Agreement

It is hereby agreed by and between the parties as follows:

Section I - Terms of Agreement

This agreement shall become effective the date that representatives of both parties involved have signed the agreement. Either party may submit in writing to the other party a request for revision or termination. A request for termination should be submitted at least three months prior to the requested termination.

Section II - Obligation of IRE

A. To provide adequate facilities and equipment for necessary conference space and clinical experiences as deemed appropriate for the Practical Nursing program.

B. To permit students officially enrolled in the Practical Nursing program to enter at prearranged times for supervised clinical experiences.

C. To permit school representatives to visit for the purpose of supervising and evaluating the Practical Nursing Program.

D. To explore with the IRSCD Staff the appropriate solution to any problem that might arise in the implementation of this program.

Section III - <u>Obligation of the SDIRC</u>

A. To ensure Practical Nursing program by retaining a qualified instructor who is a registered nurse.

B. To assume full responsibility at all times for the educational program with the assistance of personnel as needed.

C. To ensure that the classroom instructor is also the person who is responsible for and coordinates the supervised clinical experiences.

D. To ensure clinical instructors contact the hospital prior to student assignment to obtain information on any changes in hospital policies and procedures relevant to the educational program.

E. To withdraw any student from the program whose progress, practices, or adjustments do not justify his/her continuation in this program.

F. To require that all students be covered by a liability insurance policy prior to any clinical assignments and to keep a copy of such policy on file.

G. To ensure that all students have successfully passed a state/federal background check.

H. To ensure that all students have had an annual physical examination and TB test prior to arriving at the clinical site.

I. To require all students and staff to adhere to the Privacy and Security Standards of the Health Insurance Portability and Accountability Act (45 C.R.R. Parts 160 and 164) (HIPAA). All students and staff will be required to sign a student confidentiality statement before patient contact.

Section IV - <u>Obligation of Student</u>

A. The students must sign a confidentiality statement prior to patient contact.

B. The students will abide by all policies and procedures of IRE and the SDIRC.

C. The students will wear attire and identification as required by the SDIRC.

D. The students will assume complete responsibility for personal illness, injury (including exposure to bodily fluids) occurring during clinical hours.

Article III – Program

Section I – Instructor – student ratio will not exceed 1:12 in the clinical area.

Article IV – Assurance

Federal law prohibits discrimination of any educational program or activity. No student shall, on the basis of race, color, national origin, sex or handicap, be excluded from participation in, be denied benefits of, or be subject of discrimination in the Practical Nursing Program.

Article V –Insurance

The health institution and the school district agree to provide proof of insurance for general liability with a limit of $1 million per occurrence, $3 million aggregate per occurrence.

The health institution and the school district further agree to secure insurance coverage for its own buildings and contents.

The health institution and the school district agree to provide adequate workers compensation insurance coverage as required by Chapter 440.F.S.

IN WITNESS HEREOF, the parties hereto have caused this agreement to be duly executed by their proper offices.

9/8/14
Date

Gary J.N. Ginter
Vice President
Procurement &
Contract Management

ACTS Retirement-Life Communities, Inc.

10/07/14
Date

Indian River County School Board

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CERTIFICATE RESOLUTION NO. 2015-06

A RESOLUTION OF THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA APPROVING THE REFUNDING OF ALL OR A PORTION OF THE OUTSTANDING CERTIFICATES OF PARTICIPATION (THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA MASTER LEASE PROGRAM), SERIES 2005 EVIDENCING UNDIVIDED PROPORTIONATE INTERESTS OF THE OWNERS THEREOF IN BASIC RENT PAYMENTS TO BE MADE UNDER A MASTER LEASE-PURCHASE AGREEMENT BY THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED SCHEDULE NO. 2005 RELATING TO THE LEASE-PURCHASE OF CERTAIN EDUCATIONAL FACILITIES AND SITES; AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES 2014A SUPPLEMENTAL TRUST AGREEMENT WITH U.S. BANK NATIONAL ASSOCIATION, AS SUCCESSOR TRUSTEE, PURSUANT TO WHICH THE TRUSTEE WILL EXECUTE, AUTHENTICATE AND DELIVER NOT EXCEEDING $53,000,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING CERTIFICATES OF PARTICIPATION (THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA MASTER LEASE PROGRAM), SERIES 2014A EVIDENCING UNDIVIDED PROPORTIONATE INTERESTS OF THE OWNERS THEREOF IN BASIC RENT PAYMENTS TO BE MADE UNDER THE MASTER LEASE-PURCHASE AGREEMENT BY THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA; AUTHORIZING A DELEGATED NEGOTIATED SALE OF SUCH CERTIFICATES OF PARTICIPATION UPON MEETING CERTAIN CONDITIONS SPECIFIED HEREIN; DELEGATING TO THE CHAIRMAN OR VICE-CHAIRMAN AND SUPERINTENDENT AND THEIR DESIGNEES THE AUTHORITY TO EXECUTE AND DELIVER A CERTIFICATE PURCHASE CONTRACT RELATING TO SUCH NEGOTIATED SALE UPON SATISFACTION OF THE PARAMETERS SET FORTH HEREIN; AUTHORIZING THE DISTRIBUTION OF A

PRELIMINARY OFFERING STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFERING STATEMENT AND A CONTINUING DISCLOSURE CERTIFICATE WITH RESPECT TO SUCH CERTIFICATES OF PARTICIPATION UPON MEETING CERTAIN CONDITIONS SPECIFIED HEREIN; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING AN ESCROW AGENT THERETO; AUTHORIZING THE SUPERINTENDENT TO DETERMINE WHETHER TO UTILIZE MUNICIPAL BOND INSURANCE FOR ALL OR A PORTION OF THE CERTIFICATES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, The School Board of Indian River County, Florida (the "Board"), as governing body of the School District of Indian River County, Florida (the "District"), has heretofore determined to refinance the cost of certain of its educational facilities and sites; and

WHEREAS, the Board has heretofore determined that an appropriate method of refinancing the cost of a portion of such educational facilities and sites is the lease-purchase of such improvements and has heretofore entered into a lease-purchase financing program (the "Financing Program") with the Indian River County School Board Leasing Corporation (the "Corporation") pursuant to that certain Master Lease-Purchase Agreement, dated as of November 1, 2005, between the Board and the Corporation, as amended and supplemented (the "Master Lease"), particularly as supplemented by that certain Schedule No. 2005, dated as of November 1, 2005 (the "Current Schedule No. 2005," and together with the Master Lease, the "Current 2005 Lease Agreement"); and

WHEREAS, pursuant to the Current 2005 Lease Agreement, the Board is lease-purchasing certain educational facilities and sites, as more particularly described therein (the "Series 2005 Project") as part of the Financing Program; and

WHEREAS, as part of the Financing Program, it was necessary that the Board lease the sites on which components of the Series 2005 Project are located to the Corporation pursuant to a Ground Lease Agreement (Series 2005 Project), dated as of November 1, 2005, between the Board and the Corporation (the "Series 2005 Ground Lease"); and

WHEREAS, as part of the Financing Program, the Corporation, the Board and U.S. Bank National Association, as successor to SunTrust Bank, as trustee (the "Trustee") have entered into that certain Master Trust Agreement, dated as of November 1, 2005 (the "Master Trust Agreement") as amended and supplemented, in particular as supplemented by that certain Series 2005 Supplemental Trust Agreement, dated as of November 1, 2005 (the "Series 2005 Supplemental Trust Agreement," and together with the Master Trust Agreement, the "Series 2005 Trust Agreement"); and

WHEREAS, in order to finance the costs of acquisition, construction and equipping of the Series 2005 Project, the Trustee issued $80,050,000 aggregate principal amount of Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005 Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be Made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida pursuant to the Series 2005 Trust Agreement (the "Series 2005 Certificates"); and

WHEREAS, as a result of a decline in interest rates, the Board has, subject to the conditions set forth herein, decided to refinance a portion of its obligations under the Current 2005 Lease Agreement by amending and restating the Current 2005 Lease Agreement pursuant to an Amended and Restated Schedule No. 2005 substantially in the form attached hereto as Exhibit B ("Amended and Restated Schedule No. 2005," and together with the Master Lease, the "Series 2005 Lease Agreement"); and

WHEREAS, to accomplish such refinancing, the Board and the Corporation shall enter into a Series 2014A Supplemental Trust Agreement substantially in the form attached hereto as Exhibit C (the "Series 2014A Supplemental Trust Agreement") with the Trustee providing for the issuance of Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be Made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida (the "Series 2014A Certificates") for the principal purpose of advance refunding a portion of the outstanding Series 2005 Certificates, which Series 2014A Certificates will represent undivided proportionate interests in a portion of the principal component and interest component of the basic rent payments to be made under the 2005 Lease Agreement; and

WHEREAS, a portion of the proceeds of the Series 2014A Certificates will be deposited with U.S. Bank National Association, acting as Escrow Agent (the "Escrow Agent") under an Escrow Deposit Agreement (the "Escrow Deposit Agreement") to be entered into by the Board and the Escrow Agent in substantially the form attached hereto as Exhibit D, and invested in Refunding Securities (as defined in the Master Trust Agreement) until used to pay principal of and interest on, and to prepay the Refunded Certificates in accordance with the terms of the Escrow Deposit Agreement; and

WHEREAS, if deemed to be in the best interest of the Board, upon the advice of the Board's Financial Advisor (defined herein), payments represented by all or a portion of the Series 2014A Certificates may be insured by a municipal bond insurance policy as determined by the Superintendent as provided herein; and

WHEREAS, attached hereto as Exhibit E is the substantially final form of the Preliminary Offering Statement to be used in connection with the proposed public offering of the Series 2014A Certificates, which Preliminary Offering Statement contemplates a refunding of the Refunded Certificates.

NOW, THEREFORE, BE IT RESOLVED BY THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA, ACTING AS THE GOVERNING BODY OF THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA:

SECTION 1. DEFINITIONS. In addition to the terms defined above, the following capitalized terms shall have the following meanings herein, unless the text otherwise expressly requires. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"Act" shall mean Chapter 1001 through 1013, Florida Statutes, and other applicable provisions of law.

"Amended and Restated Schedule No. 2005" means Amended and Restated Schedule No. 2005 to the Lease Agreement relating to the Series 2005 Project, the Series 2014A Certificates and the Outstanding Series 2005 Certificates, between the Corporation and the Board, the substantial form of which is attached as Exhibit B hereto.

"Assistant Superintendent of Finance" means the Assistant Superintendent for Finance/Operations of the District and, in his or her absence or unavailability, such other person as may be authorized to act on his or her behalf.

"Basic Rent Payments" shall have the meaning ascribed to such term in the Trust Agreement.

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

"Certificate Purchase Contract" means the Certificate Purchase Contract, to be dated the date of the sale of the Series 2014A Certificates, among the Corporation, the Underwriters and the Board, the substantial form of which is attached hereto as Exhibit A.

"Chair" or "Chairman" means the Chair or Chairman of the Board and, in his or her absence or unavailability, the Vice-Chairman or Vice-Chair of the Board or such other person as may be duly authorized to act on his or her behalf.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate of the Board, the substantial form of which is attached hereto as Exhibit F.

"Corporation" means the Indian River County School Board Leasing Corporation, a Florida not-for-profit corporation.

"County" means Indian River County, Florida.

"District" means the School District of Indian River County, Florida and any successor thereto.

"Escrow Agent" means U.S. Bank National Association and any successors thereto.

"Escrow Deposit Agreement" means that certain Escrow Deposit Agreement, between the Escrow Agent and the Board, the substantial form of which is attached as Exhibit D hereto.

"Financial Advisor" means Ford & Associates, Inc.

"Lease Agreement" means the Master Lease-Purchase Agreement, dated as of November 1, 2005, between the Corporation and the Board, as heretofore amended and supplemented.

"Lease Payments" shall have the meaning ascribed to such term in the Trust Agreement.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Series 2014A Insurer guaranteeing the scheduled payment, when due, of the principal and interest represented by all or a portion of the Series 2014A Certificates as provided therein.

"Outstanding Series 2005 Certificates" means the Series 2005 Certificates that are not refunded in connection with the issuance of the Series 2014A Certificates.

"Refunded Certificates" means the Series 2005 Certificates being refunded with a portion of the proceeds of the Series 2014A Certificates (and investment thereof) and other legally available moneys of the Board in accordance with the Escrow Deposit Agreement, which Refunded Certificates shall be designated by the Superintendent or his or her designee at the time of the sale of the Series 2014A Certificates upon the advice of the Financial Advisor.

"Secretary" or **"Superintendent"** means the Superintendent of the District, who is the ex-officio Secretary of the Board and, in his or her absence or unavailability, any

Assistant Superintendent or such other person as may be duly authorized to act on her behalf.

"Series 2005 Certificates" means the Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005 Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida, issued pursuant to the Series 2005 Trust Agreement.

"Series 2005 Ground Lease" means the Ground Lease Agreement, dated as of November 1, 2005, between the Corporation and the Board, as the same may be amended and supplemented from time to time.

"Series 2005 Lease Agreement" means the Lease Agreement, as supplemented by Amended and Restated Schedule No. 2005.

"Series 2005 Project" means the property and improvements described as the "Series 2005 Project" in Amended and Restated Schedule No. 2005, as the same may be amended or modified from time to time.

"Series 2014A Certificates" means the Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be Made Under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida.

"Series 2014A Insurer" means the municipal bond insurance company, if any, approved by the Superintendent or his or her designee issuing the Municipal Bond Insurance Policy.

"Series 2014A Supplemental Trust Agreement" means the Series 2014A Supplemental Trust Agreement relating to the Series 2014A Certificates among the Corporation, the Board and the Trustee, the substantial form of which is attached as Exhibit C hereto.

"Special Counsel" means Nabors, Giblin & Nickerson, P.A.

"Trust Agreement" means the Master Trust Agreement, dated as of November 1, 2005, among the Corporation, the Board and the Trustee, as amended and supplemented.

"Trustee" means U.S. Bank National Association and any successor thereto.

"Underwriters" mean, collectively, Citigroup Global Markets Inc., and such other underwriters as shall be named in the Certificate Purchase Contract.

SECTION 2. FINDINGS. It is hereby found and determined that:

(A) The Board has heretofore established a master lease-purchase program for the lease-purchase financing and refinancing of various projects in accordance with the terms of the Lease Agreement and Trust Agreement and in connection therewith the Board has heretofore executed and delivered the Current 2005 Lease Agreement.

(B) The Board has heretofore leased the Series 2005 Project from the Corporation in accordance with the terms of the Current 2005 Lease Agreement.

(C) The Board has heretofore caused the Series 2005 Certificates to be executed, authenticated and delivered by the Trustee in connection with the Board's leasing of the Series 2005 Project.

(D) Subject to the provisions of Section 8(B) hereof, the Board deems it in its best interests to restructure the Lease Payments payable under the Current 2005 Lease Agreement to reflect the refunding of the Refunded Certificates.

(E) Subject to the provisions of Section 8(B) hereof, the Board has further agreed with the Corporation to use a portion of the proceeds of the Series 2014A Certificates to refund the Refunded Certificates pursuant to the terms of the Trust Agreement and the Escrow Deposit Agreement in order to restructure certain Lease Payments payable under the Current Series 2005 Lease Agreement. Such proceeds shall be deposited into an escrow deposit trust fund established pursuant to the Escrow Deposit Agreement and shall constitute the deposit of prepaid Basic Rent Payments by the Board.

(F) The deposit of the prepaid Basic Rent Payments in the escrow deposit trust fund established under the Escrow Deposit Agreement shall be in an amount sufficient to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates, as the same become due or are prepaid prior to maturity. The Lease Agreement will secure the payment of Supplemental Rent and any deficiency in the prepaid Basic Rent Payments on deposit in the escrow deposit trust fund relating to the Refunded Certificates.

(G) In consideration of the deposit of such prepaid Basic Rent Payments with the Escrow Agent, the Board agrees to enter into Amended and Restated Schedule No. 2005 whereby the Board will continue to lease the Series 2005 Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on the Series 2014A Certificates and the Outstanding Series 2005 Certificates.

(H) The Board is authorized and empowered by the Act to enter into transactions such as that contemplated by this Resolution, the Lease Agreement, the Trust Agreement, Amended and Restated Schedule No. 2005, the Series 2014A Supplemental Trust Agreement, the Series 2005 Ground Lease and the Escrow Deposit Agreement, and to fully perform its obligations thereunder in order to lease-purchase the Series 2005 Project.

(I) Due to the potential volatility of the market for tax-exempt obligations such as the Series 2014A Certificates and the complexity of the transactions relating to such Series 2014A Certificates, it is in the best interest of the Board that the Series 2014A Certificates be sold by a delegated negotiated sale in accordance with the terms hereof, allowing market entry at the most advantageous time, rather than at a specified advertised date or at a regularly scheduled Board meeting date, thereby obtaining the best possible price and interest rate for the Series 2014A Certificates.

(J) The Board has been advised by its Financial Advisor, Ford & Associates, Inc., as to the market appropriateness of preparing for the purchase proposal of the Underwriters in light of current market levels and conditions and as to the acceptance of a Certificate Purchase Contract pursuant to a delegated, negotiated sale subject to the conditions provided herein.

(K) The Series 2014A Certificates shall be secured solely as provided in the Trust Agreement, the Series 2005 Lease Agreement and the Series 2005 Ground Lease, it being understood that neither the Series 2014A Certificates nor the interest represented thereby shall be or constitute a general obligation of the District, the Board, Indian River County, Florida or the State of Florida, or any political subdivision or agency thereof, a pledge of the faith and credit of the District, the Board, Indian River County, Florida or the State of Florida, or any political subdivision or agency thereof, or a lien upon any property of or located within the boundaries of the District.

SECTION 3. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Act and all other applicable provisions of law.

SECTION 4. AUTHORIZATION OF REFUNDING OF REFUNDED CERTIFICATES. The Board hereby authorizes the refunding, on an advanced basis, of the Refunded Certificates in accordance with the provisions of this Resolution, the Trust Agreement and the Escrow Deposit Agreement. Subject to the satisfaction of all of the conditions of Section 8(B) hereof, that portion of the Series 2005 Certificates which shall constitute the Refunded Certificates shall be determined by the Superintendent or his or her designee at the time of sale of the Series 2014A Certificates upon the advice of the Financial Advisor.

SECTION 5. AUTHORIZATION AND AFFIRMATION OF LEASE-PURCHASE OF SERIES 2005 PROJECT. Subject to satisfaction of all of the conditions set forth in Section 8(B) hereof, the Board hereby reauthorizes and affirms the lease-purchase of the Series 2005 Project in accordance with the terms of the Series 2005 Lease Agreement.

SECTION 6. APPROVAL OF AMENDED AND RESTATED SCHEDULE NO. 2005. Subject to satisfaction of all of the conditions set forth in Section 8(B) hereof, the Board hereby authorizes and directs the Chairman to execute Amended and Restated Schedule No. 2005, and the Secretary to attest the same under the seal of the Board, and to deliver Amended and Restated Schedule No. 2005 to the Corporation for its execution. Amended and Restated Schedule No. 2005 shall be in substantially the form attached hereto as Exhibit B with such changes, amendments, modifications, deletions and additions as may be approved by such Chairman, including those changes necessary to reflect the terms and details of the Series 2014A Certificates determined in accordance with Section 8 hereof including, without limitation, the schedule of Basic Rent Payments. Execution by the Chairman of Amended and Restated Schedule No. 2005 shall be deemed to be conclusive evidence of approval of such changes. The authorization to execute and deliver Amended and Restated Schedule No. 2005 is expressly conditioned upon compliance with the terms and conditions set forth in Section 8 hereof with respect to the execution, authentication and delivery of the Series 2014A Certificates.

SECTION 7. APPROVAL OF SERIES 2014A SUPPLEMENTAL TRUST AGREEMENT. Subject to satisfaction of all of the conditions set forth in Section 8(B) hereof, the Board hereby authorizes and directs the Chairman to execute the Series 2014A Supplemental Trust Agreement, and the Secretary to attest the same under the seal of the Board and to deliver the Series 2014A Supplemental Trust Agreement to the Corporation and the Trustee for their execution. The Series 2014A Supplemental Trust Agreement shall be in substantially the form attached hereto as Exhibit C, with such changes, amendments, modifications, deletions and additions as may be approved by said Chairman, including the final terms and provisions of the Series 2014A Certificates determined in accordance with Section 8 hereof as shall be set forth in the Certificate Purchase Contract. Execution by the Chairman of the Series 2014A Supplemental Trust Agreement shall be deemed to be conclusive evidence of approval of such changes. The authorization to execute and deliver the Series 2014A Supplemental Trust Agreement is expressly conditioned upon compliance with the terms and conditions set forth in Section 8 hereof with respect to the execution, authentication and delivery of the Series 2014A Certificates.

SECTION 8. DELEGATED SALE OF SERIES 2014A CERTIFICATES AND DESCRIPTION OF THE SERIES 2014A CERTIFICATES. (A) Subject to the requirements which must be satisfied in accordance with the provisions of Section 8(B) below prior to the issuance of the Series 2014A Certificates, the Board hereby authorizes the issuance of a Series of Certificates to be known as the "Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida," for the principal purpose of providing moneys for refunding the Refunded Certificates and lease-purchasing the Series 2005 Project. The Series 2014A Certificates shall be issued only in accordance with the provisions of the Trust Agreement and all the provisions hereof and of the Trust Agreement shall be applicable thereto.

(B) Subject to full satisfaction of the conditions set forth in this Section 8(B), the Board hereby authorizes a delegated negotiated sale of the Series 2014A Certificates to the Underwriters in accordance with the terms of a Certificate Purchase Contract to be dated the date of sale and to be substantially in the form attached hereto as Exhibit A, with such changes, amendments, modifications, deletions and additions thereto as shall be approved by the Chairman and the Superintendent or their designees in accordance with the provisions of this Section 8(B), the execution thereof being deemed conclusive evidence of the approval of such changes and the full and complete satisfaction of the conditions set forth in this Section 8. The Certificate Purchase Contract shall not be executed by the Chairman and Superintendent or their designees until such time as all of the following conditions have been satisfied:

(1) Receipt by the Chairman and the Superintendent of a written offer to purchase the Series 2014A Certificates by the Underwriters substantially in the form of the Certificate Purchase Contract, said offer to provide for, among other things, (i) the issuance of not exceeding $53,000,000 aggregate principal amount of Series 2014A Certificates, (ii) an underwriting discount (including management fee and all expenses) not in excess of 0.60% of the par amount of the Series 2014A Certificates, (iii) evidence satisfactory to the Financial Advisor and the Superintendent or their designees, that the present value of the debt service savings to the Board resulting from the refunding of the Refunded Certificates shall be in an amount equal to at least three percent (3.0%) of the principal amount of the Refunded Certificates; and (iv) the maturities of the Series 2014A Certificates with the final maturity no later than July 1, 2025.

(2) With respect to any optional prepayment terms of the Series 2014A Certificates, the first call date may be no later than July 1, 2025 and no call premium may exceed 1.00% of the par amount of that portion of the Series 2014A Certificates to be prepaid.

(3) Term Series 2014A Certificates may be established with such Amortization Installments as the Superintendent or his or her designee deems appropriate upon the advice of the Financial Advisor.

(4) Receipt by the Chairman and Superintendent from the Underwriters of a disclosure statement and truth-in-bonding information complying with Section 218.385, Florida Statutes.

(5) The issuance of the Series 2014A Certificates shall not exceed any debt limitation prescribed by law, and such Series 2014A Certificates, when issued, will be within the limits of all constitutional or statutory debt limitations.

SECTION 9. ESCROW DEPOSIT AGREEMENT. Subject to the satisfaction in all respects of the conditions set forth in Section 8(B) hereof, the Board hereby authorizes and directs the Chairman and the Secretary to execute the Escrow Deposit Agreement and to deliver it to the Escrow Agent for its execution. The Escrow Deposit Agreement shall be in substantially the form of the Escrow Deposit Agreement attached hereto as Exhibit D with such changes, amendments, modifications, deletions and additions, including the date of such Escrow Deposit Agreement, as may be approved by the Chairman. Execution by the Chairman of the Escrow Deposit Agreement shall be deemed to be conclusive evidence of approval of such changes.

SECTION 10. PRELIMINARY OFFERING STATEMENT. The Board hereby authorizes the distribution and use of the Preliminary Offering Statement in substantially the form attached hereto as Exhibit E in connection with the offering of the Series 2014A Certificates for sale. If between the date hereof and the mailing of the Preliminary Offering Statement, it is necessary to make insertions, modifications or changes in the Preliminary Offering Statement, the Chairman and the Superintendent are each hereby authorized to approve such insertions, changes and modifications. The Superintendent is hereby authorized to deem the Preliminary Offering Statement "final" within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934 in the form as mailed. Execution of a certificate by the Superintendent deeming the Preliminary Offering Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes or modifications.

SECTION 11. OFFERING STATEMENT. The form, terms and provisions of the Offering Statement relating to the Series 2014A Certificates shall be substantially as set forth in the Preliminary Offering Statement. Subject to satisfaction of all of the conditions set forth in Section 8(B) hereof, the Chairman and the Secretary are each hereby authorized and directed to execute and deliver said Offering Statement in the name and on behalf of the Board, and thereupon to cause such Offering Statement to be delivered to the Underwriters within seven business days of the date of the Certificate Purchase Contract with such changes, amendments, modifications, deletions and additions as may be approved by said Chairman. Said Offering Statement, including any such changes, amendments, modifications, deletions and additions as approved by the Chairman, and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2014A Certificates to the public. Execution by the Chairman of the Offering Statement shall be deemed to be conclusive evidence of approval of such changes.

SECTION 12. APPOINTMENT OF TRUSTEE AND ESCROW AGENT. U.S. Bank National Association, Jacksonville, Florida is hereby appointed Escrow Agent and reaffirmed and designated as Trustee.

SECTION 13. SECONDARY MARKET DISCLOSURE. Subject to satisfaction of all of the conditions set forth in Section 8(B) hereof, the Board hereby covenants and agrees that, in order to provide for compliance by the Board with the secondary market disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission, as amended (the "Rule"), it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, 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 F with such changes, amendments, modifications, deletions and additions as shall be approved by the Chairman who is hereby authorized to execute such Certificate. Notwithstanding any other provision of this Resolution or the Trust Agreement, failure of the Board to comply with such Continuing Disclosure Certificate shall not be considered an event of default under the Trust Agreement; provided, however, to the extent provided by law, the sole and exclusive remedy of any Series 2014A Certificate Owner for the enforcement of the provisions of the Continuing Disclosure Certificate that relates to its Series 2014A Certificates shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Board to comply with its obligations under this Section 14 and the Continuing Disclosure Certificate. For purposes of this Section 13, "Series 2014A Certificate Owner" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014A Certificates (including persons holding Series 2014A Certificates through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Series 2014A Certificate for federal income tax purposes.

SECTION 14. MUNICIPAL BOND INSURANCE. Upon the advice of the Financial Advisor, the Superintendent shall determine whether any of the Series 2014A Certificates shall be insured by the Municipal Bond Insurance Policy. If the Superintendent determines that any of the Series 2014A Certificates will be so insured, the Superintendent shall select, upon the advice of the Financial Advisor and Special Counsel, the Series 2014A Insurer. Upon such selection, if any, the Superintendent, the Chairman and the Assistant Superintendent for Finance are each hereby authorized to take such actions (including, without limitation, approval of changes to the documents herein approved) and to execute such commitments, agreements, certificates, instruments and opinions as shall be necessary or desirable to procure the issuance of the Municipal Bond Insurance Policy by the Series 2014A Insurer.

SECTION 15. GENERAL AUTHORITY. Subject to satisfaction of all of the requirements of Section 8 hereof, the members of the Board, the Secretary and the officers, attorneys and other agents or employees of the District are hereby authorized to do all acts and things required of them by this Resolution or the various instruments and agreements referred to herein, or desirable or consistent with the requirements of this Resolution or the various instruments and agreements referred to herein for the full punctual and complete performance of all the terms, covenants and agreements contained herein or therein, and each member, employee, attorney and officer of the Board and/or the District is hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. To the extent that the Chairman is unavailable to take any action hereunder, the Vice-Chairman shall be authorized to act on his or her behalf. The foregoing officers are authorized to change the dated date of the documents authorized herein or to change the designation of the Series 2014A Certificates, if necessary or desirable, for accomplishing the acts herein authorized.

SECTION 16. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though 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 separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof.

SECTION 17. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

ADOPTED at a Regular Meeting this 7th day of October, 2014.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA, ACTING AS THE GOVERNING BODY OF THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA

(SEAL)

By: ______________________________
Chairman

ATTEST:

____
Superintendent/Secretary

$__________

REFUNDING CERTIFICATES OF PARTICIPATION
(The School Board of Indian River County, Florida, Master Lease Program), Series 2014A
Evidencing Undivided Proportionate Interests of Owners
thereof in Basic Rent Payments to be made under a Master Lease-Purchase
Agreement by The School Board of Indian River County, Florida

October __, 2014

CERTIFICATE PURCHASE CONTRACT

The School Board of Indian River County, Florida
Vero Beach, Florida

Indian River County School Board Leasing Corporation
Vero Beach, Florida

Ladies and Gentlemen:

The undersigned, Citigroup Global Markets Inc. (the "Representative"), on behalf of itself, RBC Capital Markets, LLC, Wells Fargo Bank. N.A. and Raymond James & Associates, Inc. (collectively, the "Underwriters"), offer to enter into this Certificate Purchase Contract (the "Purchase Contract") with The School Board of Indian River County, Florida (the "Board") and the Indian River County School Board Leasing Corporation (the "Corporation"), which upon acceptance of this offer by the Board and the Corporation will be binding upon the Board and the Corporation and upon the Underwriters. This offer is made subject to written acceptance hereof by the Board and the Corporation at or before 11:59 p.m., local time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Board and the Corporation at any time prior to the acceptance hereof by the Board and the Corporation. The parties hereto agree and acknowledge that the obligations of the Board and the Corporation hereunder do not constitute a general obligation of the Board or the Corporation. The Representative hereby represents that it is authorized to execute and deliver the Purchase Contract on behalf of the Underwriters.

1. Purchase and Sale. Upon the terms and conditions and in reliance upon the representations, warranties, covenants and agreements set forth herein, the Underwriters hereby agree to purchase, and the Board agrees to cause U.S. Bank National Association, as successor Trustee (the "Trustee") to execute and deliver to the Underwriters, all (but not less than all) of the aggregate principal amount of the Certificates of Participation described in the heading hereof (the "Certificates"). The Certificates shall be dated their date of delivery. The aggregate purchase price for the Certificates shall be $______________ (which price represents the aggregate par amount of

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the Certificates, [plus][minus] original issue [premium][discount] of $______________ and less Underwriters' discount of $______________).

The Certificates shall be as described in and shall be authorized by a resolution adopted by the Board on October 7, 2014 (the "Resolution"), and shall be issued under and secured pursuant to the provisions of a Trust Agreement, dated as of November 1, 2005, as amended and supplemented, and as particularly amended and supplemented by the Series 2014A Supplemental Trust Agreement, dated as of October 1, 2014 (collectively, the "Trust Agreement") each by and between the Corporation and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Preliminary Offering Statement dated October __, 2014, prepared with respect to the sale of the Certificates (the "Preliminary Offering Statement").

The Certificates shall mature at the times and in the amounts and bear interest at the rates set forth in <u>Appendix A</u> attached hereto and shall be subject to prepayment at the times and at the prices set forth in <u>Appendix B</u> attached hereto. The information required by Section 218.385(6), Florida Statutes, to be provided by the Underwriters is set forth in <u>Appendix C</u> attached hereto. Further, in order to assist the Board in complying with Section 218.385(2) and (5), Florida Statutes, the Underwriters are providing the Board and the Corporation with the information needed to complete a truth-in-bonding statement, the form of which is attached hereto as <u>Appendix D</u>.

The Board has heretofore entered into a Master Lease-Purchase Agreement dated as of November 1, 2005, as amended (collectively, the "Master Lease"), between the Corporation, as lessor, and the Board, as lessee, for the purpose of lease purchasing, from time to time, certain educational facilities, sites and equipment (the "Projects") from the Corporation. The Projects to be leased are identified on separate lease schedules (each a "Lease Schedule") attached to the Master Lease. Upon execution and delivery thereof, each Lease Schedule, together with the provisions of the Master Lease, constitutes a separate lease agreement (individually, a "Lease" and collectively, the "Leases").

The Trust Agreement provides that the Trustee may, at the prior request of the Board and the Corporation, issue Refunding Certificates from time to time pursuant to the terms and provisions thereof for the purpose of prepaying all or a portion of any Outstanding Certificates. Pursuant to the Trust Agreement, the applicable provisions of Florida law and the Resolution, the Board has authorized the execution and delivery of Amended and Restated Lease Schedule No. 2005, dated as of October 1, 2014, as the same may be amended and restated from time to time ("Amended and Restated Lease Schedule No. 2005" and, together with the Master Lease, the "Series 2005 Lease Agreement") for the principal purpose of prepaying the Board's outstanding Certificates of Participation, Series 2005 maturing on and after June 1, 2016 (the "Refunded Certificates") and thereby refinancing the cost of acquisition, construction and equipping of the Series 2005 Project (described below). The Series 2005 Project being refinanced with a portion of the proceeds of the Series 2014A Certificates and lease-purchased under the Series 2005 Lease Agreement includes the acquisition, construction and equipping of Vero Beach High School Replacement, Gifford

Alternative School, Sebastian River Middle School Music Wing Addition, and unimproved land held for future improvement (collectively, the "Series 2005 Project").

In connection with the financing of the Series 2005 Project, the Board has leased certain property on which the components of the Series 2005 Project are located to the Corporation pursuant to a Ground Lease Agreement, dated as of November 1, 2005, as amended (collectively, the "Ground Lease"), between the Board and the Corporation. Pursuant to the Assignment of Ground Lease Agreement, dated as of November 1, 2005, as amended (the "Ground Lease Assignment"), between the Corporation and the Trustee, the Corporation has assigned to the Trustee for the benefit of the registered owners of the Series 2014A Certificates and the Series 2005 Certificates maturing in 2015 (the "Unrefunded Series 2005 Certificates") all of the Corporation's right, title and interest in and to the Ground Lease.

Pursuant to the Assignment of Lease Agreement dated as of November 1, 2005, as amended and supplemented (collectively, the "Lease Assignment"), between the Corporation and the Trustee, the Corporation has irrevocably assigned to the Trustee for the benefit of the registered owners of the Series 2014A Certificates and the Unrefunded Series 2005 Certificates substantially all of the Corporation's right, title and interest in and to the Series 2005 Lease Agreement, including its right to receive Basic Rent Payments and all other amounts due under the Series 2005 Lease Agreement.

2. Delivery of Offering Statement and Other Documents.

(a) Prior to the date hereof, the Board and the Corporation shall have provided, or cause to be provided, to the Underwriters for their review the Preliminary Offering Statement that the Board hereby deems final in accordance with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "SEC Rule"), as of its date, except for certain permitted omissions in connection with the pricing of the Certificates. The Underwriters have reviewed the Preliminary Offering Statement prior to the execution of this Purchase Contract.

(b) As soon as practicable after the date hereof, and, in any event within seven (7) business days of the date hereof (or within such shorter period as may be reasonably requested by the Underwriters in order to accompany any confirmation that requests payment from any customer to comply with Rule G-32 of the Municipal Securities Rulemaking Board (the "MSRB")), but in no event later than three (3) business days prior to the Date of Closing, the Board shall, so as to enable the Underwriters to comply with the provisions of the SEC Rule, deliver, or cause to be delivered, to the Underwriters a reasonable number of copies of a final Offering Statement as the Underwriters shall request dated the date hereof (including the cover page, inside cover page and appendices contained therein, is herein called the "Offering Statement"), together with all supplements and amendments thereto, substantially in the form of the Preliminary Offering Statement, with only such changes therein as shall have been accepted by the Underwriters, executed on behalf of the Board by the Chairman and the Superintendent of Schools. The Board shall prepare the Offering Statement, including any amendments or supplements thereto, in word-searchable PDF format as described in Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Offering Statement to the Representative no later than one (1) business day prior to the Date of Closing to enable the Representative to comply with Rule G-32. The Board further agrees to provide the Representative with the advance refunding documents (as defined in Rule G-32) in a word-searchable PDF format as described in Rule G-32 and shall provide such electronic copy of the word-searchable PDF format of the advance refunding documents to the Representative no later than four (4) business days after the Date of Closing to enable to the Representative to comply with Rule G-32.

(c) Unless the Representative shall otherwise give notice to the Board and the Corporation, the Date of Closing shall be the "end of the underwriting period" within the meaning of the SEC Rule, after which date no participating underwriter, as such term is defined in the SEC Rule, remains obligated to deliver Offering Statements pursuant to paragraph (b)(4) of the SEC Rule.

(d) At or prior to the Closing (as defined herein), the Representative shall file, or cause to be filed, the Offering Statement with the MSRB's Electronic Municipal Market Access System ("EMMA").

(e) At Closing, the Board shall deliver, or cause to be delivered, to the Underwriters copies of the Resolution, certified to by its Secretary, substantially in the form heretofore delivered to the Underwriters, with only such changes therein as agreed upon by the Underwriters.

3. Public Offering. The Underwriters agree to make an offering of all the Certificates at a price not in excess of the initial public offering prices or lower than the yields set forth on the inside cover page of the Offering Statement. The Underwriters reserve the right to make concessions to dealers and to charge such initial public offering prices as the Underwriters reasonably deem necessary in connection with the marketing of the Certificates.

The Board and the Corporation hereby authorize the Underwriters to use the forms or copies of (i) the Resolution, (ii) the Trust Agreement, (iii) the Series 2005 Lease Agreement, (iv) the Ground Lease, (v) the Lease Assignment, (vi) the Ground Lease Agreement, (vii) that certain Continuing Disclosure Certificate, to be dated the Date of Closing (the "Disclosure Agreement") and (viii) the Offering Statement and the information contained therein in connection with the public offering and sale of the Series 2014A Certificates and ratifies and confirms its authorization of the distribution and use by the Underwriters prior to the date hereof of the Preliminary Offering Statement in connection with such public offering and sale.

4. Good Faith Check. Delivered to the Board herewith is a corporate check of the Representative, payable to the order of the Board in the sum of $______ (the "Good Faith Check"). In the event that this offer is accepted, the Good Faith Check shall be held uncashed by the Board until the Closing and in the event the Underwriters comply with their obligations to accept and pay for the Certificates, as provided herein, said check shall be returned to the Representative at the

Closing. In the event that the Board does not approve this offer, the Good Faith Check shall be immediately returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Certificates at the Closing as herein provided, the Board may cash the Good Faith Check and apply the funds to defray its expenses and to pay liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters, and such use shall constitute a full release and discharge of all claims by the Board against the Underwriters arising out of the transactions contemplated hereby. In the event of the failure by the Board to deliver the Certificates at the Closing as a result of no fault of the Underwriters, or if the Board shall be unable to satisfy the conditions to the obligations of the Underwriters contained herein (unless such conditions are waived by the Representative), or if the obligations of the Underwriters shall be terminated for any reason permitted hereunder.

5. Representations, Warranties and Agreements.

(a) By its acceptance hereof, the Board represents and warrants to and agrees with the Underwriters that, as of the date hereof:

(i) The Board is duly and validly existing as a body corporate and politic under the laws of the State of Florida and is the governing body of the School District of Indian River County, Florida (the "District").

(ii) The Board has full legal right, power and authority to enter into this Purchase Contract, the Series 2005 Lease Agreement, the Ground Lease, the Disclosure Agreement, that certain Escrow Deposit Agreement, to be dated the Date of Closing, between the Board and U.S. Bank National Association, as escrow agent (the "Escrow Deposit Agreement"), and the Trust Agreement; by official action of the Board taken prior to or concurrently with the acceptance hereof, the Resolution has been duly adopted in accordance with the Constitution of the State of Florida and the laws of the State of Florida; the Resolution is in full force and effect and has not been rescinded; this Purchase Contract, the Series 2005 Lease Agreement, the Ground Lease, the Disclosure Agreement, the Escrow Deposit Agreement and the Trust Agreement, when executed by the Board and the other parties thereto will each be duly authorized and delivered and will constitute the legal, valid and binding obligations of the Board enforceable in accordance with their respective terms, except as the enforcement thereof may be affected by bankruptcy, insolvency, or other laws affecting the rights of creditors or tenants generally or the application by a court of equitable principles; the Board has duly authorized and approved the consummation by it of all other transactions contemplated by the Resolution, the Preliminary Offering Statement and this Purchase Contract to have been performed or consummated at or prior to the Date of Closing.

(iii) The execution and delivery of this Purchase Contract, the Series 2005 Lease Agreement, the Ground Lease, the Disclosure Agreement, the Escrow Deposit Agreement and the Trust Agreement, the issuance by the Trustee of the Certificates and the adoption of the Resolution, and compliance with the obligations on the Board's part contained herein and therein, will not conflict with or constitute a material breach of or material default under any federal or Florida constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Board is a party or to which the Board or any of its properties or other assets is otherwise subject, nor will any such execution, delivery, adoption, implementation or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or other assets of the Board under the terms of any such provision, law, regulation, document or instrument, except as provided or permitted by the Certificates, this Purchase Contract, the Series 2005 Lease Agreement, the Ground Lease, the Disclosure Agreement, the Escrow Deposit Agreement and the Trust Agreement.

(iv) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Board of its obligations under this Purchase Contract, the Resolution, the Series 2005 Lease Agreement, the Ground Lease, the Disclosure Agreement, the Escrow Deposit Agreement and the Trust Agreement have been, or prior to the Closing will have been, duly obtained; provided, however, that this representation and warranty does not apply to such approvals, consents and orders as may be required under the "blue sky" or securities laws of any state in connection with the offering and sale of the Certificates.

(v) The information contained in the Preliminary Offering Statement pertaining to the Board, the District, the Certificates, the Resolution, the Series 2005 Lease Agreement, the Ground Lease, the Disclosure Agreement, the Escrow Deposit Agreement and the Trust Agreement was and is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) Except as described in the Preliminary Offering Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, governmental agency or public board or body, pending or, to the best knowledge of the Board, threatened against the Board: (A) which may affect the existence of the Board or the titles or rights of their officers to their respective offices; (B) which may affect or which seeks to prohibit, restrain or enjoin the sale, issuance or delivery of the Certificates, or the collection or payment of the Basic Rent and Supplemental Rent or assignment thereof to make payments on the Certificates and to make other payments under the Series 2005 Lease Agreement; (C) which in any way contests or affects the validity or enforceability of the Certificates, the Resolution, the Series 2005 Lease Agreement, the Ground Lease, the Disclosure Agreement, the Escrow Deposit Agreement, the Trust Agreement or any of them; (D) which would cause the Interest Component of Basic Rent Payments to be included in gross income of the holders of the Certificates for purposes of federal income taxation; or (E) which contests in any way the completeness or accuracy of the Preliminary Offering Statement or which contests the powers of the Board or any authority or proceedings for the issuance, sale or delivery of the Certificates, or the due adoption of the Resolution or the execution and delivery of this Purchase Contract, the Series 2005 Lease Agreement, the Trust Agreement, the Ground Lease, the Escrow Deposit Agreement, the Disclosure Agreement, or any of them; nor, to the best knowledge of the Board, is there any basis therefor wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates, the Resolution, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Disclosure Agreement, the Escrow Deposit Agreement, or any of them, or this Purchase Contract.

(vii) The Board will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as the Underwriters may reasonably request in order: (A) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate; and (B) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best reasonable efforts to continue such qualifications in effect so long as required for the initial distribution of the Certificates; provided that the Board shall not be obligated to pay any fee, qualify to do business or to take any action that would subject it to general service of process in any state where it is not now so subject.

(viii) If, after the date of this Purchase Contract and until the earlier of (A) ninety (90) days from the "end of the underwriting period," (as defined in the SEC Rule), or (B) the time when the Offering Statement is available to any person from a nationally recognized repository, but in no case less than twenty-five (25) days following the end of the underwriting period, the Board becomes aware that any event shall have occurred which might or would cause the Offering Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Board shall notify the Underwriters thereof, and, if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Offering Statement, the Board will, at its own expense, forthwith prepare and furnish to the Underwriters a sufficient number of copies of an amendment of or supplement to the Offering Statement (in form and substance satisfactory to the Underwriters and their Counsel) which will supplement or amend the Offering Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading.

(ix) The Board covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), in order to maintain the exclusion from gross income for purposes of federal income taxation of the Interest Component of Basic Rent Payments, subject to the right of the Board to non-appropriate. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Certificates and other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Board does not have any material unfunded rebate obligations with respect to any Certificates previously issued under the Trust Agreement.

(x) The Board has not, since December 31, 1975, been in default in the payment of principal of, premium, if any, or interest on, or otherwise been in default with respect to, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

(xi) The Board shall cause the Trustee to execute and deliver the Certificates when ready for delivery.

(xii) Except as otherwise disclosed in the Preliminary Offering Statement, during the past five years, the Board has not failed to comply in any material respect with any previous continuing disclosure undertakings made pursuant to the SEC Rule.

(xiii) The Board has never been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Board is an issuer whose arbitrage certificates cannot be relied upon.

(xiv) Since June 30, 2013, the date of the latest available audited financial statements of the Board, other than as disclosed in the Preliminary Offering Statement, there has been no material adverse change in the financial position or results of operation of the Board, nor has the Board incurred any material liabilities other than (i) in the ordinary course of business, and (ii) obligations incurred in connection with the issuance of the Certificates.

(b) By its acceptance hereof, the Corporation represents and warrants to and agrees with the Underwriters that, as of the date hereof:

(i) The Corporation is a not-for-profit corporation duly organized, incorporated, validly existing, and in good standing under the laws of the State of Florida.

(ii) The Corporation has full legal right, power and authority to enter into this Purchase Contract, the Series 2005 Lease Agreement, the Ground Lease, the Ground Lease Assignment, the Lease Assignment and the Trust Agreement; this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as the enforcement thereof may be affected by bankruptcy, insolvency, or other laws affecting the rights of creditors or tenants generally or the application by a court of equitable principles; the Corporation has duly authorized and approved the consummation by it of all other transactions contemplated by the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Ground Lease Assignment, the Lease Assignment and this Purchase Contract to have been performed or consummated at or prior to the Date of Closing.

(iii) The execution and delivery of the Certificates, this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Ground Lease Assignment and the Lease Assignment, and compliance with the obligations on the Corporation's part contained herein and therein, will not conflict with or constitute a material breach of or material default under any federal or Florida constitutional provisions, law, administrative regulations, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party or to which the Corporation or any of its properties or other assets is otherwise subject, nor will any such execution, delivery, adoption, implementation or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or other assets of the Corporation under the terms of any such provision, law, regulation, document or instrument, except as provided or permitted by this Purchase Contract, the Certificates, the Series 2005 Lease Agreement, the Ground Lease, the Trust Agreement, the Lease Assignment and the Ground Lease Assignment.

(iv) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Corporation of its obligations under this Purchase Contract, the Trust Agreement, the Certificates, the Series 2005 Lease Agreement the Ground Lease, the Lease Assignment and the Ground Lease Assignment have been, or prior to the Closing will have been, duly obtained; provided, however, that this representation and warranty does not apply to such approvals, consents and orders as may be required under the "blue sky" or securities laws of any state in connection with the offering and sale of the Certificates.

(v) The information contained in the Preliminary Offering Statement pertaining to the Corporation, the Certificates, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment was and is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) Except as described in the Preliminary Offering Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, governmental agency or public board or body, pending or, to the best knowledge of the Corporation, threatened against the Corporation: (A) which may affect the existence of the Corporation or the titles or rights of their officers to their respective offices; (B) which may affect or which seeks to prohibit, restrain or enjoin the sale, issuance or delivery of the Certificates, or the collection or payment of the Basic Rent or assignment thereof to make payments on the Certificates and to make other payments under the Series 2005 Lease Agreement; (C) which in any way contests or affects the validity or enforceability of the Certificates, the Resolution, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment or any of them; (D) which would cause the Interest Component of Basic Rent Payments to be included in the federal gross income of the holders of the Certificates; or (E) which contests in any way the completeness or accuracy of the Preliminary Offering Statement or which contests the powers of the Corporation or any authority or proceedings for the issuance, sale or delivery of the Certificates, or the due execution and delivery of this Purchase Contract, the Series 2005 Lease Agreement, the Ground Lease, the Trust Agreement, the Lease Assignment and the Ground Lease Assignment or any of them; nor, to the best knowledge of the Corporation, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment or any of them, or this Purchase Contract.

(vii) The Corporation will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as the Underwriters may reasonably request in order to qualify the Certificates for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, and to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best reasonable efforts to continue such qualifications in effect so long as required for the initial distribution of the Certificates; provided that the Corporation shall not be obligated to pay any fee, qualify to do business or to take any action that would subject it to general service of process in any state where it is not now so subject.

(viii) If between the date of this Purchase Contract and the Date of the Closing any event shall occur of which the Corporation has knowledge which would or might cause the information contained in the Offering Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Corporation shall notify the Underwriters thereof, and if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Offering

Statement, the Corporation shall cooperate with the Underwriters in supplementing or amending the Offering Statement, in such form and manner and at such time or times as may be reasonably called for by the Underwriters.

6. The Closing. At 1:00 p.m., local time, October __, 2014 (such date herein called the "Date of Closing"), or at such later time or on such later date as may be mutually agreed upon by the Board, the Trustee and the Underwriters, the Board shall cause the Trustee, subject to the terms and conditions hereof, to deliver the Certificates through the facilities of The Depository Trust Company in New York, New York for the account of the Underwriters in definitive registered form (all the Certificates to bear proper CUSIP numbers), duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriters shall accept such delivery and pay the purchase price of the Certificates as set forth in Paragraph 1 hereof in Federal funds to the order of the Trustee (such delivery of and payment for the Certificates herein called the "Closing"). The Closing shall occur at the offices of the Board, in Vero Beach, Florida, or such other place as shall have been mutually agreed upon by the Board, the Trustee and the Underwriters. The Certificates shall be prepared and delivered as fully registered certificates in the definitive form and as otherwise described in the Offering Statement and the Trust Agreement, and will be made available for inspection and checking by the Underwriters at the office of the Trustee, or at such other place as shall be mutually agreed upon, not later than 10:30 a.m., New York time, on the business day prior to the Date of Closing.

7. Closing Conditions. The Underwriters are entering into this Purchase Contract in reliance upon the representations, warranties and agreements of the Board and the Corporation contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing, and upon the performance of the covenants and agreements herein, as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligation under this Purchase Contract to purchase, to accept delivery of and to pay for the Certificates shall be conditioned upon the performance of the covenants and agreements to be performed hereunder and under such other documents and instruments to be delivered at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the Board and the Corporation contained herein shall be true, complete and correct on the date hereof and on and as of the Date of Closing, as if made on the Date of Closing, and a certificate to that effect shall be delivered to the Underwriters by the Board and the Corporation at Closing.

(b) At the date of execution hereof and at the Closing, the Resolution shall have been duly approved and adopted by the Board, shall be in full force and effect, and shall not have been amended, modified or supplemented, except to the extent to which the Underwriters shall have given its prior written consent and there shall have been taken in connection therewith and in connection with the issuance of the Certificates all such action as, in the opinion of Nabors, Giblin &

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Nickerson, P.A., Special Counsel, and Bryant Miller Olive P.A., Disclosure Counsel, shall be necessary and appropriate in connection with the transactions contemplated hereby.

(c) At the Closing, there will be no pending or threatened litigation or proceeding of any nature seeking to restrain or enjoin the issuance, sale or delivery of the Certificates, or the collection or application of the Basic Rent Payments to make payments on the Certificates or in any way contesting or affecting the validity or enforceability of the Certificates, the Resolution, this Purchase Contract, the Series 2005 Lease Agreement, the Ground Lease, the Ground Lease Assignment, the Lease Assignment, the Trust Agreement, the Disclosure Agreement, the Escrow Deposit Agreement or contesting in any way the proceedings of the Board, the Corporation or the Trustee taken with respect thereto, or contesting in any way the due existence or powers of the Board, the Corporation or the Trustee or the title of any of the members or officials of the Board, the Corporation or the Trustee to their respective offices and the Underwriters will receive the certificates of the Board, the Corporation and the Trustee to the foregoing effect, or opinions of Counsel to the Board, the Corporation and the Trustee that any such litigation is without merit.

(d) Except as otherwise disclosed in the Offering Statement, there shall have been no material adverse change in the financial condition of the Board since June 30, 2013.

(e) At the Closing, the Underwriters shall receive all of the documents required by the Trust Agreement and, in addition, the following documents, each dated as of the Closing:

(i) The opinion of Nabors, Giblin & Nickerson, P.A., Special Counsel, dated the Date of Closing, in substantially the form attached to the Offering Statement as Appendix "D";

(ii) An opinion of Special Counsel, addressed to the Underwriters and the Trustee, substantially to the effect that (1) the Underwriters and the Trustee may rely upon the opinion referred to in (i) above as though addressed to them; (2) prior to termination of the Series 2005 Lease Agreement, the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (3) the Board is a body corporate and politic and the governing body of the District, duly organized and existing under the Constitution and laws of the State of Florida with full power and authority to adopt the Resolution and enter into this Purchase Contract, the Series 2005 Lease Agreement, the Ground Lease, the Escrow Deposit Agreement and the Disclosure Agreement; (4) the Board has authorized, executed and delivered the Offering Statement and has duly authorized (or, in the case of the Preliminary Offering Statement, ratified) the distribution of the Preliminary Offering Statement and the Offering Statement; and (5) with respect to information in the Offering Statement and based upon said firm's review of the Offering Statement, as Special Counsel, and without having undertaken to determine independently the accuracy or completeness of the contents of the Offering Statement, the information in the Offering Statement under the headings entitled

"INTRODUCTION," "AUTHORIZATION," "PLAN OF REFINANCING," "THE 2014A CERTIFICATES," "SECURITY FOR THE 2014A CERTIFICATES," "THE LEASES" (as to all such headings, excluding any financial, statistical and demographic information, information regarding projects, lease terms and principal amounts of outstanding certificates of participation with respect to other leases under the Master Lease or information regarding Assured Guaranty Municipal Corp. (the "Insurer") or its municipal bond insurance policy (the "Policy") relating to the Certificates, or DTC or its book-entry system of registration), "APPENDIX C: FORMS OF LEGAL DOCUMENTS," insofar as the same purport to describe the Certificates, the Trust Agreement, the Ground Lease, the Ground Lease Assignment, the Lease Assignment and the Series 2005 Lease Agreement to the extent indicated therein fairly represent the documents purported to be summarized or described, and the information contained under the captions "TAX EXEMPTION," and "APPENDIX D FORM OF OPINION OF SPECIAL COUNSEL" are correct as to matters of law.

(iii) An opinion of Brown, Garganese, Weiss & D'Agresta, P.A., Orlando, Florida, Counsel to the Board, addressed to the Board, the Underwriters and the Trustee, substantially to the effect that: (A) the Board is a body corporate and politic and the governing body of the District, duly organized and existing under the Constitution and laws of the State of Florida with full power and authority to adopt the Resolution and to refund the Refunded Certificates and to enter into this Purchase Contract, the Series 2005 Lease Agreement, the Trust Agreement, the Ground Lease, the Escrow Deposit Agreement and the Disclosure Agreement; (B) the Board has duly adopted the Resolution, and has authorized, executed, and delivered this Purchase Contract, the Series 2005 Lease Agreement, the Trust Agreement, the Ground Lease, the Escrow Deposit Agreement and the Disclosure Agreement, and assuming the due authorization, execution, and delivery by the other parties thereto, such instruments constitute legal, valid and binding agreements or obligations of the Board, enforceable in accordance with their respective terms except to the extent that the enforceability of the rights and remedies set forth therein may be limited by bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' or tenants' rights generally, the application of equitable principles, and the exercise of judicial discretion; (C) the Board has authorized, executed, and delivered the Offering Statement and the information in the Offering Statement under the heading "LITIGATION," and regarding the Resolution is correct in all material respects and does not omit any statement that, in their opinion, should be included or referred to therein; (D) to the best of their knowledge, the Board is not in material breach of or material default under any applicable constitutional provision, law, or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, material resolution, material agreement, or other material instrument to which the Board is a party or to which the Board or any of its property or assets is otherwise subject, and no event has occurred and is continuing that with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of this Purchase Contract, the Trust Agreement, the Series 2005 Lease

Agreement, the Ground Lease, the Escrow Deposit Agreement and the Disclosure Agreement and the adoption of the Resolution and compliance with the provisions on the Board's part contained therein, will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan, agreement, indenture, bond, note, resolution, agreement, or other instrument to which the Board is a party or to which the Board or any of its property or assets is otherwise subject, and any such execution, delivery, adoption, or compliance will not result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Board under the terms of any such law, regulation, or instrument, except as expressly provided by this Purchase Contract, the Certificates, the Resolution, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Escrow Deposit Agreement and the Disclosure Agreement; (E) the Resolution has been duly and lawfully adopted by the Board, is in full force and effect, and has not been altered, amended, or repealed; (F) except as disclosed in the Offering Statement, to the best of our knowledge there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, government agency, public board, or body, pending or threatened against or affecting the Board, nor, to our knowledge, is there any basis for any such action, suit proceeding, inquiry, or investigation, wherein an unfavorable decision, ruling, or finding would have a materially adverse effect upon the transactions contemplated by the Offering Statement, or the validity of this Purchase Contract, the Certificates, the Resolution, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Escrow Deposit Agreement or the Disclosure Agreement; and (G) all authorizations, consents, approvals, and reviews of governmental bodies or regulatory authorities then required for the Board's adoption, execution, or performance of its obligations under the Resolution, the Series 2005 Lease Agreement, the Trust Agreement, the Ground Lease, this Purchase Contract, the Escrow Deposit Agreement and the Disclosure Agreement have been obtained or effected and there is no reason to believe that the Board will be unable to obtain any such approvals, consents, authorizations, and reviews required in the future.

(iv) A certificate, dated the Date of Closing, signed by the Chairman of the Board and the Superintendent, or other appropriate officials satisfactory to the Underwriters, to the effect that, to the best knowledge of each of them: (A) the representations of the Board herein are true and correct in all material respects as of the Date of Closing; (B) the Board has performed all obligations to be performed and has satisfied all conditions on its part to be observed or satisfied under this Purchase Contract, the Resolution, the Series 2005 Lease Agreement, the Trust Agreement, the Ground Lease, the Escrow Deposit Agreement and the Disclosure Agreement, as of the Date of Closing; (C) except as disclosed in the Offering Statement, there is no litigation of which either of them have notice, and to the best knowledge of each of them no litigation is pending or threatened (1) to restrain or enjoin the issuance or delivery of any of the Certificates, (2) in any way contesting or affecting any authority for the issuance of the Certificates or the validity of the Certificates, the Resolution, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, this

Purchase Contract, the Escrow Deposit Agreement and the Disclosure Agreement, (3) in any way contesting the corporate existence or powers of the Board, (4) to restrain or enjoin the collection of the Basic Rent Payments or the application thereof to make the payments on the Certificates, (5) which may result in any material adverse change in the business, properties, assets and the financial condition of the Board taken as a whole, or (6) asserting that the Offering Statement contains any untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (D) since June 30, 2013, no material adverse change has occurred in the financial position or results of operations of the Board except as set forth in or contemplated by the Offering Statement, and the Board has not incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Offering Statement; and (E) the Offering Statement did not as of its date, and does not as of the Date of Closing contain any untrue statement of a material fact or omit to state a material fact relating to the Board or the District required to be included therein or necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading (provided, however, that no opinion need be expressed with respect to the information contained therein relating to the Insurer, the Policy or DTC and its book-entry only system).

(v) An opinion dated the Date of Closing and addressed to the Corporation, the Underwriters and the Trustee from Brown, Garganese, Weiss & D'Agresta, P.A., Orlando, Florida, counsel to the Corporation, to the effect that: (A) the Corporation is a Florida not-for-profit corporation duly organized and validly existing under Florida law, with full power and authority to conduct its business and own its property in accordance with its Articles of Incorporation; (B) the Corporation has the requisite power and authority to enter into and perform its obligations under this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment, and has taken all necessary legal action to authorize the execution, delivery, and performance of the Corporation Documents; (C) this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment have been duly authorized, executed, and delivered by the Corporation and, assuming due authorization, execution, and delivery by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their respective terms, except that the enforceability of such instruments may be limited by bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights generally and, to the extent that certain remedies in such instruments require, or may require, enforcement by a court of equity, by such principles of equity as the court having jurisdiction may impose, and by the exercise of judicial discretion, and subject further to the qualification that the enforcement of any indemnification provision contained in this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment may be limited by federal or state securities laws of public policy considerations; (D) the execution of this Purchase Contract, the Trust Agreement, the

Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment by the Corporation, and compliance by the Corporation with the provisions thereof, under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Corporation a breach of or default under any agreement or other instrument to which the Corporation is a party or any existing law, regulation, court order, or consent decree to which the Corporation is subject, or the Articles of Incorporation, or the bylaws of the Corporation; (E) to the best of my knowledge and without independent investigation, no litigation, arbitration, or administrative proceeding of or before any court, tribunal, or government authority is pending or threatened (a) with respect to any of the transactions contemplated by this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment, or (b) against or affecting the Corporation or any of its assets, which, if adversely determined, would have a material adverse effect on the ability of the Corporation to perform its obligations under this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment; (F) the Corporation is not in default in the performance, observance, or fulfillment of any of its obligations, covenants, or conditions contained in this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment or as contemplated thereby or which would have a material adverse effect on the ability of the Corporation to perform its obligations; and (G) without having undertaken to determine independently the occurrence of completeness of the statements contained in the Offering Statement, nothing has come to their attention that would lead them to believe that the information about the Corporation contained in the Offering Statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(vi) A certificate, dated the Date of Closing, signed by the President and Secretary of the Corporation or other appropriate officials satisfactory to the Underwriters, to the effect that, to the best of their knowledge: (A) the representations of the Corporation herein are true and correct in all material respects as of the Date of Closing; (B) the Corporation has performed all obligations to be performed and has satisfied all conditions on its part to be observed or satisfied under this Purchase Contract, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment and the Ground Lease Assignment; (C) except as disclosed in the Offering Statement, there is no litigation of which they have notice, and to the best of their knowledge no litigation is pending or threatened (1) to restrain or enjoin the issuance or delivery of any of the Certificates, (2) in any way contesting or affecting any authority for the issuance of the Certificates or the validity of the Certificates, the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Ground Lease Assignment, the Lease Assignment or this Purchase Contract, (3) in any way contesting the corporate existence or powers of the Corporation, (4) to restrain or enjoin the collection of the Basic Rent Payments, the Supplemental Rent Payments or the application thereof to make Certificate Payments, or (5) asserting that the Offering Statement contains any untrue statement of a material fact relating to the Corporation or omits any material fact relating to the Corporation necessary to make the statements therein relating to the Corporation, in light of the circumstances under which they were made, not misleading; and (D) since June 30, 2013, the Corporation has not incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Offering Statement.

(vii) An opinion dated the Date of Closing and addressed to the Board and the Underwriters of special counsel to the Trustee, to the effect that: (A) the Trustee is duly authorized to execute and deliver and to perform all of its obligations under the Trust Agreement, the Escrow Deposit Agreement, the Certificates, the Lease Assignment and the Ground Lease Assignment; (B) the execution and delivery of and performance by the Trustee of its obligations under the Trust Agreement, the Escrow Deposit Agreement, the Certificates are within the trust powers of the Trustee; (C) the Trustee has the legal power and authority to execute and deliver the Certificates and the Certificates have been duly executed and delivered in accordance with the Trust Agreement; and (D) the Trust Agreement, the Escrow Deposit Agreement, the Lease Assignment and the Ground Lease Assignment have been duly authorized, executed and delivered by the Trustee, and constitutes the legal, valid and binding obligation of the Trustee enforceable against it in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, moratorium, insolvency or similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(viii) A certificate dated the Date of Closing, signed by an authorized officer of the Trustee to the effect that: (A) the Trustee is a national banking association duly organized and in good standing under the laws of the United States of America; (B) the Trustee has full corporate power, authority and legal right to execute and deliver, and perform its obligations under the Trust Agreement, the Escrow Deposit Agreement, the Certificates, the Lease Assignment and the Ground Lease Assignment and has taken any and all actions and has obtained any and all consents and approvals required in connection with the foregoing; (C) the execution and delivery of the Trust Agreement, the Escrow Deposit Agreement, the Certificates, the Lease Assignment and the Ground Lease Assignment and all actions necessary or appropriate to carry out and consummate the transactions contemplated hereby and thereby, are within the trust powers of the Trustee; (D) the execution and delivery of, and the performance under each of the foregoing will not conflict with, violate or result in a breach of or constitute a default under the Trustee's charter or bylaws or a material default under any indenture, agreement or other instrument by which the Trustee or any of its properties may be bound or any material constitutional or statutory provision or order, rule, regulation, decree or ordinance of any federal or state court, government or governmental body having jurisdiction over the Trustee or any of its property and by which the Trustee or any of its property may be bound; (E) there is no litigation, proceeding or investigation relating to the Trustee before or by any court, public board or body pending or, to the knowledge of the Trustee, threatened against or affecting the Trustee, challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect the Trust Agreement, the Escrow Deposit Agreement, the Certificates, the Lease Assignment and the Ground Lease Assignment; (F) the Certificates have been duly authenticated, executed and delivered in accordance with the Trust Agreement; and (G) the Trustee has performed all obligations to be performed and has satisfied all conditions on its part to be observed or satisfied as a precondition to the effectiveness of the Trust Agreement, the Escrow Deposit Agreement, the Certificates, the Lease Assignment and the Ground Lease Assignment at or prior to the Closing.

(ix) Evidence satisfactory to the Underwriters that Standard and Poor's Rating Services ("S&P") has issued a rating of "__" (_______ outlook) on the Certificates as of the Date of Closing, which rating shall be based on the issuance of the Policy, and S&P and Fitch Ratings ("Fitch") have issued ratings of "__" and "__," respectively, without regards to the issuance of the Policy, on the Certificates as of the Date of Closing.

(x) A copy of the Series 2005 Lease Agreement, the Ground Lease, the Ground Lease Assignment, the Trust Agreement, the Lease Assignment, the Escrow Deposit Agreement and the Disclosure Agreement fully executed by the respective parties hereto.

(xi) The Verification Report of ___________________.

(xii) Evidence that the Board has deemed the Preliminary Offering Statement "final" as of its date for purposes of the SEC Rule, except for "permitted omissions."

(xiii) An executed copy of the Policy issued by the Insurer relating to the Certificates in the form and substance satisfactory to the Underwriters.

(xiv) A certificate of an officer of the Insurer or opinion of Counsel to the Insurer, dated the Closing Date, addressed to the Underwriters and the Board, in form and substance satisfactory to the Underwriters and the Board, substantially to the effect that (A) the Insurer is duly qualified to do business in the State of Florida, (B) the Insurer has full corporate power and authority to execute and deliver the Policy and the Policy has been duly authorized, executed and delivered by the Insurer and constitutes a legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, (C) the statements contained in the Offering Statement under the heading "MUNICIPAL BOND INSURANCE" insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements purport to describe the Insurer, fairly and accurately describe the Insurer, (D) the Insurer has not been in default after December 31, 1975, as to principal or interest with respect to any obligations insured by the Insurer, (E) proceedings legally required for the issuance of the Policy have been taken by the Insurer and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained, and (F) proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

(xiii) Such additional legal opinions, certificates, instruments, approvals and other documents as the Underwriters may reasonably require to evidence the truth and accuracy, as of the date hereof and as of the Date of Closing, of the representations and warranties contained herein and of the statements and information contained in the Offering Statement and the due performance or satisfaction on or prior to the Date of Closing of all the agreements then to be performed and conditions then to be satisfied by the Board or the Trustee.

All of the evidence, opinions, letters, certificates, instruments and other documents, mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in the form specified herein or are otherwise in form and substance satisfactory to the Underwriters and their counsel.

If the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Certificates contained in this Purchase Contract are not satisfied, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters, the Board, the Corporation nor the Trustee shall be under any further obligation hereunder, except that the respective obligations of the Board and the Underwriters set forth in Paragraph 9 hereof shall continue in full force and effect and the Good Faith Check shall be returned to the Representative.

8. <u>Termination</u>. The Underwriters shall have the right to terminate this Purchase Contract by notification to the Board and the Corporation from the Underwriters of the election of the Underwriters to do so if, after the execution hereof and prior to the Closing:

(a) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Offering Statement or which is not reflected in the Offering Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and, in either such event, the Board and the Corporation refuse to permit the Offering Statement to be supplemented to supply such statement or information or the effect of the Offering Statement as so supplemented is, in the judgment of the Underwriters, to materially adversely affect the market for the Certificates or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Certificates; or

(b) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State of Florida, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Certificates which, in the opinion of the Underwriters, materially adversely affects the market for the Certificates or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Certificates; or

(c) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Certificates is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(d) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act, or that the Trust Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Certificates, including any or all underlying arrangements, as contemplated hereby or by the Offering Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(e) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Certificates as contemplated in the Offering Statement; or

(f) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Certificates or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Certificates as contemplated in the Offering Statement; or

(g) a general banking moratorium shall have been declared by federal or New York or Massachusetts state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Certificates as contemplated in the Offering Statement; or

(h) a downgrading or suspension of any rating (without regard to credit enhancement) by S&P or Fitch of the Prior Certificates, the Certificates and any Additional Certificates issued by the Board, or (ii) a downgrading of a positive or stable outlook to a negative outlook of any rating (without regard to credit enhancement) by S&P or Fitch of the Prior Certificates, the Certificates and any Additional Certificates issued by the Board, or (iii) S&P or Fitch placing any rating (without regard to credit enhancement) of the Prior Certificates, the Certificates and any Additional Certificates on CreditWatch negative.

9. Expenses.

(a) Except as provided in (b) below, the Underwriters shall be under no obligation to pay, and the Board shall pay, such expenses incident to the issuance of the Certificates and the performance of the Board's obligations hereunder, including, but not limited to the following expenses: (i) the cost of the preparation, printing, dissemination and delivery, as applicable, of the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease, the Lease Assignment, the Ground Lease Assignment, the Disclosure Agreement and the Escrow Deposit Agreement, and the electronic posting and printing of the Preliminary Offering Statement and the Offering Statement, and the cost of preparation, electronic posting and printing, dissemination and delivery of any supplement or amendment thereto; (ii) the costs of the preparation and printing of the Certificates; (iii) the fees and disbursements of the Trustee, and its counsel; (iv) the fees and disbursements of Special Counsel, Counsel to the Board and Counsel to the Corporation; (v) the fees and disbursements of the financial advisor and any other experts, consultants or advisors retained by the Board and the Corporation; (vi) the premium for the Policy; and (vii) the fees relating to the ratings on the Certificates.

(b) The Underwriters shall pay expenses related to the initial purchase and sale of the Certificates as follows: (i) the cost of all advertising expenses in connection with the public offering of the Certificates and all other expenses incurred by them in connection with the public offering and distribution of the Certificates; (ii) the fees and disbursements of Bryant Miller Olive P.A., counsel to the Underwriters, including such fees and disbursements incident to the qualification of the Certificates for sale under the Blue Sky securities law of various jurisdictions and the preparation of the Blue Sky Memoranda; (iii) the costs of Day Loan and Fed Funds; (iv) the costs of preparing this Purchase Contract; and (v) the fees of DTC. The Board shall pay for expenses incurred on behalf of the Board's employees which are incidental to implementing this agreement, including, but not limited to, meals, transportation and lodging of those employees.

10. Notices. Any notice or other communication to be given to the Board or the Corporation under this Purchase Contract may be given by delivering the same in writing to the address set forth above and any notice or other communications to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to Michael H. Baldwin, 200 South Orange Avenue, Suite 2170, Orlando, Florida 32801.

11. Parties in Interest.

(a) This Purchase Contract is made solely for the benefit of the Board, the Corporation and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Board contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Certificates pursuant to this Purchase Contract; or (iii) any termination of this Purchase Contract, but only to the extent provided by Section 9 hereof.

(b) No covenant, stipulation, obligation or agreement contained in this Purchase Contract shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Board or the Corporation in his or her individual capacity and neither the members of the Board or the Corporation nor any official executing this Purchase Contract shall be liable personally under this Purchase Contract or be subject to any personal liability or accountability by reason of the execution hereof.

12. No Advisory or Fiduciary Role. The Board and Corporation acknowledge and agree that (i) the purchase and sale of the Certificates pursuant to this Purchase Contract is an arm's-length commercial transaction between the Board, the Corporation and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as the agents, advisors or fiduciaries of the Board or the Corporation, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Board or the Corporation with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services

or are currently providing other services to the Board or the Corporation on other matters) and the Underwriters have no obligation to the Board or the Corporation with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) the Board or the Corporation has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

13. Effectiveness. This Purchase Contract shall become effective upon the execution of the acceptance hereof on behalf of the Board and the Corporation by their duly authorized officers, and shall be valid and enforceable at the time of such acceptance.

14. Counterparts. This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

15. Florida Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of Florida without giving effect to provisions related to conflicts of law.

16. Entire Agreement. This Purchase Contract when accepted by the Board and the Corporation in writing as heretofore specified shall constitute the entire agreement between us.

[Remainder of page intentionally left blank]

17. Headings. The headings of the Sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be part hereof.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.,
as Representative

By:______________________________
Michael H. Baldwin, Director

[Remainder of page intentionally left blank]

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Certificate Purchase Contract accepted as of the date first written above:

SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

(SEAL)

By:______________________________
Its: Chairman

Attest:

____
Secretary/Superintendent of Schools

INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION

(SEAL)

By:______________________________
President

By:______________________________
Secretary

APPENDIX A

$__________
REFUNDING CERTIFICATES OF PARTICIPATION
(The School Board of Indian River County, Florida, Master Lease Program), Series 2014A
Evidencing Undivided Proportionate Interests of Owners
thereof in Basic Rent Payments to be made under a Master Lease-Purchase
Agreement by The School Board of Indian River County, Florida

AMOUNTS, MATURITIES,
INTEREST RATES AND YIELDS

Maturity (July 1)	Amount	Interest Rate	Yield

*

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APPENDIX B

$__________
REFUNDING CERTIFICATES OF PARTICIPATION
(The School Board of Indian River County, Florida, Master Lease Program), Series 2014A
Evidencing Undivided Proportionate Interests of Owners
thereof in Basic Rent Payments to be made under a Master Lease-Purchase
Agreement by The School Board of Indian River County, Florida

Optional Prepayment

The Certificates maturing on or before June 1, 2024, shall not be subject to prepayment at the option of the Board.

The Certificates maturing on or after June 1, 2025, shall be subject to prepayment at the option of the Board from prepayments of Basic Rent made by the Board pursuant to the Series 2005 Lease Agreement, in whole or in part on June 1, 2024, and any date thereafter and, if in part, in such order of maturities as may be designated by the Board and by lot within a maturity in such manner as may be designated by the Trustee, at the Prepayment Price equal to 100% of the principal amount of the Certificates or portions thereof to be prepaid, together with interest accrued to the Optional Prepayment Date.

No Extraordinary Prepayment

The Certificates are not subject to Extraordinary Prepayment.

Notwithstanding anything in the Master Lease to the contrary, in lieu of the Extraordinary Prepayment provisions of the Master Lease, the Net Proceeds and any Supplemental Rent due in connection therewith under the Series 2005 Lease Agreement in an amount that would be allocable to the Certificates representing Basic Rent Payments under the Series 2005 Lease Agreement, shall either (1) be applied to pay the Costs of other Projects, in which case such other Projects shall become subject to the provisions of the Series 2005 Lease Agreement as fully as if they were a part of the originally leased Series 2005 Project or (2) at the direction of the Board, upon delivery to the Trustee of a favorable opinion of Special Counsel, such Net Proceeds and any Supplemental Rent due in connection therewith shall be deposited in the Series 2014A Subaccount of the Interest Account to be credited against Basic Rent Payments next coming due.

APPENDIX C

DISCLOSURE STATEMENT

The undersigned, Citigroup Global Markets Inc. (the "Representative"), as representative of itself and the other underwriters hereinafter listed (collectively, the "Underwriters"), hereby provides the following information in connection with the $____________ Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred by the Underwriters in connection with the issuance of the Certificates:

	Total
Underwriters' Counsel	
Underwriters' Counsel Expenses	
Dayloan	
CUSIP Fee	
DTC Fee	
Out of Pocket Expenses	
Dalcomp	
TOTAL	

2. Set forth below are the names, addresses and estimated amounts of compensation of all "finders," as defined in Section 218.386, Florida Statutes, in connection with the issuance of the Certificates:

NONE

3. There is no management fee related to the Certificates. The amount of the underwriting spread expected to be realized by the Underwriters with respect to the Certificates is $________ ($___ per $1,000), which includes the following:

	Total	Per $1,000
Average Take-Down		
Underwriters' Expenses		
TOTAL		

4. Set forth below are all fees, bonuses and other compensation to be paid by the Underwriters in connection with the Certificate issue to any person not regularly employed or retained by them.

NONE

5. The name and address of the Underwriters are as follows:

Citigroup Global Markets Inc.
200 South Orange Avenue, Suite 2170
Orlando, FL 32801

RBC Capital Markets, LLC
100 Second Avenue South, Suite 800
St. Petersburg, FL 33629

Wells Fargo Securities
2363 Gulf-to-Bay Boulevard
Clearwater, FL 33765

Raymond James & Associates, Inc.
880 Carillon Parkway
St. Petersburg, FL 33716

We understand that you do not require additional disclosure information pursuant to Section 218.385(6), Florida Statutes, as amended.

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Statement this __ day of October, 2014.

Citigroup Global Markets Inc.,
as Representative

By:________________________________
Michael H. Baldwin, Director

APPENDIX D

TRUTH-IN-BONDING STATEMENT

October __, 2014

School Board of Indian River County, Florida
Vero Beach, Florida

Indian River County School Board Leasing Corporation
Vero Beach, Florida

Re: $____________ Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida

Ladies and Gentlemen:

In connection with the proposed issuance of the $____________ aggregate principal amount of $____________ Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida (the "Certificates"), Citigroup Global Markets Inc. (the "Representative"), RBC Capital Markets, LLC, Wells Fargo Bank, N.A. and Raymond James & Associates, Inc., is underwriting a public offering of the Certificates pursuant to the Certificate Purchase Contract dated October __, 2014, between the Underwriters, the Board and the Corporation (the "Purchase Contract").

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(2) and (3), Florida Statutes, as amended, the truth-in-bonding statement required thereby, as follows:

(1) The Board is proposing to issue $__________ of the Certificates to refinance a portion of the cost of acquisition, construction and installation of the Series 2005 Project and to pay costs associated with the issuance of the Certificates.

This obligation is expected to be repaid over a period of approximately ___ years, at an all-inclusive true interest cost rate of approximately _____% total interest paid over the life of the debt or obligation will be _______________.

(2) The source of repayment for the Certificates is certain revenues of the Board as described in the Offering Statement. Based solely upon the assumptions set forth in (1) above, assuming annual appropriation by the Board, the issuance of the Certificates will result in a

maximum of $_______________ of the Board's legally available revenues not being available to the Board to finance other services of the Board in any year for approximately ___ years.

The foregoing is provided for information purposes only and shall not affect or control the actual terms and conditions of the Certificates.

Sincerely,

CITIGROUP GLOBAL MARKETS INC.

By:________________________________
Michael H. Baldwin, Director

Amended and Restated Schedule No. 2005
to the
Master Lease Purchase Agreement,
dated as of November 1, 2005,
between
Indian River County School Board Leasing Corporation
(the "Corporation")
and
The School Board of Indian River County, Florida (the "Board")

THIS AMENDED AND RESTATED SCHEDULE NO. 2005 (the "Amended and Restated Schedule") hereby amends and restates in its entirety Schedule No. 2005, dated as of November 1, 2005, between the Board and the Corporation (the "Prior Schedule") to that certain Master Lease-Purchase Agreement, dated as of November 1, 2005, between the Board and the Corporation (the "Master Lease Agreement"). The Master Lease Agreement, together with this Amended and Restated Schedule, is herein collectively referred to as the "Lease Agreement." This Amended and Restated Schedule is hereby entered into under the Lease Agreement pursuant to which the Corporation has agreed to lease-purchase to the Board and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Lease Agreement, the Series 2005 Project as herein described. All capitalized terms not otherwise defined herein shall have the respective meanings therefor set forth in the (i) Lease Agreement or (ii) the Master Trust Agreement, dated as of November 1, 2005, among the Board, the Corporation and the Trustee, as supplemented by the Series 2014A Supplemental Trust Agreement (the "Series 2014A Supplemental Trust Agreement"), dated as of ________ 1, 2014, among the Board, the Corporation and the Trustee (collectively, the "Trust Agreement"). Reference to "Lease Agreement" herein shall include the terms of this Amended and Restated Schedule.

1. Findings. The Board and the Corporation hereby find and determine that:

(a) The Board has heretofore executed and delivered the Lease Agreement pursuant to which it has established a master lease-purchase program.

(b) The Board has heretofore leased the Series 2005 Project from the Corporation in accordance with the terms of the Lease Agreement.

(c) The Board has heretofore caused the Series 2005 Certificates (as defined in the Series 2014A Supplemental Trust Agreement) to be executed, authenticated and delivered by the Trustee in connection with the financing of the costs of acquisition and construction and the Board's leasing of the Series 2005 Project.

(d) The Board and the Corporation deem it in their best interests to restructure the Basic Rent Payments due under the Prior Schedule by issuing Refunding Certificates for the purpose of refunding, on an advanced basis, the outstanding Series 2005 Certificates maturing on July 1 in the years **[**2016 through 2025, inclusive**]** (collectively, the "Refunded Certificates").

(e) In order to accomplish such refunding, the Board and the Corporation hereby agree to cause the issuance of the Series 2014A Certificates (as defined herein) pursuant to the Master Trust Agreement and the Series 2014A Supplemental Trust Agreement.

(f) The Board and the Corporation further agree to use a portion of the proceeds of the Series 2014A Certificates to (i) prepay the Refunded Certificates pursuant to the terms of the Master Trust Agreement (including, particularly, Articles V and XII thereof) and an Escrow Deposit Agreement, dated as of __________, 2014 (the "Escrow Deposit Agreement"), between the Board and U.S. Bank National Association, as Escrow Agent, in order to restructure and reduce certain Basic Rent Payments payable under the Lease Agreement as aforesaid and (ii) pay costs associated with the issuance of the Series 2014A Certificates. The portion of the proceeds of the Series 2014A Certificates to be applied to the refunding of the Refunded Certificates shall be deposited into an escrow deposit trust fund established pursuant to the Escrow Deposit Agreement and shall constitute the deposit of prepaid Basic Rent Payments by the Board. The refunding of the Refunded Certificates is in the best interests of the Board and the Corporation because it results in a decrease in Basic Rent Payments associated with the portion of the Series 2005 Project refinanced with the proceeds of the Refunded Certificates.

(g) The deposit of the prepaid Basic Rent Payments into the escrow deposit trust fund shall be in an amount sufficient to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates, as the same become due or are prepaid prior to maturity. The Lease Agreement will secure the payment of Supplemental Rent and any deficiency in the prepaid Basic Rent Payments on deposit in the escrow deposit trust fund relating to the Refunded Certificates.

(h) In consideration for the deposit of such prepaid Basic Rent Payments with the Escrow Agent, the Board and the Corporation agree to enter into this Amended and Restated Schedule, whereby the Board will continue to lease the Series 2005 Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on the Series 2014A Certificates and the Series 2005 Certificates maturing on July 1 in the years 2014 and 2015 (the "Outstanding

Series 2005 Certificates") that are not refunded in connection with the issuance of the Series 2014A Certificates.

2. Series 2005 Project. The financed property, which is described in Section 7 of this Amended and Restated Schedule (the "Series 2005 Project"), and had a Maximum Cost of $77,805,168.00 (excluding Costs of Issuance and capitalized interest), has been acquired, constructed and installed, and shall be lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.

3. Commencement Date; Lease Term; Other Definitions. For purposes of this Amended and Restated Schedule and the Lease Agreement:

(a) The Commencement Date for the Series 2005 Project was November 21, 2005.

(b) The Initial Lease Termination Date of the lease of the Series 2005 Project was June 30, 2006. The Maximum Lease Term commenced on the Commencement Date hereof and shall terminate on June 30, 2025.

(c) The Estimated Completion Date was August 31, 2008.

4. Certificates of Participation.

(a) The Certificates issued under the Trust Agreement and related to this Amended and Restated Schedule are identified as the (i) the Outstanding Series 2005 Certificates, and (ii) "Refunding Certificates of Participation (The School Board of Indian River County, Florida, Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida" (the "Series 2014A Certificates").

(b) The Credit Enhancer for the Outstanding Series 2005 Certificates is National Public Finance Guarantee Corporation. There is no Credit Enhancer for the Series 2014A Certificates.

(c) The Reserve Requirement for the Outstanding Series 2005 Certificates and the Series 2014A Certificates shall be $0.00.

(d) There is no Optional Prepayment Date for the Outstanding Series 2005 Certificates. The Optional Prepayment Date for the Series 2014A Certificates shall be July 1, 20__.

(e) There shall be no Prepayment Amount relating to the Series 2005 Subaccount of the Project Account for purposes of Section 6.03(g)(ii) of the Trust Agreement.

(f) For purposes of Sections 5.08(c) and (d) of the Lease Agreement, Net Proceeds of any insurance or condemnation award relating to the Series 2005 Project shall be allocated to the Series 2014A Certificates, on a pro rata basis with the Outstanding Series 2005 Certificates. With respect to the Outstanding Series 2005 Certificates, the portion of such Net Proceeds allocable to such Certificates shall be applied to the extraordinary prepayment thereof in accordance with the Series 2005 Supplemental Trust Agreement related thereto. With respect to the Series 2014A Certificates, the portion of the Net Proceeds relating to the Series 2005 Project shall be applied in accordance with Section 11 below.

5. Basic Rent. The Basic Rent payable by the Board to the Corporation with respect to the Series 2005 Project under the Lease Agreement is described in Schedule A attached hereto. The Basic Rent Payment Dates with respect to the Series 2005 Certificates and Series 2014A Certificates shall be on the June 15 and December 15 prior to each January 1 and July 1 payment set forth in said Schedule A. The obligation to make Basic Rent Payments in regard to the Refunded Certificates shall remain in effect to the extent of any deficiency in prepaid Basic Rent Payments deposited in the escrow deposit trust fund established by the Escrow Deposit Agreement for the Refunded Certificates.

6. Use of Certificate Proceeds. (a) The proceeds received from the sale of the Series 2005 Certificates were disbursed as follows:

Deposit to the Series 2005 Subaccount of Project Account established for Series 2005 Certificates	$77,805,168.00
Deposit to Series 2005 Subaccount of Costs of Issuance Account established for Series 2005 Certificates (excluding $278,000.00 to be wired to the Credit Enhancer for the Series 2005 Certificates at closing)	$389,908.66
Deposit to Series 2005 Subaccount of Capitalized Interest Account established for Series 2005 Certificates.................................	$2,108,000.19
Deposit to Series 2005 Subaccount of the Interest Account established for Series 2005 Certificates.................................	$0.00

(b) The proceeds of the Series 2014A Certificates shall be disbursed as follows:

Deposit to the Series 2014A Subaccount of the Costs of Issuance Account established for the Series 2014A Certificates	$__________
Deposit to Escrow Fund as prepaid Basic Rent for the Refunded Certificates	$__________
Deposit to the Series 2014A Subaccount of the Interest Account established for the Series 2014A Certificates	$0.00

7. The Series 2005 Project. The Project Description, Project Budget and Project Schedule for the Series 2005 Project are attached hereto as Schedule B.

8. Designated Equipment. The Designated Equipment for the Series 2005 Project is attached hereto as part of Schedule B.

9. The Land. A description of the Land, including any Ground Lease, is attached as Schedule C attached hereto.

10. Assignment of Lease Agreement and Assignment of Ground Lease. The Corporation hereby acknowledges that all Lease Payments and its rights, title and interest in this Amended and Restated Schedule and, with certain exceptions, the Lease Agreement have been assigned to the Trustee pursuant to the Assignment of Lease Agreement, dated as of November 1, 2005, as supplemented and amended pursuant to the Third Amendment to Assignment of Lease Agreement between the Corporation and the Trustee, dated as of _____ 1, 2014 and that all of its rights, title and interest in the Ground Lease Agreement (Series 2005 Project), dated as of November 1, 2005 (the "Ground Lease"), between the Board and the Corporation have been assigned to the Trustee pursuant to an Assignment of Ground Lease, dated as of November 1, 2005.

11. Section 5.08(c) and (d) of the Master Lease Agreement Not Applicable. Notwithstanding the provisions set forth in Sections 5.08(c) and (d) of the Master Lease Agreement, if the Net Proceeds related to the Series 2005 Project allocable to the Series 2014A Certificates are not greater than the amount of the Lease Payments represented by the Series 2014A Certificates coming due in the immediately following fiscal year under this Amended and Restated Schedule, then such amounts shall be used first, to pay the Interest Component of the Series 2014A Certificates for the next two interest Payment Dates and then to pay the Principal Component next coming due. In the event such Net Proceeds are greater than the amount of the Lease Payments represented by the Series 2014A Certificates coming due under this Amended and Restated Schedule in the

immediately following fiscal year, at the option of the Board, the Board shall apply the portion of the Net Proceeds of such insurance or condemnation award to (i) the acquisition, construction and installation of other Land and/or Buildings to be used for educational purposes that will be subject to this Amended and Restated Lease Schedule or (ii) upon receipt of an approving opinion of Special Counsel, to the Series 2014A Subaccount of the Interest Account, or Series 2014A Subaccount of the Principal Account to be credited against the payments next due to such accounts or subaccounts.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto have caused this Amended and Restated Schedule No. 2005 to be executed by their proper corporate officers, all as of ____________ 1, 2014.

INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION

(SEAL)

By: ____________________________
Title: President

Attest:

By: ____________________________
Title: Secretary/Treasurer

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

(SEAL)

By: ____________________________
Title: Chairman

Attest:

By: ____________________________
Title: Superintendent of Schools

Witnesses as to Corporation:

____

____

Schedule A

BASIC RENT SCHEDULE

(Each Basic Rent Payment Date shall be on the June 15 and December 15 preceding the July 1 and January 1 Payment Dates, respectively, in the following schedule.)

Schedule B

PROJECT DESCRIPTION, PROJECT BUDGET, PROJECT SCHEDULE AND DESIGNATED EQUIPMENT

Project Description

Vero Beach High School Replacement. This component of the Project involved a substantial replacement of the Vero Beach High School facilities, which was located in the southern area of the School District. The High School was more than 40 years old. The replacement program included improvements to parking facilities, the cafeteria and administration facilities in Phase I. Phases II and III included renovation or replacement of administrative, classroom, ROTC and vocational areas and construction of a new Media Center and art facilities. All Phases were completed by August 2008.

Gifford Alternative School. The Gifford Alternative School is located on a site currently owned by the School District in the east-central area of the School District. This component of the Project involved the demolition of the existing alternative school on the site which sustained extensive damage during the 2004 hurricane season. The school provides facilities for alternative programs including HVAC repair and culinary arts. The school is also utilized as space for an adult education program focusing on healthcare occupations in partnership with Indian River Community College. The school opened in February 2006.

Sebastian River Middle School Music Wing Addition. Sebastian River Middle School is located in the northern area of the School District. This component of the Project involved the construction of new space at Sebastian River Middle School to house the music program, including an upgraded band room, new practice and chorus rooms, a keyboard lab, an office for technology coordination with associated equipment, smart boards and repair and server rooms. In addition, the 700 wing of the school which housed the music program was converted to classroom and computer lab space. The addition and renovations were completed by August 2006.

Land. Approximately 152 acres located in the central area of the School District to be used for future educational facilities.

***Schedule* C**

DESCRIPTION OF THE LAND

(see Exhibit A to Ground Lease)

SERIES 2014A SUPPLEMENTAL TRUST AGREEMENT

by and among

U.S. BANK NATIONAL ASSOCIATION,
as successor Trustee

and

INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION,
as Lessor

and

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA,
as Lessee

Dated as of _______ 1, 2014

Relating to
Refunding Certificates of Participation
(The School Board of Indian River County, Florida Master Lease Program),
Series 2014A
Evidencing Undivided Proportionate Interest of Owners
thereof in Basic Rent Payments to be made under a Master Lease-Purchase
Agreement by The School Board of Indian River County, Florida

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SERIES 2014A SUPPLEMENTAL TRUST AGREEMENT

THIS SERIES 2014A SUPPLEMENTAL TRUST AGREEMENT, dated as of ______ 1, 2014 (the "Series 2014A Supplemental Trust Agreement"), supplementing the Master Trust Agreement, dated as of November 1, 2005 (the "Trust Agreement"), by and among **U.S. BANK NATIONAL ASSOCIATION,** a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Trust Agreement, as successor trustee (the "Trustee"), the **INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION,** a not-for-profit corporation duly organized and existing under the laws of the State of Florida (the "Corporation"), and **THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA,** acting as the governing body of the School District of Indian River County, Florida (the "Board").

BACKGROUND FACTS:

A. The Board has heretofore deemed it in its best interests to lease-purchase certain real and/or personal property from time to time and has heretofore entered into a Master Lease-Purchase Agreement, dated as of November 1, 2005 (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

B. Pursuant to the Lease Agreement, the Board may from time to time, by execution of a Schedule to the Lease Agreement (a "Schedule"), direct the Corporation to acquire, construct and lease-purchase to the Board the items of property described in such Schedule (which items of property are collectively referred to herein as the "Projects"); and

C. Provision for the payment of the cost of acquiring, constructing and installing each Project will be made by the issuance and sale from time to time of a Series (as defined in the Trust Agreement) of Certificates of Participation issued under the Trust Agreement (the "Certificates"), which shall be secured by and be payable from the right of the Corporation to receive Basic Rent Payments (as defined in the Trust Agreement) to be made by the Board pursuant to the Lease Agreement and related Schedule; and

D. At the request of the Corporation, the Trustee has agreed to deliver a Series of Refunding Certificates pursuant to and upon receipt of a Request and Authorization (as defined in the Trust Agreement) from the Corporation and the terms of this Series 2014A Supplemental Trust Agreement (the "Series 2014A Certificates"); and

E. The Corporation has assigned by absolute outright assignment to the Trustee all of its right, title and interest in and to the Lease Agreement and the Lease Payments (as defined in the Trust Agreement), other than its rights of indemnification, its obligations pursuant to Section 6.03 of the Lease Agreement and its right to enter into Lease Schedules from time to time, pursuant to the Assignment of Lease Agreement, dated as of November 1, 2005, as amended and supplemented by a Third Amendment to

Assignment of Lease Agreement, dated as of _______ 1, 2014 (collectively, the "Assignment of Lease Agreement"), between the Corporation and the Trustee; and

F. Each Series of Certificates (other than partial Refunding Certificates or Completion Certification) shall be secured independently from each other Series of Certificates; and

G. The Board has heretofore caused the Trustee to execute, authenticate and deliver, under the Trust Agreement, $80,050,000 Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005 (the "Series 2005 Certificates") Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida, which Series 2005 Certificates, prior to giving effect to the refunding, are currently outstanding in the aggregate amount of $____________; and

H. The proceeds of the Series 2005 Certificates were principally used to finance the costs of acquisition, construction and installation of various educational facilities and sites (the "Series 2005 Project") as more particularly described in Schedule No. 2005, dated as of November 1, 2005 (the "Current Schedule No. 2005"); and

I. The Board and the Corporation agree that the proceeds of the Series 2014A Certificates should be used to refund, on an advanced basis, the outstanding Series 2005 Certificates maturing on July 1 in the years **[**2016 through 2025, inclusive**]** (collectively, the "Refunded Certificates") pursuant to the terms of the Trust Agreement and the Escrow Deposit Agreement (as defined below) in order to achieve certain debt service savings; and

J. A portion of the proceeds of the Series 2014A Certificates shall be deposited into an escrow deposit trust fund established pursuant to the Escrow Deposit Agreement, between the Board and U.S. Bank National Association, as escrow agent (the "Escrow Deposit Agreement") and shall constitute the deposit of prepaid Basic Rent Payments by the Board; and

K. The deposit of the prepaid Basic Rent Payments in the escrow deposit trust fund shall be in an amount sufficient to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates as the same becomes due or are prepaid prior to maturity; and

L. The Lease Agreement will continue to secure the payment of Supplemental Rent and any deficiency in the prepaid Basic Rent Payments on deposit in the escrow deposit trust fund established under the Escrow Deposit Agreement and securing the Refunded Certificates; and

M. In consideration for the deposit of such prepaid Basic Rent Payments to refund the Refunded Certificates, the Board has agreed to enter into an Amended and Restated Schedule No. 2005 (the "Amended and Restated Schedule No. 2005"), with the Corporation, whereby the Board will amend and restate Current Schedule No. 2005 in its entirety thereby continuing to lease the Series 2005 Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on the Series 2014A Certificates and the Series 2005 Certificates maturing on July 1 in the years 2014 and 2015, which are not being refunded with proceeds of the Series 2014A Certificates (the "Outstanding Series 2005 Certificates"); and

N. The Series 2014A Certificates shall be secured in the manner provided in the Trust Agreement and shall have the terms and provisions contained in this Series 2014A Supplemental Trust Agreement; and

O. All things necessary to make the Series 2014A Certificates, when authenticated by the Trustee and issued as provided herein and in the Trust Agreement, the valid, binding and legal obligations according to the terms thereof, have been done and performed, and the creation, execution and delivery of this Series 2014A Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2014A Certificates subject to the terms hereof, have in all respects been duly authorized;

AGREEMENT:

In consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 101. DEFINITIONS. Capitalized words and terms which are defined in the Trust Agreement shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent. In addition to the capitalized words and terms elsewhere defined in this Series 2014A Supplemental Trust Agreement, the following capitalized words and terms as used in this Series 2014A Supplemental Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Amended and Restated Schedule No. 2005" means the Amended and Restated Schedule No. 2005, dated as of ______ 1, 2014, relating to the Series 2005 Project, the Outstanding 2005 Certificates and the Series 2014A Certificates, which shall be part of the Lease Agreement.

"Assignment of Ground Lease" means the Assignment of Ground Lease, dated as of November 1, 2005, from the Corporation to the Trustee.

"Escrow Agent" means U.S. Bank National Association.

"Escrow Deposit Agreement" means the Escrow Deposit Agreement dated as of __________, 2014, between the Board and the Escrow Agent.

"Ground Lease" means the Ground Lease Agreement (Series 2005 Project), dated as of November 1, 2005, between the Board and the Corporation.

"Payment Date" shall mean January 1 and July 1 of each year, commencing **[**January 1, 2015.**]**

"**Refunded Certificates"** means the Series 2005 Certificates maturing on July 1 in the years **[**2016 through 2025, inclusive**]** that are refunded in connection with the issuance of the Series 2014A Certificates, as described in the Escrow Deposit Agreement.

"Related Documents" means the Trust Agreement, the Lease Agreement, the Assignment of Lease Agreement, the Ground Lease and the Assignment of Ground Lease, as all such documents are amended and supplemented.

"Reserve Requirement" means, with respect to the Series 2014A Certificates, zero dollars ($0.00).

"Series 2014A Account of the Prepayment Fund" means the account established in the Prepayment Fund established pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"Series 2005 Certificates" means the Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005 Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida, dated November 21, 2005, executed, authenticated and delivered by the Trustee under the Master Trust Agreement.

"Series 2014A Certificates" means the $_______ Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida authorized to be issued under Section 4.01 of the Trust Agreement and Section 201 hereof.

"Series 2005 Project" means the Series 2005 Project as described in the Amended and Restated Schedule No. 2005.

"Series 2014A Pledged Accounts" means with respect to the Series 2014A Certificates, the Series 2014A Subaccount of the Costs of Issuance Account, the Series 2014A Subaccount of the Interest Account, the Series 2014A Subaccount of the Principal Account, and the Series 2014A Account of the Prepayment Fund, each established hereby.

"Series 2014A Subaccount of the Costs of Issuance Account" means the subaccount established in the Costs of Issuance Account pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"Series 2014A Subaccount of the Interest Account" means the subaccount established in the Interest Account pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"Series 2014A Subaccount of the Principal Account" means the subaccount established in the Interest Account pursuant to Sections 6.02 and 6.06 of the Trust Agreement and Section 401 hereof.

"Series 2014A Supplemental Trust Agreement" means this instrument, as may be amended and supplemented.

"Trustee" means U.S. Bank National Association and any successor or assignee thereto.

"Trust Agreement" means the Master Trust Agreement, dated as of November 1, 2005, among the Trustee, the Corporation and the Board, as amended and supplemented, particularly as supplemented by this Series 2014A Supplemental Trust Agreement, among the Trustee, the Corporation and the Board.

"Underwriters" means, collectively, the underwriters named in the Certificate Purchase Contract between such underwriters, the Corporation and the Board executed in connection with the sale of the Series 2014A Certificates.

ARTICLE II
THE SERIES 2014A CERTIFICATES

SECTION 201. AUTHORIZATION OF SERIES 2014A CERTIFICATES. (a) There is hereby created a Series of Certificates to be issued under the Trust Agreement to be known as "Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida." The principal amount of the Series 2014A Certificates which may be issued is hereby expressly limited to $_________. The Series 2014A Certificates shall be issued for the principal purposes of (i) effecting the refunding, on an advanced basis, of the Refunded Certificates and (ii) paying Costs of Issuance of the Series 2014A Certificates. The Series 2014A Certificates shall bear interest from their dated date and shall be issuable as fully registered Certificates without coupons in denominations of $5,000 and integral multiples thereof. The Series 2014A Certificates shall be lettered and numbered R-1 and upward.

(b) Except as otherwise provided in the Trust Agreement, the Series 2014A Certificates shall be dated as of their date of delivery. Interest on the Series 2014A Certificates shall be payable on each Payment Date, commencing **[**January 1, 2015**]**. The Series 2014A Certificates shall be payable in the manner provided in the Trust Agreement.

(c) The Series 2014A Certificates shall bear interest at the respective rates and shall mature on July 1 of each of the years in the respective principal amounts set opposite each year in the following schedule:

Year (July 1)	Principal Amount	Interest Rate

(d) **[**All of Series 2014A Certificates shall be Serial Certificates.**]** The Series 2014A Certificates shall be substantially in the form set forth in Exhibit B to the Trust Agreement.

SECTION 202. ISSUANCE OF SERIES 2014A CERTIFICATES. The Series 2014A Certificates shall be issued upon delivery to the Trustee of the documents referred to in Section 4.13(b) of the Trust Agreement and the payment of the purchase price therefor.

SECTION 203. REFUNDING OF REFUNDED CERTIFICATES. Upon the delivery of the Series 2014A Certificates, the Refunded Certificates shall be refunded as provided in the Trust Agreement and the Escrow Deposit Agreement.

SECTION 204. LETTER OF INSTRUCTIONS. Attached hereto as Schedule 1 is the Letter of Instructions relating to the Series 2014A Certificates as required by Section 6.12 of the Trust Agreement. The Trustee, the Corporation and the Board agree to abide by the provisions of such Letter of Instructions in accordance with and to the extent of the terms of the Trust Agreement.

SECTION 205. FULL BOOK-ENTRY. Notwithstanding the provisions set forth in Section 201 hereof or Section 4.06 of the Trust Agreement, the Series 2014A Certificates shall be initially issued in the form of a separate single certificated fully registered Series 2014A Certificate for each of the maturities of the Series 2014A Certificates. Upon initial issuance, the ownership of each such Series 2014A Certificate shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in this Section, all of the outstanding Series 2014A Certificates shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC. As long as the Series 2014A Certificates shall be registered in the name of Cede & Co., all payments of interest on the Series 2014A Certificates shall be made by the Trustee by check or draft or by wire transfer to Cede & Co., as Holder of the Series 2014A Certificates.

With respect to Series 2014A Certificates registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Board, the Corporation and the Trustee shall have no responsibility or obligation to any participant in the DTC book-entry program or to any indirect participant (collectively, a "Participant"). Without limiting the immediately preceding sentence, the Board, the Corporation and the Trustee shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2014A Certificates, (B) the delivery to any Participant or any other Person other than a Certificate Owner, as shown in the registration books kept by the Trustee, of any notice with respect to the Series 2014A Certificates, including any notice of prepayment, or (C) the payment to any Participant or any other Person, other than a Certificate Owner, as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Series 2014A Certificates. The Board, the Corporation and the Trustee may treat and consider the Person in whose name each Series 2014A Certificate is registered in the registration books kept by the Trustee as the Holder and absolute owner of such Series 2014A Certificate for the purpose of payment of principal of, premium, if any, and interest with respect to such Series 2014A Certificate, for providing notices with respect to such Series 2014A Certificate, for the purpose of registering transfers with respect to such Series 2014A Certificate, for the purpose of providing notices of prepayment, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2014A Certificates only to or upon the order of the respective holders, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2014A Certificates to the extent of the sum or sums so paid. No Person other than a holder, as shown in the registration books kept by the Trustee, shall receive a certificated Series 2014A Certificate evidencing the obligation of the Board to make payments of principal of, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the Board of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Trust Agreement with respect to transfers during certain time periods, the words "Cede & Co." herein shall refer to such new nominee of DTC; and upon receipt of such notice, the Board shall promptly deliver a copy of the same to the Trustee.

Upon (A) receipt by the Board of written notice from DTC (i) to the effect that a continuation of the requirement that all of the outstanding Series 2014A Certificates be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2014A Certificates or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the Board, in its sole discretion upon compliance with applicable DTC policies and procedures, that such book-entry only system is burdensome to the Board, the Series 2014A Certificates shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names holders shall designate, in accordance with the provisions hereof. In such event, the Board shall issue and the Trustee shall authenticate, transfer and exchange Series 2014A Certificates of like principal amount and maturity, in denominations of $5,000 or any integral multiple thereof to the holders thereof in accordance with the provisions of the Trust Agreement. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket Issuer

Letter of Representations executed by the Board and delivered to DTC shall apply to the payment of principal of and interest on the Series 2014A Certificates.

ARTICLE III
APPLICATION OF SERIES 2014A CERTIFICATE PROCEEDS

SECTION 301. APPLICATION OF SERIES 2014A CERTIFICATE PROCEEDS. The proceeds of the Series 2014A Certificates (net of the Underwriters' discount of $________) shall be applied by the Trustee as follows:

(a) Deposit to the credit of a Series 2014A Subaccount of the Costs of Issuance Account an amount equal to the Costs of Issuance of the Series 2014A Certificates, $_________.

(b) Deposit irrevocably in trust to the credit of the escrow deposit trust fund established under the Escrow Deposit Agreement an amount equal to $_________ which, together with $__________ of other available funds of the Board deposited therein, shall be sufficient to purchase Refunding Securities in the manner set forth in the Escrow Deposit Agreement, which investments shall mature at such times and in such amounts as shall be sufficient to pay the Refunded Certificates as the same mature or are earlier called for prepayment;

All moneys on deposit in the Subaccounts described in this Section shall be applied in accordance with Section 401 hereof and shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement.

ARTICLE IV
ESTABLISHMENT OF SERIES 2014A PLEDGED ACCOUNTS

SECTION 401. ESTABLISHMENT OF SERIES 2014A PLEDGED ACCOUNTS. In accordance with Section 6.02(b) of the Trust Agreement, there is hereby established with the Trustee, solely for the benefit of the Owners of the Series 2014A Certificates, the following accounts and subaccounts:

(a) "The School Board of Indian River County, Florida Master Lease Series 2014A Subaccount of the Costs of Issuance Account."

(b) "The School Board of Indian River County, Florida Master Lease Series 2014A Subaccount of the Interest Account."

(c) "The School Board of Indian River County, Florida Master Lease Series 2014A Subaccount of the Principal Account."

(d) "The School Board of Indian River County, Florida Master Lease Series 2014A Account of the Prepayment Fund."

The moneys on deposit in the Accounts and Subaccounts described in this Section shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement. The moneys in the Series 2014A Pledged Accounts shall be invested solely in Permitted Investments.

SECTION 402. SECURITY FOR SERIES 2014A CERTIFICATES. The Series 2014A Certificates shall be secured in the manner provided in the Trust Agreement and shall receive all the benefits of the Trust Estate created thereunder; provided, such portion of the Trust Estate which is derived from the sale, re-letting or other disposition of the Series 2005 Project shall be utilized solely for the benefit of the Owners of the Series 2014A Certificates, on a pro rata basis with the Owners of the Outstanding Series 2005 Certificates and any cash, securities and investments in the Series 2014A Pledged Accounts shall be utilized solely for the benefit of the Owners of the Series 2014A Certificates. The Owners of the Series 2014A Certificates shall have no claim against, nor receive any benefits from, any portion of the Trust Estate derived from the sale, re-letting or other disposition of Projects, other than the Series 2005 Project (on a pro rata basis with the Owners of the Outstanding Series 2005 Certificates as described herein), or any cash, securities and investments in the Pledged Accounts, other than the Series 2014A Pledged Accounts.

ARTICLE V
PREPAYMENT OF SERIES 2014A CERTIFICATES

SECTION 501. PREPAYMENT DATES AND PRICES OF SERIES 2014A CERTIFICATES. (a) The Series 2014A Certificates are subject to prepayment only as provided in this Section. The Series 2014A Certificates are not subject to extraordinary mandatory prepayment prior to maturity pursuant to Section 6.03(g) of the Trust Agreement or Section 5.08(c) of the Lease Agreement.

(b) The Series 2014A Certificates maturing on or before July 1, 20__ shall not be subject to prepayment at the option of the Board. The Series 2014A Certificates maturing on and after July 1, 20__ may be prepaid at the option of the Board from prepayments of Basic Rent made by the Board pursuant to the Lease Agreement, in whole or in part on July 1, 20__ or any date thereafter, and if in part, in such order of maturities as may be designated by the Board, or if not so designated, in inverse order of maturities, and by lot within a maturity in such manner as may be designated by the Trustee, at a Prepayment Price equal to the principal amount of the Series 2014A Certificates or portion thereof to be prepaid, plus accrued and unpaid interest thereon to the optional prepayment date, without premium.

ARTICLE VI
MISCELLANEOUS

SECTION 601. PROVISIONS OF TRUST AGREEMENT NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Trust Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Trust Agreement and this Series 2014A Supplemental Trust Agreement, the terms hereof shall control.

SECTION 602. THIRD PARTY BENEFICIARIES. Nothing in this Series 2014A Supplemental Trust Agreement, express or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Trustee and the Board any rights, remedies or claims under or by reason of this Series 2014A Supplemental Trust Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Series 2014A Supplemental Trust Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee and the Board.

SECTION 603. COUNTERPARTS. This Series 2014A Supplemental Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 604. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series 2014A Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 605. LAWS. This Series 2014A Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Series 2014A Supplemental Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as successor Trustee

(SEAL)

By: ______________________________
Vice President

INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: ______________________________
President

ATTEST:

By: ______________________________
Secretary

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA, as Lessee

(SEAL)

By: ______________________________
Chairman

ATTEST:

By: ______________________________
Superintendent/Secretary

SCHEDULE 1

LETTER OF INSTRUCTIONS

The School Board of Indian River County, Florida
Vero Beach, Florida

U.S. Bank National Association
Orlando, Florida

Indian River County School Board Leasing Corporation
Vero Beach, Florida

Re: $_________ Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida

Ladies and Gentlemen:

This letter of instructions is intended to set forth certain duties and requirements regarding the payment of rebatable arbitrage to the United States Treasury in compliance with Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code") to the extent necessary to preserve the tax-exempt treatment of interest on the above-referenced Refunding Certificates of Participation (the "Series 2014A Certificates"). The instructions contained in this letter are based upon said Section 148(f) of the Code and, by analogy, to the Regulations. However, it is not intended to be exhaustive.

The Series 2014A Certificates have been issued pursuant to a Master Trust Agreement, dated as of November 1, 2005, as supplemented by the Series 2014A Supplemental Trust Agreement, dated as of ________ 1, 2014 (collectively, the "Trust Agreement"), among U.S. Bank National Association, as trustee (the "Trustee"), the Indian River County School Board Leasing Corporation, a Florida not-for-profit corporation, as lessor (the "Corporation"), and The School Board of Indian River County, Florida, a school board of the State of Florida, as lessee (the "Board"). The Series 2014A Certificates represent undivided proportionate interests of Owners of the Series 2014A Certificates in a portion of the Basic Rent Payments to be made under a Master Lease-

Purchase Agreement, dated as of November 1, 2005, as amended and supplemented by Amended and Restated Schedule No. 2005, dated as of ________ 1, 2014 (collectively, the "Lease Agreement"), between the Corporation and the Board. Pursuant to an Assignment of Lease Agreement, dated as of November 1, 2005, as amended and supplemented by a Third Amendment to Assignment of Lease Agreement, dated as of ________ 1, 2014, between the Corporation and the Trustee, the Corporation has assigned all of its rights, title and interest in and to the Amended and Restated Schedule No. 2005 (other than certain rights and obligations specifically excepted therein), including, without limitation, the right to receive the Basic Rent Payments, when due, to the Trustee for the benefit of the Owners of the Series 2014A Certificates and the Outstanding Series 2005 Certificates.

Since the requirements of said Section 148(f) are subject to amplification and clarification, it may be necessary to supplement or modify the instructions contained in this letter from time to time to reflect any additional or different requirements of said Section and the Regulations or to specify that actions set forth in this letter are no longer required or that some further or different action is required to maintain or assure the exemption from federal income tax of the interest on the Series 2014A Certificates.

For purposes of this letter, any instructions relating to a fund, account or subaccount established under the Trust Agreement shall be deemed to apply only to that portion of such fund, account or subaccount allocable to the Series 2014A Certificates.

1. Tax Covenants. Pursuant to the Trust Agreement, the Corporation and the Board have made certain covenants designed to assure that the Interest Component of the Basic Rent Payments is and shall remain excludable from gross income for purposes of federal income taxation. In order to preserve this exemption neither the Corporation nor the Board should, directly or indirectly, use or permit the use of any proceeds of the Series 2014A Certificates or the Lease Payments or any other funds or take or omit to take any action that would cause the Series 2014A Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code or that would cause the Interest Component of the Basic Rent Payments to be subject to be included in gross income for federal income tax purposes under the provisions of the Code. The Board must comply with all other requirements as shall be determined by Special Counsel to be necessary or appropriate to assure that the Interest Component of the Basic Rent Payments will be excludable from gross income for purposes of federal income taxation. To that end, the Corporation and the Board shall comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2014A Certificates.

2. Definitions. Capitalized terms used in this letter, but not otherwise defined herein, shall have the same meanings set forth in Exhibit A to the Trust Agreement and in the Board's Certificate as to Arbitrage and Certain Other Tax Matters relating to the Series 2014A Certificates.

"Certificate Year" means any one-year period (or shorter period from the Issue Date) ending on the close of business on the day preceding the anniversary of the Issue Date; provided, however, that the Board may select any other day as the end of a Certificate Year if such selection is made prior to the earlier of the final maturity date of the Series 2014A Certificates or the fifth anniversary of the Issue Date.

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

"Computation Date" means each date selected by the Board as a computation date pursuant to Section 1.148-3(e) of the Regulations and the Final Computation Date.

"Fair Market Value" means, when applied to a Nonpurpose Investment, the Fair Market Value of such Investment as determined in accordance with Section 4 hereof.

"Final Computation Date" means the date the Series 2014A Certificates are discharged.

"Gross Proceeds" means, with respect to the Series 2014A Certificates:

(1) Amounts constituting Sale Proceeds of the Series 2014A Certificates.

(2) Amounts constituting Investment Proceeds of the Series 2014A Certificates.

(3) Amounts constituting Transferred Proceeds of the Series 2014A Certificates.

(4) Other amounts constituting Replacement Proceeds of the Series 2014A Certificates.

(5) Amounts that constitute Pledged Moneys (as defined below) and that are derived directly or indirectly from the Board (or a governmental unit of which the Board is a part) or any other person who substantially benefits from the issuance of the Series 2014A Certificates.

"Investment Proceeds" means any amounts actually or constructively received from investing proceeds of the Series 2014A Certificates.

"Investment Property" means any security, obligation or other property held principally as a passive vehicle for the production of income, within the meaning of Section 1.148-1(b) of the Regulations.

"Issue Date" means __________, 2014.

"Net Proceeds" means Sale Proceeds, less the portion of such Proceeds invested in a reasonably required reserve or replacement fund under the Code.

"Nonpurpose Investment" shall have the meaning ascribed to such term in Section 148 of the Code and shall include any Investment Property in which Gross Proceeds are invested which is not acquired to carry out the governmental purpose of the Series 2014A Certificates, e.g., obligations acquired with Gross Proceeds that are invested temporarily until needed for the governmental purpose of the Series 2014A Certificates, that are used to discharge a prior issue, or that are invested in a reasonably required reserve or replacement fund.

"Nonpurpose Payments" shall include the payments with respect to Nonpurpose Investments specified in Section 1.148-3(d)(1)(i)-(v) of the Regulations.

"Nonpurpose Receipts" shall include the receipts with respect to Nonpurpose Investments specified in Section 1.148-3(d)(2)(i)-(iii) of the Regulations.

"Pledged Moneys" means moneys that are reasonably expected to be used directly or indirectly to pay debt service on the Series 2014A Certificates (or to reimburse a municipal bond insurer) or as to which there is a reasonable assurance that such moneys or the earnings thereon will be available directly or indirectly to pay debt service on the Series 2014A Certificates (or to reimburse a municipal bond insurer) if the Board encounters financial difficulties.

"Pre-Issuance Accrued Interest" means amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the Issue Date.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Certificates.

"Qualified Administrative Costs" means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving tax-exempt bond proceeds, but not legal and accounting fees, recordkeeping, custody or similar costs. In addition, with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow, such costs will be considered reasonable if (1) the amount of the fee the Board treats as a Qualified Administrative Cost does not exceed the lesser of (a) $38,000 (for calendar year 2014), or (b) the greater of (x) 0.2% of the "computational base", or (y) $4,000; and (2) the Board does not treat as Qualified Administrative Costs more than $108,000 (in calendar year 2014) in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with Gross Proceeds of the issue. For purposes of this definition only, "computational base" shall mean, with respect to guaranteed investment contracts, the amount of Gross Proceeds the Board reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and for investments other than guaranteed investment contracts, "computational base" shall mean the amount of Gross Proceeds initially invested in such investments. The above-described safe harbor dollar amounts shall be increased each calendar year for cost-of-living adjustments pursuant to Section 1.148-5(e) of the Regulations.

"Rebatable Arbitrage" means, as of any Computation Date, the excess of the future value of all Nonpurpose Receipts over the future value of all Nonpurpose Payments.

"Rebate Fund" means the Rebate Fund established pursuant to the Trust Agreement and described in Section 3 hereof.

"Regulations" means Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1 and (d)-1, and 1.150-0 through 1.150-2, as amended, and any regulations amendatory, supplementary or additional thereto.

"Replacement Proceeds" means amounts that have a sufficiently direct nexus to the Series 2014A Certificates or to the governmental purpose of the Series 2014A Certificates to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Series 2014A Certificates were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal of or interest on the Series 2014A Certificates if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties.

"Sale Proceeds" means any amounts actually or constructively received by the Board from the sale of the Series 2014A Certificates, including amounts used to pay underwriters' discount or compensation and interest other than Pre-Issuance Accrued Interest. Sale Proceeds shall also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2014A Certificate and that is described in Section 1.148-4(b)(4) of the Regulations.

"Special Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida or such other firm of nationally recognized bond counsel as may be selected by the Board.

"Tax-Exempt Investment" means (i) an obligation the interest on which is excluded from gross income pursuant to Section 103 of the Code, (ii) United States Treasury-State and Local Government Series, Demand Deposit Securities, and (iii) stock in a tax-exempt mutual fund as described in Section 1.150-1(b) of the Regulations. Tax-

Exempt Investment shall not include a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. For purposes of these Rebate Instructions, a tax-exempt mutual fund includes any regulated investment company within the meaning of Section 851(a) of the Code meeting the requirements of Section 852(a) of the Code for the applicable taxable year; having only one class of stock authorized and outstanding; investing all of its assets in tax-exempt obligations to the extent practicable; and having at least 98 percent of (1) its gross income derived from interest on, or gain from the sale of or other disposition of, tax-exempt obligations or (2) the weighted average value of its assets represented by investments in tax-exempt obligations.

"Transferred Proceeds" shall have the meaning provided therefor in Section 1.148-9 of the Regulations.

"Universal Cap" means the value of all then outstanding Series 2014A Certificates.

"Value" (of a Series 2014A Certificate) means with respect to a Series 2014A Certificate issued with not more than two percent original issue discount or original issue premium, the outstanding principal amount, plus accrued unpaid interest; for any other Series 2014A Certificate, its present value.

"Value" (of an Investment) shall have the following meaning in the following circumstances:

(1) General Rules. Subject to the special rules in the following paragraph, an issuer may determine the value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

(a) an investment with not more than two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest on such date;

(b) a fixed rate investment may be valued at its present value on such date; and

(c) an investment may be valued at its Fair Market Value on such date.

(2) Special Rules. Yield restricted investments are to be valued at present value provided that (except for purposes of allocating Transferred Proceeds to an issue, for purposes of the Universal Cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

(a) an investment must be valued at its Fair Market Value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

(b) in the case of Transferred Proceeds, the Value of a Nonpurpose Investment that is allocated to Transferred Proceeds of a refunding issue on a transfer date may not exceed the Value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

"Yield" means, generally, the discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest on an obligation and all the payments for qualified guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value of the issue price of such obligation. Present value is computed as of the date of issue of the obligation. There are, however, many additional specific rules contained in the Regulations which apply to the calculation and recalculation of yield for particular obligations and such rules should be consulted prior to calculating the yield for the Series 2014A Certificates on any Computation Date. Yield shall be calculated on a 360-day year basis with interest compounded semi-annually. For this purpose, the purchase price of a Nonpurpose Investment or Tax-Exempt Investment is its Fair Market Value, as determined pursuant to Section 4 of this letter, as of the date that it becomes allocated to Gross Proceeds of the Series 2014A Certificates.

"Yield on the Series 2014A Certificates" means, for all Computation Dates, the Yield expected as of the date hereof on the Series 2014A Certificates over the term of such Series 2014A Certificates computed by:

(1) using as the purchase price of the Series 2014A Certificates, the amount at which such Series 2014A Certificates were sold to the public within the meaning of Sections 1273 and 1274 of the Code; and

(2) assuming that all of the Series 2014A Certificates will be paid at their scheduled maturity dates or in accordance with any mandatory redemption requirements.

3. Payment of Rebatable Arbitrage.

(a) In order to maintain the exemption from federal income tax of the Interest Component of the Basic Rent Payments, the Trustee, upon the written direction of the Board in accordance with Section 6.12 of the Trust Agreement, shall pay the Rebatable Arbitrage to the United States Government at the times and in the amounts determined herein from amounts on deposit in the Rebate Fund. For purposes of determining the Rebatable Arbitrage, the Board should cause the calculations to be made by competent tax counsel or other financial or accounting advisors or persons to ensure correct application of the rules contained in the Code and the Regulations relating to arbitrage rebate.

(b) Within 30 days after any Computation Date, the Board must calculate or cause to be calculated the Rebatable Arbitrage or any penalty due pursuant to Section 3(d) below. The Board agrees to pay the Trustee the amount of the Rebatable Arbitrage for deposit to the Rebate Fund on or before the same must be remitted by the Trustee. Upon receipt of such Rebatable Arbitrage from the Board, but in no event later than 60 days following the Computation Date, the Trustee must remit (but only from amounts received from the Board) an amount which when added to the future value of previous rebate payments is not less than 90 percent (100 percent with respect to the Computation Date on the final repayment or retirement of the Series 2014A Certificates plus the income, if any, from the investment of the Rebatable Arbitrage due the United States Government after the final Computation Date) of the Rebatable Arbitrage.

Each payment must be accompanied by Internal Revenue Service Form 8038-T.

(c) The obligation to pay Rebatable Arbitrage to the United States, as described in this letter, shall be treated as satisfied with respect to the Series 2014A Certificates if (i) Gross Proceeds are expended for the governmental purpose of the Series 2014A Certificates by no later than the date which is six months after the Issue Date and if it is not anticipated that any other Gross Proceeds will arise during the remainder of the term of the Series 2014A Certificates and (ii) the requirement to pay Rebatable Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Series 2014A Certificates, if any, is met. For purposes described above, Gross Proceeds do not include (i) amounts deposited in a bona fide debt service fund, so long as the funds therein constitute bona fide debt service funds, or a reasonably required reserve or replacement fund (as defined in Section 1.148-1 of the Regulations and meeting the requirements of Section 1.148-2(f) of the Regulations), (ii) amounts that, as of the Issue Date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the date which is six months after the Issue Date, (iii) amounts representing Sale or Investment Proceeds derived from any Purpose Investment (as defined in Section 1.148-1 of the Regulations) and earnings on those payments, and (iv) amounts representing any repayments of grants (as defined in Section 1.148-6(d)(4) of the Regulations). If Gross Proceeds are in fact expended by such date, then, except as to amounts, if any, on deposit in the Reserve Account, Rebatable Arbitrage with respect to such Gross Proceeds need not be calculated and no payment thereof to the United States Department of Treasury need be made. Use of Gross Proceeds to redeem Series 2014A Certificates shall not be treated as an expenditure of such Gross Proceeds.

Notwithstanding the foregoing, if Gross Proceeds which were reasonably expected to be Gross Proceeds on the Issue Date actually become available after the date which is six months after the Issue Date, as determined by the Board, then the requirements described herein relating to the calculation of Rebatable Arbitrage and the payment thereof to the United States must be satisfied, except that no such calculation or payment need be made with respect to the initial six-month period. Any other amounts not described in this Section which constitute Gross Proceeds, other than a bona fide debt service fund, will be subject to rebate.

(d) The Board and the Trustee should keep or cause to be kept proper books of records and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Series 2014A Certificates, including moneys derived from, pledged to, or to be used to make payments on the Series 2014A Certificates. Such records shall, at a minimum, be sufficient to enable the Board to calculate the Rebatable Arbitrage and, if necessary, shall specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (i) its purchase price, (ii) identifying information, including par amount, coupon rate, and payment dates, (iii) the amount received at maturity or its sale price, as the case may be, including accrued interest, (iv) the amounts and dates of any payments made with respect thereto, and (v) the dates of acquisition and disposition or maturity.

4. Market Price Rules. Except as provided below, the Board agrees to comply with the requirements relating to the "Fair Market Value" of acquired Nonpurpose Investments, as defined in Section 1.148-5(d) of the Regulations ("Fair Market Value"). All investments required to be made pursuant to this letter shall be made to the extent permitted by law. In this regard, the Board agrees, among other things, that it will not acquire or cause to be acquired a Nonpurpose Investment (or any other investment acquired with Gross Proceeds or on deposit in the Rebate Fund), for a price in excess of its Fair Market Value or sell any such investment at a price (determined without any reduction for transaction costs) less than its Fair Market Value, except as provided below. For this purpose, the following rules shall apply:

(a) <u>Established securities markets</u>. Except as otherwise provided below, any market especially established to provide a security or obligation to an issuer of municipal obligations shall not be treated as an established market and shall be rebuttably presumed to be acquired or disposed of for a price that is not its Fair Market Value.

(b) <u>Arm's-length price</u>. Any transaction in which a Nonpurpose Investment is directly purchased with Gross Proceeds, or in which a Nonpurpose Investment allocable to Gross Proceeds is disposed of, shall be undertaken in a bona fide arm's-length manner, and no amount shall be paid to reduce the yield on the Nonpurpose Investment.

(c) Safe harbor for establishing Fair Market Value for guaranteed investment contracts and Nonpurpose Investments purchased for a yield restricted defeasance escrow. In the case of a guaranteed investment contract or Nonpurpose Investments purchased for a yield restricted defeasance escrow, the purchase price shall not be considered to be an arm's-length price unless all the following conditions are met:

(i) The Board makes a bona fide solicitation ("Bona Fide Solicitation") for the purchase of the investment that satisfies all of the following requirements:

(1) The bid specifications are in writing and are timely forwarded to potential providers;

(2) The bid specifications include all terms of the bid that may directly or indirectly affect the yield or the cost of the investment;

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Board or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Board or any other person for purposes of satisfying these requirements;

(4) The terms of the bid specifications are such that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment (e.g., for solicitations of Nonpurpose Investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the Board reasonably requires);

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Board's reasonably expected deposit and draw down schedule for the amounts to be invested;

(6) All potential providers have an equal opportunity to bid (e.g., no potential provider is given the opportunity to review other bids before providing a bid); and

(7) At least three providers are solicited for bids that have an established industry reputation as a competitive provider of the type of investments being purchased.

(ii) The bids received by the Board must meet all of the following requirements:

(1) The Board receives at least three bids from providers that the Board solicited under a Bona Fide Solicitation and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the

investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(2) At least one of the three bids described in paragraph (c) (ii)(1) above is from a provider that has an established industry reputation as a competitive provider of the type of investments being purchased; and

(3) If the Board uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(iii) The winning bid must meet the following requirements:

(1) *Guaranteed investment contracts*. If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) *Other Nonpurpose Investments*. If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest bid is either the lowest cost bid for the portfolio or, if the Board compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Board from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting these requirements is taken into account in determining the lowest cost bid.

(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. If such State and Local Government Series Securities are not available for purchase on the day that bids are required to be submitted because sales of those securities have been suspended, the cost comparison described in this paragraph is not required.

(iv) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay) to third parties in connection with supplying the investment.

(d) The Board shall retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Series 2014A Certificate is redeemed including, but not limited to, the following:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of Nonpurpose Investments other than guaranteed investment contracts, the purchase agreement or confirmation;

(ii) The receipt or other record of the amount actually paid by the Board for the investments, including a record of any administrative costs paid by the Board and the certification required in paragraph (c)(iv) above;

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results;

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and

(v) For purchase of Nonpurpose Investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted.

Certificates in substantially the forms of subparagraphs (v) and (vi) above must be obtained to evidence the foregoing.

5. Records. The Board and the Trustee should retain all records with respect to the calculations required by this letter for at least six years after the date on which the last of the principal of and interest on the Series 2014A Certificates has been paid, whether upon maturity, redemption, or acceleration thereof.

6. Modification Upon Receipt of Special Counsel Opinion. Notwithstanding any provision of this letter, if the Board and the Trustee shall receive an opinion of Special Counsel that any specified instructions set forth in this letter are no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of the Interest Component of the Basic Rent Payments, the Board and the Trustee may conclusively rely on such opinion in complying with the requirements of this letter and the instructions contained in this letter shall be deemed to be modified to that extent. The provisions of this and the instructions contained in this letter may be amended or modified in any manner which is necessary to comply with such regulations as may be promulgated by the United States Treasury Department from time to time.

7. Accounting for Gross Proceeds. In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the Board must adopt reasonable and consistently applied methods of accounting for all Gross Proceeds. Appendix I hereto sets forth a description of the required allocation and accounting rules with which the Board agrees to comply.

8. Administrative Costs of Investments. Except as otherwise provided in this Section 8, an allocation of Gross Proceeds to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investments.

In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments. Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the Board such as employee salaries and office expenses and costs associated with computing Rebatable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

9. Board Obligations. Except for any Rebatable Arbitrage which accrues prior to the date of termination of the Lease, the Board shall have no further obligations hereunder subsequent to the termination of the Lease Agreement.

10. Trustee Obligations. Except for matters set forth in Sections 3(a), (b) and (f) hereof and Section 6.12 of the Trust Agreement, the parties hereto agree that the Trustee shall have no further obligations hereunder or under the Trust Agreement relating to the matters set forth in this letter.

Respectfully submitted,

NABORS, GIBLIN & NICKERSON, P.A.

Acknowledged:

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

By: ______________________________
Chairman

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ______________________________
Vice President

INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION

By: ______________________________
President

ALLOCATION AND ACCOUNTING RULES

(a) General Rule. Any issuer may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is "consistently applied" if it is applied uniformly within a Fiscal Period (as hereinafter defined) and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

(b) Allocation of Gross Proceeds to an Issue. Amounts are allocable to only one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to Transferred Proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) Allocation of Gross Proceeds to Investments. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the Fair Market Value of the Nonpurpose Investment as of the purchase or sale date. The Fair Market Value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) Allocation of Gross Proceeds to Expenditures. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a "specific tracing" method, a "gross-proceeds-spent-first" method, a "first-in-first-out" method or a ratable allocation method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made.

(e) Commingled Funds. Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of $25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a "commingled fund." All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally, a commingled fund must treat all its investments as if sold at Fair Market Value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the commingled fund during the period since the last allocation. This mark-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operated exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same issuer. Subject to the Universal Cap limitation, and the principle that amounts are allocable to only one issue at a time as Gross Proceeds, investments held by a commingled fund must be allocated ratably among the issues served by the commingled fund in proportion to either (i) the relative values of the bonds of those issues; (ii) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (iii) the relative original stated principal amounts of the outstanding issues.

(f) Universal Cap. Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an issuer should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) Expenditure for Working Capital Purposes. Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of any date to the extent that those expenditures exceed "available amounts" as of that date (i.e., "proceeds-spent-last").

For purposes of this section, "working capital expenditures" include all expenditures other than "capital expenditures." "Capital expenditures" are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general federal income tax principles. Such costs include, for example, costs incurred to acquire, construct or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, "available amount" means any amount that is available to an issuer for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts held in accounts or otherwise by an issuer for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a "reasonable working capital reserve" is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an issuer in the fiscal year before the year in which the determination of available amounts is made. For purpose of the preceding sentence only, in determining the working capital expenditures of an issuer for a prior fiscal year, any expenditures (whether capital or working capital expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any Qualified Administrative Costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the Issue Date and ending on the date that is the later of three years from the Issue Date or one year after the date on which the financed project is placed in service; (iv) the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the rebate requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or Investment Proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT, dated as of **___________**, 2014 (the "Agreement"), by and between **THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA,** acting as the governing body of the School District of Indian River County, Florida (the "Board"), and **U.S. BANK NATIONAL ASSOCIATION** (the "Escrow Agent"), a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Trust Agreement, as Escrow Agent hereunder and as Trustee under the hereinafter described Trust Agreement.

WHEREAS, the Board has heretofore caused to be issued the Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005 (the "Series 2005 Certificates") Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida pursuant to a Master Trust Agreement, dated as of November 1, 2005 (the "Master Trust"), among the Board, the Indian River County School Board Leasing Corporation (the "Corporation") and SunTrust Bank, as predecessor in interest to the U.S. Bank National Association, as successor Trustee, as supplemented by a Series 2005 Supplemental Trust Agreement, dated as of November 1, 2005, among the Board, the Corporation and SunTrust Bank (the "Series 2005 Supplemental Trust Agreement," and together with the Master Trust, the "Trust Agreement"); and

WHEREAS, the Board has determined to exercise its option under the Trust Agreement to refund that portion of the outstanding Series 2005 Certificates maturing on July 1 in the years **[**2016 through 2025, inclusive**]** (collectively, the "Refunded Certificates"), which are currently outstanding in the aggregate principal amount of $**__________**; and

WHEREAS, the Board has determined to cause to be issued the $__________ Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida (the "Series 2014A Certificates") pursuant to the Trust Agreement, a portion of the proceeds of which Series 2014A Certificates, together with certain other funds described herein, will be used to purchase certain United States Treasury obligations in order to provide payment for the Refunded Certificates and discharge and terminate the Trust Estate and the rights and liens provided under the Trust Agreement in regard to such Refunded Certificates; and

WHEREAS, the issuance of the Series 2014A Certificates, the purchase by the Escrow Agent of the hereinafter defined Escrow Securities, the deposit of such Escrow Securities into an escrow deposit trust fund to be held by the Escrow Agent and the discharge and termination of the Trust Estate, rights and liens provided under the Trust

Agreement in regard to the Refunded Certificates shall occur as a simultaneous transaction; and

WHEREAS, this Agreement is intended to effectuate such simultaneous transaction;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. PREAMBLES. The recitals stated above are true and correct and incorporated herein.

SECTION 2. RECEIPT OF TRUST AGREEMENT AND VERIFICATION REPORT. Receipt of a true and correct copy of the above-mentioned Series 2005 Supplemental Trust Agreement (attached hereto as Exhibit A) and this Agreement is hereby acknowledged by the Escrow Agent. The applicable and necessary provisions of the Trust Agreement, including, without limitation, Sections 5.04 and 12.01 thereof, are incorporated herein by reference. The Escrow Agent also acknowledges receipt of the verification report of Causey Demgen & Moore, P.C., a firm of independent public accountants, dated __________, 2014 (the "Verification Report"), attached hereto as Exhibit B. Reference herein to or citation herein of any provisions of the Trust Agreement or the Verification Report shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. DISCHARGE OF TRUSTS, LIENS AND RIGHTS OF HOLDERS OF REFUNDED CERTIFICATES. The Board by this writing exercises its option to have the Trust Estate and rights granted under the Trust Agreement to the holders of the Refunded Certificates to cease, terminate and be void.

SECTION 4. ESTABLISHMENT OF ESCROW FUND. There is hereby created and established with the Escrow Agent a special, segregated and irrevocable escrow deposit trust fund designated as the "Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005 Escrow Deposit Trust Fund" (the "Escrow Fund"). The Escrow Fund shall be held in the custody of the Escrow Agent as a trust fund for the benefit of the holders of the Refunded Certificates, separate and apart from other funds and accounts of the Board and the Escrow Agent (in either its capacity as Trustee or Escrow Agent). The Escrow Agent hereby accepts the Escrow Fund and acknowledges the receipt of and deposit to the credit of the Escrow Fund the sum of $__________ received from proceeds of the Series 2014A Certificates (the "Certificate Proceeds") and $________ received from the Board from moneys set aside for payment of the Refunded Certificates (the "Board Moneys").

SECTION 5. DEPOSIT OF MONEYS AND SECURITIES IN ESCROW FUND. The Board hereby directs the Escrow Agent, concurrently with the deposit of the Certificate Proceeds, under Section 4 above, to use $________ of the Certificate Proceeds and all of the Board Moneys to purchase on behalf of and for the account of the Board certain United States Treasury obligations--State and Local Government Series (collectively, together with any other securities which may be on deposit, from time to time, in the Escrow Fund, the "Escrow Securities"), which are described in Schedule 1 hereto, and to deposit such Escrow Securities and the remaining $_____ of the Certificate Proceeds (the "Cash Deposit") in the Escrow Fund. All Escrow Securities described in Schedule 1 hereto are noncallable, direct obligations of the United States of America. The Cash Deposit shall be held in the Escrow Fund uninvested.

In the event any of the Escrow Securities described in Schedule 1 hereto are not available for delivery on __________, 2014, the Escrow Agent shall, at the direction of the Board with the written approval of Special Counsel (as defined in the Trust Agreement), substitute other United States Treasury obligations and shall credit such other obligations to the Escrow Fund and hold such obligations until the aforementioned Escrow Securities have been delivered. Special Counsel shall, as a condition precedent to giving its approval, require the Board to provide it with a revised Verification Report in regard to the adequacy of the Escrow Securities, taking into account the substituted obligations to pay the Refunded Certificates in accordance with the terms hereof. The Escrow Agent shall in no manner be responsible or liable for failure or delay of Special Counsel or the Board to promptly approve the substitutions of other United States Treasury obligations for the Escrow Fund.

SECTION 6. SUFFICIENCY OF ESCROW SECURITIES. In reliance upon the Verification Report, the Board represents that the interest on and the principal amounts successively maturing on the Escrow Securities in accordance with their terms (without consideration of any reinvestment of such maturing principal and interest), together with the Cash Deposit, are sufficient such that moneys will be available to the Escrow Agent in amounts sufficient and at the times required to pay the amounts of principal of, redemption premium, if any, and interest due and to become due on the Refunded Certificates as described in the Verification Report attached hereto as Exhibit B. If the Escrow Securities and Cash Deposit shall be insufficient to make such redemption payments, the Board shall timely deposit to the Escrow Fund, solely from legally available funds of the Board, such additional amounts as may be required to pay the Refunded Certificates as described in the Verification Report attached hereto as Exhibit B. Notice of any insufficiency shall be given by the Escrow Agent to the Board as promptly as possible, but the Escrow Agent shall in no manner be responsible for the Board's failure to make such deposits.

SECTION 7. ESCROW SECURITIES IN TRUST FOR HOLDERS OF REFUNDED CERTIFICATES. The deposit of the Escrow Securities in the Escrow Fund shall constitute an irrevocable deposit of Refunding Securities (as defined in the Trust Agreement) in trust solely for the payment of the principal of, prepayment premium, if any, and interest on the Refunded Certificates at such times and in such amounts as set forth in the Verification Report attached hereto as Exhibit B, and the principal of and interest earnings on such Escrow Securities shall be used solely for such purpose.

SECTION 8. ESCROW AGENT TO PAY REFUNDED CERTIFICATES FROM ESCROW FUND. The Board hereby directs, and the Escrow Agent hereby agrees, that it will take all actions required to be taken by it under the provisions of the Trust Agreement referenced in this Agreement, including the timely use of moneys in the Escrow Fund to the payment of the Refunded Certificates in the amounts and at the times provided in the Verification Report attached hereto as Exhibit B. The Escrow Securities and Cash Deposit shall be used solely to pay the principal of, redemption premium, if any, and interest on the Refunded Certificates as the same may mature or be prepaid. If any payment date shall be a day on which the Escrow Agent is not open for the acceptance or delivery of funds, then the Escrow Agent may make payment on the next business day. The liability of the Escrow Agent for the payment of the principal of, prepayment premium, if any, and interest on the Refunded Certificates pursuant to this Agreement shall be limited to the application of the Escrow Securities and the interest earnings thereon available for such purposes in the Escrow Fund.

SECTION 9. REINVESTMENT OF MONEYS AND SECURITIES IN ESCROW FUND. (a) Moneys deposited in the Escrow Fund shall be invested only in the Escrow Securities listed in Schedule 1 hereto and, except as provided in Section 5 hereof and this Section 9, neither the Board nor the Escrow Agent shall otherwise invest or reinvest any moneys in the Escrow Fund.

Except as provided in Section 5 hereof and in this Section 9, the Escrow Agent may not sell or otherwise dispose of any or all of the Escrow Securities in the Escrow Fund and reinvest the proceeds thereof in other securities nor may it substitute securities for any of the Escrow Securities, except upon written direction of the Board and where, prior to any such reinvestment or substitution, the Escrow Agent has received from the Board (with a copy to National Public Finance Guarantee Corporation (the "Insurer") the following:

(i) a written verification report by an independent certified public accountant or firm of independent certified public accountants, of recognized standing, appointed by the Board, to the effect that after such reinvestment or substitution the principal amount of Escrow Securities, together with the interest therein, will be sufficient to pay the Refunded Certificates as described in Exhibit B hereto (such verification shall not be necessary in the event the Board shall determine to reinvest cash in Escrow Securities which mature on or before the next principal and/or interest payment date for the Refunded Certificates); and

(ii) a written opinion of Special Counsel to the effect that (i) such investment will not cause the Refunded Certificates or the Series 2014A Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the regulations promulgated thereunder or otherwise cause the Interest Component (as defined in the Trust Agreement) on the Refunded Certificates to be included as gross income for purposes of federal income taxation, and (ii) such investment does not violate any provision of the Trust Agreement.

(b) In the event the verification referenced in Section 9(a)(i) above concludes that there are surplus moneys in the Escrow Fund, such surplus moneys shall be applied first, to pay any outstanding amounts due the Escrow Agent or Insurer and second, be released to the Board upon its written direction. The Escrow Fund shall continue in effect until the date upon which the Escrow Agent makes the final payment for the Refunded Certificates in an amount sufficient to pay the Refunded Certificates as described in Schedule 1 hereto, whereupon the Escrow Agent shall as soon as practicable sell or redeem any Escrow Securities remaining in the Escrow Fund, and shall remit to the Board the proceeds thereof, together with all other money, if any, then remaining in the Escrow Fund. Except as otherwise provided herein, the Escrow Agent shall have no liability to the Board with respect to the sale or redemption of such Escrow Securities.

SECTION 10. PREPAYMENT OF REFUNDED CERTIFICATES; PREPAYMENT NOTICE. The Board hereby irrevocably instructs the Escrow Agent to give, on behalf of the Board, and the Escrow Agent hereby agrees to give, at the appropriate times the notice or notices, if any, required by the Trust Agreement in connection with the prepayment of the Refunded Certificates. The Refunded Certificates shall be prepaid on July 1, 2015 at a Prepayment Price equal to 100%. The substantial form of prepayment notice for the Refunded Certificates is attached hereto as Exhibit C.

SECTION 11. DEFEASANCE NOTICE TO HOLDERS OF REFUNDED CERTIFICATES; DEFEASANCE NOTICE. Concurrently with the deposit of the Escrow Securities and Cash Deposit set forth in Section 5 hereof, the Refunded Certificates shall be deemed to have been paid within the meaning and with the effect expressed in Section 12.01 of the Trust Agreement. Within 30 days of the deposit of moneys into the Escrow Fund, the Escrow Agent, on behalf of the Board, shall mail to the Holders of the Refunded Certificates and the Insurer the notice in substantially the form provided in Exhibit D attached hereto.

SECTION 12. ESCROW FUND IRREVOCABLE. The Escrow Fund hereby created shall be irrevocable and the holders of the Refunded Certificates shall have an express lien on the Cash Deposit and all Escrow Securities deposited in the Escrow Fund pursuant to the terms hereof and the interest earnings thereon until paid out, used and applied in accordance with this Agreement and the Trust Agreement. Neither the Board nor the Escrow Agent have, or shall cause nor permit any other lien or interest whatsoever, to be imposed upon the Escrow Fund.

SECTION 13. AMENDMENTS TO AGREEMENT. This Agreement is made for the benefit of the Board and the holders from time to time of the Refunded Certificates and it shall not be repealed, revoked, altered or amended without the written consent of all such holders and the written consent of the Escrow Agent and the Insurer; provided, however, that the Board, the Escrow Agent and the Insurer may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Certificates, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

In addition, upon the written direction of the Board (but only with the prior written consent of the Insurer) the Escrow Agent shall enter into such amendments to this Agreement as shall be necessary to reflect the terms of any agreement for the substitution of U.S. Treasury Obligations from a supplier thereof.

The Escrow Agent shall be entitled to rely exclusively upon an opinion of Special Counsel with respect to compliance with this Section 13, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Certificates, or that any instrument executed hereunder complies with the conditions and provisions of this Section 13. Any amendment to this Agreement shall require the prior written consent of the Insurer.

SECTION 14. FEES AND EXPENSES OF ESCROW AGENT; INDEMNIFICATION. In consideration of the services rendered by the Escrow Agent under this Agreement, the Board agrees to and shall pay to the Escrow Agent the fees and expenses as shall be agreed to in writing by the parties hereto. The Escrow Agent shall have no lien whatsoever upon any of the Escrow Securities or Cash Deposit in said Escrow Fund for the payment of such proper fees and expenses. The Board further agrees to indemnify and save the Escrow Agent harmless, to the extent allowed by law, against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its gross negligence or willful misconduct.

Indemnification provided under this Section 14 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Board. The Escrow Agent may conclusively rely, as to the correctness of statements, conclusions and opinions therein, upon any certificate, report, opinion or other document furnished to the Escrow Agent pursuant to any provision of this Agreement; the Escrow Agent shall be protected and shall not be liable for acting or proceeding, in good faith, upon such reliance; and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Escrow Agent shall not be obligated to expend or risk its own funds in performance of its obligations hereunder. The Escrow Agent may consult with counsel, who may be counsel to the Board or independent counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance herewith. Prior to retaining such independent counsel, the Escrow Agent shall notify the Board of its intention. The Board agrees to pay the reasonable fees and expenses of any such counsel retained by the Escrow Agent.

SECTION 15. DUTIES OF ESCROW AGENT. The Escrow Agent shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied in this Agreement on the part of the Escrow Agent.

SECTION 16. LIABILITY OF ESCROW AGENT. (a) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of moneys and of the principal amount of the securities and the earnings thereon to pay the Refunded Certificates. So long as the Escrow Agent applies any moneys, securities and interest earnings therefrom to pay the Refunded Certificates as provided herein, and complies fully with the terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Certificates caused by such calculations.

(b) The Escrow Agent shall not be liable for any loss or damage, including counsel fees and expenses, resulting from its actions or omissions to act hereunder, except for any loss or damage arising out of its gross negligence or willful misconduct. Without limiting the foregoing, the Escrow Agent shall not be liable for any action taken or omitted in good faith in reliance on any notice, direction, consent, certificate, affidavit, statement, designation or other paper or document reasonably believed by it to be genuine and to have been duly and properly signed or presented to it by the Board.

SECTION 17. PERMITTED ACTS. The Escrow Agent and its affiliates may become the owners of or may deal in the Series 2014A Certificates as fully and with the same rights as if it were not the Escrow Agent.

SECTION 18. REPORTING REQUIREMENTS OF ESCROW AGENT. As soon as practicable after July 1 and January 1 of each year, commencing January 1, 2015 so long as the Escrow Fund is maintained under this Agreement, the Escrow Agent shall forward in writing to the Board a statement in detail of the Escrow Securities held as of January 1 or July 1 of the such year, whichever is applicable, and the income and maturities thereof, and withdrawals of money from the Escrow Fund, since the last statement furnished pursuant to this Section 18.

SECTION 19. RESIGNATION OR REMOVAL OF ESCROW AGENT. The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the duties and obligations hereby created by giving not less than 60 days' written notice to the Board and the Insurer and mailing notice thereof, specifying the date when such resignation will take effect to the holders of all Refunded Certificates then outstanding, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of a majority in aggregate principal amount of the Refunded Certificates then outstanding or by the Board as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be replaced at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and signed by either the Board or the holders of a majority in aggregate principal amount of the Refunded Certificates then outstanding; provided that prior to the effectiveness of such removal, any and all fees and expenses payable to the Escrow Agent pursuant to the terms of this Agreement shall have been paid. Such instrument shall provide for the appointment of a successor Escrow Agent, which appointment shall occur simultaneously with the removal of the Escrow Agent.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in aggregate principal amount of the Refunded Certificates then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the Board shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in aggregate principal amount of the Refunded Certificates then outstanding in the manner above provided, and any such temporary Escrow Agent so appointed by the Board shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders. The Board shall mail notice of any such appointment made by it at the times and in the manner described in the first paragraph of this Section 19.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the Board pursuant to the foregoing provisions of this Section 19 within 60 days after written notice of resignation of the Escrow Agent has been given to the Board the holder of any of the Refunded Certificates or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

In the event of replacement or resignation of the Escrow Agent, the Escrow Agent shall remit to the Board the prorated portion of prepaid fees not yet incurred or payable, less any termination fees and expenses at the time of discharge, and shall have no further liability hereunder and the Board shall indemnify and hold harmless Escrow Agent from any such liability, including costs or expenses incurred by Escrow Agent or its counsel.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any State, and shall have at the time of appointment capital and surplus of not less than $50,000,000 and shall be reasonably acceptable to the Insurer.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Board an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the written request of such successor Escrow Agent or the Board execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trust of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the Board be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the Board.

Any corporation into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party or if the Escrow Agent shall sell all or substantially all of its corporate business, than such successor corporation shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 20. TERMINATION OF AGREEMENT. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. Upon such termination, all moneys remaining in the Escrow Fund shall be applied first, to pay any outstanding amounts due the Escrow Agent or the Insurer and second, be released to the Board.

SECTION 21. GOVERNING LAW. This Agreement shall be governed by the applicable laws of the State of Florida.

SECTION 22. SEVERABILITY. If any one or more of the covenants or agreements provided in this Agreement on the part of the Board or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 23. COUNTERPARTS. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 24. NOTICES. Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing and sent by registered or certified mail addressed to:

School Board:
The School Board of Indian River County
1990 25th Street
Vero Beach, Florida 32960
Attention: Assistant Superintendent for Finance/Operations

Insurer:
National Public Finance Guarantee Corporation
113 King Street
Armonk, New York 10504

Escrow Agent:
U.S. Bank National Association
225 East Robinson Street, Suite 250
P.O. Box 44 (32802-0044)
Orlando, FL 32801-4322
Attention: Corporate Trust Department

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement as of the date first written herein: the Board signing by and through its Chairman and Secretary, authorized to execute same by Board action as of the ____ day of August, 2014, and the Escrow Agent signing by and through its Authorized Signatory duly authorized to execute same.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

(SEAL)

By: ______________________________
Chairman

ATTEST:

By: ______________________________
Secretary

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent

By: ______________________________
Vice President

EXHIBIT C

FORM OF
NOTICE OF PREPAYMENT TO HOLDERS OF CERTIFICATES OF PARTICIPATION (THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA MASTER LEASE PROGRAM), SERIES 2005

NOTICE IS HEREBY GIVEN, on behalf of The School Board of Indian River County, Florida, that the Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005, dated and issued on November 21, 2005 (the "Certificates") maturing on July 1 in the years 2016 through 2025, inclusive, will be prepaid on July 1, 2015 at the prepayment price of 100% of the principal component of each Certificate to be prepaid, plus interest accrued thereon to July 1, 2015.

The Certificates to be prepaid are:

Maturity (July 1)	Amount	Interest Rate	CUSIP No.
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			

Payment of the prepayment price and interest of such Certificates will be made on or after such prepayment date at the office of U.S. Bank National Association, the Trustee for the Certificates upon surrender thereof. Interest on such Certificates will cease to accrue and be payable from and after such prepayment date.

DATED this ____ day of _____________.

U.S. BANK NATIONAL ASSOCIATION

EXHIBIT D

FORM OF NOTICE OF DEFEASANCE

Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005

Maturing on July 1, of the years 2016 through 2025, inclusive, Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Indian River County, Florida

CUSIP NOS. _________________

NOTICE IS HEREBY GIVEN that for the prepayment of all Basic Rent Payments represented by, and the Prepayment Price on July 1, 2015 of, the obligations indicated above (the "Refunded Certificates"), there has been deposited in escrow with U.S. Bank National Association, as escrow agent, moneys consisting of refunding certificate proceeds and other moneys which have been invested in obligations consisting of securities which are direct obligations of, or obligations which are fully and unconditionally guaranteed by, the United States of America.

Based on the information set forth in the Verification Report of Causey Demgen & Moore, P.C., dated _________, 2014, the scheduled payments to be received from such securities, together with the interest income therefrom, have been calculated to be adequate to prepay the principal component or Prepayment Price and interest component due and to become due with respect to the Refunded Certificates on and prior to July 1, 2015, the Prepayment Date thereof.

The Refunded Certificates are deemed to have been paid within the meaning of Section 12.01 of the Master Trust Agreement dated as of November 1, 2005, as amended and supplemented, under which the Refunded Certificates were issued and secured.

DATED this _____ day of _____________, 2014.

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent.

PRELIMINARY OFFERING STATEMENT DATED OCTOBER __, 2014

NEW ISSUE-BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein**

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, assuming continuing compliance by the Corporation and the School Board with various covenants in the Trust Agreement and the Series 2005 Lease Agreement, under existing statutes, regulations, and court decisions, the Interest Component of Basic Rent Payments (a) is excludable from gross income of the holders of the 2014A Certificates, except to the extent described under the caption "TAX EXEMPTION" herein and (b) is not an item of preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, no opinion is expressed with respect to federal income tax consequences of any payments received with respect to the 2014A Certificates following termination of the Series 2005 Lease Agreement as a result of an Event of Non-Appropriation or Event of Default thereunder. See "TAX EXEMPTION" herein for a discussion of Special Counsel's opinion.

$__________*

REFUNDING CERTIFICATES OF PARTICIPATION
(The School Board of Indian River County, Florida, Master Lease Program),
Series 2014A
Evidencing Undivided Proportionate Interests of Owners
thereof in Basic Rent Payments to be made under a Master Lease-Purchase
Agreement by The School Board of Indian River County, Florida

Dated: Date of Delivery **Due: July 1, as shown on inside cover hereof**

The Refunding Certificates of Participation (The School Board of Indian River County, Florida, Master Lease Program), Series 2014A (the "2014A Certificates"), offered hereby evidence undivided proportionate interests in Basic Rent Payments (as defined herein) to be made by The School Board of Indian River County, Florida (the "Board"), acting as the governing body of the School District of Indian River County, Florida (the "District"), pursuant to a Master Lease-Purchase Agreement with the Indian River County School Board Leasing Corporation (the "Corporation"), dated as of November 1, 2005 (the "Master Lease"), as amended and supplemented by the Amended and Restated Schedule No. 2005, dated as of __________ 1, 2014 (together with the Master Lease, the "Series 2005 Lease Agreement"), providing for the lease-purchase financing of certain educational facilities and equipment by the Board designated as the 2005 Project (as described herein). The Series 2005 Lease Agreement and any other prior or subsequent leases entered into pursuant to the Master Lease shall be referred to collectively as the "Leases." The 2014A Certificates are being issued in fully registered form in denominations of $5,000 and integral multiples thereof. The Interest Component of the Basic Rent Payments represented by the 2014A Certificates is payable on January 1 and July 1 of each year (each a "Payment Date"), commencing [January 1, 2015], by check or draft of U.S. Bank National Association, Orlando, Florida, as successor Trustee, mailed to the 2014A Certificate owner of record (as of the 15th day of the month next preceding the month in which the Payment Date occurs) at the address shown on the Certificate register maintained by the Trustee. At the request and expense of a Registered Owner of $1,000,000 or more in aggregate principal amount of 2014A Certificates, interest shall be paid by wire transfer on the Payment Date to a domestic bank account designated in writing to the Trustee by the Registered Owner at least five days prior to the Record Date for the Payment Date. When issued, the 2014A Certificates will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2014A Certificates (the "Beneficial Owners") will not receive physical delivery of 2014A Certificates. Ownership by the Beneficial Owners of the 2014A Certificates will be evidenced through a book-entry only system of registration. As long as Cede & Co. is the registered owner as nominee of DTC, payment of the Principal Component and Interest Component of the Basic Rent Payments represented by the 2014A Certificates will be made directly to Cede & Co., which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. The Principal Component of the Basic Rent Payments represented by the 2014A Certificates is payable on the dates set forth on the inside cover upon surrender at the designated corporate trust office of the Trustee.

The 2014A Certificates may be subject to optional and mandatory sinking fund prepayment prior to maturity as described herein.

THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PRINCIPAL AND INTEREST PAYMENTS ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES SPECIFICALLY BUDGETED FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS DUE UNDER THE LEASES ARE SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD ON AN ALL-OR-NONE BASIS. THE 2014A CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE SERIES 2005 LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2005 LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. SEE "RISK FACTORS" HEREIN.

[The scheduled payment of principal and interest on the 2014A Certificates when due may be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2014A Certificates by __________ (the "Insurer"). For a discussion of the terms and provisions of such policy, including the limitation thereof, see "MUNICIPAL BOND INSURANCE POLICY OPTION" herein. *The Board will make the determination whether to purchase such policy to insure all or a portion of the 2014A Certificates, if any, at the time the 2014A Certificates are marketed.*]

SEE THE INSIDE COVER FOR CERTAIN ADDITIONAL INFORMATION RELATING TO THE SERIES 2005 LEASE AGREEMENT AND THE MATURITY SCHEDULE.

This cover page and the inside cover page contain certain information for quick reference only. They are not, and are not intended to be, a summary of the transaction. Investors must read the entire Offering Statement, including the appendices hereto, to obtain information essential to the making of an informed investment decision.

The 2014A Certificates are offered when, as and if delivered and received by the Underwriters, subject to the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Board and for the Corporation by Brown, Garganese, Weiss & D'Agresta, P.A., Orlando, Florida, and by Bryant Miller Olive P.A., Tallahassee, Florida, Disclosure Counsel. Ford & Associates, Inc., Tampa, Florida, is serving as Financial Advisor to the Issuer. Greenberg Traurig, P.A., Miami, Florida, is acting as counsel to the Underwriters. It is expected that the 2014A Certificates will be available for delivery through the facilities of DTC on or about October __, 2014.

Citigroup

RBC Capital Markets	**Raymond James**	**Wells Fargo Securities**

Dated: __________, 2014

*Preliminary, subject to change

Red Herring language:

This Preliminary Offering Statement and the information contained herein are subject to completion and amendment. The 2014A Certificates may not be sold nor may offers to buy be accepted prior to the time the Offering Statement is delivered in final form. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2014A Certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

The initial term of the Series 2005 Lease Agreement commences on the date of delivery of the 2014A Certificates and continues through and including June 30, 2015, and is automatically renewable annually thereafter through June 30, 2025, unless earlier terminated as described herein. The Board may enter into other Leases under the Master Lease in addition to the Series 2005 Lease Agreement and is currently a party to the Series 2007 Lease Agreement, dated as of August 1, 2007, and the Series 2010A Lease Agreement, dated as of December 1, 2010. As of June 30, 2014, of the District's 22 total operational schools, there was an elementary school, a middle school, a high school, a magnet school, an alternative education center, a support services complex, several classroom additions and land for future facilities leased under the Master Lease. Based on the District's full time equivalent enrollment of approximately 17,614 students as of June 30, 2014, approximately 27.6% of the District's students attended classes in facilities leased under the Master Lease during the Fiscal Year ended June 30, 2014 (see "THE MASTER LEASED PROJECTS" herein).

When the Board appropriates lease payments for any of its Projects leased under the Master Lease, it must appropriate lease payments for all other Projects leased under the Master Lease. Failure to appropriate funds to pay lease payments under any such Lease, or an event of default under any Lease under the Master Lease, will result in the termination of all Leases under the Master Lease, including the Series 2005 Lease Agreement. Upon any such termination, any proceeds of the disposition of leased facilities (other than Designated Equipment, as described herein) will be applied to payment of the related Series of Certificates, all as further described herein. In no event will owners of the 2014A Certificates have any interest in or right to any proceeds of the disposition of facilities leased under any Lease other than the Series 2005 Lease Agreement (excluding Designated Equipment). Should termination of the Master Lease occur, the 2014A Certificates will not be prepaid except at the option of the Insurer, if any, or to the extent the Trustee has money available therefor. Special Counsel will express no opinion as to tax exemption or the effect of securities laws with respect to the 2014A Certificates following an event of non-appropriation or an event of default under the Master Lease, which results in termination of the Lease Term of the Series 2005 Lease Agreement. Transfers of the 2014A Certificates may be subject to compliance with the registration provisions of state and federal securities laws following an event of non-appropriation or an event of default under the Master Lease which results in termination of the Series 2005 Lease Agreement (See "TAX EXEMPTION" and "RISK FACTORS" herein). An event of non-appropriation or an event of default under the Master Lease which results in termination of the Series 2005 Lease Agreement will not result in termination of the municipal bond insurance policy issued by the Insurer.

MATURITY SCHEDULE

$__________*
Refunding Certificates of Participation, Series 2014A

$__________* Serial 2014A Certificates

Year (July 1)*	Principal Amount*	Interest Rate	Yield	Initial CUSIP No.**
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				

$__________* - _____% Term 2014A Certificates due July 1, 20__; Yield ____%;
Initial CUSIP No. _________**

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* Preliminary, subject to change.

** The Board is not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the Board as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Offering Statement.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

BOARD MEMBERS

Carol Johnson*, Chairman
Claudia Jimenéz, Vice Chairman
Karen Disney-Brombach*, Member
Dale Simchick, Member
Matthew McCain, Member

SUPERINTENDENT OF SCHOOLS AND EX OFFICIO SECRETARY TO THE BOARD

Frances J. Adams, Ed.D.**

ASSISTANT SUPERINTENDENT OF FINANCE

Carter Morrison

DIRECTOR OF FACILITIES, PLANNING & CONSTRUCTION

Scott Sanders

COUNSEL TO THE BOARD

Brown, Garganese, Weiss & D'Agresta, P.A.
Orlando, Florida

SPECIAL COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Tallahassee, Florida

FINANCIAL ADVISOR

Ford & Associates, Inc.
Tampa, Florida

TRUSTEE

U.S. Bank National Association
Orlando, Florida

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* Charles G. Searcy and Shawn R. Frost were elected to the Board on August 26, 2014 and will replace Ms. Johnson and Ms. Disney-Brombach, respectively, on November 18, 2014.

** Frances J. Adams has announced her retirement on June 30, 2015. A formal search is expected to commence in advance of such date.

No dealer, broker, salesman or other person has been authorized by the Board or the Underwriters to give any information or to make any representations, other than those contained in this Offering Statement, in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell nor a solicitation of an offer to buy any securities, other than the securities offered hereby, or an offer or a solicitation of an offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The information set forth herein has been obtained from the Board, the Insurer, DTC and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Board with respect to information provided by the Insurer and is not to be construed as a representation by the Underwriters, except with regard to any information provided by them. The information and expressions of opinion stated herein are subject to change without notice, and neither the delivery of this Offering Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.

The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

[Other than with respect to information concerning the Insurer contained under the caption "MUNICIPAL BOND INSURANCE OPTION" and "APPENDIX E – Specimen Municipal Bond Insurance Policy" herein, none of the information in this Offering Statement has been supplied or verified by the Insurer and the Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the 2014A Certificates; or (iii) the tax exempt status of the interest on the 2014A Certificates.]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2014A CERTIFICATES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFERING STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE DISTRICT, THE BOARD AND THE UNDERWRITERS AND ANY ONE OR MORE OF THE HOLDERS OF THE 2014A CERTIFICATES.

THIS OFFERING STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW. MUNIOS. COM AND WWW. EMMA. MSRB. ORG. THIS OFFERING STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM THE AFOREMENTIONED WEBSITES.

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OFFERING STATEMENT
Related to

$__________*
REFUNDING CERTIFICATES OF PARTICIPATION
(The School Board of Indian River County, Florida, Master Lease Program),
Series 2014A
Evidencing Undivided Proportionate Interests of Owners
thereof in Basic Rent Payments to be made under a Master Lease-Purchase
Agreement by The School Board of Indian River County, Florida

INTRODUCTION

This Offering Statement, including the cover page, inside cover and appendices hereto, is provided to furnish information in connection with the sale and delivery of $_________* aggregate principal amount of Refunding Certificates of Participation (The School Board of Indian River County, Florida, Master Lease Program), Series 2014A, Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida (the "2014A Certificates"). The 2014A Certificates evidence undivided proportionate interests of the owners thereof in the Basic Rent Payments to be made by The School Board of Indian River County, Florida (the "Board"), under the Series 2005 Lease Agreement (defined below). The 2014A Certificates are being executed and delivered pursuant to a Master Trust Agreement, dated as of November 1, 2005 (the "Master Trust Agreement"), and the Series 2014A Supplemental Trust Agreement, dated as of __________ 1, 2014 (the "Series 2014A Trust Agreement," and together with the Master Trust Agreement, the "Trust Agreement"), each among the Board, the Indian River County School Board Leasing Corporation, a Florida not-for-profit corporation (the "Corporation"), and U.S. Bank National Association, Orlando, Florida, as successor trustee (the "Trustee").

The Board is the governing body of the School District of Indian River County, Florida (the "District"), and has entered into a Master Lease-Purchase Agreement, dated as of November 1, 2005 (the "Master Lease"), between the Corporation, as lessor, and the Board, as lessee, for the purpose of lease-purchasing from time to time certain educational and related facilities and sites ("Projects") from the Corporation. Projects to be leased from time to time will be identified on separate schedules (each a "Schedule") attached to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, will constitute a separate lease agreement (individually a "Lease" and collectively the "Leases").

In November 2005 the Board leased certain facilities (the "2005 Project") pursuant to Schedule No. 2005 (together with the Master Lease, the "Original Series 2005 Lease Agreement"), which is automatically renewable annually through and including June 30, 2025. The cost of the 2005 Project was financed with the proceeds of the $80,050,000 Certificates of

Participation, Series 2005 (the "2005 Certificates"), $53,735,000 of which are presently outstanding. See "THE MASTER LEASED PROJECTS" and "THE 2005 PROJECTS" herein. A portion of the proceeds of the 2005 Certificates are being refunded with the proceeds of the 2014A Certificates. See "PLAN OF REFINANCING" herein. In connection with such refunding, the Original Series 2005 Lease Agreement will be amended and supplemented by the Amended and Restated Schedule No. 2005 (the "Amended and Restated Schedule No. 2005" and, together with the Original Series 2005 Lease Agreement, the "Series 2005 Lease Agreement"), which will secure the repayment of the Unrefunded 2005 Certificates (as defined herein), if any, and the 2014A Certificates on a proportionate basis.

In August 2007 the Board leased certain facilities (the "2007 Project") pursuant to Schedule No. 2007 (together with the Master Lease, the "Series 2007 Lease Agreement"), which is automatically renewable annually through and including June 30, 2027. The cost of the 2007 Project was financed with the proceeds of the $45,020,000 Certificates of Participation, Series 2007 (the "2007 Certificates"), $36,725,000 of which are presently outstanding. See "THE MASTER LEASED PROJECTS" and "THE PRIOR PROJECTS" herein.

In December 2010 the Board leased certain facilities (the "2010A Project") pursuant to Schedule No. 2010A (together with the Master Lease, the "Series 2010A Lease Agreement"), which is automatically renewable annually through and including November 30, 2028. The cost of the 2010A Project was financed with the proceeds of the $26,261,000 Certificates of Participation, Series 2010A (Qualified School Construction Bonds - Federally Taxable - Issuer Subsidy), the "2010A Certificates," all of which are presently outstanding. See "THE MASTER LEASED PROJECTS" and "THE PRIOR PROJECTS" herein.

The following table provides a summary of the Leases that the Board will be a party to prior to the delivery of the 2014A Certificates, the Projects financed thereby, the final renewal date, the related Series of Certificates and the outstanding principal amount of each Series of Certificates.

Lease	Related Projects	Term End Date	Related Series of Certificates	Principal Amount Outstanding
Series 2005 Lease Agreement	2005 Project	June 30, 2025	2005 Certificates	$53,735,000
Series 2007 Lease Agreement	2007 Project	June 30, 2027	2007 Certificates	$36,725,000
Series 2010A Lease Agreement	2010A Project	November 30, 2028	2010A Certificates	$26,261,000

Pursuant to a Ground Lease Agreement, dated as of November 1, 2005 (the "Ground Lease"), the Board leased the sites on which the 2005 Project is located (the "2005 Project Sites") to the Corporation for an anticipated initial term of approximately 20 years subject to a five year extension and Permitted Encumbrances (as defined in the Ground Lease). See "THE 2005

PROJECT" and "APPENDIX C" – FORMS OF LEGAL DOCUMENTS – GROUND LEASE AGREEMENT.

Pursuant to an Assignment of Lease Agreement, dated as of November 1, 2005, as amended by the Third Amendment to Assignment of Lease Agreement, dated as of __________ 1, 2014, and an Assignment of Ground Lease, dated as of November 1, 2005 (collectively, the "Series 2005 Assignments"), between the Corporation and the Trustee, the Corporation will irrevocably assign by outright and absolute assignment to the Trustee for the benefit of the owners of the Unrefunded 2005 Certificates and the 2014A Certificates, substantially all of its right, title and interest in and to the Ground Lease and the Series 2005 Lease Agreement, including the right to receive the Basic Rent Payments and all other amounts due under the Series 2005 Lease Agreement, as herein described. See "SECURITY FOR THE CERTIFICATES."

Payment of the Principal Component and Interest Component of Basic Rent Payments represented by the 2014A Certificates may be insured by a municipal bond insurance policy (the "Policy") issued by __________ (the "Insurer"). *The Board will make the determination whether to purchase such policy to insure all or a portion of the 2014A Certificates, if any, at the time the 2014A Certificates are marketed.*] See "MUNICIPAL BOND INSURANCE POLICY OPTION" herein.

The Board has covenanted and agreed for the benefit of the 2014A Certificate holders to provide certain continuing disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). See "CONTINUING DISCLOSURE."

Brief descriptions of the Board, the District, the Policy and the 2005 Project are included in this Offering Statement together with summaries of certain provisions of the 2014A Certificates, the Master Lease, the Series 2005 Lease Agreement, the Master Trust Agreement, the Series 2014A Trust Agreement, the Ground Lease and the Series 2005 Assignments. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Master Lease, the Series 2005 Lease Agreement, the Master Trust Agreement, the Series 2014A Trust Agreement, the Ground Lease and the Series 2005 Assignments are qualified in their entirety by reference to the respective complete documents. Copies of the documents may be obtained upon written request and payment of the costs of duplication to the Trustee at 225 East Robinson Street, Suite 250, Orlando, Florida 32801-4322. Capitalized terms used herein and not otherwise defined will have the meanings given them in such documents.

AUTHORIZATION

Pursuant to the applicable provisions of Florida law, including particularly Chapters 1000-1013, Florida Statutes (collectively, the "Act"), and judicial decisions thereof, the Board has the power and authority to enter into transactions such as that contemplated by the Series 2005 Lease Agreement and the Trust Agreement. The Board authorized doing so pursuant to a resolution duly adopted by the Board on __________, 2014.

PLAN OF REFINANCING

All or a portion of the 2005 Certificates maturing in the years 2016 through and including 2025 in the aggregate principal amount of $__________ (the "Refunded Certificates") will be advance refunded pursuant to the plan of refinancing. The moneys required to refund the Refunded Certificates will be derived from a portion of the proceeds of the 2014A Certificates. The Refunded Certificates will be prepaid on July 1, 2015, at a Prepayment Price of 100%, plus interest accrued to the Prepayment Date.

A portion of the proceeds of the 2014A Certificates will be irrevocably placed in an escrow fund (the "Escrow Fund") with U.S. Bank National Association, Orlando, Florida, as escrow agent (the "Escrow Agent") pursuant to an Escrow Deposit Agreement (the "Escrow Agreement") dated as of the date of closing of the 2014A Certificates. A portion of such funds will be applied on the date of issuance of the 2014A Certificates to purchase certain United States Treasury obligations—State and Local Government Series (the "Escrow Securities"). The Escrow Securities will mature at such times and bear interest in such amounts so that sufficient moneys will be available from the maturing principal and interest thereof, together with any initial cash on deposit in the Escrow Fund, to pay the Prepayment Price on the Refunded Certificates upon their prepayment.

Upon the deposit of such moneys, the Refunded Certificates shall no longer be deemed outstanding for purposes of the Trust Agreement, the resolutions and other documents authorizing their issuance, and the holders thereof shall be entitled to payment solely out of the moneys and securities on deposit in the Escrow Fund pursuant to the Escrow Agreement.

The 2005 Certificates maturing in the years 2015 (the "Unrefunded 2005 Certificates") are not being prepaid hereby and will remain outstanding and be secured by the Series 2005 Lease Agreement on a proportionate basis with the 2014A Certificates.

THE 2014A CERTIFICATES

General

The 2014A Certificates will be dated as of their date of delivery, will mature in the years and principal amounts and represent interest at the rates set forth on the inside cover of this Offering Statement. The 2014A Certificates shall initially be issued exclusively in fully registered form in denominations of $5,000 or integral multiples thereof. The 2014A Certificates initially will be issued exclusively in "book-entry" form and ownership of one fully registered 2014A Certificate for each maturity, each in the aggregate principal amount of such maturity, and will be initially registered in the name of Cede & Co. as nominee of DTC. Individual purchases will be made in increments of $5,000 or integral multiples thereof. See "The 2014A Certificates – Book-Entry Only System" herein.

The Interest Component represented by the 2014A Certificates is payable on January 1 and July 1 of each year (each a "Payment Date"), commencing January 1, 2015. Such Interest Component represents an undivided proportionate interest in the Interest Component due on June 15 and December 15 of each year, as set forth in the Series 2005 Lease Agreement, to and including the maturity date of each 2014A Certificate at the rates set forth on the inside cover page hereof. The Interest Component represented by the 2014A Certificates is payable by check or draft of the Trustee, mailed on each Payment Date to the registered owner at the address shown on the 2014A Certificate register maintained by the Trustee as of the 15th day of the month preceding the Payment Date, whether or not a business date (the "Record Date"); provided, however, that at the request and expense of the registered owner of $1,000,000 or more in aggregate principal amount of 2014A Certificates, interest may be paid by wire transfer on the Payment Date to a domestic bank account designated in writing to the Trustee by such registered owner at least 5 days prior to the Record Date for such Payment Date.

The principal amount of the 2014A Certificates payable at maturity or upon earlier prepayment thereof represents an undivided proportionate interest in the Principal Component of the Basic Rent Payments (the "Principal Component") on each of the dates set forth in the Series 2005 Lease Agreement. The Principal Component represented by the 2014A Certificates is payable to the Owner thereof upon presentation, when due, at maturity or upon earlier prepayment, at the corporate trust office of the Trustee in Orlando, Florida.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CORPORATION, THE BOARD AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE CORPORATION, THE BOARD AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the 2014A Certificates. The 2014A Certificates will be 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. Purchases of beneficial ownership interests in the 2014A Certificates will be made in book-entry-only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the 2014A Certificates ("Beneficial Owners") will not receive 2014A Certificates representing their ownership interests in the 2014A Certificates, except in the event that use of the book-entry-only system for the 2014A Certificates is discontinued. One fully registered certificate will be issued for each maturity of the 2014A Certificates, and 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 & 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 2014A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014A Certificates on DTC's records. The ownership interest of each actual purchaser of each 2014A Certificate (the "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 2014A Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2014A Certificates, except in the event that use of the book-entry system for the 2014A Certificates is discontinued.

To facilitate subsequent transfers, all 2014A Certificates 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 2014A Certificates 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 2014A Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014A Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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 among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2014A Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014A Certificates, such as redemptions, tenders, defaults, and proposed amendments to the 2014A Certificate documents. For example, Beneficial Owners of the 2014A Certificates may wish to ascertain that the nominee holding the 2014A Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the 2014A Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such certificates to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014A Certificates unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 2014A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds, distribution, and interest payments on the 2014A Certificates 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 Trustee 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 Participants and not of DTC, Agent, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee for the 2014A Certificates. 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 Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2014A Certificates at any time by giving reasonable notice to the Board. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered to DTC.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

NEITHER THE BOARD, THE DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, DTC PARTICIPANTS OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE 2014A CERTIFICATES FOR THE ACCURACY OF RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO THE 2014A CERTIFICATES OR THE PROVIDING OF NOTICE OR PAYMENT OF PRINCIPAL, OR INTEREST, OR ANY PREMIUM ON 2014A CERTIFICATES, TO DTC PARTICIPANTS OR BENEFICIAL OWNERS, OR THE SELECTION OF 2014A CERTIFICATES FOR PREPAYMENT.

Optional Prepayment

The 2014A Certificates maturing on or before July 1, 20__ shall not be subject to prepayment at the option of the Board. The 2014A Certificates maturing on and after July 1, 20__ may be prepaid at the option of the Board from prepayments of Basic Rent made by the Board pursuant to the Series 2005 Lease Agreement, in whole or in part on July 1, 20__ or any date thereafter, and if in part, in such order of maturities as may be designated by the Board, or if not so designated, in inverse order of maturities, and by lot within a maturity in such manner as may be designed by the Trustee, at a Prepayment Price equal to the principal amount of the 2014A Certificates or portion thereof to be prepaid, plus accrued and unpaid interest thereon to the optional prepayment date, without premium.

Mandatory Sinking Fund Prepayment

The 2014A Certificates maturing on July 1, 20__, shall be subject to mandatory prepayment prior to maturity, in part (selected by lot), from payments of the principal portion of Basic Rent Payments, through the operation of a sinking fund, on each July 1 in the years set forth below at a Prepayment Price of par plus interest accrued to the prepayment date:

Year (July 1)	Amortization Installments
*	

*Maturity

No Extraordinary Mandatory Prepayment

The 2014A Certificates are not subject to extraordinary mandatory prepayment prior to maturity. Net Proceeds of any insurance or condemnation award relating to the 2005 Project shall be allocated to the 2014A Certificates, on a pro rata basis with the Unrefunded 2005 Certificates. If the Net Proceeds related to the 2005 Project allocable to the 2014A Certificates are not greater than the amount of the Lease Payments represented by the 2014A Certificates coming due in the immediately following fiscal year under the Series 2005 Lease Agreement, then such amounts shall be used first, to pay the Interest Component of the 2014A Certificates for the next two interest Payment Dates and then to pay the Principal Component next coming due. In the event such Net Proceeds are greater than the amount of the Lease Payments represented by the 2014A Certificates coming due under the Series 2005 Lease Agreement in the immediately following fiscal year, at the option of the Board, the Board shall apply the portion of the Net Proceeds of such insurance or condemnation award to (i) the acquisition, construction and installation of other Land and/or Buildings to be used for educational purposes that will be subject to the Series 2005 Lease Agreement or (ii) upon receipt of an approving opinion of Special Counsel, to the Series 2014A Subaccount of the Interest Account, or the Series 2014A Subaccount of the Principal Account to be created against the payments next due to such accounts or subaccounts.

Selection

When the 2014A Certificates are prepaid by lot, the selection of 2014A Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any 2014A Certificate to be prepaid shall be in the principal amount of $5,000 or any whole multiple thereof, and that in selecting portions of 2014A Certificates for prepayment, the Trustee shall treat each such 2014A Certificate as representing that number of 2014A Certificates which is obtained by dividing the principal amount with respect to such 2014A Certificate by $5,000.

Notice of Prepayment

As long as a book-entry only system is used for determining beneficial ownership of 2014A Certificates, notice of prepayment will only be sent to DTC. DTC will be responsible for notifying the DTC Participants, which will in turn be responsible for notifying the Beneficial Owners. Any failure of DTC to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner of any such notice, will not affect the validity of the prepayment of the 2014A Certificates. See "Book-Entry Only System" above.

The Trustee shall give to the Owners of 2014A Certificates to be prepaid notice, at the expense of the Board, of the prepayment of the 2014A Certificates. Such notice shall state: (i) the CUSIP numbers of all 2014A Certificates being prepaid, (ii) the original issue date of such 2014A Certificates, (iii) the maturity date and rate of interest borne by each 2014A Certificate being prepaid, (iv) the prepayment date, (v) the Prepayment Price, (vi) the date on which such notice is mailed, (vii) if less than all Outstanding 2014A Certificates are to be prepaid, the Certificate number (and, in the case of a partial prepayment of any 2014A Certificate, the principal amount) of each 2014A Certificate to be prepaid, (viii) that on such prepayment date there shall become due and payable upon each 2014A Certificate to be prepaid, the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof in the case of 2014A Certificates to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such date interest thereon shall cease to accrue and be payable, and (ix) that the 2014A Certificates to be prepaid, whether as a whole or in part, are to be surrendered for payment of the Prepayment Price at the designated corporate trust office of the Trustee at an address specified. Any such notice may be a conditional notice. In the event the conditions stated in such a notice have not been satisfied on the proposed prepayment date, such prepayment shall not occur and such notice shall be of no further force or effect.

Notice of such prepayment shall be given by mail, postage prepaid, not more than 60 days or fewer than 30 days prior to the date of prepayment, to the Owners of any 2014A Certificates to be prepaid. Failure to receive such mailing by any Owners of 2014A Certificates shall not be a condition precedent to such prepayment, and any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the 2014A Certificates for which notice was given.

Effect of Prepayment

On or before the prepayment date, the Board will deposit with the Trustee money or Refunding Securities or a combination thereof in an amount sufficient to pay the principal of and the Prepayment Premium, if any, and interest accruing thereon to the prepayment date of the 2014A Certificates called for prepayment.

On the date fixed for prepayment, notice having been given in the manner and under the conditions provided in the Trust Agreement, the 2014A Certificates or portions thereof called for prepayment shall be due and payable at the Prepayment Price provided therefor, plus accrued interest to such date. If money or Refunding Securities, or a combination of both, sufficient to pay the Prepayment Price of the 2014A Certificates to be prepaid, plus accrued interest thereon to the date fixed for prepayment, are held by the Trustee in trust for the Owners of 2014A Certificates to be prepaid, interest on the 2014A Certificates called for prepayment shall cease to accrue as of the date set for prepayment; such 2014A Certificates shall cease to be entitled to any benefits or security under the Trust Agreement or to be deemed Outstanding; and the Owners of such 2014A Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price thereof, plus accrued interest to the date fixed for prepayment from the money and/or Refunding Securities held therefor. 2014A Certificates and portions of 2014A Certificates for which irrevocable instructions to pay on one or more specified dates or to call for prepayment at the earliest prepayment date have been given to the Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under the Trust Agreement and shall cease to be entitled to the security of or any rights under the Trust Agreement, other than rights to receive payment of the Prepayment Price thereof and accrued interest thereon to the date fixed for prepayment, to be given notice of prepayment in the manner provided above, and, to the extent provided in the Trust Agreement, to receive 2014A Certificates for any unpaid portions of 2014A Certificates if money or Refunding Securities, or a combination of both, sufficient to pay the Prepayment Price of such 2014A Certificates or portions thereof, together with accrued interest thereon to the date upon which such 2014A Certificates are to be prepaid, are held in separate accounts by the Trustee in trust for the Owners of such 2014A Certificates.

Negotiability, Registration and Transfer

The Trustee will keep or cause to be kept a Certificate Register and will, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Certificate Register, of 2014A Certificates as provided in the Trust Agreement.

In the event the book-entry only system of registration is discontinued the following provisions will apply in lieu of book-entry procedures:

The transfer of any 2014A Certificate may be registered only upon the Certificate Register upon surrender thereof to the Trustee together with an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer, the Trustee shall authenticate and deliver in exchange for such 2014A Certificate a new registered 2014A Certificate or 2014A Certificates, registered in the name of the transferee, of any denomination or denominations authorized by the Trust Agreement in the aggregate principal amount equal to the principal amount of such 2014A Certificate surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which 2014A Certificates are exchanged or transferred, the Trustee will authenticate and deliver at the earliest practicable time, 2014A Certificates in accordance with the provisions of the Trust Agreement. All 2014A Certificates surrendered in any such exchange or registration of transfer will forthwith be cancelled by the Trustee. No service charge shall be made for any registration, transfer, or exchange of 2014A Certificates, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of 2014A Certificates as a condition precedent to such registration, transfer or exchange. The Trustee will not be required to transfer or exchange 2014A Certificates (i) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of prepayment of 2014A Certificates and ending at the close of business on the day of such mailing, (ii) so selected for prepayment in whole or in part, or (iii) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest and ending on such interest Payment Date.

SECURITY FOR THE 2014A CERTIFICATES

General

The 2014A Certificates evidence undivided proportionate interests in Basic Rent Payments made by the Board under the Series 2005 Lease Agreement, and are secured by and payable from the Trust Estate established pursuant to the Trust Agreement. The Trust Estate consists of all right, title and interest in the funds, accounts and subaccounts established under the Trust Agreement for the 2014A Certificates and the cash, securities and investments of which they are comprised (other than the Rebate Fund); all right, title and interest of the

Corporation in, to and under the Ground Lease and the Series 2005 Lease Agreement and the right to receive the Lease Payments under the Series 2005 Lease Agreement, but excluding any rights of the Corporation to indemnification set forth therein, its right to enter into Lease Schedules from time to time and certain other obligations provided in the Series 2005 Lease Agreement; all right, title and interest of the Trustee under the Series 2005 Assignments; any money received by the Trustee which is derived from the exercise by the Trustee, as assignee of the Corporation, of any of the remedies under the Trust Agreement, the Series 2005 Lease Agreement, the Ground Lease or any leasehold mortgage agreement entered into pursuant to the Trust Agreement; and all property which by the express provisions of the Trust Agreement, the Series 2005 Lease Agreement or the Ground Lease is required to be subject to the lien of the Trust Agreement, and any additional property that may from time to time hereafter expressly be made subject to the lien of the Trust Agreement by the Trustee, the Corporation or the Board or anyone authorized to act on their behalf.

Neither the Board nor the Corporation will mortgage or grant a security interest in the real and personal property comprising the 2005 Project to the Trustee. Upon termination of the Leases in certain events of non-appropriation or default, however, the Master Lease provides that the Board must relinquish possession of all of the Projects (except Designated Equipment, if any), including the 2005 Project, to the Trustee as assignee of the Corporation for disposition by sale or re-letting of its leasehold interest in the Projects as provided in the Master Trust Agreement, and any proceeds of any such disposition will be applied to the payment of the Certificates related to such Projects after payment of the expenses of the Trustee. The Holders of the 2014A Certificates shall only have a right to the proceeds of the disposition of the 2005 Project (excluding Designated Equipment). See "RISK FACTORS" and "THE LEASES – Effect of Termination for Non-Appropriation or Default."

Lease Payments

All Lease Payments and all other amounts required to be paid by the Board under the Series 2005 Lease Agreement and all other Leases will be made only from legally available funds specifically appropriated for such purpose by the Board. See "THE LEASES." Revenues available to the Board for operational purposes and capital projects such as the Projects are described herein under "DISTRICT OPERATING REVENUES" and "DISTRICT CAPITAL PROJECT REVENUES."

The Trust Agreement provides for the establishment and maintenance of a Lease Payment Fund for the deposit of Basic Rent Payments appropriated and paid under the Series 2005 Lease Agreement. Separate subaccounts in the Lease Payment Fund are established for each series of Certificates issued under the Master Trust Agreement (other than Completion Certificates). Lease Payments due under all Schedules to the Master Lease are subject to annual appropriation by the Board on an all-or-none basis and are payable on a parity basis solely from legally available funds appropriated by the Board for such purpose; provided that Lease Payments with respect to a particular Schedule and series of Certificates may be additionally and separately secured by a credit or liquidity enhancement facility. There is no limit on the number of additional Projects that may be financed under the Master Lease, or any prohibition against the Board lease-purchasing other education equipment or facilities outside the Master Lease program. Such additional Projects may be financed through the sale of additional series of Certificates under the Master Trust Agreement.

Limited Obligations of the Board

THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PRINCIPAL AMOUNT AND CERTIFICATE INTEREST PAYMENTS ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES SPECIFICALLY BUDGETED FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS DUE UNDER THE LEASES ARE SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD ON AN ALL-OR-NONE BASIS. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE SERIES 2005 LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2005 LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THERE CAN BE NO ASSURANCE THAT SUFFICIENT FUNDS WILL BE APPROPRIATED OR OTHERWISE BE MADE AVAILABLE TO MAKE ALL OF THE LEASE PAYMENTS DUE UNDER THE MASTER LEASE.

Uniform Commercial Code

The 2014A Certificates will have all the qualities and incidents of an investment security under the Uniform Commercial Code - Investment Securities Law of the State of Florida and the Corporation's assignment of the Lease Payments is exempt from the provisions of such law relating to perfection of secured transactions.

No Reserve Account

No Reserve subaccount is being established for the 2014A Certificates.

Additional Leases

The Board may enter into additional leases under the Master Lease (each an "Additional Lease") in addition to the Series 2005 Lease Agreement and has previously entered into the Series 2005 Lease Agreement, the Series 2007 Lease Agreement and the Series 2010A Lease Agreement. Failure to appropriate funds to make Lease Payments under the Series 2005 Lease Agreement, the Series 2005 Lease Agreement, the Series 2007 Lease Agreement, the Series 2010A Lease Agreement or any Additional Lease will, or certain events of default under such Leases may, result in the termination of the Lease Term of all Leases, including the Series 2005 Lease Agreement. Upon any such termination of the Lease Term of all Leases, the Board must relinquish all Projects (except Designated Equipment), including the 2005 Project, to the Trustee for sale or re-letting of the Trustee's interest. The proceeds of any such disposition of the 2005 Project will be applied to the payment of the 2014A Certificates, after payment of the Trustee's fees and expenses. **In no event will owners of any 2014A Certificates have any interest in or right to any proceeds of the disposition of Projects financed with the proceeds of another series of Certificates.** There can be no assurance that the remedies available to the Trustee upon any such termination of the Lease Term of all Leases and the disposition of the Projects will produce sufficient amounts to pay the outstanding Certificates.

For a discussion of remedies available to the Trustee in the event of the non-appropriation of funds to pay Lease Payments, see "THE LEASES – Termination of Lease Term" and " – Effect of Termination for Non-Appropriation or Default." For a discussion of remedies available to the Trustee in the event of default by the Board under any Lease, see "THE LEASES – Termination of Lease Term" and "– Effect of Termination for Non-Appropriation or Default" and "APPENDIX C – FORMS OF LEGAL DOCUMENTS – MASTER LEASE-PURCHASE AGREEMENT."

Additional Certificates

With respect to any Additional Lease, one or more Series of additional Certificates (the "Additional Certificates") may be authorized by the Corporation at the request of the Board and executed and delivered by the Trustee for the purpose of (a) funding or refinancing the Costs of a Project, or completing a Project, (b) funding a subaccount established in the Reserve Account in an amount equal to the Reserve Requirement applicable thereto, (c) capitalizing interest on a Series of Certificates, if deemed appropriate, and/or (d) paying the Costs of Issuance applicable thereto. The aggregate principal amount of Additional Certificates that may be executed and delivered under the provisions of the Trust Agreement is not limited. The 2005 Certificates, the 2007 Certificates, the 2010A Certificates, the 2014A Certificates and any Additional Certificates subsequently issued are herein collectively referred to as the "Certificates."

Non-Appropriation Risk

THE BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEY FOR THE PURPOSE OF MAKING LEASE PAYMENTS. THERE CAN BE NO ASSURANCE THAT THE REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF NON-APPROPRIATION WILL PRODUCE SUFFICIENT AMOUNTS TO PAY THE OUTSTANDING CERTIFICATES.

Municipal Bond Insurance

Payment of the Principal Component and Interest Component of Basic Rent Payments represented by the 2014A Certificates may be insured by the Policy issued by the Insurer. *The Board will make the determination whether to purchase such policy to insure all or a portion of the 2014A Certificates, if any, at the time the 2014A Certificates are marketed.*] See "MUNICIPAL BOND INSURANCE POLICY OPTION" herein.

MUNICIPAL BOND INSURANCE OPTION

The Board will make the determination whether to purchase the Policy to insure all or a portion of the 2014A Certificates, if any, at the time the 2014A Certificates are marketed.

[INSERT SPECIFIC INSURER LANGUAGE]

MUNICIPAL BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the 2014A Certificates when all or some becomes due, any owner of the 2014A Certificates shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional or mandatory prepayment or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the 2014A Certificates by the Board which is recovered by the Board from the certificate owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Board unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to the Trust Agreement and the Series 2014 Lease Agreement.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the 2014A Certificates are payable solely from the moneys received pursuant to the Trust Agreement and the Series 2014 Lease Agreement. In the event the Insurer becomes obligated to make payments with respect to the 2014A Certificates, no assurance is given that such event will not adversely affect the market price of the 2014A Certificates or the marketability (liquidity) for the 2014A Certificates.

The long-term ratings on the 2014A Certificates are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the 2014A Certificates will not be subject to downgrade and such event could adversely affect the market price of the 2014A Certificates or the marketability (liquidity) for the 2014A Certificates. See "RATINGS" herein.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Board nor the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Board to pay principal and interest on the 2014A Certificates and the claims paying ability of the Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE POLICY OPTION" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

THE MASTER LEASED PROJECTS

The 2005 Project is being financed under the Board's existing Master Lease as part of the Board's master lease purchase program (the "Master Lease Program") with the Corporation. The Projects financed or refinanced by the Board under the Master Lease Program are subject to annual appropriation on an all-or-none basis. As of June 30, 2014, of the District's 22 total operational schools, there was an elementary school, a middle school, a high school, a magnet school, an alternative education center, a support services complex, several classroom additions and land for future facilities leased under the Master Lease. Based on the District's full time equivalent enrollment of approximately 17,614 students as of June 30, 2014, approximately 27.6% of the District's students attended classes in facilities leased under the Master Lease during the Fiscal Year ended June 30, 2014. Under certain conditions set forth in the Master Lease, the Board may substitute or add components to the Projects and modify the plans and specifications thereof. For a complete description of the Projects under the Master Lease Program, see "THE 2005 PROJECT" and "THE PRIOR PROJECTS" herein.

Pursuant to the Master Lease, the Board does not have the ability to appropriate funds for one Project or some combination of Projects only. The School Board's annual appropriation for Basic Rent Payments must be for all Projects under the Master Lease Program or it must terminate all Projects under the Master Lease Program (other than certain Designated Equipment). In the event the Board decides not to appropriate funds in its annual budget for all of such financed Projects, the Board would, at the Trustee's option, have to surrender, such Projects (except for certain Designated Equipment), including the 2005 Project, to the Trustee for the benefit of the Owners of the Certificates which financed or refinanced such Projects.

THE 2005 PROJECT

In General

Vero Beach High School Replacement. This component of the 2005 Project involved a substantial replacement of the Vero Beach High School facilities, which are located in the southern area of the District. The high school was more than 40 years old. The replacement program included improvements to parking facilities, the cafeteria and administration facilities in Phase I. Phases II and III included renovation or replacement of administrative, classroom, ROTC and vocational areas and construction of a new media center and art facilities. All phases were completed in August, 2008.

Gifford Alternative School. The new Gifford Alternative School is located the east-central area of the District. This component of the 2005 Project involved the demolition of the existing alternative school on the site which sustained extensive damage during the 2004 hurricane season. The school will provide facilities for alternative programs including HVAC repair and culinary arts. The school will also be utilized as space for an adult education program focusing on healthcare occupations in partnership with Indian River Community College. The school opened in February, 2006.

Sebastian River Middle School Music Wing Addition. Sebastian River Middle School is located in the northern area of the District. This component of the 2005 Project involved the construction of new space at Sebastian River Middle School to house the music program, including an upgraded band room, new practice and chorus rooms, a keyboard lab, an office for technology coordination with associated equipment, smart boards and repair and server rooms. In addition, the 700 wing of the school which currently houses the music program will be converted to classroom and computer lab space. The addition and renovations were completed in August, 2006.

Land. Approximately 152 acres located in the central area of the District to be used for future educational facilities.

Substitution of Project Components

The Board may substitute for an item of Equipment which constitutes a part of the 2005 Project, other equipment by filing with the Trustee a certificate of an Authorized Officer of the Board stating that such substitute equipment (a) has the same or a greater remaining useful life than the Equipment to be substituted (determined at the time of substitution), (b) has a fair market value equal to or greater than the fair market value of the item of Equipment for which it is substitute (determined at the time of substitution), (c) is free and clear of all liens and encumbrances, except Permitted Encumbrances, (d) has been titled in the name of the Corporation, except in the case of Designated Equipment which shall be titled in the name of the Board, (e) constitutes "Equipment" under the Master Lease, and (f) is essential to the operation of the school system.

Designated Equipment

The 2005 Project includes Designated Equipment which consists of (i) certain unimproved land, and (ii) equipment components not constituting fixtures of the educational projects described above. Upon the occurrence of an Event of Non-Appropriation or an Event of Default, neither the holders of the Unrefunded 2005 Certificates, the 2014A Certificates or any Additional Certificates will have rights to the components of the 2005 Project constituting designated equipment.

THE PRIOR PROJECTS

The following is a description of the other Projects currently subject to the Master Lease. Under certain conditions of the Master Lease, the Board may substitute components of the respective Projects and modify the plans and specifications therefore.

2007 Project

Storm Grove Middle School. Storm Grove Middle School was built on an approximately 40-acre portion of an approximately 152-acre site located in the unincorporated area of the County. The school has 167,500 square feet of useable space and is designed to provide 1,329 student stations with a capacity of 1,196 core students in grades six through eight. The school opened in August, 2009.

2010A Project

Vero Beach Elementary School Replacement. [TO COME]

Osceola Magnet School Replacement. [TO COME]

ESTIMATED SOURCES AND USES OF FUNDS

It is estimated that all funds received from the sale and delivery of the 2014A Certificates will be applied as follows:

SOURCES:

Par Amount of 2014A Certificates	$__________
[Plus/Minus Net] Original Issue [Premium/Discount]	__________
Total Sources of Funds	$__________

USES:

Deposit to Escrow Fund	$__________
Deposit to 2014A Costs of Issuance Subaccount[(1)]	__________
Total Uses of Funds	$__________

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(1) Includes underwriters' discount, the Policy premium, if any, printing costs, legal counsel and financial advisor fees and other costs of issuance.

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COMBINED CERTIFICATE PAYMENT SCHEDULE

Payment requirements (rounded to nearest whole dollar) on the Series 2005 Certificates, the Series 2007 Certificates and the Series 2010A Certificates, prior to the issuance of the 2014A Certificates (totals may not add due to rounding):

				2014A Certificates			
Maturity (July 1)	Series 2005 Certificates	Series 2007 Certificates	Series 2010A Certificates*	Principal	Interest	Annual Debt Service	Aggregate Debt Service
2015	$6,393,574	$3,132,826					
2016	6,393,524	3,137,226					
2017	6,393,844	3,132,414					
2018	6,394,919	3,134,774					
2019	6,393,344	3,133,049					
2020	6,396,469	3,132,744					
2021	6,393,875	3,133,150					
2022	6,396,200	3,130,225					
2023	6,396,700	3,131,750					
2024	6,396,900	3,129,750					
2025	6,395,400	3,133,000					
2026		9,531,000					
2027		9,528,750					
2028							
TOTAL	$70,344,749	$53,520,658	$	$	$	$	$

* The District expects to receive an interest rate subsidy amount of $__________ in each year from the U.S. Treasury. Timely payment of such subsidy amounts requires filing by the District of certain forms with the U.S. Treasury in advance of the applicable interest payment date.

THE LEASES

The following is a brief summary of certain provisions of the Leases, including the Series 2005 Lease Agreement, and the same is not intended to be definitive. Reference is made to the Series 2005 Lease Agreement, which is available from the Board and the Trustee, for the complete text thereof. The Series 2005 Lease Agreement is contained in "APPENDIX C – FORMS OF LEGAL DOCUMENTS - MASTER LEASE-PURCHASE AGREEMENT."

Lease Term

Under the Series 2005 Lease Agreement, the Corporation leases to the Board the 2005 Project. The Series 2005 Lease Agreement has an original Lease Term commencing on the date of delivery of the 2014A Certificates, and ending on June 30, 2015, and is automatically renewable annually thereafter through June 30, 20__, unless sooner terminated in accordance with the provisions of the Series 2005 Lease Agreement.

Termination of Lease Term

As described under "SECURITY FOR THE 2014A Certificates – Additional Leases," the Board may enter into Additional Leases. The Lease Term of the Leases, including the Series 2005, 2007 and 2010A Lease Agreements, will terminate upon the earliest of any of the following events:

(a) All Leases, including the Series 2005 Lease Agreement, will terminate on the latest Lease Payment Date set forth in such Lease (assuming all Lease Payments have been made);

(b) All Leases, including the Series 2005 Lease Agreement, will terminate in the event of non-appropriation of funds for the payment of Lease Payments;

(c) All Leases, including the Series 2005 Lease Agreement, will terminate upon a default by the Board with respect to any Lease and the termination of the Lease Term of all Leases by the Trustee pursuant to the Master Lease; and

(d) A particular Lease will terminate upon prepayment by the Board of the principal, Prepayment Premium, if any, and interest due on the Certificates related to the particular Projects leased under such Lease by the Board or upon provision for such payment pursuant to the Master Lease.

Effect of Termination for Non-Appropriation or Default

Upon termination of the Lease Term for the reasons referred to in (b) or (c) under "Termination of Lease Term" above, the Board is required to immediately relinquish its leasehold interest and deliver possession of all the Projects financed under all Leases to the

Trustee in the condition, state of repair and appearance required under the Leases, except for Designated Equipment, if any, which the Board shall not be required to surrender. Upon such surrender, the Trustee will sell or re-let its interest in such Projects in such manner and to such person or persons for any lawful purpose as it, in its sole discretion, determines to be appropriate. The proceeds derived from any such sale or re-letting of the leasehold interest in such Projects will be applied, as provided in the Master Trust Agreement to the payment of the series of Certificates relating to such Projects after payment of the pro rata portion of the expenses of the Trustee. In no event will owners of the 2014A Certificates have any interest in or right to any proceeds of the disposition of Projects financed with the proceeds of another series of Certificates, except for Certificates issued to refinance the 2005 Project. For a discussion of the remedies available to the Trustee if the Board refuses or fails to voluntarily deliver possession of the Projects to the Trustee, see "APPENDIX C – FORMS OF LEGAL DOCUMENTS – MASTER LEASE-PURCHASE AGREEMENT."

Upon termination of the Lease Term for the reasons referred to in (b) or (c) under "THE LEASES – Termination of Lease Term" above, the Board will be under no obligation to transfer possession of and/or title to the Designated Equipment to the Trustee, as assignee of the Corporation, and the Trustee will have no right under the Leases to involuntarily dispossess the Board of the use and enjoyment of or title to any of the Designated Equipment.

There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Term of any Leases for non-appropriation or default and the disposition of the Projects will produce sufficient amounts to pay the outstanding Certificates. The federal income tax status of payments made to Certificate holders after such termination may also be adversely affected. See "TAX EXEMPTION." Further, after such termination of the Lease Term of all Leases, transfer of Certificates may be subject to the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that the market for the Certificates will not be impaired following termination of the Lease Term of the Leases. See "RISK FACTORS."

Lease Payments

Subject to the conditions stated in the Leases, the Board agrees to pay all Lease Payments due under the Leases, including the Series 2005 Lease Agreement; PROVIDED, HOWEVER, THAT THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PRINCIPAL AMOUNT AND CERTIFICATE INTEREST PAYMENTS ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES SPECIFICALLY BUDGETED FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS DUE UNDER THE LEASES ARE SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD ON AN ALL-OR-NONE BASIS. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE SERIES 2005 LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2005 LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL

SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE CORPORATION, THE TRUSTEE, NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE BOARD TO PAY ANY LEASE PAYMENTS. All Lease Payments due under the Leases will be made from current or other funds authorized by law and regulations of the Florida Department of Education and appropriated for such purpose by the Board.

On December 15 and June 15 of each year, the Lease Payment Date preceding each Certificate Payment Date, the Board is required to pay to the Trustee the Basic Rent Payment due. The Board is also required to pay, when due Supplemental Rent consisting of, among other things, fees and expenses of the Trustee. Lease Payments due under a Lease may be reduced, when applicable, by amounts credited as follows:

(a) The amount of interest and other income deposited in each subaccount of the Interest Account as capitalized interest and investment earnings on money deposited therein.

(b) The amount of money, if any, transferred to subaccounts of the Interest Account and Prepayment Fund upon the payment of all the Costs of a Project or the Completion Date.

(c) The amount of money, if any, transferred to each subaccount of the Interest Account from a Reserve Account if moneys are released therefrom in excess of the Reserve Requirement.

The amount, if any, on deposit in each subaccount of the Principal Account and Interest Account which is not derived from the sources described in clauses (a), (b) and (c) above.

Lease Covenants

Under the Leases, the Board is responsible for the acquisition, construction, installation and equipping of the Projects pursuant to the specifications of the Board, including the letting of all contracts for the acquisition, construction, installation and equipping of the 2005 Project. In the Leases, the Board covenants that it will (i) maintain the Projects in good operating condition, repair and appearance, (ii) pay taxes, assessments and other governmental charges, and (iii) provide applicable insurance coverage which may include self insurance, including property and liability insurance, all in accordance with the terms and provisions relating to these requirements contained in the Leases.

Budget and Appropriation

The cost and expense of the performance by the Board of its obligations under the Leases and the incurrence of any liabilities of the Board under the Leases including, without limitation, the payment of all Lease Payments and all other amounts required to be paid by the Board under all Leases, are subject to and dependent upon appropriations being duly made from time to time by the Board for such purposes. UNDER NO CIRCUMSTANCES WILL THE

FAILURE OF THE BOARD TO APPROPRIATE SUFFICIENT FUNDS CONSTITUTE A DEFAULT OR REQUIRE PAYMENT OF A PENALTY, OR IN ANY WAY LIMIT THE RIGHT OF THE BOARD TO PURCHASE OR UTILIZE EDUCATIONAL PROJECTS SIMILAR IN FUNCTION TO THOSE LEASED UNDER ANY LEASE.

Subject to the Board's right of Non-Appropriation, the Board covenants in the Master Lease to direct its Superintendent to provide for the Lease Payments in each annual tentative Budget which shall be submitted to the Board. The Leases initially terminate at the end of the Initial Lease Term relating to a Project, but will automatically be renewed for all Renewal Lease Terms relating thereto; provided, that such automatic renewal shall not occur and the Leases will terminate as of the end of the current Initial or Renewal Lease Term if the Board does not approve a tentative Budget and a final Budget in accordance with state law which appropriates sufficient funds from Available Revenues to continue making Lease Payments in full for the next succeeding Renewal Lease Term for the 2005 Project and all other Projects leased under the Master Lease beyond the end of the Initial Lease Term or the last Renewal Lease Term for which Lease Payments had been budgeted and appropriated (an "Event of Non-Appropriation"); provided, further, that in the event the Board's tentative or final Budget for such ensuing Renewal Lease Term is not enacted prior to the expiration of the then current Initial Lease Term or Renewal Lease Term relating to a Project, the Lease Term relating thereto will be deemed renewed pending the enactment of such tentative Budget and final Budget, and the Board will be liable for any Lease Payments coming due during such period but only if the tentative Budget and final Budget makes available to the Board money which may legally be used to make the Lease Payments coming due during such period. Upon the occurrence of an Event of Non-Appropriation, the Board will not be obligated to pay Lease Payments beyond the then current Fiscal Year, but will not be relieved of any obligations arising or accruing prior to such Event of Non-Appropriation including, without limitation, any obligation to deposit rebatable arbitrage in the Rebate Fund which may accrue prior to such Event of Non-Appropriation. The Board must deliver notice of the Event of Non-Appropriation to the Corporation, each Credit Enhancer and the Trustee within at least three Business Days thereof.

If an Event of Non-Appropriation occurs, the Board will peaceably return possession of each Project (other than Designated Equipment) to the Corporation, or its assignee or designee, within 30 Business Days after the date on which such Event of Non-Appropriation occurs. The obligation to return the Projects will survive the termination of the Leases. Under no circumstances will the failure of the Board to appropriate sufficient money to pay Lease Payments constitute a Default or Event of Default under the Master Lease or require payment of a penalty, or in any way limit the right of the Board to purchase or utilize, buildings, facilities or equipment similar in function to the property leased under the Master Lease. For a discussion of the effect of termination of the Lease Term of the Leases, see "THE LEASES – Effect of Termination for Non-Appropriation or Default" and "RISK FACTORS," herein.

RISK FACTORS

A purchaser of the 2014A Certificates is subject to certain risks. Each prospective investor in the 2014A Certificates is encouraged to read this Offering Statement in its entirety, including the appendices hereto. Particular attention should be given to the factors described below which, among others, could affect the market price of the 2014A Certificates to an extent which cannot be determined.

Annual Right of the Board to Terminate the Leases

Although the Board has determined that the 2005 Project is necessary to its operations and currently intends to continue the Series 2005 Lease Agreement for the Maximum Lease Term and has covenanted in the Series 2005 Lease Agreement that the Superintendent will include a sufficient amount in the tentative Budget and final Budget to enable the Board to make the Lease Payments due in each Fiscal Year, the Board is not required, legally or otherwise, to appropriate funds for Basic Rent Payments. If for any Fiscal Year the Board does not approve a tentative Budget and a final Budget which appropriates sufficient funds from Available Revenues in a line item specifically identified for payment of its obligations under the Leases, including the Series 2005 Lease Agreement, the Master Lease shall terminate as of the last day of the then Initial Lease Term or last Renewal Lease Term for which money has been budgeted and appropriated, and the Board will not be obligated to make Lease Payments accruing or arising thereafter except for payment representing the number of days they occupied the Projects, and the Board shall be required to peaceably surrender use, possession and control of the Projects to the Trustee (excluding Designated Equipment).

The likelihood that the Master Lease will be terminated as the result of an Event of Non-Appropriation is dependent upon certain factors that are beyond the control of the 2014A Certificate Owners, including the continuing future utility of the 2005 Project and other Projects to the Board in terms of location, design, capacity, and other factors, and changes in population or demographics within Indian River County.

No Right of Certificate Owners to Direct Remedies

Termination of the Master Lease will not result in termination of the Policy. Unless the Insurer is in default of its payment obligations under the Policy, the Insurer is entitled to control and direct any of the rights or remedies of the Trustee including the right to direct the Trustee as to whether or not to re-let or sell the Projects. If not in default of its payment obligations under the Policy; the Insurer may elect, subsequent to the termination of the Leases, to accelerate the maturity of all of the 2014A Certificates Outstanding, in which case the principal and interest represented by the 2014A Certificates shall become due and payable immediately. If the Insurer does not elect to accelerate the maturity of all 2014A Certificates Outstanding, it has an obligation to continue to make payments to 2014A Certificate Owners in accordance with the original schedule of Basic Rent Payments represented by the 2014A Certificates. However, the Insurer has no fiduciary responsibility to the 2014A Certificate Owners with respect to the direction of such remedies and has no obligation to preserve the exclusion from gross income for federal income tax purposes of amounts paid to 2014A Certificate Owners by the Insurer and designated as interest.

Limitation Upon Disposition; Ability to Sell or Re-let

Following an Event of Default under the Master Trust Agreement (which includes an Event of Non-Appropriation under the Master Lease), the Trustee may take possession of the Projects (other than Designated Equipment) and sell or re-let its interest therein. However, due to the governmental nature of the Projects, a court may or may not permit the exercise of the remedies to sell, re-let or dispose of the Projects. Moreover, the Trustee's ability to actually achieve such a disposition of the Projects is limited by its inability to convey fee simple title to the Projects. Also, there is no assurance that the remedies available to the Trustee upon any termination of the Master Lease and the disposition of the components of Projects will produce sufficient amounts to pay the Outstanding Certificates.

Tax Exemption

Upon termination of the Master Lease, there is no assurance that payments made by the Trustee or the Insurer with respect to the 2014A Certificates and the Interest Component of the Basic Rent Payments represented by the 2014A Certificates will be excludable from gross income for federal income tax purposes. See "TAX EXEMPTION" herein.

Applicability of Securities Laws

After termination of the Master Lease, the transfer of a 2014A Certificate may be subject to or conditioned upon compliance with the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that liquidity of the 2014A Certificates will not be impaired following termination of the Master Lease.

Capital Outlay Millage Revenues

The amount which can be realized by the Board from the levy of the Capital Outlay Millage (hereinafter described), the Board's primary source of repayment of the Basic Rent represented by the 2014A Certificates, can be affected by a variety of factors not within the Board's control including, without limitation, fluctuations in the assessed valuation of the property within the County brought on by market, catastrophic or other events or crises, the amount of general business activity, growth and new construction which occurs within the County, litigation or legislation. There can, therefore, be no assurances that such revenues will not decrease in the event that such growth and new construction, for whatever reason, decreases or ceases altogether within the County. See "DISTRICT CAPITAL PROJECT REVENUES" herein and "APPENDIX A - GENERAL INFORMATION RELATING TO INDIAN RIVER COUNTY, FLORIDA" attached hereto.

The Capital Outlay Millage may also be adversely affected pursuant to changes in applicable law. See " – Applicable Constitutional Amendments" below and "RISK FACTORS – Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes" herein, for a description of recent changes in applicable law affecting the Capital Outlay Millage.

State Revenues

A large portion of the District's funding is derived from State sources. See "DISTRICT CAPITAL PROJECT REVENUES - State Sources." A significantly large percentage of such state revenue is generated from the levy of a State sales tax. The amount budgeted for distribution from the State to the District is subject to change in the event that certain revenue projections are not realized.

The adopted State budget for Fiscal Year 2013-14 provides for an approximately $1.05 billion increase in State funding for K-12 education, including a $480 million increase in salaries for school personnel, retirement rate increases and growth. As a result of the enacted budget, funding in the State increased by approximately $400 per student or 6.5% over Fiscal Year 2012-13. The District received a net increase of approximately $5,855,277 in State revenues for Fiscal Year 2013-14 as compared to Fiscal Year 2012-13.

On May 2, 2014, the Florida Legislature passed a $77 billion budget for the Fiscal Year 2014-15, which was signed by Governor Scott on June 2, 2014. The budget appropriates approximately $18.9 billion for public education, an increase of $175 million in State funding for K-12 education. As a result, per-student funding is estimated to increase by approximately $176 to $6,937 per student. The adopted budget also includes approximately $600 million in money for construction projects for public schools, universities and colleges, including $75 million for charter schools. The District estimates a new increase of approximately $1,346,592 in State revenues for the Fiscal Year 2014-15 as compared to Fiscal Year 2013-14.

Additional Lease Schedules

Pursuant to the Master Lease, the Board may enter into other Lease Schedules in addition to the Series 2005 Lease Agreement. Failure to appropriate funds to make Basic Rent Payments under any such Lease Schedule will, or an event of default under any such Lease Schedule may, result in the termination of all Lease Schedules, including the Series 2005 Lease Agreement. Upon any such termination of all Lease Schedules, the Board must surrender all Projects, including the 2005 Project (other than Designated Equipment), to the Trustee for sale or lease for the remaining terms of the respective Ground Leases. The proceeds of any such disposition of Projects will be applied only to the payment of the corresponding Series of Certificates. In no event will owners of a particular Series of Certificates have any interest in or right to any proceeds of the disposition of Projects financed with the proceeds of another Series of Certificates. There can be no assurance that the remedies available to the Trustee upon any such termination of all Leases and the disposition of the Projects (other than Designated

Equipment) will produce sufficient amounts to pay the Outstanding Certificates. Furthermore, the Master Lease Program is not the exclusive method whereby the Board may lease-purchase educational facilities and equipment for the District. Other lease-purchase financings by the Board not under the Master Lease Program may be payable from the same revenue sources as the Certificates, but not affected by an Event of Non-Appropriation under the Master Lease.

Additional Indebtedness

The Board may issue additional indebtedness other than in connection with the Master Lease secured by or payable from Available Revenues without the consent of the Owners of the 2014A Certificates. Incurring such additional indebtedness may adversely affect the Board's ability to make Lease Payments under the Master Lease.

No Reserve Account

No reserve account has been established for the 2014A Certificates.

Property and Casualty Insurance

Many governmental entities including school districts in the State of Florida are facing substantial increases in property and casualty insurance premiums for insurance policies which include substantial increases in deductibles and limitations on coverage. No assurances can be given that property and casualty insurance coverage may be obtained which will insure for the full replacement value of the Board's facilities including the facilities leased under its Master Lease.

The Board has covenanted in the Master Lease to procure and maintain insurance against loss or damage to any part of the Projects by fire or lightning, with extended coverage and vandalism and malicious mischief insurance. Such extended coverage insurance will, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The Board is a member of the South Central Educational Risk Management Program ("SCERMP"), a consortium under which eight district school boards have established a public entity risk sharing pool for Property, General Liability, Automobile liability, Workers' Compensation, Governmental Crime, and other coverage deemed necessary by the members of the SCERMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The interlocal agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCERMP is self-sustaining through member contributions (premiums), and purchases insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of $100,000 (except wind/hail/flood), respectively. The named wind/hail/hurricane deductible is 5 percent of replacement cost value with a minimum of $100,000 per occurrence. The deductibles for all other wind events is $100,000. Special hazard flood area deductibles are $500,000 per building and $500,000 contents plus $100,000 time element per occurrence. The flood deductible outside a special flood hazard area is $100,000. SCERMP's purchased excess property loss limit during the Fiscal Year 2013-14 was $75 million.

Applicable Constitutional Amendments

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 2011 school year. Section 1003.03, Florida Statutes, implements Amendment 9 (together with Amendment 9, the "Class Size Legislation").

The Class Size Legislation establishes 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. The Class Size Legislation generally provided for compliance in phases, which would be determined on a school-by-school basis through and including Fiscal Year 2009-10. The constitutional class size maximums were required to be implemented 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 Class Size Legislation provides that the State shall reduce categorical funds due to such school district for operational purposes.

The Class Size Legislation further creates 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 2014 Survey, the week during which DOE determines compliance with class size maximums, the District expects that 100% of the classrooms will be in compliance. Accordingly, the District expects to be in compliance with the requirements of the Class Size Legislation.

There can be no assurances that the District will be able to maintain its class size in the manner currently mandated by the Class Size Legislation. While the Class Size Legislation requires that the State Legislature, and not local school districts, is generally responsible for the cost of compliance, there can be no assurance that the State Legislature will provide funds sufficient to meet the ongoing capital, facility and operating needs of the District required by the Class Size Legislation. Further, there can be no assurance that the District will have funds sufficient to meet the ongoing capital, facility and operating needs of the District required by the Class Size Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the District.

Pre-K Programs. The State Constitution provides that every four year old child in the State shall be offered a free, high quality pre-kindergarten learning opportunity by the State. Chapter 1002, Part V, Florida Statutes, creates a statewide Voluntary Pre-kindergarten Education Program (together with the Constitutional amendment, 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.

There can be no assurance that the State Legislature will provide funds sufficient to meet the ongoing capital and facility needs of the District required by the Pre-K Legislation. Further, there can be no assurance that the District will have funds sufficient to meet the ongoing capital and facility needs of the District required by the Pre-K Legislation or that ongoing compliance therewith will not adversely affect other capital needs and operating costs of the District.

Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes

Several Constitutional and Legislative amendments affecting ad valorem taxes have been approved by voters in the past including the following.

Constitutional Amendments Related to Ad Valorem Exemptions. On January 29, 2008, in a special election held in conjunction with State'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. These amendments were effective beginning with the 2008 tax year (Fiscal Year 2008/09 for local governments). The following is a brief summary of certain important provisions contained in such 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 their Save Our Homes Amendment benefit (up to $500,000) 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 is 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 owners of homestead property may transfer a proportional amount of their Save Our Homes Amendment benefit, such proportional amount equaling 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. As discussed above, 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. 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 limitation 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.

Over the last few years, the Save Our Homes Amendment assessment cap and portability provisions described above have been subject to legal challenge. The plaintiffs in such cases have argued that the Save Our Homes Amendment assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property in violation of the equal protection provisions of the Florida Constitution and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution. The plaintiffs also argued that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes Amendment. 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.

In addition to the legislative activity described above, the constitutionally mandated Florida Taxation and Budget Reform Commission (required to be convened every 20 years) (the "TBRC") completed its meetings on April 25, 2008 and placed several constitutional amendments on the November 4, 2008 General Election ballot. Three of such amendments were approved by the voters of the State, which, among other things, do the following: (a) allow the Florida Legislature, by general law, to exempt from assessed value of residential homes, improvements made to protect property from wind damage and installation of a new renewable energy source device; (b) assess specified working waterfront properties based on current use rather than highest and best use; (c) provide a property tax exemption for real property that is perpetually used for conservation (began in 2010); and, (d) for land not perpetually encumbered, require the Florida Legislature to provide classification and assessment of land use for conservation purposes solely on the basis of character or use.

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 State Legislature. This constitutional amendment took effect on January 1, 2011.

Other Proposals Affecting Ad Valorem Taxation. During the State Legislature's 2011 Regular Session, it passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property. The amendment is effective January 1, 2013.

During the State Legislature's 2012 Regular Session, it passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment is effective January 1, 2013.

Also during the State Legislature's 2012 Regular Session, it passed House Joint Resolution 169 ("HJR 169") allowing the State Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than $250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than $27,300. The additional homestead tax exemption authorized by HJR 169 would not apply to school property taxes.

Each of the above described proposals were approved as amendments to the Florida Constitution by the voters on November 6, 2012. At present, the impact of the amendments on the District's finances cannot be accurately ascertained. 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's finances.

During the State Legislature's 2013 Regular Session, it passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and creates a number of changes affecting ad valorem taxation which became effective July 1, 2013. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing timeframes. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the terms "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of the property must reside upon the property to qualify for a homestead exemption, provided it is the permanent residence of another person legally or materially dependent upon such owner. Fifth, SB 1830 clarifies the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for certain limited liability partnerships to qualify for the affordable housing property tax exemption. Eighth, SB 1830 exempts property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

Also during the State Legislature's 2013 Regular Session, the State Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013.

Also during the State Legislature's 2013 Regular Session, the State Legislature passed House Bill 1193 ("HB 1193"), which was signed into law by the Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193 relieves the value adjustment board of the authority to review the property appraisers. HB 1193 is effective immediately and will apply retroactively to January 1, 2013.

At present, the impact of the legislative proposals on the District's finances cannot be accurately ascertained. 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's finances.

Reduction in Local Option Millage Levy. In 2008, the State Legislature amended Section 1011.71(2), Florida Statutes, to reduce the maximum Local Option Millage Levy from 2.00 mills to 1.75 mills commencing in Fiscal Year 2008/09. 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. However, if the revenues generated from the reduced 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 millage levy may be used to make such lease payments or for critical capital outlay needs.

Section 1011.71, Florida Statutes, was amended by the State Legislature in 2009, 2010 and 2011 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 Fiscal Year 2009/10 (however, see "– Waiver of Three-Fourths Limitation on Use of Local Option Millage Levy" below); 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.

The Local Option Millage Levy constitutes the primary source of funds to make Basic Lease Payments with respect to the Series 2014 Certificates, as well as any other Certificates issued in connection with the Master Lease. Accordingly, reduction in the Local Option Millage Levy reduces the funds available to make Basic Lease Payments under the 2006A Lease and may adversely impact the District's ability to finance additional educational facilities under the Master Lease.

Waiver of Three-Fourths Limitation on use of Local Option Millage Levy. During the 2012 legislative session, the State Legislature further amended Section 1011.71, Florida Statutes, to indefinitely allow a waiver of the three-fourths limit on the use of proceeds from the Local Option Millage Levy for lease-purchase agreements originally entered into before June 30, 2009. Previously, such waiver was only authorized for the Fiscal Year 2009/10. Such provision became effective on July 1, 2012. See "DISTRICT CAPITAL PROJECT REVENUES – Local Sources" herein.

Legislative Proposals Relating to Ad Valorem Taxation. During recent years and in the current legislative session, various other legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. 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.

SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

The Board is organized under Article IX, Section 4, of the Constitution of Florida and Chapters 1000 and 1001, Florida Statutes, and is the governing body of the District. The geographic boundaries of the District are coterminous with those of Indian River County. As of June 30, 2014, the District contained 27 public schools (including 5 charter schools) and had 17,614 students (FTE) and 2,100 employees, of which 1,103 were teachers. Management of the public schools within the District is independent of the County and any city governments. The Board is authorized by state law to levy property taxes for school district operations, capital improvements and debt service. Property taxes are assessed by the Indian River County Property Appraiser. The Indian River County Tax Collector collects taxes for the Board, but exercises no control over expenditures by the Board.

The Organization and Powers of the Board

The Board is a body corporate existing under the laws of the State of Florida. The Board is the governing body of the District, consisting of members elected by districts for 4 year terms. Under existing law, the 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; the establishment and operation of programs for gifted students and for students in residential care facilities; the appointment, compensation, promotion, suspension 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/from school or school-related activities.

The Board also has broad financial responsibilities, including, but not limited to, 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 Florida Department of Education.

The present members of the Board and the expiration of their respective terms are as follows:

Name	District	Term Expires
Carol Johnson, Chairman	4	November 2014*
Matthew McCain, Vice Chairman	3	November 2016
Karen Disney-Brombach	1	November 2014*
Claudia Jiménez	5	November 2016

* Charles G. Searcy and Shawn R. Frost were elected to the Board on August 26, 2014 and will replace Ms. Johnson and Ms. Disney-Brombach, respectively, on November 18, 2014.

Superintendent of Schools

The Superintendent of Schools is appointed by the Board and serves as ex-officio Secretary of the Board. The Superintendent's powers include, but are not limited to, keeping the records of the Board, acting as custodian for District property, directing preparation of long-term and annual school programs, directing the work of district personnel, making policy recommendations to the Board in the area of child welfare, public transportation, school plant and district finance, and performing the additional duties assigned to him by law and the regulations of the Florida Department of Education. The Superintendent is appointed by the Board for negotiable terms. Frances J. Adams, the current Superintendent of Schools, is scheduled to retire on June 30, 2015. A formal search is expected to commence in advance of such date.

Administration

Frances J. Adams., Ed.D., Superintendent of Schools. Frances J. Adams, Ed.D., has served as Superintendent of Schools for the Indian River County School District since June 28, 2011. Prior to her appointment as Superintendent, she was the Assistant Superintendent of Curriculum and Instruction, Elementary School Principal, High School Principal, Administrative Assistant to the Superintendent, Middle School Assistant Principal, Coordinator of Staff Development, and Elementary Teacher in the Indian River County School District. She also served as an Adjunct Professor in the Florida Atlantic University Master's Program in Educational Leadership.

Dr. Adams is a graduate of Youngstown State University and holds a Master's Degree in Physical Education from Colorado State University, a Master's Degree in School Administration from Edinboro University of Pennsylvania, and an Ed.D. from Nova Southeastern University in Educational Leadership.

Carter Morrison, Assistant Superintendent of Finance. Carter Morrison is currently the Assistant Superintendent of Finance for the Indian River County Public Schools. Prior to this position he has served for 4 years as the Supervisor of Accounting with the 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. CPAs (now Rachlin, Cohen & Holtz) in West Palm Beach, Florida for 3 years. He has also worked as a tax accountant and auditor for Singer & Lusardi CPAs 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.

Scott Sanders, Director of Facilities, Planning and Construction. Scott R. Sanders, P.E., has served as Director of Facilities Planning and Construction since August 10, 2014. Prior to serving as Director, he was employed for 10 years at the City of Vero Beach as a Civil Engineer in the Public Works Department, where he earned his Professional Engineering License for the State of Florida. Earlier experience included working for a national company constructing large commercial projects and project management and estimating services for a company serving the federal government at Kennedy Space Center. During this time, he earned his Florida State Certified General Contractor's license. Mr. Sanders is a graduate of Auburn University and holds a Bachelor of Science Degree in Civil Engineering with an emphasis in Structural Engineering.

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 general ledger accounting. 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.

Academics

The Board offers students a complete range of instructional services ranging from basic and standard instructional programs to special programs for gifted children, a full complement of vocational educational programs at high schools and exceptional education for children with learning disabilities. The exceptional student education programs are available at different school sites.

The 13 elementary schools house kindergarten through the 5th grade. The four middle schools are comprised of grades 6 through 8. The two high schools include grades 9 through 12. There are also five charter schools as well as an alternative school, an adult education center and an exceptional student education needs school.

The elementary school program emphasizes basic skills including reading, writing, language arts, and mathematics. Balance curriculum also includes instruction in science, computer literacy, health, social studies, art, music and physical education.

The secondary school program begins with middle school curriculum centering on English, math, science, computer literacy and social studies. Students are encouraged to begin developing their strengths and interests through electives such as art, music, foreign languages and vocational exploratory programs.

High school programs are designed to meet the needs of college bound as well as vocational students. All of the high schools are fully accredited by the Southern Association of

Colleges and Schools. Students who plan to continue their education into college may take a broad range of college preparatory courses as well as advanced placement and honors courses.

Historical Growth

The following table presents a summary of general statistical data regarding the District.

Summary of Statistical Data
Five-Year History

School Year	Number of Schools[2]	Number of Instructors	FTE Enrollment[3]	Average Expenditures per FTE Student[4]
2014/15[1]	27	1,103	17,710	$8,270
2013/14	27	1,095	17,614	7,628
2012/13	27	1,098	17,790	7,032
2011/12	28	1,074	17,596	7,034
2010/11	28	1,152	17,571	6,491

(1) Budgeted Figures
(2) Inclusive of charter schools
(3) Full-time equivalent, inclusive of charter school students
(4) Operating fund expenditures

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 Board. Personnel policies and guidelines are codified and are published in the School Board Policy Manual.

Under the Florida Constitution, public employees have the right to collectively join together for the purpose of bargaining over the terms and conditions of employment. Collective bargaining associations are the Indian River County Education Association ("IRCEA"), which currently represents 1,103 teachers, and Communication Workers of America ("CWA"), currently which represents 732 employees. The District has current contracts with both unions. The IRCEA contract expires June 30, 2015 and the CWA contract expires June 30, 2016. 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 Post-employment Benefit Programs

Florida Retirement System

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at www. dms. myflorida. com and the Florida Comprehensive Annual Financial Reports available at www. myfloridacfo. com/aadir/statewide_financial_reporting. No representation is made by the District as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

General. Substantially all full and part time employees of the District are eligible to participate in the FRS. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees ("FRS Pension Plan"). FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.

- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class may elect to withdraw from the FRS or participate in the SMSC in lieu of the Elected Officers' Class.

- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers, certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.

- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Since July 1, 2001, the FRS Pension Plan has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

  For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

  For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation and service credit. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Deferred Retirement Option Program (DROP) became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. Defined benefit plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2013, the FRS Trust Fund projected $3,209,149,119 in accumulated benefits and interest for 38,724 current and prior participants in the DROP.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans. The Department of Management Services, Division of Retirement administers the FRS Pension Plan and the SBA invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Administration costs of the FRS Pension Plan are funded through investment earnings of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The State Board of Administration (the "SBA") administers the defined contribution plan officially titled the FRS Investment Plan. Service retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service for Investment Plan contributions regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, six years of service (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. The Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.03% of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

All participating employers must comply with statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability (UAL) be amortized within 30 plan years. Pursuant to Section 121.031(3) (f), Florida Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2013, was $129,852,527,785. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

Contribution Rates. The rates indicated in the chart below are uniform rates for all FRS members created by blending the FRS Investment Plan and the FRS Pension Plan rates and including UAL contribution rates. These rates do not include a 0.03% contribution for the FRS Investment Plan administration and educational program fee. In addition, the July 1, 2012, statutory employer rates do not include a 3.00% mandatory employee contribution required for all membership classes except for members in the DROP.

Membership Class	Uniform Employer Rates Recommended by Actuarial Valuation as of July 1, 2011 for Fiscal Year 2012-2013	July 1, 2012 Statutory Rates (Chapter 121, Florida Statutes)
Regular	5.99%	4.04%
Senior Management Service	16.90	5.16
Special Risk	19.03	13.76
Special Risk Administrative Support	31.88	4.77
Elected Officers - Judges	26.85	10.79
Elected Officers – Legislators/Attorneys/Cabinet	34.77	7.39
Elected Officers - County	32.78	9.09
Deferred Retirement Option	10.54	4.33

Source:The State of Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

The chart below shows the funding progress for the FRS which presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Progress
for the Florida Retirement System[1]
(000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded ML (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)[2]	UAAL As % of Covered Payroll (b-a)/c
7/1/08	$130,720,547	$124,087,214	$(6,633,333)	105.35%	$26,891,340	(24.67)%
7/1/09[3]	118,764,692	136,375,597	17,610,905	87.09	26,573,196	66.27
7/1/10[4]	120,929,666	139,652,377	18,722,711	86.59	25,765,362	72.67
7/1/11	126,078,053	145,034,475	18,956,422	86.93	25,686,138	73.80
7/1/12	127,891,781	148,049,596	20,157,815	86.38	24,491,371	82.31
7/1/13	131,680,615	154,125,953	22,445,338	85.44	24,568,642	91.36

(1) Calculations are based on GASB 27 requirements including traditional funding of DROP.

(2) For the plan year beginning on the Actuarial Valuation Date shown, includes payroll for members in DROP, Teachers' Retirement System and Institute of Food and Agricultural Sciences.

(3) As reported in July 1, 2009 actuarial valuation report, before impact of House Bill 479 (2009).

(4) As reported in July 1, 2010 actuarial valuation report, before impact of Senate Bill 2100 (2011).

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2012 – June 30, 2013.

The information presented in the above schedule was determined as part of the actuarial valuations performed at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Florida Retirement System Assumptions

Valuation Date	July 1, 2013
Actuarial Cost Method	Entry Age (Ultimate Entry Age Calculation Approach)
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	Weighted Average of 28 Years[(1)]
Asset Valuation Method	5-year Smoothed Method
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	5.85%[(2)]
Includes Inflation at	3.00%
Cost-of-Living Adjustments	3.00%[(3)]

(1) Used for GASB Statement 27 reporting purposes.

(2) Includes individual salary growth of 4.00% plus an age-graded merit scale defined by gender and employment class.

(3) Cost-of-Living Adjustments granted only for pre-July 1, 2011 service.

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2012 – June 30, 2013.

The chart below shows the contribution by the District, including employee contributions, to the FRS Pension Plan for the past five Fiscal Years:

Schedule of District Contributions to the FRS Pension Plan

Year Ended June 30	Annual Required Contribution
2010	$7,430,600
2011	7,809,139
2012	5,237,762
2013	5,491,629
2014	5,489,065

Source: Indian River County District Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012 and 2013 and the Superintendent's Annual Financial Report, Fiscal year ended June 30, 2014 (unaudited)

The chart below shows the contribution by the District, including employee contributions, to the FRS Investment Plan for the past five Fiscal Years:

Schedule of District Contributions
to the FRS Investment Plan

Year Ended June 30	Annual Required Contribution
2010	$1,189,320
2011	1,265,375
2012	908,999
2013	976,069
2014	1,026,181

Source: Indian River County District Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012 and 2013 and the Superintendent's Annual Financial Report, Fiscal year ended June 30, 2014 (unaudited)

Legislation Relating to FRS. The Florida Legislature passed Senate Bill 2100 ("SB 2100") during its 2011 session and it was signed by Governor Rick Scott on May 20, 2011. SB 2100 made significant changes to the FRS with respect to employee contributions and employer contributions, among other items. Effective July 1, 2011, all members of FRS 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 FRS. Additionally, the bill eliminated the cost of living adjustment for all FRS employees for service earned on or after July 1, 2011, although the bill does contemplate reinstatement of the adjustment in 2016 under certain circumstances.

SB 2100 also made other changes to the FRS that only apply to employees who initially enroll on or after July 1, 2011, including: (1) the average final compensation upon which retirement benefits are calculated are based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement; (2) the DROP is maintained but the interest accrual rate is reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) 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 Benefits

Plan Description. The District's Other Postemployment Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the District may continue to participate in the District's self-funded health and hospitalization plan for medical and prescription drug coverage, along with the fully-insured life insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Additionally, Medicare-eligible retirees receive insurance coverage at a lower premium rate than active employees and do not pay deductibles and copayments. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Funding Policy. For the Other Postemployment Benefits Plan, contribution requirements of the District are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. As of June 30, 2013, there were 354 retirees and 94 eligible dependents receiving postemployment health care benefits. For the 2012-13 fiscal year the District provided required contributions of $315,357 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance payments, and net of retiree contributions totaling $790,659, which represents 1% of covered payroll. Required contributions are based on projected pay-as-you-go financing.

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

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

Net OPEB Obligation for the District

Description	Amount
Normal Cost (service cost for one year)	$805,671
Amortization of Unfunded Actuarial Accrued Liability	874,162
Interest on Normal Cost and Amortization	67,193
Annual Required Contribution	1,747,026
Interest on Net OPEB Obligation	633,533
Adjustment to Annual Required Contribution	(565,664)
Annual OPEB Cost (Expense)	1,814,895
Net Employer Contribution	(315,357)
Increase in Net OPEB Obligation	1,499,538
Net OPEB Obligation, Beginning of Year	15,838,336
NET OPEB Obligation, End of Year	$17,337,874

Source:Indian River County District Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013, and the two preceding years, are as follows:

Fiscal Year	Annual OPEB Cost	Contribution Toward the OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010/11	$1,510,519	$882,021	58.4%	$14,499,508
2011/12	1,590,593	251,765	15.8	15,838,336
2012/13	1,814,895	317,357	17.5	17,337,874
2013/14				

Source: Indian River County District Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013. For Fiscal Year 2013/14, the School Board of Brevard County, Florida.

Funding Status and Funding Progress. As of July 1, 2012, the date of the most recent actuarial report, the actuarial accrued liability for benefits was $16,667,576 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $16,667,576. The covered payroll (annual payroll for active participating employees) was $79,693,279, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The District's OPEB liability was determined on the entry age normal cost actuarial method. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, general inflation of 2.5 percent, and an annual healthcare cost trend rate of 10 percent initially for the 2013-14 fiscal year, reduced by .5 percent per year, to an ultimate rate of 5 percent. In calculating the District's 2012-13 fiscal year annual required contribution the initial unfunded actuarial accrued liability, actuarial gains and actuarial losses were amortized over a closed 30-year period as a level percentage of projected payroll. The remaining amortization period at June 30, 2013, was 24 years.

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 - and Management's Discussion and Analysis - 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 2013/2014 was as follows:

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- Federal Economic Stimulus 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 and other stimulus programs.

Debt Service - Other Fund - to account for financial resources generated for debt principal and interest for the Series 2005 and Series 2007 Certificates of Participation.

Debt Service - American Recovery and Reinvestment Act Fund - to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs of the Qualified School Construction Bond issue.

Capital Projects - 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 and costs of environmental compliance.

Capital Projects - Other Fund - to account for other financial resources generated by the Series 2007 Certificates of Participation, impact fees, and Class Size Reduction construction funds to be used for capital projects.

Capital Projects - American Recovery and Reinvestment Act Fund - to account for the financial resources of the Qualified School Construction Bond issue to be used for certain capital construction and improvement projects.

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

Internal Service Funds - to account for the District's individual self-insurance programs.

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

Private-Purpose Trust Fund - to account for resources of the Estate of 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 school, student athletic, class and club activities.

Basis of Accounting

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 30 days (with the exception of tax revenue collections) of the end of the current Fiscal Year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The Internal Service Fund is accounted for under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by the Governmental Accounting Standards Board. The Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's Internal Service Fund are charges for employee health insurance premiums. Operating expenses include insurance premiums, claims, and related expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Budget Process

State law requires the Board to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following the Indian River County Property Appraiser's official certification of taxable property, which usually occurs on or about July 1. The 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 Fiscal Year 2014-15 was adopted by the School Board on September 9, 2014.

The Superintendent of Schools is responsible for preparing the preliminary and tentative budgets for recommendation to the Board. Florida law requires the 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 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 Board.

Reporting Achievements

For the seventh consecutive year, the Board's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013 (the "2013 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 (GFOA). 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.

Further, the Board received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for the 2013 Fiscal Year CAFR. This award, also valid for one year, certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO.

Investments

In accordance with Florida 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"), known as Florida PRIME.

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.

DISTRICT OPERATING REVENUES

The District derives its operating income from a variety of federal, state and local sources. Although Section 1013.15(2)(a), Florida Statutes, provides that operating funds may be specifically authorized by the Board to make lease payments on multiple-year leases, the Board has not previously authorized the use of operating funds to make Basic Rent Payments. In addition, other restrictions applicable to the use of operating funds may conflict with the use of operating funds by the Board to make Basic Rent Payments under Section 1013.15(2)(a) and there can be no assurance that such funds would be available to the Board to make Basic Rent Payments in the case of such conflicts. The major categories of these income sources for the operating funds are briefly described below. Prospective purchasers should assume that operating funds will not be available to make Basic Rent Payments and that such payments will be made solely from capital outlay funds.

State Sources

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.

<u>Florida Education Finance Program</u>. The major portion of state support is distributed under the provisions of the Florida Education Finance Program, which was enacted by the Florida Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent (“FTE”) student basis and through a formula that takes into account: (i) varying program costs; (ii) cost differentials between districts; (iii) differences in per-student costs due to the density of student population; and (iv) the required level of local support. Program cost factors are determined by the Florida Legislature each year. The amount of FEFP funds disbursed by the state is adjusted 4 times during each year to reflect changes in FTE and in other variables comprising the formula, as well as to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in each county. To

participate in FEFP funding, the District must levy a minimum millage for operating purposes, which is set by the Florida Department of Education. The District's general fund receipts from the state for FEFP pursuant to the above formula for Fiscal Years 2012-13 and 2013-14 were $13,251,863 and $20,124,589 (unaudited), respectively, and was tentatively budgeted at $21,335,379 for Fiscal Year 2014-15.

FEFP Categorical Program. FEFP categorical programs 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 school district. Among the larger categorical programs are the programs for school bus transportation, instructional materials and class size reduction. 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 Board for the purposes for which they were provided.

FEFP funding is derived from two main sources: state sales tax revenues and local property taxes. The state determines the funding split between the two sources for each district. Indian River County property taxes have increasingly shouldered much of the financial burden. For Fiscal Year 2014-15, local property taxes will provide 51.3% of the FEFP funds. See "RISK FACTORS – State Revenues" herein.

State Lottery Revenues. A portion of the revenues generated from the Florida lottery is distributed to each Florida school district as Discretionary Lottery revenue and Florida School Recognition Program revenue. The Florida School Recognition program recognizes schools that have received an "A" or improved at least one letter grade from the previous school year and, under Florida Statutes, is required to be used for nonrecurring bonuses for school faculty and staff, nonrecurring expenditures for educational equipment or materials, for temporary personnel to assist schools in maintaining or improving student performance, or any combination of these. The District received approximately $597 thousand, $1.1 million, and $445 thousand (unaudited) in Florida School Recognition Program revenues for Fiscal Years 2011-12, 2012-13 and 2013-14, respectively, and the District has budgeted $445 thousand in Florida School Recognition Program revenues for Fiscal Year 2014-15. The District received $57,924, $0 and $175,315 (unaudited) in Discretionary Lottery revenues for Fiscal Years 2011-12, 2012-13 and 2013-2014, respectively, and the District has budgeted $173,966 Discretionary Lottery revenues for Fiscal Year 2014-15.

Local Sources

Ad Valorem Taxes. Local revenue for District operating support is derived almost entirely from ad valorem real and tangible personal property taxes. In addition, the District earns interest on cash invested and collects other miscellaneous revenues.

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills ($10 per $1,000 of taxable real and personal property value). Chapter 1011, Florida Statutes, further limits the millage levy for operational purposes to an amount established each year by the state appropriations act and finally certified by the Commissioner of the Florida Department of Education. Within this operational limit, each school district desiring to participate in the state's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the Florida Legislature and certified by the Commissioner and is referred to as the district "required local effort."

In addition to the "required local effort," school districts are entitled an additional non-voted current operating "discretionary millage" not to exceed an amount established annually by the Florida Legislature and up to 1.5 mills for capital outlay and maintenance of school facilities. However, the District may levy up to .25 mills for capital outlay and maintenance of school facilities in lieu of operating discretionary millage. For Fiscal Year ending June 30, 2015, the District's discretionary operating millage and capital outlay discretionary millage are budgeted to be .60 mills and 0 mills, respectively.

The following table sets forth the District's proposed operating millage levies for Fiscal Year 2014-2015:

Operating Millage	District Levy	Description	Max
Required Local Effort	5.147 mills	Each school district desiring to participate in the state's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the Florida Legislature	5.147
Current Operating	0.748 mills	Non-voted; not to exceed amount established	0.748
Additional Operating	0.600 mills	Authorized pursuant to Section 1011.71(9), Florida Statutes, as provided by the voters of the District in the November 2012 special election.	0.600

Historically, budgeted revenues from ad valorem taxes are based on applying millage levies to 95% of the non-exempt assessed valuation of real and personal property within the county. However, due to a change in applicable law, revenues derived from ad valorem property taxes are now required to be budgeted on the application of millage levies to 96% of the non-exempt assessed valuation of property in the county.

Federal Sources

The District receives certain federal money, both directly and through the state, substantially all of which are restricted for specific programs. Direct federal revenue sources were \$__________, \$__________ and \$__________ (unaudited) in Fiscal Years 2011-12, 2012-13, and 2013-14, respectively, and are budgeted at \$__________ for Fiscal Year 2014-15. Federal funds through the state totaled $__________, $__________ and $__________ (unaudited) in Fiscal Years 2011-12, 2012-13, and 2013-14, respectively, and are budgeted at $__________ for Fiscal Year 2014-15. Such funds are not available to make Basic Rent Payments.

DISTRICT CAPITAL PROJECT REVENUES

The Board derives its revenues for capital outlay projects from certain state and local sources. The major categories of these revenue sources are briefly described below. In Fiscal Year 2014-15, excluding borrowing proceeds and existing fund balances, the revenue sources for capital improvements are budgeted to be approximately 2% from state revenues, 98% from local millage, 0% from local sales tax and 0% from other local sources.

State Sources

Public Education Capital Outlay. A source of State educational funding contributions to the Board's capital outlay requirements is the Florida Public Education Capital Outlay Program ("PECO"). PECO funds are derived from revenues generated from the gross receipts tax levied on utilities pursuant to Article VII of the Florida Constitution. The vast majority of such revenues are generated from assessments imposed on the sale of telecommunication services and electricity pursuant to Chapter 203, Florida Statutes. The method of allocation of funds to the district school boards is provided by State law based upon a statutory formula, a component of which is the number of full-time equivalent students in the school system. The Commissioner of Education of the State of Florida administers the PECO program and allocates or reallocates funds as authorized by law. The Board did not receive any non-charter PECO funds for Fiscal Years 2011-12 through 2013-14. The Board has budgeted $321,266 in non-charter PECO funds for Fiscal Year 2014-15. Non-charter PECO funds may be used to make the Principal Components on Basic Rent Payments for a Project, but only to the extent that the Project otherwise qualifies for PECO funding.

For Fiscal Years 2011-12, 2012-13 and 2013-14, the Board's charter school PECO allocation was $800,136, $760,796, and $1,026,397 (unaudited), respectively. The School Board has budgeted its charter school PECO allocation will be $1,026,397 for Fiscal Year 2014-15. Charter school PECO funds are not available to make the Principal Components on Basic Rent Payments for a Project.

CO&DS Funds. The State Capital Outlay and Debt Service Funds ("CO&DS") also provides funds for the Board's capital outlay requirements. CO&DS Funds are derived from a portion of the revenues collected from motor vehicle license charges. The Board received $672,044 in Fiscal Year 2011-12, $73,310 in Fiscal Year in Fiscal Year 2012-13, and $72,132 (unaudited) in Fiscal Year 2013-14. The Board has budgeted to receive $68,705 Fiscal Year 2014-15. CO&DS are legally available to the School Board to pay the Principal Component and Interest Component of Basic Rent Payments, but only if the Project financed thereby appears on a project priority list approved by the Board of Education. [The 2005 Project nor the Prior Projects are comprised of any facilities on the project priority list.]

Capital Outlay Bond Issues. The State of Florida Board of Education Capital Outlay Bonds are serviced entirely by the State using a portion of the District's share of revenue derived from CO&DS funds. The annual sinking fund requirements are determined by the SBA and amounts necessary to retire bonds and pay interest are withheld from amounts due to the District. The District participated in the issuance by the Board of Education of its Capital Outlay Bonds, Series 2005A, Series 2008A and Series 2010A and received net proceeds of $6.6 million, $1.2 million and $160 thousand, respectively.

Local Sources

Local revenue for school district support is derived in large part from real and tangible personal property taxes. See also "AD VALOREM TAXATION GENERALLY" herein. There are no local non-property taxes levied specifically for schools. In addition, the School Board earns interest on cash invested and collects other miscellaneous revenues.

The Board is permitted by State law and the State Constitution to assess property tax through any of five provisions, which are briefly described below. The following information is provided in view of the fact that a large portion of the Board's revenues are derived from ad valorem taxation. There is no obligation on the part of the School Board to levy ad valorem taxes for payment of its Basic Rent Payments or any recourse of the Owners of the Certificates to the power of taxation of the School Board.

1. For operational purposes, the State Legislature requires each school board desiring to participate in the allocation of state funds available to school districts to levy a non-voted millage rate that is determined annually and is referred to as the "district required local effort."

2. School boards are also authorized to levy an additional non-voted "discretionary millage" for operations, not to exceed an amount established annually by the State Legislature.

3. School Boards may levy an additional non-voted millage (the "Capital Outlay Millage Levy") for capital outlay and maintenance purposes, pursuant to Section 1011.71(2), Florida Statutes. The Capital Outlay Millage Levy may be up to 1.5 mills (each mill represents $1 of tax assessment per $1,000 of property value assessment, subject to certain exclusions) and may be used to fund: new construction and remodeling projects, sites and site improvement or expansion to new sites, existing sites, auxiliary facilities, athletic facilities or ancillary facilities; maintenance, renovation and repair of existing school plants or of leased facilities to correct deficiencies; the purchase, lease-purchase, or lease of school buses; the purchase, lease-purchase, or lease of new and replacement equipment, computer hardware, including electronic hardware and other hardware devices necessary for gaining access to or enhancing the use of electronic content and resources or to facilitate the access to and the use of a school district's digital classrooms plan, excluding software other than the operating system, and enterprise resource software applications that are classified as capital assets; payments for educational facilities and sites due under a lease-purchase agreement; payment of loans approved pursuant

to Section 1011.14, Florida Statutes and Section 1011.15, Florida Statutes; payment of costs directly related to complying with state and federal environmental statutes, rules and regulations governing school facilities; payment of costs of leasing relocatable education facilities, of renting or leasing educational facilities and sites, or of renting or leasing buildings or space within existing buildings; under certain circumstances, payment of the cost of school buses when a school district contracts with a private entity to provide student transportation services; and payment of the cost of the opening day collection for the library media center of a new school. In its 2008 legislative session, the State Legislature reduced the maximum amount of the levy from 2.00 mills then in effect to 1.75 mills. In its 2009 legislative session, the State Legislature further reduced the maximum amount of the levy from 1.75 mills to 1.50 mills.

Prior to July 1, 2012, payments from the proceeds of the Capital Outlay Millage Levy for lease-purchase agreements for educational facilities and sites could not exceed three-fourths of the proceeds of the Capital Outlay Millage Levy; however, effective July 1, 2012, the three-fourths limitation was waived for lease-purchase agreements originally entered into prior to June 30, 2009. The Series 2005 Lease Agreement and the Series 2007 Lease Agreement were entered into before June 30, 2009 and the three-fourths limitation is waived relative thereto. In the event that revenues generated from the Capital Outlay 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 such Lease Payments. Additionally, if the revenue 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 outlay needs, a school board, in addition to the 1.5 mills, may elect to levy up to 0.25 mills for fixed capital outlay purposes in lieu of levying an equivalent amount of discretionary operating millage. **SEE "RISK FACTORS - Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes" FOR INFORMATION CONCERNING SUCH LEGISLATION THAT MAY ADVERSELY AFFECT THE DISTRICT'S TAXABLE ASSESSED VALUATION, AND CAPITAL OUTLAY MILLAGE LEVY AVAILABLE TO MAKE LEASE PAYMENTS.**

The School Board is not required to levy any millage for capital outlay purposes in the future. Since revenues from the levy of the Capital Outlay Millage Levy may be used for, but are not pledged to, the payment of Basic Rent Payments under the Series 2014 Lease Agreement, the failure of the School Board to levy all or a portion of the Capital Outlay Millage Levy would have an adverse effect on Available Revenues from which the School Board may appropriate funds to make Basic Rent Payments.

4. The School Board, with the approval of the qualified electorate of the School District, may levy an additional millage for current operations and/or capital outlay purposes, as provided in Section 1011.73, Florida Statutes.

5. Tax levies for debt service on general obligation bonds may be assessed, with the approval of the qualified electorate of the School Board.

The School Board assessed, or expects to assess, as the case may be, a Capital Outlay Millage Levy of 1.500 mills for Fiscal Year 2013-14 and Fiscal Year 2014-15.

The Board's total non-voted millage for Fiscal Year 2014-2015 is 7.395 mills; the Florida Constitution imposes a cap of 10 mills, exclusive of voted millage for the purposes described in paragraph 5 above. Ad valorem tax receipts for capital and maintenance purposes equaled $31.01 million in Fiscal Year 2008-09, $24.27 million in Fiscal Year 2009-10, $21.82 million in Fiscal Year 2010-11, $20.51 million in Fiscal Year 2011-12, $19.58 million in Fiscal Year 2012-13 and $19.89 million in Fiscal Year 2013-2014. The District has budgeted approximately $20.65 million of valorem tax receipts for capital and maintenance purposes for Fiscal Year 2014-15.

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 Board levied 0.30 mills in Fiscal Year 2009-10, 0.33 mills in Fiscal Year 2010-11, 0.35 mills in Fiscal Year 2011-12, and 0.39 mills in Fiscal Year 2012-13. The District no longer has any general obligation bonds outstanding and therefore is not levying any debt service millage for Fiscal Year 2013-14. Additionally, the Board chose, pursuant to authority granted in Section 1011.71(9), Florida States, to seek voter approval in an August 2012 special election for the levy of up to an additional 0.60 mills for operating purposes for a period of four years, commencing with Fiscal Year 2013-14. The voters in the County approved such levy and the District levied 0.60 mills for Fiscal Year 2013-14. The School Board has budgeted to levy 0.50 mills for Fiscal Year 2014-15.

The Board also receives educational facilities impact fees which are levied and collected by the County for all new residential construction in the County. The Board received $291,170 in educational facilities impact fees for the 2008-09 Fiscal Year, $278,711 for the 2009-10 Fiscal Year, $331,751 for the 2010-11 Fiscal Year, $409,548 for the 2011-2012 Fiscal Year, $713,388 for the 2012-13 Fiscal Year and $940,186 for the 2013-14 Fiscal Year. The Board has not budgeted to receive any educational impact fee revenues for the Fiscal Year 2014-15.

Anticipated Capital Outlay Millage Levy
Required to Cover Payments on the Certificates

The table below sets forth the estimated millage levy that would provide 1.00x coverage of the maximum annual Lease Payments represented by the outstanding Prior Certificates and Series 2014A Certificates following their issuance, assuming a 96% collection of the taxes levied.

	Fiscal Year Ended June 30, 2015
Net Taxable Assessed Valuation (2014 Tax Year)	$__________
Funds Generated from Capital Outlay Millage Levy	$__________

Estimated Maximum Annual Lease Payments represented by the outstanding Prior Certificates and the Series 2014A Certificates[1] [2]	$________
Millage Levy Required to provide 1.00x coverage of Maximum Annual Lease Payments represented by the outstanding Prior Certificates and Series 2014A Certificates[1] [2]	____ mills

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[1] As estimated by the Underwriter based on an estimated true interest cost of _____% on the Series 2014A Certificates, which occurs in _____.

[2] Payments from the proceeds of the Capital Outlay Millage Levy for lease purchase agreements for educational facilities and sites may not exceed three-fourths of the proceeds of the Capital Outlay Millage Levy; effective July 1, 2012, the three-fourths limitation was waived for lease-purchase agreements originally entered into prior to June 30, 2009. See "RISK FACTORS - Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes" herein. The Series 2005 Lease Agreement and the Series 2007 Lease Agreement were entered into before June 30, 2009 and the three-fourths limitation is waived relative thereto.

GENERAL FUND OPERATIONS

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund balance not classified as restricted, committed or nonspendable 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 "Commissioner"). The section further requires that if the General Fund balance not classified as restricted, committed or nonspendable 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. For Fiscal Years 2009-10, 2010-11, 2011-12, 2012-13 (each audited) and Fiscal Year 2013-14 (unaudited), the District's General Fund balance not classified as restricted, committed or nonspendable was 1.34%%, 9.62%, 10.92%, 9.64%, and 10.19% respectively, of General Fund Revenues. The budget for Fiscal Year 2014-15 reflects an 8.22% of General Fund balance not classified as restricted, committed or nonspendable as a percentage of General Fund Revenues.

The following table summarizes results of operations for the general fund for the audited Fiscal Years ended June 30, 2011, 2012 and 2013, the unaudited Fiscal Year ended June 30, 2014, and the tentative budget for the Fiscal Year ending June 30, 2015.

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School District of Indian River County, Florida
Statement of Operations for the General Fund
Fiscal Years 2011-2015

	Audited 2010/11	Audited 2011/12	Audited 2012/13	Unaudited 2013/14	Budgeted 2014/15
BEGINNING BALANCE:	$ 2,536,951	$ 14,572,039	$ 16,287,620	$ 16,962,132	$ 20,523,918
REVENUE:					
Federal	$ 414,657	$ 513,837	$ 482,287	$ 561,101	$ 550,000
State	28,186,971	30,329,274	36,053,873	41,909,150	43,255,742
Local	96,493,438	90,196,842	87,696,080	90,873,454	92,382,473
Total Revenues[1]	$ 125,095,066	$ 121,039,973	$ 124,232,240	$ 133,344,705	$ 136,188,215
EXPENDITURES:					
Instruction	$ 75,625,765	$ 79,975,649	$ 79,228,153	$ 85,096,563	$ 91,228,163
Pup. Pers. Svcs.	3,550,297	3,546,016	3,403,147	3,519,482	3,728,186
Instr. Med. Svcs.	1,178,345	1,841,351	1,850,689	1,947,861	2,110,830
Instr. & Curr. Dev.	1,535,064	2,886,688	3,059,145	3,399,567	2,982,959
Instr. Staff Training	173,116	1,029,173	978,174	1,233,763	1,417,570
Instr. Rltd. Tech	726,160	728,096	813,384	1,175,542	2,335,326
Board	953,551	762,647	724,354	865,754	1,027,445
General Admin.	470,249	377,232	549,833	397,384	405,803
School Admin.	7,826,955	7,184,630	7,807,759	7,766,249	8,205,289
Fac. Acq.	22,586	687,862	641,911	1,221,153	1,352,836
Fiscal Svcs.	1,249,190	1,097,373	1,426,720	1,180,881	1,187,212
Food Svcs.	29,205	26,996	51,872	14,763	--
Central Svcs.	1,962,473	1,911,377	1,911,708	2,247,184	2,236,771
Pupil Trans.	4,802,245	4,907,281	4,932,354	5,140,657	4,921,668
Operation of Plant	10,765,908	11,952,850	12,217,295	12,217,125	12,674,320
Maint. of Plant	299,143	2,799,892	3,006,351	2,932,137	2,922,610
Admin. Tech. Svcs.	2,407,593	1,845,304	2,136,667	3,358,921	7,691,856
Comm. Svcs.	408	1,266	90	173	--
Capital Outlay	45,175	107,689	262,779	625,527	35,000
Debt Service	438,333	104,889	99,167	28,611	--
Total Expenditures[1]	$ 114,061,761	$ 123,774,261	$ 125,101,552	$ 134,369,297	$ 146,463,844
Other Financial Sources	$ 1,001,782	$ 4,449,869	$ 1,543,824	$ 4,586,378	$ 4,551,397
Net Change in Fund Balance[1]	$ 12,035,088	$ 1,715,581	$ 674,512	$ 3,561,786	$ (5,724,232)
Ending Balance[1]	$ 14,572,039	$ 16,287,620	$ 16,962,132	$ 20,523,918	$ 14,799,686

[1] Totals may not add due to rounding.
Source: School District of Indian River County

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SUMMARY OF CAPITAL PROJECTS FUNDS REVENUES AND EXPENSES

	FISCAL YEAR ENDED				
	Audited 2010-11	**Audited 2011-12**	**Audited 2012-13**	**Unaudited 2013-14**	**Budgeted 2014-15**
REVENUES					
Federal Direct	--	--	--	$ 29,920	--
State Sources	$ 1,796,174	$ 919,278	$ 864,900	1,149,411	$ 1,446,368
Local Sources	22,833,945	21,256,374	20,756,446	21,220,682	20,684,306
TOTAL REVENUES(1)	$24,630,119	$22,175,652	$21,621,346	$22,400,013	$22,130,674
EXPENDITURES					
Current - Education:					
Facilities Acquisition and Construction	$13,667,913	$ 4,701,354	$ 5,692,598	$ 3,078,816	$24,948,187
Fixed Capital Outlay:					
Facilities Acquisition and Construction	20,696,256	28,032,850	10,440,874	17,400,364	--
Other Capital Outlay	845,950	1,807,160	1,453,252	2,016,915	950,549
Debt Service					
Principal					
Interest and Fiscal Charges	123,288	229	361	377	--
TOTAL EXPENDITURES(1)	$35,333,406	$34,541,594	$17,587,085	$22,496,472	$25,898,736
Excess (Deficiency) of Revenues Over Expenditures(1)	(10,703,287)	(12,365,942)	4,034,261	(96,459)	(3,768,062)
OTHER FINANCING SOURCES (USES)(1)	15,588,341	(15,648,799)	(12,794,746)	(14,678,854)	(15,665,294)
Net Change in Fund Balances	4,885,054	(28,014,741)	(8,760,485)	(14,775,313)	(19,433,356)
FUND BALANCES, Beginning(1)	66,098,842	70,983,896	42,969,155	34,208,670	19,433,356
FUND BALANCE, Ending(1)	$70,983,896	$42,969,155	$34,208,670	$19,433,356	[$ 0]

(1) Totals may not add due to rounding.
Source: School District of Indian River County

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AD VALOREM TAXATION GENERALLY

The following information is provided in view of the fact that a large portion of the Board's revenues are derived from ad valorem taxation.

Local ad valorem property taxes are levied by the application of the millage rate to the assessed valuation of non-exempt property within the County. Under the laws of Florida, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the office of the County Property Appraiser and County Tax Collector.

Property Assessment

General. State law requires that all real and personal property be assessed at its just or fair market value. 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. Railroad properties are centrally assessed at the State level. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary, and governmental. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is entitled to a "homestead exemption" from ad valorem taxation by counties up to the assessed valuation of $25,000 on the residence and contiguous real property. In addition, there are special exemptions for widows, low-income seniors, permanently disabled veterans, hospitals, and homes for the aged and disabled veterans. Agricultural land, non-commercial recreational land, inventory, and livestock are assessed at less than 100% of fair market value.

Article VII, Section 4 of the State Constitution was amended to limit 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, Article VII, Section 4 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 5, 1993, and, pursuant to a ruling by the Supreme Court of the State of Florida, it began to affect homestead property valuations commencing January 1, 1995, with 1994 assessed values being the base year for determining compliance. See " RISK FACTORS - Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes" herein for information concerning recent changes in law that affect the Save Our Homes Amendment.

Procedure. The County Property Appraiser (the "Property Appraiser") determines property valuation on real and tangible personal property as of January 1 of each year. The Property Appraiser determines the valuation of all real and personal property by July 1 of each year and notifies the County, the District, each municipality, and each other legally constituted special taxing district as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. Each taxing body must advertise its budget, stating the proposed millage and hold public hearings on such budgets. Final budgets are determined by each taxing body, and the millage is certified to the Property Appraiser by October 1.

Concurrently, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on such property. If the individual property owner believes that his or her property has not been appraised at fair market value, the owner may file a petition with the Clerk of the Property Appraisal Adjustment Board (the "Adjustment Board"). The Adjustment Board consists of members of the County Commission and members of the School Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser, if such valuations were found not to be fair and at market value. The Adjustment Board must certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used. These changes are then made to the final tax roll. Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition.

The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which he certifies to the County Tax Collector by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies, so that all ad valorem taxes are collected by the County Tax Collector and distributed to the various taxing bodies.

Collection of Taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified and delivered to the Indian River County, Florida Tax Collector (the "Tax Collector"). The Tax Collector mails a notice to each property owner on the tax roll for the taxes levied by the County, the District, municipalities within the County 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 (1%) if paid in the month of February. Taxes paid in the month of March are without discount. All unpaid taxes on real and personal property become delinquent on April 1 of the year following the year in which taxes were levied.

Delinquent real property taxes bear interest at the rate of 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 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale. On or before June 1 or the sixtieth day after the date of delinquency, whichever is later, the Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property with delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the County. State law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Section 197.016(2), Florida Statutes, requires the Tax Collector to distribute the taxes collected, to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Total ad valorem tax rates levied by all taxing districts in Indian River County, including the County, the District and other county-wide taxing districts, and by city and other taxing districts in Indian River County, were as follows:

Property Tax Rates - Direct and All Overlapping Governments
Per $1,000 Assessed Value

Fiscal Year Ended	County-Wide Taxing District				Independent Taxing District	
	County[1]	School Board	Other[2]	Total Countywide	Cities[3]	Other[2]
2007	4.3250	7.443	2.1747	13.9427	2.5740	1.4795
2008	4.1037	7.538	2.1283	13.7700	2.2400	1.3817
2009	4.1493	7.040	2.1368	13.3261	2.3119	1.5362
2010	4.1666	7.596	2.1027	13.8653	2.3119	1.7515
2011	4.1625	8.250	2.1235	14.5360	2.3073	1.7663
2012	4.1625	8.244	2.1512	14.5577	2.5023	1.6856
2013	4.1625	8.313	2.0947	14.5702	2.6446	1.6859
2014		8.116				
2015		7.995				

(1) Per Section 200.071, Florida Statutes, no ad valorem tax millage shall be levied against real property and tangible personal property by counties in excess of 10 mils, except for voted levies.
(2) Composite tax rate.
(3) Average tax rate.

Source: Indian River County, Florida, Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

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The following table sets forth the District tax collections for recent tax years. The collection amounts shown include amounts received from the sale of tax certificates after the tax year.

School District of Indian River County, Florida
Tax Collections
For Fiscal Years 2007 - 2014

	2006 Taxes FY 06-07 Audited	2007 Taxes FY 07-08 Audited	2008 Taxes FY 08-09 Audited	2009 Taxes FY 09-10 Audited	2010 Taxes FY 10-11 Audited	2011 Taxes FY 11-12 Audited	2012 Taxes FY 12-13 Audited	2013 Taxes FY 13-14 Unaudited(1)
General Fund	$ 89,193,534	$ 94,914,174	$ 88,841,099	$ 93,743,085	$ 93,341,422	$ 86,568,906	$ 83,758,356	$ 87,873,984
Debt Service Fund	4,828,207	4,860,904	4,954,263	4,850,280	4,794,074	4,727,682	5,082,820	19,264*
Capital Outlay Fund	34,531,018	36,012,340	31,012,471	24,274,807	21,816,243	20,509,364	19,583,376	19,887,311
Total Collected	$128,552,759	$135,787,418	$124,807,833	$122,868,172	$119,951,739	$111,805,952	$108,424,552	$107,780,559
% Collected	96.56%	96.74%	96.29%	96.24%	96.94%	96.68%	_____%	_____%

(1) Through June 30, 2014 with accruals.

Source: School District of Indian River County. See "RISK FACTORS - Recent Legislative Initiatives Concerning Ad Valorem Taxes" for information concerning recently adopted legislation that could adversely impact future tax collections.

*The General Obligation Bonds were paid off in Fiscal Year 2012-13; tax receipts are for prior period collections/delinquent taxes.

Historical Millages

The governing bodies of taxing authorities are required to fix the millage rate and assess all property at one hundred percent (100%) of its just value. Section 200.071, Florida Statutes, and Section 200.091, Florida Statutes, prohibit the millage for taxing authorities from being set by referendum, except as provided in the State Constitution.

Pursuant to Article VII of the Florida Constitution, the School Board may not levy ad valorem taxes, exclusive of voted taxes levied for the payment of debt service, in excess of 10 mills. The Board is levying 7.395 nonvoted mills for Fiscal Year ending June 30, 2015. The following table shows millage rates for the District for the Fiscal Year ended June 30, 2008 through 2015.

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15(1)
Required Local Effort	4.657	4.410	5.048	5.422(2)	5.396(2)	5.425(2)	5.268(2)	5.147(2)
Discretionary	0.611	0.600	0.748	0.748	0.748	0.748	0.748	0.748
Critical Operating Needs Levy	N/A	N/A	0.000(3)	0.250(3)	0.250(3)	0.250(3)	N/A	N/A
Additional Voted Millage(4)	N/A	N/A	N/A	N/A	N/A	N/A	0.600	0.600
Total Operating Millage	5.268	5.010	5.796	6.420	6.394	6.423	6.616	6.495
Debt Service Millage(5)	0.270	0.280	0.300	0.330	0.350	0.390	N/A	N/A
Capital Outlay Millage	2.000	1.750	1.500	1.500	1.500	1.500	1.500	1.500
Total Millage	7.538	7.040	7.596	8.250	8.244	8.313	8.116	7.995

(1) Budgeted.

(2) Includes 0.036 mills, 0.030 mills, 0.014 mills, 0.009 mills and .006 mills Prior Period Adjustment Millage Levy for Fiscal Years 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15, respectively.

(3) Authorized pursuant to an amendment to Section 1011.71, Florida Statutes, which was repealed during the 2011 legislative session.

(4) Authorized pursuant to Section 1011.71(9), Florida Statutes, as provided by the voters of the District in the November 2012 special election.

(5) Used to pay debt service on the District's outstanding General Obligation Bonds.

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Assessed Valuation

The following table shows the assessed value and taxable value for operating millages in each of the past 10 years. No single taxpayer in the County pays as much as 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	17,979,055,910	14,044,332,671	78.1
2012	16,567,641,805	631,530,599	17,211,397,637	13,515,321,926	78.5
2013	16,835,347,740	683,909,136	17,532,612,572	13,704,636,867	78.2
2014					

(1) Includes Centrally Assessed Property.

Source: School District of Indian River County, Florida and Florida Department of Revenue, Florida Properly Valuations and Tax Data Book.

Note: Values are established as of January 1 of the previous calendar year, i.e., January 1, 2013, taxable values apply to the fiscal year which ended in 2014. The District's Taxable Assessed Value for Fiscal Year 2014-2015 is $____________. Such figure is subject to change. See "RISK FACTORS - Recent Legislative Initiatives Concerning Ad Valorem Taxes" for information concerning recently adopted legislation that may affect future taxable property values.

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Principal Taxpayers

The following table contains the list of the County's 10 largest taxpayers based on taxes collected during Fiscal Year 2014. No single taxpayer in the County pays more than 1% of the total ad valorem taxes levied.

Principal Property Taxpayers (Unaudited)
Indian River County, Florida

Taxpayer	Type of Business	2014 Taxable Value[(1)]	Percentage of Total Taxable Value
Florida Power & Light	Electric Utility	$102,669,719	0.81%
Disney Vacation Development, Inc.	Resort	70,674,710	0.56
Windsor Properties	Land Development	37,828,560	0.30
BellSouth Telecommunication	Telephone Utility	35,742,953	0.28
Adult Community Total Services	Retirement Community	32,682,140	0.26
John's Island Club, Inc.	Club and Golf Course	29,794,930	0.23
Sebastian Hospital, Inc.	Hospital	29,105,664	0.23
I.R. Mall Association, Ltd.	Regional Shopping Center	27,891,780	0.22
Health Care REIT Inc.	Real Estate Investment Trust	23,713,180	0.19
The New Piper Aircraft	Aircraft Manufacturer	23,373,485	.18

(1) Total County Taxable Value $__________. The listed taxpayers represent _____% of the Total County Taxable Value.

Source: Indian River County, Florida, Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2013.

Note: Values are established as of January 1 of the previous calendar year (i.e., January 1, 2013, taxable values apply to the fiscal year ending September 30, 2014).

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Selected Financial Information
of Indian River County, Florida
Computation Of Direct and
Overlapping Debt

Name of Governmental Agency	Net General Obligation Debt Outstanding	Net Non-Self Supporting Debt Outstanding	Net Self Supporting Debt Outstanding
Indian River County(1)			
General Obligation Bonds,			
Series 2006	$29,265,000		
Spring Training Revenue Bonds			
Series 2001		$8,145,000	
Water and Sewer Bonds			
Series 2005 and Series 2009			$40,565,000
School District of Indian River County(2)			
State School Bonds(3)			
Series 2005A, Series 2008A and Series 2010A			$5,760,000
Certificates of Participation			
Series 2005		$58,012,331	
Certificates of Participation			
Series 2007		$38,415,254	
Certificates of Participation			
Series 2010A		$26,261,000	
Total	$29,265,000	$130,833,585	$46,325,000

(1) County figures as of September 30, 2013.
(2) District figures as of June 30, 2013.
(3) 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.

Sources: Fiscal Year ended June 30, 2013, amounts for the District provided by the District's Financial Services Department. Indian River County, Florida, Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2013.

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INDIAN RIVER COUNTY
COMPARATIVE RATIOS OF BONDED DEBT TO TAXABLE ASSESSED VALUATION AND PER CAPITA INDEBTEDNESS

1.	Population (2013)	139,586
2.	Total Net Taxable Assessed Valuation (Tax Year 2014)	$__________
4.	Direct and Overlapping General Obligation Debt	
	a) Total Direct and Overlapping General Obligation Debt	$29,265,000
	b) As a percent of Taxable Valuation	__%
	c) Per Capita	$209.66
5.	Direct Non-Self Supporting Revenue	
	a) Total Direct Non-Self Supporting Revenue and Direct General Obligation Debt	$122,688,585
	b) As a percent of Taxable Valuation	__%
	c) Per Capita	$878.94

THE CORPORATION

The Corporation is a Florida not-for-profit corporation formed primarily for the purpose of acting as lessor in connection with "lease-purchase" capital financings for the Board. The Corporation may in the future initiate Additional Lease Schedules under the Master Lease, enter into other lease-purchase agreements with the Board and cause certificates of participation to be issued which represent lease payments to be made under one or more lease-purchase agreements with the Board. The members of the Corporation are the members of the Board. The Chairman of the Board serves as Chairman of the Board of Directors and President of the Corporation; the Vice Chairman of the Board serves as Vice Chairman of the Board of Directors and Vice President of the Corporation; and the Superintendent of Schools serves as ex-officio Secretary/Treasurer of the Corporation. There is no litigation pending against the Corporation.

The Corporation has assigned all of its right, title and interest in and to the Series 2005 Lease Agreement (except certain indemnification rights, the right to initiate Additional Lease Schedules from time to time and its obligation not to impair the tax status of the Certificates), including its right to receive Lease Payments from the Board, its right, title and interest in and to the Ground Lease, and its right to use, sell and re-let Projects, to the Trustee. The Trustee directly collects from the Board all of the Basic Rent Payments which are the source of and security for payment of the 2014A Certificates. Therefore, the credit of the Corporation is not material to any of the transactions contemplated by the Board in this Offering Statement. No financial information concerning the Corporation has been included herein, nor is it contemplated that any such financial information will be included in any future Offering Statement relating to the sale of any additional Series of Certificates or other obligations of the Board or the Corporation.

LITIGATION

Concurrently with the delivery of the 2014A Certificates, Counsel to the Board will deliver an opinion which states, among other things, that there is no litigation or other proceedings pending or, to the best of their knowledge, threatened against the Board (i) that seeks to restrain or enjoin the issuance or delivery of the 2014A Certificates, the Trust Agreement, the Series 2005 Lease Agreement or the Ground Lease, or (ii) questioning or affecting the validity of the 2014A Certificates, the Trust Agreement or the Series 2005 Lease Agreement or any proceedings of the Board or actions of the Trustee with respect to the authorization, sale, execution or issuance of the 2014A Certificates or the transactions described in this Offering Statement or the Trust Agreement, the Series 2005 Lease Agreement or the Ground Lease or any other agreement or instrument to which the Board is a party in connection therewith and which is used or contemplated for use in the transactions contemplated by this Offering Statement or (iii) questioning or affecting the creation, organization nor existence of the Board and which would have an adverse effect on the actions taken by the Board with respect to the issuance of the 2014A Certificates.

The Board experiences claims, litigation and various legal proceedings which individually are not expected to have a material adverse effect on its operations or financial condition, but may, in the aggregate, have a material impact thereon. There is no litigation, claim or series of claims currently pending, or, to the best knowledge of the Board, threatened that would have a material adverse consequence on the financial condition of the District.

LEGAL OPINION

Certain legal matters incident to the issuance of the 2014A Certificates and with regard to the tax-exempt status of the Interest Component under the Series 2005 Lease Agreement (see "TAX EXEMPTION") are subject to the legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, whose legal services as Special Counsel have been retained by the Board. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the 2014A Certificates, will be delivered to the Underwriters at the time of original delivery.

The proposed text of the legal opinion is set forth as Appendix D. The actual legal opinion to be delivered 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 the Offering Statement or otherwise shall create no implication that Special Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

While Special Counsel has participated in the preparation of certain portions of this Offering Statement, it has not been engaged by the Board to confirm or verify, and, except as may be set forth in an opinion of Special Counsel delivered to the Underwriters, expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Offering Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Board or the Certificates that may be prepared or made available by the Board, the Underwriters or others to the holders of the 2014A Certificates or other parties.

TAX EXEMPTION

Opinion of Special Counsel

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the 2014A Certificates in order that the Interest Component of the Basic Rent Payments received by the Owners of the 2014A Certificates be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause such Interest Component to be included in federal gross income retroactive to the date of issuance of the 2014A Certificates, regardless of the date on which such non-compliance occurs or is ascertained. The School Board and the Corporation have covenanted in the Series 2014A Lease to comply with such requirements in order to maintain the exclusion from federal gross income of the Interest Component.

In the opinion of Special Counsel, the form of which is included as Appendix D hereto, assuming compliance with the aforementioned covenants, prior to the termination of the Series 2014A Lease resulting from an Event of Non-Appropriation or Event of Default thereunder, the Interest Component of the Basic Rent Payments is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal income tax purposes under existing statutes, regulations, rulings and court decisions. However, the Interest Component of Basic Rent Payments is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Code.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the 2014A Certificates, including among other things, restrictions relating to the use of investment of the proceeds of the 2014A Certificates and the payment of certain arbitrage earnings in excess of the "yield" on the 2014A Certificates to the Treasury of the United States. Noncompliance with such provisions may result in the Interest Component of the Basic Rent Payments being included in gross income for federal income tax purposes retroactive to the date of issuance of the 2014A Certificates.

Collateral Tax Consequences

Except as described above, Special 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 2014A Certificates. Prospective purchasers of 2014A Certificates should be aware that the ownership of 2014A Certificates may result in collateral tax consequences to various types of corporations relating to (1) the branch profits tax, (2) the denial of interest deductions to purchase or carry such 2014A Certificates, and (3) the inclusion of the Interest Component of the Basic Rent Payments in passive income for certain Subchapter S corporations. In addition, the Interest Component may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 2014A CERTIFICATES AND THE RECEIPT OR ACCRUAL OF THE INTEREST COMPONENT OF THE BASIC RENT PAYMENTS MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE 2014A CERTIFICATE HOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE 2014A CERTIFICATE HOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

The Interest Component of the Basic Rent Payments may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the 2014A Certificates should consult their own tax advisors as to the income tax status of such Interest Component in their particular state or local jurisdiction.

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 2014A Certificates. 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 2014A Certificates. From time to time, legislative proposals are pending which could have an effect of both the federal tax consequences resulting from ownership of the 2014A Certificates 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 2014A Certificates.

Original Issue Discount

Under the Code, the difference between the principal amount of the 2014A Certificates maturing on July 1 in the years 20__ through 20__, inclusive (collectively, the "Discount Certificates") and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Certificates of the same maturity was sold, is "original issue discount". Original issue discount represents interest which is excluded from gross income for federal income tax purposes. Original issue discount will accrue over the term of a Discount Certificate at a constant interest rate compounded semi-annually. A purchaser who acquires a Discount Certificate at the initial offering price thereof to the public will be treated as receiving, prior to the termination of the Series 2014A Lease resulting from an Event of Non-Appropriation or Event of Default thereunder, an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he holds such Discount Certificates and will increase its adjusted basis in such Discount Certificates by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Certificates. The federal income tax consequences of the purchase, ownership and prepayment, sale or other disposition of Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Discount Certificates should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Certificates and with respect to the state and local tax consequences of owning and disposing of such Discount Certificates.

Original Issue Premium

The difference between the principal amount of the 2014A Certificates maturing on July 1 in the years 20__ through 20__, inclusive (collectively, the "Premium Certificates") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Certificates of the same maturity was sold constitutes to an initial purchaser amortizable certificate premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable certificate premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Certificates which term ends on the earlier of the maturity or call date for each Premium Certificate which minimizes the yield on said Premium Certificates to the Purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Certificate, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Certificate annually by the amount of amortizable certificate premium for the taxable year. The amortization of certificate premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Certificates. Owners of the Premium Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Certificates.

NOTWITHSTANDING THE FOREGOING, SPECIAL COUNSEL EXPRESSES NO OPINION REGARDING THE FEDERAL INCOME TAX OR FLORIDA TAX CONSEQUENCES RESULTING FROM THE OWNERSHIP OF THE 2014A CERTIFICATES OR THE RECEIPT BY THE OWNERS THEREOF OF PAYMENTS ON THE 2014A CERTIFICATES FOLLOWING THE TERMINATION OF THE SERIES 2014A LEASE RESULTING FROM AN EVENT OF NON-APPROPRIATION OR EVENT OF DEFAULT THEREUNDER.

RATINGS

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), and Moody's Investors Service, Inc. ("Moody's"), are expected to assign ratings of "__" (________ outlook) and "___" (_________ outlook), respectively, to the 2014A Certificates, with the understanding that upon delivery of the 2014A Certificates, the Policy will be issued by the Insurer. In addition, Standard & Poor's, Moody's and Fitch Ratings have assigned an underlying rating of "__," "__" and "__," respectively, to the 2014A Certificates. Such underlying ratings are based on the capacity of the Board to pay Basic Rent Payments on the 2014A Certificates without giving effect to the Policy. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Standard & Poor's Financial Services LLC, 55 Water Street, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Due to the recent and ongoing political uncertainty regarding the United States of America (the "U.S.") debt limit, and the negative effect it and the failure of the U.S. Congress to deal effectively with the expanding national budget deficit has on the U.S. economy, obligations issued by state and local governments in the U.S., such as the 2014A Certificates, could be subject to rating downgrades. Additionally, if a significant default or other financial crisis should occur in the affairs of the U.S. or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the 2014A Certificates. Any such downward revision or withdrawal of such ratings, for any reason, may have an adverse effect on the market price of the 2014A Certificates.

FINANCIAL ADVISOR

The Board has retained Ford & Associates, Inc., Tampa, Florida, as financial advisor in connection with the Board's financing plans and with respect to the issuance of the 2014A Certificates. Fees paid to Ford & Associates, Inc., may include fees for bidding investments on behalf of the Board. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Offering Statement. The Financial Advisor did not participate in the underwriting of the 2014A Certificates.

FINANCIAL STATEMENTS

The financial statements of the District for the Fiscal Year ended June 30, 2013, included in this Offering Statement as APPENDIX B have been audited by Office of the Auditor General of Florida, as stated in their report included in APPENDIX B. Such financial statements, including the Auditor General's report, have been included in this Offering Statement as public documents and the consent of the District's auditors was not requested. The Auditor General has not performed any services related to, and therefore are not associated with, the preparation of this Offering Statement.

UNDERWRITING

The 2014A Certificates are being purchased by Citigroup Global Markets Inc., RBC Capital Markets, LLC and Wells Fargo Bank, N.A. and Raymond James & Associates, Inc. (herein the "Underwriters"). The 2014A Certificates are being purchased by the Underwriters at a price of $____________ (which represents the par amount of the 2014A Certificates of $____________, [plus/less] a net original issue [premium/discount] of $__________ and less an Underwriters' discount of $__________). The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the 2014A Certificates if any 2014A Certificates are purchased. The 2014A Certificates may be offered and sold to certain dealers (including dealers depositing such 2014A Certificates into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

CONTINUING DISCLOSURE

The Board has agreed in the Trust Agreement and undertaken for the benefit of 2014A Certificate holders and in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c12-12 of the Securities Exchange Commission (the "Rule"), to provide certain financial information and operating data relating to the Board and the 2014A Certificates in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Such undertaking shall only apply so long as the 2014A Certificates remain outstanding under the Trust Agreement or the Rule remains in effect. The Annual Report and audited financial statements will be filed annually by the District's dissemination agent pursuant to the undertaking with the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access System. The notices of material events will also be filed by the dissemination agent with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in the Continuing Disclosure Certificate (See APPENDIX F).

With respect to the 2014A Certificates, no party other than the Board is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the aforementioned Rule. **[The Board has not failed to comply with any of its prior undertakings to provide continuing disclosure information pursuant to the Rule.]**

ACCURACY AND COMPLETENESS OF OFFERING STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the Board and Projects financed under the Master Lease and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the 2014A Certificates, the security for the payment of the 2014A Certificates and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Offering Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Offering Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the 2014A Certificates.

The Appendices attached hereto are integral parts of this Offering Statement and must be read in their entirety together with all foregoing statements.

AUTHORIZATION OF OFFERING STATEMENT

The execution and delivery of this Offering Statement has been duly authorized and approved by the Board. At the time of delivery of the 2014A Certificates, the undersigned will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that the Offering Statement (except for the information herein related to the Insurer, its Policy, DTC and its book-entry only system, as to all of which no opinion will be expressed), as of its date and as of the date of delivery of the 2014A Certificates, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Offering Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

____
Chairman

____
Superintendent of Schools

FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A., WITH RESPECT TO THE CERTIFICATES

Upon delivery of the Certificates in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, proposes to render its opinion with respect to such Certificates in substantially the following form:

(Date of Delivery)

The School Board of Indian River County, Florida
Vero Beach, Florida

School Board Members:

We have acted as Special Counsel in connection with the execution and delivery of $___________ aggregate principal amount of Refunding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida (the "Certificates") in connection with the Lease Agreement described below.

In that capacity, we have examined various documents including (i) the Master Lease-Purchase Agreement, dated as of November 1, 2005, as supplemented and amended (the "Lease Agreement"), between the Indian River County School Board Leasing Corporation, a Florida not-for-profit educational corporation, as lessor (the "Corporation") and The School Board of Indian River County, Florida, as lessee (the "Board"); (ii) the Amended and Restated Lease Schedule No. 2005, dated as of _______ 1, 2014 ("Amended and Restated Schedule No. 2005"), between the Corporation and the Board; (iii) the Master Trust Agreement, dated as of November 1, 2005, as supplemented and amended (the "Trust Agreement"), among U.S. Bank National Association, as successor in interest to SunTrust Bank, as trustee (the "Trustee"), the Board and the Corporation; (iv) the Series 2014A Supplemental Trust Agreement, dated as of _______ 1, 2014 (the "Series 2014A Supplemental Trust Agreement"), among the Trustee, the Board and the Corporation; (v) the Assignment of Lease Agreement, dated as of November 1, 2005, as amended and supplemented by the Third Amendment to Assignment of Lease Agreement, dated as of ______ 1, 2014 (the "Lease Assignment"), between the Corporation and the Trustee, pursuant to which the Corporation has assigned by outright and absolute assignment its rights, title and interest in the Lease Agreement (other than to its rights of indemnification, its right to enter into Lease Schedules from time to time and certain obligations provided in Section 6.03 of the Lease Agreement) to the Trustee; and (vi) the Ground Lease Agreement, dated as of November 1, 2005 (the "Series 2005 Ground Lease Agreement"), between the Board, as lessor, and the Corporation, as lessee, pursuant to which the Board granted to the Corporation a leasehold interest in certain real property owned by the Board. We have also examined a record of proceedings of the Board relating to the transactions contemplated by the foregoing.

The proceeds of the Certificates will be used for the principal purposes of advance refunding that portion of the outstanding Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2005 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida, maturing on or after July 1, 2016 (collectively, the "Refunded Certificates") and paying costs associated with the issuance of the Certificates.

On the date hereof, certain proceeds of the Certificates will be deposited into an escrow deposit trust fund (the "Escrow Fund") established pursuant to the Escrow Deposit Agreement, dated as of _______, 2014 (the "Escrow Agreement") between U.S. Bank National Association, as Escrow Agent, and the Board, and invested in direct obligations of the United States of America (the "Escrow Securities"), such that the principal of and interest on such Escrow Securities, together with a cash deposit, shall be sufficient to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates, as the same became due or are prepaid prior to maturity.

Pursuant to the Lease Agreement, the Corporation is leasing certain educational and related facilities to the Board including, without limitation, the Series 2005 Project (as defined in the Trust Agreement) and the Board is making lease payments to the Trustee, as assignee of the Corporation pursuant to the Lease Assignment, which include Basic Rent Payments (as defined in the Trust Agreement). The Certificates evidence an undivided proportionate interest in a portion of the Basic Rent Payments under the Lease Agreement. The Basic Rent Payments are payable solely from the Board's Available Revenues (as defined in the Trust Agreement) appropriated for such purpose. The Board is not legally required to budget and appropriate Available Revenues for this purpose. Basic Rent Payments are subject to annual appropriation by the Board. None of the Board, the State of Florida, nor any political subdivision or agency thereof shall be obligated to pay any sums due under the Lease Agreement from any source other than Available Revenues, and the faith and credit of the Board are not pledged for payment of such sums due thereunder and such sums do not constitute debt of the Board within the meaning of any constitutional or statutory provision or limitation.

The Board may from time to time in the future, lease other Projects (as defined in the Trust Agreement) from the Corporation pursuant to the Lease Agreement in addition to the Series 2005 Project. The acquisition, construction and installation of each such Project are financed by the issuance of a series of certificates of participation pursuant to the Trust Agreement. Each series of certificates of participation issued to finance a Project shall be secured independently of other series of certificates of participation. The Board has agreed in the Lease Agreement to budget and appropriate in each fiscal year from Available Revenues sufficient moneys to make the Lease Payments (as defined in the Trust Agreement) for all Projects, including the Series 2005 Project, leased under the Lease Agreement or for none of them. The Board may also issue Refunding Certificates (as defined in the Trust Agreement) which shall be secured on a proportionate basis with the Certificates upon satisfying the conditions described therefore in the Trust Agreement.

The Certificates are dated and shall bear interest from their date of delivery, except as otherwise provided in the Trust Agreement. The Certificates will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Trust Agreement. Interest shall be payable on each January 1 and July 1, commencing **[**January 1, 2015**]**. The Certificates are subject to prepayment prior to maturity in accordance with the terms of the Series 2014A Supplemental Trust Agreement.

As to questions of fact material to our opinion, we have relied upon the representations of the Board contained in the Lease Agreement, the Trust Agreement and in the certified proceedings and other certifications of officials furnished to us without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Lease Agreement and the Trust Agreement. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based upon the foregoing, we are of the opinion that:

1. The Lease Agreement, Amended and Restated Schedule No. 2005, the Trust Agreement and the Series 2014A Supplemental Trust Agreement have each been duly authorized, executed and delivered by the Board and each constitutes a valid and legally binding obligation of the Board, enforceable in accordance with its respective terms.

2. The Certificates, upon proper execution and authentication, shall evidence an undivided proportionate interest in the Basic Rent Payments made by the Board under the Lease Agreement, as supplemented by Amended and Restated Schedule No. 2005, on a proportionate basis with the Outstanding Series 2005 Certificates (as defined in Amended and Restated Schedule No. 2005), and shall be entitled to the benefits and security of the Trust Agreement.

3. Under existing statutes, regulations, rulings and court decisions, prior to the termination of the Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder, the Interest Component (as defined in the Trust Agreement) of the Basic Rent Payments received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations, such Interest Component is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth above are subject to the condition that all requirements of the Internal Revenue Code of 1986, as amended, must be satisfied subsequent to the issuance of the Certificates in order that the Interest Component be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the Interest Component to be so included in gross income retroactive to the date of issuance of the Certificates. The Board and the Corporation have covenanted in the Lease Agreement to comply with all such requirements. Ownership of the Certificates may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Certificates.

4. The issuance of the Certificates and the refunding of the Refunded Certificates will not, in and of themselves, adversely impact the federal income tax status of the Interest Component of the Refunded Certificates to which such Refunding Certificates are currently entitled.

We express no opinion regarding the federal income tax or Florida tax consequences resulting from the ownership of the Certificates or the Refunded

Certificates or the receipt by the owners thereof of payments on the Certificates or the Refunded Certificates following the termination of the Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder.

5. Assuming the deposit and application of cash and Escrow Securities in accordance with the provisions of the Escrow Agreement, such application and deposit will cause, with respect to the Refunded Certificates only, the Trust Estate and the rights granted in the Trust Agreement to cease, terminate and be void.

In rendering the opinions set forth in paragraphs 3, 4 and 5 above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by Ford and Associates, Inc. relating to the computations of projected receipts of the Escrow Securities and any other amounts deposited in the Escrow Fund, of the adequacy of such projected receipts and other sums to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates, and of the yield on the Certificates and the yield on the Escrow Securities, and (b) the verifications of the accuracy of such computations by _____________, a firm of independent certified public accountants.

The opinions expressed in paragraphs 1 and 2 hereof are qualified to the extent that (i) the enforceability of the Lease Agreement, Amended and Restated Schedule No. 2005, the Trust Agreement and the Series 2014A Supplemental Trust Agreement, and the rights of the owners of the Certificates may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' or tenants' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or public policy, and (ii) we have assumed the due authorization, execution and delivery of the Trust Agreement and the Series 2014A Supplemental Trust Agreement by the Corporation and the Trustee and of the Lease Agreement and Amended and Restated Schedule No. 2005 by the Corporation.

It should be noted that (a) except as may expressly be set forth in an opinion delivered by us to the underwriters of the Certificates on the date hereof (upon which opinion only they may rely), we have not been engaged or undertaken to review the accuracy, sufficiency or completeness of the Offering Statement or other offering material relating to the Certificates and we express no opinion relating thereto, and (b) we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Certificates and we express no opinion relating thereto.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention that may hereafter occur.

We have examined the form of the Certificates and, in our opinion, the form of the Certificates is regular and proper.

Respectfully submitted,

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") dated ________, 2014 is executed and delivered by The School Board of Indian River County, Florida (the "Issuer") in connection with the issuance by the Issuer of its $________ Refunding Certificates of Participation (The School Board of Indian River County, Florida, Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida (the "Certificates"). The Certificates are being issued pursuant to the Master Trust Agreement, dated as of November 1, 2005, as amended and supplemented, among the School Board, U.S. Bank National Association, as trustee, and the Indian River County School Board Leasing Corporation (the "Trust Agreement").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners (defined below) of the Certificates and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Trust Agreement which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access web portal of the MSRB, located at http://www.emma.msrb.org.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Certificates (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

"Participating Underwriters" shall mean the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than March 30th following the end of the Issuer's fiscal year, beginning with the fiscal year ending June 30, 2014, provide to any Repository in electronic format as prescribed by such Repository, and the municipal bond insurer (the "Insurer"), if any, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the date set forth in (a) above, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to any Repository and the Insurer an Annual Report as required in subsection (a), the Issuer (or the Dissemination Agent, if other than the Issuer) shall send a notice to any Repository, in electronic format as prescribed by such Repository, and to the Insurer, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository and the Insurer; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository, and the Insurer to which it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Offering Statement dated _____________ (the "Offering Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the financial and operating data set forth in the Offering Statement, including, but not limited to, information in the table entitled "Statement of Operations – General Fund."

The information provided under Section 4(b) may be included by specific reference to documents, including offering statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;

7. modifications to rights of the holders of the Certificates, if material;

8. Certificate calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Certificates, if material;

11. ratings changes;

12. an Event of Bankruptcy or similar event of an Obligated Person;

13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and

15. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository, and the Insurer.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted in pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

(a) the category of information being provided;
(b) the period covered by any annual financial information, financial statement or other financial information or operation data;
(c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
(d) the name of any Obligated Person other than the Issuer;
(e) the name and date of the document being submitted; and
(f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Certificates, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Certificates.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Certificates. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Dated as of ___________

THE SCHOOL BOARD OF INDIAN RIVER
COUNTY, FLORIDA

By:____

Chairman

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	The School Board of Indian River, County
Name of Bond Issue:	Refunding Certificates of Participation (The School Board of Indian River County, Florida, Master Lease Program), Series 2014A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida
Date of Issuance:	_________, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Certificates as required by Sections 3 and 4(b) of the Continuing Disclosure Certificate dated as of ______________, 2014. The Issuer anticipates that the Annual Report will be filed by _______________ ____________________________.

Dated:__________________

[DISSEMINATION AGENT]

By:_________________________________
Name:_______________________________
Title:_______________________________

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-- Preliminary; Subject to Change --

SOURCES AND USES OF FUNDS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Dated Date	11/20/2014
Delivery Date	11/20/2014

Sources:	
Bond Proceeds:	
Par Amount	47,715,000.00
Premium	5,153,761.50
	52,868,761.50

Uses:		
Refunding Escrow Deposits:		
Cash Deposit	0.48	
SLGS Purchases	52,196,055.00	
		52,196,055.48
Delivery Date Expenses:		
Cost of Issuance	277,360.44	
Underwriter's Discount	241,056.25	
Bond Insurance (0.25%)	154,107.95	
		672,524.64
Other Uses of Funds:		
Rounding		181.38
		52,868,761.50

Notes:
Bond insurance premium estimated at 0.25% of total debt service.
Certain costs of issuance estimated.

BOND SUMMARY STATISTICS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Dated Date	11/20/2014
Delivery Date	11/20/2014
First Coupon	01/01/2015
Last Maturity	07/01/2025
Arbitrage Yield	2.744017%
True Interest Cost (TIC)	2.691360%
Net Interest Cost (NIC)	2.980848%
All-In TIC	2.922724%
Average Coupon	4.605169%
Average Life (years)	6.339
Weighted Average Maturity (years)	6.445
Duration of Issue (years)	5.621
Par Amount	47,715,000.00
Bond Proceeds	52,868,761.50
Total Interest	13,928,181.67
Net Interest	9,015,476.42
Bond Years from Dated Date	302,446,708.33
Bond Years from Delivery Date	302,446,708.33
Total Debt Service	61,643,181.67
Maximum Annual Debt Service	5,948,250.00
Average Annual Debt Service	5,807,784.72
Underwriter's Fees (per $1000)	
Average Takedown	4.632846
Other Fee	0.419155
Total Underwriter's Discount	5.052001
Bid Price	110.295935

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Serial Bond	47,715,000.00	110.801	4.605%	6.339	03/23/2021	29,029.05
	47,715,000.00			6.339		29,029.05

	TIC	All-In TIC	Arbitrage Yield
Par Value	47,715,000.00	47,715,000.00	47,715,000.00
+ Accrued Interest			
+ Premium (Discount)	5,153,761.50	5,153,761.50	5,153,761.50
- Underwriter's Discount		-241,056.25	
- Cost of Issuance Expense		-277,360.44	
- Other Amounts		-154,107.95	-154,107.95
Target Value	52,868,761.50	52,196,236.86	52,714,653.55
Target Date	11/20/2014	11/20/2014	11/20/2014
Yield	2.691360%	2.922724%	2.744017%

SUMMARY OF REFUNDING RESULTS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Dated Date	11/20/2014
Delivery Date	11/20/2014
Arbitrage yield	2.744017%
Escrow yield	0.039639%
Value of Negative Arbitrage	837,873.18
Bond Par Amount	47,715,000.00
True Interest Cost	2.691360%
Net Interest Cost	2.980848%
All-In TIC	2.922724%
Average Coupon	4.605169%
Average Life	6.339
Weighted Average Maturity	6.445
Par amount of refunded bonds	49,855,000.00
Average coupon of refunded bonds	4.797480%
Average life of refunded bonds	6.498
Remaining weighted average maturity of refunded bonds	6.510
PV of prior debt to 11/20/2014 @ 2.744017%	56,716,598.28
Net PV Savings	4,002,126.11
Percentage savings of refunded bonds	8.027532%

SAVINGS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	PV Factor	Present Value to 11/20/2014 @ 2.7440170%
01/01/2015	1,176,761.88	235,681.67	941,080.21		0.996900926	938,163.73
07/01/2015	1,176,761.88	1,949,700.00	-772,938.12	168,142.09	0.983408478	-760,113.90
01/01/2016	1,176,761.88	1,020,975.00	155,786.88		0.970098642	151,128.64
07/01/2016	5,216,761.88	4,925,975.00	290,786.88	446,573.76	0.956968947	278,274.01
01/01/2017	1,091,921.88	942,875.00	149,046.88		0.944016954	140,702.78
07/01/2017	5,301,921.88	5,002,875.00	299,046.88	448,093.76	0.931240258	278,484.49
01/01/2018	1,002,459.38	861,675.00	140,784.38		0.918636487	129,329.67
07/01/2018	5,392,459.38	5,081,675.00	310,784.38	451,568.76	0.906203301	281,633.83
01/01/2019	909,171.88	798,375.00	110,796.88		0.893938390	99,045.58
07/01/2019	5,484,171.88	5,148,375.00	335,796.88	446,593.76	0.881839477	296,118.95
01/01/2020	795,734.38	711,375.00	84,359.38		0.869904316	73,384.59
07/01/2020	5,600,734.38	5,236,375.00	364,359.38	448,718.76	0.858130690	312,667.97
01/01/2021	676,937.50	643,500.00	33,437.50		0.846516413	28,305.39
07/01/2021	5,716,937.50	5,298,500.00	418,437.50	451,875.00	0.835059328	349,420.14
01/01/2022	553,100.00	527,125.00	25,975.00		0.823757307	21,397.10
07/01/2022	5,843,100.00	5,417,125.00	425,975.00	451,950.00	0.812608253	346,150.80
01/01/2023	420,850.00	404,875.00	15,975.00		0.801610094	12,805.72
07/01/2023	5,975,850.00	5,539,875.00	435,975.00	451,950.00	0.790760789	344,751.93
01/01/2024	283,450.00	276,500.00	6,950.00		0.780058322	5,421.41
07/01/2024	6,113,450.00	5,671,500.00	441,950.00	448,900.00	0.769500707	340,080.84
01/01/2025	137,700.00	141,625.00	-3,925.00		0.759085983	-2,979.41
07/01/2025	6,257,700.00	5,806,625.00	451,075.00	447,150.00	0.748812216	337,770.47
	66,304,697.56	61,643,181.67	4,661,515.89	4,661,515.89		4,001,944.73

Savings Summary

Dated Date	11/20/2014
Delivery Date	11/20/2014
PV of savings from cash flow	4,001,944.73
Plus: Refunding funds on hand	181.38
Net PV Savings	4,002,126.11

BOND PRICING

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)	Takedown
Serial Bond:							
	07/01/2015	915,000	3.000%	0.460%	101.554	14,219.10	2.500
	07/01/2016	3,905,000	4.000%	0.770%	105.170	201,888.50	3.750
	07/01/2017	4,060,000	4.000%	1.130%	107.370	299,222.00	3.750
	07/01/2018	4,220,000	3.000%	1.510%	105.220	220,284.00	3.750
	07/01/2019	4,350,000	4.000%	1.900%	109.233	401,635.50	5.000
	07/01/2020	4,525,000	3.000%	2.240%	103.986	180,366.50	5.000
	07/01/2021	4,655,000	5.000%	2.540%	114.887	692,989.85	5.000
	07/01/2022	4,890,000	5.000%	2.840%	114.693	718,487.70	5.000
	07/01/2023	5,135,000	5.000%	3.060%	114.589	749,145.15	5.000
	07/01/2024	5,395,000	5.000%	3.190%	114.881	802,829.95	5.000
	07/01/2025	5,665,000	5.000%	3.270%	115.405	872,693.25	5.000
		47,715,000				5,153,761.50	

Dated Date	11/20/2014	
Delivery Date	11/20/2014	
First Coupon	01/01/2015	
Par Amount	47,715,000.00	
Premium	5,153,761.50	
Production	52,868,761.50	110.801135%
Underwriter's Discount	-241,056.25	-0.505200%
Purchase Price	52,627,705.25	110.295935%
Accrued Interest		
Net Proceeds	52,627,705.25	

BOND DEBT SERVICE

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Dated Date 11/20/2014
Delivery Date 11/20/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2015			235,681.67	235,681.67	
07/01/2015	915,000	3.000%	1,034,700.00	1,949,700.00	2,185,381.67
01/01/2016			1,020,975.00	1,020,975.00	
07/01/2016	3,905,000	4.000%	1,020,975.00	4,925,975.00	5,946,950.00
01/01/2017			942,875.00	942,875.00	
07/01/2017	4,060,000	4.000%	942,875.00	5,002,875.00	5,945,750.00
01/01/2018			861,675.00	861,675.00	
07/01/2018	4,220,000	3.000%	861,675.00	5,081,675.00	5,943,350.00
01/01/2019			798,375.00	798,375.00	
07/01/2019	4,350,000	4.000%	798,375.00	5,148,375.00	5,946,750.00
01/01/2020			711,375.00	711,375.00	
07/01/2020	4,525,000	3.000%	711,375.00	5,236,375.00	5,947,750.00
01/01/2021			643,500.00	643,500.00	
07/01/2021	4,655,000	5.000%	643,500.00	5,298,500.00	5,942,000.00
01/01/2022			527,125.00	527,125.00	
07/01/2022	4,890,000	5.000%	527,125.00	5,417,125.00	5,944,250.00
01/01/2023			404,875.00	404,875.00	
07/01/2023	5,135,000	5.000%	404,875.00	5,539,875.00	5,944,750.00
01/01/2024			276,500.00	276,500.00	
07/01/2024	5,395,000	5.000%	276,500.00	5,671,500.00	5,948,000.00
01/01/2025			141,625.00	141,625.00	
07/01/2025	5,665,000	5.000%	141,625.00	5,806,625.00	5,948,250.00
	47,715,000		13,928,181.67	61,643,181.67	61,643,181.67

SUMMARY OF BONDS REFUNDED

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Bond	Maturity Date	CUSIP	Interest Rate	Par Amount	Call Date	Call Price
Series 2005:						
SERIAL	07/01/2016	45441RAK8	4.200%	4,040,000.00	07/01/2015	100.000
	07/01/2017	45441RAL6	4.250%	4,210,000.00	07/01/2015	100.000
	07/01/2018	45441RAM4	4.250%	4,390,000.00	07/01/2015	100.000
	07/01/2019	45441RAN2	4.250%	250,000.00	07/01/2015	100.000
	07/01/2019	45441RAX0	5.000%	4,325,000.00	07/01/2015	100.000
	07/01/2020	45441RAP7	4.375%	425,000.00	07/01/2015	100.000
	07/01/2020	45441RAY8	5.000%	4,380,000.00	07/01/2015	100.000
	07/01/2021	45441RAQ5	4.500%	865,000.00	07/01/2015	100.000
	07/01/2021	45441RAZ5	5.000%	4,175,000.00	07/01/2015	100.000
	07/01/2022	45441RAR3	5.000%	5,290,000.00	07/01/2015	100.000
	07/01/2023	45441RAS1	4.500%	590,000.00	07/01/2015	100.000
	07/01/2023	45441RBA9	5.000%	4,965,000.00	07/01/2015	100.000
	07/01/2024	45441RAT9	5.000%	5,830,000.00	07/01/2015	100.000
	07/01/2025	45441RAU6	4.500%	6,120,000.00	07/01/2015	100.000
				49,855,000.00		

PRIOR BOND DEBT SERVICE

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Dated Date 11/20/2014
Delivery Date 11/20/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Present Value to 11/20/2014 @ 2.7440170%
01/01/2015			1,176,761.88	1,176,761.88		1,173,115.01
07/01/2015			1,176,761.88	1,176,761.88	2,353,523.76	1,157,237.61
01/01/2016			1,176,761.88	1,176,761.88		1,141,575.10
07/01/2016	4,040,000	4.200%	1,176,761.88	5,216,761.88	6,393,523.76	4,992,279.12
01/01/2017			1,091,921.88	1,091,921.88		1,030,792.77
07/01/2017	4,210,000	4.250%	1,091,921.88	5,301,921.88	6,393,843.76	4,937,363.10
01/01/2018			1,002,459.38	1,002,459.38		920,895.76
07/01/2018	4,390,000	4.250%	1,002,459.38	5,392,459.38	6,394,918.76	4,886,664.49
01/01/2019			909,171.88	909,171.88		812,743.65
07/01/2019	4,575,000	** %	909,171.88	5,484,171.88	6,393,343.76	4,836,159.26
01/01/2020			795,734.38	795,734.38		692,212.77
07/01/2020	4,805,000	** %	795,734.38	5,600,734.38	6,396,468.76	4,806,162.06
01/01/2021			676,937.50	676,937.50		573,038.70
07/01/2021	5,040,000	** %	676,937.50	5,716,937.50	6,393,875.00	4,773,981.99
01/01/2022			553,100.00	553,100.00		455,620.17
07/01/2022	5,290,000	5.000%	553,100.00	5,843,100.00	6,396,200.00	4,748,151.28
01/01/2023			420,850.00	420,850.00		337,357.61
07/01/2023	5,555,000	** %	420,850.00	5,975,850.00	6,396,700.00	4,725,467.86
01/01/2024			283,450.00	283,450.00		221,107.53
07/01/2024	5,830,000	5.000%	283,450.00	6,113,450.00	6,396,900.00	4,704,304.10
01/01/2025			137,700.00	137,700.00		104,526.14
07/01/2025	6,120,000	4.500%	137,700.00	6,257,700.00	6,395,400.00	4,685,842.20
	49,855,000		16,449,697.56	66,304,697.56	66,304,697.56	56,716,598.28

UNREFUNDED BOND DEBT SERVICE

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Dated Date 11/20/2014
Delivery Date 11/20/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Present Value to 11/20/2014 @ 2.7440170%
01/01/2015			80,025	80,025		79,777.00
07/01/2015	3,880,000	4.125%	80,025	3,960,025	4,040,050	3,894,322.16
	3,880,000		160,050	4,040,050	4,040,050	3,974,099.15

ESCROW REQUIREMENTS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Period Ending	Interest	Principal Redeemed	Total
01/01/2015	1,176,761.88		1,176,761.88
07/01/2015	1,176,761.88	49,855,000.00	51,031,761.88
	2,353,523.76	49,855,000.00	52,208,523.76

ESCROW COST

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	01/01/2015	1,176,762		1,176,762.00
SLGS	07/01/2015	51,019,293	0.040%	51,019,293.00
		52,196,055		52,196,055.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
11/20/2014	52,196,055	0.48	52,196,055.48	0.039639%
	52,196,055	0.48	52,196,055.48	

ESCROW CASH FLOW

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Date	Principal	Interest	Net Escrow Receipts	PV Factor	Present Value to 11/20/2014 @ 0.0396386%
01/01/2015	1,176,762.00		1,176,762.00	0.999954862	1,176,708.88
07/01/2015	51,019,293.00	12,468.28	51,031,761.28	0.999756717	51,019,346.12
	52,196,055.00	12,468.28	52,208,523.28		52,196,055.00

Escrow Cost Summary

Purchase date	11/20/2014
Purchase cost of securities	52,196,055.00
Target for yield calculation	52,196,055.00

ESCROW SUFFICIENCY

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
11/20/2014		0.48	0.48	0.48
01/01/2015	1,176,761.88	1,176,762.00	0.12	0.60
07/01/2015	51,031,761.88	51,031,761.28	-0.60	
	52,208,523.76	52,208,523.76	0.00	

ESCROW DESCRIPTIONS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Nov 20, 2014:							
	SLGS	Certificate	01/01/2015	01/01/2015	1,176,762		
	SLGS	Certificate	07/01/2015	07/01/2015	51,019,293	0.040%	0.040%
					52,196,055		

SLGS Summary

SLGS Rates File	25SEP14
Total Certificates of Indebtedness	52,196,055.00

ESCROW STATISTICS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
52,196,055.48	0.602	3,144.62	0.039639%	0.039639%	51,358,182.29	837,873.18	0.01
52,196,055.48		3,144.62			51,358,182.29	837,873.18	0.01

Delivery date	11/20/2014
Arbitrage yield	2.744017%

COST OF ISSUANCE

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Cost of Issuance	$/1000	Amount
Financial Advisor	0.87859	41,922.00
Special Counsel	1.24775	59,536.25
Disclosure Counsel	0.93581	44,652.19
Special Counsel Expenses*	0.05239	2,500.00
Disclosure Counsel Expenses*	0.05239	2,500.00
Local Counsel	0.36676	17,500.00
Financial Advisor Expenses*	0.06287	3,000.00
Rating Agency (Moody's)	0.60778	29,000.00
Rating Agency (S&P)*	0.56586	27,000.00
Rating Agency (Fitch)*	0.52394	25,000.00
Trustee Counsel*	0.08383	4,000.00
Trustee Acceptance*	0.03144	1,500.00
Trustee Annual*	0.03668	1,750.00
Printer*	0.10479	5,000.00
Miscellaneous*	0.20958	10,000.00
Verification Agent	0.05239	2,500.00
	5.81286	277,360.44

UNDERWRITER'S DISCOUNT

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Underwriter's Discount	$/1000	Amount
Average Takedown	4.63285	221,056.25
Expenses*	0.41916	20,000.00
	5.05200	241,056.25

FORM 8038 STATISTICS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Dated Date	11/20/2014
Delivery Date	11/20/2014

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	07/01/2015	915,000.00	3.000%	101.554	929,219.10	915,000.00
	07/01/2016	3,905,000.00	4.000%	105.170	4,106,888.50	3,905,000.00
	07/01/2017	4,060,000.00	4.000%	107.370	4,359,222.00	4,060,000.00
	07/01/2018	4,220,000.00	3.000%	105.220	4,440,284.00	4,220,000.00
	07/01/2019	4,350,000.00	4.000%	109.233	4,751,635.50	4,350,000.00
	07/01/2020	4,525,000.00	3.000%	103.986	4,705,366.50	4,525,000.00
	07/01/2021	4,655,000.00	5.000%	114.887	5,347,989.85	4,655,000.00
	07/01/2022	4,890,000.00	5.000%	114.693	5,608,487.70	4,890,000.00
	07/01/2023	5,135,000.00	5.000%	114.589	5,884,145.15	5,135,000.00
	07/01/2024	5,395,000.00	5.000%	114.881	6,197,829.95	5,395,000.00
	07/01/2025	5,665,000.00	5.000%	115.405	6,537,693.25	5,665,000.00
		47,715,000.00			52,868,761.50	47,715,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/01/2025	5.000%	6,537,693.25	5,665,000.00		
Entire Issue			52,868,761.50	47,715,000.00	6.4445	2.7440%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	518,416.69
Proceeds used for credit enhancement	154,107.95
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	0.00
Proceeds used to advance refund prior issues	52,196,055.48
Remaining weighted average maturity of the bonds to be currently refunded	0.0000
Remaining weighted average maturity of the bonds to be advance refunded	6.5097

FORM 8038 STATISTICS

The School District of Indian River County, FL
Proposed Series 2014 COP Refunding
Advance Refunding of Series 2005 COPs
-- Preliminary; Subject to Change --

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2005:					
SERIAL	07/01/2016	4,040,000.00	4.200%	99.488	4,019,315.20
SERIAL	07/01/2017	4,210,000.00	4.250%	98.912	4,164,195.20
SERIAL	07/01/2018	4,390,000.00	4.250%	98.365	4,318,223.50
SERIAL	07/01/2019	250,000.00	4.250%	97.770	244,425.00
SERIAL	07/01/2019	4,325,000.00	5.000%	104.656	4,526,372.00
SERIAL	07/01/2020	425,000.00	4.375%	98.352	417,996.00
SERIAL	07/01/2020	4,380,000.00	5.000%	104.417	4,573,464.60
SERIAL	07/01/2021	865,000.00	4.500%	99.220	858,253.00
SERIAL	07/01/2021	4,175,000.00	5.000%	104.178	4,349,431.50
SERIAL	07/01/2022	5,290,000.00	5.000%	103.861	5,494,246.90
SERIAL	07/01/2023	590,000.00	4.500%	98.205	579,409.50
SERIAL	07/01/2023	4,965,000.00	5.000%	103.624	5,144,931.60
SERIAL	07/01/2024	5,830,000.00	5.000%	103.467	6,032,126.10
SERIAL	07/01/2025	6,120,000.00	4.500%	97.701	5,979,301.20
		49,855,000.00			50,701,691.30

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2005	07/01/2015	11/21/2005	6.5097
All Refunded Issues	07/01/2015		6.5097

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REQUEST FOR BIDS
FORWARD PURCHASE AGREEMENT

$26,261,000
THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
CERTIFICATES OF PARTICIPATION, SERIES 2010A
(QUALIFIED SCHOOL CONSTRUCTION BONDS - FEDERALLY TAXABLE - ISSUER SUBSIDY)

DATE: **[OCTOBER __, 2014]**

TO: **Investment Agreement Providers**

FROM: **Ford & Associates, Inc.**

SUBJECT: **Investment Agreement Bid – Forward Purchase Agreement**

The School Board of Indian River County, Florida (the "School Board") is seeking bids for a Forward Purchase Agreement for the investment of required sinking fund deposits for its $26,261,000, CERTIFICATES OF PARTICIPATION (THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA MASTER LEASE PROGRAM, SERIES 2010A), (QUALIFIED SCHOOL CONSTRUCTION BONDS – FEDERALLY TAXABLE – ISSUER SUBSIDY) EVIDENCING AN UNDIVIDED PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN BASIC RENT PAYMENTS TO BE MADE UNDER A MASTER LEASE-PURCHASE AGREEMENT BY THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA (the "2010A QSCB Certificates"). The Supplemental Trust Agreement and Lease Schedule for the 2010A QSCB Certificates can be found on-line at: http://www.gicauction.com (OR) attached as Appendix [A] and Appendix [B], respectively. In addition, we have included selected information relating to the 2010A QSCB Certificates as a part of this package. The specific conditions of the bid are outlined in the following pages. The School Board's most recent budget and audited financial statements may be found at the following web address:

https://www.indianriverschools.org/Finance/

Key Issue Information	
Issuer:	The School Board of Indian River County, Florida
Issue:	Certificates of Participation, Series 2010A (Qualified School Construction Bonds – Federally Taxable – Issuer Subsidy)
Master Lease Rating*:	A1/A+/A+ from Moody's, S&P, and Fitch
Issue Sale Date:	December 15, 2010
Issue Closing Date:	December 17, 2010
Trustee:	U.S. Bank National Association

Key Bid Information	
Total Investment Amount:	$26,261,000
Investment Type:	Forward Purchase Agreement
Auction/Trade Date:	[October __, 2014], from 11:00 am – 11:30 am ET
Hold Firm Time:	30 Minutes
Settlement Date:	[October __, 2014]
Eligible Deliverables:	Non-callable Direct Obligations of, or non-callable Obligations of U.S. Agencies Guaranteed by the United States Treasury
Maturity Date:	Two Business Days Prior to December 1, 2028

***The 2010A QSCB Certificates, which fall under the School Board's Master Lease Program, were privately placed without ratings.**

Bid Submission

The auction for this Forward Purchase Agreement will commence at 11:00 am (Eastern Time) and end at 11:30 am (Eastern Time) on [October __, 2014]. Bids will be submitted exclusively on Grant Street Group's GICauction website ("GICauction") at **WWW.GICAUCTION.COM**. Bids submitted by any other means will not be accepted. Please direct questions associated with the bid specifications and other transaction-related issues to Jerry Ford at Ford & Associates, Inc at (813) 874-6621. Please call John McCarthy at Grant Street Group (412-391-5555, Ext. 321) with any site-related questions or issues. Bids must be firm for 30 minutes from the end of the auction. The School Board, in its sole discretion, will select the qualifying successful bidder within 30 minutes from the conclusion of the time of the bids. The Forward Purchase Agreement will be awarded to the bidder who submits the highest interest rate and acceptable conditions. All rates submitted must be net of all fees and expenses. The Board retains the right to reject any and all bids without cause.

Should the Investment Agreement fail to close for any reason, the investment agreement provider will have no recourse against The School Board of Indian River County, Florida, or against Ford & Associates, Inc., or other professionals retained by the School Board for any expenses incurred or damages sustained.

Forward Purchase Agreement Details

Investment Type:	A Forward Purchase agreement whereby the winning bidder selected by the School Board to be the provider under the Agreement (the "Provider") will deliver on each Purchase Date the Eligible Securities (as hereinafter defined). Repurchase agreements are not permitted.
Maturity Date:	Two Business Days prior to December 1, 2028
Final Sinking Fund Amount:	$26,261,000.00
Frequency of Draws:	Once, on the Maturity Date
Deposit Dates:	The School Board is required to make, and has been making, Sinking Fund Deposits ***in equal annual amounts*** to the Trustee annually since December 1, 2011. In the event that the Permitted Sinking Fund Yield of 4.00% is exceeded, the initial deposit may be adjusted. See attached Sinking Fund Schedule.
Guaranteed Rate:	Fixed interest rate quoted in the Provider's Bid (net of fees & expenses)
Yield Calculation Method:	Interest shall be calculated on a 30/360 day basis at the Guaranteed Rate for the entire term of the Agreement. Interest shall be embedded in the maturity value of delivered securities, such that, the principal and interest value of the delivered securities, plus any cash balances not invested due to minimum principal amounts, shall equal the "Available Purchase Amount" plus interest on the Available Purchase Amount at the Guaranteed Rate.

Available Purchase Amount:	The total amount on deposit in the Sinking Fund on each Purchase Date
Initial Purchase Date:	Date of Closing, projected to be [October __, 2014]
Sinking Fund Deposits:	December 1 of each year, beginning December 1, 2014
Initial Purchase Amount:	$[__________]. The Board reserves the right to adjust the par amount to comply with Federal yield rules. Such adjustments will be provided as soon as possible after the award.
Annual Sinking Fund Deposit:	The Annual Sinking Fund Deposits will equal the sum of the Aggregate Sinking Fund Balance for each Purchase Date less the Available Purchase Amount. The Sinking Fund Deposits, net of interest available in the Purchase Fund, will produce equal annual installments to the Sinking Fund.
Aggregate Sinking Fund Balance:	See schedule below
Securities Purchases:	On each Purchase Date, the Provider will tender to the Trustee for purchase Eligible Securities with an aggregate purchase price equal to, and not in excess of, the Available Purchase Amount. These transactions will occur on a delivery versus payment basis. Trustee will not be liable from its own funds for any payments to the Provider. The Provider shall deliver confirmations to the Board for all securities to be purchased at least one (1) business days prior to the delivery date. No more than five (5) Eligible Securities may be delivered on any date.
Purchase Dates:	June 1 and December 1 of each year
Final Purchase Date:	June 1, 2028
Roll Dates:	Semi-annually on June 1 and December 1 of each year
No Security Interest:	The Provider will have no right, title or interest in or to any securities, cash, or other property held by the Trustee. All securities delivered must be free and clear of any liens. Any termination payment payable to the Provider shall not be payable from Trustee held funds (or securities) related to the Qualified School Construction Bonds, including without limitation, amounts on deposit in the Series 2010A Sinking Fund Account or the Lease Payment Fund as each such term is defined in the Master Trust Agreement and Series 2010A Supplemental Trust Agreement. Any termination payment due to the Provider shall be paid as Supplemental Rent under the Master Lease Purchase Agreement. Subject to the Board's right of non-appropriation, the Board covenants in the Master Lease-Purchase Agreement relating to the Certificates to appropriate sufficient funds in each Fiscal Year to pay all Lease Payments coming due in such Fiscal Year, which Lease Payments include Supplemental Rent.

Bidding Eligibility:	Bidders ("Qualified Providers") which meet the following conditions: (1) Any domestic bank, or domestic branch of a foreign bank, the long-term debt of which is rated at least in the 'A' category by Moody's, S&P, or Fitch; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least in the 'A' category by Moody's, S&P, or Fitch, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation.
Eligible Securities:	Non-callable direct obligations of the U.S. United States of America or non-callable obligations of U.S. Agencies, the timely payment of principal and interest on which is guaranteed by the full faith and credit of the United States of America. All such securities must have a maturity of one year or less, but in no event may any such securities mature after the Maturity Date.
Award Determination:	The Award will be made to the Bidder offering the highest Guaranteed Rate and acceptable conditions. ***These rates should be quoted net of the Advisory Fee paid to Ford & Associates, Inc. and net of the Auction Agent fee paid to Grant Street Group.*** Bidders will be advised electronically as to the status of their bid (First, Cover, Third, Fourth, etc.) and will continue to have an opportunity, until the auction is closed, to enter a better bid. Bidders must submit a bid in order to see their status. The winning Bidder will be notified as soon as possible upon the close of the auction.
Two-Minute Rule:	This auction is scheduled to end at 11:30 A.M. EST. However, if within two minutes prior to the scheduled end time of the auction a bid becomes a leading bid, the auction end time is automatically extended for an additional two minutes from the time such new leading bid was received by GICauction. The two-minute rule will remain in effect as long as bids received by GICauction meet the two-minute rule described herein.
Parties to the Agreement:	The School Board of Indian River County, the Indian River County School Board Leasing Corporation, the Trustee, and the Provider
Provider Downgrade:	Should the Provider's rating by Moody's, S&P, or Fitch fall below the 'BBB' category ('Baa3' Moody's, 'BBB-' S&P, 'BBB-' or Fitch) or be suspended or withdrawn by two out of the three rating agencies, the Provider shall, within 5 days, provide notice thereof to the School Board and the Trustee, and within 10 days of the rating change, take action required to maintain the investment rating in the 'BBB' category or above by Moody's, S&P, or Fitch, including: 1. Assigning the contract to a qualified provider acceptable to the School Board, or 2. Providing a qualified guarantor acceptable to the School Board In the event that the Provider does not assign the Agreement or obtain a guaranty within 10 business days of a Downgrade Event, the Board may elect to terminate the Agreement by delivering 2 business days' prior

	written notice of such termination to the Provider. Any Termination Amount owing by the Provider shall be payable within 5 business days to the Trustee. Should the provider's rating by Moody's, S&P, or Fitch fall below the 'BBB' category ('Baa3' Moody's, 'BBB-' S&P, 'BBB-' or Fitch) the School Board shall have the immediate right to terminate the Agreement.
Events of Default:	For other events of Provider default, the School Board may immediately terminate the agreement or take other action. All Events of Default must be drafted into the Forward Purchase Agreement and include: (a) Failure of the provider to deliver Securities when due; (b) Failure of the provider to observe any covenant under the agreement; (c) If any representation of or warranty furnished by the Provider to the School Board in connection with the agreement is false or misleading; (d) The provider admits its inability to pay its debts or a petition of bankruptcy is filed. (e) The Agreement shall provide for a reasonable cure period for all parties before an Event of Default is declared. If such an event persists beyond a reasonable cure period, the Termination Amount, if necessary, will be paid to the Trustee and the Agreement will terminate.
Trustee Events of Default:	Failure on the part of the Trustee to purchase securities from the Provider on three (3) occasions will result in an Event of Default. Should the District replace the Trustee prior to the third failure to purchase securities, an Event of Default will only have occurred upon three (3) failures to purchase securities following such replacement.
No Set-Off:	The agreement must state that it is unconditional and must expressly disclaim any right of set-off.
Fees & Expenses:	All costs incurred by the Provider are the responsibility of the Provider. The Trustee will pay no costs of the Provider or entities and/or individuals acting on the Provider's behalf. Such costs include, but are not limited to, securities valuation, preparation of agreements, legal, and other fees and expenses.
Advisory Fee:	A Financial Advisory fee equal to $35,000.00, which amount is less than the U.S. Treasury Safe Harbor, shall be paid via Federal Funds Wire by the winning bidder to Ford & Associates, Inc. on the date of closing of the Agreements.
Legal Fees:	The School Board shall be represented by Nabors, Giblin & Nickerson, PA, Special Counsel, and Brown, Garganese, Weiss & D'Agresta, P.A., Counsel to the School Board, whose fees shall be paid by the School Board and are not a part of this bid.

Auction Agent Fee: An Auction Agent fee of $20,000.00 shall be paid via Federal Funds Wire by the winning bidder to Grant Street Group, on the date of closing of the agreement.

Documentation: The winning bidder must submit a provider's certificate (the form of which is attached) upon notification of award. The winning bidder must also submit a Forward Purchase Agreement with a letter agreement outlining specific transaction terms and a custodial agreement or another form acceptable to the School Board. Terms outlined in this Request for Bids will take precedence.

Legal/Bankruptcy Opinions: The Provider will be required to furnish an opinion of counsel to the effect that the agreement has been duly authorized, executed and delivered by the Provider and constitutes the legal, valid and binding obligation of the Provider enforceable in accordance with its terms, including creation and perfection of a first priority security interest in the Securities. Additionally, such legal opinions shall provide that the monies, if any, on deposit in the Sinking Fund and Securities delivered under the Agreement will not constitute property of the Provider under bankruptcy or insolvency proceedings, and will not be subject to automatic stay and will not be recoverable as a voidable preference in the event of bankruptcy/insolvency of the Provider.

Monthly Reports: The Provider must send monthly reports, beginning with the initial Sinking Fund deposit, to the Trustee, and the School Board setting forth the name of the Issuer, the balance the Issuer has invested with the Provider and the amounts and dates of interest accrued and paid by the Provider. The report must also set forth the type of Securities, the market value of the Securities on the valuation date and the name of the Trustee holding the Securities.

Governing Law: New York law is acceptable, except that the capacity, power, and authority of the District to enter into the Agreement will be governed by the laws of the State of Florida. Venue and jurisdiction must either be Indian River County, Florida or not specified within the Agreement.

Bidder Representations: By submitting a bid, each bidder is agreeing with the School Board and the Trustee that, if it is a successful bidder, it will execute and be bound by the provisions of the Agreement. **SEE ADDENDUM TO BID SPECIFICATIONS REGARDING FAIR MARKET VALUE.**

Counsel Legal Opinion: Counsel to the Issuer shall provide an opinion in the form attached hereto at Appendix [_].

BID SPECIFICATIONS REGARDING FAIR MARKET VALUE
(Investment Agreement)

Submission of a bid pursuant to this solicitation constitutes a representation and certification by the bidder that:

(a) the bid specifications were provided to the bidder in writing and the bidder had sufficient time to formulate a bid;

(b) that the bidder agrees to all bidding specifications in this RFB;

(c) that the RFB contains all material terms needed by the bidder in formulating its bid including but not limited to the School Board's expected deposit and drawdown schedule for the invested amounts;

(d) the bidder did not consult with any other potential bidder about its bid and the bidder did not have the opportunity to review other bids (i.e. a last look) before providing its bid;

(e) the bid was determined without regard to any other formal or informal agreement that the bidder has with the School Board or with any other person (whether or not in connection with the Issue to which the bid relates);

(f) the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the safe harbor bidding requirements set forth in Treasury Regulations 1.148-5(d)(6)(iii)(B)(1) or (2);

(g) the bidder is a reasonably competitive provider of investment agreements (i.e., a provider that has an established industry reputation as a competitive provider of the type of investments being purchased);

(h) the bidder is not the lead underwriter for the Issue, or financial advisor to the Issuer, and is not a related party to a person or entity that is the lead underwriter for the Issue, or financial advisor to the Issuer;

(i) if its bid is selected as the winning bid, the bidder will pay on the settlement date a Financial Advisor's fee in the amount of $35,000.00 and an Auction Agent Fee in the amount of $20,000.00.

(j) if its bid is selected as the winning bid, the bidder will not pay any amounts to third parties for or on behalf of the Issuer in connection with the transaction contemplated by this solicitation except amounts payable under the investment agreement and the Fee stated in paragraph (f).

EXAMPLE CASH FLOWS

CERTIFICATES OF PARTICIPATION, SERIES 2010A
(QUALIFIED SCHOOL CONSTRUCTION BONDS - FEDERALLY TAXABLE - DIRECT SUBSIDY)
INVESTED SINKING FUND REQUIREMENTS

Date	Initial Purchase Price	Sinking Fund Earnings	Net Deposit from District	Total Deposit	Sinking Fund Balance	Disbursements
[Closing]	$ [3,385,656.74]	$ 0.00	$ 0.00	$ [3,385,656.74]	$ [3,385,656.74]	$ 0.00
12/1/2014	0.00					
12/1/2015	0.00					0.00
12/1/2016	0.00					0.00
12/1/2017	0.00					0.00
12/1/2018	0.00					0.00
12/1/2019	0.00					0.00
12/1/2020	0.00					0.00
12/1/2021	0.00					0.00
12/1/2022	0.00					0.00
12/1/2023	0.00					0.00
12/1/2024	0.00					0.00
12/1/2025	0.00					0.00
12/1/2026	0.00					0.00
12/1/2027	0.00				26,261,000.00	26,261,000.00
Total	$ 26,261,000.00			$ 26,261,000.00		$ 26,261,000.00

***The final payment from the School Board to Trustee *IS NOT* subject to investment under the agreement.**

The Permitted Sinking Fund Yield is 4.00%.

Investment Agreement Award Criteria

The School Board of Indian River County, Florida reserves the right to reject any and all bids, to waive any irregularity or informality with respect to any bid, and to issue Addenda to the Request for Bids before accepting bids. All bidders will be notified [via GICauction] of the bidding results once completed. The winning bidder must submit the Investment Agreement Provider's Certificate and trade confirmation via telecopy immediately upon notification of award.

EXHIBIT A

ADMINISTRATIVE AND CARRYING COSTS

Payee	Amount	Dates of Payment	Purpose of Payment

NONE UNLESS ITEMIZED BELOW

EXHIBIT ___

PROVIDER CERTIFICATE

In connection with the investment of certain proceeds of The School Board of Indian River County, Florida (the "School Board") $26,261,000 Certificates of Participation, Series 2010A (Qualified School Construction Bonds - Federally Taxable - Issuer Subsidy) Evidencing Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida (the "Certificates"), we have provided to the School Board an investment contract (the "Investment Contract"). We hereby certify as follows:

1. The yield on the Investment Contract (determined net of broker's fees) is not less than the yield offered by us on reasonably comparable investment contracts, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt or taxable qualified school construction bonds;

2. We received the bid specifications in sufficient time to formulate and submit our bid;

3. We responded to the investment solicitation and quoted a yield that included consideration of the School Board's reasonably expected deposit and drawdown schedule for the amounts to be invested;

4. Based on our experience in the field and on all the facts and circumstances, the terms of the bid specifications are commercially reasonable and include all material terms for us to make our bid;

5. The administrative costs reasonably expected to be paid to third parties in connection with the Investment Contract are as follows:

____________________	$__________
____________________	$__________

6. We did not review any other bids or potential bids before submitting our bid to provide the investments;

7. We understand from the terms of the bid solicitation materials that submission of our bid constitutes a representation by us that we did not consult with any other potential provider about our bid, that the bid was determined without regard to any other formal or informal agreement that we had or have with any other person, and that the bid was not submitted solely as a courtesy to the School Board or any other person for purposes of satisfying the requirements of the applicable U.S. Treasury Regulations; and

8. We are a reasonably competitive provider with an established industry reputation as a competitive provider.

9. The bidder is not the lead underwriter for the 2010A QSCB Certificates, or financial advisor to the School Board, and is not a related party to a person or entity that is the lead underwriter for the Certificates, or financial advisor to the School Board;

We understand that the School Board and its Bond Counsel may rely on this statement in determining that such Investment Contract will not adversely affect the status of the lease schedule applicable to the Certificates as a “qualified school construction bond” as defined in section 54A and 54F of the Internal Revenue Code of 1986, as amended.

Dated: __________, 2014

By: ____________________________________
Authorized Signatory

FINANCIAL ADVISOR'S CERTIFICATE

The undersigned, acting on behalf of Ford & Associates, Inc., Financial Advisor with respect to the investment of certain proceeds of the $26,261,000 The School Board Indian River County, Florida (the "School Board") Certificates of Participation, Series 2010A (Qualified School Construction Bonds - Federally Taxable - Direct Subsidy) (the "Certificates"), hereby certifies to the School Board that:

1. We made bona fide solicitations on __________, 2014 (a "Bona Fide Solicitation") for investment contracts (each an "Investment Contract") each of which satisfies all of the following requirements:

(a) The bid specifications were in writing, were timely forwarded to potential providers and are attached as Appendix I hereto;

(b) The bid specifications included all terms of the bid that directly or indirectly affect the yield or the cost of the investment;

(c) The bid specifications included a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the School Board or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the School Board or any other person for purposes of satisfying these requirements;

(d) The terms of the bid specifications were such that there was a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment;

(e) The terms of the solicitation took into account the School Board's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and any reasonably required reserve or replacement funds;

(f) All potential providers had an equal opportunity to bid; and

(g) At least three providers for each Investment Contract were solicited for bids that have an established industry reputation as a competitive provider of the type of investments being purchased.

2. We received bids for each Investment Contract that met all of the following requirements:

(a) At least three bids for each Investment Contract were from providers solicited under a Bona Fide Solicitation which did not have a material financial interest in the issue;

(b) At least one of the three bids for each Investment Contract described in paragraph (3)(a) above was from a provider that has an established industry reputation as a competitive provider of the type of investments being purchased; and

(c) We did not bid to provide any of the investments.

3. Each winning bid is attached hereto as Appendix II and is higher than or equal to the highest yielding bona fide bid for each Investment Contract (determined net of any broker's fees) meeting all of the bid specifications set forth in Appendix I hereto.

4. The terms of each Investment Contract, including security requirements, are reasonable.

5. We are being paid a fee of $35,000.00 by the provider of the Investment Contract. We received no other compensation for this service.

6. We agree to retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Certificate is redeemed.

We understand that the representations set forth above are being relied on by the School Board in complying with the provisions of the Internal Revenue Code of 1986, as amended, in the School Board's Arbitrage Certificate and that Bond Counsel may rely on this statement in determining that such Investment Contract will not adversely affect the status of the lease schedule applicable to the Certificates as a "qualified school construction bond" as defined in section 54A and 54F of the Internal Revenue Code of 1986, as amended.

Dated: ________, 2014

FORD & ASSOCIATES, INC.

By: ____
Authorized Signatory

The School Board of Indian River County, Florida
Series 2010A QSCB Forward Purchase Agreement
Preliminary Cash Flows

Date	Sinking Fund Amortization	Interest @ 5.91%	Subsidy @ 5.80%	Net Interest
12/17/2010	$ -	$ -	$ -	$ -
6/1/2011	-	707,033.66	(693,873.98)	13,159.68
12/1/2011	1,458,944.45	776,012.55	(761,569.00)	14,443.55
6/1/2012	-	776,012.55	(761,569.00)	14,443.55
12/1/2012	1,458,944.45	776,012.55	(761,569.00)	14,443.55
6/1/2013	-	776,012.55	(761,569.00)	14,443.55
12/1/2013	1,458,944.45	776,012.55	(761,569.00)	14,443.55
6/1/2014	-	776,012.55	(761,569.00)	14,443.55
12/1/2014	1,458,944.45	776,012.55	(761,569.00)	14,443.55
6/1/2015	-	776,012.55	(761,569.00)	14,443.55
12/1/2015	1,458,944.45	776,012.55	(761,569.00)	14,443.55
6/1/2016	-	776,012.55	(761,569.00)	14,443.55
12/1/2016	1,458,944.45	776,012.55	(761,569.00)	14,443.55
6/1/2017	-	776,012.55	(761,569.00)	14,443.55
12/1/2017	1,458,944.45	776,012.55	(761,569.00)	14,443.55
6/1/2018	-	776,012.55	(761,569.00)	14,443.55
12/1/2018	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2019	-	776,012.55	(761,569.00)	14,443.55
12/1/2019	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2020	-	776,012.55	(761,569.00)	14,443.55
12/1/2020	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2021	-	776,012.55	(761,569.00)	14,443.55
12/1/2021	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2022	-	776,012.55	(761,569.00)	14,443.55
12/1/2022	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2023	-	776,012.55	(761,569.00)	14,443.55
12/1/2023	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2024	-	776,012.55	(761,569.00)	14,443.55
12/1/2024	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2025	-	776,012.55	(761,569.00)	14,443.55
12/1/2025	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2026	-	776,012.55	(761,569.00)	14,443.55
12/1/2026	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2027	-	776,012.55	(761,569.00)	14,443.55
12/1/2027	1,458,944.44	776,012.55	(761,569.00)	14,443.55
6/1/2028	-	776,012.55	(761,569.00)	14,443.55
12/1/2028	1,458,944.45	776,012.55	(761,569.00)	14,443.55
	$ 26,261,000.00	$ 27,867,472.91	$ (27,348,788.98)	$ 518,683.93

11/1/2014	2.500%			
Date	**Interest**	**Sinking Fund Deposit**	**Sinking Fund Balance**	**Cash Flow Savings**
12/17/2010	$ -	$ -	$ -	$ -
6/1/2011	-	-	-	-
12/1/2011	-	1,458,944.45	1,458,944.45	-
6/1/2012	-	-	1,458,944.45	-
12/1/2012	-	1,458,944.45	2,917,888.90	-
6/1/2013	-	-	2,917,888.90	-
12/1/2013	-	1,458,944.45	4,376,833.35	-
6/1/2014	-	-	4,376,833.35	-
12/1/2014	9,118.40	1,117,164.08	5,503,115.83	341,780.37
6/1/2015	68,788.95	-	5,571,904.78	-
12/1/2015	69,648.81	1,117,164.08	6,758,717.66	341,780.37
6/1/2016	84,483.97	-	6,843,201.63	-
12/1/2016	85,540.02	1,117,164.08	8,045,905.73	341,780.37
6/1/2017	100,573.82	-	8,146,479.55	-
12/1/2017	101,830.99	1,117,164.08	9,365,474.63	341,780.37
6/1/2018	117,068.43	-	9,482,543.06	-
12/1/2018	118,531.79	1,117,164.08	10,718,238.92	341,780.36
6/1/2019	133,977.99	-	10,852,216.91	-
12/1/2019	135,652.71	1,117,164.08	12,105,033.70	341,780.36
6/1/2020	151,312.92	-	12,256,346.62	-
12/1/2020	153,204.33	1,117,164.08	13,526,715.03	341,780.36
6/1/2021	169,083.94	-	13,695,798.97	-
12/1/2021	171,197.49	1,117,164.08	14,984,160.53	341,780.36
6/1/2022	187,302.01	-	15,171,462.54	-
12/1/2022	189,643.28	1,117,164.08	16,478,269.90	341,780.36
6/1/2023	205,978.37	-	16,684,248.27	-
12/1/2023	208,553.10	1,117,164.08	18,009,965.45	341,780.36
6/1/2024	225,124.57	-	18,235,090.02	-
12/1/2024	227,938.63	1,117,164.08	19,580,192.72	341,780.36
6/1/2025	244,752.41	-	19,824,945.13	-
12/1/2025	247,811.81	1,117,164.08	21,189,921.02	341,780.36
6/1/2026	264,874.01	-	21,454,795.03	-
12/1/2026	268,184.94	1,117,164.08	22,840,144.05	341,780.36
6/1/2027	285,501.80	-	23,125,645.85	-
12/1/2027	289,070.57	1,117,164.08	24,531,880.50	341,780.36
6/1/2028	306,648.51	-	24,838,529.00	-
11/28/2028	305,306.92	1,117,164.08	26,261,000.00	341,780.37
	$ 5,126,705.50	$ 21,134,294.50	$ -	$ 5,126,705.50

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REGIONS

August 21, 2014

Mr. Carter Morrison
School Board of Indian River County
1990 25th St
Vero Beach, FL 32960

Re: Elimination of the $5 Million Deposit Requirement

Dear Carter:

Pursuant to past conversations and the email I sent on July 14th, 2014, please let this correspondence confirm that Regions has accepted the modification of Section 606 of Series 2010A Supplemental Trust Agreement. The modification eliminates the requirement that the School Board maintain a minimum deposit balance of $5 million with Regions Bank.

Please let me know if there is any additional documentation needed to memorialize the modification.

Sincerely,

Steven Woodell
Vice President

Commercial Banking
111 N. Orange Avenue, Suite 1585
Orlando, Florida 32801
(407) 246.8928
Fax (407) 835.3035

FIRST AMENDMENT TO
SERIES 2010A SUPPLEMENTAL TRUST AGREEMENT

by and among

U.S. BANK NATIONAL ASSOCIATION,
as successor Trustee

and

INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION,
as Lessor

and

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA,
as Lessee

Dated as of _________ , 2014

Relating to
Certificates of Participation
(The School Board of Indian River County, Florida Master Lease Program),
Series 2010A
(Qualified School Construction Bonds - Federally Taxable - Issuer Subsidy)
Evidencing Undivided Proportionate Interests of the Owners thereof in
Basic Rent Payments to be made under a Master Lease-Purchase Agreement
by The School Board of Indian River County, Florida

FIRST AMENDMENT TO
SERIES 2010A SUPPLEMENTAL TRUST AGREEMENT

THIS FIRST AMENDMENT TO SERIES 2010A SUPPLEMENTAL TRUST AGREEMENT, dated as of __________ , 2014 (the "First Amendment to Series 2010A Supplemental Trust Agreement"), amending the Series 2010A Supplemental Trust Agreement, dated as of December 1, 2010 (the "Series 2010A Supplemental Trust Agreement"), each by and among **U.S. BANK NATIONAL ASSOCIATION**, a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Trust Agreement, as successor trustee (the "Trustee"), the **INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION,** a not-for-profit corporation duly organized and existing under the laws of the State of Florida (the "Corporation"), and **THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA,** acting as the governing body of the School District of Indian River County, Florida (the "Board").

W I T N E S S E T H:

WHEREAS, the Trustee pursuant to the Series 2010A Supplemental Trust Agreement has caused the issuance of $26,261,000 principal amount of Certificates of Participation (The School Board of Indian River County, Florida Master Lease Program), Series 2010A (Qualified School Construction Bonds - Federally Taxable - Issuer Subsidy) Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by The School Board of Indian River County, Florida (the "Series 2010A Certificates"); and

WHEREAS, the Series 2010A Supplemental Trust Agreement contained certain covenants relating to the Board and the Series 2010A Certificates; and

WHEREAS, the Owner of the Series 2010A Certificates has agreed to amend the covenant contained in Section 606 of the Series 2010A Supplemental Trust Agreement; and

WHEREAS, it is therefore necessary to amend the Series 2010A Supplemental Trust Agreement in certain respects;

NOW, THEREFORE, THIS FIRST AMENDMENT TO SERIES 2010A SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

ARTICLE I
DEFINITIONS

SECTION 101. DEFINITIONS. Capitalized words and terms which are defined in the Series 2010A Supplemental Trust Agreement, shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent.

ARTICLE II
AMENDMENT TO SERIES 2010A SUPPLEMENTAL TRUST AGREEMENT

SECTION 201. AMENDMENT TO SERIES 2010A SUPPLEMENTAL TRUST AGREEMENT. Section 606 of the Series 2010A Supplemental Trust Agreement is hereby amended in its entirety to read as follows:

> **"SECTION 606. COVENANT REGARDING DEPOSITORY ACCOUNT WITH INITIAL PURCHASER.** Subject in all respects to the Board's right of non-appropriation, so long as the Series 2010A Certificates are Outstanding and are held by the Initial Purchaser (or one of its affiliates or subsidiaries), the Board covenants and agrees to maintain Board funds with the Initial Purchaser; provided, that no minimum amount of funds shall be required to be deposited with the Initial Purchaser. The Initial Purchaser shall provide the Board with various investment options with maturity and terms mutually agreed upon between the Board and the Initial Purchaser; provided, however, that (i) the interest earned on such deposit shall not be below rates offered to other public entity customers for similar deposits or investments by the Initial Purchaser, (ii) the Initial Purchaser must be and maintain its status as a Qualified Public Depository pursuant to Chapter 280, Florida Statutes, and (iii) such deposit must otherwise meet the requirements of Chapter 280 and Section 218.415, Florida Statutes, including, but not limited to, the deposit being secured by the Initial Purchaser pursuant to Chapter 280, Florida Statutes. The Board may direct the Initial Purchaser to invest such deposit in any investment product offered to public entities by the Initial Purchaser. Notwithstanding anything to the contrary herein or in the Master Trust Agreement, the Board's failure to maintain a deposit with the Initial Purchaser shall not be an Event of Default but funds shall be deposited by the Board with the Initial Purchaser within 30 days of the receipt of notice by the Board from the Initial Purchaser that no Board funds are on deposit with the Initial Purchaser. Such deposited funds are not pledged to the repayment of the Series 2010A Certificates and the Initial Purchaser shall have not right of setoff against such funds upon an Event of Default or Event of Non-Appropriation which results in termination of the Series 2010A Lease. The Trustee shall have no obligation to monitor the contents of this Section 606."

SECTION 202. COUNTERPARTS. This First Amendment to Series 2010A Supplemental Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 203. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this First Amendment to Series 2010A Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 204. LAWS. This First Amendment to Series 2010A Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Series 2010A Supplemental Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as successor Trustee

By: ________________________________
Assistant Vice President

INDIAN RIVER COUNTY SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: ________________________________
President

ATTEST:

____
Secretary/Treasurer

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA, as Lessee

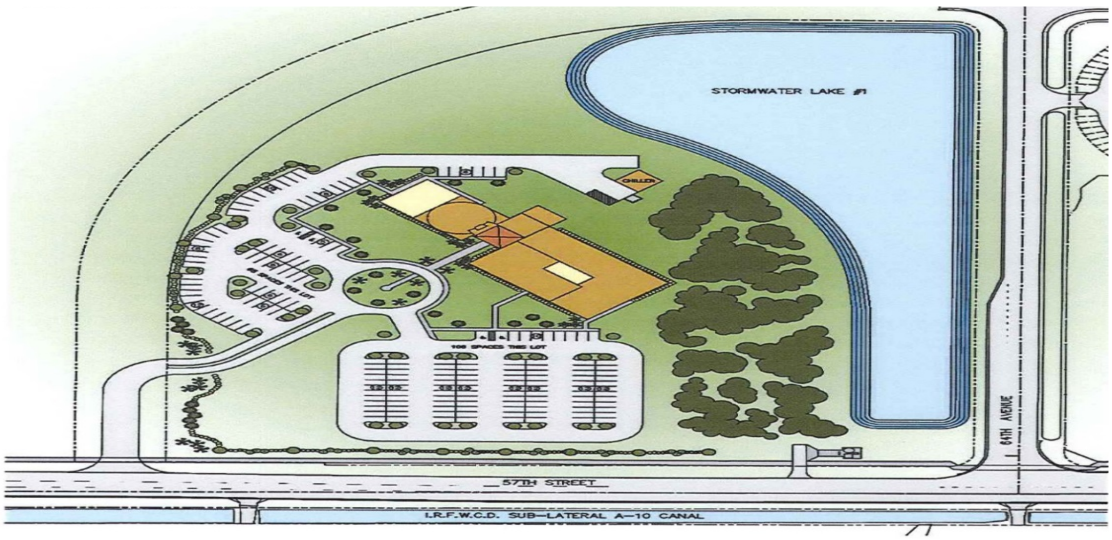
(SEAL)

By: ________________________________
Chairman

ATTEST

____
Superintendent of Schools

NEW ADMINISTRATION COMPLEX



PHASE I SITEWORK GMP

School District of Indian River County

September 25, 2014

PROJECT #: 2014-22

September 25, 2014

Mr. Scott Sanders
School District of Indian River County
1990 25th Street
Vero Beach, FL 32960

RE: **SDIRC Administration Building Phase I Sitework GMP**

Project Number: **2014-22**

Dear Scott,

Our Team of Pirtle Construction Company and Pinnacle Construction Company is pleased to present a GMP – Phase I for this project in the amount of $1,117,629.00. We have worked with the team to include the Architect, Donadio and Associates Architects, PA and MBV Engineering Inc to establish the Phase I GMP per the civil engineering documents; which are listed in this GMP along with Value Engineering alternate pricing.

The scope includes work to perform the sitework of the new SDIRC Administration Complex.

We look forward to completing this phase and the remaining work for this project on schedule and within budget for the School District of Indian River County.

Sincerely,

F. M. 'Pete' Clements

Gary Pirtle, LEED AP BD+C
Vice President
Pirtle Construction Company

Pete Clements
President
Pinnacle Construction of the Treasure Coast, LLC

9/25/2014

TABLE OF CONTENTS

NEW ADMINISTRATION COMPLEX
SDIRC PROJECT # 2014-22

Qualifications & Clarifications
Phase I Sitework

9/25/2014

Division 01- General Condition

1 This GMP is based upon the Civil plans and specified civil information date Revision 9/09/14 provided by Donadio and Associates Architects, P.A. and MBV Engineering, Inc.

2 The Geotechnical Report has been issued by Keller Schleicher MacWilliams Engineering and Testing dated 9/8/14

3 Pirtle/Pinnacle shall hold it's GMP pricing for 60 days. Should the contract not be signed within the 60 days any cost increase on labor and or materials that occur after the 60 days, we shall receive written notices from material suppliers documenting cost increases for materials which will be included into the formulation of potential change orders. Original payroll records from subcontractors shall document cost increases for skilled labor if applicable and shall be included into the formulation of potential change orders.

4 Costs associated with unsuitable soil conditions, rock, any unforeseen conditions and hazardous materials are excluded.

5 All permits, impact, inspection, testing, commissioning, existing "as built" site surveys fees not included.

6 We exclude any Surveying related to the preparation of easements, property lines and right-of-ways.

7 We exclude all costs for any special easement agreements or other accessibility issues with neighboring property owners or governing agencies, if applicable.

8 We have not included any Owner Direct Purchase savings at this time. We will work with the District on any savings on sales tax items that would be credited to the District upon final review of major material purchases.

9 We have not included Prevailing Wages and M/S/WBE requirements.

10 We assume that SDIRC shall pay for all testing required by the construction documents.

11 We assume that all existing underground and aboveground utilities have been accurately referenced on the Civil Documents. We exclude all relocation and/or special construction costs related to existing underground and aboveground utilities.

12 The Chiller Pipe indicated on the Civils is not included in this GMP and will be part of the Phase II GMP submittal.

13 Due to the lack of additional TOPO elevations we assume that all elevations are nominal to the C-2 Civil Plan dated Rev 9/09/14. Our subcontractor has provided a unit cost for any unforeseen changes to the elevations in the areas without TOPO elevations in regard to import/export of additional materials. (See Alternate Summary Tab)

14 Builder's Risk will provided by the School District of Indian River County.

15 Cost for after hours security is excluded.

Division 02- Existing Conditions

Division 03- Concrete

Division 04- Masonry

Division 05- Metals

Division 06- Woods, Plastics, Composites

Division 07- Thermal Moisture Barrier

Division 08- HM Frames, Doors, Hardware

Division 08- Glass and Glazing

Division 09- Finishes

Division 10- Specialties

Division 11- Equipment

Division 12- Furnishings

Division 13- Special Construction

Division 14- Conveying Equipment

Division 21- Fire Suppression

Division 22- Plumbing

Division 23- HVAC

Division 26- Electrical

Division 31- Earthwork

1 All site work is in accordance with the engineered plans and specifications noted.

2 We have included an allowance in the amount of $10,000.00 for the removal of the old existing pump and well. Need further documentation and engineering.

3 Concrete Sidewalk are not included in this Phase of the GMP.

4 We have assumed all lake excavation materials and any other site excavated materials are suitable for use on site.

Division 32- Landscape and Irrigation

Division 33- Site Utilities

1 All site utilities are in accordance with the engineered plans and specifications noted.

2 We have included TV Inspection of the 8" Sewer Main only.

3 We have not included skimmer/strains for drainage structures as they are not noted in the civil details.

4 All dewater shall remain onsite.

5 We have not included any underground FPL service nor the Fiber Optic service to the build in this Phase I GMP. This shall be priced out when the information become available.

PIRTLE Pinnacle

PHASE I - SITEWORK GMP PROPOSAL

DATE: September 25, 2014
PROJECT: SDIRC - ADMIN BUILDING COMPLEX PHASE I SITEWORK
PROJECT No.: 2014-22
PROJECT SIZE (SF): 34,952

SECTION 4 - SCHEDULE OF VALUES

DIVISION	DESCRIPTION	COST / SF	% of Work	TOTAL
03A	Structural Concrete & Site Concrete	$ -	0.00%	$ -
04A	Masonry	$ -	0.00%	$ -
05A	Structural & Miscellaneous Steel	$ -	0.00%	$ -
06A	Rough Carpentry	$ -	0.00%	$ -
07A	Roofing	$ -	0.00%	$ -
07C	Caulking & Waterproofing	$ -	0.00%	$ -
08A	Frames, Doors & Hardware Supply	$ -	0.00%	$ -
08B	Windows & Glazing	$ -	0.00%	$ -
08C	Doors & Hardware Install	$ -	0.00%	$ -
09A	Framing, Drywall & Stucco	$ -	0.00%	$ -
09B	Tile	$ -	0.00%	$ -
09C	Acoustical Ceilings & Wall Panels	$ -	0.00%	$ -
09D	Resilient Flooring & Carpet	$ -	0.00%	$ -
09E	Access Flooring	$ -	0.00%	$ -
09F	Painting	$ -	0.00%	$ -
10A	Visual Display Boards	$ -	0.00%	$ -
10B	Signage	$ -	0.00%	$ -
10C	Specialties	$ -	0.00%	$ -
10D	Fire Extinguishers & Cabinets	$ -	0.00%	$ -
10E	Canopy & Eyebrows	$ -	0.00%	$ -
10F	Flagpole	$ -	0.00%	$ -
11A	Appliances	$ -	0.00%	$ -
11C	Folding Partions	$ -	0.00%	$ -
12B	Horizontal Blinds	$ -	0.00%	$ -
12C	Casework	$ -	0.00%	$ -
12D	Bike Racks	$ -	0.00%	$ -
14A	Elevator	$ -	0.00%	$ -
21A	Fire Suppression System	$ -	0.00%	$ -
22A	Plumbing	$ -	0.00%	$ -
23A	HVAC	$ -	0.00%	$ -
23B	HVAC Test & Balance	$ -	0.00%	$ -
26A	Electrical	$ -	0.00%	$ -
27A	Audio & Video	$ -	0.00%	$ -
31A	Earthwork & Paving	$ 23.24	72.68%	$ 812,303
32A	Fencing & Gates	$ -	0.00%	$ -
32B	Landscape & Irrigation	$ -	0.00%	$ -
33A	Site Utilities	$ 3.07	9.61%	$ 107,454
	TOTAL ALL DIVISIONS	**$ 26.31**	**82.30%**	**$ 919,757**
	Construction Staffing	$ 1.22	4.65%	$ 42,750
	General Conditions	$ 1.60	6.06%	$ 55,780
	Subguard Program	1.25%	1.03%	$ 11,497
	Bond	0.70%	0.58%	$ 6,438
	General Liability Insurance	0.52%	0.47%	$ 5,295
	Builders Risk			By SDIRC
	Owner's Contingency	3.00%	2.73%	$ 30,549
	TOTAL COST OF WORK	**$ 30.67**	**95.92%**	**$ 1,072,066**
	CM Fee	4.25%	4.08%	$ 45,563
	TOTAL PROPOSED GMP	**$ 31.98**	**100.00%**	**$ 1,117,629**

COST REDUCTION OPPORTUNITIES

01	Delete All Curb/Gutter	($44,292.00)	($44,292)
02		$0.00	$0
03		$0.00	$0
04		$0.00	$0
05		$0.00	$0
06		$0.00	$0
07		$0.00	$0
	TOTAL	**-$1.27**	**($44,292)**

	POTENTIAL TOTAL PROPOSED GMP	**$30.71**	**$ 1,073,337**

School District of Indian River County Administrative Building

PHASE I SITEWORK

Alternate and Unit Cost Summary

9/25/2014

	Division	Description	Amount	Bidder	SDIRC Response	Date	Notes
Alternates							
1	Sitework	Delete Curbs and Gutters	$ (44,292)	Guettler	**Pending**		
Unit Cost							
1	Sitework	Excavation	2.25 CY	Guettler			
2	Sitework	Import	6.50 CY	Guettler			

Approved	$ -
Not Approved	$ -
Pending	$ (44,292)
Total Alternates	$ (44,292)

GENERAL CONDITIONS

School District of Indian River County Administrative Building
PROJECT #: 2012-11

Phase I- GMP

9/25/2014

Cost Code	Description	Total	Unit		$/Unit	System	Total
003100	Builder's Risk Deductible (by Owner)	$ -	1	LS	0		0
003144	NPDES Permit	$ 400.00	1	LS	400		400
011413	ID Badges	$ 500.00	1	LS	500		500
012710	Office Supplies	$ 400.00	2	MO	200		400
012712	Blueprints and Copies	$ 2,500.00	1	LS	2500		2,500
012810	Computer System, Software & Equipment	$ 1,900.00	2	MO	950		1,900
012811	Copy and Fax Machines	$ 1,200.00	2	MO	600		1,200
013233	Progress Photos & Aerials	$ 360.00	2	MO	180		360
013411	Vehicle Expenses & Tolls	$ 2,800.00	2	MO	1400		2,800
015114	Portable Generators & Fuel	$ 1,000.00	1	LS	1000		1,000
015116	Fire Extinguishers	$ 160.00	2	EA	80		160
015210	Field Office Security	$ 240.00	2	MO	120		240
015212	Field Office Furniture (CM & Owner)	$ 2,000.00	1	LS	2000		2,000
015213	Field Office Janitorial	$ 140.00	2	MO	70		140
015214	Temporary Storage Facilities	$ 1,200.00	2	MO	200	800	1,200
015215	First Aid Supplies	$ 800.00	1	LS	800		800
015216	Field Office Rental	$ 3,300.00	2	MO	400	2500	3,300
015218	Safety Supplies **(OSHA Requirements-Hard Hats-Vest-Harnesses-Signs-Etc.)**	$ 400.00	2	MO	200		400
015219	Portable Toilets	$ 420.00	2	MO	210		420
015219	Holding Tanks	$ 700.00	2	MO	350		700
015220	Safety Inspections	$ 1,320.00	2	MO	660		1,320
015221	Water, Cups & Ice	$ 1,000.00	10	WKS	100		1,000
015410	Small Tools & Supplies	$ 2,000.00	1	LS	2000		2,000
015420	Service Vehicle	$ 600.00	2	MO	300		600
015415	Material Loading & Unloading & Hoisting	$ -	2	WK	0		0
015628	Temporary Roads Maintenance	$ 1,000.00	1	LS	1000		1,000
015629	Tree Protection	$ 7,240.00	20	EA	362		7,240
015633	Safety Rails & Protection	$ -	0	LF	5		0
015639	Sod and Site Maintenance	$ 3,500.00	10000	SFT	0.35		3,500
015713	Silt Fence & Storm Water Management (Miscellaneous)	$ -	0	LF	2.5		0
015716	Rodent & Pest Control	$ 250.00	1	LS	250		250
015813	Job Signs	$ 2,000.00	2	LS	1000		2,000
017310	General Labor and Clean Up	$ 12,000.00	8	WK	1500		12,000
017419	Trash & Dumpster Fees	$ 2,700.00	6	EA	450		2,700
017420	Trash & Debris Hauling Material & Equipment	$ 500.00	1	LS	500		500
017423	Final Cleaning	$ -	0	SFT	0.45		0
017710	Punch List	$ -	0	LS	2500		0
017839	As-Builts & Closeout Documents	$ 1,250.00	0.5	LS	2500		1,250
	TOTAL	**$ 55,780.00**					

GENERAL REQUIREMENTS

School District of Indian River County Administrative Building
PROJECT #: 2012-11

Phase I- GMP

9/25/2014

Cost Code	Description	Total	Unit		$/Unit	System	Total
003143	Misc. Permit Fees	$ 800.00	1	LS	800		800
013223	Survey and Layout	$ 4,000.00	1	LS	4000		4,000
011414	Drug Testing	$ 1,000.00	1	LS	1000		1,000
014516	Quality Control	$ 3,000.00	2.5	LS	1200		3,000
015132	Telephones (Super,PM, APM)	$ 700.00	2	MO	350		700
015133	Telephone System & Charges	$ 700.00	2	MO	350		700
015113	Electric Charges - Connection & Usage (by Owner)	$ 5,300.00	1	LS	300	5000	5,300
015136	Water Charges - Connection & Usage (by Owner)	$ 4,400.00	2	MO	200	4000	4,400
015217	Postage & Courier	$ 400.00	2	MO	200		400
015221	Material Testing (by owner)	$ -	0	LS	0		0
015626	Temporary Fencing, Gates, Wind Screen (Miscellaneous)	$ 17,500.00	3500	LFT	5		17,500
015627	Temporary Plywood Partitions	$ -	0	LS	1500		0
017424	Misc. Grading/Bobcat	$ 4,950.00	10	Day	495		4,950
	TOTAL	**$ 42,750.00**					

31A - EARTHWORK & PAVING
SUBCONTRACTOR: GUETTLER & SONS CONSTRUCTION

Description	SD Quantity	DD Quantity	Unit	Unit Cost	UC Date	Total Cost
General						794,094
Mobilization	1	0	LS	5,000.00		INCLD
MOT	1	0	LS	1,000.00		INCLD
Layout and Survey	1	0	LS	22,715.00		INCLD
				SUBTOTAL		**0**
SITEWORK						
Clearing Heavy	1.55	0	LS	10,000.00		INCLD
Clearing Medium	5.10	0	LS	6,000.00		INCLD
Silt Fence	3,775	0	LF	2.00		INCLD
Turbidity Barrier	50	0	LF	10.00		INCLD
Construction Entrance	1	0	LS	3,800.00		INCLD
Stripping	7,353	0	CY	3.00		INCLD
Excavation	21,657	0	CY	3.30		INCLD
Remove Excess Mtl	1,310	0	CY	4.00		INCLD
Dewatering Pond Expansion	1	0	LS	6,000.00		INCLD
Grd Bldg Pad +10'	1	0	LS	7,750.00		INCLD
Grd Paving and Conc Areas	1	0	LS	20,000.00		INCLD
Grd Ponds	1	0	LS	15,600.00		INCLD
Misc Grd's and yard Areas	1	0	LS	15,000.00		INCLD
R/W Swale Grd	1	0	LS	1,000.00		INCLD
PAVING						
1.5" Type s-1 Asphalt	11,700	0	SY	9.10		INCLD
6" Coquina Base (4,148TN)	12,445	0	SY	11.55		INCLD
8" Stabilized Sub-Grd	13,190	0	SY	4.00		INCLD
2.5 Type S-1 Asphalt	140	0	SY	15.40		INCLD
6" Coquina Base (50TN)	150	0	SY	12.55		INCLD
8" Stabilized Sub-Grd	160	0	SY	5.00		INCLD
Striping	1	0	LS	10,670.00		INCLD
Type D Curb	3,320	0	LF	9.50		INCLD
Type F Curb and Gutter	560	0	LF	16.00		INCLD
4" S/W 57th R/w	300	0	LF	3.50		INCLD
Truncated Domes	40	0	SF	25.00		INCLD
SOD (Exp Pond to Control	2,200	0	SY	2.00		INCLD
SOD (Dry Ponds)	2,870	0	SY	2.00		INCLD
SOD IRC R/w	660	0	SY	2.00		INCLD
Subcontractor Bonding	1		LS	8,209.00		8,209
Allowanced for Pump and Well Removal	1		LS	10,000.00		10,000
				SUBTOTAL		**794,094**
				TOTAL		**$812,303**

33A - SITE UTILITIES
SUBCONTRACTOR: GUETTLER & SONS CONSTRUCTION

Description	SD Quantity	DD Quantity	Unit	Unit Cost	UC Date	Total Cost
Mobilization	0	1	LS	6,500.00		101,906
Surveying & As-Builts	0	1	LS	20,000.00		INCLD
				SUBTOTAL		**101,906**
Electrical and Tel/Com						
Elec Trench and Duct (3 Cond 6")	437	0	LF	32.00		INCLD
Telephone	437	0	LF	15.00		INCLD
Misc (Fittings, Cleanouts, Clean Manholes, TV, etc.)	1	0	LS	3,500.00		INCLD
				SUBTOTAL		**0**
Drainage						
12" ADS-N12 STROM PIPE	300	0	LF	20.20		INCLD
15" ADS-N12 STROM PIPE	120	0	LF	23.82		INCLD
18" ADS-N12 STROM PIPE	380	0	LF	28.55		INCLD
24" ADS-N12 STROM PIPE	700	0	LF	39.45		INCLD
30" ADS-N12 STORM PIPE	300	0	LF	49.00		INCLD
36" ADS-N12 STORM PIPE	100	0	LF	59.52		INCLD
Misc ADS Fittings	1	0	LS	1200		INCLD
15" MES Pad on ADS	1	0	EA	250.00		INCLD
18" MES Pads on ADS	1	0	LS	300.00		INCLD
24" MES Pads on ADS	1	0	LS	350.00		INCLD
Misc Clean Up	1	0	LS	1,000.00		INCLD
Type C Inlet 6611	6	0	EA	2,215.00		INCLD
Type D Inlet 6607	5	0	EA	2,660.00		INCLD
Type D Inlet 6626	2	0	EA	2,960.00		INCLD
Type J Structure C inlet top	1	0	EA	3,130.00		INCLD
15" x 15" Nyloplast Drain	5	0	EA	1,136.00		INCLD
Type D Control Structure	2	0	EA	3,510.00		INCLD
Remove and Replace Grate MH top	1	0	EA	2,000.00		INCLD
				SUBTOTAL		**0**
Sanitary						
Sanitary Connect existing MH	1	0	LS	2,215.00		INCLD
Sani M/H w/Rain Guard	2	0	EA	2,730.00		INCLD
8" PVC	733	0	LF	23.00		INCLD
6" PVC	28	0	LF	20.00		INCLD
Sanitary Manholes	2	0	EA	2,500.00		INCLD
Misc (Fittings, Cleanouts, Clean Manholes, TV, etc.)	1	0	LS	2,500.00		INCLD
				SUBTOTAL		**0**
Water						
Tap and Connect at 8" Main	1	0	LS	500.00		INCLD
Sleeving Allowance	1		LS	3,000.00		3,000
Jumper Connection	2		EA	1,032.00		INCLD
8" PVC	1,370	0	LF	19.00		INCLD
RPZ	2	0	LS	3,100.00		INCLD
Misc (Fittings, Cleanouts, Flush, Pressure Test, Bacti's)	1	0	LS	2,000.00		INCLD

				SUBTOTAL	**3,000**
Fire					
Fire Main Piping	1	0	LF	7,758.00	INCLD
6" PVC	238	0	LF	16.00	INCLD
4" PVC	91	0	LF	14.00	INCLD
Double Check Detector Assembly	1	0	EA	6,000.00	INCLD
Post Indicator Valve	1	0	EA	5,500.00	INCLD
Fire Dept Connection	1	0	EA	950.00	INCLD
Fire Hydrants	2	0	EA	3,950.00	INCLD
Misc (Fittings, Cleanouts, Flush, Pressure Test, Bacti's)	1	0	LS	1,000.00	INCLD
Subcontractor Bonding	1		LS		2,548
				SUBTOTAL	**2,548**
				TOTAL	**$107,454**

DRAWING AND SPECIFICATION NARRATIVE

NEW ADMINISTRATION COMPLEX
PROJECT #: 2014-22

SCHEMATIC DESIGN

Drawing	Description	SD	REV 1				
C1	COVER	Jun-14	9/9/2014				
C2	EXISTING CONDITIONS	Jun-14	9/9/2014				
C3	EROSION CONTROL AND DEMOLITION PLAN	Jun-14	9/9/2014				
C4	SITE PLAN	Jun-14	9/9/2014				
C5	PAVING, GRADING AND DRAINAGE (SOUTH)	Jun-14	9/9/2014				
C6	PAVING, GRADING AND DRAINAGE (NORTH)	Jun-14	9/9/2014				
C7	UTILITY PLAN	Jun-14	9/9/2014				
C8	SITE, PAVING, GRADING AND DRAINAGE DETAILS	Jun-14	9/9/2014				
C9	CROSS SECTIONS	Jun-14	9/9/2014				
C10	EROSION CONTROL DETAILS	Jun-14	9/9/2014				
C11	WATER DETAILS	Jun-14	9/9/2014				
C12	WATER AND SEWER DETAILS	Jun-14	9/9/2014				
C13	SEWER DETAILS	Jun-14	9/9/2014				

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Approval to Reject RFP #2015-03 for BAS Control Retrofits at Sebastian River High and Oslo Middle - Mr. Morrison

An RFP was promulgated to replace the current Andover HVAC controls with Johnson Metasys controls at Sebastian River High and Oslo Middle.

Notification was sent to three (3) vendors and was posted on the Purchasing Department's website. Proposals were due on August 21 at 2:00 p.m. and were opened publicly in the Purchasing Department. Two responses were received. After reviewing both responses the Evaluation Team has determined that it would be in the best interest of the District to reject all bids and pursue BAS control retrofits at each school through Performance Contracting.

Legend: Award _______ Reject ( )

Vendor
(DCI Systems Group, Inc.)
(Johnson Controls, Inc.)

Recommend to reject all bids and pursue BAS control retrofits at each school through Performance Contracting.

Failure to file a protest with 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 or proceedings under Chapter 120, Florida Statutes.

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Return completed form to:
Florida Department of Education
Office of Funding and Financial Reporting
325 W. Gaines St., Room 824
Tallahassee, Florida 32399-0400

FLORIDA DEPARTMENT OF EDUCATION
SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145)
DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
For the Fiscal Year Ended June 30, 2014

CONTENTS:

The Superintendent's Annual Financial Report (ESE 145) for the fiscal year ended June 30, 2014, was submitted in accordance with rule 6A-1.0071, F.A.C. (section 1001.51(12)(b), F.S.). This revised report was approved by the school board on October 7, 2014.

______________________________ District Superintendent's Signature

October 7, 2014
Date

ESE 145

Management's Discussion and Analysis

This section of the School Board of Indian River County, Florida's (the District) Annual Financial Report represents our discussion and analysis of the financial performance of the District for the fiscal year ended June 30, 2014. This information should be read in conjunction with the financial statements included in this report.

Financial Highlights

- The assets of the District exceed its liabilities at June 30, 2014, by $239 million. Of this amount, $208 million represents investments in capital assets (net of related debt), and $31 million represents restricted and unrestricted net position of $38 million and negative $7 million, respectively.

- The District's total net position decreased by $2.0 million or .8 percent.

- Program revenues account for $12.5 million or 7.1 percent of total revenues, and general revenues account for $164.3 million or 92.9 percent.

- The governmental funds report combined fund balances of $52.5 million, a decrease of $5.3 million in comparison to the prior fiscal year.

- At the end of the fiscal year, assigned plus unassigned fund balance for the General Fund was $13.6 million, or 10.9 percent of General Fund revenues.

Overview of the Financial Statements

This discussion and analysis, in conjunction with the financial statements, is intended to serve as an introduction to the District's basic financial statements. The statements are organized in such a manner that the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities. The basic financial statements consist of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in the manner that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used in the private sector. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall financial well-being of the District.

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's class size reduction and education finance programs provide most of the resources that support these activities.

- Business-type activities – The District charges fees to cover the cost of certain services it provides. These activities are for its Extended Day Care Program.

- Component units – The District presents five separate legal entities that operate as charter schools as discussed in the notes to the basic financial statements. Although these are legally separate organizations, the component units' activities are included in the financial statements since they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government. The Indian River County School Board Leasing Corporation, although a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the leasing corporation, the leasing corporation has been included as an integral part of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements
The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and demonstrate compliance with various grant provisions. The District's three types of funds: governmental, proprietary, and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds
Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the

Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

The District has several governmental fund types: the General Fund, the Debt Service funds, the Special Revenue funds (including the School Food Services Program), and the Capital Projects funds. Within these funds, the District maintains 15 individual funds. Of those funds, the General Fund, Special Revenue – Federal Economic Stimulus Fund, Debt Service – Other Fund, Debt Service – American Recovery and Reinvestment Act (ARRA) Fund, Capital Projects – Local Capital Improvement Fund, Capital Projects – Other Fund, and Capital Projects – American Recovery and Reinvestment Act (ARRA) Fund are considered to be major funds.

Proprietary Funds
Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary funds use the accrual basis of accounting, the same as on the entity-wide statements. Two types of proprietary funds are maintained:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its Extended Day Care program.

- Internal service funds are used to report activities that provide goods or services to support the District's other programs and functions through user fees. The District uses internal service funds to account for the self-insurance program activities. Since these services predominately benefit governmental functions rather than business-type functions, the internal service fund has been included within the governmental activities in the government-wide financial statements.

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

The District uses private-purpose trust funds to account for scholarship funds established by private donors.

The District uses agency funds to account for resources held for student activities and groups.

Notes to the Basic Financial Statements
The notes to the financial statements contain additional information, which is essential to fully understand data provided within the government-wide and fund financial statements.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information showing historical trend information about the funded status of the District's postemployment benefits plan. The required supplementary information can be found immediately following the notes to the basic financial statements. The combining statements of the

nonmajor governmental funds as well as the internal service funds are presented immediately following the required supplementary information on the postemployment benefits plan.

Government-wide Financial Analysis

The School Board of Indian River County, Florida
Condensed Statement of Net Position and Net Assets
June 30, 2014 and 2013
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 77,817	$ 82,730	$ 701	$ 639	$ 78,518	$ 83,369
Capital assets, net	335,477	330,555	-	-	335,477	330,555
Total assets	413,294	413,285	701	639	413,995	413,924
Current and other liabilities	19,659	17,658	31	22	19,690	17,680
Long-term liabilities	153,404	154,929	50	51	153,454	154,980
Total liabilities	173,063	172,587	81	73	173,144	172,660
Net position :						
Invested in capital assets, net of related debt	208,351	209,060	-	-	208,351	209,060
Restricted	38,436	37,900	-	-	38,436	37,900
Unrestricted (Deficit)	(8,160)	(6,262)	618	566	(7,542)	(5,696)
Total net position	$ 238,627	$ 240,698	$ 618	$ 566	$ 239,245	$ 241,264

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $239 million at the end of the fiscal year. The largest portion of the District's net position, $208 million (87.1 percent), reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding.

The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, $38.4 million, represents resources subject to external restrictions on how they may be used. The remaining balance of net position ($20.4 million after exclusion of $9.0 million in compensated absences payable and $18.9 million in other postemployment benefits obligations) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. Restricted net position has increased $536 thousand from June 30, 2013, to June 30, 2014.

The School Board of Indian River County, Florida
Condensed Statement of Activities and Changes in Net Position / Net Assets
June 30, 2014 and 2013
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 2,256	$ 2,635	$ 714	$ 708	$ 2,970	$ 3,343
Operating grants and contributions	6,493	6,354	-	-	6,493	6,354
Capital grants and contributions	3,068	2,853	-	-	3,068	2,853
General revenues:						
Property taxes, levied for operational purposes	87,941	83,819	-	-	87,941	83,819
Property taxes, levied for debt service	19	5,083	-	-	19	5,083
Property taxes, levied for capital projects	19,887	19,583	-	-	19,887	19,583
Grants and contributions, non-restricted	53,933	46,748	-	-	53,933	46,748
Miscellaneous	2,190	2,432	-	-	2,190	2,432
Unrestricted investment earnings	369	1,063	1	1	370	1,064
Total revenue	176,156	170,570	715	709	176,871	171,279
Expenses:						
Instruction	100,814	93,379	-	-	100,814	93,379
Pupil personnel services	5,012	4,604	-	-	5,012	4,604
Instructional media services	2,174	2,079	-	-	2,174	2,079
Instruction and Curriculum Dev Services	5,580	5,351	-	-	5,580	5,351
Instructional staff training services	2,530	1,970	-	-	2,530	1,970
Instruction related technology	1,255	941	-	-	1,255	941
School Board	945	797	-	-	945	797
General administration	901	1,030	-	-	901	1,030
School administration	8,747	8,632	-	-	8,747	8,632
Facility services - non-capitalized	4,015	6,775	-	-	4,015	6,775
Fiscal services	1,312	1,586	-	-	1,312	1,586
Food services	8,608	8,725	-	-	8,608	8,725
Central services	2,506	2,167	-	-	2,506	2,167
Pupil transportation services	6,683	6,425	-	-	6,683	6,425
Operation of plant	13,430	13,418	-	-	13,430	13,418
Maintenance of plant	3,427	3,455	-	-	3,427	3,455
Administrative technology services	3,756	2,357	-	-	3,756	2,357
Community services	251	250	-	-	251	250
Unallocated interest on long-term debt	6,281	8,002	-	-	6,281	8,002
Loss on Disposal of Assets		2,091	-	-	-	2,091
Extended Day Program			663	663	663	663
Total expenses	178,227	174,034	663	663	178,890	174,697
Change in net position / net assets	(2,071)	(2,302)	52	46	(2,019)	(3,418)
Net assets, beginning	240,698	244,162	566	520	241,264	244,682
Adjustment to Beginning Assets	-	(1,162)	-	-	-	(1,162)
Net position, ending	$ 238,627	$ 240,698	$ 618	$ 566	$ 239,245	$ 241,264

Governmental Activities

Governmental activities decreased the District's net position by $2.1 million for the fiscal year ended June 30, 2014. Key components of this decrease are as follows:

- Unrestricted grants and contributions increased by $7.2 million; State of Florida's Florida Education Finance Program Teacher Salary Allocation of $3.1 million provided part of the increase. An increase in the Base Student Allocation for the district of $165.45 per unweighted FTE contributed an increase of approximately $2.9 million and other of $1.2 million provided the rest of the increase.

- Governmental activities expenses increased from the prior fiscal year by $4.2 million, due in part to the increase in teacher salaries funded by the Florida Education Finance Program Teacher Salary Allocation. An increase in Other Post-Employment Benefits Liability of $1.6 million also contributed to the increase.

- Property taxes levied for operational purposes increased by $4.1 million, primarily as a result of an increase in the Special Election Millage from .25 mills in FY 2013 to .60 mills in FY 2014. The taxable assessed value of taxable property increased 1.4 percent over the previous fiscal year.

- Property taxes levied for debt service decreased by $5.0 million due to the retirement of the General Obligation Bonds which reduced the associated property tax collected for debt payments.

Business-Type Activities
The Extended Day Program business-type activities increased the District's net position by $52 thousand for the fiscal year ended June 30, 2014. Charges for services and other income totaled $715 thousand, while Extended Day Program expenses totaled $663 thousand.

Financial Analysis of the District's Funds

The District's governmental funds reported a combined fund balance of $52.5 million, which is a decrease of $5.3 million over last year's total of $57.8 million. The following schedule indicates the fund balance and the total change in fund balance by major fund versus other governmental funds as reported in the basic financial statements for the fiscal years ended June 30, 2014 and 2013.

Fund Balance (in thousands)	2014	2013	Increase (Decrease)	Percentage Change
General Fund	$ 20,524	$ 16,962	$ 3,562	21.0%
Debt Service Funds				
Other	1,014	673	341	50.7%
ARRA	4,412	2,945	1,467	49.8%
Capital Projects Funds:				
Local Capital Improvement	16,022	20,748	(4,726)	(22.8)%
Other	3,262	8,176	(4,914)	(60.1)%
ARRA	-	5,029	(5,029)	(100.0)%
Other Governmental Funds	7,261	3,284	3,977	121.1%
Total	$ 52,495	$ 57,817	$ (5,322)	(9.2)%

General Fund
The District's General Fund balance increased by $3.6 million. The tables that follow illustrate the financial activities and balance of the General Fund.

Revenues (in thousands)	2014	2013	Increase (Decrease)	Percentage Change
Taxes	$ 87,941	$ 83,819	$ 4,122	4.9%
Investment earnings	226	401	(175)	(43.6)%
State revenues	41,909	36,054	5,855	16.2%
Other revenues	3,269	3,958	(689)	(17.4)%
Other financing sources	4,586	1,544	3,042	197.0%
Total	$ 137,931	$ 125,776	$ 12,155	9.7%

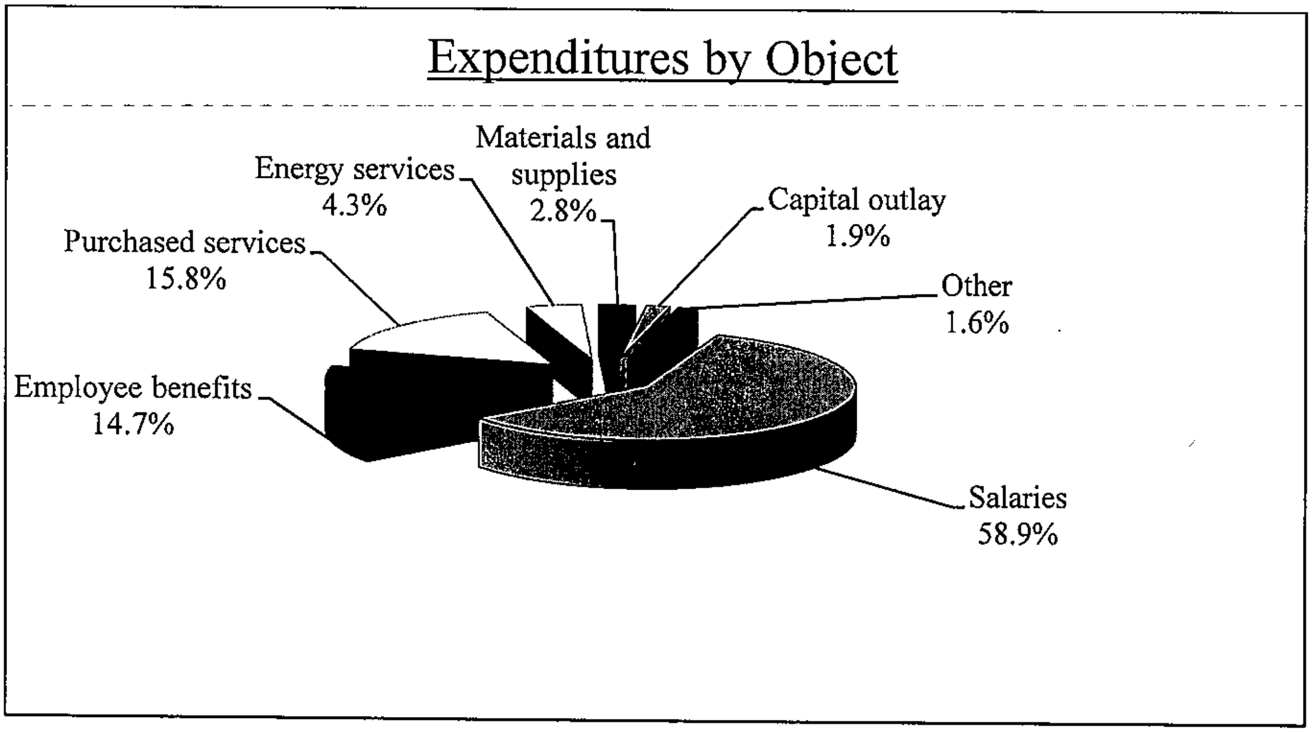
Property tax revenue increased by $4.1 million, primarily as a result of an increase in the Special Millage from .25 mills in FY 2013 to .60 in FY 2014. The taxable assessed value of property increased 1.4 percent over the previous year, partially offset by the decrease in the millage rates of approximately 2.0 percent as set by the Legislature.

State revenue increased by $5.9 million for the fiscal year ended June 30, 2014. This is primarily due to the increase in FEFP funding compared to the fiscal year ended June 30, 2013.

The increase in other financing sources of $2.9 million is primarily due to the transfer from the Local Capital Improvement Fund to cover the expenditures in the Maintenance and Facilities departments.

As the table below illustrates, the largest portions of General Fund expenditures are for salaries and fringe benefits. The District is a service entity and as such is labor intensive.

Expenditures by Object (in thousands)	2014	2013	Increase (Decrease)	Percentage Change
Salaries	$ 79,178	$ 75,777	$ 3,401	4.5%
Employee benefits	19,717	17,203	2,514	14.6%
Purchased services	21,199	19,288	1,911	9.9%
Energy services	5,766	5,695	71	1.2%
Materials & supplies	3,804	3,754	50	1.3%
Capital outlay	2,544	778	1,766	227.0%
Other	2,161	2,606	(445)	(17.1)%
Total	$ 134,369	$ 125,101	$ 9,268	7.4%



Expenditures increased $9.3 million, or 7.4 percent from the prior fiscal year.

Salary expenditures increased by $3.4 million or 4.5 percent, primarily due to the Teacher Salary Allocation provided to districts for teacher raises.

Employee benefits expenditures increased by $2.5 million or 14.6 percent, as a result of the Florida Retirement System rate increase and increased salary cost.

Purchased Services expenditures increased by $1.9 million or 9.9 percent primarily due to the increase in expenses attributed to the voter approved millage for technology, state and local funding passed through to charter schools as a result of increased enrollment and Teacher Salary Allocation from the state, the outsourcing of custodial subs, and increased legal fees and communications expenditures.

Energy Services expenditures increased over the prior year by $71 thousand or 1.2 percent primarily due to the increased vehicle fuel costs.

Capital outlay increased by $1.8 million or 227.0 percent largely due to the renovation of facilities for Adult Education and technology purchases from the voter approved .6 millage.

Special Revenue – Federal Economic Stimulus Fund
The Special Revenue – Federal Economic Stimulus Fund does not report fund balance because revenues are reported to the extent of expenditures. Revenues and expenditures increased by $76 thousand each from the previous fiscal year. This increase was due to the spend-down of the Race to the Top grant, which are scheduled to continue until the 2014-2015 fiscal year.

Debt Service - Other Fund
The Debt Service – Other Fund maintains a small fund balance, all of which is reserved for payment of debt service expenditures.

Debt Service – ARRA Fund
The Debt Service – ARRA Fund has a total fund balance of $4.4 million, which is restricted for the payment of debt service on Certificates of Participation, Series 2010 Qualified School Construction Bonds (QSCB) issued on December 17, 2010. This increase from the prior year represents the annual deposit into and interest earned on the sinking fund held by the Trustee.

Capital Projects – Local Capital Improvement Fund
The fund balance of the Capital Projects – Local Capital Improvement Fund decreased by $4.7 million, or 22.8 percent during the fiscal year. This was due to lower taxable assessed valuations for property tax revenue, and spend down of projects in expenditures. Fund balance totaled $16 million; of this amount, $ 4.3 million has been encumbered for specific projects.

Capital Projects – Other Fund
The fund balance of the Capital Projects – Other Fund decreased by $4.9 million, or 60.1 percent during the fiscal year. It should be noted that $0.8 million of the $3.3 million of fund balance has been encumbered for specific purposes.

Capital Projects – ARRA Fund
The fund balance of the Capital Projects – ARRA Fund decreased by $5 million, or 100 percent. The fund balance is restricted for specific capital projects funded from the Series 2010 QSCB. The District spent $0.7 million of these funds during the fiscal year on the Vero Beach Elementary Replacement project and $1.6 million on the Fellsmere Elementary classroom addition, and $2.7 on the Treasure Coast Elementary classroom addition. .

Other Governmental Funds
The fund balance of the Other Governmental Funds increased by $4 million or 121.1 percent. The District participates in the State of Florida State Board of Education bonding program for state revenues due the district from motor vehicle license fees. This increase is due to the advance refunding by the State of Florida for a portion of the bonds which were still to be redeemed at June 30, 2014.

General Fund Budget Information

The District's budget is prepared in accordance with Florida Statutes and is based on the modified accrual basis of accounting, which is the same basis as used to account for actual transactions. The most significant budgeted fund is the General Fund. Final budgeted revenues and expenditures were in line with original budgeted amounts.

The District collected $393 thousand more in revenue as compared to the final budget. This was largely due to tax certificate sales, which are conservatively budgeted due to the irregular amounts of these revenues.

The District amended its final budget for expenditures to reflect increases in salaries and other employee related costs as well as non-labor costs. Expenditures were originally budgeted at $140.9 million, and actual expenditures were lower than the original budget by $5.5 million due to the District's conservative spending and restricted fund sources such as Advanced Placement, Career and Professional Education Act, .6 Voter Approved Millage, and Adult and Workforce Development.

Capital Assets

The District investment in capital assets for its governmental activities as of June 30, 2014, amounts to $335.5 million (net of accumulated depreciation). This investment in capital assets includes: land; construction in process; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; audio-visual materials and computer software; and property under capital lease.

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

Construction in progress at June 30, 2014, includes Fellsmere Elementary classroom and cafeteria addition, and Citrus Elementary chiller plant relocation.

Projects completed and included in buildings and improvements include Fellsmere Elementary phase I demolition and site work, Sebastian River Middle School (SRMS) locker room renovation, Treasure Coast Elementary classrooms, and Osceola Magnet School kitchen and cafeteria renovation.

The total increase in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was approximately 1.5 percent. Detailed information regarding capital asset activity is included in Notes III. (D) and III. (N) to the basic financial statements.

Long-Term Debt and Other Long-Term Liabilities

At the end of the current fiscal year, the District has total long-term liabilities outstanding of $153.4 million. Of this amount, $9.5 million represents state bonds, $117.6 million represents certificates of participation, $9.0 million represents compensated absences payable, and $17.3 million represents other postemployment benefits payable. During the 2013-2014 fiscal year, the District made principal payments of $345 thousand on State Board of Education bonds and $5.1 million on certificates of participation. The District increased compensated absences by $99 thousand, increased State Board of Education Bonds by $3.6 million, and increased unamortized premiums on the state bonds by $555 thousand.

Detailed information regarding long-term debt activity is included in the notes to the basic financial statements, specifically Note III-F, Certificates of Participation; Note III-G, Bonds Payable, and Note III-H Changes in Long-Term Liabilities.

Economic Factors and Next Year's Budgets and Rates

Local property taxes are the District's primary source of revenue. The required local effort (RLE) for the 2014-2015 fiscal year is projected to be 5.268 mills (a decrease of .157 mills); the discretionary millage is projected to be .748 mills; voted additional operating is projected to be .60 mills; and capital outlay millage is projected to be 1.50 mills. General Fund revenues and other financing sources are projected to be $140.7 million, and expenditures are expected to be $146.5 million.

Requests for Information

This annual financial report is designed to provide a general financial overview of the School Board of Indian River County, Florida for all those interested in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Board of Indian River County, Florida, Attn: Assistant Superintendent for Finance/Operations, 1990 25th Street, Vero Beach, FL 32960.

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF NET POSITION
June 30, 2014

		Primary Government			Component Units
ASSETS	Account Number	Governmental Activities	Business-type Activities	Total	Total Nonmajor Component Units
Current Assets					
Cash and Cash Equivalents	1110	54,761,068.95	700,809.10	55,461,878.05	3,431,751.00
Investments	1160	12,695,081.34		12,695,081.34	0.00
Taxes Receivable, Net	1120			0.00	0.00
Accounts Receivable, Net	1130	124,855.16		124,855.16	161,080.00
Interest Receivable on Investments	1170			0.00	0.00
Note Receivable	1200	2,407,753.81		2,407,753.81	0.00
Deposits Receivable	1210			0.00	0.00
Due From Other Agencies	1220	3,213,245.35		3,213,245.35	62,888.00
Internal Balances				0.00	0.00
Inventory	1150	440,219.70		440,219.70	0.00
Prepaid Items	1230			0.00	156,528.00
Total Current Assets		73,642,224.31	700,809.10	74,343,033.41	3,812,247.00
Noncurrent Assets:					
Cash with Fiscal/Service Agents	1114	4,174,993.49		4,174,993.49	0.00
Other Post-Employment Benefits Asset	1410			0.00	0.00
Section 1011.13, F.S. Loan Proceeds	1420			0.00	0.00
Prepaid Insurance Costs	1430			0.00	49,992.00
Investments	1460			0.00	0.00
Total Noncurrent Assets		4,174,993.49	0.00	4,174,993.49	49,992.00
Capital Assets:					
Land	1310	22,145,605.90		22,145,605.90	779,971.00
Land Improvements - Nondepreciable	1315	182,686.31		182,686.31	0.00
Construction in Progress	1360	9,418,122.48		9,418,122.48	0.00
Improvements Other Than Buildings	1320	23,360,877.19		23,360,877.19	752,514.00
Less Accumulated Depreciation	1329	(13,807,928.63)		(13,807,928.63)	(394,779.00)
Buildings and Fixed Equipment	1330	401,185,539.10		401,185,539.10	16,471,131.00
Less Accumulated Depreciation	1339	(118,661,442.10)		(118,661,442.10)	(2,956,692.00)
Furniture, Fixtures and Equipment	1340	21,140,483.78		21,140,483.78	1,958,228.00
Less Accumulated Depreciation	1349	(15,491,598.54)		(15,491,598.54)	(1,225,995.00)
Motor Vehicles	1350	12,326,635.04		12,326,635.04	13,459.00
Less Accumulated Depreciation	1359	(6,746,847.93)		(6,746,847.93)	(6,450.00)
Property Under Capital Lease	1370			0.00	35,935.00
Less Accumulated Depreciation	1379			0.00	(30,761.00)
Audiovisual Materials	1381			0.00	66,090.00
Less Accumulated Depreciation	1388			0.00	(51,592.00)
Computer Software	1382	4,035,316.26		4,035,316.26	77,813.00
Less Accumulated Amortization	1389	(3,610,758.76)		(3,610,758.76)	(69,821.00)
Other Capital Assets, Net of Depreciation		303,730,275.41	0.00	303,730,275.41	14,639,080.00
Total Capital Assets		335,476,690.10	0.00	335,476,690.10	15,419,051.00
Total Assets		413,293,907.90	700,809.10	413,994,717.00	19,281,290.00
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910			0.00	0.00
Net Carrying Amount of Debt Refunding	1920			0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00
LIABILITIES					
Current Liabilities:					
Accrued Salaries and Benefits	2110	2,435,187.59	15,793.03	2,450,980.62	501,825.00
Payroll Deductions and Withholdings	2170	1,261,486.63	2,159.94	1,263,646.57	3,446.00
Accounts Payable	2120	1,754,444.38	11,185.81	1,765,630.19	136,450.00
Cash Overdraft	2125			0.00	0.00
Judgments Payable	2130			0.00	0.00
Construction Contracts Payable	2140	566,455.11		566,455.11	0.00
Construction Contracts Payable - Retained Percentage	2150	102,633.03		102,633.03	0.00
Matured Bonds Payable	2180	5,065,000.00			0.00
Matured Interest Payable	2190	2,231,806.26			0.00
Sales Tax Payable	2260	692.97		692.97	0.00
Due to Fiscal Agent	2240			0.00	0.00
Accrued Interest Payable	2210	53,659.00		53,659.00	2,558.00
Deposits Payable	2220			0.00	0.00
Due to Other Agencies	2230	1,208,714.13	1,730.10	1,210,444.23	0.00
Current Notes Payable	2250			0.00	0.00
Advanced Revenues	2410	1,417,048.75		1,417,048.75	363,469.00
Estimated Unpaid Claims - Self-Insurance Program	2271	2,100,530.22		2,100,530.22	0.00
Estimated Liability for Claims Adjustment	2272	1,461,161.82		1,461,161.82	0.00
Estimated Liability for Arbitrage Rebate	2280			0.00	0.00
Total Current Liabilities		19,658,819.89	30,868.88	19,689,688.77	1,007,748.00
Long-Term Liabilities					
Portion Due Within One Year:					
Notes Payable	2310			0.00	665,169.00
Obligations Under Capital Leases	2315			0.00	6,435.00
Bonds Payable	2320	4,354,000.00		4,354,000.00	0.00
Liability for Compensated Absences	2330	1,975,626.28	13,659.34	1,989,285.62	0.00
Lease-Purchase Agreements Payable	2340	5,340,986.19		5,340,986.19	0.00
Estimated Liability for Long-Term Claims	2350			0.00	0.00
Other Post-Employment Benefits Liability	2360			0.00	0.00
Estimated PECO Advance Payable	2370			0.00	0.00
Other Long-Term Liabilities	2380			0.00	0.00
Derivative Instrument	2390			0.00	0.00
Estimated Liability for Arbitrage Rebate	2280			0.00	0.00
Due Within One Year		11,670,612.47	13,659.34	11,684,271.81	671,604.00
Portion Due After One Year:					
Notes Payable	2310			0.00	7,218,308.00
Obligations Under Capital Leases	2315			0.00	15,211.00
Bonds Payable	2320	5,219,011.90		5,219,011.90	0.00
Liability for Compensated Absences	2330	6,996,644.35	4,714.29	7,001,358.64	0.00
Lease-Purchase Agreements Payable	2340	112,211,612.36		112,211,612.36	0.00
Estimated Liability for Long-Term Claims	2350			0.00	0.00
Other Post-Employment Benefits Liability	2360	18,909,716.00	33,858.00	18,943,574.00	0.00
Estimated PECO Advance Payable	2370			0.00	0.00
Other Long-Term Liabilities	2380			0.00	0.00
Derivative Instrument	2390			0.00	0.00
Estimated Liability for Arbitrage Rebate	2280			0.00	0.00
Due in More than One Year		143,336,984.61	38,572.29	143,375,556.90	7,233,519.00
Total Long-Term Liabilities		155,007,597.08	52,231.63	155,059,828.71	7,905,123.00
Total Liabilities		174,666,416.97	83,100.51	174,749,517.48	8,912,871.00
DEFERRED INFLOWS OF RESOURCES					
Accumulated Increase in Fair Value of Hedging Derivatives	2610			0.00	0.00
Deficit Net Carrying Amount of Debt Refunding	2620			0.00	0.00
Deferred Revenue	2630			0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00	0.00
NET POSITION					
Net Investment in Capital Assets	2770	208,351,079.65		208,351,079.65	7,563,920.00
Restricted For:					
Categorical Carryover Programs	2780	6,519,535.70		6,519,535.70	0.00
Food Service	2780	2,819,594.69		2,819,594.69	110,181.00
Debt Service	2780	9,663,217.60		9,663,217.60	0.00
Capital Projects	2780	19,433,356.35		19,433,356.35	2,000.00
Other Purposes	2780	0.00		0.00	200,000.00
Unrestricted	2790	(8,159,293.06)	617,708.59	(7,541,584.47)	2,492,318.00
Total Net Position		238,627,490.93	617,708.59	239,245,199.52	10,368,419.00

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

FUNCTIONS	Account Number	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Governmental Activities:									
Instruction	5000	100,814,001.01	303,486.75			(100,510,514.26)		(100,510,514.26)	
Student Personnel Services	6100	5,011,846.52				(5,011,846.52)		(5,011,846.52)	
Instructional Media Services	6200	2,173,955.22				(2,173,955.22)		(2,173,955.22)	
Instruction and Curriculum Development Services	6300	5,579,760.21				(5,579,760.21)		(5,579,760.21)	
Instructional Staff Training Services	6400	2,529,542.46				(2,529,542.46)		(2,529,542.46)	
Instructional-Related Technology	6500	1,255,097.92				(1,255,097.92)		(1,255,097.92)	
Board	7100	945,154.29				(945,154.29)		(945,154.29)	
General Administration	7200	901,366.91				(901,366.91)		(901,366.91)	
School Administration	7300	8,747,129.58				(8,747,129.58)		(8,747,129.58)	
Facilities Acquisition and Construction	7400	4,015,270.81			1,025,652.28	(2,989,618.53)		(2,989,618.53)	
Fiscal Services	7500	1,311,795.70				(1,311,795.70)		(1,311,795.70)	
Food Services	7600	8,607,616.40	1,721,788.59	6,493,234.06		(392,593.75)		(392,593.75)	
Central Services	7700	2,506,383.15				(2,506,383.15)		(2,506,383.15)	
Student Transportation Services	7800	6,683,174.98	57,143.38			(6,626,031.60)		(6,626,031.60)	
Operation of Plant	7900	13,430,154.79				(13,430,154.79)		(13,430,154.79)	
Maintenance of Plant	8100	3,426,582.70				(3,426,582.70)		(3,426,582.70)	
Administrative Technology Services	8200	3,755,973.00				(3,755,973.00)		(3,755,973.00)	
Community Services	9100	251,069.27	173,396.51			(77,672.76)		(77,672.76)	
Interest on Long-Term Debt	9200	6,281,198.54			2,042,510.33	(4,238,688.21)		(4,238,688.21)	
Unallocated Depreciation/Amortization Expense*						0.00		0.00	
Total Governmental Activities		178,227,073.46	2,255,815.23	6,493,234.06	3,068,162.61	(166,409,861.56)		(166,409,861.56)	
Business-type Activities:									
Self-Insurance Consortium							0.00	0.00	
Daycare Operations							0.00	0.00	
Other Business-Type Activity		662,802.17	713,989.63				51,187.46	51,187.46	
Total Business-Type Activities		662,802.17	713,989.63	0.00	0.00		51,187.46	51,187.46	
Total Primary Government		178,889,875.63	2,969,804.86	6,493,234.06	3,068,162.61	(166,409,861.56)	51,187.46	(166,358,674.10)	
Component Units:									
Major Component Unit Major Component Unit Name		0.00	0.00	0.00	0.00				0.00
Major Component Unit Major Component Unit Name		0.00	0.00	0.00	0.00				0.00
Total Nonmajor Component Units		15,913,893.00	679,183.00	885,282.00	229,219.00				(14,120,209.00)
Total Component Units		15,913,893.00	679,183.00	885,282.00	229,219.00				(14,120,209.00)

	Governmental Activities	Business-Type Activities	Total	Component Units
General Revenues:				
Taxes:				
Property Taxes, Levied for Operational Purposes	87,940,675.09		87,940,675.09	7,623,985.00
Property Taxes, Levied for Debt Service	19,263.87		19,263.87	0.00
Property Taxes, Levied for Capital Projects	19,887,311.44		19,887,311.44	386,921.00
Local Sales Taxes			0.00	0.00
Grants and Contributions Not Restricted to Specific Programs	53,932,696.26		53,932,696.26	5,935,112.00
Investment Earnings	369,274.16	926.94	370,201.10	4,821.00
Miscellaneous	2,189,741.43		2,189,741.43	483,151.00
Special Items			0.00	233.00
Extraordinary Items			0.00	0.00
Transfers			0.00	0.00
Total General Revenues, Special Items, Extraordinary Items and Transfers	164,338,962.25	926.94	164,339,889.19	14,434,223.00
Change in Net Position	(2,070,899.31)	52,114.40	(2,018,784.91)	314,014.00
Net Position, July 1, 2013	240,698,390.24	565,594.19	241,263,984.43	10,054,405.00
Net Position, June 30, 2014	238,627,490.93	617,708.59	239,245,199.52	10,368,419.00

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

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

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Account Number	General 100	Federal Economic Stimulus Programs 430	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299	Nonvoted Capital Improvement Section 1011.71(2), F.S. 370	Other Capital Projects 390
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
ASSETS							
Cash and Cash Equivalents	1110	23,079,007.75	12,446.86	261,990.65	31,057.84	16,356,588.06	3,817,876.16
Investments	1160	80,217.14	0.00	8,048,981.24	0.00	36,906.96	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1130	115,325.53	0.00	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00	0.00	0.00
Due From Reinsurer	1180	0.00	0.00	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds:							
Budgetary Funds	1141	0.00	0.00	0.00	0.00	0.00	0.00
Internal Funds	1142	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	4,140,663.38	70,343.44	0.00	0.00	0.00	11,192.27
Inventory	1150	337,069.40	0.00	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00	0.00	0.00
Restricted Assets							
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	4,381,164.65	0.00	0.00
Total Assets		27,752,283.20	82,790.30	8,310,971.89	4,412,222.49	16,393,495.02	3,829,068.43
DEFERRED OUTFLOWS OF RESOURCES							
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00	0.00	0.00
Total Assets and Deferred Outflows of Resources		27,752,283.20	82,790.30	8,310,971.89	4,412,222.49	16,393,495.02	3,829,068.43
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accrued Salaries and Benefits	2110	1,776,473.01	1,133.80	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	1,079,952.15	61.65	0.00	0.00	0.00	0.00
Accounts Payable	2120	1,157,882.89	81,526.60	0.00	0.00	249,512.05	20,354.25
Cash Overdraft	2125	0.00	0.00	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00	117,134.94	449,320.17
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00	5,238.00	97,395.03
Sales Tax Payable	2260	692.97	0.00	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	5,065,000.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	2,231,806.26	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	791,614.50	68.25	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00	0.00	0.00
Due to Other Funds:							
Budgetary Funds	2161	0.00	0.00	0.00	0.00	0.00	0.00
Internal Funds	2162	0.00	0.00	0.00	0.00	0.00	0.00
Advanced Revenues:							
Unearned Revenue	2410	13,996.01	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities		4,820,611.53	82,790.30	7,296,806.26	0.00	371,884.99	567,069.45
DEFERRED INFLOWS OF RESOURCES							
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00	0.00	0.00
Remaining Unrecognized Revenue from Note Receivable	2630	2,407,753.81	0.00	0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		2,407,753.81	0.00	0.00	0.00	0.00	0.00
FUND BALANCES							
Nonspendable:							
Inventory	2711	337,069.40	0.00	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	80,217.14	0.00	177,038.36	0.00	36,906.96	0.00
Total Nonspendable Fund Balance	2710	417,286.54	0.00	177,038.36	0.00	36,906.96	0.00
Restricted for:							
Economic Stabilization	2721	0.00	0.00	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	6,519,535.70	0.00	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	837,127.27	4,412,222.49	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00	15,984,703.07	3,261,998.98
Restricted for	2729	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00	0.00	0.00
Total Restricted Fund Balance	2720	6,519,535.70	0.00	837,127.27	4,412,222.49	15,984,703.07	3,261,998.98
Committed to:							
Economic Stabilization	2731	0.00	0.00	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00	0.00	0.00
Total Committed Fund Balance	2730	0.00	0.00	0.00	0.00	0.00	0.00
Assigned to:							
Special Revenue	2741	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00	0.00	0.00
Assigned for	2749	345,998.37	0.00	0.00	0.00	0.00	0.00
Assigned for	2749	5,724,231.43	0.00	0.00	0.00	0.00	0.00
Total Assigned Fund Balance	2740	6,070,229.80	0.00	0.00	0.00	0.00	0.00
Total Unassigned Fund Balance	2750	7,516,865.82	0.00	0.00	0.00	0.00	0.00
Total Fund Balances	2700	20,523,917.86	0.00	1,014,165.63	4,412,222.49	16,021,610.03	3,261,998.98
Total Liabilities, Deferred Inflows of Resources and Fund Balances		27,752,283.20	82,790.30	8,310,971.89	4,412,222.49	16,393,495.02	3,829,068.43

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

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Account Number	ARRA Economic Stimulus Capital Projects 399	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and Cash Equivalents	1110	0.00	3,507,786.44	47,066,753.76
Investments	1160	0.00	123,059.07	8,289,164.41
Taxes Receivable, Net	1120	0.00	0.00	0.00
Accounts Receivable, Net	1130	0.00	9,509.80	124,835.33
Interest Receivable on Investments	1170	0.00	0.00	0.00
Due From Reinsurer	1180	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00
Due From Other Funds:				
Budgetary Funds	1141	0.00	0.00	0.00
Internal Funds	1142	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	649,483.95	4,871,683.04
Inventory	1150	0.00	103,150.30	440,219.70
Prepaid Items	1230	0.00	0.00	0.00
Restricted Assets				
Cash with Fiscal/Service Agents	1114	0.00	4,174,993.49	8,556,158.14
Total Assets		0.00	8,567,983.05	69,348,814.38
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00
Total Assets and Deferred Outflows of Resources		0.00	8,567,983.05	69,348,814.38
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accrued Salaries and Benefits	2110	0.00	656,630.98	2,434,237.79
Payroll Deductions and Withholdings	2170	0.00	181,439.39	1,261,453.19
Accounts Payable	2120	0.00	237,743.49	1,747,019.28
Cash Overdraft	2125	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	566,455.11
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	102,633.03
Sales Tax Payable	2260	0.00	0.00	692.97
Matured Bonds Payable	2180	0.00	0.00	5,065,000.00
Matured Interest Payable	2190	0.00	0.00	2,231,806.26
Due to Fiscal Agent	2240	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	42,112.91	42,112.91
Deposits Payable	2220	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	165,703.38	957,386.13
Current Notes Payable	2250	0.00	0.00	0.00
Due to Other Funds:				
Budgetary Funds	2161	0.00	0.00	0.00
Internal Funds	2162	0.00	0.00	0.00
Advanced Revenues:				
Unearned Revenue	2410	0.00	23,572.59	37,568.60
Unavailable Revenue	2410	0.00	0.00	0.00
Total Liabilities		0.00	1,307,202.74	14,446,365.27
DEFERRED INFLOWS OF RESOURCES				
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00
Remaining Unrecognized Revenue from Note Receivable	2630	0.00	0.00	2,407,753.81
Total Deferred Inflows of Resources		0.00	0.00	2,407,753.81
FUND BALANCES				
Nonspendable:				
Inventory	2711	0.00	103,150.30	440,219.70
Prepaid Amounts	2712	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	1,484.15	295,646.61
Total Nonspendable Fund Balance	2710	0.00	104,634.45	735,866.31
Restricted for:				
Economic Stabilization	2721	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	6,519,535.70
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00
Debt Service	2725	0.00	4,289,956.43	9,539,306.19
Capital Projects	2726	0.00	149,747.34	19,396,449.39
Restricted for	2729	0.00	0.00	0.00
Restricted for	2729	0.00	2,716,442.09	2,716,442.09
Total Restricted Fund Balance	2720	0.00	7,156,145.86	38,171,733.37
Committed to:				
Economic Stabilization	2731	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00
Total Committed Fund Balance	2730	0.00	0.00	0.00
Assigned to:				
Special Revenue	2741	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	345,998.37
Assigned for	2749	0.00	0.00	5,724,231.43
Total Assigned Fund Balance	2740	0.00	0.00	6,070,229.80
Total Unassigned Fund Balance	2750	0.00	0.00	7,516,865.82
Total Fund Balances	2700	0.00	7,260,780.31	52,494,695.30
Total Liabilities, Deferred Inflows of Resources and Fund Balances		0.00	8,567,983.05	69,348,814.38

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

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2014

Total Fund Balances - Governmental Funds		$ 52,494,695.30
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		335,476,690.10
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		3,267,494.89
Notes receivable are accrued as revenue in the government-wide statements because they are earned, but are considered unearned revenue in the governmental funds because the repayments do not provide current financial resources and are not available to liquidate liabilities in the governmental funds.		2,407,753.81
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due. This is the amount accrued as a liability, offset against interest receivable from the Federal Government as a subsidy against interest expense.		(11,546.09)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds Payable	9,573,011.90	
Certificates of Participation Payable	117,552,598.55	
Compensated Absences Payable	8,972,270.63	
Other Post-employment Benefits Obligation	18,909,716.00	
		(155,007,597.08)
Total Net Position - Governmental Activities		$ 238,627,490.93

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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	Account Number	General 100	Federal Economic Stimulus Programs 430	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299	Nonvoted Capital Improvement Section 1011.71(2), F.S. 370	Voted Capital Improvement 380	Other Capital Projects 390
REVENUES								
Federal Direct	3100	159,998.59	0.00	0.00	1,413,472.06	0.00	0.00	29,920.00
Federal Through State and Local	3200	402,102.37	363,375.61	0.00	0.00	0.00	0.00	0.00
State Sources	3300	41,909,150.44	0.00	0.00	0.00	0.00	0.00	1,074,049.96
Local Sources:								
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	87,940,675.09	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00	19,887,311.44	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00	0.00	0.00	940,186.48
Other Local Revenue		2,932,778.28	0.00	2,603.42	6,178.01	29,679.27	0.00	357,873.58
Total Local Sources	3400	90,873,453.37	0.00	2,603.42	6,178.01	19,916,990.71	0.00	1,298,060.06
Total Revenues		133,344,704.77	363,375.61	2,603.42	1,419,650.07	19,916,990.71	0.00	2,402,030.02
EXPENDITURES								
Current:								
Instruction	5000	85,096,563.39	116,024.95	0.00	0.00	0.00	0.00	0.00
Student Personnel Services	6100	3,519,481.58	0.00	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	1,947,861.22	0.00	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	3,399,566.80	62,902.97	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	1,233,762.66	109,210.29	0.00	0.00	0.00	0.00	0.00
Instructional-Related Technology	6500	1,175,541.71	0.00	0.00	0.00	0.00	0.00	0.00
Board	7100	865,753.95	0.00	0.00	0.00	0.00	0.00	0.00
General Administration	7200	397,383.83	0.00	0.00	0.00	0.00	0.00	0.00
School Administration	7300	7,766,249.65	0.00	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	633,681.11	0.00	0.00	0.00	2,840,826.52	0.00	60,726.46
Fiscal Services	7500	1,180,880.60	0.00	0.00	0.00	0.00	0.00	0.00
Food Services	7600	14,763.48	0.00	0.00	0.00	0.00	0.00	0.00
Central Services	7700	2,247,183.97	6,400.00	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	5,140,656.85	0.00	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	12,217,124.73	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	2,932,137.68	0.00	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	3,358,921.30	0.00	0.00	0.00	0.00	0.00	0.00
Community Services	9100	172.50	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service: (Function 9200)								
Retirement of Principal	710	0.00	0.00	5,366,547.44	0.00	0.00	0.00	0.00
Interest	720	28,611.11	0.00	4,468,647.92	1,552,025.10	0.00	0.00	0.00
Dues and Fees	730	0.00	0.00	7,523.25	3,690.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Outlay:								
Facilities Acquisition and Construction	7420	587,471.83	0.00	0.00	0.00	6,629,044.50	0.00	5,736,447.57
Other Capital Outlay	9300	625,527.15	68,837.40	0.00	0.00	1,715,859.40	0.00	297,170.80
Total Expenditures		134,369,297.10	363,375.61	9,842,718.61	1,555,715.10	11,185,730.42	0.00	6,094,344.83
Excess (Deficiency) of Revenues Over (Under) Expenditures		(1,024,592.33)	0.00	(9,840,115.19)	(136,065.03)	8,731,260.29	0.00	(3,692,314.81)
OTHER FINANCING SOURCES (USES)								
Issuance of Bonds	3710	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	57,258.97	0.00	0.00	0.00	0.00	0.00	1,004,875.00
Loss Recoveries	3740	202,722.32	0.00	0.00	0.00	0.00	0.00	46,713.61
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers In	3600	4,326,397.00	0.00	10,181,548.08	1,602,497.49	0.00	0.00	380,000.00
Transfers Out	9700	0.00	0.00	0.00	0.00	(13,457,506.79)	0.00	(2,652,935.78)
Total Other Financing Sources (Uses)		4,586,378.29	0.00	10,181,548.08	1,602,497.49	(13,457,506.79)	0.00	(1,221,347.17)
SPECIAL ITEMS		0.00	0.00	0.00	0.00	0.00	0.00	0.00
EXTRAORDINARY ITEMS		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balances		3,561,785.96	0.00	341,432.89	1,466,432.46	(4,726,246.50)	0.00	(4,913,661.98)
Fund Balance, July 1, 2013	2800	16,962,131.90	0.00	672,732.74	2,945,790.03	20,747,856.53	0.00	8,175,660.96
Adjustment to Fund Balances	2891	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Balance, June 30, 2014	2700	20,523,917.86	0.00	1,014,165.63	4,412,222.49	16,021,610.03	0.00	3,261,998.98

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	Account Number	ARRA Economic Stimulus Capital Projects 399	Other Governmental Funds	Total Governmental Funds
REVENUES				
Federal Direct	3100	0.00	0.00	1,603,390.65
Federal Through State and Local	3200	0.00	16,424,088.80	17,189,566.78
State Sources	3300	0.00	775,846.87	43,759,047.27
Local Sources:				
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	87,940,675.09
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	19,263.87	19,263.87
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	19,887,311.44
Local Sales Taxes	3418, 3419	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	1,721,788.59	1,721,788.59
Impact Fees	3496	0.00	0.00	940,186.48
Other Local Revenue		5,350.46	13,558.51	3,348,021.53
Total Local Sources	3400	5,350.46	1,754,610.97	113,857,247.00
Total Revenues		5,350.46	18,954,546.64	176,409,251.70
EXPENDITURES				
Current:				
Instruction	5000	0.00	5,640,091.38	90,852,679.72
Student Personnel Services	6100	0.00	949,554.29	4,469,035.87
Instructional Media Services	6200	0.00	3,436.65	1,951,297.87
Instruction and Curriculum Development Services	6300	0.00	1,558,709.60	5,021,179.37
Instructional Staff Training Services	6400	0.00	930,808.99	2,273,781.94
Instructional-Related Technology	6500	0.00	0.00	1,175,541.71
Board	7100	0.00	0.00	865,753.95
General Administration	7200	0.00	409,429.67	806,813.50
School Administration	7300	0.00	42,751.93	7,809,001.58
Facilities Acquisition and Construction	7410	7,901.55	169,361.45	3,712,497.09
Fiscal Services	7500	0.00	0.00	1,180,880.60
Food Services	7600	0.00	7,781,484.94	7,796,248.42
Central Services	7700	0.00	0.00	2,253,583.97
Student Transportation Services	7800	0.00	60,793.65	5,201,450.50
Operation of Plant	7900	0.00	0.00	12,217,124.73
Maintenance of Plant	8100	0.00	0.00	2,932,137.68
Administrative Technology Services	8200	0.00	0.00	3,358,921.30
Community Services	9100	0.00	245,144.18	245,316.68
Debt Service: (Function 9200)				
Retirement of Principal	710	0.00	345,000.00	5,711,547.44
Interest	720	0.00	254,487.50	6,303,771.63
Dues and Fees	730	0.00	28,729.44	39,942.69
Miscellaneous	790	0.00	0.00	0.00
Capital Outlay:				
Facilities Acquisition and Construction	7420	5,026,049.08	8,823.00	17,987,835.98
Other Capital Outlay	9300	0.00	327,040.25	3,034,435.00
Total Expenditures		5,033,950.63	18,755,646.92	187,200,779.22
Excess (Deficiency) of Revenues Over (Under) Expenditures		(5,028,600.17)	198,899.72	(10,791,527.52)
OTHER FINANCING SOURCES (USES)				
Issuance of Bonds	3710	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	1,062,133.97
Loss Recoveries	3740	0.00	0.00	249,435.93
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	3,603,000.00	3,603,000.00
Premium on Refunding Bonds	3792	0.00	555,011.90	555,011.90
Discount on Refunding Bonds	892	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	16,490,442.57
Transfers Out	9700	0.00	(380,000.00)	(16,490,442.57)
Total Other Financing Sources (Uses)		0.00	3,778,011.90	5,469,581.80
SPECIAL ITEMS		0.00	0.00	0.00
EXTRAORDINARY ITEMS		0.00	0.00	0.00
Net Change in Fund Balances		(5,028,600.17)	3,976,911.62	(5,321,945.72)
Fund Balance, July 1, 2013	2800	5,028,600.17	3,283,868.69	57,816,641.02
Adjustment to Fund Balances	2891	0.00	0.00	0.00
Fund Balance, June 30, 2014	2700	0.00	7,260,780.31	52,494,695.30

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances - Governmental Funds		$ (5,321,945.72)
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 of depreciation expense and undepreciated cost of assets sold in excess of capital outlays and donations		
Capital Outlay - Facilities and Construction - Governmental Funds	17,987,835.98	
Capital Outlay - Other Capital Outlay - Governmental Funds	3,034,435.00	
Donated Items	53,815.91	
Undepreciated Cost of Assets Sold	(988,158.63)	
Less: Depreciation Expense	(15,166,856.29)	
		4,921,071.97
Premiums on debt are reported in the governmental funds in the year debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements.		70,986.19
Debt financing provides current financial resources to governmental funds, but issuing debt increases long-term liabilitites in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but repayment reduces long-term liabilites in the statement of net position. This is the amount by which repayments exceeded proceeds in the current period.		
Capital Lease Repayments	301,547.44	
Certificates of Participation Repayments	5,065,000.00	
Bond Repayments	345,000.00	
Issuance of Advance Refunding Bonds, Including Premium	(4,158,011.90)	
		1,553,535.54
Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as an expense when interest accrues in the statement of activities. This is the amount of increase to accrued interest at year-end ($11,546.09), less the amount accrued in the prior year ($3,075.68)		(8,470.41)
In the statement of activities, the cost of other postemployment benefits obligation is measured by actuarial estimations, while in the governmental funds expenditures are recognized based on the amounts actually paid for other postemployment benefits. This is the net increase of the postemployment benefits obligation for the current period.		(1,603,468.00)
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recgnized based on the amounts actually paid for compensated abesnces. This is the net amount of compensated absences of the amount earned ($2,075,445.11) in excess of the amount paid ($1,975,626.28) in the current period.		(99,818.83)
Unearned revenue is reported in the governmental funds statements under the modified accrual method of accounting, but as miscellanoues revenue in the government-wide statements. This is the amount recognized in the current year in governmental funds, whereas the entire amount was recognized in the prior year in the government-wide statements.		(716,568.16)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net loss of internal service funds is reported with governmental activities		(866,221.89)
Change in Net Position of Governmental Activities		$ (2,070,899.31)

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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Account Number	Business-Type Activities - Enterprise Funds: Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	1110	700,809.10	700,809.10	7,694,315.19
Investments	1160	0.00	0.00	24,752.28
Accounts Receivable, Net	1130	0.00	0.00	19.83
Interest Receivable on Investments	1170	0.00	0.00	0.00
Due From Reinsurer	1180	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	749,316.12
Inventory	1150	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00
Total Current Assets		700,809.10	700,809.10	8,468,403.42
Noncurrent Assets:				
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00
Other Post-Employment Benefits Asset	1410	0.00	0.00	0.00
Section 1011.13, F.S., Loan Proceeds	1420	0.00	0.00	0.00
Prepaid Insurance Costs	1430	0.00	0.00	0.00
Investments	1460	0.00	0.00	0.00
Total Noncurrent Assets		0.00	0.00	0.00
Capital Assets:				
Land	1310	0.00	0.00	0.00
Land Improvements - Nondepreciable	1315	0.00	0.00	0.00
Construction in Progress	1360	0.00	0.00	0.00
Improvements Other Than Buildings	1320	0.00	0.00	0.00
Accumulated Depreciation	1329	0.00	0.00	0.00
Buildings and Fixed Equipment	1330	0.00	0.00	0.00
Accumulated Depreciation	1339	0.00	0.00	0.00
Furniture, Fixtures and Equipment	1340	0.00	0.00	0.00
Accumulated Depreciation	1349	0.00	0.00	0.00
Motor Vehicles	1350	0.00	0.00	0.00
Accumulated Depreciation	1359	0.00	0.00	0.00
Property Under Capital Lease	1370	0.00	0.00	0.00
Accumulated Depreciation	1379	0.00	0.00	0.00
Computer Software	1382	0.00	0.00	0.00
Accumulated Amortization	1389	0.00	0.00	0.00
Other Capital Assets, Net of Depreciation		0.00	0.00	0.00
Total Capital Assets		0.00	0.00	0.00
Total Assets		700,809.10	700,809.10	8,468,403.42
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00
Net Carrying Amount of Debt Refunding	1920	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00
LIABILITIES				
Current Liabilities:				
Accrued Salaries and Benefits	2110	15,793.03	15,793.03	949.80
Payroll Deductions and Withholdings	2170	2,159.94	2,159.94	33.44
Accounts Payable	2120	11,185.81	11,185.81	7,425.10
Cash Overdraft	2125	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00
Due to Other Agencies	2230	1,730.10	1,730.10	251,328.00
Advanced Revenues	2410	0.00	0.00	1,379,480.15
Estimated Unpaid Claims - Self-Insurance Program	2271	0.00	0.00	2,100,530.22
Estimated Liability for Claims Adjustment	2272	0.00	0.00	1,461,161.82
Total Current Liabilities		30,868.88	30,868.88	5,200,908.53
Long-Term Liabilities				
Portion Due Within One Year:				
Obligations Under Capital Leases	2315	0.00	0.00	0.00
Liability for Compensated Absences	2330	13,659.34	13,659.34	0.00
Estimated Liability for Long-Term Claims	2350	0.00	0.00	0.00
Other Post-Employment Benefits Liability	2360	0.00	0.00	0.00
Other Long-Term Liabilities	2380	0.00	0.00	0.00
Due Within One Year		13,659.34	13,659.34	0.00
Portion Due After One Year:				
Obligations Under Capital Leases	2315	0.00	0.00	0.00
Liability for Compensated Absences	2330	4,714.29	4,714.29	0.00
Estimated Liability for Long-Term Claims	2350	0.00	0.00	0.00
Other Post-Employment Benefits Liability	2360	33,858.00	33,858.00	0.00
Other Long-Term Liabilities	2380	0.00	0.00	0.00
Due in More Than One Year		38,572.29	38,572.29	0.00
Total Long-Term Liabilities		52,231.63	52,231.63	0.00
Total Liabilities		83,100.51	83,100.51	5,200,908.53
DEFERRED INFLOWS OF RESOURCES				
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00	0.00	0.00
Deferred Revenue	2630	0.00	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00
NET POSITION				
Net Investment in Capital Assets	2770	0.00	0.00	0.00
Restricted for	2780	0.00	0.00	0.00
Unrestricted	2790	617,708.59	617,708.59	3,267,494.89
Total Net Position		617,708.59	617,708.59	3,267,494.89

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Account Number	Business-Type Activities - Enterprise Funds: Other Enterprise Funds	Business-Type Activities - Enterprise Funds: Totals	Governmental Activities - Internal Service Funds
OPERATING REVENUES				
Charges for Services	3481	713,989.63	713,989.63	0.00
Charges for Sales	3482	0.00	0.00	0.00
Premium Revenue	3484	0.00	0.00	16,700,682.40
Other Operating Revenues	3489	0.00	0.00	735,722.10
Total Operating Revenues		713,989.63	713,989.63	17,436,404.50
OPERATING EXPENSES				
Salaries	100	475,820.98	475,820.98	100,362.82
Employee Benefits	200	85,591.51	85,591.51	2,785,097.35
Purchased Services	300	36,555.50	36,555.50	1,426,165.56
Energy Services	400	0.00	0.00	284.56
Materials and Supplies	500	63,542.70	63,542.70	0.00
Capital Outlay	600	1,221.48	1,221.48	1,518.38
Other	700	70.00	70.00	14,075,461.15
Depreciation and Amortization Expense	780	0.00	0.00	0.00
Total Operating Expenses		662,802.17	662,802.17	18,388,889.82
Operating Income (Loss)		51,187.46	51,187.46	(952,485.32)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	3430	926.94	926.94	11,138.39
Gifts, Grants and Bequests	3440	0.00	0.00	75,000.00
Other Miscellaneous Local Sources	3495	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	125.04
Gain on Disposition of Assets	3780	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00
Loss on Disposition of Assets	810	0.00	0.00	0.00
Total Nonoperating Revenues (Expenses)		926.94	926.94	86,263.43
Income (Loss) Before Operating Transfers		52,114.40	52,114.40	(866,221.89)
Transfers In	3600	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00
SPECIAL ITEMS		0.00	0.00	0.00
EXTRAORDINARY ITEMS		0.00	0.00	0.00
Change In Net Position		52,114.40	52,114.40	(866,221.89)
Net Position, July 1, 2013	2880	565,594.19	565,594.19	4,133,716.78
Adjustment to Net Position	2896	0.00	0.00	0.00
Net Position, June 30, 2014	2780	617,708.59	617,708.59	3,267,494.89

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		Governmental
	Other Enterprise Funds	Totals	Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	713,989.63	713,989.63	16,504,901.00
Receipts from interfund services provided	0.00	0.00	0.00
Payments to suppliers	(101,084.24)	(101,084.24)	(2,761,284.82)
Payments to employees	(552,004.41)	(552,004.41)	(124,466.91)
Payments for interfund services used	0.00	0.00	0.00
Other receipts (payments)	0.00	0.00	(14,361,460.87)
Net cash provided (used) by operating activities	60,900.98	60,900.98	(742,311.60)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Subsidies from operating grants	0.00	0.00	101,724.04
Transfers from other funds	0.00	0.00	0.00
Transfers to other funds	0.00	0.00	0.00
Net cash provided (used) by noncapital financing activities	0.00	0.00	101,724.04
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	0.00	0.00	0.00
Capital contributions	0.00	0.00	0.00
Proceeds from disposition of capital assets	0.00	0.00	0.00
Acquisition and construction of capital assets	0.00	0.00	0.00
Principal paid on capital debt	0.00	0.00	0.00
Interest paid on capital debt	0.00	0.00	0.00
Net cash provided (used) by capital and related financing activities	0.00	0.00	0.00
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	0.00	0.00	81,618.25
Interest and dividends received	826.94	826.94	11,138.39
Purchase of investments	0.00	0.00	0.00
Net cash provided (used) by investing activities	826.94	826.94	92,756.64
Net increase (decrease) in cash and cash equivalents	61,727.92	61,727.92	(547,830.92)
Cash and cash equivalents - July 1, 2013	638,981.18	638,981.18	8,242,146.11
Cash and cash equivalents - June 30, 2014	700,709.10	700,709.10	7,694,315.19
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	51,187.46	51,187.46	(952,485.32)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/Amortization expense	0.00	0.00	0.00
Commodities used from USDA program	0.00	0.00	0.00
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	0.00	0.00	(19.83)
(Increase) decrease in interest receivable	0.00	0.00	0.00
(Increase) decrease in due from reinsurer	0.00	0.00	0.00
(Increase) decrease in deposits receivable	0.00	0.00	0.00
(Increase) decrease in due from other funds	0.00	0.00	0.00
(Increase) decrease in due from other agencies	0.00	0.00	(490,094.32)
(Increase) decrease in inventory	0.00	0.00	0.00
(Increase) decrease in prepaid items	0.00	0.00	0.00
Increase (decrease) in salaries and benefits payable	3,760.56	3,760.56	291.56
Increase (decrease) in payroll tax liabilities	234.33	234.33	33.44
Increase (decrease) in accounts payable	5,413.19	5,413.19	2,470.78
Increase (decrease) in cash overdraft	0.00	0.00	0.00
Increase (decrease) in judgments payable	0.00	0.00	0.00
Increase (decrease) in sales tax payable	0.00	0.00	0.00
Increase (decrease) in accrued interest payable	0.00	0.00	0.00
Increase (decrease) in deposits payable	0.00	0.00	0.00
Increase (decrease) in due to other funds	0.00	0.00	0.00
Increase (decrease) in due to other agencies	305.44	305.44	251,328.00
Increase (decrease) in advanced/deferred revenue	0.00	0.00	40,443.61
Increase (decrease) in estimated unpaid claims - Self-Insurance Programs	0.00	0.00	44,558.66
Increase (decrease) in estimated liability for claims adjustment	0.00	0.00	361,161.82
Total adjustments	9,713.52	9,713.52	210,173.72
Net cash provided (used) by operating activities	60,900.98	60,900.98	(742,311.60)
Noncash investing, capital and financing activities:			
Borrowing under capital lease	0.00	0.00	0.00
Contributions of capital assets	0.00	0.00	0.00
Purchase of equipment on account	0.00	0.00	0.00
Capital asset trade-ins	0.00	0.00	0.00
Net Increase/(Decrease) in the fair value of investments	0.00	0.00	0.00
Commodities received through USDA program	0.00	0.00	0.00

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Account Number	Total Private-Purpose Trust Funds 85X	Total Agency Funds 89X
ASSETS			
Cash and Cash Equivalents	1110	20,931.07	1,392,300.61
Investments	1160	46,785.86	0.00
Accounts Receivable, Net	1130	0.00	6,921.39
Interest Receivable on Investments	1170	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00
Inventory	1150		59,711.28
Due From Other Agencies	1220	0.00	0.00
Total Assets		67,716.93	1,458,933.28
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	
Total Deferred Outflows of Resources		0.00	
LIABILITIES			
Accrued Salaries and Benefits	2110	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00
Accounts Payable	2120	0.00	54,901.40
Cash Overdraft	2125	0.00	0.00
Due to Other Agencies	2230	0.00	
Due to Budgetary Funds	2161	0.00	0.00
Internal Accounts Payable	2290	0.00	1,404,031.88
Total Liabilities		0.00	1,458,933.28
DEFERRED INFLOWS OF RESOURCES			
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	
Total Deferred Inflows of Resources		0.00	
NET POSITION			
Held in Trust for Pension Benefits		0.00	
Held in Trust for Scholarships and Other Purposes		67,716.93	
Total Net Position		67,716.93	

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Account Number	Total Private-Purpose Trust Funds 85X
ADDITIONS		
Contributions:		
Employer		0.00
Plan Members		0.00
Gifts, Grants and Bequests	3440	0.00
Investment Income:		
Interest on Investments	3431	1,201.90
Gain on Sale of Investments	3432	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	580.28
Total Investment Income		1,782.18
Less Investment Expense		0.00
Net Investment Income		1,782.18
Total Additions		1,782.18
DEDUCTIONS		
Salaries	100	0.00
Employee Benefits	200	0.00
Purchased Services	300	0.00
Other	700	3,884.00
Refunds of Contributions		0.00
Administrative Expenses		0.00
Total Deductions		3,884.00
Change In Net Position		(2,101.82)
Net Position, July 1, 2013	2885	69,818.75
Net Position, June 30, 2014	2785	67,716.93

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
COMBINING STATEMENT OF NET POSITION
MAJOR AND NONMAJOR COMPONENT UNITS
June 30, 2014

	Account Number	Total Nonmajor Component Units	Total Component Units
ASSETS			
Current Assets:			
Cash and Cash Equivalents	1110	3,431,751.00	3,431,751.00
Investments	1160	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00
Accounts Receivable, Net	1130	161,080.00	161,080.00
Interest Receivable on Investments	1170	0.00	0.00
Due from Reinsurer	1180	0.00	0.00
Deposits Receivable	1210	0.00	0.00
Due from Other Agencies	1220	62,888.00	62,888.00
Internal Balances		0.00	0.00
Inventory	1150	0.00	0.00
Prepaid Items	1230	156,528.00	156,528.00
Total Current Assets		3,812,247.00	3,812,247.00
Noncurrent Assets:			
Cash with Fiscal/Service Agents	1114	0.00	0.00
Other Post-Employment Benefits Asset	1410	0.00	0.00
Section 1011.13, F.S. Loan Proceeds	1420	0.00	0.00
Prepaid Insurance Costs	1430	49,992.00	49,992.00
Investments	1460	0.00	0.00
Total Noncurrent Assets		49,992.00	49,992.00
Capital Assets:			
Land	1310	779,971.00	779,971.00
Land Improvements - Nondepreciable	1315	0.00	0.00
Construction in Progress	1360	0.00	0.00
Improvements Other Than Buildings	1320	752,514.00	752,514.00
Less Accumulated Depreciation	1329	(394,779.00)	(394,779.00)
Buildings and Fixed Equipment	1330	16,471,131.00	16,471,131.00
Less Accumulated Depreciation	1339	(2,956,692.00)	(2,956,692.00)
Furniture, Fixtures and Equipment	1340	1,958,228.00	1,958,228.00
Less Accumulated Depreciation	1349	(1,225,995.00)	(1,225,995.00)
Motor Vehicles	1350	13,459.00	13,459.00
Less Accumulated Depreciation	1359	(6,450.00)	(6,450.00)
Property Under Capital Lease	1370	35,935.00	35,935.00
Less Accumulated Depreciation	1379	(30,761.00)	(30,761.00)
Audiovisual Materials	1381	66,090.00	66,090.00
Less Accumulated Depreciation	1388	(51,592.00)	(51,592.00)
Computer Software	1382	77,813.00	77,813.00
Less Accumulated Amortization	1389	(69,821.00)	(69,821.00)
Other Capital Assets, Net of Depreciation		14,639,080.00	14,639,080.00
Total Capital Assets		15,419,051.00	15,419,051.00
Total Assets		19,281,290.00	19,281,290.00
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00
Net Carrying Amount of Debt Refunding	1920	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00
LIABILITIES			
Current Liabilities:			
Accrued Salaries and Benefits	2110	501,825.00	501,825.00
Payroll Deductions and Withholdings	2170	3,446.00	3,446.00
Accounts Payable	2120	136,450.00	136,450.00
Cash Overdraft	2125	0.00	0.00
Judgments Payable	2130	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00
Sales Tax Payable	2260	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00
Accrued Interest Payable	2210	2,558.00	2,558.00
Deposits Payable	2220	0.00	0.00
Due to Other Agencies	2230	0.00	0.00
Current Notes Payable	2250	0.00	0.00
Advanced Revenues	2410	363,469.00	363,469.00
Estimated Unpaid Claims - Self-Insurance Program	2271	0.00	0.00
Estimated Liability for Claims Adjustment	2272	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00	0.00
Total Current Liabilities		1,007,748.00	1,007,748.00
Long-Term Liabilities			
Portion Due Within One Year:			
Notes Payable	2310	665,169.00	665,169.00
Obligations Under Capital Leases	2315	6,435.00	6,435.00
Bonds Payable	2320	0.00	0.00
Liability for Compensated Absences	2330	0.00	0.00
Lease-Purchase Agreements Payable	2340	0.00	0.00
Estimated Liability for Long-Term Claims	2350	0.00	0.00
Other Post-Employment Benefits Liability	2360	0.00	0.00
Estimated PECO Advance Payable	2370	0.00	0.00
Other Long-Term Liabilities	2380	0.00	0.00
Derivative Instrument	2390	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00	0.00
Due within One Year		671,604.00	671,604.00
Portion Due After One Year:			
Notes Payable	2310	7,218,308.00	7,218,308.00
Obligations Under Capital Leases	2315	15,211.00	15,211.00
Bonds Payable	2320	0.00	0.00
Liability for Compensated Absences	2330	0.00	0.00
Lease-Purchase Agreements Payable	2340	0.00	0.00
Estimated Liability for Long-Term Claims	2350	0.00	0.00
Other Post-Employment Benefits Liability	2360	0.00	0.00
Estimated PECO Advance Payable	2370	0.00	0.00
Other Long-Term Liabilities	2380	0.00	0.00
Derivative Instrument	2390	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00	0.00
Due in More than One Year		7,233,519.00	7,233,519.00
Total Long-Term Liabilities		7,905,123.00	7,905,123.00
Total Liabilities		8,912,871.00	8,912,871.00
DEFERRED INFLOWS OF RESOURCES			
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00	0.00
Deferred Revenue	2630	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00
NET POSITION			
Net Investment in Capital Assets	2770	7,563,920.00	7,563,920.00
Restricted For:			
Categorical Carryover Programs	2780	0.00	0.00
Food Service	2780	110,181.00	110,181.00
Debt Service	2780	0.00	0.00
Capital Projects	2780	2,000.00	2,000.00
Other Purposes	2780	200,000.00	200,000.00
Unrestricted	2790	2,492,318.00	2,492,318.00
Total Net Position		10,368,419.00	10,368,419.00

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
COMBINING STATEMENT OF ACTIVITIES
MAJOR AND NONMAJOR COMPONENT UNITS
Major Component Unit Name
For the Fiscal Year Ended June 30, 2014

FUNCTIONS	Account Number	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Component Unit Activities
Component Unit Activities:						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Personnel Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instructional-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense*		0.00				0.00
Total Component Unit Activities		0.00	0.00	0.00	0.00	0.00

General Revenues:	
Taxes:	
Property Taxes, Levied for Operational Purposes	0.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	0.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	0.00
Investment Earnings	0.00
Miscellaneous	0.00
Special Items	0.00
Extraordinary Items	0.00
Transfers	0.00
Total General Revenues, Special Items, Extraordinary Items and Transfers	0.00
Change in Net Position	0.00
Net Position, July 1, 2013	0.00
Net Position, June 30, 2014	0.00

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

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

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
MAJOR AND NONMAJOR COMPONENT UNITS
Major Component Unit Name
For the Fiscal Year Ended June 30, 2014

FUNCTIONS	Account Number	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Component Unit Activities
Component Unit Activities:						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Personnel Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instructional-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense*		0.00			0.00	0.00
Total Component Unit Activities		0.00	0.00	0.00	0.00	0.00

General Revenues:	
Taxes:	
Property Taxes, Levied for Operational Purposes	0.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	0.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	0.00
Investment Earnings	0.00
Miscellaneous	0.00
Special Items	0.00
Extraordinary Items	0.00
Transfers	0.00
Total General Revenues, Special Items, Extraordinary Items and Transfers	0.00
Change in Net Position	0.00
Net Position, July 1, 2013	0.00
Net Position, June 30, 2014	0.00

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

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
MAJOR AND NONMAJOR COMPONENT UNITS
TOTAL NONMAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2014

FUNCTIONS	Account Number	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Component Units Activities
Component Unit Activities:						
Instruction	5000	8,330,020.00	360,926.00	71,240.00	13,267.00	(7,884,587.00)
Student Personnel Services	6100	310,577.00	0.00	0.00	0.00	(310,577.00)
Instructional Media Services	6200	66,754.00	0.00	0.00	0.00	(66,754.00)
Instruction and Curriculum Development Services	6300	47,313.00	0.00	0.00	0.00	(47,313.00)
Instructional Staff Training Services	6400	3,982.00	0.00	0.00	0.00	(3,982.00)
Instructional-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	28,232.00	0.00	0.00	0.00	(28,232.00)
General Administration	7200	17,171.00	0.00	0.00	0.00	(17,171.00)
School Administration	7300	2,499,008.00	0.00	0.00	0.00	(2,499,008.00)
Facilities Acquisition and Construction	7400	97,396.00	5,700.00	0.00	105,523.00	13,827.00
Fiscal Services	7500	53,950.00	0.00	0.00	0.00	(53,950.00)
Food Services	7600	569,946.00	163,332.00	426,269.00	0.00	19,655.00
Central Services	7700	59,483.00	0.00	0.00	0.00	(59,483.00)
Student Transportation Services	7800	121,047.00	0.00	0.00	0.00	(121,047.00)
Operation of Plant	7900	2,578,708.00	0.00	387,773.00	0.00	(2,190,935.00)
Maintenance of Plant	8100	88,217.00	0.00	0.00	0.00	(88,217.00)
Administrative Technology Services	8200	115,133.00	0.00	0.00	0.00	(115,133.00)
Community Services	9100	67,134.00	149,225.00	0.00	0.00	82,091.00
Interest on Long-Term Debt	9200	272,972.00	0.00	0.00	110,429.00	(162,543.00)
Unallocated Depreciation/Amortization Expense*		586,850.00				(586,850.00)
Total Component Unit Activities		15,913,893.00	679,183.00	885,282.00	229,219.00	(14,120,209.00)

General Revenues:	
Taxes:	
Property Taxes, Levied for Operational Purposes	7,623,985.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	386,921.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	5,935,112.00
Investment Earnings	4,821.00
Miscellaneous	483,151.00
Special Items	233.00
Extraordinary Items	0.00
Transfers	0.00
Total General Revenues, Special Items, Extraordinary Items and Transfers	14,434,223.00
Change in Net Position	314,014.00
Net Position, July 1, 2013	10,054,405.00
Net Position, June 30, 2014	10,368,419.00

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

The accompanying notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
COMBINING STATEMENT OF ACTIVITIES
MAJOR AND NONMAJOR COMPONENT UNITS
TOTAL COMPONENT UNITS
For the Fiscal Year Ended June 30, 2014

FUNCTIONS	Account Number	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Component Units Activities
Component Unit Activities:						
Instruction	5000	8,330,020.00	360,926.00	71,240.00	13,267.00	(7,884,587.00)
Student Personnel Services	6100	310,577.00	0.00	0.00	0.00	(310,577.00)
Instructional Media Services	6200	66,754.00	0.00	0.00	0.00	(66,754.00)
Instruction and Curriculum Development Services	6300	47,313.00	0.00	0.00	0.00	(47,313.00)
Instructional Staff Training Services	6400	3,982.00	0.00	0.00	0.00	(3,982.00)
Instructional-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	28,232.00	0.00	0.00	0.00	(28,232.00)
General Administration	7200	17,171.00	0.00	0.00	0.00	(17,171.00)
School Administration	7300	2,499,008.00	0.00	0.00	0.00	(2,499,008.00)
Facilities Acquisition and Construction	7400	97,396.00	5,700.00	0.00	105,523.00	13,827.00
Fiscal Services	7500	53,950.00	0.00	0.00	0.00	(53,950.00)
Food Services	7600	569,946.00	163,332.00	426,269.00	0.00	19,655.00
Central Services	7700	59,483.00	0.00	0.00	0.00	(59,483.00)
Student Transportation Services	7800	121,047.00	0.00	0.00	0.00	(121,047.00)
Operation of Plant	7900	2,578,708.00	0.00	387,773.00	0.00	(2,190,935.00)
Maintenance of Plant	8100	88,217.00	0.00	0.00	0.00	(88,217.00)
Administrative Technology Services	8200	115,133.00	0.00	0.00	0.00	(115,133.00)
Community Services	9100	67,134.00	149,225.00	0.00	0.00	82,091.00
Interest on Long-Term Debt	9200	272,972.00	0.00	0.00	110,429.00	(162,543.00)
Unallocated Depreciation/Amortization Expense*		586,850.00				(586,850.00)
Total Component Unit Activities		15,913,893.00	679,183.00	885,282.00	229,219.00	(14,120,209.00)

General Revenues:	
Taxes:	
Property Taxes, Levied for Operational Purposes	7,623,985.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	386,921.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	5,935,112.00
Investment Earnings	4,821.00
Miscellaneous	483,151.00
Special Items	233.00
Extraordinary Items	0.00
Transfers	0.00
Total General Revenues, Special Items, Extraordinary Items and Transfers	14,434,223.00
Change in Net Position	314,014.00
Net Position, July 1, 2013	10,054,405.00
Net Position, June 30, 2014	10,368,419.00

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separated component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's government 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 associated with the District's transportation fleet is allocated to the appropriate functions of pupil transportation, maintenance of plant, and food service operations while the remaining depreciation expense is allocated proportionately to all functions based upon functional expenses as a percentage of total expenses.

B. Reporting Entity

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

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

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

- Blended Component Unit. The Indian River County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note to the financials. Due to the substantive economic relationship between the Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

- Discretely Presented Component Units. The component units columns in the government-wide financial statements include the financial data of the District's other component units. Per Florida Statute, charter schools operate under charters approved by their sponsor. Charter schools listed below are sponsored by the Indian River County District School board and are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for them and there is a potential for the charter schools to provide specific financial benefits to, or impose specific financial burdens on the District.

The charter schools listed below are separate, not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes.

- Indian River Charter High School, Inc. was established to provide educational services to secondary school students in grades 9 through 12 who want or need a nontraditional structure and learning environment to successfully complete their high school academic and vocational preparation and earn their high school diploma.

- North County Charter School, Inc. was established to provide educational services to students in grades K through 5, to learn at high levels, through an academically rigorous and innovative curriculum that incorporates the development of good character.

- Sebastian Charter Junior High, Inc. was established to educate students in grades 6 through 8 in a challenging and wholesome environment which provides an educational environment where students have learning opportunities that set high expectations for academic growth, individual achievement, and character development.

- St. Peter's Academy, Inc., was established to provide educational services to students in grades K through 6, to demonstrate that students can learn at high levels, through academically rigorous and innovative curriculum that incorporates the development of good character.

- Imagine Schools at South Vero, LLC, was established to provide students in grades K through 8, with a quality learning opportunity by maintaining a caring learning environment, working with parents and local communities to develop the intellect and character of the students who choose to attend the school; utilizing innovative teaching techniques delivered by a highly qualified faculty; and offering a challenging curriculum that prepares children for lives of leadership in a rapidly changing world.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2014. Audits of the charter schools for the fiscal year ended June 30, 2014 were conducted by independent accounting firms and are on file at the District Administrative Office.

None of the individual component units is considered to be major for financial statement presentation purposes.

C. Basis of Presentation: Government-wide Financial Statements

Government-wide financial statements include the non-fiduciary financial activity of the primary government and its component units. The District does not have any major component units. These statements include a governmental activities column which incorporates data from governmental funds and internal service funds, while business-type activities are from the government's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

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

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the 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 – Federal Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act.
- Debt Service – Other Fund – to account for financial resources generated for debt principal and interest for the Series 2005 and Series 2007 Certificates of Participation.
- Debt Service – American Recovery and Reinvestment Act (ARRA) Fund – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs of the Qualified School Construction Bond (QSCB) issue.
- Capital Projects – 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; motor vehicle purchases; equipment purchases; costs of environmental compliance; and debt service payments on a capital lease for a telephone system.
- Capital Projects – Other Fund – to account for other financial resources generated by the Series 2007 Certificates of Participation, Impact Fees, and Class Size Reduction Construction funds to be used for capital projects.
- Capital Projects – American Recovery and Reinvestment Act (ARRA) Fund – to account for the financial resources of the Qualified School Construction Bond (QSCB) issue to be used for certain capital construction and improvement projects.

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

- Internal Service Funds – to account for the District's individual self-insurance programs.
- Enterprise Fund - Extended Day Program – to account for the financial resources of the District's Extended Day Program. This program provides before and after school care to students and is administered by the District.
- Private-Purpose Trust Fund – to account for resources of the Estate of Waldo Schraubstader Scholarship Fund.
- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

E. Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. Revenues susceptible to accrual include ad valorem taxes, impact fees, and interest on investments. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary and private-purpose trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and certain short-term, highly liquid investments with maturities of three months or less. Investments classified as cash equivalents consist of unrestricted investments placed with the State Board of Administration (SBA) Florida PRIME, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool (LGIP).

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

2. Investments

Investments consist of amounts placed with SBA Debt Service Accounts for investment of debt service moneys; trust accounts placed with the SBA investment pools as participation in Florida PRIME and Fund B Surplus Funds Trust Fund (Fund B) created by Sections 218.405 and 218.417, Florida Statutes; and other investments made locally. The SBA investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, which SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2014, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a Fair Value factor of 1.84438408 at June 30, 2014. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within Florida PRIME.

Investments made locally consist of mutual funds and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are valued using a weighted average cost method, except that United States Department of Agriculture surplus donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

4. Capital Assets

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

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

Description	Estimated Lives
Improvements Other than Buildings	7 - 35 years
Buildings and Fixed Equipment	8 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	10 years
Property under Capital Lease	20 years
Audio Visual Materials and Computer Software	5 - 7 years

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

5. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Premiums and discounts on debt issuance are deferred and amortized using a straight-line method over the life of the related debt. Bonds and other long-term debts payables such as certificates of participation are reported net of the applicable premium or discount. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

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

6. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unearned revenue, is reported only in the governmental funds balance sheet. The governmental funds report this unearned revenue from a note receivable for state revenues available to the District in a prior period but which were loaned to another school district under an agreement with the State. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Net Position Flow Assumption

The District occasionally funds outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to be reported as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to use restricted resources first, then unrestricted as they are needed.

8. Fund Balance Flow Assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted (total committed, assigned and unassigned fund balances) resources. To calculate the amounts to report as restricted, committed, assigned or unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The School Board (Board) is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove or revise the limitation.

The District does not have a policy regarding the commitment of fund balances and, therefore, does not report any committed fund balance.

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

G. <u>Revenues and Expenditures/Expenses</u>

1. Program Revenues

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues 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.

2. State Revenue Sources

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

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

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

3. District Property Taxes

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

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

The Board adopted the 2013 tax levy on September 09, 2013. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

4. Additional Operating Millage

In August 2012, the voters of Indian River County approved a 0.6 mills school operating millage levy for 4 years effective January 2013 to fund technology needs of the District. The collections began in fiscal year 2014.

5. Educational Impact Fees

The District receives educational impact fees based on an ordinance adopted by the Indian River County Commission on May 17, 2005. The educational impact fees are collected by the County for most new residential construction. The fees shall be used solely for the purpose of providing capital improvements to the public education system necessitated by new residential development, and are not be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, site acquisition, facility design and construction, site development, necessary off-site improvements, and furniture and equipment.

6. Federal Revenue Sources

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

7. Compensated Absences

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation and sick leave) are accrued as liabilities to the extent that the benefits are attributed to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or other means. Vacation benefits are accrued as earned and sick leave benefits are accrued using the vesting method. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive payments and for those employees for who it is probable they will become eligible. The liability includes applicable related payments for social security, medicare, and retirement contributions. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

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

8. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses general result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the District's internal service fund are charges for employee health and other insurance premiums. Operating expenses include insurance claims and excess coverage premiums. The principal operating revenues of the enterprise fund are fees for child care services. Operating expenses include salaries and benefits. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

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

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

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

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

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk-Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

All earnings from cash deposits with financial institutions are allocated monthly to each fund based upon average ending balance in that fund.

B. Investments

As of June 30, 2014, the District has the following investments and maturities:

State Board of Administration (SBA):			
Florida PRIME (1) (2)	40 Day Average	$	18,128,798
Fund B Surplus Funds Trust Fund (Fund B) (3)	2.86 Years Average		320,399
Debt Service Accounts	6 Months		4,296,568
Mutual Funds:			
Morgan Stanley U.S. Government Securities Trust (4)	2.6 Years Average		46,786
First American Money Market Fund (5) (6)	24 Day Average		7,871,943
Total Investments, Primary Government		$	30,664,494

Notes: (1) Includes $13,747,634 considered cash equivalents for financial statement reporting purposes.
(2) Includes $4,381,164 held under a trust agreement for Certificates of Participation financing arrangements.
(3) Includes $177,038 held under a trust agreement for Certificates of Participation financing arrangements.
(4) The U.S. Government Securities Trust invests exclusively in U.S. Government securities.
(5) Held under a trust agreement for Certificates of Participation financing arrangements.
(6) First American Money Market Fund invests exclusively in short-term U.S. Government Securities and repurchase agreements secured by U.S. Government Securities.

Section 218.415, Florida Statutes, limits the types of investments in which a District can invest unless specifically authorized in District policy. All investments during the fiscal year an at year-end were authorized by the District's Investment Policy.

- Interest Rate Risk

  Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's Investment Policy limits investment maturities to no longer than twenty-four (24) months as a means of managing its exposure to fair value losses from increasing interest rates.

  Florida PRIME had a weighted average days to maturity (WAM) of 40 days at June 30, 2014. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB Statement No. 40 indicating specific identification, duration, weighted average maturity, segmented time distribution or simulation model is not available. However, an estimate of weighted average life (WAL) is available. In the calculation of the WAL, the time at which an expected principal amount is to be received, measure in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL, based on expected future cash flows, of Fund B at June 30, 2014, is estimated at 2.86 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL. The District's participation in Fund B is involuntary.

- Credit Risk

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

  The District's investments held in the SBA Debt Service Accounts are to provide for debt service payments on bond debt issued at the state level for the benefit of the District. The District has no formal policy for this account but relies on policies developed by the State Board of Administration for managing interest rate risk and credit risk for this account.

  As of June 30, 2014, the District's investment in Florida PRIME is Rated AAAm by Standard & Poor's. Fund B is unrated.

  As of June 30, 2014, the District's investment in the First American Money Market Fund was rated AAAm by Standard & Poor's, Aaa-mf by Moody's Investors Service, and AAAmmf by Fitch's Rating Agency.

  As of June 30, 2014, the District's investment in the Morgan Stanley U.S. Government Securities Trust mutual fund is unrated.

C. NOTE RECEIVABLE

Pursuant to Section 1013.68(6), Florida Statutes, in March 2002, the District entered into an inter-local loan agreement to assign $9,308,048 of its Classrooms First Program allocation from the State of Florida to the Osceola County District School Board. In return, the Osceola County District School Board agreed to repay the Indian River County School District the funds in 15 annual installments. The effective interest rate on the loan is 5.776 percent with annual loan principal and interest payments totaling $897,039 through August 1, 2016. If an installment payment is not made when due, the State of Florida will make payment to the Board within 10 days of notification of nonpayment. As such, the District considers the receivable totally collectible and did not report an allowance for uncollectible amounts.

The note receivable at June 30, 2014 is $2,407,754 as shown in the schedule below:

Fiscal Year Ending June 30	Total	Principal	Interest
2015	897,039	757,959	139,080
2016	897,039	801,742	95,297
2017	897,039	848,053	48,986
Total	$2,691,117	$2,407,754	$283,363

D. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Balance 7-1-13	Additions	Deletions	Balance 6-30-14
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 23,061,429	$	$ 915,823	$ 22,145,606
Improvements Other Than Buildings	182,686	-	-	182,686
Construction in Progress	5,795,269	8,828,432	5,205,578	9,418,123
Total Capital Assets Not Being Depreciated	29,039,384	8,828,432	6,121,401	31,746,415
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	21,220,055	2,141,388	566	23,360,877
Buildings and Fixed Equipment	388,961,379	21,052,026	8,827,867	401,185,538
Furniture, Fixtures, and Equipment	18,991,795	3,167,769	1,019,080	21,140,484
Motor Vehicles	10,878,880	1,545,673	97,918	12,326,635
Property Under Capital Lease	1,941,691	-	1,941,691	-
Audio Visual Materials and Computer Software	3,997,941	300,051	262,675	4,035,317
Total Capital Assets Being Depreciated/Amortized	445,991,741	28,206,907	12,149,797	462,048,851
Less Accumulated Depreciation/Amortization for:				
Improvements Other Than Buildings	12,672,720	1,135,208	-	13,807,928
Buildings and Fixed Equipment	107,265,329	11,396,113	-	118,661,442
Furniture, Fixtures, and Equipment	14,641,653	1,848,946	999,000	15,491,599
Motor Vehicles	5,852,668	982,200	88,020	6,746,848
Property Under Capital Lease	396,429		396,429	-
Audio Visual Materials and Computer Software	3,646,708	200,818	236,767	3,610,759
Total Accumulated Depreciation/Amortization	144,475,507	15,563,285	1,720,216	158,318,576
Total Capital Assets Being Depreciated/Amortized Net	301,516,234	12,643,622	10,429,581	303,730,275
Governmental Activities Capital Assets, Net	$ 330,555,618	$ 21,472,054	$ 16,550,982	$ 335,476,690

The class of property previously listed under capital lease has been re-classified as equipment under Furniture, Fixtures, and Equipment.

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities	Amount
Function	
Instruction	$ 8,325,585
Pupil Personnel Services	409,348
Instructional Media Services	178,732
Instruction and Curriculum Development Services	459,923
Instructional Staff Training Services	208,270
Instruction Related Technology	107,676
School Board	79,300
General Administration	73,901
School Administration	715,278
Facility Services - Non-Capitalized	340,052
Fiscal Services	108,165
Food Services	730,231
Central Services	206,420
Pupil Transportation Services	1,364,798
Operation of Plant	1,119,047
Maintenance of Plant	432,464
Administrative Technology Services	307,666
Total Depreciation/Amortization Expense-Governmental Activities	$ 15,166,856

E. CHANGES IN SHORT-TERM DEBT

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

	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014
GOVERNMENTAL ACTIVITIES				
Tax Anticipation Notes	$ -	$ 10,000,000	$ 10,000,000	$ -

The Tax Anticipation Notes, Series 2013, with an interest rate of 1.00 percent and a net interest cost of 0.1682 percent, were issued on October 18, 2013, for $10,000,000, and matured on January 31, 2014. The proceeds were utilized for payment of operating expenses incurred for the District's schools for the 2013-14 fiscal year in anticipation of the receipt of ad valorem taxes levied and collected for the same year.

F. CERTIFICATES OF PARTICIPATION

The District entered into a master financing arrangement on November 1, 2005 characterized as a lease-purchase agreement, with the Indian River School Board Leasing Corporation (Leasing Corporation), whereby the District secured financing for construction of educational facilities and the purchase of land. The financing was accomplished through the issuance of Certificates of Participation, to be repaid from the proceeds of rents paid by the District. As a condition of the financing arrangements, the District has given a ground lease on District property to the Leasing Corporation with a rental fee of $10 per year. The initial terms of the lease agreements for the Series 2005 and 2007 are 20 years commencing on November 1, 2005 (Series 2005), and August 1, 2007 (Series 2007). The Series 2010A has a term of 18 years commencing on December 17, 2010. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease agreements and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the Certificates for the remaining terms of the lease agreements.

Certificates of Participation at June 30, 2014, are as follows:

Series	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to
Series 2005	$ 80,050,000	$ 53,735,000	4.125 - 5.00	2025
Series 2007	45,020,000	36,725,000	4.00 - 5.00	2027
Series 2010A-QSCB	26,261,000	26,261,000	0.5276 net *(1)	2029
Total Certificates of Participation	$ 151,331,000	$ 116,721,000		

Note (1): The Series 2010A-Lease Certificate is designated as a "qualified school construction bond" as defined in Section 54F of the Internal Revenue Code, and pursuant to Section 6431 of the Code, the Board has elected to receive federal subsidy payments on each interest payment date for the Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Certificates on such date or the amount of interest which would have been payable with respect to the Certificates if the interest were determined at the applicable tax credit rate for the Certificates pursuant to Section 54A(b)(3) of the Code. The interest rate is 5.91 percent with an allowable current federal subsidy of 5.3824 percent.

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

<u>Series 2005 Certificates of Participation</u>
- Vero Beach High School renovations
- Alternative Education Center
- Sebastian River Middle School Music Addition
- 152 acres of land for future educational facilities

<u>Series 2007 Certificates of Participation</u>
- Storm Grove Middle School
- Support Services Complex

<u>Series 2010A Qualified School Construction Bonds - Certificates of Participation</u>
- Vero Beach Elementary School Replacement
- Osceola Magnet School Replacement (partial funding)

The lease payments for the 2005 and 2007 Series Certificates are payable by the District, semiannually, on July 1 and January 1. The 2010 Series QSCB is payable semiannually on June 1 and December 1. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

Certificates of Participation Outstanding			
Fiscal Year Ending June 30	Total	Principal	Interest
2015	$ 11,078,425	$ 5,270,000	$ 5,808,425
2016	11,082,775	5,490,000	5,592,775
2017	11,078,283	5,715,000	5,363,283
2018	11,081,718	5,960,000	5,121,718
2019	11,078,418	6,210,000	4,868,418
2020-2024	55,397,888	35,835,000	19,562,888
2025-2029	61,833,262	52,241,000	9,592,262
Total Minimum Lease Payments	172,630,769	116,721,000	55,909,769
Plus: Unamortized Premium	831,599	831,599	-
Total Certificates of Participation	$ 173,462,368	$ 117,552,599	$ 55,909,769

The District issued Certificates of Participation (COPS) dated December 1, 2010, under the Qualified School Construction Bond (QSCB) Program pursuant to Section 54F of the United States Internal Revenue Code of 1986 as amended (the Code). The QSCB Program provides for an issuer interest rate subsidy on certain bonds or COPS. The District received an approved allocation of funds from the Florida Department of Education sufficient for the designation of the Series 2010A COP as a QSCB under the Code. Pursuant to Section 6431 of the Code, the District has elected to receive Federal subsidy payments (the Issuer Subsidy) from the United States Treasury on each interest payment date for the 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate pursuant to Section 54A(b)(3) of the Code. The tax credit rate applicable to the Series 2010A Certificates is 5.80 percent. The Series 2010A Certificates were issued in the amount of $26,261,000. Interest payments are to be made to the holders of the Certificates on June 1 and December 1 of each year at the stated coupon rate of 5.91 percent with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on December 1, 2028. Beginning in 2012, the District is to deposit $1,458,994 into a sinking fund annually on

December 1. The accumulated amount in this fund is to be used to repay the principal amount of these certificates upon maturity.

G. BONDS PAYABLE

Bonds payable at June 30, 2014, are as follows:

Bond Type	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:				
Series 2005A*	$ 6,405,000	$ 4,305,000	4.00 - 5.00	2025
Series 2008A	1,210,000	970,000	4.25 - 5.00	2028
Series 2010A	160,000	140,000	3.50 - 5.00	2030
Series 2014A*	3,603,000	3,603,000	2.00 - 5.00	2025
Total Bonds Payable	$ 11,378,000	$ 9,018,000		

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

- State School Bonds

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

On May 22, 2014, the State of Florida advance refunded a portion of the 2005-A bonds and issued the 2014-A bonds for $3,603,000. The refunded bonds had a June 30, 2014 balance of $4,305,000 with cash held in the amount of $4,174,993 with fiscal agent. The 2005-A bonds are to be redeemed January 1, 2015.

Annual requirements to amortize the bonded debt outstanding as of June 30, 2014, are as follows:

Exhibit D-1

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2015	$ 4,506,203	$ 4,354,000	$ 152,203
2016	557,432	344,000	213,432
2017	558,113	356,000	202,113
2018	568,322	381,000	187,322
2019	565,273	397,000	168,273
2020-2024	2,832,075	2,309,000	523,075
2025-2029	935,010	867,000	68,010
2030	10,400	10,000	400
Total State School Bonds	10,532,828	9,018,000	1,514,828
Total Bonds	$ 10,532,828	$ 9,018,000	$ 1,514,828

H. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-13	Additions	Deductions	Balance 6-30-14	Due in One Year
GOVERNMENTAL ACTIVITIES					
Certificates of Participation Payable	$ 121,786,000	$ -	$ 5,065,000	$ 116,721,000	$ 5,270,000
Unamortized Premiums	902,585	-	70,986	831,599	70,986
Total Certificates of Participation Payable	122,688,585	-	5,135,986	117,552,599	5,340,986
Bonds Payable	5,760,000	3,603,000	345,000	9,018,000	4,354,000
Unamortized Premiums		555,011		555,011	0
Obligations Under Capital Lease	301,547	-	301,547	-	0
Compensated Absences Payable	8,872,451	2,075,446	1,975,626	8,972,271	1,975,626
Other Postemployment Benefits Payable	17,306,248			17,306,248	-
Total Governmental Activities	$ 154,928,831	6,233,457	$ 7,758,159	$ 153,404,129	$ 11,670,612
BUSINESS-TYPE ACTIVITIES					
Compensated Absences Payable	$ 19,329	$ 12,704	$ 13,659	$ 18,374	$ 13,659
Other Postemployment Benefits Payable	31,626			31,626	-
Total Business-Type Activities	$ 50,955	$ 12,704	$ 13,659	$ 50,000	$ 13,659

For the governmental activities, compensated absences are generally liquidated with resources of the General Fund. The governmental activities portion of other postemployment benefits payable is liquidated with resources of the Internal Service Fund, and the business-type activities portion is liquidated with nonmajor Enterprise Fund resources. Insofar as the Internal Service Fund's premium contributions are received from the General Fund, and Special Revenue Funds, these funds indirectly liquidate the governmental activities of other postemployment benefits payable.

I. INTERFUND TRANSFERS

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	$ 4,326,397	$ -
Capital Projects:		
Local Capital Improvement	-	13,457,506
Other	380,000	2,652,936
Debt Service		
Other	10,181,548	380,000
ARRA	1,602,497	-
Total	$ 16,490,442	$ 16,490,442

Interfund transfers represent permanent transfers between funds. The transfers out of the Capital Projects – Local Capital Improvement Fund were to provide for debt service payments in the Debt Service – Other Fund and the Debt Service – ARRA Fund and to the General Fund for maintenance and repair of educational plant. The transfers from Capital Projects - Other Fund were to provide for payments to charter schools for capital expenditures and other debt service payments. The transfer from Debt Service – Other represents residual tax revenue collections on a general obligation bond fund after pay off of the debt. Since the funds are no longer needed for debt service payments, they are being used for capital projects on buildings financed with the original debt.

J. FUND BALANCE REPORTING

The following is a schedule of fund balances by category at June 30, 2014:

	Major Funds							
	General	Debt Service - Other	Debt Service - ARRA	Capital Projects - Local Capital Improvement	Capital Projects - Other	Capital Projects - ARRA	Nonmajor Funds	Total Governmental Funds
Nonspendable:								
Inventories	$ 337,069	$ -	$ -	$ -	$ -	$ -	$ 103,151	$ 440,220
Fund B Trust	80,217	177,038		36,907	-		1,484	295,646
Restricted:								
State Required Carryover	4,374,525	-	-	-	-	-	-	4,374,525
Adult Workforce	2,082,158	-	-	-	-	-	-	2,082,158
Donations	62,854							62,854
Debt Service		837,127	4,412,223	-	-	-	4,289,956	9,539,306
Capital Projects	-		-	15,984,703	3,261,999	-	149,747	19,396,449
Food Service							2,716,442	2,716,442
Assigned:								
Purchase Obligations	345,998	-	-	-	-	-	-	345,998
Next Year's Budget Deficit	5,806,846	-	-	-	-	-	-	5,806,846
Federal Payback	-							-
Other	-							-
Unassigned	7,434,251	-	-	-	-	-	-	7,434,251
Total Fund Balance	$ 20,523,918	1,014,165	4,412,223	16,021,610	3,261,999	-	7,260,780	$ 52,494,695

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

- Nonspendable

The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies as nonspendable those amounts reported as inventories and the unavailable balances invested in Florida State Board of Administration Fund B pool.

- Restricted

The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. In the General Fund, the District classifies as restricted any unspent State categorical funding as well as donations that are legally or otherwise restricted.

➢ Unassigned

The portion of fund balance that is residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

When unrestricted (assigned and unassigned) resources in the governmental funds are available for use, it is the District's policy to use unassigned resources as they are needed unless revenues previously assigned are available for use. The Board has adopted Policy 6233, which provides that at least 5 percent of the current year's annual estimated General Fund revenues be reserved for contingency purposes. In the event these reserves are needed, a majority vote of the Board is required before using these funds, and the Superintendent is required to provide a financial plan to the Board to restore the funds to the minimum 5 percent amount along with a timeline for restoration.

At the end of the fiscal year, the unassigned general fund balance was $7,434,251 or 5.57 percent of general fund total revenues.

K. SCHEDULE OF STATE REVENUE SOURCES

Accounting policies relating to certain State revenue sources are described in Note 1. The following is a schedule of the District's State revenue for the 2013-14 fiscal year:

Source	Amount
Categorical Educational Programs - Class Size Reduction	$ 19,323,457
Florida Education Finance Program	20,124,589
Workforce Development Program	1,095,633
School Recognition	444,675
Charter School Capital Outlay	1,026,397
Motor Vehicle License Tax (Capital Outlay and Debt Service)	666,829
Voluntary Prekindergarten	497,719
Mobile Home License Tax	154,341
Lottery Funds	175,315
Food Service Supplement	109,018
Miscellaneous	141,074
Total	$ 43,759,047

L. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2013 tax roll for the 2013-14 fiscal year:

GENERAL FUND	Millages	Taxes Levied
Nonvoted School Tax:		
Required Local Effort	5.2590	$ 71,982,024
Prior Period Funding Adjustment Millage	0.0090	123,188
Basic Discretionary Local Effort	0.7480	10,238,313
Critical Operating Needs	0.6000	8,212,551
Total General Fund Taxes Levied		90,556,076
CAPITAL PROJECTS FUNDS		
Nonvoted Tax:		
Local Capital Improvements	1.5000	20,530,845
Total	8.1160	$ 111,086,921

M. FLORIDA RETIREMENT SYSTEM

All regular employees of the District are covered by the State-administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible and must enroll as members of the FRS. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Florida Retirement System Investment Plan (Investment Plan).

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months.. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit Plan. District employees participating in DROP are not eligible to participate in this program. Employer and employee contributions are defined by law; however, the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of the FRS. During the 2012-13 fiscal year, contribution rates were as follows:

Retirement Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	6.95
Florida Retirement System, Elected County Officers	3.00	33.03
Florida Retirement System, Senior Management Service	3.00	18.31
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.84
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs

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

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions, including employee contributions, for the fiscal years ended June 30, 2012, June 30, 2013, and June 30, 2014, totaled, $5,237,762, $5,491,629, and 5,489,065 respectively, which were equal to the required contributions for each fiscal year.

There were 327 District participants in the Investment Plan during the 2013-14 fiscal year. The District's contributions including employee contributions to the Investment Plan totaled $1,026,181, which was equal to the required contribution for the 2013-14 fiscal year.

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

N. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The District's Other Postemployment Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the District may continue to participate in the District's self-funded health and hospitalization plan for medical and prescription drug coverage, along with the fully-insured life insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Additionally, Medicare-eligible retirees receive insurance coverage at a lower premium rate than active employees and do not pay deductibles and copayments. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

The Other Postemployment Benefit Plan does not issue a stand-alone report and is not included in the report of another entity.

Funding Policy – For the Other Postemployment Benefits Plan, contribution requirements of the District are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. As of June 30, 2014, there were 354 retirees and 151 eligible dependents receiving postemployment health care benefits. For the 2013-14 fiscal year the District provided required contributions of $528,204 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance payments, and net of retiree contributions totaling $858,447 which represents 1 percent of covered payroll. Required contributions are based on projected pay-as-you-go financing.

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

Other Post Employment Benefits		
	Fiscal Year Ending	
Description	June 30, 2013	June 30, 2014
Normal Cost (service cost for one year)	$ 805,671	$ 905,624
Amortization of Unfunded Actuarial Accrued Liability	874,162	896,216
Interest on Normal Cost and Amortization	67,193	72,074
Annual Required Contribution	1,747,026	1,873,914
Interest on Net OPEB Obligation	633,533	693,515
Adjustment to Annual Required Contribution	(565,664)	(619,220)
Annual OPEB Cost (Expense)	1,814,895	1,948,209
Contribution Toward the OPEB Cost	315,357	342,509
Increase in Net OPEB Obligation	1,499,538	1,605,700
Net OPEB Obligation, Beginning of Year	15,838,336	17,337,874
Net OPEB Obligation, End of Year	$ 17,337,874	$ 18,943,574

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2014, and the two preceding years, are as follows:

Year	OPEB Cost	Toward the OPEB Cost	Annual OPEB Cost Contributed	Obligation
2011-12	$ 1,590,593	$ 251,765	15.8%	$ 15,838,336
2012-13	1,814,895	315,357	17.4%	17,337,874
2013-14	1,948,209	342,509	17.6%	18,943,574

Funded Status and Funding Progress. As of July 1, 2013, the date of the most recent actuarial report, the actuarial accrued liability for benefits was $16,185,989 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $16,185,189. The covered payroll (annual payroll for active participating employees) was $85,329,180, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 19.0 percent.

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

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

The District's OPEB liability was determined on the entry age normal cost actuarial method. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, general inflation of 2.5 percent, and an annual healthcare cost trend rate of 10 percent initially for the 2014-15 fiscal year, reduced by .5 percent per year, to an ultimate rate of 5 percent. In calculating the District's 2012-13 fiscal year annual required contribution the initial unfunded actuarial accrued liability, actuarial gains and actuarial losses were amortized over a closed 30-year period as a level percentage of projected payroll. The remaining amortization period at June 30, 2014, was 30 years.

The District's unfunded accrued liability decreased $481,587 from $16,667,576 at June 30, 2013 to $16,185,989 at June 30, 2014.

O. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

The following is a schedule of encumbrances at June 30, 2014:

Major Funds					
General	Capital Projects - Local Capital Improvement	Capital Projects - ARRA	Special Revenue - ARRA	Nonmajor Governmental Funds	Total Governmental Funds
$ 1,712,113	$ 4,327,229	$ -	$ 92,136	$ 1,169,909	$ 7,301,387

Construction Contracts. Encumbrances include the following major construction contract commitments at fiscal year-end:

Project	Contract Amount	Completed to Date	Balance Committed
Fellsmere Elementary Classroom Addition & Cafeteria			
Architect	$ 559,528	$ 536,809	$ 22,719
Contractor	8,801,540	5,958,835	2,842,705
Citrus Elementary Chiller Plant Relocation			
Architect	88,758	85,309	3,449
Contractor	1,060,498	607,747	452,751
Total	$ 10,510,324	$ 7,188,700	$ 3,321,624

P. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; third party injuries and/or property damage and natural disasters. The District is a member of the South Central Educational Risk Management Program (SCERMP), a consortium under which eight district school boards have established a public entity risk sharing pool for Property , General Liability, Automobile liability, Workers' Compensation, Governmental Crime, and other coverage deemed necessary by the members of the SCERMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The inter-local agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCERMP is self-sustaining through member contributions (premiums), and purchases insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCERMP is composed of superintendents/finance directors or an authorized representative of all participating districts. Employers' Mutual, Inc. d.b.a. Ascension Benefits and Insurance Solutions of FL serves as the third-party administrator, insurance broker and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of $100,000 (except wind/hail/flood), respectively. The named wind/hail/hurricane deductible is 5 percent of replacement cost value with a minimum of $100,000 per occurrence. The deductibles for all other wind events is $100,000. Special hazard flood area deductibles are $500,000 per building and $500,000 contents plus $100,000 time element per occurrence. The flood deductible outside a special flood hazard area is $100,000. SCERMP's purchased excess property loss limit during the 2013-14 fiscal year was $75 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2013-14 fiscal year was $1,000,000. SCERMP purchases excess liability coverage through a commercial insurance carrier which covers workers' compensation losses in excess of the self-insured retention. Employers Liability is included subject to $2,000,000 each accident and $4,000,000 in the aggregate.

The District is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, as it is now written, as it may be amended by the Legislature at future dates, which effectively limits the amount of liability of governmental entities for tort claims to $200,000 per claim and $300,000 per occurrence.

The District self-insures its health care coverage for employees and retired former employees. Blue Cross Blue Shield of Florida acts as the third-party administrator for the health insurance program. The program includes excess coverage of claim amounts above $175,000 per insured per year. Premiums received for, and claims (and other expenses) paid on behalf of, Indian River County School Board employees and their dependents are reported in the District's Internal Service Fund.

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

	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2012-13	$ 3,195,579	$ 13,524,011	$ (13,563,619)	$ 3,155,971
2013-14	3,155,972	13,824,133	(13,418,413)	3,561,692

Settled claims have not exceeded the District's purchased commercial coverage in any of the past three years.

Q. LITIGATION

The District is a defendant in various lawsuits arising in the normal course of business, including claims for property damage, personal injuries, etc. In the opinion of management, the ultimate outcome of the lawsuits, most of which are covered by insurance, will not have a material effect on the District's financial position.

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
6/30/2008	$ -	$ 63,310,105		$ 63,310,105	0.00%	$ 88,216,212	71.77%
6/30/2009	$ -	$ 68,427,748		$ 68,427,748	0.00%	$ 88,372,056	77.43%
6/30/2010	$ -	$ 60,371,109		$ 60,371,109	0.00%	$ 85,459,099	70.64%
6/30/2011	$ -	$ 11,041,551	(1)	$ 11,041,551	0.00%	$ 81,436,561	13.56%
6/30/2012	$ -	$ 11,968,208		$ 11,968,208	0.00%	$ 79,287,916	15.09%
6/30/2013	$ -	$ 16,667,576		$ 16,667,576	0.00%	$ 79,693,279	20.91%
6/30/2014	$ -	$ 16,185,989		$ 16,185,989	0.00%	$ 85,329,180	18.97%

(1) There was a significant drop in the actuarial liability of approximately $50 million dollars, due to the School Board's decision to require Medicare eligible retirees to pay the full cost of their health insurance. Medicare eligible retirees now pay future rate increases that are expected to match claims and administrative costs. Based on this change, there is no implicit or explicit cost to the employer for Medicare eligible retirees. This change eliminated Medicare-eligible retirees from the GASB OPEB liability. Medicare eligible retirees will continue to be excluded as long as this decision remains in palce and as long as future charges do not exceed the commingled rate of active and retired emloyees as described by Section 112.08 Florida Statutes.

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

1. **BUDGETARY BASIS OF ACCOUNTING**

2. **SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS**

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Account Number	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES					
Federal Direct	3100	120,000.00	172,400.69	159,998.59	(12,402.10)
Federal Through State and Local	3200	310,000.00	402,102.37	402,102.37	0.00
State Sources	3300	44,339,307.00	41,906,016.24	41,909,150.44	3,134.20
Local Sources:					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	87,043,082.00	87,049,106.32	87,940,675.09	891,568.77
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue		3,373,447.79	3,421,893.65	2,932,778.28	(489,115.37)
Total Local Sources	3400	90,416,529.79	90,470,999.97	90,873,453.37	402,453.40
Total Revenues		135,185,836.79	132,951,519.27	133,344,704.77	393,185.50
EXPENDITURES					
Current:					
Instruction	5000	89,862,087.13	87,886,962.79	85,096,563.39	2,790,399.40
Student Personnel Services	6100	3,531,206.24	3,540,369.92	3,519,481.58	20,888.34
Instructional Media Services	6200	1,883,853.49	2,181,555.11	1,947,861.22	233,693.89
Instruction and Curriculum Development Services	6300	2,786,054.70	3,412,001.52	3,399,566.80	12,434.72
Instructional Staff Training Services	6400	1,051,273.46	1,324,808.66	1,233,762.66	91,046.00
Instructional-Related Technology	6500	5,231,157.32	1,935,182.77	1,175,541.71	759,641.06
Board	7100	780,720.18	891,609.56	865,753.95	25,855.61
General Administration	7200	522,196.66	495,125.42	397,383.83	97,741.59
School Administration	7300	7,919,821.66	7,889,301.85	7,766,249.65	123,052.20
Facilities Acquisition and Construction	7410	1,088,562.46	1,205,501.23	633,681.11	571,820.12
Fiscal Services	7500	1,184,774.34	1,186,507.32	1,180,880.60	5,626.72
Food Services	7600		14,829.26	14,763.48	65.78
Central Services	7700	2,154,730.81	2,371,181.56	2,247,183.97	123,997.59
Student Transportation Services	7800	5,211,844.81	5,468,680.66	5,140,656.85	328,023.81
Operation of Plant	7900	12,307,755.13	12,616,362.92	12,217,124.73	399,238.19
Maintenance of Plant	8100	2,706,967.15	3,048,621.60	2,932,137.68	116,483.92
Administrative Technology Services	8200	2,554,253.68	4,332,783.94	3,358,921.30	973,862.64
Community Services	9100	200.00	200.00	172.50	27.50
Debt Service: (Function 9200)					
Retirement of Principal	710			0.00	0.00
Interest	720	100,000.00	28,611.11	28,611.11	0.00
Due and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
Capital Outlay:					
Facilities Acquisition and Construction	7420		587,471.83	587,471.83	0.00
Other Capital Outlay	9300		625,527.15	625,527.15	0.00
Total Expenditures		140,877,459.22	141,043,196.18	134,369,297.10	6,673,899.08
Excess (Deficiency) of Revenues Over (Under) Expenditures		(5,691,622.43)	(8,091,676.91)	(1,024,592.33)	7,067,084.58
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730	75,000.00	75,000.00	57,258.97	(17,741.03)
Loss Recoveries	3740		202,722.32	202,722.32	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Proceeds from Special Facility Construction Account	3770			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600	4,060,700.00	4,326,397.00	4,326,397.00	0.00
Transfers Out	9700			0.00	0.00
Total Other Financing Sources (Uses)		4,135,700.00	4,604,119.32	4,586,378.29	(17,741.03)
SPECIAL ITEMS				0.00	0.00
EXTRAORDINARY ITEMS				0.00	0.00
Net Change in Fund Balances		(1,555,922.43)	(3,487,557.59)	3,561,785.96	7,049,343.55
Fund Balance, July 1, 2013	2800	16,962,131.90	16,962,131.90	16,962,131.90	0.00
Adjustment to Fund Balances	2891			0.00	0.00
Fund Balance, June 30, 2014	2700	15,406,209.47	13,474,574.31	20,523,917.86	7,049,343.55

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RESERVED FOR FOOD SERVICE FUND, IF MAJOR
For the Fiscal Year Ended June 30, 2014

	Account Number	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES					
Federal Direct	3100			0.00	0.00
Federal Through State and Local	3200			0.00	0.00
State Sources	3300			0.00	0.00
Local Sources:					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue				0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
Total Revenues		0.00	0.00	0.00	0.00
EXPENDITURES					
Current:					
Instruction	5000			0.00	0.00
Student Personnel Services	6100			0.00	0.00
Instructional Media Services	6200			0.00	0.00
Instruction and Curriculum Development Services	6300			0.00	0.00
Instructional Staff Training Services	6400			0.00	0.00
Instructional-Related Technology	6500			0.00	0.00
Board	7100			0.00	0.00
General Administration	7200			0.00	0.00
School Administration	7300			0.00	0.00
Facilities Acquisition and Construction	7410			0.00	0.00
Fiscal Services	7500			0.00	0.00
Food Services	7600			0.00	0.00
Central Services	7700			0.00	0.00
Student Transportation Services	7800			0.00	0.00
Operation of Plant	7900			0.00	0.00
Maintenance of Plant	8100			0.00	0.00
Administrative Technology Services	8200			0.00	0.00
Community Services	9100			0.00	0.00
Debt Service: (Function 9200)					
Retirement of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
Capital Outlay:					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			0.00	0.00
Total Expenditures		0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues Over (Under) Expenditures		0.00	0.00	0.00	0.00
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Proceeds from Special Facility Construction Account	3770			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600			0.00	0.00
Transfers Out	9700			0.00	0.00
Total Other Financing Sources (Uses)		0.00	0.00	0.00	0.00
SPECIAL ITEMS				0.00	0.00
EXTRAORDINARY ITEMS				0.00	0.00
Net Change in Fund Balances		0.00	0.00	0.00	0.00
Fund Balance, July 1, 2013	2800			0.00	0.00
Adjustment to Fund Balances	2891			0.00	0.00
Fund Balance, June 30, 2014	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RESERVED FOR SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS, IF MAJOR
For the Fiscal Year Ended June 30, 2014

	Account Number	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES					
Federal Direct	3100			0.00	0.00
Federal Through State and Local	3200			0.00	0.00
State Sources	3300			0.00	0.00
Local Sources:					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue				0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
Total Revenues		0.00	0.00	0.00	0.00
EXPENDITURES					
Current:					
Instruction	5000			0.00	0.00
Student Personnel Services	6100			0.00	0.00
Instructional Media Services	6200			0.00	0.00
Instruction and Curriculum Development Services	6300			0.00	0.00
Instructional Staff Training Services	6400			0.00	0.00
Instructional-Related Technology	6500			0.00	0.00
Board	7100			0.00	0.00
General Administration	7200			0.00	0.00
School Administration	7300			0.00	0.00
Facilities Acquisition and Construction	7410			0.00	0.00
Fiscal Services	7500			0.00	0.00
Food Services	7600			0.00	0.00
Central Services	7700			0.00	0.00
Student Transportation Services	7800			0.00	0.00
Operation of Plant	7900			0.00	0.00
Maintenance of Plant	8100			0.00	0.00
Administrative Technology Services	8200			0.00	0.00
Community Services	9100			0.00	0.00
Debt Service: (Function 9200)					
Retirement of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
Capital Outlay:					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			0.00	0.00
Total Expenditures		0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues Over (Under) Expenditures		0.00	0.00	0.00	0.00
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Proceeds from Special Facility Construction Account	3770			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600			0.00	0.00
Transfers Out	9700			0.00	0.00
Total Other Financing Sources (Uses)		0.00	0.00	0.00	0.00
SPECIAL ITEMS				0.00	0.00
EXTRAORDINARY ITEMS				0.00	0.00
Net Change in Fund Balances		0.00	0.00	0.00	0.00
Fund Balance, July 1, 2013	2800			0.00	0.00
Adjustment to Fund Balances	2891			0.00	0.00
Fund Balance, June 30, 2014	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE - FEDERAL ECONOMIC STIMULUS PROGRAMS FUNDS
For the Fiscal Year Ended June 30, 2014

	Account Number	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES					
Federal Direct	3100			0.00	0.00
Federal Through State and Local	3200	630,834.77	663,033.79	363,375.61	(299,658.18)
State Sources	3300			0.00	0.00
Local Sources:					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue				0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
Total Revenues		630,834.77	663,033.79	363,375.61	(299,658.18)
EXPENDITURES					
Current:					
Instruction	5000	169,560.49	193,754.06	116,024.95	77,729.11
Student Personnel Services	6100	10,000.00	5,000.00	0.00	5,000.00
Instructional Media Services	6200			0.00	0.00
Instruction and Curriculum Development Services	6300	100,728.36	64,986.51	62,902.97	2,083.54
Instructional Staff Training Services	6400	290,395.92	270,305.82	109,210.29	161,095.53
Instructional-Related Technology	6500			0.00	0.00
Board	7100			0.00	0.00
General Administration	7200			0.00	0.00
School Administration	7300			0.00	0.00
Facilities Acquisition and Construction	7410			0.00	0.00
Fiscal Services	7500			0.00	0.00
Food Services	7600			0.00	0.00
Central Services	7700	45,150.00	45,150.00	6,400.00	38,750.00
Student Transportation Services	7800			0.00	0.00
Operation of Plant	7900			0.00	0.00
Maintenance of Plant	8100			0.00	0.00
Administrative Technology Services	8200	15,000.00	15,000.00	0.00	15,000.00
Community Services	9100			0.00	0.00
Debt Service: (Function 9200)					
Retirement of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
Capital Outlay:					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300		68,837.40	68,837.40	0.00
Total Expenditures		630,834.77	663,033.79	363,375.61	299,658.18
Excess (Deficiency) of Revenues Over (Under) Expenditures		0.00	0.00	0.00	0.00
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Proceeds from Special Facility Construction Account	3770			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600			0.00	0.00
Transfers Out	9700			0.00	0.00
Total Other Financing Sources (Uses)		0.00	0.00	0.00	0.00
SPECIAL ITEMS				0.00	0.00
EXTRAORDINARY ITEMS				0.00	0.00
Net Change in Fund Balances		0.00	0.00	0.00	0.00
Fund Balance, July 1, 2013	2800			0.00	0.00
Adjustment to Fund Balances	2891			0.00	0.00
Fund Balance, June 30, 2014	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RESERVED FOR SPECIAL REVENUE FUND - MISCELLANEOUS, IF MAJOR
For the Fiscal Year Ended June 30, 2014

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
REVENUES					
Federal Direct	3100			0.00	0.00
Federal Through State and Local	3200			0.00	0.00
State Sources	3300			0.00	0.00
Local Sources:					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue				0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
Total Revenues		0.00	0.00	0.00	0.00
EXPENDITURES					
Current:					
Instruction	5000			0.00	0.00
Student Personnel Services	6100			0.00	0.00
Instructional Media Services	6200			0.00	0.00
Instruction and Curriculum Development Services	6300			0.00	0.00
Instructional Staff Training Services	6400			0.00	0.00
Instructional-Related Technology	6500			0.00	0.00
Board	7100			0.00	0.00
General Administration	7200			0.00	0.00
School Administration	7300			0.00	0.00
Facilities Acquisition and Construction	7410			0.00	0.00
Fiscal Services	7500			0.00	0.00
Food Services	7600			0.00	0.00
Central Services	7700			0.00	0.00
Student Transportation Services	7800			0.00	0.00
Operation of Plant	7900			0.00	0.00
Maintenance of Plant	8100			0.00	0.00
Administrative Technology Services	8200			0.00	0.00
Community Services	9100			0.00	0.00
Debt Service: (Function 9200)					
Retirement of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
Capital Outlay:					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			0.00	0.00
Total Expenditures		0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues Over (Under) Expenditures		0.00	0.00	0.00	0.00
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Proceeds from Special Facility Construction Account	3770			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600			0.00	0.00
Transfers Out	9700			0.00	0.00
Total Other Financing Sources (Uses)		0.00	0.00	0.00	0.00
SPECIAL ITEMS				0.00	0.00
EXTRAORDINARY ITEMS				0.00	0.00
Net Change in Fund Balances		0.00	0.00	0.00	0.00
Fund Balance, July 1, 2013	2800			0.00	0.00
Adjustment to Fund Balances	2891			0.00	0.00
Fund Balance, June 30, 2014	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND (Continued)
For the Fiscal Year Ended June 30, 2014

Exhibit K-1
DOE Page 3
Fund 100

OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCES	Account Number	
Loans	3720	0.00
Sale of Capital Assets	3730	57,258.97
Loss Recoveries	3740	202,722.32
Transfers In:		
From Debt Service Funds	3620	
From Capital Projects Funds	3630	4,326,397.00
From Special Revenue Funds	3640	
From Permanent Funds	3660	
From Internal Service Funds	3670	
From Enterprise Funds	3690	
Total Transfers In	3600	4,326,397.00
Transfers Out: (Function 9700)		
To Debt Service Funds	920	
To Capital Projects Funds	930	
To Special Revenue Funds	940	
To Permanent Funds	960	
To Internal Service Funds	970	
To Enterprise Funds	990	
Total Transfers Out	9700	0.00
Total Other Financing Sources (Uses)		4,586,378.29
Net Change In Fund Balance		3,561,785.96
Fund Balance, July 1, 2013	2800	16,962,131.90
Adjustments to Fund Balance	2891	
Ending Fund Balance:		
Nonspendable Fund Balance	2710	417,286.54
Restricted Fund Balance	2720	6,519,535.70
Committed Fund Balance	2730	
Assigned Fund Balance	2740	6,070,229.80
Unassigned Fund Balance	2750	7,516,865.82
Fund Balance, June 30, 2014	2700	20,523,917.86

ESE 348

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2014

Exhibit K-9
DOE Page 17

OPERATING REVENUES	Account Number	Self-Insurance - Consortium 911	Self-Insurance - Consortium 912	Self-Insurance - Consortium 913	Self-Insurance - Consortium 914	ARRA - Consortium 915	Other Enterprise Programs 921	Other Enterprise Programs 922	Totals
Charges for Services	3481						713,989.63		713,989.63
Charges for Sales	3482								0.00
Premium Revenue	3484								0.00
Other Operating Revenues	3489								0.00
Total Operating Revenues		0.00	0.00	0.00	0.00	0.00	713,989.63	0.00	713,989.63
OPERATING EXPENSES (Function 9900)									
Salaries	100						475,820.98		475,820.98
Employee Benefits	200						85,591.51		85,591.51
Purchased Services	300						36,555.50		36,555.50
Energy Services	400								0.00
Materials and Supplies	500						63,542.70		63,542.70
Capital Outlay	600						1,221.48		1,221.48
Other	700						70.00		70.00
Depreciation and Amortization Expense	780								0.00
Total Operating Expenses		0.00	0.00	0.00	0.00	0.00	662,802.17	0.00	662,802.17
Operating Income (Loss)		0.00	0.00	0.00	0.00	0.00	51,187.46	0.00	51,187.46
NONOPERATING REVENUES (EXPENSES)									
Interest on Investments	3431						926.94		926.94
Gain on Sale of Investments	3432								0.00
Net Increase (Decrease) in Fair Value of Investments	3433								0.00
Gifts, Grants and Bequests	3440								0.00
Other Miscellaneous Local Sources	3495								0.00
Loss Recoveries	3740								0.00
Gain on Disposition of Assets	3780								0.00
Interest (Function 9900)	720								0.00
Miscellaneous (Function 9900)	790								0.00
Loss on Disposition of Assets (Function 9900)	810								0.00
Total Nonoperating Revenues (Expenses)		0.00	0.00	0.00	0.00	0.00	926.94	0.00	926.94
Net Income (Loss) Before Operating Transfers		0.00	0.00	0.00	0.00	0.00	52,114.40	0.00	52,114.40
TRANSFERS and CHANGES IN NET POSITION									
Transfers In:									
From General Fund	3610								0.00
From Debt Service Funds	3620								0.00
From Capital Projects Funds	3630								0.00
From Special Revenue Funds	3640								0.00
Interfund	3650								0.00
From Permanent Funds	3660								0.00
From Internal Service Funds	3670								0.00
Total Transfers In	3600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers Out: (Function 9700)									
To General Fund	910								0.00
To Debt Service Funds	920								0.00
To Capital Projects Funds	930								0.00
To Special Revenue Funds	940								0.00
Interfund	950								0.00
To Permanent Funds	960								0.00
To Internal Service Funds	970								0.00
Total Transfers Out	9700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Net Position		0.00	0.00	0.00	0.00	0.00	52,114.40	0.00	52,114.40
Net Position, July 1, 2013	2880						565,594.19		565,594.19
Adjustments to Net Position	2896								0.00
Net Position, June 30, 2014	2780						617,708.59		617,708.59

ESE 348

Exhibit K-12
DOE Page 20
Fund 601

DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY
SCHEDULE OF LONG-TERM LIABILITIES
June 30, 2014

	Account Number	Governmental Activities Total Balance June 30, 2014 [1]	Business-Type Activities Total Balance June 30, 2014 [1]	Total	Governmental Activities - Debt Principal Payments 2013-14	Governmental Activities - Principal Due Within One Year 2014-15	Governmental Activities - Debt Interest Payments 2013-14	Governmental Activities - Interest Due Within One Year 2014-15
Notes Payable	2310			0.00				
Obligations Under Capital Leases	2315			0.00	301,547.44	0.00	0.00	0.00
Bonds Payable								
SBE/COBI Bonds Payable	2321	9,573,011.90	0.00	9,573,011.90	345,000.00	4,354,000.00	254,487.50	152,202.55
District Bonds Payable	2322			0.00				
Special Act Bonds Payable	2323			0.00				
Motor Vehicle License Revenue Bonds Payable	2324			0.00				
Sales Surtax Bonds Payable	2326			0.00				
Total Bonds Payable	2320	9,573,011.90	0.00	9,573,011.90	345,000.00	4,354,000.00	254,487.50	152,202.55
Liability for Compensated Absences	2330	8,972,270.63	18,373.63	8,990,644.26				
Lease-Purchase Agreements Payable								
Certificates of Participation (COPS) Payable	2341	91,291,598.55	0.00	91,291,598.55	5,065,000.00	5,270,000.00	4,463,612.52	4,256,400.02
Qualified Zone Academy Bonds (QZAB) Payable	2342			0.00				
Qualified School Construction Bonds (QSCB) Payable	2343	26,261,000.00	0.00	26,261,000.00				
Build America Bonds (BAB) Payable	2344			0.00				
Other Lease-Purchase Agreements Payable	2349			0.00				
Total Lease-Purchase Agreements Payable	2340	117,552,598.55	0.00	117,552,598.55	5,065,000.00	5,270,000.00	4,463,612.52	4,256,400.02
Estimated Liability for Long-Term Claims	2350			0.00				
Other Post-Employment Benefits Liability	2360	18,909,716.00	33,858.00	18,943,574.00				
Estimated PECO Advance Payable	2370			0.00				
Other Long-Term Liabilities	2380			0.00				
Derivative Instrument	2390			0.00				
Total Long-Term Liabilities		155,007,597.08	52,231.63	155,059,828.71	5,711,547.44	9,624,000.00	4,718,100.02	4,408,602.57

[1] Report carrying amount of total liability due within one year and due after one year on June 30, 2014, including discounts and premiums.

ESE 348

M E M O R A N D U M September 26, 2014

TO: Greater Florida Consortium of School Boards

FROM: Karen Brill, President

SUBJECT: PROPOSED GFCSB 2015 LEGISLATIVE PROGRAM

Thank you to everyone who participated in our 2014 Annual Legislative Conference that was held in West Palm Beach, Florida on September 19th and 20th. Attached you will find the resulting **proposed** 2015 Legislative Program **Priority Goals** of the Greater Florida Consortium of School Boards plus a copy of **Additional Issues** that will become a separate document.

We are asking that you approve the program (both parts) as soon as possible in order to begin the process of getting legislative sponsors.

Issues cannot be revised or amended. They must be accepted or rejected. Under the Consortium bylaws, if a single board rejects an issue, that issue automatically is removed from the program. The final program will reflect those issues unanimously approved by the 11-member districts. **Please send the results of your school board's action to tomcerra@gmail.com.**

This is going to be a very important year for all of our school districts as we confront the issues before us. We have an opportunity to improve our collaboration and work better together. It is critical that we begin our efforts immediately and that we are responsive to the changing legislative environment.

Jeanne Dozier from Lee County will be chairing a committee to coordinate our efforts in Tallahassee and with our legislative delegations. I am requesting that each school board participate on this legislative planning/steering committee. You each may choose to serve on this committee or ask your school board to assign a designee. Please let me know your designee as soon as possible.

The next scheduled meeting of the GFCSB will be at the Grand Hyatt Tampa Bay on Wednesday, December 3, 2014, from 5:00-6:00 p.m. However, it is possible we may schedule some additional time during the FSBA conference, if necessary.

Thank you for your hard work. Together we ARE better!

KB:pw
Attachments (2)

GREATER FLORIDA CONSORTIUM
OF
SCHOOL BOARDS'
2015 LEGISLATIVE PROGRAM

Constitution of the State of Florida, Article IX - - Section I.

"The education of children is a fundamental value of the people of the State of Florida. It is therefore a paramount duty of the State to make adequate provision for the education of all the children residing within its borders. Adequate provision shall be made by law for a uniform, efficient, safe, secure, and high quality system of free public schools that allows students to obtain a high quality education…."

GOAL: **TO INCREASE, ON A PHASED-IN BASIS, THE AVERAGE PER STUDENT FUNDING TO ENSURE THAT FLORIDA IS IN THE TOP HALF OF THE STATES AND CAN PROVIDE A WORLD CLASS EDUCATION TO ENABLE ITS STUDENTS TO COMPETE AND EXCEL IN THE GLOBAL MARKET PLACE.**

PRIORITY GOALS

CONSTITUTIONAL AUTHORITY/GOVERNANCE/UNFUNDED MANDATES

Ensure that, in all cases, legislation be evaluated to provide that it does not conflict with the constitutional and home rule authority of school boards to "operate, control, and supervise" all public schools within their school districts.

FUNDING

Allocate sufficient state dollars with flexibility to enable school districts to support: guaranteed continuation budgets that provide for enrollment changes, inflationary increases, competitive salaries and benefits for teachers and other personnel and quality program improvements, including those mandated by SB 736. Use state revenue to provide for this continuation budget as opposed to the state using increases in local property tax revenues as the source of additional funds.

- Increase Base Student Allocation (BSA) for FY 2015-16 by $368.56 or more to truly restore funding to the FY 2007-08 appropriated per student level.

- Restore the ESE Guaranteed Categorical allocation to the pre-recession level of $2,220.56 per student or greater.

- Restore the 0.50 mill capital outlay taxing authority to local school boards to meet the school maintenance and technology needs of their community.

- Fund the infrastructure cost and acquisition of computers/technology for the expansion of digital instruction and mandated testing.

- Collect and earmark the internet sales tax for public schools.

- Oppose further equalization of the local discretionary millage.

- Restore the FTE definition to provide for six periods and fund additional instructional time for dual enrollment and virtual programs.

- Fully fund a new categorical program for the 300 lowest performing elementary schools and allow the school districts the flexibility in providing the additional time.

- Base the class size requirement on the school-wide average for all public schools.

OPTIONAL CAPITAL OUTLAY LEVY (2.0 MILLS)

- Restore the full optional 2.0 mill levy for capital purposes and reject any further reduction and continue the flexibility to use this revenue to pay property and casualty insurance premiums; to purchase equipment to implement on-line testing; and, to purchase software required to run equipment purchased with capital funding.

- Increase the cap for vehicle purchases and property and casualty insurance from $100 to $150.

- Oppose any mandatory diversion of Local Discretionary Capital Outlay levy revenue from traditional public schools to non-traditional public schools.

- Establish a long-term, stable, and recurring revenue source to provide increased school construction funds to support new facilities, renovations, replacement schools, school maintenance, land acquisition, mandated class size reduction, hurricane shelter retrofitting, pre-kindergarten programs housed in public schools, and the additional costs of constructing environmentally-efficient "green" schools.

CHARTER SCHOOLS

- Require that all publicly funded schools have the same laws, rules, and regulations.

- Require a $250,000 performance bond upon application.

- Maintain school boards' authority to negotiate a performance contract with a charter school by repealing the standard contract.

- Maintain school boards' authority over local capital outlay funds.

- Grant final authority to approve or reject charter school applications.

ACCOUNTABILITY AND STATE TESTING PROGRAM

- Suspend high stakes testing.

- Create a workable accountability system, not to be implemented before July 1, 2017, that must include student, teacher, principal, school and school district assessment, and professional development.

- Provide that any accountability measure developed must be statistically reliable and validated in Florida.

- Reduce the number of state mandated tests and use the results solely for diagnostic purposes.

- Allow school districts to choose nationally normed tests as an alternative to state mandated tests.

- Repeal requirements for districts to adopt EOCs in every subject unless provided by and funded by the state assessment program.

- Allow alternative ways for Post-secondary Readiness Test compliance, such as Advanced Placement, International Baccalaureate, AICE, or Dual Enrollment programs.

ADDITIONAL ISSUES
(To be a separate document.)

GOVERNANCE

Mandates/Reforms

Oppose additional reforms and mandates and require at least one-year lead-time for all new provisions.

Voucher Programs

Oppose any further expansion of the Florida Tax Credit and John McKay Scholarship Programs and require the same accountability for students attending these programs as is required for students attending traditional public schools.

School Board Structure

Oppose any provisions impacting the school board's governance without local school board and community input.

Waiver of Statutes

Provide the authority for the governor or the commissioner of education to waive statutes, except for those dealing with life safety issues, upon request of the school board, for up to three years.

Value Adjustment Board (VAB)

- Allow school districts to levy the prior period adjustment millage.

- Modify the VAB appeals process to include:
  - requiring that the property owner sign/approve the appeal;
  - limiting rescheduling of appeals to no more than one (1);
  - tying the interest rate for refund to the market rate; and,
  - requiring the Property Appraiser to finalize the tax roll by a date certain.

Legislative Session Dates

Place a constitutional amendment on the 2016 ballot for the legislature to convene annually in January to allow adequate time for budget development and new legislative initiatives.

Articulation Programs and Agreements

- Allow local or regional determination in the operation of post-secondary and adult education articulation programs and dual delivery systems.

- Provide for statewide articulation agreements for school districts, community and state colleges and universities so that dual enrollment credit will transfer to and among all state higher education institutions.

School Board Calendar

Allow each district the authority to set its own start date for school opening.

Pay for Performance/Teacher Evaluation Systems

Provide the authority for school boards to design local evaluation and performance systems rather than impose a one-size-fits-all mandate.

Workforce Development

Maintain the dual education delivery system that allows both the local school district and community college to offer adult programs.

FUNDING

- Conduct an impartial third-party study of the Florida Price Level Index to reflect the costs of housing, insurance, poverty, and transportation, rather than wages.

- Provide state funding for any increased costs to the employer's contribution to the Florida Retirement System.

- Develop a state plan to reinvest a specific percentage of state growth revenue in the FEFP.

- Increase funding for Safe Schools, Transportation, Instructional Materials, and Supplemental Academic Instruction to accommodate higher enrollment and higher costs, and maintain these programs as categoricals with maximum flexibility.

- Uphold the 90 percent rule in the FEFP, and fund state mandates for Transportation and Instructional Materials entirely from state revenue and do not include this funding when calculating the 90 percent rule.

- Eliminate the wealth adjustment from the sparsity formula.

- Restore the program weights for Exceptional Student Education (ESE), English-for-Language-Learners (ELL), and all secondary (middle and high school) career education programs to pre-2001 levels.

- Identify alternative revenue sources, including efforts to enforce the existing state sales tax on all internet sales made in Florida, and study a phase-out of exemptions on non-essential goods.

- Allow for voter approval of the half-cent sales tax for operational as well as capital construction purposes.

- Reinstate the funding for 251, 252, 253, and gifted students on a per student basis and provide state funding for additional pupil personnel services.

- Hold funding in abeyance for the School Recognition Program and reject any new funded or unfunded mandates or new programs.

- Provide that public school funding follow the student when the student's educational enrollment location changes between a non-traditional school and a traditional public school.

- Restore pre-kindergarten funding to the FY 2010 level to eliminate waiting lists and recognize space requirements in state facilities specifications (SREF).

- Preserve Advanced Placement and International Baccalaureate Programs and other advanced academic programs by restoring funding to the 2006-07 levels (.24 factor).

- Adjust the rate of local tax roll collections from 96 percent to 94 percent for FEFP calculation purposes.

- Provide state funding to support all technology and digital requirements that the legislature has mandated districts must meet by 2015 or delay that deadline.

CAPITAL OUTLAY

Public Education and Capital Outlay (PECO)

Restore and enhance funding to traditional public schools on a per student basis.

Optional Capital Outlay Levy (2.0 mills)

Restore the .50 mill levy by majority school board vote for critical operations or capital.

State Requirements for Educational Facilities (SREF)

Provide school districts flexibility to use the Florida Building Code in lieu of SREF.

Impact Fees

- Define school boards as "infrastructure," not "developers."
- Maintain fees and reinstate local capital outlay funding for the purposes that they were collected.

Relocatables

Allow, but do not require, local governments and school boards to include the capacity of temporary relocatable facilities in the level of service calculation.

Student Station Costs

Provide for a district or regional index for the per-student-station cost cap to keep pace with changing market place increases for labor, materials, and code requirements.

Local Sales Tax

Expand the allowable use of locally-voted sales tax to include operating expenses.

ACCOUNTABILITY AND STATE TESTING PROGRAM

- Provide statewide assessments in multiple languages for the first two years of testing.
- Reinstate 3.5 as the passing writing score.
- Establish and fund better systems to develop, implement, and audit valid and reliable state tests and expedite the scanning and scoring to provide better, more reliable student data.
- Develop and fund the teacher/administrator evaluation and performance pay system and provide maximum local flexibility for collaboration and negotiations for the implementation.
- Modify the state's criteria for "intervene status" to ensure clarity, consistency, and fairness.
- Provide the same level of student and educator accountability for all state providers.
- Develop an alternative assessment model for measuring progress of students enrolled in ESE centers that appropriately measures student achievement and teacher performance, and establish statewide criteria for student placement.

HURRICANE/DISASTER RELIEF

Establish permanent statutory authority to assist school districts with hurricane damage without negatively affecting resources for other districts, including:

- providing an avenue for school boards to seek necessary waivers of state law for up to a year, such as shortening the school year, in order to resolve some of the immediate impact of hurricane damage; and,
- funding all costs associated with shelter operations.

OTHER ISSUES

PIP/School Buses

Reaffirm that school buses are not commercial vehicles and not subject to PIP.

Student Safety

- Permit safety signage on school buses.
- Provide for traffic violation for any unauthorized vehicle, moving or parked in a school bus zone, when buses are loading and unloading.

Best Practices of Assessment Programs

Require the state DOE to conduct a "Global Best Practices" review of professional and student assessment programs.

Department of Juvenile Justice (DJJ) Funding

- Ensure that any additional funding for Juvenile Justice centers supplements rather than supplants funds available for the basic education program.
- Allow districts to waive the $45 fee for adult education basic or GED courses offered to students in jails, stockades, or DJJ facilities.

Student Health

Require the Florida High School Athletic Association to make literature available to parents on the importance of having a cardiovascular assessment, such as an EKG performed on student athletes, and pursue mandatory screening prior to participation in any organized sport.

Career Academies

Create rigorous industry certificates and increase the program weights.

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Indian River County School Board
Resolution #2015-07 Concerning Accountability

WHEREAS, the Indian River County School Board believes in accountability to sustain quality instruction and student learning gains; and

WHEREAS, valid, reliable and consistent statewide measures that reasonably impact instructional time are crucial to ensure all students are engaged and prepared for success in college, workforce and life; and

WHEREAS, the Florida Department of Education (FLDOE) has not sufficiently field tested the new Florida Standards Assessment (FSA) with Florida students to responsibly determine learning gains and calculate school grades; and

WHEREAS, over thirty (30) changes to the accountability system over the last three years have caused parents, communities and educators to lose confidence in the school grading system and public schools; and

WHEREAS, FLDOE did not release item specifications for the new assessments in a timely manner to properly ensure teacher preparation, instructional plan adjustments and alignment of progress monitoring tools prior to the start of the 2014-2015 school year; and

WHEREAS, over-reliance on Florida's high stakes standardized testing is undermining Article IX of the Constitution of Florida with regard to the adequate provision for a uniform, efficient, high quality system of public schools; therefore

BE IT RESOLVED, that the School Board of Indian River County calls on the Florida Legislature, in cooperation with the Governor and FLDOE, to provide a realistic transition to FSA implementation by using the 2014-2015 FSA results to begin to establish baseline data without issuing school grades or tying results to teacher and principal evaluations, retention of students at the third grade level and graduation requirements; and

BE IT FURTHER RESOLVED, that the School Board of Indian River County, calls on the State Board of Education, in cooperation with the Governor and FLDOE, to empower a truly representative panel of stakeholders, especially educators and parents who represent all of Florida to assure that all segments of the accountability system are fair, reliable, accurate and funded.

______________________________ ______________________________

Carol Johnson, Board Chairman — Dr. Frances J. Adams, Superintendent

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Date

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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, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Imagine Schools at South Indian River County, LLC
Vero Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund 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, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, as of June 30, 2014, 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-1, the accompanying financial statements referred to above present only the financial position of Imagine Schools at South Vero at June 30, 2014, and the results of its operation for the year then ended, and is not intended to be a complete presentation of the Charterholder.

Other Matters

Required Supplemental Information

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 supplemental 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2014 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* in considering the School's internal control over financial reporting and compliance.

September 18, 2014
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, 2014 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, 2014 by $ $1,092,679.
- The School's net position increased by $490,605.
- At June 30, 2014, the School's governmental fund balance sheet reported combined ending fund balance of $930,506, of which $557,591 is unassigned.
- At June 30, 2014, the School reported the assigned fund balance of $100,000 for Technology and $100,000 for Instructional materials, the total of $200,000.

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 position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 School'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 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, capital outlay fund and lunch fund, which are considered to be major funds.

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. A budgetary comparison statement with required notes has been provided to demonstrate compliance with this budget and can be found on pages 27 through 29 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 position 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 $1,092,679 for the year ended June 30, 2014, assets exceeded liabilities by $602,074 for the year ended June 30, 2013.

Condensed statement of net position and the statement of activities are provided below.

Statement of Net Position

	Governmental Activities		
	2014	**2013**	**Variance**
ASSETS			
Current and other assets	$ 1,304,401	$ 734,162	$ 570,239
Capital assets, net of accumulated depreciation	162,173	181,668	(19,495)
Total assets	1,466,574	915,830	550,744
LIABILITIES			
Current and other liabilities	373,895	313,756	60,139
Total liabilities	373,895	313,756	60,139
NET POSITION			
Net investement in capital assets	162,173	181,668	(19,495)
Restricted for Lunch Program	96,322	-	96,322
Unrestricted	834,184	420,406	413,778
Total net position	$ 1,092,679	$ 602,074	$ 490,605

The current and other assets increased primarily as results of an increase in cash due to timing of inflows and outflows. Total liabilities increased at year end due to timing of payments for invoices.

The following table indicates the change in net position for the School:

Statement of Activities

	Governmental Activities		
Revenues:	**2014**	**2013**	**Variance**
Program revenues:			
Charges for services	$ 526,655	$ 623,009	$ (96,354)
Operating grants and contributions	544,121	345,152	198,969
General revenues:			
State passed through local school district	5,707,088	5,134,366	572,722
Other revenues	135,321	83,547	51,774
Total revenues	6,913,185	6,186,074	727,111
Expenses:			
Basic instruction	2,971,241	2,653,407	317,834
Exceptional instruction	103,069	85,701	17,368
Other instruction	137	79,017	(78,880)
Health services	26,402	22,092	4,310
Curriculum development	47,313	-	47,313
Staff development	-	8,147	(8,147)
Board of directors	24,335	16,172	8,163
School administration	1,170,011	1,084,990	85,021
Food services	281,398	265,066	16,332
Central services	9,973	12,637	(2,664)
Operation of plant	1,676,489	1,609,013	67,476
Maintenance of plant	45,078	22,136	22,942
Community services	67,134	60,411	6,723
Total expenses	6,422,580	5,918,789	503,791
Change in net position	490,605	267,285	223,320
Net position - beginning	602,074	334,789	267,285
Net position - ending	$ 1,092,679	$ 602,074	$ 490,605

Program revenues: The decrease in charges for services is due to the local-Pre-K program fees earned in 2013. In the current year the School did not have any local-Pre-K fees. The increase in operating grants and contributions was due to higher capital outlay funds received in 2014.

General revenues: State passed through local district and other revenues increased mainly due to growth in the number of students attending. As a result of enrollment increases, FTE generated revenues increased, and other revenues increased as well.

Expenses: Basic instruction increased because of investments in new textbooks and supplies for students, and other instruction decreased due to a reduction in other staff. Food services increased mainly due to the increase in students during the year, and plant expenses increased primarily due to increased insurance and equipment use costs. The change in curriculum development was caused by the new position at the School for the academic coach.

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 $557,591.

General Fund Budgetary Highlights.

The School's final budgeted expenditures for general fund exceeded actual expenditures by approximately $187, which is related to reduced expenditures for salaries and benefits.

Capital Asset and Debt Administration

Capital assets. The School's net investment in capital assets for its governmental activities as of June 30, 2014, amounts to $162,173 (net of accumulated depreciation). This net investment in capital assets includes buildings, improvements, furniture fixture and equipment. Additional information on the School's capital assets can be found in Note C.

Debt administration. The School had no long term debt at June 30, 2014.

Economic Factors. A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to increase from 895 to 910 students, an approximately 2% increase, for the 2014/2015 school year.

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 Christopher Rock 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 POSITION

June 30, 2014

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	$ 1,167,815
Accounts receivable	18,895
Due from other agencies	41,098
Due from management company	28,240
Prepaid expenses	76,593
Total current assets	1,332,641
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Building and fixed equipment	21,333
Furniture, fixtures and equipment	126,126
Audio visual equipment	14,498
Computer software	216
Total capital assets	162,173
Total assets	1,494,814
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable	56,198
Accrued payroll and related benefits	321,443
Unearned revenue	24,494
Total liabilities	402,135
NET POSITION	
Net investment in capital assets	162,173
Restricted for:	
Lunch program	96,322
Board designated	200,000
Unrestricted	634,184
Total net position	$ 1,092,679

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, 2014

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Basic instruction	$2,971,241	$ 218,028	$ -	$ -	$ (2,753,213)
Exceptional instruction	103,069	-	-	-	(103,069)
Other instruction	137	-	-	-	(137)
Health services	26,402	-	-	-	(26,402)
Curriculum development	47,313	-		-	(47,313)
Board of directors	24,335	-	-	-	(24,335)
School administration	1,170,011	-	-	-	(1,170,011)
Food services	281,398	159,402	156,348	-	34,352
Central services	9,973	-	-	-	(9,973)
Operation of plant	1,676,489	-	387,773	-	(1,288,716)
Maintenance of plant	45,078	-	-	-	(45,078)
Community services	67,134	149,225	-	-	82,091
Total governmental activities	$6,422,580	$ 526,655	$ 544,121	$ -	(5,351,804)
		General revenues:			
		State through local school district			5,707,088
		Other revenues			135,321
		Total general revenues			5,842,409
		Change in net position			490,605
		Net position at July 1, 2013			602,074
		Net position at June 30, 2014			$ 1,092,679

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, 2014

	General Fund	Capital Outlay	Lunch Fund	Total Governmental Funds
ASSETS				
Cash	$ 1,167,815	$ -	$ -	$ 1,167,815
Accounts receivable	18,895	-	-	18,895
Due from general fund	-	-	96,322	96,322
Due from other agencies	41,098	-	-	41,098
Due from operating company	28,240	-	-	28,240
Prepaid expenses	76,593	-	-	76,593
Total assets	$ 1,332,641	$ -	$ 96,322	$ 1,428,963
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 56,198	$ -	$ -	$ 56,198
Accrued payroll and other expenses	321,443	-	-	321,443
Unearned revenue	24,494	-	-	24,494
Due to other funds	96,322	-	-	96,322
Total liabilities	498,457	-	-	498,457
FUND BALANCES				
Nonspendable prepaid expenses	76,593	-	-	76,593
Restricted for:				
Lunch program	-	-	96,322	96,322
Assigned	200,000	-	-	200,000
Unassigned	557,591	-	-	557,591
Total fund balances	834,184	-	96,322	930,506
Total liabilities and fund balances	$ 1,332,641	$ -	$ 96,322	$ 1,428,963

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 POSITION

June 30, 2014

Fund balances - total governmental funds		$ 930,506
The net position reported for governmental activities in the statement of net position 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 and fixed equipment, net	$ 21,333	
Furniture, fixtures and equipment, net	126,126	
Audio visual equipment, net	14,498	
Computer software, net	216	
Total capital assets		162,173
Total net position of governmental activities		$ 1,092,679

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, 2014

	General Fund	Capital Outlay	Lunch Fund	Total Governmental Funds
Revenues				
Federal passed through state	$ -	$ -	$ 156,348	$ 156,348
State passed through local school district	5,707,088	387,773	-	6,094,861
Program fees	265,999	-	-	265,999
Other local revenues	236,575	-	159,402	395,977
Total revenues	6,209,662	387,773	315,750	6,913,185
Expenditures				
Current:				
Basic instruction	2,929,022	-	-	2,929,022
Exceptional instruction	103,069	-	-	103,069
Other instruction	137	-	-	137
Health services	26,402	-	-	26,402
Curriculum development	47,313	-	-	47,313
Board of directors	24,335	-	-	24,335
School administration	1,170,011	-	-	1,170,011
Food services	-	-	278,919	278,919
Central services	9,973	-	-	9,973
Operation of plant	1,274,396	387,773	-	1,662,169
Maintenance of plant	45,078	-	-	45,078
Community services	67,134	-	-	67,134
Fixed capital outlay	39,523	-	-	39,523
Total expenditures	5,736,393	387,773	278,919	6,403,085
Net change in fund balances	473,269	-	36,831	510,100
Fund balances at July 1, 2013	360,915	-	59,491	420,406
Fund balances at June 30, 2014	$ 834,184	$ -	$ 96,322	$ 930,506

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, 2014

Net change in fund balances - total government funds		$ 510,100
The change in net position 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	$ 39,523	
Less: depreciation	(59,018)	(19,495)
Change in net position of governmental activities		$ 490,605

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

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 the School 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, 2018. 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 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 position 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 position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: amounts invested in capital assets, net of related debt, restricted net position, and unrestricted net position. Net position is 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 position 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.

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. 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 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.

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 School Board of Indian River County, Florida, 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.

Lunch Fund - this fund accounts for all the activity for the School's food service receipts and expenditures. Included in this fund are the receipts for the National School Lunch 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 governmental agencies, the management company 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, 2014, are recorded as prepaid expenses in both government-wide and fund financial statements.

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:

Asset Class	Estimated Useful Lives (years)
Buildings and fixed equipment	5 - 20
Furniture, fixtures and equipment	5 - 10
Audio visual equipment	3 - 5
Computer software	3 - 5

8. Unearned revenues

Unearned revenues include amounts collected before the revenue recognition criteria are met under both the modified and full accrual basis of accounting. The unearned 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 position. 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.

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 are 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 exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service for years ending before June 30, 2011.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

13. Fund balance classification

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. No other fund except the general fund can report positive amounts of unassigned fund balance.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification (continued)

For the year ended June 30, 2014, the breakout of the assigned fund balance is shown below:

	General Fund
Technology	$ 100,000
Instructional materials	100,000
	$ 200,000

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 bank balance of the School's deposits was $1,283,149 at June 30, 2014. The deposits are insured by the FDIC up to $250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes. As of June 30, 2014, none of the School's balances held in banks was exposed to custodial credit risk.

NOTE C - CAPITAL ASSETS

Changes in capital assets activity are as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets depreciated:				
Buildings and fixed equipment	$ 46,461	$ -	$ -	$ 46,461
Furniture, fixtures and equipment	198,212	37,690	-	235,902
Audio visual materials	30,948	1,833	-	32,781
Computer software	4,409	-	-	4,409
Total assets depreciated	280,030	$ 39,523	$ -	319,553
Less accumulated depreciation:				
Buildings and fixed equipment	19,288	$ 5,840	$ -	25,128
Furniture, fixtures and equipment	63,194	46,582	-	109,776
Audio visual materials	12,249	6,034	-	18,283
Computer software	3,631	562	-	4,193
Total accumulated depreciation	98,362	$ 59,018	$ -	157,380
Total governmental activities capital assets, net	$ 181,668			$ 162,173

Depreciation expense at June 30, 2014 was charged to functions of the School as follows:

Basic instruction	$ 42,219
Food services	2,479
School administration	14,320
	$ 59,018

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:

Sources	Amounts
School Board of Indian River County, Florida	
Base funding	$ 3,517,474
Exceptional student education guaranteed allocation	88,682
Class size reduction	1,018,882
Other FEFP	21,354
Discretionary lottery	491,483
Instructional materials allocation	67,140
Student academic improvement	180,804
Teacher salary allocation	152,843
Additional allocation	3,124
Lead teacher	12,375
Millage allocation	168,966
Proration	(16,039)
Subtotal	5,707,088
Capital outlay	387,773
Total from School Board of Indian River County, Florida	6,094,861
National School Lunch Program	156,348
Local fund raising	100,405
Local child care programs	165,594
Other local revenues	236,575
Local food sales	159,402
	$ 6,913,185

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, 2014 was $739,132.

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” or the “Fund Balance Assistance Fee” in any year in which no amounts were required to be forgiven and the Defined Fund Balance, after consideration or repayments of all outstanding Operating Advances, exceeds the fund balance required by the Authorizer, if any. 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.

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 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 $1,394,066 of which $387,773 was paid through Capital Outlay funding.

NOTE E - COMMITMENTS AND CONTINGENCIES (continued)

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, 2014 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 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, 2014:

	Operating expenses	Management fees	Advances/ Contribution	Due to/(from) management company
Balance at July 1, 2013	$ (5,856)	$ (198,668)	$ 204,524	$ -
Advanced	-	-	-	-
Invoiced	237,880	709,132	-	947,012
Payments	(266,120)	(709,132)	-	(975,252)
Balance at June 30, 2014	$ (34,096)	$ (198,668)	$ 204,524	$ (28,240)

2. Facility and equipment lease

On March 31st, 2014 the subordination to master lease agreement was signed between the Schoolhouse Finance LCC and Charter FL IP, LLC.
Charter FL IP, LLC owns the property which is leased to the Schoolhouse Finance LLC. The Schoolhouse Finance LLC total rent payments charged to School under their leases amounts to $1,394,066.

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 2014. Settled claims resulting from the risks described above have not exceeded the insurance coverage since the School's inception.

NOTE H - SUBSEQUENT EVENT

The School has evaluated subsequent events through September 18, 2014; the date at which the financial statements were available for issuance, and has determined that no material events occurred that would require additional disclosure in the financial statements.

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, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenue				
Base FTE funding	$ 5,830,061	$ 5,707,088	$ 5,707,088	$ -
Supplemental fee revenue	410,900	502,573	502,574	1
Gross school revenue	6,240,961	6,209,661	6,209,662	1
Expenditures				
Non-profit expenditures				
Facility use fee	1,006,178	1,006,293	1,006,293	-
Total non-profit expenditures	1,006,178	1,006,293	1,006,293	-
School operating expenditures				
Salaries and benefits	3,352,087	3,299,940	3,300,038	(98)
Other school service expense	178,151	154,618	154,125	493
Direct educational expense	229,437	156,014	155,721	293
General and administrative	314,460	222,480	224,382	(1,902)
Facility operating expense	158,345	170,904	199,503	(28,599)
Marketing and enrollment	-	6,694	6,694	-
Total school operating expenditures	4,232,480	4,010,650	4,040,463	(29,813)
Indirect costs	730,541	709,132	709,132	-
Startup fee repayment	30,000	30,000	-	30,000
Total expenditures	5,999,199	5,756,075	5,755,888	187
Net change in fund balances	$ 241,762	$ 453,586	453,774	$ 188
Adjustments to conform with GAAP:				
Capital outlay expenditures			(39,523)	
Depreciation expense			59,018	
Excess of revenue over expenditures (GAAP basis)			473,269	
Fund balances at July 1, 2013			360,915	
Fund balances at June 30, 2014			$ 834,184	

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, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenue				
Federal, state & local revenue	$ 387,427	$ 387,773	$ 387,773	$ -
Expenditures				
Non-profit expenditures				
Facility use fee	387,427	387,773	387,773	-
Change in fund balances	-	-	-	-
Fund balances at July 1, 2013	-	-	-	-
Fund balances at June 30, 2014	$ -	$ -	$ -	$ -

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 - LUNCH FUND

For the year ended June 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenue				
Federal passed through state	$ 140,410	156,348	$ 156,348	$ -
Other local revenues	159,069	159,402	159,402	-
Gross school revenue	299,479	315,750	315,750	-
Expenditures				
Non-profit expenditures				
Food service	265,675	278,731	278,919	(188)
Change in fund balances	33,804	37,019	36,831	(188)
Fund balances at July 1, 2013	-	-	59,491	(59,491)
Fund balances at June 30, 2014	$ 33,804	$ 37,019	$ 96,322	$ (59,679)

See accompanying note to required supplemental information.

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2014

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.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHERS 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund of Imagine Schools – South Vero Campus (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, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

September 18, 2014
Melbourne, Florida

BERMAN HOPKINS WRIGHT & LAHAM
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MANAGEMENT LETTER

To the Board of Directors
Imagine Schools at South Indian River County, LLC
Vero Beach, Florida

Report on the Financial Statements

We have audited the financial statements 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, 2014, and have issued our report thereon dated September 18, 2014.

Auditor's Responsibility

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.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 18, 2014, 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.

Prior Audit Findings

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. There were no finding or recommendations made in the preceding annual financial report.

Financial Condition

Sections 10.854(1)(e)2. And 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine 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.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the School. 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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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 noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. 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.

Purpose of this Letter

Our management letter is intended solely for the information and use of the School's management, Board of Directors, others within the School, the School Board of Indian River County, Florida, the State of Florida Office of the Auditor General, Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 18, 2014
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Findings, Recommendations or Other Matters

For the year ended June 30, 2013, there were no findings, recommendations or other matters.

For the year ended June 30, 2014, there are no findings, recommendations or other matters.

MJTB

INDIAN RIVER CHARTER HIGH SCHOOL, INC.

(A Component Unit of the Indian River County District School Board)

Annual Financial Report

June 30, 2014

(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, 2014

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MJTB Morgan • Jacoby • Thurn • Boyle
& Associates, P.A.
Certified Public Accountants

Independent Auditors' Report

The Board of Directors
Indian River Charter High School, Inc.:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(Continued)

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MJTB

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, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–10 and 27 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.

Other Reporting Required by *Government Auditing Standard*

In accordance with Government Auditing Standards, we have also issued our report dated September 11, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Indian River Charter High School, Inc.'s internal control over financial reporting and compliance.

Morgan, Jacoby, Thurn, Boyle & Associates, P.A.

September 11, 2014

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, 2014. Please read it in conjunction with the School's basic financial statements, which immediately follow this section.

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 position decreased by $310,719 or 5.7%. In comparison, the prior year experienced a decrease of $38,685. The change reflected in the past two years is primarily due to the completion of an ongoing construction project during the 2012-2013 school year and increasing expenses during the 2013-2014 school year. Student enrollment for the 2013-2014 school year totaled six hundred sixty-seven students, an increase from the six hundred fifty-three students enrolled during the 2012-2013 school year. FTE revenues decreased 3% from the prior year.

At year end, the School accumulated a surplus of unrestricted net position of $1,117,948, which was a decrease of $297,154 for this fiscal year.

In addition to the above financial highlights, the School also achieved the following nonfinancial results:

- School students earned an average of 21.3 composite score on the ACT, which is higher than both the district and national average. On the individual English, Mathematics, Reading, and Science subsections, students scored higher than the state average. In the areas of English, Algebra, Social Science, and Biology, the percentage of School students deemed by the ACT to be prepared for college-level coursework is higher than any other high school in the district.

- For the 2013-2014 school year, School students scored higher on the US History EOC than any other district high school and 25 % higher than the state average. Geometry EOC scores are the highest among high schools in the district and 19% above the state average. Biology EOC scores are the highest in the district among high schools and 8% above the state average. Algebra EOC scores are the highest in the district among high schools. Both 9^{th} and 10^{th} grade FCAT scores continue to be the highest in the district and ranking in the top 10 percentile of the state.

- During the 2014 summer, 4 students travelled to Beijing, China for twenty days to study at the American Students Chinese Summer Camp. The program was hosted by the Confucius Institute Headquarters and sponsored by the Beijing International Chinese College (BICC). This program is typically offered to college students only, but due to the success of the 2013 visit, the School was allowed to send student representatives for a second year. School students are the only high school students to have participated in this program since its inception. Our students experienced China first hand, participating in numerous cultural and creative activities along with daily Chinese language study.

- Over the course of the 2013-2014 year, Dr. Ray Adams, Mr. Michael Naffziger, and Mr. James Barsalou worked together on the Indian River Impact 100 grant. It was a unique and rigorous grant process. Mr. Michael Naffziger presented a 1-minute speech after which the entire 400+ member population voted on the most deserving grants. In the end, the School was selected as 1 of 4 recipients to receive the $100,000 grant. The money will be utilized for the retrofit of The Charter Dome which will include, motorized drop-down screening, 2-high definition projectors, additional seating and staging. The project is expected to be complete before the end of the 2014-2015 school year.

- Fifteen members of the School Spanish Competition Team competed in the FSSC – Florida State Spanish Conference at the Wyndham Resort in Orlando. During the three-day trip, students participated in several different categories with students from other schools around the state. Twelve of fifteen students received the highest marking, Sobresaliente-Outstanding, and three students received a Superior in impromptu speeches. Two students received the highest ratings in their poetry division and an outstanding for their theatrical performance.

- The School's Visual and Performing Arts programs (VAPA) was recognized with a variety of regional and state-wide accolades including:

    - The annual fall fundraiser was held in February and was titled, "Postmodernism: the age of Techno Vanity" which included a large performance of over 600+ students written by students Annalise Miller and Andrew Mullane. This production was a stunning dinner show featuring choral, orchestra, drama, dance, and jazz band students. The sponsorship night included the revel of The Wall of the Wolf which showcases our school largest donors and the official ribbon cutting of The Charter Dome by John and Kathy Schumann. The University of Tampa Choir, under the direction of conductor Dr. Ryan Herbert, gave a pre-show performance for our sponsors.

    - The spring fundraiser was titled, "Cosmic Journey 2014". The patriotic salute to America featured a narrative by Vero Beach resident Martha Lemasters, a former IBM and NASA employee during the Apollo Program, articulated with performances from the chorus, orchestra, jazz ensemble, drama and dance departments.

    - During May of 2014, the Choir, Orchestra, and Jazz Ensemble participated in the Music USA Festival at Universal Studios Orlando, Florida with all groups receiving superior ratings in their divisions and the School being acknowledged as the all around Grand Champions.

    - In the Fall of 2013, the theatre department had yet another incredible opportunity to perform on Mainstage at the Florida State Thespian Festival. With the guidance of theatre teacher and director Michael Naffziger, the students performed Timberlake Wertenbaker's *Our Country's Good* at the Teco Theatre in Tampa. For the second year in a row the company's performance earned the highest acclaim, superior in all categories. In addition senior, Andrew Mullane received a Superior and Critics Choice, earning the highest recognition for the Play Writing category in the state of Florida.

- James Barsalou, Communications and Community Relations Specialist, and visual arts instructors, Tony Kopp and Liming Tang, had the special pleasure of chaperoning over fifty students on two separate trips to the art Gallery at Windsor. Both advance and beginner students had the opportunity to view the work of internationally acclaimed artist Jasper Johns. Students were given a private tour guided by Windsor Gallery Supervisor Toni Dering with an active question and answer session. Exposing our visual arts students to museum and gallery environments proved to have positive reinforcement on the development of their artistic endeavors. We intend to continue developing our relationship with Toni Dering and the Gallery at Windsor for additional educational experiences.

- In the 2014 spring semester, 4 School students were awarded in the 2014 Congressional Art Competition presented by Congressman Bill Posey. Junior, Payton Brosche was the first place winner for her photograph, which is currently on display in the Capitol in Washington, D.C. Senior, Anna Kenney was awarded third place for her graphite drawing. In addition, senior, Tasha Lulich was presented with the School Merit Award for her photograph. The County Merit Award was presented to sophomore, Finn Barrett for his mixed media artwork.

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.

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.

<u>School-Wide Statements</u>

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 position 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 position and how they have changed. Net position – 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 position 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).

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 position of the School's governmental position consisted of the following as of June 30, 2014 and 2013:

		Net Position – Governmental Activities	
		2014	2013
Current and other assets	$	1,696,695	1,813,819
Capital assets, net		5,296,938	5,631,782
Total assets		6,993,633	7,445,601
Current liabilities		551,856	367,159
Long-term debt		1,305,298	1,631,244
Total liabilities		1,857,154	1,998,403
Net position:			
Invested in capital assets		4,016,531	4,032,096
Restricted		2,000	–
Unrestricted		1,117,948	1,415,102
Total net position	$	5,136,479	5,447,198

The School's net position decreased by $310,719, or 5.7%, from the prior year, as increased operational expenses for the year outpaced the increase in revenues, as discussed in the following section.

The School had no business-type position as of June 30, 2014 and 2013. The following schedule compares revenues and expenses during the years ended June 30, 2014 and 2013:

		Change in Net Position – Governmental Activities	
		2014	2013
Revenues:			
General revenues:			
Intergovernmental	$	4,177,784	4,147,855
Other		365,960	190,560
Operating grants and contributions		134,768	83,723
Contributions for capital expenditures		7,500	44,000
Special item – gain (loss) on disposal of capital assets		233	(14,067)
Total revenues		4,686,245	4,452,071
Expenses:			
Instruction related		3,260,128	2,877,377
Administration		573,768	543,755
Food service		153	11,511
Information services		49,510	–
Transportation		4,729	4,050
Maintenance and operations		521,614	475,221
Other		587,062	578,842
Total expenses		4,996,964	4,490,756
Change in net position	$	(310,719)	(38,685)

Total revenues for the year increased by $234,174, or 5.3%, due to decreased operational revenue allocated on a per-student basis (FTE revenues) in the amount of $17,379, offset by increases of $251,553 in other non-resident tuition, cost-sharing related to dual enrollment classes, and other revenues.

Total expenses increased $506,208, or 11.3%, due to new staff positions being created, the School being charged for dual enrollment classes for the first time, and overall increases in employee related costs.

Financial Analysis of the School's Funds

The School's general fund position decreased $297,154 during the year to $1,117,948, decreased its cash by $155,958 and decreased its reserves by $297,154. The net decrease in reserves was attributable to a decrease in FTE revenues of $17,379 in addition to an increase in expenses of $488,943 and financing use of reserves of $146,190.

The net increase of $2,000 in the School's capital projects fund reflects a $7,059 decrease in revenues and a $618,648 decrease in expenditures as the School continues to maintain its facilities and upgrade educational equipment where needed as budgetary restrictions allow.

Current Budget

Annually, the School's Board of Directors approves a general fund budget for the upcoming fiscal year prior to the beginning of that fiscal year. The following table presents the general fund budget, as approved, as compared to 2013-2014 actual results.

	Budgeted Amounts			Favorable (Unfavorable) Variance with
	Original	Final	Actual	Final Budget
Revenues:				
State through local	$ –	76,037	76,037	–
Local	3,609,122	3,714,826	3,714,826	–
Other	200,000	493,932	500,307	6,375
Total revenues	3,809,122	4,284,795	4,291,170	6,375
Expenditures:				
Current – education:				
Instruction related	2,886,837	3,283,118	3,260,128	22,990
Administration	557,813	571,450	573,768	(2,318)
Food service	15,000	153	153	–
Information services	–	49,522	49,510	12
Transportation	5,000	5,241	4,729	512
Maintenance and operations	504,071	500,540	521,614	(21,074)
Other	–	–	32,232	(32,232)
Total expenditures	3,968,721	4,410,024	4,442,134	(32,110)
Other financing sources (uses)	(102,495)	(106,550)	(146,190)	(39,640)
Net change in fund balance	$ (262,094)	(231,779)	(297,154)	(65,375)

While the School had planned for utilizing unrestricted reserves for the year, the net change in general fund balance was unfavorably impacted by unbudgeted capital and noncapital maintenance and operations expenditures.

Capital Asset and Debt Administration

Capital Position

As of June 30, 2014, the School had invested $5,296,938 in a variety of capital position, as reflected in the following schedule, which represents a net decrease (additions less disposals and depreciation) of $334,844 or 5.9% from the end of last year.

		2014	2013
Improvements other than buildings	$	298,212	329,397
Buildings and improvements		4,696,730	4,971,571
Furniture, fixtures, and equipment		294,940	319,108
Audio/visual equipment		–	523
Computer software		7,056	11,183
Governmental capital assets, net	$	5,296,938	5,631,782

The decreases indicated above reflect the stabilizing of the School's expenditures in comparison to annual depreciation charges, after the School put into service its latest classroom addition in August 2012, with the exception of buildings and improvements, which includes the new outdoor canopy theater added in 2013. Depreciation expense amounted to $433,122 for the year ended June 30, 2014.

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, 2014 is $1,305,298. The repayment provision calls for monthly installments of $30,142, including interest at 3.07%, 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 impact of the recalibrated FTE was financially significant to the budget. According to the new funding method for FTE, ".... a student's Full-Time Equivalent (FTE) enrollment is capped at 1.0,..." (Statute 1011.61(4), F.S.). The former FTE formula allowed for each school to receive a full 1.0 FTE per student. Currently the new formula pro-rates FTE received by course and therefore FTE is shared based on each individual student's schedule. Any course not taken through the School is subject to a pro-rated share of FTE.

- This was the first full year that the School was required by the state of Florida to reimburse the State College for Dual Enrollment classes for current students. The FTE earned for each student who is dual-enrolled now must be paid forward to the State College. This requirement places an additional financial burden on the School as funding is significantly impacted by this mandate.

- Capital Outlay funding is a primary concern. The Capital Outlay funding available from the Florida Department of Education continues to be reduced each year. This funding is the only revenue source that charter schools receive for capital needs. The fact that it continues to be reduced has placed charter schools in extreme financial burden. The School has been in existence since 1998 and the current facilities are in desperate need of repair and renovation. Without this funding, the School will not have the opportunity to adequately update facilities to meet the educational requirements for students in the twenty-first century. For fiscal year 2014-2015, the School is experiencing a reduction of approximately 17% in Capital Outlay dollars funding based on projections from the legislature. This trend impacts charter schools significantly as there are no other shared funding sources to meet Capital Outlay needs.

- Indian River Charter High School continues to champion a relationship with international students for the 2014-2015 school year. A strong focus of the curriculum at the School is to foster cultural awareness and understanding of ALL cultures. The reputation of the academic program available at the School has become well known in the international arena prompting a continued interest among international students. Currently, the School has international students represented from twelve countries. As international student attendance offers first hand cultural exposure to local students and provides a greater understanding of international educational standards, the School believes that this experience provides its students with a more informed view of the academic world as a whole.

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 Position

June 30, 2014

		Total Governmental Activities
Assets:		
Cash	$	1,477,999
Other receivables		113,945
Prepaid expenses		79,860
Capital assets, net of accumulated depreciation of $3,536,493 (note 3)		5,296,938
Unamortized debt issue cost, net of accumulated amortization of $67,784		24,891
Total assets		6,993,633
Liabilities:		
Accounts payable		26,545
Accrued expenses		186,336
Deferred revenue		338,975
Long-term debt (note 4):		
Due within one year		325,679
Due after one year		979,619
Total liabilities		1,857,154
Net Position:		
Invested in capital assets, net of related debt		4,016,531
Restricted for capital projects		2,000
Unrestricted		1,117,948
Total net position	$	5,136,479

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, 2014

		Expenses	Program Revenues – Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Governmental Activities
Governmental activities:				
Instruction	$	2,794,066	100,918	(2,693,148)
Pupil personnel services		284,175	–	(284,175)
Instructional media services		66,754	–	(66,754)
School administration		573,768	–	(573,768)
Facilities acquisition and construction		92,232	–	(92,232)
Food service		153	–	(153)
Information services		49,510	–	(49,510)
Pupil transportation services		4,729	–	(4,729)
Operation of plant		486,916	–	(486,916)
Maintenance of plant		34,698	–	(34,698)
Technology		115,133	–	(115,133)
Interest on long-term debt		55,041	–	(55,041)
Unallocated depreciation expense		433,122	–	(433,122)
Amortization expense		6,667	–	(6,667)
Total governmental activities	$	4,996,964	100,918	(4,896,046)
General revenues:				
Intergovernmental:				
Local for operational purposes				3,714,826
State through local for operational purposes				76,037
State through local for capital projects				386,921
Investment earnings				4,807
Miscellaneous				402,503
Special item – gain on disposal of capital assets				233
Total general revenues and special item				4,585,327
Change in net position				(310,719)
Net position, beginning of year				5,447,198
Net position, end of year			$	5,136,479

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, 2014

Assets		General Fund	Capital Projects Fund	Total Governmental Funds
Cash	$	1,127,148	350,851	1,477,999
Other receivables (note 2)		81,648	32,297	113,945
Due from other fund (note 2)		378,590	–	378,590
Prepaid expenses		79,860	–	79,860
	$	1,667,246	383,148	2,050,394
Liabilities and Fund Balances				
Liabilities:				
Accounts payable		26,545	–	26,545
Accrued expenses		183,778	2,558	186,336
Due to other fund (note 2)		–	378,590	378,590
Deferred revenue		338,975	–	338,975
Total liabilities		549,298	381,148	930,446
Fund Balances:				
Nonspendable		79,860	–	79,860
Restricted		–	2,000	2,000
Committed		299,781	–	299,781
Assigned		997	–	997
Unassigned		737,310	–	737,310
Total fund balances		1,117,948	2,000	1,119,948
	$	1,667,246	383,148	

Reconciliation of governmental fund balances to entity-wide government activities net position:		
Amounts reported for governmental activities in the statement of net position 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 $8,833,431 and the accumulated depreciation is $3,536,493.		5,296,938
Long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.		(1,305,298)
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 $67,784		24,891
Total net position – governmental activities	$	5,136,479

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, 2014

		General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State through local	$	76,037	386,921	462,958
Local (note 5)		3,714,826	–	3,714,826
Contributions		33,850	7,500	41,350
Non-resident tuition		267,757	–	267,757
Student fees		100,918	–	100,918
Other		97,782	921	98,703
Total revenues		4,291,170	395,342	4,686,512
Expenditures:				
Current – education:				
Instruction		2,794,066	–	2,794,066
Pupil personnel services		284,175	–	284,175
Instructional media services		66,754	–	66,754
School administration		573,768	–	573,768
Facilities acquisition and construction		32,232	60,000	92,232
Food service		153	–	153
Information services		49,510	–	49,510
Pupil transportation services		4,729	–	4,729
Operation of plant		486,916	–	486,916
Maintenance of plant		34,698	–	34,698
Technology		115,133	–	115,133
Debt service:				
Principal		–	325,946	325,946
Interest		–	55,041	55,041
Capital outlay:				
Facilities acquisition and construction		–	98,545	98,545
Total expenditures		4,442,134	539,532	4,981,666
Other financing sources (uses):				
Transfers in		–	146,190	146,190
Transfers out		(146,190)	–	(146,190)
Total other financing sources (uses)		(146,190)	146,190	–
Net change in fund balances		(297,154)	2,000	(295,154)
Fund balances, beginning of year		1,415,102	–	1,415,102
Fund balances, end of year	$	1,117,948	2,000	1,119,948

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, 2014

		Total Governmental Funds
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	$	(295,154)
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 ($98,545) exceeds depreciation expense ($(433,122)).		(334,577)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term debt in the statement of net position and does not affect the statement of activities.		325,946
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 position differs from the change in fund balances by the cost of assets sold.		(267)
Change in net position of governmental activities	$	(310,719)

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 Position
Agency Funds

June 30, 2014

		Total Agency Funds
Assets:		
Cash	$	125,495
Total assets	$	125,495
Liabilities:		
Amounts held for others		125,495
Total liabilities	$	125,495

See accompanying notes to basic financial statements.

(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)

(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 position, 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, 2014, 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. Revenues are recognized when they become measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Generally, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the School-Wide statements, reconciliations are presented on each of the fund financial statements, which briefly explain the adjustments 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.

Governmental Funds

The School defines governmental funds in accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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.

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, 2014, the School used the capital projects fund to account for capital outlays funded by capital outlay revenues and long-term debt.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses. As of and for the year ended June 30, 2014, 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.

(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, 2014, the School's demand deposit accounts were under Federal deposit insurance limits by $22,408.

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, 2014, cash includes $1,270,997 of deposits invested in overnight repurchase agreements. The underlying securities pledged by the bank as collateral had market values totaling $1,273,697 as of June 30, 2014.

(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.

(Continued)

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:

	Years
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 classifies fund balances in accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which 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, 2014.

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, 2014.

(Continued)

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). The School's committed fund balances consist of resources set aside by the board for payment of insurance deductibles in the case of a catastrophic storm and budgeted amounts from the capital fund in excess of available funding.

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 School 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 2011-2014.

(Continued)

(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, 2014, capital outlay funds of $32,297 were due to the School from the Indian River County School District.

As of June 30, 2014, the School's general fund was due $378,590 from the capital projects fund for capital expenditures funded by the general fund.

(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, 2014:

		Balance 2013	Additions	Retirements and Transfers	Balance 2014
Improvements other than buildings	$	640,421	4,789	–	645,210
Buildings and improvements		6,964,853	23,396	(2,542)	6,985,707
Furniture, fixtures, and equipment		1,047,549	70,360	(2,979)	1,114,930
Audio/visual equipment		33,309	–	–	33,309
Computer software		54,275	–	–	54,275
Total capital assets		8,740,407	98,545	(5,521)	8,833,431
Less accumulated depreciation for:					
Improvements other than buildings		311,024	35,974	–	346,998
Buildings and improvements		1,993,282	298,237	(2,542)	2,288,977
Furniture, fixtures, and equipment		728,441	94,261	(2,712)	819,990
Audio/visual equipment		32,786	523	–	33,309
Computer software		43,092	4,127	–	47,219
Total accumulated depreciation		3,108,625	433,122	(5,254)	3,536,493
Governmental capital assets, net	$	5,631,782	(334,577)	(267)	5,296,938

(Continued)

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, a new 8 classroom building was constructed and placed in service in 2012 and an outdoor canopy theater was constructed and placed in service in 2013.

As of June 30, 2014, the school was awarded a $100,000 grant for capital improvements. It is a reimbursement type grant and will be recorded to revenue as the school receives reimbursements. Currently, the school has not expended any funds towards the capital project.

(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, 2014:

	Balance 2013	Additions	Repayments	Balance 2014
$3,800,000 Mortgage note payable, monthly installments of $30,142, including interest at 3.07%, monthly principal and interest payments due through April 7, 2018	$ 1,631,244	–	325,946	1,305,298

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:

	Principal	Interest	Total
2015	$ 325,679	36,023	361,702
2016	335,896	25,806	361,702
2017	346,567	15,135	361,702
2018	297,156	4,271	301,427
	$ 1,305,298	81,235	1,386,533

During the year ended June 30, 2014, interest expense totaled $55,041.

(5) *Schedule of Local Revenue Sources*

The following is a schedule of local revenue sources and amounts:

Sources		Amount
Indian River County District School Board:		
Florida Education Finance Program	$	2,865,121
Discretionary lottery funds		5,691
Teacher salary allocation		101,101
Class size		558,313
School academic improvement		124,612
Instructional materials and teacher training		46,273
Safe schools		13,715
Total	$	3,714,826

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 2013-2014 school year, and in consideration of the School's classification as a "high performing charter school," the state of Florida provided for the administrative fee to be assessed on the first 250 students at a rate of 2%. In accordance with this provision, the District withheld $29,980 from the School's revenues for the year ended June 30, 2014, 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, 2011, the School entered into a 63 month lease for their copying equipment. The lease provides for payments of $1,489 per month through June 30, 2015.

Total rent expense incurred during the year ended June 30, 2014 amounted to $77,868.

The future lease commitments as of June 30, 2014 follow:

2015	$	77,868
2016		70,423
2017		60,000
2018		45,000
	$	253,291

(Continued)

(7) 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. During each of the three years ended June 30, 2014, 2013, and 2012, the school experienced no settlements in excess of insurance coverage.

(8) 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, 2014, the School provided for contributions approximating $350,000.

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, 2014

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues:				
State through local	$ –	76,037	76,037	–
Local	3,609,122	3,714,826	3,714,826	–
Non-resident tuition	200,000	267,957	267,757	(200)
Other	–	225,975	232,550	6,575
Total revenues	3,809,122	4,284,795	4,291,170	6,375
Expenditures:				
Current – education:				
Instruction	2,498,913	2,820,641	2,794,066	26,575
Pupil personnel services	221,365	280,963	284,175	(3,212)
Instructional media services	63,882	66,919	66,754	165
Technology	102,677	114,595	115,133	(538)
School administration	557,813	571,450	573,768	(2,318)
Facilities acquisition and construction	–	–	32,232	(32,232)
Food service	15,000	153	153	–
Central service	–	49,522	49,510	12
Pupil transportation services	5,000	5,241	4,729	512
Operation of plant	483,071	472,641	486,916	(14,275)
Maintenance of plant	21,000	27,899	34,698	(6,799)
Total expenditures	3,968,721	4,410,024	4,442,134	(32,110)
Other financing sources (uses)	(102,495)	(106,550)	(146,190)	(39,640)
Net change in fund balance	(262,094)	(231,779)	(297,154)	(65,375)
Fund balance, beginning of year	1,415,102	1,415,102	1,415,102	–
Fund balance, end of year	$ 1,153,008	1,183,323	1,117,948	(65,375)

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& Associates, P.A.
Certified Public Accountants

**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**

The Board of Directors
Indian River Charter High School, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

(Continued)

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Morgan, Jacoby, Thurn, Boyle & Associates, P.A.

September 11, 2014

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& Associates, P.A.
Certified Public Accountants

Management Letter

The Board of Directors
Indian River Charter High School, Inc.:

Report on the Financial Statements

We have audited the financial statements of Indian River Charter High School, Inc., (the School) as of and for the year ended June 30, 2014, and have issued our report thereon dated September 11, 2014.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 11, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

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. In connection with our preceding annual financial audit, we did not have any such recommendations.

Financial Condition

Section 10.854(1)(e)2. And 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine 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.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the School. 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.

(Continued)

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Transparency

Section 10.854(1)(e)7. And 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes, except for the School's annual budget and the School's annual independent fiscal audit. We recommend the School add these two documents to its Web site.

Other Matters

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 noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5., 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.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Indian River County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Morgan, Jacoby, Thurn, Boyle & Associates, P.A.

September 11, 2014

INDIAN RIVER
CHARTER HIGH SCHOOL

CYNTHIA A. TREVINO-AVERSA
DIRECTOR

DR. RAY ADAMS
ASSISTANT DIRECTOR

SHENOECK BERRIOS
BUSINESS MANAGER

6055 COLLEGE LANE
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September 11, 2014

Mr. Kip Jacoby
Morgan, Jacoby, Thurn, Boyle & Associates, P. A.
700 20th Street
Vero Beach, FL 32960

Dear Mr. Jacoby:

In response to your letter accompanying our audited financial report, I would like to respond on behalf of the Board of Directors. In reference to:

1) Transparency

Indian River Charter High School, Inc.'s website was redesigned, the financial information was inadvertently not accessible. This has now been corrected.

Thank you for bringing this matter to our attention.

Sincerely,

Gene Waddell

Gene Waddell,
Chairman
Indian River Charter High School, Inc.

NORTH COUNTY CHARTER SCHOOL, INC.

Basic Financial Statements
with
Independent Auditors' Report

Year ended June 30, 2014

Table of Contents

KMETZ·NUTTALL·ELWELL·GRAHAM, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
North County Charter School, Inc.
Vero Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North County Charter School, Inc. (the School), a component unit of Indian River County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Michael L. Kmetz, CPA, PFS · Scott A. Nuttall, CPA, CFP · Brian J. Elwell, CPA · Patrick K. Graham, CPA, MA · Aurelius J. (Reese) Brackins, CPA
Teresa M. LaSota, CPA · David P. Reisinger, CPA · James F. McGuigan, Jr., CPA · Sherri Kolodziejczak, CPA, CGMA

To the Board of Directors
North County Charter School, Inc.

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 North County Charter School, Inc., as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kmetz, Nuttall, Elwell, Graham

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

July 25, 2014

NORTH COUNTY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. 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 $2,294,538 (net position). Of this amount, $535,819 (unrestricted net position) may be used to meet the ongoing obligations of the School The School's total net position increased by $418,868 or 18% in comparison with the prior year net position.

- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of $535,819, or 17% of total expenditures. The School's combined ending fund balances increased by $213 or 0.04% in comparison with the prior year balances. $535,819 is available for spending at the School's discretion (unassigned fund balance) and has been appropriated in the subsequent year's budget.

- Net investment in capital assets increased over the prior year by $1,483,037, or 40%.

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 position* 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 position*. Over time, increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in the net position 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 9 and 10 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 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 11 - 14 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 15 - 24 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 position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by $2,294,538 at June 30, 2014.

A portion of the School's net position (77%) reflects its net investment in capital assets (e.g. land, buildings, equipment and furniture). The School has related debt outstanding as of June 30, 2014, of $3,432,689 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.'S NET POSITION

	2014	2013
Current assets	$ 535,819	$ 535,606
Capital assets, net	5,191,408	3,708,371
Total assets	5,727,227	4,243,977
Current liabilities	170,087	125,938
Long-term liabilities	3,262,602	2,242,369
Total liabilities	3,432,689	2,368,307
Net position:		
Net investment in capital assets	1,758,719	1,340,064
Unrestricted	535,819	535,606
Total net position	$ 2,294,538	$ 1,875,670

An additional portion of the School's net position (23%) represents an *unrestricted net position* that is available to meet the financial obligations of the School. At the end of the current fiscal year, the School is able to report positive balances in all categories of net position.

NORTH COUNTY CHARTER SCHOOL, INC.'S CHANGE IN NET POSITION

	2014	2013
Revenues:		
Program revenues:		
Charges for services	$ 51,610	$ 62,371
Operating grants and contributions	88,571	75,883
Capital grants and contributions	105,523	67,603
General revenues:		
FTE non-specific revenues	1,704,599	1,429,499
Gifts, grants and bequests not restricted to specific programs	11,869	14,806
Total revenues	1,962,172	1,650,162
Expenses:		
Instruction	832,136	665,475
Parental involvement	-	60
Instructional staff training	65	611
Board	1,669	1,656
School administration	233,421	224,868
Facilities acquisition and construction	2,864	3,548
Fiscal services	12,030	12,280
Food services	112,672	107,525
Transportation	24,784	21,055
Operation of plant	134,725	120,348
Maintenance of plant	2,980	6,120
Interest on long-term debt	106,253	125,420
Depreciation - unallocated	79,705	87,866
Total expenses	1,543,304	1,376,832
Increase in net position	418,868	273,330
Net position, beginning of year	1,875,670	1,602,340
Net position, end of year	$ 2,294,538	$ 1,875,670

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 13% of total revenues. General revenues comprise 87% 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.

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 $535,819, an increase of $213 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, 2014, to increase expenses due to an increase in professional expenses and to increase funding due to an increase in enrollment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The School's investment in capital assets for its governmental activities as of June 30, 2014, amounted to $5,191,408 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and furniture. Additional information on the School's capital assets can be found in Notes 1 and 2 on pages 17 and 21 of this report.

Long-term debt – The School has related debt outstanding as of June 30, 2014, of $3,432,689 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 17 and 22 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 2% administrative costs on revenues.

- The Charter School's enrollment is at 100%.

- The Charter School has estimated revenues and appropriations in the fiscal year 2014-15 budget of $2,161,719. Appropriations include an additional $215,000, $9,000 and $103,000 for instructional/administrative salary/wage increases, textbooks, and debt service.

All of these factors were considered in preparing the School's budget for the 2014-15 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, Business/Finance Manager, 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 Position

June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 526,506	$ -	$ 526,506
Due from local sources	9,313	-	9,313
Capital assets, net	5,191,408	-	5,191,408
Total Assets	5,727,227	-	5,727,227
Liabilities			
Long-term liabilities:			
Due within one year	170,087	-	170,087
Due in more than one year	3,262,602	-	3,262,602
Total Liabilities	3,432,689	-	3,432,689
Net Position			
Net investment in capital assets	1,758,719	-	1,758,719
Unrestricted	535,819	-	535,819
Total Net Position	$ 2,294,538	$ -	$ 2,294,538

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, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction	$ 832,136	$ 41,980	$ -	$ -	$ (790,156)	$ -	$ (790,156)
Instructional staff training	65	-	-	-	(65)	-	(65)
Board	1,669	-	-	-	(1,669)	-	(1,669)
School administration	233,421	-	-	-	(233,421)	-	(233,421)
Facilities acquisition and construction	2,864	5,700	-	105,523	108,359	-	108,359
Fiscal services	12,030	-	-	-	(12,030)	-	(12,030)
Food services	112,672	3,930	88,571	-	(20,171)	-	(20,171)
Transportation	24,784	-	-	-	(24,784)	-	(24,784)
Operation of plant	134,725	-	-	-	(134,725)	-	(134,725)
Maintenance of plant	2,980	-	-	-	(2,980)	-	(2,980)
Interest on long-term debt	106,253	-	-	-	(106,253)	-	(106,253)
Depreciation - unallocated *	79,705	-	-	-	(79,705)	-	(79,705)
Total Governmental Activities	$ 1,543,304	$ 51,610	$ 88,571	$ 105,523	(1,297,600)	-	(1,297,600)
General Revenues:							
Local revenue:							
Florida Education Finance Program					1,348,308	-	1,348,308
Class size funds					330,820	-	330,820
Instructional materials					19,166	-	19,166
Teachers lead program					3,766	-	3,766
Lottery					2,539	-	2,539
Gifts, grants and bequests					11,869	-	11,869
Total General Revenues					1,716,468	-	1,716,468
Change in Net Position					418,868	-	418,868
Net Position, beginning					1,875,670	-	1,875,670
Net Position, ending					$ 2,294,538	$ -	$ 2,294,538

* 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, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 526,506	$ -	$ -	$ 526,506
Due from local sources	9,313	-	-	9,313
Total Assets	$ 535,819	$ -	$ -	$ 535,819
Liabilities and Fund Balances				
Liabilities	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
Fund balances:				
Unassigned	535,819	-	-	535,819
Total Liabilities and Fund Balances	$ 535,819	$ -	$ -	535,819

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,191,408
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(3,432,689)
Net position of governmental activities	$ 2,294,538

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, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental:				
State through local	$ -	$ 105,523	$ -	$ 105,523
Local	1,764,148	-	92,501	1,856,649
Total Revenues	1,764,148	105,523	92,501	1,962,172
Expenditures				
Current - Education:				
Instruction	809,245	-	-	809,245
Instructional staff training	65	-	-	65
Board	1,669	-	-	1,669
School administration	233,307	-	-	233,307
Facilities acquisition and construction	2,864	-	-	2,864
Fiscal services	12,030	-	-	12,030
Food services	-	-	109,303	109,303
Transportation	24,784	-	-	24,784
Operation of plant	134,725	-	-	134,725
Maintenance of plant	2,980	-	-	2,980
Debt service	221,442	-	-	221,442
Fixed Capital Outlay:				
Facilities acquisition and construction	4,730	1,580,951	3,435	1,589,116
Total Expenditures	1,447,841	1,580,951	112,738	3,141,530
Excess (Deficiency) of Revenues over Expenditures	316,307	(1,475,428)	(20,237)	(1,179,358)
Other Financing Sources (Uses)				
Loan proceeds	-	1,179,571	-	1,179,571
Operating transfers in (out)	(316,094)	295,857	20,237	-
Total Other Financing Sources (Uses)	(316,094)	1,475,428	20,237	1,179,571
Net Change in Fund Balances	213	-	-	213
Fund Balance, beginning of year	535,606	-	-	535,606
Fund Balance, end of year	$ 535,819	$ -	$ -	$ 535,819

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, 2014

Net change in fund balances - governmental funds	$ 213
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 ($1,589,116) exceeds depreciation expense ($106,079) in the period.	1,483,037
Repayment of the mortgage payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	115,189
Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.	(1,179,571)
Change in net position of governmental activities	$ 418,868

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, 2014

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Local	$ 1,712,200	$ 1,764,565	$ 1,764,148	$ (417)
Total Revenues	1,712,200	1,764,565	1,764,148	(417)
Expenditures				
Current - Education:				
Instruction	724,950	812,000	811,675	325
Parental involvement	250	250	-	250
Instructional staff training	750	750	65	685
Board	2,450	2,450	1,669	781
School administration	193,750	234,000	233,307	693
Facilities acquisition and construction	101,895	2,829	2,864	(35)
Fiscal services	12,980	12,980	12,030	950
Transportation	23,000	24,784	24,784	-
Operation of plant	131,000	135,000	134,725	275
Maintenance of plant	6,600	3,947	5,280	(1,333)
Debt service	214,800	221,442	221,442	-
Total Expenditures	1,412,425	1,450,432	1,447,841	2,591
Excess of Revenues over Expenditures	299,775	314,133	316,307	2,174
Other Financing Sources (Uses)				
Operating transfers in (out)	-	-	(316,094)	(316,094)
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	$ 299,775	$ 314,133	213	$ (313,920)
Fund Balance, beginning of year			535,606	
Fund Balance, end of year			$ 535,819	

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
June 30, 2014

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, 2028. 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 Position, 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 position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. 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 position 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 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 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 position, 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.

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.

Fund Balance Disclosure

The School implemented the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions (GASB No. 54)", in 2011, as required. The purpose of GASB 54 is to improve the consistency and usefulness of the fund balances information to the financial user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the can be spent.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Disclosure (continued)

Governmental Fund Financial Statements. In accordance with GASBS No. 54, the School classifies fund balances in the governmental funds 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, 2014.

Spendable Fund Balance includes Restricted, Committed, Assigned, and Unassigned designations:

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, 2014.

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, 2014

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, 2014.

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 with fiscal year end June 30, 2012, the School implemented the provisions of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB No. 63)", in 2012, as required. The purpose of GASB 63 is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Disclosure (continued)

Governmental-wide Financial Statements. In accordance with GASB No. 63, the School classifies net position in the government-wide financial statements as follows:

Net Investment in Capital Assets – This classification includes the School's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – This classification includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The School typically uses restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use until a future project. The School did not have any restricted net positions as of June 30, 2014.

Unrestricted Net Position – This classification typically includes unrestricted liquid assets. The School has the authority to revisit or alter this designation.

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, 2014, the School made an interfund transfer of $20,237 from the general fund to the special revenue fund to subsidize the School's food program. Also, during the year ended June 30, 2014, the School made an interfund transfer of $295,857 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, 2014.

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 25, 2014, 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, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets not being depreciated:				
Land	$ 599,238	$ -	$ -	$ 599,238
Total capital assets not being depreciated	599,238	-	-	599,238
Other capital assets:				
Buildings and fixed equipment	3,215,971	1,530,192	-	4,746,163
Improvements other than buildings	51,297	33,400	-	84,697
Furniture, fixtures and equipment	140,013	64,819	-	204,832
Computer software	-	800	-	800
Loan costs	35,956	27,153	-	63,109
Construction in progress	67,248	-	(67,248)	-
Total other capital assets at historical cost	3,510,485	1,656,364	(67,248)	5,099,601
Less accumulated depreciation for:				
Buildings and fixed equipment	(293,716)	(69,420)	-	(363,136)
Improvements other than buildings	(20,195)	(8,134)	-	(28,329)
Furniture, fixtures and equipment	(82,647)	(20,122)	-	(102,769)
Computer software	-	(80)	-	(80)
Loan costs	(4,794)	(8,323)	-	(13,117)
Total accumulated depreciation	(401,352)	(106,079) *	-	(507,431)
Other capital assets, net	3,109,133	1,550,285	-	4,592,170
Governmental activities capital assets, net	$ 3,708,371	$ 1,550,285	$ -	$ 5,191,408

*** Depreciation expense was charged to governmental functions as follows:**

Instruction	$ 22,891
School administration	114
Food services	3,369
Unallocated	79,705
	$ 106,079

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, 2013	Additions	Reductions	Principal Outstanding June 30, 2014	Amount Due in One Year
Mortgages payable	$ 2,368,307	$ 1,179,571	$ 115,189	$ 3,432,689	$ 170,087

On February 22, 2011, the School re-negotiated their loan with RBC Bank (subsequently acquired by PNC Bank) for $2,350,000 to purchase new facilities and finance additional facilities. On November 1, 2012, the School refinanced the loan with Seacoast National Bank. Beginning December 1, 2012, the agreement requires monthly principal, plus interest payments of $17,818 until the maturity date of November 1, 2017, at which time all unpaid principal and interest shall become immediately due and payable. The loan carries a fixed interest rate of 3.75%, based on a five year adjusted rate through November 1, 2017.

On September 20, 2013, the School obtained a second loan with Seacoast National Bank. During the construction period (the first twelve months), accrued and unpaid interest shall be due and payable commencing on November 1, 2013. Beginning November 1, 2014, the agreement requires monthly principal, plus interest payments of $8,593 until the maturity date of November 1, 2029, at which time all unpaid principal and interest shall become immediately due and payable. The loan carries a five year adjustable interest rate of 3.75% for the first five years. Beginning on October 1, 2018, the interest rate will be adjusted to 3.75% over the 5-year Treasury Constant Maturity, with a floor rate of 3.75%. The adjustment will occur every 5 years until paid in full.

Currently, payments on the mortgage payable are made by the General Fund.

Amounts needed for the planned extended repayment of the mortgage at June 30, 2014, are as follows:

Fiscal year ending June 30	Principal	Interest	Total
2015	$ 170,087	$ 133,386	$ 303,473
2016	196,650	120,282	316,932
2017	204,438	112,493	316,931
2018	1,912,988	65,973	1,978,961
2019	68,715	34,397	103,112
2020 and thereafter	879,811	182,173	1,061,984
	$ 3,432,689	$ 648,704	$ 4,081,393

Note 4 – Governmental Fund Balance

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," 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.

Spendable:

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 11). 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 an Unassigned Fund Balance of $535,819 at June 30, 2014.

Note 5 – Net Position

At June 30, 2014, the net position of the School consisted of the following:

	Governmental Activities	Business-type Activities
Net investment in capital assets:		
Net property, plant and equipment	$ 5,191,408	$ -
Less:		
Mortgage payable	(3,432,689)	-
Total net investment in capital assets	1,758,719	-
Unrestricted	535,819	-
Total net position	$ 2,294,538	$ -

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, 2014, the School contributed $12,462 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.

KMETZ·NUTTALL·ELWELL·GRAHAM, PLLC
Certified Public Accountants

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
North County Charter School, Inc.
Vero Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the Unites States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North County Charter School, Inc. (the School), a component unit of the Indian River County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 25, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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To the Board of Directors
North County Charter School, Inc.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kmetz, Nuttall, Elwell, Graham

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

July 25, 2014

KMETZ·NUTTALL·ELWELL·GRAHAM, PLLC
Certified Public Accountants

Management Letter

To the Board of Directors
North County Charter School, Inc.
Vero Beach, Florida

Report on the Financial Statements

We have audited the basic financial statements of North County Charter School, Inc., as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated July 25, 2014.

Auditor's Responsibility

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.

Other Reporting Required by *Government Auditing Standards*

We have issued our 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*. Disclosures in that report, if any, which are dated July 25, 2014, 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:

Prior Audit Findings

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. There were no prior audit findings.

Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not North County Charter School, Inc. 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.

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To the Board of Directors
North County Charter School, Inc.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for North County Charter School, Inc. 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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether North County Charter School, Inc. maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that North County Charter School, Inc. maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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 noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is North County Charter School, Inc.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Indian River County School District, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Kmetz, Nuttall, Elwell, Graham

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

July 25, 2014

SEBASTIAN CHARTER JUNIOR HIGH, INC.

Basic Financial Statements
with
Independent Auditors' Report

Year ended June 30, 2014

<u>**Table of Contents**</u>

KMETZ·NUTTALL·ELWELL·GRAHAM, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Sebastian Charter Junior High, Inc.
Sebastian, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sebastian Charter Junior High, Inc. (the School), a component unit of Indian River County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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To the Board of Directors
Sebastian Charter Junior High, Inc.

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 Sebastian Charter Junior High, Inc., as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kmetz, Nuttall, Elwell, Graham

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

September 16, 2014

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, 2014. 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 $721,896 (net position). Of this amount, $95,640 (unrestricted net position) may be used to meet the ongoing obligations of the School. The School's total net position decreased by $145,244 or 17% in comparison with prior year net position.

- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of $95,640, or 4% of total expenditures. The School's combined ending fund balance decreased by $177,126 or 65% in comparison with the prior year balances. $95,640 of the $95,640 is available for spending at the School's discretion (unassigned fund balance).

- Investment in capital assets increased compared to the prior year by $137,176 or 28%.

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 position* 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 position*. Over time, increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 9 and 10 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 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 11 - 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 15 - 25 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 position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by $721,896, at June 30, 2014.

A portion of the School's net position (87%) 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, 2014 of $2,774,627 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.'S NET POSITION

	2014	2013
Current assets	$ 136,458	$ 380,059
Capital assets, net	3,400,883	2,422,527
Total assets	3,537,341	2,802,586
Current liabilities	190,800	161,331
Long-term liabilities:	2,624,645	1,774,115
Total liabilities	2,815,445	1,935,446
Net position:		
Invested in capital assets	626,256	489,080
Restricted for:		
Capital projects	-	151,732
Unrestricted	95,640	226,328
Total net position	$ 721,896	$ 867,140

An additional portion of the School's net position (13%) represents *unrestricted net position* that are available to meet the financial obligations of the School. At the end of the current fiscal year, the School is able to report positive balances in both categories of net position.

SEBASTIAN CHARTER JUNIOR HIGH, INC.'S CHANGE IN NET POSITION

	2014	2013
Revenues:		
Program revenues:		
Operating grants and contributions	$ 79,342	$ 81,965
Capital grants and contributions	104,269	400,442
General revenues:		
FTE non-specific revenues	1,319,615	1,438,493
Unrestricted investment earnings	14	209
Total revenues	1,503,240	1,921,109
Expenses:		
Instruction	904,944	759,315
Instructional staff training	3,815	7,394
Board	2,228	15,712
School administration	324,322	297,655
Facilities acquisition and construction	2,300	7,811
Fiscal services	41,920	11,238
Food services	79,342	81,965
Transportation	32,938	24,471
Operation of plant	91,607	74,071
Maintenance of plant	5,461	3,095
Interest on long-term debt	92,251	6,161
Depreciation - unallocated	67,356	21,407
Loss on disposal of assets	-	479,731
Total expenses	1,648,484	1,790,026
Change in net position	(145,244)	131,083
Net position, beginning of year	867,140	736,057
Net position, end of year	$ 721,896	$ 867,140

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 12% of total revenues. General revenues comprise 88% 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.

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 a combined ending fund balance of \$95,640, a decrease of \$177,126 over the previous fiscal year. The fund balance consists of *unassigned fund balance*, which is available for spending at the School's discretion.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The School's investment in capital assets for its governmental activities as of June 30, 2014 amounted to \$3,400,883 (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 17 and 21 of this report.

Long-term debt – The School has related debt outstanding as of June 30, 2014 of \$2,774,627 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 17, 22 and 23 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 approximately 2% administrative as costs from revenues.
- The Charter School's enrollment is expected to be 100% for the fiscal year ending 2014-2015.

All of these factors were considered in preparing the School's budget for the 2014-2015 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 Position

June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 136,458	$ -	$ 136,458
Capital assets, net	3,400,883	-	3,400,883
Total Assets	3,537,341	-	3,537,341
Liabilities			
Accounts payable	40,818	-	40,818
Long-term liabilities:			
Due within one year:			
Note payable	143,547	-	143,547
Obligation under capital leases	6,435	-	6,435
Due in more than one year:			
Note payable	2,609,434	-	2,609,434
Obligation under capital leases	15,211	-	15,211
Total Liabilities	2,815,445	-	2,815,445
Net Position			
Net investment in capital assets	626,256	-	626,256
Restricted for:			
Capital projects	-	-	-
Unrestricted	95,640	-	95,640
Total Net Position	$ 721,896	$ -	$ 721,896

See accompanying notes to the basic financial statements.

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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, 2014

			Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction	$ 904,944	$ -	$ -	$ 13,267	$ (891,677)	$ -	$ (891,677)
Instructional staff training	3,815	-	-	-	(3,815)	-	(3,815)
Board	2,228	-	-	-	(2,228)	-	(2,228)
School administration	324,322	-	-	-	(324,322)	-	(324,322)
Facilities acquisition and construction	2,300	-	-	-	(2,300)	-	(2,300)
Fiscal services	41,920	-	-	-	(41,920)	-	(41,920)
Food services	79,342	-	79,342	-	-	-	-
Transportation	32,938	-	-	-	(32,938)	-	(32,938)
Operation of plant	91,607	-	-	-	(91,607)	-	(91,607)
Maintenance of plant	5,461	-	-	-	(5,461)	-	(5,461)
Interest on long-term debt	92,251	-	-	91,002	(1,249)	-	(1,249)
Depreciation - unallocated *	67,356	-	-	-	(67,356)	-	(67,356)
Total governmental activities	$ 1,648,484	$ -	$ 79,342	$ 104,269	(1,464,873)	-	(1,464,873)

	Governmental Activities	Business-type Activities	Total
General Revenues:			
Local revenue:			
Florida Education Finance Program	1,041,353	-	1,041,353
Instructional materials	15,157	-	15,157
Class size	180,612	-	180,612
Discretionary lottery funds	1,845	-	1,845
Other miscellaneous local sources	80,648	-	80,648
Interest earned	14	-	14
Total general revenues and special items	1,319,629	-	1,319,629
Change in net position	(145,244)	-	(145,244)
Net Position, beginning	867,140	-	867,140
Net Position, ending	$ 721,896	$ -	$ 721,896

* 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, 2014

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 136,458	$ -	$ -	$ 136,458
Total Assets	$ 136,458	$ -	$ -	$ 136,458
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 40,818	$ -	$ -	$ 40,818
Total Liabilities	40,818	-	-	40,818
Fund balances:				
Restricted	-	-	-	-
Unassigned	95,640	-	-	95,640
Total Fund Balances	95,640	-	-	95,640
Total Liabilities and Fund Balances	$ 136,458	$ -	$ -	$ 136,458

Total fund balances	$ 95,640
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,400,883
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,774,627)
Net position of governmental activities	$ 721,896

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, 2014

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal through local	$ -	$ 101,041	$ 3,228	$ 104,269
Interest	-	14	-	14
Local	1,319,615	-	79,342	1,398,957
Total Revenues	1,319,615	101,055	82,570	1,503,240
Expenditures				
Current - Education:				
Instruction	874,435	-	3,228	877,663
Instructional staff training	3,815	-	-	3,815
Board	2,027	-	-	2,027
School administration	315,334	-	-	315,334
Facilities acquisition and construction	2,300	-	-	2,300
Fiscal services	41,920	-	-	41,920
Food services	-	-	79,342	79,342
Transportation	32,938	-	-	32,938
Operation of plant	91,607	-	-	91,607
Maintenance of plant	5,461	-	-	5,461
Debt service	7,371	138,021	-	145,392
Fixed Capital Outlay:				
Facilities acquisition and construction	-	1,081,981	-	1,081,981
Total Expenditures	1,377,208	1,220,002	82,570	2,679,780
Excess (Deficiency) of Revenues over Expenditures	(57,593)	(1,118,947)	-	(1,176,540)
Other Financing Sources (Uses)				
Transfers in	32,199	-	-	32,199
Transfers out	-	(32,199)	-	(32,199)
Loan proceeds	-	999,414	-	999,414
Net Other Financing Sources (Uses)	32,199	967,215	-	999,414
Net Change in Fund Balances	(25,394)	(151,732)	-	(177,126)
Fund Balances, beginning of year	121,034	151,732	-	272,766
Fund Balances, end of year	$ 95,640	$ -	$ -	$ 95,640

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, 2014

Net change in fund balances - governmental funds	$ (177,126)
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 ($1,081,981) is more than depreciation expense ($103,625) in the period.	978,356
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 position.	53,140
Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities.	(999,614)
Change in net position of governmental activities	$ (145,244)

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, 2014

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Local	$ 1,390,104	$ 1,243,392	$ 1,319,615	$ 76,223
Total Revenues	1,390,104	1,243,392	1,319,615	76,223
Expenditures				
Current - Education:				
Instruction	934,819	866,764	874,435	(7,671)
Instructional staff training	900	213	3,815	(3,602)
Board	7,900	2,080	2,027	53
School administration	339,666	289,220	315,334	(26,114)
Facilities acquisition and construction	100	-	2,300	(2,300)
Fiscal services	14,650	16,915	41,920	(25,005)
Transportation	32,000	30,580	32,938	(2,358)
Operation of plant	71,674	86,344	91,607	(5,263)
Maintenance of plant	2,500	6,000	5,461	539
Debt service	-	-	7,371	(7,371)
Fixed Capital Outlay:				
Facilities acquisition and construction	48,000	6,525	-	6,525
Total Expenditures	1,452,209	1,304,641	1,377,208	(72,567)
Other Financing Sources				
Transfers in	-	-	32,199	32,199
Net Change in Fund Balances	$ (62,105)	$ (61,249)	(25,394)	$ 35,855
Fund Balance, beginning of year			121,034	
Fund Balance, end of year			$ 95,640	

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 was renewed in 2010 and is effective until June 30, 2025. 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 basis 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 Position, 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 position is reported in two parts – invested in capital assets and unrestricted net position. 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 position 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)

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 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 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 School's 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 position, 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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Disclosures

The School implemented the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions (GASB No. 54)," in 2011, as required. The purpose of GASB No. 54 is to improve the consistency and usefulness of the fund balances information to the financial user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

Governmental Fund Financial Statements

In accordance with GASB No. 54, 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, 2014.

Spendable Fund Balance includes Restricted, Committed, Assigned, and Unassigned designations:

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, 2014.

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, 2014.

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, 2014.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Disclosures (continued)

Beginning with fiscal year June 30, 2012, the School implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB No. 63)," in 2012, as required. The purpose of GASB No. 63 is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

Governmental-wide Financial Statements

In accordance with GASB No. 63, the School classifies net position in the government-wide financial statements as follows:

Net Investment in Capital Assets – This classification includes the School's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – This classification includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The School typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project. The School did not have any restricted net position as of June 30, 2014.

Unrestricted Net Position – This classification typically includes unrestricted liquid assets. The School has the authority to revisit or alter this designation.

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.

Related Parties

The Principal and the Assistant Director of the School are husband and wife.

Subsequent Events

Management has evaluated subsequent events through September 15, 2014, 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, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets not being depreciated:				
Land	$ 180,733	$ -	$ -	$ 180,733
Total capital assets not being depreciated	180,733	-	-	180,733
Other capital assets:				
Buildings and fixed equipment	-	3,115,524	-	3,115,524
Furniture, fixtures and equipment	29,254	188,110	-	217,364
Property under capital leases	35,935	-	-	35,935
Computer software	11,277	-	-	11,277
Construction in progress	2,221,653	-	(2,221,653)	-
Total other capital assets at historical cost	2,298,119	3,303,634	(2,221,653)	3,380,100
Less accumulated depreciation for:				
Buildings and fixed equipment	-	(62,310)	-	(62,310)
Furniture, fixtures and equipment	(18,018)	(37,585)	-	(55,603)
Property under capital leases	(27,311)	(3,450)	-	(30,761)
Computer software	(10,996)	(280)	-	(11,276)
Total accumulated depreciation	(56,325)	(103,625) *	-	(159,950)
Other capital assets, net	2,241,794	3,200,009	(2,221,653)	3,220,150
Governmental activities capital assets, net	$ 2,422,527	$ 3,200,009	$ (2,221,653)	$ 3,400,883

* Depreciation expense was charged to governmental functions as follows:

Instruction	$ 27,280
School administration	8,989
Unallocated	67,356
	$ 103,625

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, 2014	Amount
2015	$ 7,371
2016	7,371
2017	7,371
2018	1,354
Total minimum lease payments	23,467
Less amount representing interest	(1,821)
	$ 21,646

The imputed interest rate is 6.79 percent.

Note 4 – Long-Term Liabilities

In August 2012, the School negotiated a $2,800,000 construction/permanent financing loan with Seacoast National Bank. The mortgage term is 198 months (16.5 years). After the construction period, the loan will automatically convert to a fully-amortizing commercial mortgage with repayment consisting of 180 monthly principal and interest payments. The mortgage will be secured by land, building and improvements. The loan is 90% guaranteed by the USDA under the Rural Development Business & Cooperative Program.

The loan was used to construct a new, larger, more permanent school building. Construction began in 2012 and was completed during 2014. During construction (the first eighteen months), the loan requires monthly payments of interest only. Commencing on March 9, 2014, the loan requires equal monthly payments of principal and interest of $20,362 until maturity on February 8, 2029. During the first five (5) years, interest on the outstanding principal balance shall accrue and be payable at 3.75% per annum. This rate is based on the Non-Bank Qualified tax exempt equivalent rate. Commencing on August 9, 2017, the interest rate will adjust to a new fixed rate equal to the Non-Bank Qualified tax exempt equivalent rate of 3.5% over the five (5) year Treasury Constant Maturity, with a floor rate of 3.75%. The adjustment will occur every five (5) years on the anniversary date of the loan, until it is paid in full.

Note 4 – Long-Term Liabilities (continued)

Amounts needed for the repayment of the mortgage at June 30, 2014, are as follows:

Fiscal year ending June 30, 2014	Principal	Interest	Total
2015	$ 143,547	$ 100,800	$ 244,347
2016	149,024	95,323	244,347
2017	154,709	89,638	244,347
2018	160,612	83,735	244,347
2019 and after	2,145,089	495,705	2,640,794
	$ 2,752,981	$ 865,201	$ 3,618,182

The changes in the School's long-term obligations for governmental activities during the year consist of the following:

	Principal Outstanding June 30, 2013	Additions	Reductions	Principal Outstanding June 30, 2014	Amount Due in One Year
Construction loan	$ 1,800,586	$ 999,414	$ 47,019	$2,752,981	$143,547
Obligation under capital Leases	27,567	-	5,921	21,646	6,435
	$ 1,828,153	$ 999,414	$ 52,940	$2,774,627	$149,982

Note 5 – Governmental 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.

Spendable:

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.

Note 5 – Governmental Fund Balance (continued)

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 $95,640 at June 30, 2014.

Note 6 – Net Position

At June 30, 2014, the net position of the School consisted of the following:

	Governmental Activities	Business-type Activities
Net investment in capital assets:		
Net property, plant and equipment	$ 3,400,883	$ -
Less:		
Mortgage and capital leases payable	(2,774,627)	-
Total net investment in capital assets	626,256	-
Restricted for capital projects	-	-
Unrestricted	95,640	-
Total net position	$ 721,896	$ -

Note 7 – 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, 2014, the School had no Capital Outlay deferred revenue.

Note 8 – 401(k) Plan

The School initiated a 401(k) defined contribution plan on August 22, 2006, that covers all employees who have attained twenty-one years of age and satisfied a one-year service requirement. The plan is administered by the Principal Financial Group. 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, 2014, the School did not make any contributions to the plan. For the year ended June 30, 2014, the employees contributed $13,429 to the plan.

Note 9– Risk Management Programs

During the year ended June 30, 2014, 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.

KN
EG KMETZ·NUTTALL·ELWELL·GRAHAM, PLLC
Certified Public Accountants

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, in accordance with the auditing standards generally accepted in the Unites States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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 School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 16, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Finding number 2014-1

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.

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.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kmetz, Nuttall, Elwell, Graham

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

September 16, 2014

KN
EG

KMETZ·NUTTALL·ELWELL·GRAHAM, PLLC
Certified Public Accountants

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, 2014, and have issued our report thereon dated September 16, 2014.

Auditor's Responsibility

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.

Other Reporting Required by *Government Auditing Standards*

We have issued our 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*. Disclosures in that report, if any, which are dated September 16, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

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 not been taken.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	**Current Year Finding #**	**Current Year Finding #**
2014-1	**2013-1**	**2012-1**

Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not Sebastian Charter Junior High, Inc. 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.

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Michael L. Kmetz, CPA, PFS • Scott A. Nuttall, CPA, CFP • Brian J. Elwell, CPA • Patrick K. Graham, CPA, MA • Aurelius J. (Reese) Brackins, CPA
Teresa M. LaSota, CPA • David P. Reisinger, CPA • James F. McGuigan, Jr., CPA • Sherri Kolodziejczak, CPA, CGMA

To the Board of Directors
Sebastian Charter Junior High, Inc.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for Sebastian Charter Junior High, Inc. 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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether Sebastian Charter Junior High, Inc. maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Sebastian Charter Junior High, Inc. maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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 noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Sebastian Charter Junior High, Inc.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Indian River County School District, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Kmetz, Nuttall, Elwell, Graham

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

September 16, 2014

Sebastian Charter Junior High
782 Wave Street, Sebastian, FL 32958
772-388-8838 / Fax 772-388-8815
www.scjh.org

September 17, 2014

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. It should be noted that there have some accounting/bookkeeping duties have been assigned to additional staff members for the 2014-15 school year to assist with division of responsibilities in regard to finances. The Board of Directors is given information regarding the finances at least monthly and monthly reports will continue to be shared with members so that they can have a high degree of involvement in the financial process. In addition, an accountant has joined the Board of Directors. There is now a finance committee that reviews the budget and recommended amendments to the budget.

Sincerely,

Martha L. McAdams, Ph. D.
Principal/Executive Director

SOARING PROUDLY INTO THE FUTURE
An equal opportunity educator and employer

ST. PETER'S ACADEMY, INC.

A Charter School and Component Unit of the District School Board of Indian River County, Florida

Financial Statements with Independent Auditors' Reports Thereon

June 30, 2014

MCCRADY | HESS
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

ST. PETER'S ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of St. Peter's Academy, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2013. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- The School's total net position decreased from prior year.
- For the fiscal year ended June 30, 2014, the School's expenses exceeded revenues by approximately $139,000.
- At June 30, 2014, the School's governmental funds balance sheet reported combined ending unassigned fund balance of $108,652.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School. This document also includes the Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance With *Government Auditing Standards,* as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities.*

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for that are not directly related to the School's mission. For the year ended June 30, 2014, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting.* This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts one annual budget for its general and special revenue funds, as required by the Florida Statutes. The budgets are legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedules shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The School's combined net position as of June 30, 2014 and 2013 are summarized as follows:

	2014	2013	Change
Assets:			
Current assets	$ 135,525	$ 247,585	$ (112,060)
Capital assets, net	1,392,750	1,448,451	(55,701)
Total assets	1,528,275	1,696,036	(167,761)
Liabilities:			
Current liabilities	12,939	10,315	2,624
Long-term liabilities	392,509	423,398	(30,889)
Total liabilities	405,448	433,713	(28,265)
Net Position:			
Investment in capital assets, net of related debt	1,000,241	1,025,053	(24,812)
Restricted:			
Food services	13,859	8,232	5,627
Unrestricted	108,727	229,038	(120,311)
Total net position	$ 1,122,827	$ 1,262,323	$ (139,496)

The change in current assets is due to a decrease in cash from the current year operating results and a decrease in receivables due to the time of cash receipts. The net decrease in capital assets is a result of current year depreciation expense. Long-term liabilities decreased due to current year principal payments. The decrease in total net position is due to the current year operating results.

Change in Net Position

The School's total expenses exceeded revenues total by approximately $139,000 in fiscal 2014—see table below.

	2014	2013	Increases (Decreases)
Revenues:			
Federal sources	$ 173,248	$ 196,983	$ (23,735)
State and local sources	908,983	947,632	(38,649)
Other revenues	80,833	141,875	(61,042)
Total revenues	1,163,064	1,286,490	(123,426)
Expenses:			
Instructional	724,427	644,768	79,659
Instructional media	0	6,468	(6,468)
Instructional staff training	102	1,454	(1,352)
General administration	17,171	44,523	(27,352)
School administration	197,486	208,074	(10,588)
Facilities acquisition and construction	0	7,950	(7,950)
Food service	96,381	95,061	1,320
Transportation	58,596	51,121	7,475
Operation of plant	188,971	180,178	8,793
Interest	19,427	13,822	5,605
Total expenses	1,302,561	1,253,419	49,142
Change in net position	$ 139,497)	$ 33,071	$ (172,568)

The change in the School's total revenues is due to a decrease in federal funding and a decrease in student population in the current year. Other revenues also decreased due to the VPK program being discontinued mid year. The School's overall expenses increased. Instructional expenses increased due to normal operating expenses, which was offset against the decrease in administrative salaries and expenses as well as a decrease in general expenses as the schools administrative fee to the county was reduced by 3% when the School gained high performing status.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of $122,586.

General and Special Revenue Funds Budgetary Highlights

During the fiscal year, the School revised its operating and special revenue budgets twice.

In the general fund, actual revenues were approximately $18,000 more than budgeted amounts. Actual expenditures were approximately $23,000 more than budgeted amounts.

In the special revenue fund, actual revenues were approximately $1,000 less than budgeted amounts. Actual expenditures were approximately $6,000 less than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2014, the School's investment in capital assets was approximately $1.4 million in capital assets, net of depreciation.

Comparative information regarding the School's capital assets as of June 30, 3014 and 2013 is as follows:

	2014	2013	Change
Capital assets			
Building and improvements	$ 1,599,883	$ 1,599,883	$ -
Equipment and software	167,361	167,361	-
Vehicles	13,459	13,459	-
Total capital assets	1,780,703	1,780,703	-
Net of accumulated depreciation	(387,953)	(332,252)	(55,701)
Net capital assets	$ 1,392,750	$ 1,448,451	$ (55,701)

There were no major capital asset additions this year.

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

Long-Term Liabilities

Long-term liabilities decreased by approximately $31,000 due to the current year principal payments. Interest paid during fiscal year 2014 was approximately $19,000. More detailed information about the School's long-term liabilities is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ending June 30, 2015

Amounts available for appropriation in the general fund are expected to be approximately $927,000.

Budgeted expenditures are expected to decrease to approximately $895,000 from the fiscal year 2014 actual amount of $1,059,673 due to fewer expenses related to instruction and operational costs.

Amounts available for appropriation in the special revenue fund are expected to be approximately $176,000.

Budgeted expenditures are expected to remain with consistent with the actual amount in fiscal year 2014 of approximately $167,000.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 4250 38th Avenue Vero Beach, FL 32967.

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CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors on Basic Financial Statements and Supplementary Information

To the Board of Directors of St. Peter's Academy, Inc.,
a Charter School and Component Unit of the District
School Board of Indian River County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Peter's Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Indian River County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-6 and 27-28 are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014, 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, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Mc CRADY HESS

Maitland, Florida
September 17, 2014

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ST. PETERS ACADEMY, INC.

A Charter School and Component Unit of the
District School Board of Indian River County, Florida

Statement of Net Position

June 30, 2014

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	122,973
Due from other agencies		12,477
Other asset		75
Capital assets:		
Buildings and improvements		1,577,276
Improvements other than building		22,607
Furniture, fixtures and equipment		160,309
Computer software		7,052
Vehicles		13,459
Less accumulated depreciation		(387,953)
Total capital assets, net		1,392,750
Total assets	$	1,528,275
LIABILITIES		
Accounts payable and accrued expenses	$	12,939
Long-term liabilities:		
Portion due or payable within one year:		
Note payable		25,856
Portion due or payable after one year:		
Note payable		366,653
Total liabilities		405,448
NET POSITION		
Invested in capital assets, net of related debt		1,000,241
Restricted:		
Food services		13,859
Unrestricted		108,727
Total net position	$	1,122,827

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

ST. PETER'S ACADEMY, INC.

A Charter School and Component Unit of the District School Board of Indian River, Florida

Statement of Activities

For the Year Ended June 30, 2014

		Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	$ 724,427	$ -	$ 71,240	$ -	$ (653,187)	$ (653,187)
Instructional media	-	-	-	-	-	-
Instructional staff training	102	-	-	-	(102)	(102)
General administration	17,171	-	-	-	(17,171)	(17,171)
School administration	197,486	-	-	-	(197,486)	(197,486)
Facilities acquisition and construction	-	-	-	-	-	-
Food service	96,381	-	102,008	-	5,627	5,627
Transportation	58,596	-	-	-	(58,596)	(58,596)
Operation of plant	188,971	-	-	-	(188,971)	(188,971)
Interest	19,427	-	-	19,427	-	-
Total primary government	$ 1,302,561	$ -	$ 173,248	$ 19,427	(1,109,886)	(1,109,886)
General revenues:						
State and local sources					889,556	889,556
Contributions and other revenue					80,834	80,834
Total general revenue					970,390	970,390
Changes in net position					(139,496)	(139,496)
Net position at beginning of year					1,262,323	1,262,323
Net position at end of year					$ 1,122,827	$ 1,122,827

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

ST. PETER'S ACADEMY, INC.

A Charter School and Component Unit of the District School Board of Indian River County, Florida

Balance Sheet - Governmental Funds

June 30, 2014

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 109,114	$ -	$ 13,859	$ 122,973
Due from other agencies	-	3,220	9,257	12,477
Other assets	75	-	-	75
Due from other governmental funds	12,477	-	-	12,477
Total assets	$ 121,666	$ 3,220	$ 23,116	$ 148,002
LIABILITIES				
Accounts payable and accrued expenses	$ 12,939	$ -	$ -	$ 12,939
Due to general fund	-	3,220	9,257	12,477
Total liabilities	12,939	3,220	9,257	25,416
FUND BALANCES				
Nonspendable:				
Prepaid asset	75	-	-	75
Restricted:				
Food services	-	-	13,859	13,859
Spendable:				
Unassigned	108,652	-	-	108,652
Total fund balance	108,727	-	13,859	122,586
Total liabilities and fund balance	$ 121,666	$ 3,220	$ 23,116	$ 148,002

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

ST. PETER'S ACADEMY, INC.

A Charter School and Component Unit of the District School Board of Indian River County, Florida

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

June 30, 2014

Total fund balances - governmental funds	$	122,586
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets are $1,780,703, and the accumulated depreciation is $387,953.		1,392,750
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Note payable		(392,509)
Total net assets - governmental activities	$	1,122,827

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

ST. PETER'S ACADEMY, INC.

A Charter School and Component Unit of the District School Board of Indian River County, Florida

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

For the Year Ended June 30, 2014

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	$ -	$ -	$ 173,248	$ 173,248
State and local sources	858,528	50,455	-	908,983
Contributions and other revenue	80,834	-	-	80,834
Total revenues	939,362	50,455	173,248	1,163,065
EXPENDITURES				
Current:				
Instruction	646,262	-	71,240	717,502
Instructional media	-	-	-	-
Instructional staff training	102	-	-	102
General administration	17,171	-	-	17,171
School administration	197,486	-	-	197,486
Facilities acquisition and construction	-	-	-	-
Food service	-	-	96,381	96,381
Transportation	55,904	-	-	55,904
Operation of plant	142,748	139	-	142,887
Debt service:				
Principal	-	30,889	-	30,889
Interest	-	19,427	-	19,427
Capital outlay	-	-	-	-
Total expenditures	1,059,673	50,455	167,621	1,277,749
Net changes in fund balances	(120,311)	-	5,627	(114,684)
Fund balances at beginning of year	229,038	-	8,232	237,270
Fund balances at end of year	$ 108,727	$ -	$ 13,859	$ 122,586

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

ST. PETERS ACADEMY, INC.

A Charter School and Component Unit of the District School Board of Indian River County, Florida

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

For the Year Ended June 30, 2014

Net changes in fund balance - total governmental funds	$	(114,684)
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 and reported as depreciation expense. This is the amount by which depreciation expense ($55,701) exceed capital additions ($0) in the current period.		(55,701)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		30,889
Change in net assets of governmental activities	$	(139,496)

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

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

St. Peter's Academy, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. The School began its operations as a division of St. Peter's Human Services, Incorporated. Effective July 1, 2006, the School was separated from St. Peter's Human Services, Inc. into a separate not-for-profit organization, St. Peter's Academy, Inc. and applied for charter school status. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of six members.

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 District School Board of Indian River County Florida, (the "School Board"). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB").

Charter Contract

The current charter expires on June 30, 2027 and may be renewed by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the Florida Department of Education ("FDOE").

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to a private-sector business. The statement of net position and statement of activities are designed to provide financial information about the School as a whole on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are individual governmental funds reported in the fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.
- Special Revenue Fund – to account the proceeds of specific revenue sources that restricted or committed to expenditures for a specific purpose including all federal grant revenues passed through the School District.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest, and related costs.

For the purpose of these statements, the general, capital projects and special revenue funds are considered major funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/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.

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues is recognized at the time the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

Under current regulations, all deposit accounts at a single FDIC insured institution are insured up to $250,000. The School currently has deposit accounts at two different FDIC insured institutions, these accounts are under the $250,000 limit and all cash accounts are fully insured.

Interfund receivables and payables

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. The general fund has recorded total receivables of approximately $12,000 which are related to the capital projects and special revenue funds for amounts paid by the general funds on behalf of the other funds.

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of $1,000 or more. Expenditures of normal maintenance and repair that do not add to the asset value or extend the useful life are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	Years
Buildings and improvements	5 – 40
Furniture, fixtures and equipment	3 – 15
Computer Software	3
Vehicles	5

Information related to the change in capital assets is described in Note 3.

Long-Term Liabilities

Long-term liabilities financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Changes in long-term liabilities for the current year are reported in Note 4.

Net Position and Fund Balance Classifications

Government-wide financial statements

The net position are classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.

- Unrestricted – all other amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions,* defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for the non-general fund.

Revenue Sources

Revenues for operations are received primarily from the District School Board of Indian River County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. The School Board receives a 2% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative fee is 2% opposed to 5% because the school is considered a high performing school. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the School Board reports the number of students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2014, the School reported 121.29 unweighted FTE.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

2 DUE FROM OTHER AGENCIES AND OTHER RECEIVABLES

Due from other agencies included in the accompanying financial statements includes approximately $3,200 and $9,300 in capital outlay and Title I funds, respectively, receivables from the School Board. Based on the sources of these funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

3 CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Buildings & improvements	$ 1,577,276	$ -	$ -	$ 1,577,276
Improvements other than building	22,607		-	22,607
Furniture, fixtures & equipment	160,309	-	-	160,309
Computer software	7,052	-	-	7,052
Vehicles	13,459	-	-	13,459
Total capital assets	1,780,703	-	-	1,780,703
Accumulated depreciation:				
Buildings & improvements	(172,359)	(44,782)	-	(217,141)
Improvements other than building	(18,150)	(1,302)	-	(19,452)
Furniture, fixtures & equipment	(130,933)	(6,925)	-	(137,858)
Computer software	(7,052)	-	-	(7,052)
Vehicles	(3,758)	(2,692)	-	(6,450)
Total accumulated depreciation	(332,252)	(55,701)	-	(387,953)
Capital assets, net	$ 1,448,451	$ (55,701)	$ -	$ 1,392,750

Depreciation expense:		
Instruction	$	6,925
Transportation		2,692
Operation of plant		46,084
Total governmental activities depreciation expense	$	55,701

4 LONG-TERM LIABILITY

On May 17, 2011, the School refinanced the 2006 note on the building for $470,361 with Seacoast National Bank. The note is secured by a mortgage on the real property. The agreement requires monthly payments in the amount of $3,654 until May 2016, at which point the rate will be adjusting 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, 2014. Effective June 2016, the monthly principal and interest payments increase to $6,589. Interest and principal payments on the note are being made from the Capital Project fund.

Long-term liability activity as of June 30, 2014 is as follows:

Balance outstanding at beginning of year	$	423,398
Additions		-
Reductions		(30,889)
Balance outstanding at end of year		392,509
Less: portion due or payable within one year		(25,856)
Portion due or payable after one year	$	366,653

Interest paid during the year ended June 30, 2014 totaled approximately $19,400.

Future debt service requirements related to the long-term liabilities are as follows:

	Interest	Principal	Total
Year ended June 30,			
2015	$ 17,990	$ 25,856	$ 43,846
2016	16,933	29,849	46,782
2017	16,500	62,576	79,076
2018	13,129	65,947	79,076
2019	9,575	69,501	79,076
2019 - 2021	7,710	138,780	146,490
	$ 81,837	$ 392,509	$ 474,346

5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Indian River County, Florida:	
Florida Education Finance Program	$ 496,158
Class size reduction	161,381
Discretionary local effort	68,110
Capital outlay	50,455
Transportation	37,872
Supplemental academic instruction	24,501
Special millage	22,896
Teacher salary allocation	21,558
ESE guaranteed allocation	12,935
Discretionary lottery	1,214
Instructional materials	9,098
Safe schools	3,012
Teacher lead	1,614
Additional allocation	441
State proration	(2,262)
Total	$ 908,983

The administrative fee paid to the School Board during the year ended June 30, 2014 totaled approximately $17,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

6 RELATED PARTY TRANSACTIONS

Facility lease

The school leases a portion 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, 2014 totaled $31,800. At June 30, 2014, there were no amounts outstanding.

7 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

8 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal 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 the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

In the opinion of the School, there are no significant contingent liabilities related 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.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

9 INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for the past three years, 2011, 2012 and 2013, are subject to examination by tax authorities, and may change upon examination.

10 403(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, 2014, 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.

11 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 17, 2014, which is the date the financial statements were available to be issued.

ST. PETERS ACADEMY, INC.

A Charter School and Component Unit of the District School Board of Indian River County, Florida

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
State and local sources	$ 920,000	$ 854,427	$ 858,528	$ 4,101
Contributions and other revenue	127,000	66,735	80,834	14,099
Total revenues	1,047,000	921,162	939,362	18,200
EXPENDITURES				
Current:				
Instruction	592,750	639,596	646,262	6,666
Instructional staff training	2,000	-	102	102
General administration	18,400	17,089	17,171	82
School administration	244,435	180,397	197,486	17,089
Transportation	44,642	56,233	55,904	(329)
Operation of plant	127,134	142,908	142,748	(160)
Total expenditures	1,029,361	1,036,223	1,059,673	23,450
Net changes in fund balances	17,639	(115,061)	(120,311)	(5,250)
Fund balances at beginning of year,	229,038	229,038	229,038	-
Fund balances at end of year	$ 246,677	$ 113,977	$ 108,727	$ (5,250)

See report of independent auditors.

ST. PETERS ACADEMY, INC.

A Charter School and Component Unit of the
District School Board of Indian River County, Florida

Required Supplementary Information

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2014

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
REVENUES				
Federal sources passed through local school district	$ 198,000	$ 174,277	$ 173,248	$ (1,029)
Total revenues	198,000	174,277	173,248	(1,029)
EXPENDITURES				
Current:				
Instruction	94,000	78,006	71,240	(6,766)
Food service	97,112	96,031	96,381	350
Total expenditures	191,112	174,037	167,621	(6,416)
Net changes in fund balances	6,888	240	5,627	5,387
Fund balances at beginning of year,	8,232	8,232	8,232	-
Fund balances at end of year	$ 15,120	$ 8,472	$ 13,859	$ 5,387

See report of independent auditors.

Report of Independent Auditors 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 of St. Peter's Academy, Inc.,
a Charter School and Component Unit of the District
School Board of Indian River County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund for St. Peters Academy, Inc., a Charter School and Component Unit of the District School Board of Indian County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The School's response to our finding identified in our audit is described in the accompanying Management's Response to Audit Finding on page 33. We did not audit the School's response and, accordingly, express no opinion in it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

> 2014-01 Required Board Governance Training: Members of the board of governance for a charter school are required to participate in four hours of board training within 90 days of joining the board and also participate in a two hour refresher course within three years of the initial course including the topics required under Florida Statues Section 1002.33(9)(k). Our audit procedures indicated that more than one board member had not completed the refresher course within the required time period. We recommend that policies and procedures are implemented to determine that board training is completed on a timely basis.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management of the School, the board of directors, regulatory agencies of federal and state governments, the District School Board of Indian River County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Mc Crady Hess

Maitland, Florida
September 17, 2014

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Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools*
and Similar Entities

Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits*

To the Board of Directors of St. Peter's Academy, Inc.,
a Charter School and Component Unit of the District
School Board of Indian River County, Florida

Report on the Financial Statements

We have audited the financial statements of St. Peter's Academy, Inc. (the "School") as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated September 17, 2014.

Auditor's Responsibility

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.

Other Reporting Required by Government Auditing Standards

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, required 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 to address findings and recommendations made in the preceding annual financial audit report.

Financial Condition

Sections 10.854 (1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine 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.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the School. 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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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. During our audit procedures, we did not have any such findings.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, did have one instance of noncompliance regarding board governance training as noted in Finding 2014-1.

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is St. Peters Academy, Inc.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Mc Crady Hess

Maitland, Florida
September 17, 2014

ST. PETER'S ACADEMY
4250 38TH AVENUE
VERO BEACH, FL 32967
TELEPHONE: 772-567-8315/772-562-1963
FAX NO: 772-567-8361

September 19, 2014

McCrady, Hess and Ruth
Certified Public Accountants
2600 Lake Lucien Driver
Suite 405
Maitland, FL 32751

Dear Ms. McCrady:

This letter is in response to your audit of the financial statements for St. Peter's Academy, Inc. (the School) for the year ended June 30, 2014. Below please note Management's Response to your finding as follows:

Finding

Item #2014-01 – Required Board Governance Training: Members of the Board of Governance for a charter school are required to participate in four hours of board training within 90 days of joining the board and also participate in a two hour refresher course within three years of the initial course including the topics required under Florida Statutes - Section 1002.33(9)(k).

We will implement policies to ensure that all Board members take the 4 hour required Board governance training as well as the 2 hour refresher course within the established timeframes as per Florida Statutes .

We have responded to your Finding to the best of our ability and will continue to work towards consistent accurate reporting.

Sincerely,

Ruth L. Jefferson
School Administrator

FAILURE IS NOT AN OPTION