

*In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, interest on the Series 2007 Bonds is, under existing statutes, regulations, rulings and court decisions, (a) excludable from gross income for federal income tax purposes except as otherwise described herein under the caption, "TAX EXEMPTION" and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of a corporation's alternative minimum taxable income and may be subject to other federal income tax consequences described herein under the caption "TAX EXEMPTION." See "TAX EXEMPTION" herein for a discussion of Bond Counsel's opinion.*

**NEW ISSUE BOOK-ENTRY ONLY**

**RATINGS:** Moody's: "Aaa" (Ambac Insured)  
 "A1" (Underlying)  
 Fitch: "AAA" (Ambac Insured)  
 "A+" (Underlying)  
 S&P: "AAA" (Ambac Insured)  
 "A+" (Underlying)

See "FINANCIAL GUARANTY INSURANCE" and "RATINGS" herein

**\$47,515,000**

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 SALES TAX REVENUE REFUNDING BONDS,  
 SERIES 2007**

**Dated: Date of Delivery**

**Due: October 1 in the years shown below**

The School Board of Hillsborough County, Florida (the "Board"), the governing body of the School District of Hillsborough County, Florida (the "District") is issuing its Sales Tax Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") in fully registered form without coupons, in denominations of \$5,000 and any integral multiple thereof. Interest on the Series 2007 Bonds will be payable semi-annually by check or draft mailed on each interest payment date (April 1 and October 1 of each year commencing October 1, 2007). While the Series 2007 Bonds are registered through the book-entry only system described below, interest on the Series 2007 Bonds will be payable by check or draft of The Bank of New York Trust Company, N.A., Jacksonville, Florida, as Paying Agent, mailed to the registered owners thereof, or, at the request and expense of such owner by bank wire transfer for the account of such owner. Principal of the Series 2007 Bonds will be payable upon presentation and surrender thereof at the designated office of the Paying Agent. The Series 2007 Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, Participants (as defined herein). Purchasers of the Series 2007 Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates. Ownership by the Beneficial Owners of the Series 2007 Bonds will be evidenced by book-entry only. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal, interest and premium, if any, will be made directly to such registered owner which will in turn remit such payments to the Participants for subsequent disbursement to the Beneficial Owners. See "DESCRIPTION OF THE BONDS – Book-Entry Only System" herein.

The principal of, and interest on the Series 2007 Bonds are payable on a parity basis with the District's Unrefunded Series 2002 Bonds, Series 2005 Bonds and Series 2006 Bonds (each as defined herein) solely from and secured by a prior lien upon and pledge of (i) the proceeds received by the Board pursuant to the Interlocal Agreement dated July 17, 1996 by and between Hillsborough County, Florida (the "County"), the Cities of Tampa, Temple Terrace and Plant City, Florida and the Board and Hillsborough County Ordinance No. 96-12, enacted on July 10, 1996, from the levy and collection by the County of the one-half cent local infrastructure sales surtax pursuant to Section 212.055(2), Florida Statutes (the "Sales Tax Revenues"), and (ii) until applied in accordance with the provisions of the hereinafter defined Resolution, all moneys, including investments thereof, in the funds and accounts established pursuant to the Resolution other than the Unrestricted Revenue Account and the Rebate Fund (collectively, the "Pledged Funds"). For a description of the security and sources of payment for the Series 2007 Bonds see "SECURITY FOR THE BONDS" herein.

The Series 2007 Bonds are being issued to provide funds sufficient to refund, on an advanced basis, certain of the District's outstanding Sales Tax Revenue Bonds, Series 2002, as described herein, and to pay costs associated with the issuance of the Series 2007 Bonds including the municipal bond insurance and debt service reserve fund surety bond premiums.

**NEITHER THE FULL FAITH AND CREDIT OF THE BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, AND INTEREST ON THE SERIES 2007 BONDS AND SERIES 2007 BONDHOLDERS SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE BOARD, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, TO THE PAYMENT OF SUCH PRINCIPAL AND INTEREST. THE SERIES 2007 BONDS AND THE OBLIGATIONS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE BOARD, BUT SHALL CONSTITUTE A LIEN ONLY ON, AND SHALL BE PAYABLE SOLELY FROM, THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION.**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

**\$47,515,000 Serial Series 2007 Bonds**

<b>Maturity (October 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number</b>
2024*	\$15,100,000	5.000%	3.970%	432337DU4
2025*	15,850,000	4.500	4.240	432337DV2
2026	16,565,000	3.500	4.340	432337DW0

\*Callable premium bonds, yield calculated to first optional redemption date.

The Series 2007 Bonds are subject to optional redemption prior to their stated maturity dates as described herein. See "DESCRIPTION OF THE BONDS – Optional Redemption" herein.

Payment of principal of and interest on the Series 2007 Bonds when due will be insured by a Financial Guaranty Insurance Policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2007 Bonds.



*The 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 Official Statement to obtain information essential to the making of an informed investment decision.*

*The Series 2007 Bonds are offered when, as and if issued, subject to the legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Board by Thompson, Sizemore and Gonzalez, P.A., Tampa, Florida, Counsel to the Board, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. Ford & Associates, Inc., Tampa, Florida is acting as Financial Advisor to the Board in regard to the issuance of the Series 2007 Bonds. The Series 2007 Bonds are expected to be available for delivery through the facilities of DTC in New York, New York in definitive form on or about April 2, 2007.*

**CITIGROUP**

This Official Statement is dated March 15, 2007.

## **THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**

Raymond O. Shelton School Administration Building  
901 East Kennedy Boulevard  
Tampa, Florida 33602

### **BOARD MEMBERS**

Jack R. Lamb, Ed.D., Chair  
Jennifer Faliero, Vice Chair  
Doretha W. Edgecomb, Member  
April Griffin, Member  
Carol W. Kurdell, Member  
Candy Olson, Member  
Susan L. Valdes, Member

### **DISTRICT OFFICIALS**

MaryEllen Elia, Superintendent of Schools  
Gretchen Saunders, Chief Business Officer

### **COUNSEL TO THE BOARD**

Thompson, Sizemore and Gonzalez P.A.  
Tampa, Florida

### **SPECIAL COUNSEL**

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

### **DISCLOSURE COUNSEL**

Bryant Miller Olive P.A.  
Tampa, Florida

### **FINANCIAL ADVISOR**

Ford & Associates, Inc.  
Tampa, Florida

### **PAYING AGENT**

The Bank of New York Trust Company, N.A.  
Jacksonville, Florida

No dealer, broker, salesman or other person has been authorized by the Board of Hillsborough County (the "Board") as the governing body of the District to give any information or to make any representation with respect to the Series 2007 Bonds other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Series 2007 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Board, the Insurer, DTC and other sources which are believed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.

Upon issuance the Series 2007 Bonds will not be registered under the Securities Act of 1933 in reliance upon certain exemptions contained therein and the Series 2007 Bonds will not be listed on any stock or other securities exchange.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007 BONDS 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 OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE BOARD OR THE UNDERWRITER AND ANY ONE OR MORE HOLDERS OF THE SERIES 2007 BONDS.

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## **OFFICIAL STATEMENT**

\$47,515,000

### **SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA SALES TAX REVENUE REFUNDING BONDS, SERIES 2007**

## **INTRODUCTION**

### **General**

This Official Statement, including the cover page, inside cover page and the Appendices hereto, is furnished with respect to the sale of \$47,515,000 aggregate principal amount of School District of Hillsborough County, Florida Sales Tax Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") issued by the School Board of Hillsborough County, Florida (the "Board") as the governing body of the School District of Hillsborough County, Florida (the "District").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2007 Bonds is made only by means of this Official Statement and is subject in all respects to the information contained herein. For a complete description of the terms and conditions of the Series 2007 Bonds, reference is made to the form of resolution in APPENDIX C of this Official Statement. Unless otherwise indicated, capitalized terms used in this Official Statement shall have the same meaning established in the form of resolution referenced in the foregoing sentence. See "APPENDIX C – FORM OF RESOLUTION."

### **School District of Hillsborough County, Florida**

The Board is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes, and is the governing body of the District. The geographic boundaries of the District are coterminous with those of Hillsborough County, Florida (the "County"). The District operated 228 schools with 190,207 students (FTE) as of February 13, 2007, and, as of February 2, 2007, had approximately 31,846 employees of which 19,254 were instructional. See "THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA" herein.

### **Authority for Issuance**

The Series 2007 Bonds are being issued under the authority of and in full compliance with the Constitution and Laws of the State of Florida, including particularly Chapter 1001, Florida Statutes, Chapter 212, Part I, Florida Statutes, the Hillsborough County, Florida Ordinance No. 96-12, dated July 10, 1996 (the "Ordinance") authorizing the levy of a discretionary local infrastructure sales tax and the execution and delivery of the Interlocal

Agreement, as described below, and other applicable provisions of law (collectively, the "Act"), and a resolution authorizing the issuance of the Series 2007 Bonds which was adopted by the Board on January 8, 2002, as supplemented by a resolution adopted by the Board on February 27, 2007 (collectively, the "Resolution"). See "AUTHORITY FOR AND PURPOSE OF ISSUANCE" herein.

### **Description of the Refunding**

The Series 2007 Bonds are being issued to provide funds sufficient to refund the District's outstanding Sales Tax Revenue Bonds, Series 2002 (the "Series 2002 Bonds") maturing on October 1, 2025 and October 1, 2026 (the "Refunded Bonds"), as described herein, and thereby refinance the cost of acquisition, construction and installation of, and renovations to, certain capital improvements and educational facilities to be made within the District, and to pay costs associated with the issuance of the Series 2007 Bonds including the municipal bond insurance and debt service reserve fund surety bond premiums. The Series 2002 Bonds not constituting Refunded Bonds are referred to herein as the "Unrefunded Series 2002 Bonds."

### **Description of the Series 2007 Bonds**

*Denominations.* The Series 2007 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

*Redemption.* The Series 2007 Bonds are subject to optional redemption as described herein. See "DESCRIPTION OF THE BONDS – Optional Redemption" herein.

*Registration and Transfers.* Transfer of ownership in the Series 2007 Bonds will be effected by The Depository Trust Company ("DTC") book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the Participants (as hereinafter defined) for subsequent disbursement to the Beneficial Owners (as hereinafter defined). Interest on the Series 2007 Bonds is payable semi-annually on April 1, and October 1 of each year, commencing October 1, 2007.

For a more complete description of the Series 2007 Bonds and the basic documentation pursuant to which Series 2007 Bonds are issued, see "DESCRIPTION OF THE BONDS" herein.

### **Sources and Security of Payment for the Bonds**

The Bonds are limited and special obligations of the Board payable solely from and secured by a prior lien upon and pledge of (i) the proceeds received by the Board pursuant to the Interlocal Agreement dated July 17, 1996 (the "Interlocal Agreement") by and between Hillsborough County, Florida (the "County"), the Cities of Tampa, Temple Terrace and Plant City and the Board and the Ordinance from the levy and collection by the County of the one-half cent local government infrastructure sales surtax pursuant to Section 212.055(2), Florida Statutes (the "Sales Tax Revenues") and (ii) until applied in accordance with the provisions of



the Resolution, all moneys, including investments thereof, in the funds and accounts established pursuant to the Resolution other than the Unrestricted Revenue Account and the Rebate Fund, (collectively, the "Pledged Funds") on a parity basis with the District's Unrefunded Series 2002 Bonds, the District's outstanding Sales Tax Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds") and the District's outstanding Sales Tax Revenue Bonds, Series 2006 (the "Series 2006 Bonds" and together with the Unrefunded Series 2002 Bonds and the Series 2005 Bonds, the "Parity Bonds"). The Series 2002 Bonds were issued on February 5, 2002 in the original principal amount of \$235,585,000 and are currently outstanding in the principal amount of \$80,255,000, a portion of which are expected to be refunded from proceeds of the Series 2007 Bonds. See "PLAN OF REFINANCE" herein. The Series 2005 Bonds were issued on March 1, 2005 in the original principal amount of \$127,975,000 and are currently outstanding in the principal amount of \$127,705,000. A portion of the proceeds of the Series 2005 Bonds were used to refund certain maturities of the Series 2002 Bonds. The Series 2006 Bonds were issued on March 27, 2006 in the original principal amount of \$54,860,000, all of which are currently outstanding.

Pursuant to the terms of the Interlocal Agreement, in Fiscal Years 1997 through 2026, the Board has and will receive 25% of the net proceeds of the one-half cent local government infrastructure sales surtax receipts per year. See "SECURITY FOR THE BONDS" – Infrastructure Surtax Funds" herein. The Bonds and the indebtedness evidenced thereby do not constitute a lien upon any property of the Board or District, but constitute a lien only on the Pledged Funds in the manner and to the extent provided in the Resolution. See "SECURITY FOR THE BONDS" herein.

### **Financial Guaranty Insurance**

The scheduled payment of principal and interest on the Series 2007 Bonds when due will be insured by a Financial Guaranty Insurance Policy to be issued by Ambac Assurance Corporation (the "Insurer") simultaneously with the delivery of the Series 2007 Bonds. See "FINANCIAL GUARANTY INSURANCE" herein and APPENDIX D hereto.

### **Additional Bonds**

Pursuant to the Resolution, the Board may issue Additional Bonds on a parity with the Series 2007 Bonds and the Parity Bonds. See "SECURITY FOR THE BONDS – Additional Bonds" herein. The Series 2007 Bonds, Parity Bonds and Additional Bonds subsequently issued on a parity thereto in accordance with the Resolution, are herein referred to as the "Bonds."

### **Tax Exemption**

The legal opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel, will include an opinion to the effect that interest on the Series 2007 Bonds is, under existing statutes, regulations, rulings and court decisions, (a) excludable from gross income for federal income tax purposes except as otherwise described herein under the caption, "TAX EXEMPTION" and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed

on individuals and corporations. Such interest, however, will be includable in the calculation of a corporation's alternative minimum taxable income and may be subject to other federal income tax consequences described herein under the caption "TAX EXEMPTION." See "TAX EXEMPTION" herein for a discussion of Bond Counsel's opinion.

### **Continuing Disclosure**

The Board has agreed and undertaken for the benefit of Series 2007 Bond Owners, to provide certain financial information and operating data relating to the District and the Series 2007 Bonds pursuant to Rule 15c2-12 of the Securities and Exchange Act of 1934. See "CONTINUING DISCLOSURE" herein.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement is intended to be made available through the District's Director of Finance.

Copies of the Resolution and other documents and information are available, upon request and upon payment to the Board of a charge for copying, mailing and handling, from the Office of the Chief Business Officer, Hillsborough County School District, Raymond O. Shelton School Administration Building, 901 East Kennedy Boulevard, Third Floor, Tampa, Florida 33602 (813) 272-4000.

For a complete description of the terms and conditions of the Series 2007 Bonds, reference is made to the Resolution, the form of which is included in APPENDIX C to this Official Statement, "FORM OF RESOLUTION." The description of the Resolution, the Series 2007 Bonds and information from reports contained herein do not purport to be comprehensive or definitive.

### **AUTHORITY FOR AND PURPOSE OF ISSUANCE**

The Bonds are being issued under the authority of and in full compliance with the Constitution and Laws of the State of Florida, including, particularly Chapter 1001, Florida Statutes, Chapter 212, Part I, Florida Statutes, the Ordinance and the Interlocal Agreement and other applicable provisions of law (collectively, the "Act"), and under and pursuant to the terms and provisions of the Resolution.

The Series 2007 Bonds are being issued to provide funds sufficient to advance refund the Refunded Bonds as described herein and to pay costs associated with the issuance of the Series 2007 Bonds including the premiums for the Financial Guaranty Insurance Policy and debt service reserve fund surety bond. See "PLAN OF REFINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

## **PLAN OF REFINANCE**

The Refunded Bonds will be advance refunded pursuant to the plan of refinancing. The moneys required to advance refund and redeem the Refunded Bonds will be derived from a portion of the proceeds of the Series 2007 Bonds. The Refunded Bonds will be optionally redeemed on October 1, 2011 (the "Redemption Date") at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the Redemption Date. The Unrefunded Series 2002 Bonds are not being refunded by the Series 2007 Bonds and will be paid at their respective maturities.

A portion of the proceeds of the Series 2007 Bonds will be irrevocably placed in an escrow fund (the "Escrow Fund") with The Bank of New York Trust Company, N.A., as escrow agent (the "Escrow Agent") pursuant to an Escrow Deposit Agreement (the "Escrow Agreement"). Such funds will be applied to purchase certain U.S. Treasury obligations (the "Refunding Securities"). Such Refunding 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 balances, to pay the principal of and accrued interest on the Refunded Bonds on the Redemption Date.

Upon the deposit of such moneys, the Refunded Bonds shall no longer be deemed outstanding for purposes of the Resolution and all covenants, agreement and other obligations of the Board to the holders of the Refunded Bonds will thereupon cease, terminate and become void and be discharged and satisfied, and the holders thereof shall be entitled to payment solely out of the moneys and securities on deposit pursuant to the Escrow Agreement. Such moneys and securities shall not be available to pay debt service on the Series 2007 Bonds.

## **VERIFICATION**

As of the delivery date of the Series 2007 Bonds, Causey Demgen & Moore Inc., certified public accountants will verify, from information provided to them, (a) the mathematical accuracy of the computations contained in schedules provided by the Financial Advisor to determine that the anticipated receipts from the Refunding Securities and the initial cash deposit to be held in the Escrow Fund will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds and (b) the "yield" on the Series 2007 Bonds considered by Bond Counsel in connection with their opinion that the Series 2007 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. Causey Demgen & Moore Inc., will express no opinion on the assumptions provided to them, nor as to the exclusion from gross income for federal income tax purposes of the interest on the Series 2007 Bonds.

## DESCRIPTION OF THE BONDS

### General

The Series 2007 Bonds shall be dated their date of delivery, shall be numbered consecutively from R-1 upward, and shall be issued in the denominations of \$5,000 or integral multiples thereof. The Series 2007 Bonds will mature on the dates and will bear interest at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2007 Bonds shall be payable semi-annually on April 1 and October 1 in each year commencing October 1, 2007. While the Series 2007 Bonds are registered through the book-entry only system described below, interest on the Series 2007 Bonds will be payable by check or draft of The Bank of New York Trust Company, N.A., Jacksonville, Florida, as Paying Agent, mailed to the registered owners thereof in whose name such Series 2007 Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date, or, at the request and expense of such owner, by bank wire transfer for the account of such owner. Principal of the Series 2007 Bonds will be payable upon presentation and surrender thereof at the offices of the Paying Agent. The Series 2007 Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, Participants (as defined herein). Purchasers of the Series 2007 Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates. Ownership by the Beneficial Owners of the Series 2007 Bonds will be evidenced by book-entry only. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal, interest and premium, if any, will be made directly to such registered owner which will in turn remit such payments to the Participants for subsequent disbursement to the Beneficial Owners. See "DESCRIPTION OF THE BONDS – Book-Entry Only System of Registration" below.

### Book-Entry Only System of Registration

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE BOARD BELIEVES TO BE RELIABLE, BUT THE BOARD TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee). Purchases of beneficial ownership interests in the Series 2007 Bonds will be made in book-entry only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the Series 2007 Bonds ("Beneficial Owners") will not receive bond certificates representing their ownership interests in the Series 2007 Bonds, except in the event that use of the book-entry only

system for the Series 2007 Bonds is discontinued. One fully registered certificate will be issued for each maturity of the Series 2007 Bonds, and deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2007 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2007 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2007 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2007 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2007 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2007 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2007 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2007 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2007 BONDS ARE BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE BOARD NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC, the world's largest 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 2.2 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 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 and Clearing Corporation ("DTCC"). DTCC, in turn is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers, 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 Standard and Poor's highest rating: AAA. The DTC rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2007 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2007 Bond (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 Series 2007 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial interests in the Series 2007 Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 Bonds 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 Series 2007 Bonds 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 Series 2007 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2007 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2007 Bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2007 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board 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 Series 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2007 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or the Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect 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 with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participants and not of DTC, the Registrar or the Board, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Board and/or the Paying Agent for the Series 2007 Bonds. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 Bonds at any time by giving reasonable notice to the Board. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

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

### **Optional Redemption**

The Series 2007 Bonds are subject to redemption at the option of the District in whole or in part, at any time on or after April 1, 2017 in such order of maturities as may be determined by the District (less than all of a single maturity to be selected by lot by the District in such manner as the District may deem appropriate), at a redemption price equal to the principal amount of the Series 2007 Bonds to be redeemed, together with accrued interest to the date set for redemption without premium.

### **Selection of Series 2007 Bonds to be Redeemed**

The Series 2007 Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Board shall, at least thirty-seven (37) days and not more than sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Series 2007 Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Series 2007 Bonds of a single maturity, the particular Series 2007 Bonds or portions of Series 2007 Bonds to be redeemed shall be selected not more than sixty (60) days and not less than thirty-seven (37) days prior to the redemption date by the Registrar from the Outstanding Series 2007 Bonds of the maturity or maturities designated by the Board or by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Series 2007 Bonds or portions of Series 2007 Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Series 2007 Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Board and Paying Agent (if the Registrar is not the Paying Agent for such Series 2007 Bonds) in writing of the Series 2007 Bonds or portions

of Series 2007 Bonds selected for redemption and, in the case of any Series 2007 Bond selected for partial redemption, the principal amount thereof to be redeemed.

### **Notice of Redemption**

Notice of redemption, which shall specify the Series 2007 Bond or Series 2007 Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Board, and (A) shall be filed with the Paying Agents of such Series 2007 Bonds and (B) shall be mailed first class, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the redemption date to all Holders of Series 2007 Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice. Failure to mail notice to the Holders of the Series 2007 Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Series 2007 Bonds as to which no such failure or defect has occurred.

Each notice of redemption shall state: (1) the CUSIP numbers of all Series 2007 Bonds being redeemed, (2) the original issue date of such Series 2007 Bonds, (3) the maturity date and rate of interest borne by each Series 2007 Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Series 2007 Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Series 2007 Bond, the principal amount) of each Series 2007 Bond to be redeemed, (8) that on such redemption date there shall become due and payable upon each Series 2007 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Series 2007 Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, (9) that the Series 2007 Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated office of the Paying Agent at an address specified, and (10) unless sufficient funds have been set aside by the Board for such purpose prior to the mailing of the notice of redemption, that such redemption is conditioned upon the deposit of sufficient funds for such purpose on or prior to the date set for redemption; and provided, further, that such notice and the redemption set forth therein may be subject to the satisfaction of one or more additional conditions set forth therein.

Within sixty (60) days of the date of redemption, the Registrar shall give a second notice of redemption by mailing another copy of the redemption notice to the registered Holders of Series 2007 Bonds called for redemption but which have not been presented for payment within thirty (30) days after the date set for redemption; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.



## **Redemption of Portions of Series 2007 Bonds**

Any Series 2007 Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Board shall execute and the Registrar shall authenticate and deliver to the Holder of such Series 2007 Bond, without service charge, a new Series 2007 Bond or Series 2007 Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2007 Bonds so surrendered.

## **Payment of Redeemed Series 2007 Bonds**

Notice of redemption having been given substantially as aforesaid, the Series 2007 Bonds or portions of Series 2007 Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Board shall default in the payment of the Redemption Price) such Series 2007 Bonds or portions of Series 2007 Bonds shall cease to bear interest. Upon surrender of such Series 2007 Bonds for redemption in accordance with said notice, such Series 2007 Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer of funds issued by the Paying Agent to pay the Redemption Price of Series 2007 Bonds being redeemed shall bear the CUSIP number or numbers of such Series 2007 Bonds and identify the payments applicable to each CUSIP number. All Series 2007 Bonds which have been redeemed shall be cancelled by the Registrar and shall not be reissued.

## **SECURITY FOR THE BONDS**

### **General**

The principal of, and interest on the Series 2007 Bonds are payable solely from and secured by a prior lien upon and a pledge of (i) the proceeds received by the Board pursuant to the Interlocal Agreement and the Ordinance from the levy and collection by the County of the one-half cent local infrastructure sales surtax pursuant to Section 212.055(2), Florida Statutes (the "Sales Tax Revenues") and (ii) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established pursuant to the Resolution other than the Unrestricted Revenue Account and the Rebate Fund (collectively, the "Pledged Funds") on a parity basis with the Parity Bonds and all other "Bonds" outstanding from time to time under the Resolution.

**NEITHER THE FULL FAITH AND CREDIT OF THE BOARD, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, ARE PLEDGED TO PAYMENT OF THE PRINCIPAL OF, AND INTEREST ON THE BONDS AND BONDHOLDERS SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL**

**THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE BOARD, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, TO THE PAYMENT OF SUCH PRINCIPAL AND INTEREST. THE SERIES 2007 BONDS AND THE OBLIGATION EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE BOARD, BUT SHALL CONSTITUTE A LIEN ONLY ON, AND SHALL BE PAYABLE SOLELY FROM, THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION.**

### **Infrastructure Surtax Funds**

Chapter 212, Part I, Florida Statutes, as amended imposes a 6% sales tax on the sales price of tangible personal property sold at retail in the State subject to certain exemptions therefrom. A similar tax is imposed on the cost price of tangible personal property when the property is not sold, but is used, or stocked for use in the State. The largest single source of tax receipts in the State is the sales and use tax.

Section 212.055(2), Florida Statutes, authorizes local governments to impose a discretionary sales surtax of 0.5 percent or 1.0 percent on all transactions occurring in the county which transactions are subject to the state tax imposed on sales, use, services, rentals, admissions, and other transactions by Chapter 212, Florida Statutes, and certain communications services. However, local governments may not impose the surtax on the portion of any sales amount which exceeds \$5,000 on any item of tangible personal property. Section 202.11(2), Florida Statutes, defines "Communications services" as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. "Communications services" does not include certain items enumerated in such section. Such discretionary sales surtax may be used to finance, plan and construct infrastructure projects, among other purposes. The levy of the surtax must be pursuant to an ordinance of the county's governing board and approved by a referendum of the electors of the county. The surtax proceeds may be distributed pursuant to an interlocal agreement by and among the County, each municipality and the District.

On July 15, 1996, the Board of County Commissioners of Hillsborough County, Florida (the "County"), by a majority, enacted Ordinance No. 96-12 (the "Sales Tax Ordinance") which provided for the levying and imposition, throughout the incorporated and unincorporated areas of the County, of an additional tax of 0.5% on all transactions occurring in the County subject to the aforementioned 6% tax (the "Community Investment Tax") the proceeds of which would be applied to pay the costs of acquisition and construction of public safety, transportation and educational infrastructure and a community stadium. On September 3, 1996, the levy of the Community Investment Tax was placed on the ballot and approved by a majority of the electors of the County who voted in the referendum. The Community Investment Tax is effective for a thirty-year period that commenced December 1, 1996.

Pursuant to Section 212.055(2)(d)(1), Florida Statutes, as amended, the proceeds of any discretionary sales surtax and any interest accrued thereto are required to be expended to finance, plan and construct infrastructure and to acquire land for public recreation or conservation or protection of natural resources and to finance the closure of county-owned or municipally-owned solid waste landfills that are already closed or are required to close by order of the Department of Environmental Protection. Neither the proceeds nor any interest accrued thereto may be used for operational expenses of any infrastructure.

"Infrastructure" means, among other things, any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction or improvement of public facilities which have a life expectancy of 5 or more years and any land acquisition, land improvement, design, and engineering costs related thereto.

Pursuant to Section 212.055(2)(e), Florida Statutes, as amended, school districts, counties and municipalities receiving discretionary sales surtax proceeds may pledge such proceeds for the purpose of servicing new bond indebtedness incurred pursuant to law.

Pursuant to the Interlocal Agreement, the parties thereto agreed upon a monthly method of distribution to the Community Investment Tax. In each of the fiscal years 1997 through 2026, 25% of the net proceeds of the Community Investment Tax will be distributed to the Board with the remaining 75% to be distributed among the Tampa Sports Authority, the County and the Cities of Plant City, Temple Terrace and Tampa as provided in the Interlocal Agreement.

The Clerk of the Circuit Court of the County (the "Clerk") shall receive the Community Investment Tax from the State Department of Revenue and act as trustee of the revenue and shall retain all such revenue in a separate account until distributed as described above. Disbursements shall be made monthly by the Clerk on a pro-rata basis as received.

The table below provides historical receipts by the County of the total Community Investment Tax and the portion distributed to the Board in each of the last five fiscal years.

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**Hillsborough County, Florida**  
**Historical Community Investment Tax Collections and Distributions<sup>(1)</sup>**

	<b>Community Investment Tax Revenues Collected<sup>(2)</sup></b>	<b>Distributions to Hillsborough County School Board<sup>(3)</sup></b>
<b><u>Year</u></b>		
2006	\$107,126,448	\$28,408,346
2005	99,381,751	23,247,804
2004	85,617,242	21,559,524
2003	83,022,440	20,405,260
2002	79,858,938	20,218,368

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- (1) The County's authority to impose the Community Investment Tax expires on December 1, 2026. Accordingly, the County and the Board will not receive Community Investment Tax Revenues for any period of time after December 1, 2026. Amounts are net of State of Florida administrative charges, if any.
- (2) Community Investment Tax Revenues Collected are based on the County's fiscal year ended September 30, and are accounted for on a modified accrual system. The office of the Hillsborough County Clerk of the Court provided the numbers in this column.
- (3) Distributions to Hillsborough County School Board are based on the Board's fiscal year ended June 30, and are accounted for based on the date the funds are received by the Board. These numbers are from the Comprehensive Annual Financial Report of the School District for the fiscal year ended June 30, 2006.

THE AMOUNT OF SALES TAX REVENUES DISTRIBUTED TO THE BOARD IS SUBJECT TO INCREASE OR DECREASE DUE TO (I) INCREASES OR DECREASES IN THE DOLLAR VOLUME OF TAXABLE SALES WITHIN THE COUNTY, (II) LEGISLATIVE CHANGES RELATING TO THE SALES TAX, WHICH MAY INCLUDE CHANGES IN THE SCOPE OF TAXABLE SALES, AND (III) OTHER FACTORS WHICH MAY BE BEYOND THE CONTROL OF THE BOARD OR THE BONDHOLDERS, INCLUDING BUT NOT LIMITED TO THE POTENTIAL FOR INCREASED USE OF ELECTRONIC COMMERCE AND OTHER INTERNET-RELATED SALES ACTIVITY THAT COULD HAVE A MATERIAL ADVERSE IMPACT UPON THE AMOUNT OF SALES TAX REVENUES DISTRIBUTED TO THE BOARD.

*Collection and Administration.* The Florida Department of Revenue ("FDOR") has the responsibility to administer, collect and enforce all surtaxes, including the Community Investment Tax. The proceeds of each county's discretionary sales surtax collections are transferred to the Discretionary Sales Surtax Trust Fund. A separate account in the trust fund is to be established for each county imposing such a surtax. FDOR is authorized to deduct 3% of

the total revenue generated for all counties levying a surtax for administrative costs. The amount deducted for administrative costs is required to be used only for those costs solely and directly attributable to the surtax. The total administrative costs are to be prorated among those counties levying the surtax on the basis of the amount collected for a particular county to the total amount collected for all counties. However, FDOR is currently not deducting the amount of revenue for administering these taxes and has never done so, even though the authorization currently exists to do so. FDOR is required to submit annually, no later than March 1<sup>st</sup>, a report detailing the expenses and amounts deducted for administrative costs to the President of the Senate, the Speaker of the House of Representatives, and the governing board of each county levying the surtax.

Pursuant to Section 212.15, Florida Statutes, vendors are required to remit sales tax receipts by the twentieth (20<sup>th</sup>) day of the month immediately following the month of collection. No statute prescribes a deadline for remitting surtax proceeds to the local governing bodies. However, according to the accounting division of FDOR, FDOR consistently remits the surtax proceeds to such local governing bodies by the twenty-fifth (25<sup>th</sup>) day of the month immediately following receipt by FDOR. FDOR computes the distribution factors set forth in Section 218.62, Florida Statutes, and based on such calculation makes an appropriate distribution.

### **Disposition of Sales Tax Revenues**

(A) The Resolution provides that the Board shall promptly deposit upon receipt by the Board the Sales Tax Revenues into the Restricted Revenue Account. The moneys in the Restricted Revenue Account shall be deposited or credited on or before the third day prior to the end of each month as received by Board from the Clerk in the following manner and in the following order or priority:

(1) Interest Account. The Board shall deposit or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all of the Outstanding Bonds accrued and unpaid and to accrue to the then current calendar month (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each). Moneys in the Interest Account shall be applied by the Board for deposit with the Paying Agent to pay the interest on the Bonds on or prior to the date the same shall become due. The Board shall adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date. Except as provided in paragraph (5) below, no further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on the Outstanding Bonds on the next succeeding Interest Date.

(2) Principal Account. Commencing in the month which is one year prior to the first principal due date (or if the first principal due date is less than one year from the date of issuance of the Bonds, the month immediately following the issuance of the Bonds), the Board shall next deposit into the Principal Account the sum which, together with the balance in said Account, shall equal the principal amount on the Outstanding Bonds due and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then

current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months having thirty (30) days each) in equal amounts from the next preceding principal payment due date, or, if there be no such preceding payment due date from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be applied by the Board for deposit with the Paying Agent to pay the principal of the Bonds on or prior to the date the same shall mature, and for no other purpose. The Board shall adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds becoming due on such principal payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal coming due on the Outstanding Bonds on the next succeeding principal payment date.

(3) Bond Amortization Account. Commencing in the month which is one year prior to any Amortization Installment due date, there shall be deposited or credited to the Bond Amortization Account an amount which, together with the balance in said Account, shall equal the Amortization Installments of all Bonds Outstanding due and unpaid and that portion of the Amortization Installment next due which would have accrued on said Bonds during the then current calendar month if such Amortization Installment were deemed to accrue daily (assuming that a year consists of twelve (12) months of thirty (30) days each), in equal amounts from the next preceding Amortization Installment due date, or if there is no such preceding principal due date, from a date one year preceding the due date of such Amortization Installment. Moneys in the Bond Amortization Account shall be used to purchase or redeem Term Bonds in the manner herein provided or as provided by Supplemental Resolution, and for no other purpose. The Board shall adjust the amount of the deposit into the Bond Amortization Account not later than the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay the Amortization Installments on the Bonds coming due on such date. No further deposit need be made to the Bond Amortization Account when the moneys therein are equal to the Amortization Installments coming due on the Outstanding Bonds on the next succeeding Amortization Installment due date. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account.

(4) Reserve Account. There shall next be deposited to the Reserve Account an amount which shall not be less than one twelfth (1/12) of the amount which would enable the Board to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto in one (1) year from the date of any shortfall, whether such shortfall was caused by decreased market value or withdrawal. On or prior to each principal payment date and Interest Date for the Bonds, moneys in the Reserve Account shall be applied by the Board to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Account by reason of (i) investment income, shall be deposited into the Interest Account as provided in the Resolution and (ii) a decrease in the Reserve

Account Requirement, such surplus moneys shall be deposited by the Board into the Unrestricted Revenue Account, subject to receiving an opinion of Bond Counsel that such application will not have an adverse effect on the tax-exempt status on the Bonds (other than Taxable Bonds), and otherwise to the Debt Service Fund. The Board shall inform each Credit Facility Provider of any draw upon the Reserve Account for purposes of paying the principal of and interest on the Bonds.

(5) Annual Funding. There shall be next deposited to the Interest Account, the Principal Account and the Bond Amortization Account, in that order, sufficient moneys such that the amounts on deposit therein shall equal, respectively, the interest and principal (including any Amortization Installment) next coming due on all outstanding Bonds during the current Bond Year.

(6) Unrestricted Revenue Account. The balance of any moneys after the deposits required by paragraphs (1) through (5) above may be transferred, at the discretion of the Board, to the Unrestricted Revenue Account or any other appropriate fund and account of the Board and may be used for any lawful purpose including, with or without limitation, the early redemption of Bonds. In the event moneys on deposit in the Interest Account, and the Principal Account on the third day prior to an Interest Date are not sufficient to pay the principal of and interest on the Bonds coming due on such Interest Date, the Board shall transfer moneys from the Unrestricted Revenue Account, if any, to the appropriate Account of the Debt Service Fund to provide for such payment. Any moneys remaining in the Unrestricted Revenue Account on each Interest Date may be used for any lawful purpose.

The Board, in its discretion may use moneys in the Principal Account and the Interest Account to purchase Outstanding Bonds coming due on the next principal payment date, provided such purchase does not adversely affect the Board's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased.

### **Reserve Account**

The Resolution requires the establishment of a Reserve Account for the Bonds, including the Series 2007 Bonds, in an amount equal to \$20,920,875. The Resolution authorizes the Board to obtain a Surety Bond in place of fully funding the Reserve Account with cash. Accordingly, application has been made to the Insurer for the issuance of a Surety Bond for the purpose of funding of the Reserve Account Requirement which will secure the Series 2007 Bonds, the Series 2005 Bonds and the Unrefunded Series 2002 Bonds. The Series 2007 Bonds will only be delivered upon the issuance of such Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the issuance and delivery of the Series 2007 Bonds. The Surety Bond provides that upon the later of (i) one (1) day after receipt by the Insurer of a demand for payment executed by the Paying Agent certifying that provision for the payment of principal of or interest on the Bonds when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to the Insurer will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Bonds, but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by the Insurer under the terms of the Surety Bond and the Board is required to reimburse the Insurer for any draws under the Surety Bond with interest at a market rate. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the Board is subordinate to the Board's obligations with respect to the Bonds.

In the event the amount on deposit, or credited to the Reserve Account, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Reserve Account have been expended. In the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Surety Bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Resolution provides that the amounts deposited to the Reserve Account shall be applied in the following priority: first, to reimburse the Insurer and the issuer of any Additional Funding Instrument for amounts advanced under such instruments, second, replenish any cash deficiencies in the Reserve Account, and third, to pay the Insurer and the issuer of any Additional Funding Instrument interest on amounts advanced under such instruments.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Paying Agent.

The insurance provided by the Surety Bond is not covered by the Florida Insurance Guaranty Association.

Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided in the Resolution, the Board shall, on the date of delivery of such Additional Bonds, increase the sum required to be accumulated and maintained on deposit in the Reserve Account to be at least equal to the Reserve Account Requirement on all Outstanding Bonds including the Additional Bonds then issued. Such required sum may be paid in full or in part from the proceeds of such Additional Bonds.

### **Investments**

Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed for the purposes of such Fund or Account. Moneys on deposit in the Reserve Account may be invested and reinvested in Authorized Investments which mature no later than ten (10) years from the date of investment. All investments shall be valued at market at least semi-annually.



Any and all income received by the Board from the investment of moneys in the Construction Fund, the Interest Account, the Principal Account, the Bond Amortization Account, the Restricted Revenue Account and the Reserve Account (to the extent such income and other amounts in the Reserve Account does not exceed the Reserve Account Requirement) shall be retained in such respective Fund or Account; provided that amounts in the Reserve Account in excess of the Reserve Account Requirement shall be transferred to the Interest Account.

### **Separate Accounts**

The moneys required to be accounted for in the funds and accounts established in the Resolution may be deposited in a single, non-exclusive bank account, and funds allocated to the various funds, accounts and subaccounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds, accounts and subaccount as provided by the Resolution.

The designation and establishment of the various funds, accounts and subaccounts in and by the Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

### **Additional Bonds**

Except as provided below, the Board covenants in the Resolution not to incur any other obligations or indebtedness payable on a parity from the Pledged Funds unless there shall have been obtained and filed with the Board a statement of the Superintendent or his or her designee (1) stating that he or she has examined the books and records of the Board relating to the collection and receipt of Sales Tax Revenues received by the Board for deposit to the Restricted Revenue Account, (2) setting forth the amount of such Sales Tax Revenues received by the Board for any twelve consecutive months designated by the Board within the eighteen months immediately preceding the date of delivery of such Additional Bonds with respect to which the statement is made, and (3) stating that the amount of such Sales Tax Revenues received by the Board for such twelve month period equals at least the sum of 1.20 times the Maximum Annual Debt Service on all Bonds then Outstanding and the Additional Bonds with respect to which the statement is made.

Additional Bonds shall be deemed to have been issued pursuant to the Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of the Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to the Resolution.

The Board shall not be required to comply with the requirements of the second preceding paragraph with respect to any Additional Bonds issued to refund and defease any

portion of the outstanding Bonds (or any outstanding additional parity Bonds) if the issuance of such Additional Bonds results in a reduction of aggregate debt service.

### **Books and Records**

The Board covenants in the Resolution that it will keep books and records of the receipt of the Sales Tax Revenues in accordance with generally accepted accounting principles and any holder or holder of at least \$1,000,000 aggregate principal amount of Series 2007 Bonds shall have the right at all reasonable times to inspect the records, accounts and data of the Board relating thereto.

### **No Impairment; Limitation on Maturity of Bonds**

The Board covenants in the Resolution that the pledging of the Pledged Funds in the manner provided in the Resolution shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution, agreement or other proceedings of the Board. The Board shall not (i) permit the Interlocal Agreement to be terminated or expire while any Bonds remain Outstanding and (ii) issue any Bonds maturing after the stated expiration date of the Interlocal Agreement.

### **Receipt of Sales Tax Revenues**

The Board covenants in the Resolution to do all things necessary or required on its part by the Act, the Interlocal Agreement or otherwise to maintain the levy, collection and receipt of the Sales Tax Revenues, including, but not limited to, taking all actions necessary to cause the County to perform its obligations under the Interlocal Agreement with respect thereto. The Board shall exercise all legally available remedies to enforce such levy, collection and receipt now or hereafter available under the law. The Board will not take any action, including amending or supplementing the Interlocal Agreement, or enter into any agreement that shall result in reducing the level of Sales Tax Revenues received by the Board from that level prevailing at the time the Board takes such action or entered into such agreement.

### **Certificates of Participation to be paid from Sales Tax Revenues**

On February 19, 2004, the Board issued its Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2004B 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 Hillsborough County, Florida (the "Series 2004B Certificates"). The Series 2004B Certificates are expected to be paid from a portion of the Board's Sales Tax Revenues, provided, however, that this is subject in all respects to the prior lien on Sales Tax Revenues that the holders of the presently outstanding or hereinafter issued Bonds have, including the Series 2007 Bonds, the Series 2006 Bonds, the Series 2005 Bonds and the Series 2002 Bonds.

## FINANCIAL GUARANTY INSURANCE

The following information has been furnished by Ambac Assurance Corporation for use in this Official Statement. Reference is made to APPENDIX D attached hereto for a specimen Financial Guaranty Insurance Policy.

### Payment Pursuant to Financial Guaranty Insurance Policy

Ambac has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Series 2007 Bonds effective as of the date of issuance of the Series 2007 Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2007 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such terms are defined in the Financial Guaranty Insurance Policy) by the Board. Ambac will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Series 2007 Bonds and, once issued, cannot be canceled by Ambac.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2007 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2007 Bonds, Ambac will remain obligated to pay principal of and interest on outstanding Series 2007 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2007 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent has notice that any payment of principal of or interest on an Series 2007 Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Board has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Financial Guaranty Insurance Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Paying Agent or Registrar.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Series 2007 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2007 Bonds to be registered in the name of Ambac to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac.

Upon payment of the insurance benefits, Ambac will become the owner of the Series 2007 Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2007 Bond and will be fully subrogated to the surrendering Holder's rights to payment.

The insurance provided by the Financial Guaranty Insurance Policy is not covered by the Florida Insurance Guaranty Association.

### **Ambac Assurance Corporation**

Ambac is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$10,015,000,000 (unaudited) and statutory capital of approximately \$6,371,000,000 (unaudited) as of December 31, 2006. Statutory capital consists of Ambac's policyholders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac.

Ambac has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac under policy provisions substantially identical to those contained in the Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Board.

Ambac makes no representation regarding the Series 2007 Bonds or the advisability of investing in the Series 2007 Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac and presented under this heading "FINANCIAL GUARANTY INSURANCE POLICY".

### **Available Information**

The parent company of Ambac, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the

"Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac's financial statements prepared in accordance with statutory accounting standards are available from Ambac. The address of Ambac's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

#### **Incorporation of Certain Documents by Reference**

The following document filed by the Company with the SEC (File No. 1-10777) is incorporated by reference in this Official Statement: The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**Available Information.**"

THE INFORMATION RELATING TO AMBAC CONTAINED ABOVE HAS BEEN FURNISHED BY AMBAC. NO REPRESENTATION IS MADE BY THE BOARD 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. THE BOARD HAS NOT MADE ANY INVESTIGATION INTO THE FINANCIAL CONDITION OF AMBAC, AND NO REPRESENTATION IS MADE AS TO THE ABILITY OF AMBAC TO MEET ITS OBLIGATIONS UNDER THE FINANCIAL GUARANTY INSURANCE POLICY.

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## ESTIMATED SOURCES AND USES OF FUNDS

The table that follows summarizes the estimated sources and uses of funds to be derived from the sale of the Series 2007 Bonds.

### SOURCES:

Principal Amount of Series 2007 Bonds	\$47,515,000.00
Net Original Issue Discount	<u>(212,243.40)</u>
TOTAL SOURCES	\$47,302,756.60

### USES:

Deposit to Escrow Fund <sup>(1)</sup>	\$46,721,615.39
Costs of Issuance <sup>(2)</sup>	<u>581,141.21</u>
TOTAL USES	\$47,302,756.60

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(1) To be applied to refund the Refunded Bonds. See "PLAN OF REFINANCING" herein.

(2) Includes Financial Guaranty Insurance and Debt Service Reserve Surety Bond Premiums and Underwriter's Discount, legal and financial advisor fees, miscellaneous expenses and other costs of issuance.

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## COMBINED BOND DEBT SERVICE SCHEDULE

The following table shows annual debt service on the Outstanding Series 2006 Bonds, Series 2005 Bonds and Series 2002 Bonds following the issuance of the Series 2007 Bonds and refunding of the Refunded Bonds.

<b>Bond Year</b> <b>Ending</b> <b>October 1</b>	<b>Outstanding</b> <b>Parity Bonds*</b>	<b>Series 2007 Bonds</b>			<b>Total</b> <b>Combined</b> <b>Debt Service</b>
		<b>Principal</b> <b>Payments</b>	<b>Interest</b> <b>Payments</b>	<b>Total</b> <b>Payments</b>	
2007	\$13,395,000.00		\$ 1,018,323.54	\$ 1,018,323.54	\$14,413,323.54
2008	18,184,025.00		2,048,025.00	2,048,025.00	20,232,050.00
2009	18,183,400.00		2,048,025.00	2,048,025.00	20,231,425.00
2010	18,182,456.26		2,048,025.00	2,048,025.00	20,230,481.26
2011	18,184,371.26		2,048,025.00	2,048,025.00	20,232,396.26
2012	18,184,173.76		2,048,025.00	2,048,025.00	20,232,198.76
2013	18,182,123.76		2,048,025.00	2,048,025.00	20,230,148.76
2014	18,180,548.76		2,048,025.00	2,048,025.00	20,228,573.76
2015	18,183,505.00		2,048,025.00	2,048,025.00	20,231,530.00
2016	18,180,392.50		2,048,025.00	2,048,025.00	20,228,417.50
2017	18,180,732.50		2,048,025.00	2,048,025.00	20,228,757.50
2018	18,182,632.50		2,048,025.00	2,048,025.00	20,230,657.50
2019	18,182,362.50		2,048,025.00	2,048,025.00	20,230,387.50
2020	18,181,131.26		2,048,025.00	2,048,025.00	20,229,156.26
2021	18,183,975.00		2,048,025.00	2,048,025.00	20,232,000.00
2022	18,184,500.00		2,048,025.00	2,048,025.00	20,232,525.00
2023	18,181,712.50		2,048,025.00	2,048,025.00	20,229,737.50
2024	3,772,850.00	\$15,100,000.00	2,048,025.00	17,148,025.00	20,920,875.00
2025	3,771,325.00	15,850,000.00	1,293,025.00	17,143,025.00	20,914,350.00
2026	<u>3,773,850.00</u>	<u>16,565,000.00</u>	<u>579,775.00</u>	<u>17,144,775.00</u>	<u>20,918,625.00</u>
<b>TOTAL</b>	<b>\$315,635,067.56</b>	<b>\$47,515,000.00</b>	<b>\$37,707,548.75</b>	<b>\$85,222,548.54</b>	<b>\$400,857,616.10</b>

\*Omits payments made prior to the date hereof and payments on the Refunded Bonds, which will be refunded with the proceeds of the Series 2007 Bonds. See "PLAN OF REFINANCE" herein.

## SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

The Board is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes, as amended, and is the governing body of the District. The geographic boundaries of the District are coterminous with those of the County. The District operated 228 schools with 190,207 students (FTE) as of February 13, 2007, and, as of February 2, 2007, had approximately 31,846 employees of which 19,254 were instructional. Management of the 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 Hillsborough County Property Appraiser. The Hillsborough 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 four 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 State Department of Education.

The present members of the Board and the expiration of their respective terms are as follows:

<u>Name</u>	<u>District</u>	<u>Term Expires</u>
Jack R. Lamb, Chair	Board District No. 3	November, 2008
Jennifer Faliero, Vice Chair	Board District No. 4	November, 2010
Doretha W. Edgecomb, Member	Board District No. 5	November, 2008
April Griffin, Member	Board District No. 6*	November, 2010
Carol W. Kurdell, Member	Board District No. 7*	November, 2008
Candy Olson, Member	Board District No. 2	November, 2010
Susan L. Valdes, Member	Board District No. 1	November, 2008

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\*At large districts.

## **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, preparing 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 State Department of Education. The Superintendent is appointed by the Board for one year terms. Her present term expires June 30, 2007.

## **Administration**

Ms. MaryEllen Elia Superintendent, has been Superintendent of the District since July 1, 2005. Ms. Elia received her B.A. degree from Daeman College and her M.Ed. degree from the University of Buffalo. In 1983, she added a Masters of Professional Studies degree in Reading



from State University of New York at Buffalo, and received certification in Educational Leadership in 1989.

Ms. Elia worked as a social studies teacher in the state of New York from September 1970 through June 1986. In August 1986, she was employed by the School District of Hillsborough County in Tampa, Florida as a reading resource specialist at Plant High School. She served as the county's secondary reading supervisor from 1989 through 1991. With the advent of magnet schools in 1991, Ms. Elia became the county's first magnet school supervisor. From January 1997 through September 2002, she served as Director of Non-Traditional Programs which included magnet schools as well the ESOL program, alternative schools and dropout prevention programs.

On September 4, 2002, Ms. Elia was appointed to the General Director of Secondary Education, and on June 3, 2003, she was appointed the Hillsborough County School District's Chief Facilities Officer where she was responsible for all new construction for over 200 schools/educational facilities and district maintenance and custodial operations. On May 19, 2005, Ms. Elia was appointed Superintendent of Schools. Her tenure began July 1, 2005.

Ms. Gretchen Saunders, Chief Business Officer, has been Chief Business Officer for the District since January 1, 2005. In this capacity, Ms. Saunders is responsible for the management of 13 departments containing 160 employees. Departments under her control include Budget, Payroll, Debt Management, Cash Management, and Purchasing. Ms. Saunders oversees a total budget of more than \$2.1 billion and a debt portfolio of nearly \$1 billion. Debt instruments under Ms. Saunders control include Certificates of Participation, Sales Tax Revenue Bonds, General Obligation Bonds, and Qualified Zone Academy Bonds. In managing the District's debt program, Ms. Saunders has employed the use of both fixed and variable debt, long-dated swaps and swaptions, and medium term swaps. Prior to her appointment as Chief Business Officer, Ms. Saunders served as Manager of Budget and Cash Management for the Board.

Ms. Saunders holds a B.S. in Business from Ferris State University and an M.S. in Public Administration from Central Michigan University. She is a past president of the Florida School Finance Officers Association and was elected a member of the Florida School Finance Council in June, 2004. The School Finance Council is a senior policy advisory board that assists the Florida Commissioner of Education. Its limited membership is by invitation only.

## **Academics**

Currently, the District operates 133 elementary schools comprised of students in kindergarten through fifth grade. Students in the sixth, seventh and eighth grades comprise the District's 44 middle schools and three K-8 Schools. The District operates 25 high schools which include ninth through twelfth grades as well as the vocational programs. In addition, there are six alternative educational schools, eleven Special School Centers and nine adult centers conducted at the various locations within the District.

The elementary school program emphasizes basic skills including reading, writing, language arts, and mathematics. The balanced curriculum includes instruction in science, computer literacy, health, social studies, art, music and physical education. These programs are

designed to build a strong foundation and each child is required to attain very specific levels of achievement before promotion to the next grade.

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 the 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.

In addition to the above programs, the District currently operates 27 "magnet programs." Magnet programs operate at the elementary, middle and high school levels, offering unique opportunities and challenges for students. These magnet schools offer specialized programs including: Academy of Health Professionals, Academy of Engineering, Visual/Performing/Communication Arts, Environmental Studies, International Studies Preparatory Academy/High Technology Program and the International Baccalaureate Program. Applications for each program are distributed annually through the District in December.

## Historical Growth

The following table presents a summary of general statistical data regarding the District.

**Summary of Statistical Data  
Ten Year History**

<u>School Year</u>	<u>Number of Schools</u>	<u>Number of Instructors</u>	<u>F.T.E.<sup>(1)</sup> Enrollment</u>	<u>Average Expenditure per F.T.E. Student <sup>(2)</sup></u>
2005/06	224	14,517	190,523	\$7,309.31
2004/05	221	14,351	187,239	7,150.13
2003/04	218	12,866	179,933	7,044.97
2002/03	197	12,340	172,039	6,991.26
2001/02	193	11,172	165,241	6,745.42
2000/01	188	11,604	159,533	6,739.16
1999/00	183	11,457	160,624	6,232.96
1998/99	175	11,209	167,922	5,813.48
1997/98	172	10,768	164,231	5,443.19
1996/97	167	10,255	159,949	5,130.47

(1) Full-time equivalent enrollment, inclusive of adult education until 1999/00 when adult education students were changed from F.T.E. funding to categorical funding.

(2) Expenditures include General Fund and Special Revenue Fund only.

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Source: School District of Hillsborough County, Florida

### **Growth Projections for F.T.E.**

The Board has estimated the following Full Time Equivalent (F.T.E.) Enrollment for School Years 2006/07 through 2007/08:

<u>School Year</u>	<u>F.T.E. Enrollment</u>	<u>Percentage Change</u>
2006/07 <sup>(1)</sup>	191,400	--
2007/08 <sup>(2)</sup>	191,619	0.11%

<sup>(1)</sup> Budgeted. Actual F.T.E. Enrollment as of February 13, 2007 was 190,207.

<sup>(2)</sup> Projected.

Source: School District of Hillsborough County, Florida

### **School District of Hillsborough County, Florida**

#### **Profile of Enrollments**

#### **Full-Time Equivalent Students<sup>(1)</sup>**

**2002-2006**

	<u>2005/06</u>	<u>2004/05</u>	<u>2003/04</u>	<u>2002/03</u>	<u>2001/02</u>
Pre-K/Kindergarten	13,388	10,834	10,256	9,715	11,522
Grades 1-3	37,085	44,627	42,753	40,267	32,880
Grades 4-8	57,563	52,283	50,274	47,283	51,220
Grades 9-12	37,766	34,924	32,935	31,254	29,649
Exceptional Ed.	36,907	36,983	36,497	34,895	32,280
Vocational Ed.	7,814	7,588	7,218	8,625	7,690
Total	190,523	187,239	179,933	172,039	165,241 <sup>(2)</sup>

(1) Enrollments are calculated on a full-time equivalent defined as 900 hours of instruction time.

Source: School District of Hillsborough County, Florida.

### **Charter District Pilot Program**

The Board is participating in a pilot program authorized by Chapter 1013, Florida Statutes, to establish the District as a charter school district. The intent of the pilot program is to examine new relationships between the State Board of Education (the "SBE") and school districts that may produce significant improvements in student achievement and school management, while complying with constitutional requirements. While it is a goal of the pilot program to eliminate or reduce the work required to comply with burdensome laws and regulations, to foster operating efficiencies, thus accelerating student educational process, the District's participation in the pilot program will not reduce any financial resources it would otherwise lawfully receive. The District was one of two school districts included in the pilot program. The District submitted its charter district proposal and a management plan that was accepted by the SBE and the parties entered into a charter school district contract that was effective October

1, 2000. The initial pilot program was for three years. The District's contract was extended for an additional five years. The contract currently will expire on June 30, 2008. Upon expiration of the contract the District's performance will be evaluated. As a charter school district, the District is exempt from a number of state statutes and SBE regulatory rules. As part of the management plan submitted by the District, the District was granted exemption from a number of laws and rules including: eliminating the requirement that categorical program funds be spent strictly on those programs; exempting the Board from the requirement of 135 hours of class time per high school credit; exempting the Board from the current rules for determining student performance; exempting the Board from the requirements related to from which vendor the Board must acquire its instructional materials; exempting the Board from the existing certification requirements related to field of study, for qualified instructional personnel; exempting the District from the educational plant survey requirements with respect to facilities to be constructed; and other requirements related to school and student progress management. The Board is required to submit an annual report to the SBE on the implementation of the Board's program. The achievement of the goals under the program are based on student performance in state and national standardized tests administered state-wide, levels of student attendance and suspensions, student, teacher and parental ratings of the program and certain financial performance criteria.

### **Employee Relations and Retirement Program**

As of December 1, 2006, the Board employed 29,897 persons representing the following groups:

Teachers	Hillsborough Classroom Teachers Association
Paraprofessionals	Hillsborough Classroom Teachers Association
Clerical and Bus Attendants	Hillsborough Classroom Teachers Association
Custodial, Maintenance and Mechanics	Hillsborough Schools Employee Federation
Bus Drivers	Hillsborough Schools Employee Federation

Union members include both instructional and non-instructional personnel. Current union contracts expire as follows:

Teachers	June 30, 2007
Paraprofessionals	June 30, 2009
Clerical	June 30, 2009
Custodial, Maintenance and Mechanics	June 30, 2008
Bus Drivers	June 30, 2008
Bus Attendants	June 30, 2009

The Board does not administer a separate retirement plan for its officers and employees. However, pursuant to law, all full-time employees are, with minor exceptions, members of defined retirement plans of the State administered by its Department of Administration, Division of Retirement. The retirement plans of the State consist of contributory and non-contributory benefit plans. The plans provide for retirement, death, and disability benefits and

require contributions by employees and/or participating agencies as stated percentages of compensation set by law as determined from time to time by the State Legislature. The combined contributions to the plans for the fiscal year ended June 30, 2006 totaled \$67,164,376, including \$14,197 from employee contributions. The plans accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits, and other plan related matters are the responsibility of the State Department of Administration, Division of Retirement, and are not computed on an individual agency basis.

### **Accounting and Funds**

Pursuant to Section 11.45, Florida Statutes, as amended, the financial operations of the District are subject to audit by independent auditors of the District at least two out of every three fiscal years with the Auditor General's office auditing the financial operations of the District once every three fiscal years. The District retained the independent accounting firm of KPMG LLP for a five-year period beginning with Fiscal Year 1999/00 and currently extended through the fiscal year ended June 30, 2006, to audit its financial operations, whose report for the Fiscal Year ended June 30, 2006 is attached hereto as "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2006" attached hereto.

Accounting policies conform with generally accepted accounting principles applicable to state and local governmental units. The fund financial statements provide information about the Board's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – government and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Because the focus of the governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

### **Governmental Fund Types**

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.

Contracted Services – to account for financial resources of certain federal grant program resources.

Food Services – accounts for and reports on the activities of the food service program.

Certificates of Participation – Accounts for and reports on the revenues generated from the issuance of Certificates of Participation.

Sales Tax Bond Revenue – Accounts for and reports on the revenues generated from the issuance of construction bonds backed by sales tax revenue.

Other Capital Projects Funds – Accounts for and reports on other miscellaneous funds from various sources.

### **Other Fund Types**

Additionally, the District reports the following fund types:

Internal Service Funds – to account for the District’s workers’ compensation, general and automobile liability self-insurance programs and the employee health insurance program.

Pension Trust Fund – to account for resources used to finance the early retirement program.

Agency Funds – to account for resources held by the District as custodian for others, primarily for the benefit of various schools and their activity funds.

### **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Statements - The government-wide statements are presented using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues, other than grant funds, reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Grant funds are considered available if collection is expected in the upcoming fiscal year. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such program, followed by categorical block grants, and then by general revenues.

### **Budget Process**

State law requires the Board to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 25 days following the Hillsborough 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 Hillsborough County Property Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed on or before September 18th of each year, following a final public hearing. On September 7, 2006, the Board adopted the Budget for the 2006/2007 Fiscal Year.

The Superintendent of Schools is responsible for presenting 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 less certain required deductions, 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, other budget reviews are conducted. The State Department of Education conducts regular financial compliance reviews of each school district to ensure that local school districts comply with state regulations. In conjunction with this review, the Financial Management Section of the State 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.

### **General Fund Operations**

The Board's general fund revenues are derived from federal and state appropriations and local sources. The following table summarizes the audited results of operations for the general fund for the Fiscal Years ended June 30, 2002 through June 30, 2006.

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**School District of Hillsborough County, Florida**  
**Summary of Revenues and Expenses - General Fund**  
**(in thousands)**

Audited Fiscal Years Ending 6/30

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>REVENUES</u></b>					
Federal	\$ 1,068	\$ 877	\$ 1,571	\$ 1,471	\$ 1,979
Federal through State	5,705	3,923	4,863	5,863	6,148
State Sources	617,267	651,127	714,637	762,503	846,003
Local	288,692	314,145	329,830	367,358	418,708
Non Revenue and Transfers	<u>10,699</u>	<u>12,771</u>	<u>394</u>	<u>481</u>	
Total Revenues	\$923,431	\$982,843	\$1,051,295	\$ 1,137,676	\$ 1,272,838
<b><u>EXPENDITURES</u></b>					
Current - Education:					
Instruction	\$569,275	\$593,962	\$652,011	\$669,729	\$761,630
Pupil Personnel	42,344	42,645	43,383	45,671	49,991
Instructional Media	18,604	19,389	20,191	20,400	34,499
Instruction & Curriculum					
Development	20,074	18,360	17,954	17,710	17,030
Instructional Staff					
Training	3,502	3,829	3,039	3,396	4,704
Board of Education	4,170	4,686	2,701	4,227	1,659
Gen. Administration	7,205	5,058	14,844	7,071	7,223
School Administration	64,195	69,931	72,871	77,042	81,212
Fiscal Services	4,668	4,664	4,609	4,829	6,519
Food Services	244	438	423	381	26
Central Services	27,120	22,910	22,843	22,240	15,941
Pupil Transportation	46,871	49,533	51,248	55,026	59,982
Operation of Plant	64,935	78,762	79,706	84,637	96,747
Maintenance of Plant	22,791	22,940	23,281	27,267	27,404
Community Services	8,407	7,515	6,557	7,438	21,627
Facilities Acquisition and					
Construction and Capital Outlay	11,645	9,202	9,368	4,888	8,109
Remittance and Transfers to					
Other Funds	<u>1,544</u>	<u>1,074</u>	<u>1,061</u>	<u>2,940</u>	<u>3,101</u>
<b><u>TOTAL EXPENDITURES</u></b>	<u>917,594</u>	<u>954,898</u>	<u>1,026,090</u>	<u>1,084,892</u>	<u>1,197,404</u>
<b><u>&amp; OTHER USES</u></b>					
<b>Ending Fund Balance</b>					
Designated (1)	24,561	26,097	46,043	54,809	77,173
Undesignated	<u>19,018</u>	<u>45,427</u>	<u>50,686</u>	<u>94,704</u>	<u>147,774</u>
<b>TOTAL ENDING FUND</b>					
<b>BALANCE</b>	<u>\$43,579</u>	<u>\$ 71,524</u>	<u>\$ 96,729</u>	<u>\$ 149,513</u>	<u>\$ 224,947</u>

(1) Amounts set aside to meet obligations created by the School district in a prior year.

Sources: Comprehensive Annual Financial Reports, School District of Hillsborough County, Florida, Fiscal Years ended June 30, 2002 through June 30, 2006.



**School District of Hillsborough County, Florida**  
**Summary of Revenues and Expenses - Capital Projects Funds**  
**(in thousands)**

AUDITED FISCAL YEARS ENDING 6/30

	FY <u>2002</u>	FY <u>2003</u>	FY <u>2004</u>	FY <u>2005</u>	FY <u>2006</u>
<b><u>REVENUE</u></b>					
State Sources	\$ 37,200	\$ 41,190	\$ 118,087	\$27,717	\$30,391
Local Sources	<u>114,565</u>	<u>104,661</u>	<u>104,829</u>	<u>128,561</u>	<u>148,117</u>
Total Revenues	\$ 151,765	\$ 145,851	\$222,916	\$156,278	\$178,508
<b><u>EXPENDITURES</u></b>					
Fixed Capital Outlay:					
Facilities Acquisition & Construction	<u>\$246,256</u>	<u>\$245,585</u>	<u>\$272,919</u>	<u>\$253,383</u>	<u>\$274,606</u>
Total Expenditures	\$246,256	\$245,585	\$272,919	\$253,383	\$274,606
<b>Excess (Deficiency) Revenues Over Expenditures</b>	(94,491)	(99,734)	(50,003)	(97,105)	(96,698)
Other Financing Sources (Uses)					
Operating Transfers In (Out)	(63,604)	(54,116)	(49,366)	(52,643)	(56,539)
Nonrevenue Sources	<u>192,476</u>	<u>70,687</u>	<u>137,714</u>	<u>97,712</u>	<u>151,853</u>
Total Other Financing Sources (Uses)	\$ 256,080	\$ 16,571	\$88,348	\$45,069	\$95,314
<b>Excess (Deficit) of Revenues and Other Sources over Expenditures &amp; Other Uses</b>	\$ 161,589	(\$ 83,163)	\$ 38,345	(\$52,036)	(\$784)
Beginning Fund Balance	<u>370,308</u>	<u>531,897</u>	<u>448,734</u>	<u>487,079</u>	<u>435,044</u>
Fund Balance at End of Year	\$ 531,897	\$ 448,734	\$487,079	\$435,043	\$434,260

Sources: Comprehensive Annual Financial Reports of the Hillsborough County District School Board for the Fiscal Years ended June 30, 2002 through June 30, 2006.

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**SELECTED FINANCIAL INFORMATION**  
**SCHOOL DISTRICT**  
**OF HILLSBOROUGH COUNTY, FLORIDA**  
**Debt Statement as of June 30, 2006**

Unaudited

<b>DIRECT AND OVERLAPPING DEBT</b>	General Obligation <u>Debt</u>	Non-Self Supporting <u>Debt</u>	Self- Supporting <u>Debt</u>
<b>DIRECT DEBT OF DISTRICT<sup>(1)</sup></b>			
State of Florida:			
Series 1996-B		\$ 175,000	
Series 1998-A		5,080,000	
Series 1999-A		5,785,000	
Series 2000-A		265,000	
Series 2002-A		1,450,000	
Series 2003-A		2,700,000	
Series 2004-A		3,195,000	
Series 2005-A		1,110,000	
Series 2005-W		37,170,000	
Series 2006-A		2,650,000	
District Bonds:			
Sales Tax Revenue Bonds, Series 2002			\$ 86,475,000
Sales Tax Refunding Revenue Bonds, Series 2005			127,975,000
Sales Tax Revenue Bonds, Series 2006			54,860,000
Capital Improvement Revenue Bonds, Series 1998			<u>3,258,000</u>
<b>Total Direct Debt</b>		<u>\$59,580,000</u>	<u>\$272,568,000</u>
<b>OVERLAPPING DEBT<sup>(3)</sup></b>			
<b><u>Board of County Commissioners:</u></b>			
1998 ELAPP Bonds	\$ 19,065,000		
2002 Parks and Recreation Refunding	16,640,000		
2003 ELAPP Bonds	<u>7,885,000</u>		
<b>Total Overlapping Debt</b>	<u>\$43,590,000</u>	\$ <u>0</u>	\$ <u>0</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 43,590,000<sup>(1)</sup></b>	<b>\$59,580,000</b>	<b>\$272,568,000</b>

(1) Constitutes total county-wide debt payable from ad valorem tax revenues. No other governmental entity in Hillsborough County has General Obligation Debt.

Source: School District of Hillsborough County, Florida, Comprehensive Annual Financial Report Fiscal Year ended June 30, 2006.

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**Hillsborough County, Florida  
Comparative Ratios of Bonded Debt  
And Certificates of Participation  
To Taxable Assessed Valuation and  
Per Capita Indebtedness  
As of June 30, 2006**

1. Population (2006 Fiscal Year) <sup>(1)</sup>	1,164,022
2. Total Taxable Valuation (2006 Tax Year) <sup>(2)</sup>	\$78,793,903,491
3. Direct General Obligation Debt	\$0
(a) As a Percent of Taxable Valuation	0%
(b) Per Capita	\$0
4. Direct and Overlapping General Obligation Debt	\$43,590,000
(a) As a Percent of Taxable Valuation	0.055%
(b) Per Capita	\$37.45
5. Direct Non—Self Supporting Revenue and Direct General Obligation Debt	\$59,580,000
(a) As a Percent of Taxable Valuation	0.076%
(b) Per Capita	\$51.18
6. Direct and Overlapping General Obligation and Direct Non- Self Supporting Revenue Debt	\$103,170,000
(a) As a Percent of Taxable Valuation	0.129%
(b) Per Capita	\$88.63
7. Direct and Overlapping General Obligation, Direct Non-Self Supporting Revenue Debt and Certificates of Participation <sup>(3)</sup>	\$982,945,943
(a) As a Percent of Taxable Valuation	1.25%
(b) Per Capita	\$844.44

(1) Source: School District of Hillsborough County, Florida, Comprehensive Annual Financial Report Fiscal Year ended June 30, 2006.

(2) Certification of Final Taxable Value (DR-422), The School Board of Hillsborough County, Florida.

(3) As of June 30, 2006, except for the Certificates of Participation which are as of January 26, 2007.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
BONDS, NOTES AND CAPITAL LEASES  
OUTSTANDING AS OF JUNE 30, 2006**

**STATE BOARD OF EDUCATION BONDS  
(District Share)**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Capital Outlay Bond Issue 1996-B	12/1/96	\$ 1,375,000	1/1/2007	\$ 175,000
Capital Outlay Bond Issue 1998-A	2/1/98	57,865,000	1/1/2018	5,080,000
Capital Outlay Bond Issue 1999-A	3/1/99	9,150,000	1/1/2019	5,785,000
Capital Outlay Bond Issue 2000-A		1,250,000	1/1/2020	265,000
Capital Outlay Bond Issue 2002-A	4/15/02	1,655,000	1/1/2022	1,450,000
Capital Outlay Bond Issue 2003-A			1/1/2023	2,700,000
Capital Outlay Bond Issue 2004-A	8/25/04		1/1/2024	3,195,000
Capital Outlay Bond Issue 2005-A	6/1/05		1/1/2025	1,110,000
Capital Outlay Bond Issue 2005-Q			1/1/2020	37,170,000
Capital Outlay Bond Issue 2006-A			1/1/2026	<u>2,650,000</u>
Total State Board of Education Bonds				\$59,580,000

**LOCAL REVENUE BONDS**

Sales Tax Revenue Bonds, Series 2006	3/27/06	\$ 54,860,000	10/1/2026	\$ 54,860,000
Sales Tax Refunding Revenue Bonds, Series 2005	3/1/05	127,975,000	10/1/2025	127,975,000
Sales Tax Revenue Bonds, Series 2002	1/1/02	235,585,000	10/1/2026	86,475,000
Capital Improvement Revenue Bonds, Series 1998	3/1/98	5,998,224	8/1/2028	<u>3,258,000</u>
Total Local Revenue Bonds				<u>\$272,568,000</u>
TOTAL BONDED DEBT				\$332,148,000

**CERTIFICATES OF PARTICIPATION**

Certificates of Participation, Series 2006B*	1/26/07	\$77,900,000	7/1/2026	\$77,900,000
Certificates of Participation, Series 2006A	1/31/06	86,435,000	7/1/2031	86,435,000
Certificates of Participation, Series 2005-QZAB	12/20/05	3,002,000	12/20/2020	2,052,568
Certificates of Participation, Series 2005A	3/22/05	48,915,000	7/1/2026	48,185,000
Certificates of Participation, Series 2004C	11/24/04	89,750,000	7/1/2030	86,825,000
Certificates of Participation, Series 2004-QZAB	6/8/04	6,131,000	6/8/2020	3,793,275
Certificates of Participation, Series 2004B	2/19/04	56,715,000	7/1/2026	53,270,000
Certificates of Participation, Series 2004A	2/19/04	27,305,000	7/1/2017	27,305,000
Certificates of Participation, Series 2003B	9/9/03	72,065,000	7/1/2029	72,065,000
Certificates of Participation, Series 2002	9/26/02	64,010,000	7/1/2028	63,425,000
Certificates of Participation, Series 2001B*	8/1/01	69,265,000	7/1/2026	7,835,000
Certificates of Participation, Series 2001-QZAB	11/6/01	9,600,000	11/6/2015	5,172,100
Certificates of Participation, Series 2001A	1/31/01	103,770,000	7/1/2025	102,190,000
Certificates of Participation, Series 2000	11/1/00	48,860,000	7/1/2026	1,350,000
Certificates of Participation, Series 2000-QZAB	4/20/00	10,628,000	4/10/2012	5,318,000
Certificates of Participation, Series 1999	10/1/99	111,700,000	7/1/2025	4,840,000
Certificates of Participation, Series 1998*	3/1/98	336,930,000	7/1/2023	<u>231,815,000</u>
TOTAL				\$879,775,943

\*Includes the Series 2006B Certificates and does not include that portion of the Certificates of Participation, Series 1998 and Certificates of Participation, Series 2001B which were refunded by the Series 2006B Certificates on January 26, 2007. Omits the Certificates of Participation, Series 2007 which are expected to be issued in April, 2007 in the approximate principal amount of \$86,000,000.

## AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS

The Board derives its revenues for capital outlay projects from certain State and local sources. The major categories of these revenue services are briefly described below. In Fiscal Year 2006-07, excluding proceeds from the issuance of any series of Certificates of Participation and existing fund balances, approximately 51% of the annual revenues for capital improvements should be provided by State revenues, approximately 45% should be provided by local millage and approximately 4%, should be provided by investment earnings and other sources (all percentages are estimates).

### State Sources

**Capital Outlay.** The primary source of State educational funding contributions to the Board's capital outlay requirements is the Public Education Capital Outlay Program (PECO). The method of allocation of funds to the district school boards is provided by State law based upon a statutory formula, a component of which is the number of full-time equivalent students in the school system. The State Commissioner of Education administers the PECO program and allocates or reallocates funds as authorized by law. PECO funds allocated by the Office of Education Facilities of the State Department of Education to the Board were \$20,559,560 for Fiscal Year 2005-06 and \$42,556,677 is budgeted to be received for Fiscal Year 2006-07. PECO funds may be used to make the principal portion of lease-purchase payments on a new construction project, but only to the extent that the project otherwise qualifies for PECO funding.

The State Capital Outlay and Debt Service Funds ("CO&DS") also provide 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 CO&DS funds of \$900,684 in Fiscal Year 2003-04, \$1,021,154 in Fiscal Year 2004-05 and \$1,105,725.56 in Fiscal Year 2005-06.

On November 24, 1997, the Governor of the State signed into law a bill creating the "Public School Capital Outlay Program Act." It established several programs including the "Classrooms First Program," which provides for the issuance by the State of revenue bonds, the proceeds of which will be distributed to the various school districts based upon a formula similar to the formula used in allocating PECO funds. The proceeds of such revenue bonds must be applied by a school district for new construction, remodeling, renovation or major repairs. If a school district certifies that it has no unmet need for permanent classroom facilities or if its unmet needs are less than its proposed allocation of the revenue bond proceeds, it may choose to receive an annual distribution of State lottery revenues in lieu of all or a portion of its allocation of State bond proceeds. Such annual distribution must be used to construct, renovate, remodel, repair or maintain educational facilities. Such funds, whether in the form of State revenue bond proceeds or annual distributions of State lottery revenues, may not be used to make lease purchase payments. In addition, in order to receive any of such State funds, a school district must fully bond all of its CO&DS funds allocation.

During Fiscal Year 1997-98, the District participated in a State Board of Education (SBE) bond issue that utilizes a portion of its CO&DS funds allocation for the repaying of debt. The District received net proceeds of \$57,608,188. The District participated in additional SBE bond issues in Fiscal Year 1998-99 in which it received net proceeds of \$8,979,292, in Fiscal Year 1999-00 in which it received net proceeds of \$1,220,881.93, in Fiscal Year 2001-02 in which it received

net proceeds of \$1,640,339.08 and in Fiscal Year 2003-04 in which it received net proceeds of approximately \$2,990,000. The District received \$3,383,764.82 and \$1,185,161.42 in Fiscal Year 2004-05. The District received \$3,602,416.98 in Fiscal Year 2005-06.

The District is also participating in the State's Classrooms First Program which pledges lottery revenues to pay the debt service on bonds issued by the State. The proceeds shall be expended first for providing permanent classroom facilities and shall not be expended for any other facilities until all unmet needs for permanent classrooms and core facilities are met. The District is entitled to receive a total of \$139,682,849 during a 20-year period that began with fiscal year 1998-99.

Under the Act, the District may be entitled to receive other State revenues pursuant to other programs if the District achieves certain standards relating to its capital outlay efforts. Some of such revenues may be used to make lease purchase payments. It is not possible at this time to determine or estimate the amount of such State revenues, if any, that the District may receive in the future.

***Operating Revenue.*** The three primary sources of educational funding from the State are (i) basic Florida Educational Finance Program ("FEFP") receipts, (ii) FEFP categorical program receipts, and (iii) certain other specified revenue sources.

The major portion of State support is distributed under the provisions of FEFP, which was enacted by the State Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis using a formula that takes into account varying program cost factors and school district cost differentials. The program cost factors which are used to determine the level of each school district's FEFP funding are determined by the State Legislature. The amount of FEFP funds disbursed by the State are adjusted four times during each year to reflect changes in FTE and in variables comprising the weighting formula. In addition, the level of State funding is adjusted during each year to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in each county.

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, and are not available to make lease purchase payments. Among the larger categorical programs are the programs for school bus transportation and instructional materials. Allocations for these categorical appropriations are based on funding formulae 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. Total State categorical aid is expected to increase from \$109,290,152 in the 2005-06 fiscal year to a projected \$157,949,717 for the 2006-07 fiscal year due to the receipt of moneys intended to facilitate the Constitutional class size reduction requirements.

The Board also receives State educational funding from a variety of miscellaneous State programs. These sources include State Racing Commission funds, State mobile home license tax revenues, and the Florida State Lottery.

## Local Sources

Local revenue for school district support is derived almost entirely from real and tangible personal property taxes. There are no local non-property taxes levied specifically for schools. In addition, the 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.

(1) For operational purposes, the Florida 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. The millage rate is determined annually by the State Legislature and is referred to as the "district required local effort." The District's required local effort is set forth in the table entitled "DISTRICT LEVIES" in the section entitled "SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA--Historical Millages" herein.

(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. The District's discretionary millage is set forth in the table entitled "DISTRICT LEVIES" in the section entitled "SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA--Historical Millages" herein.

(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, as amended. The Capital Millage Levy may be up to 2 mills and may be used to fund new construction, remodeling, site acquisition and improvement; maintenance and repair; school bus purchases; payments under lease purchase agreements and certain short-term loans. Payments from this millage for lease purchase agreements for educational facilities and sites currently may not exceed three-fourths of the proceeds of the Capital Outlay Millage Levy. Such portion of the Capital Outlay Millage Levy is referred to herein as the Capital Outlay Millage. The 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 may be used for, but not pledged to, the payment of Lease Payments under the Series 1998 Lease Agreement and Series 2001B Lease Agreement, the failure of the Board to levy all or a portion of the Capital Outlay Millage would have an adverse effect on Available Revenues from which the Board may appropriate to make Lease Payments.

(4) The Board, with the approval of the qualified electorate of the District, may levy an additional millage for current operations and/or capital outlay purposes for a period of not to exceed two years.

(5) Tax levies for debt service on general obligation bonds may be assessed, with the approval of the qualified electorate of the District.

The Board assessed a Capital Outlay Millage of 2.000 mills for the 2006-07 fiscal year as well. See the table entitled "Hillsborough County, Florida Property Tax Historical Millages" in the section entitled "SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA" herein for a schedule of the millage actually assessed by the Board over the past ten years. The Board's total non-voted millage for fiscal year 2006-07 is 5.823 mills; the State Constitution imposes a cap of 10 mills, exclusive of millage levied for the purposes described in paragraphs (4) and (5) above.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**RATES PER \$1,000 ASSESSED VALUATION**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>District School Board:</b>										
Local Required Effort	5.1680	5.4930	5.5770	5.6800	5.6640	5.7460	6.0110	6.4480	6.3920	6.7580
Discretionary Local	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100
Supplemental Discretionary	0.2500	0.1740	0.1830	0.1950	0.2020	0.2090	0.2500	0.2500	0.2500	0.2500
Debt Service	0.0090	0.1839	0.2100	0.2100	0.2100	0.2500	0.3000	0.3230	0.4360	0.4362
Capital Improvement	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Total District School Board	7.9370	8.3609	8.4800	8.5950	8.5860	8.7150	9.0710	9.5310	9.5880	9.9542
<b>Other County-Wide:</b>										
Board of County Commissioners	7.0097	7.2722	7.2922	7.3122	7.5622	7.6822	7.7822	7.9073	7.9945	8.1552
Tampa Port Authority	0.2600	0.2600	0.2900	0.2900	0.2900	0.2950	0.3100	0.3100	0.3100	0.3100
Children's Board of Hillsborough County	0.5000	0.5000	0.5000	0.5000	0.4170	0.4170	0.4170	0.4170	0.4170	0.4170
S.W. Florida Water Management	<u>0.4220</u>	<u>04.220</u>	<u>0.4220</u>	<u>0.4220</u>	<u>0.4220</u>	<u>0.4220</u>	<u>0.4220</u>	<u>0.4220</u>	<u>0.4220</u>	<u>0.4220</u>
Total County-Wide	<u>16.1287</u>	<u>16.8151</u>	<u>16.9842</u>	<u>17.1192</u>	<u>17.2772</u>	<u>17.5312</u>	<u>18.0022</u>	<u>18.5873</u>	<u>18.7315</u>	<u>19.2584</u>
<b>Non-County Wide:</b>										
Board of County Commissioners										
Public Library Service <sup>(1)</sup>	0.6923	0.6423	0.6423	0.6423	0.6423	0.6423	0.6423	0.6423	0.6423	0.6423
Municipal Service Tax	5.1621	5.0621	5.6210	5.0621	5.0621	5.0621	5.0621	5.0621	5.0621	5.0621
Parks & Recreation (unincorporated)	0.0359	0.0398	0.0455	0.0500	0.0584	0.0675	0.0734	0.0890	0.0890	0.0456
<b>Independent Special Districts:</b>										
SWFWMD Watershed Basins <sup>(2)</sup>										
Alafia River Basin	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400
Hillsborough River Basin	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850
N.W. Hillsborough Basin	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680
Transit Authority	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Tampa Palms C.D.D.	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000
<b>Municipalities:</b>										
Tampa	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390
Plant City	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000
Temple Terrace	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100

(1) This levy is assessed on all property outside Plant City and Temple Terrace, i.e., Tampa and unincorporated areas.

(2) Dependent on its location, property within Tampa may be in either the Alafia River, the Hillsborough River or the NW Hillsborough Basins. The city of Temple Terrace is entirely within Hillsborough River Basin. The city of Plant City is within the Alafia and Hillsborough River Basins.

Source: The School Board of Hillsborough County, Florida, Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2006.



## **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the Series 2007 Bonds are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as APPENDIX E) will be available at the time of delivery of the Series 2007 Bonds. Certain legal matters will be passed on for the Board by Thompson, Sizemore & Gronzalez, P.A., Tampa, Florida, Counsel to the Board and by Bryant Miller Olive, Tampa, Florida, Disclosure Counsel.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2007 Bonds except as may be provided in a supplemental opinion of Bond Counsel to the Underwriter (as to which only it may rely) of the Series 2007 Bonds relating to the accuracy of certain statements contained herein under the heading "TAX EXEMPTION" and certain statements which summarize provisions of the Resolution and the Series 2007 Bonds, (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2007 Bonds.

## **LITIGATION**

Concurrently with the delivery of the Series 2007 Bonds, Counsel to the Board will deliver an opinion substantially to the effect that, among other things, there is no litigation or other proceedings pending or, to the best knowledge of the Board, threatened against the Board that seeks to restrain or enjoin the issuance or delivery of the Series 2007 Bonds, or questioning or affecting the validity of the Series 2007 Bonds or the Resolution or any proceedings of the Board or the District with respect to the authorization, sale, execution or issuance of the Series 2007 Bonds or the transactions contemplated by this Official Statement or the Resolution or any other agreement or instrument to which the Board or District is a party in connection therewith and which is used or contemplated to be used in the transactions contemplated by this Official Statement and neither the creation, organization nor existence of the Board or District is contested.

## **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the Board make full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to payment of principal or interest at any time after December 31, 1975. The Board is not and has not since December 31, 1975, been in default as to payment of principal and interest on its bonds or other debt obligations.

## **TAX EXEMPTION**

### **Opinion of Bond Counsel**

In the opinion of Bond Counsel, the form of which is included in APPENDIX E hereto, the interest on the Series 2007 Bonds is excludable from gross income and is not a specific item of tax preference for Federal income tax purposes under existing statutes, regulations, rulings and court decisions. Interest on the Series 2007 Bonds received by certain corporations will,

however, be includable in the computation of the alternative minimum tax imposed on corporations by the Internal Revenue Code of 1986, as amended (the "Code"). If the Board fails to comply subsequent to the issuance of the Series 2007 Bonds with certain requirements of the Code regarding the use, expenditure and investment of Series 2007 Bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, interest on the Series 2007 Bonds may become includable in gross income for Federal income tax purposes retroactive to the date of their issuance. The Board has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2007 Bonds for purposes of Federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

### **Internal Revenue Code of 1986**

The Code contains a number of provisions that apply to the Series 2007 Bonds, including among other things, restrictions relating to the use or investment of the proceeds of the Series 2007 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2007 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2007 Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

### **Collateral Tax Consequences**

Except as described above, Bond 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 Series 2007 Bonds. Prospective purchasers of Series 2007 Bonds should be aware that the ownership of Series 2007 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2007 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2007 Bonds, (2) the branch profits tax, (3) the environment tax, and (4) the inclusion of interest on the Series 2007 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2007 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2007 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE SERIES 2007 BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2007 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

### **Other Tax Matters**

Interest on the Series 2007 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2007 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2007 Bonds in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2007 Bonds. 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 Series 2007 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2007 Bonds 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 Series 2007 Bonds.

### **ORIGINAL ISSUE DISCOUNT**

The Series 2007 Bonds maturing on October 1, 2026, were sold with an initial offering price which was less than the par amount of such Series 2007 Bonds (the "Discount Bonds"). Under the Code, the difference between the par amount of the Discount Bonds and the initial offering price thereof 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 Discount Bonds of the same maturity were sold constitutes original issue discount. Original issue discount on the Discount Bonds represents interest which is not includable in federal gross income. A portion of such interest that accrues to the owner of such Series 2007 Bonds in each year, as described below, is however, included in the calculation for purposes of determining a corporate taxpayer's alternative minimum tax and environmental tax and may result in some of the collateral federal income tax consequences described above in the year of accrual. Consequently, owners of such Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, environmental tax liability or other collateral federal income tax consequences although the owner may not have received cash in such year. Original issue discount on such Discount Bonds will accrue over the term of a Discount Bond at a constant interest rate actuarially. A purchaser who acquires a Discount Bond at an issue price equal to the initial offering price thereof as set forth on the inside cover page of this Official Statement for the Series 2007 Bonds will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds the Discount Bonds, and will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of Discount Bonds and with respect to the sale and local tax consequences of owning and disposing of Discount Bonds.

## **ORIGINAL ISSUE PREMIUM**

The Series 2007 Bonds maturing on October 1, 2024 and October 1, 2025 were sold with an initial offering price which was greater than the par amount of such Series 2007 Bonds (the "Premium Bonds"). Under the Code, the difference between the par amount of the Premium Bonds 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 Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond, in the case on non callable Premium Bonds, and to the first call date in the case of callable Premium Bonds. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, 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 Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond 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 Series 2007 Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

## **RATINGS**

Moody's Investors Service, Standard and Poor's Ratings Services and Fitch Ratings are expected to assign their municipal bond ratings of "Aaa", "AAA" and "AAA", respectively, to the Series 2007 Bonds with the understanding that upon delivery of the Series 2007 Bonds, the standard policy of municipal bond insurance insuring the timely payment of the principal and interest of the Series 2007 Bonds will be issued by the Insurer. In addition, Moody's, S&P and Fitch have assigned an underlying rating of "A1," "A+" and "A+," respectively, to the Series 2007 Bonds assuming such insurance were not to be obtained. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2007 Bonds. An explanation of the significance of the ratings can be received from the rating agencies.

## **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 authorization and issuance of the Series 2007 Bonds. 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 the Official Statement. The Financial Advisor did not participate in the underwriting of the Series 2007 Bonds.

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

The general purpose financial statements of the District for the Fiscal Year ended June 30, 2006, included in this Official Statement have been audited by KMPG LLP, independent certified public accountants, as stated in their report appearing in APPENDIX B. Such report is included as a public record and KPMG LLP was not requested to and has not performed any services in connection with the issuance of the Series 2007 Bonds.

## **UNDERWRITING**

The Series 2007 Bonds are being purchased by the underwriter set forth on the cover page hereof (the "Underwriter") at a price of \$47,201,074.50 (which represents the par amount of the Series 2007 Bonds less an Underwriter's Discount of \$101,682.10 minus a net Original Issue Discount of \$212,243.40. The Underwriter's obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2007 Bonds if any Series 2007 Bonds are purchased. The Series 2007 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2007 Bonds 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 Underwriter.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2007 Bonds upon an event of default under the Resolution and any policy of insurance referred to herein are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution, the Series 2007 Bonds, and any policy of insurance referred to herein may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2007 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

## **CONTINUING DISCLOSURE**

The Board has agreed and undertaken for the benefit of Series 2007 Bond Owners, to provide certain financial information and operating data relating to the District and the Series 2007 Bonds in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. Such undertaking shall only apply so long as the Series 2007 Bonds remain Outstanding under the Resolution. The covenant shall also terminate upon the termination of the continuing disclosure requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule") by legislative, judicial or administrative action. The Annual Report will be filed annually by the Board or its dissemination agent pursuant to the undertaking with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") described in the Continuing Disclosure Certificate, APPENDIX F hereto, as well as any state information depository that is subsequently established in the State of Florida (the "SID"). The notices of material events will be filed by the dissemination agent with the Municipal Securities

Rulemaking Board and with the SID or the NRMSIRs. 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, a form of which is attached hereto as APPENDIX F.

With respect to the Series 2007 Bonds, 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. In the last five years, the Board has fully complied with its prior undertakings with respect to the Rule and the Board fully anticipates satisfying all future obligations in connection therewith.

#### **ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT**

The references, excerpts and summaries of all documents, statutes and information concerning the Board 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 Series 2007 Bonds, the security for the payment of the Series 2007 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official 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 Official 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 Series 2007 Bonds.

The Appendices hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

#### **CERTAIN CLOSING CERTIFICATES**

At the time of delivery of the Series 2007 Bonds to the Underwriter, the Board will provide to the Underwriter a certificate (which may be included in a consolidated closing certificate of the Board), signed by those Board officials who signed this Official Statement, relating to the accuracy and completeness of this Official Statement and to its being "deemed final" in the judgment of the Board for the purposes of SEC Rule 15c2-12(b)(3).

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### AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the Board. At the time of delivery of the Series 2007 Bonds, the undersigned will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that the Official Statement (excluding information related to DTC and its book-entry only system and the Insurer and its Financial Guaranty Insurance Policy and Surety Bond), as of its date and as of the date of delivery of the Series 2007 Bonds, 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 Official 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.

SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA

By: /s/ Jack R. Lamb, Ed.D  
Chair

By: /s/ MaryEllen Elia  
Superintendent

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**APPENDIX A**  
**GENERAL INFORMATION RELATING TO HILLSBOROUGH COUNTY, FLORIDA**

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## **Appendix A**

### **General Information Regarding Hillsborough County**

#### **The County**

Hillsborough County (the "County") is located along Tampa Bay on the west coast of Florida. The County covers 1,068 square miles, 41.9 square miles of which are water areas. In area, it is the sixth largest county in the State of Florida.

The County includes three incorporated cities: Tampa, Plant City, and Temple Terrace. Tampa, the largest incorporated city, is the County seat and also a center of international, national, and intrastate commerce. The Tampa International Airport and the Port of Tampa connect Hillsborough County to other major cities in the nation and major markets throughout the world. Target growth industries in the County include business/financial services, biomedical research, tourism and recreation, information industries, agriculture, and aquaculture.

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Sources: The Hillsborough County City County Planning Commission; Florida Statistical Abstract 2005; US Department of Commerce, Bureau of the Census, Geography Division, unpublished data.

#### **Government**

Hillsborough County operates under a home-rule charter enacted by the voters on September 20, 1983. Under the charter, the Board of County Commissioners (the "BOCC") consists of seven Commissioners; three elected county-wide and four elected from single member districts. As a result of this charter, each voter has a chance to influence the election of a majority of board members. The BOCC is restricted to performing the legislative functions of government and developing policy for the management of Hillsborough County. The County Administrator, appointed by the BOCC, and his staff are responsible for the implementation of these policies throughout the County.

In addition to the members of the BOCC, there are five elected Constitutional Officers: the Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector.

The County provides a variety of services characteristic of local multi-purpose governments including law enforcement, maintenance of roads and bridges, animal services, social services programs, planning and growth management, environmental protection, fire protection and emergency rescue, consumer protection, parks and recreation programs, mosquito control, employment services, emergency disaster preparedness, traffic control, water/wastewater utilities, solid waste disposal, medical examiner services, agricultural cooperative extension services, children's services, indigent health care, public assistance programs, aging services programs, emergency medical services, and library services.

In addition to their legislative duties, members of the BOCC serve as the County's Environmental Protection Commission. Individual members of the BOCC also take turns serving on various boards, authorities and commissions such as the Children's Board, Tampa Bay Regional Planning Council, Metropolitan Planning Organization, Hillsborough County Tourist Development Council, Tampa Bay Water, Tampa Port Authority, Hillsborough County Aviation Authority, Hillsborough Area Regional Transit Authority, Hillsborough County Public Transportation Commission, Tampa-Hillsborough County Expressway Authority, Tampa Sports Authority, Arts Council of Hillsborough County, Value Adjustment Board, Hillsborough County Hospital Authority, Council of Governments, and the Committee of 100 of the Greater Tampa Chamber of Commerce.

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Source: Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2005.

## Population

Hillsborough County's population represents 6.3% of Florida's population making it the fourth most populated county in the State of Florida. Between 2000 and 2004, the County's population increased by 11.7%. The County is expected to sustain this growth reaching a projected population of nearly 1,332,540 by the year 2015.

	Population	Increase
1950	249,894	-
1960	397,788	59.2%
1970	490,265	23.2%
1980	646,939	32.0%
1990	834,054	28.9%
1998	939,070	12.6%
1999	958,050	2.0%
2000	998,948	4.3%
2001	1,027,436	2.9%
2002	1,055,807	2.8%
2003	1,083,520	2.6%
2004	1,115,960	3.0%

Hillsborough County's population in the year 2004 exceeded the population of each of the following states: Alaska, Delaware, Montana, North Dakota, South Dakota, Vermont, and Wyoming.

Sources: Florida Statistical Abstracts 1999 through 2005, Bureau of Economic and Business Research, University of Florida; Florida Estimates of Population 2003, Bureau of Economic and Business Research, University of Florida; 2004 population figure from 2004 Hillsborough County-City Planning Commission and Bureaus of Economic and Business University of Florida.

### Hillsborough County, State of Florida, United States Population by Age 1990 and 2000

Age	<u>Hillsborough County</u>		<u>Florida</u>		<u>United States</u>	
	<u>1990</u>	<u>2000</u>	<u>1990</u>	<u>2000</u>	<u>1990</u>	<u>2000</u>
0 - 14	179,480	212,554	2,412,069	3,034,565	53,567,871	60,253,375
15 - 24	120,985	133,655	1,669,825	1,942,377	36,774,327	39,183,891
25 - 44	284,369	316,603	3,927,400	4,569,347	80,754,835	85,040,251
45 - 64	156,087	216,463	2,559,201	3,628,492	46,371,009	61,952,636
65 and over	<u>102,133</u>	<u>119,673</u>	<u>2,369,431</u>	<u>2,807,597</u>	<u>31,241,831</u>	<u>34,991,753</u>
Total	843,054	998,948	12,937,926	15,982,378	248,709,873	281,421,906

Source: Bureau of the Census.

## Property Taxes - General Information

**Tax Rate Limits.** The constitutional limit on municipal, county and school district ad valorem taxes is ten mills each; and for special districts as provided by law and approved at referendum. A county providing municipal services may levy additional taxes within the limits fixed for municipal purposes (10 mills). The constitutional limit may be exceeded for periods not in excess of two years only by approval of voters in a tax referendum. The constitutional limit shall not apply to the millage rate levied for the payment of principal of and the interest on any debt service secured by the full faith and credit of the County, and

such taxes shall be in addition to all other taxes authorized or limited by law. A referendum is required for the County to pledge its full faith and credit.

**Exemptions.** Property tax exemptions, applicable only to State residents who meet the requirement, may be obtained by homesteaders, senior citizens, widows and disabled persons. The homestead exemption is fixed at \$25,000. At the November 3, 1998 general election ballot, the voters approved an amendment proposed by the Constitutional Revision Commission permitting counties and municipalities to grant an additional homestead exemption not to exceed \$25,000 to persons who have attained the age of 65, who hold title to the real property, and who maintain a permanent residence thereon and whose incomes do not exceed \$20,000 (subject to adjustment). Hillsborough County adopted an ordinance to implement this new exemption effective January 1, 2000. Pursuant to the implementing ordinance, this exemption does not apply to bonds to which the full faith and credit of the County is pledged. The other exemptions are fixed at \$500. There is a limit of two exemptions per household. There are currently also exemptions for religious, charitable and educational uses and specific exemptions for certain licensed childcare facilities located in an enterprise zone, certain proprietary continuous care facilities, certain affordable housing facilities, certain charter schools and certain historic properties, as well as governmentally owned property and special classifications for agricultural and certain other uses.

**Limitation on Assessment Increases.** A statewide voter-initiated petition placed an amendment on the November 3, 1992 general election ballot which was approved by the voters (the "Save Our Homes Amendment"). The amendment 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. The amendment provides that such property be assessed at just value after any change in ownership and that changes, additions, reductions or improvements to such property shall be assessed as provided by general law.

For the County's fiscal year ended September 30, 2004, County-wide taxable property assessments were approximately \$8.131 billion less than they would have been without the limitation imposed by the Save Our Homes Amendment.

**Tax Due Date and Payments.** Tax statements are normally mailed in October by the Hillsborough County Tax Collector (the "Tax Collector"). Taxes are due each November 1 and become delinquent April 1 of the following year. The Tax Collector receives all payments and distributes the revenues among the local governmental units.

**Discounts, Penalties and Fees.** Taxes levied are discounted under Florida law by 4% if paid in November, 3% if paid in December, 2% if paid in January and 1% if paid in February.

Delinquent taxes are subject to 1.5% monthly interest charge with a minimum of 3% on real property and a 1.5% monthly interest charge for tangible personal property. The property owner is also assessed advertising, court and other charges.

**Tax Certificates on Real Property.** It is the Tax Collector's duty, on or before June 1 of each year, to advertise and sell tax certificates on real property on delinquencies extending from the previous April 1. The tax certificates must be not less than the amount of the taxes plus interest from April 1 to the date of sale at 18% per annum, together with the cost of advertising and expenses of sale. Delinquent taxes may be redeemed prior to sale of the tax certificates upon payment of all costs, delinquent taxes and interest at the rate of 18% per annum, but not less than 3% of the delinquent taxes and costs.

The face value of each certificate includes taxes due, 3% interest, advertising costs (approximately \$2.00 per parcel), and a 5% commission charged by the Tax Collector. Prospective buyers are determined by the lowest interest charges bid on the certificates.

The property owner may redeem a tax certificate by paying the Tax Collector the face value of the certificate and accrued interest, plus a redemption fee of \$6.25. The redeemer must pay a minimum of 5% interest unless the certificate was bid at no interest.

The Tax Collector notifies the certificate holder of the redemption and makes the distribution of funds to certificate holders. In some instances, the County itself acquires the tax certificates as a lien against the property.

**Tax Deeds.** After two years from the date of delinquency (April 1), a private holder of any unredeemed tax certificate may apply for a tax deed to the property.

The request for a tax deed is referred to the Clerk of the Circuit Court (the “Clerk”) who will hold an auction after the proposed sale of the tax deed has been advertised for four consecutive weeks in a newspaper and notice to the title holder and other interested parties as prescribed by law. Auctions are generally held at 10:00 a.m. on Mondays (which Monday is determined by the Clerk) at the Hillsborough County Courthouse steps. The minimum acceptable bid for a tax deed must cover the face value of the certificate, and all other outstanding certificates accrued interest, costs of a title search and all court and advertising costs, and in the case of homestead property, one-half of the assessed value of the property.

**Tangible Personal Property.** Delinquent personal property taxes must be published in a newspaper within 45 days after the taxes become delinquent. If taxes due remain unpaid, the Tax Collector petitions the Clerk for warrants to seize the tangible property. Seizure can be effected upon issuance of the warrant. To satisfy the judgment, tangible property owners must pay taxes due, 1.5% interest per month of delinquency (\$2.00 delinquency fee) and advertising, warrant and court costs.

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Source: Office of Tax Collector, Hillsborough County.

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**Hillsborough County, Florida**  
**Countywide Assessed Value for Ad Valorem Tax Purposes**  
**(\$ Thousands)**  
**Calendar Year**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Just Value	\$81,135,780	\$72,263,339	\$66,579,217	\$60,706,431	\$53,356,474
Classified Agriculture	285,460	227,209	236,783	228,225	220,473
Classified Pollution					
Control Devices	57,314	58,775	59,325	62,672	65,485
Just Value Agricultural	(1,678,918)	(1,372,552)	(1,437,811)	(1,465,623)	(1,473,622)
Just Value Pollution					
Control Devices	(57,314)	(58,775)	(59,325)	(62,672)	(65,485)
Governmental Exemptions	(6,547,774)	(6,112,797)	(5,825,883)	(5,044,515)	(4,420,706)
Institutional Exemptions	<u>(2,480,645)</u>	<u>(2,332,610)</u>	<u>(2,187,132)</u>	<u>(1,965,237)</u>	<u>(1,670,396)</u>
NET ASSESSED VALUE	70,713,903	62,672,589	\$57,365,174	\$52,459,281	\$46,012,223
Lands Available for Taxes	(1,851)	(3,102)	(5,120)	(5,417)	(5,902)
Widow/Widower Exemption	(9,237)	(9,338)	(9,496)	(9,649)	(9,860)
Disability/Blind Exemption	(226,642)	(199,735)	(160,933)	(148,931)	(151,120)
Homestead Exemption	(6,222,221)	(6,092,780)	(5,931,181)	(5,708,122)	(5,542,718)
Just Value – Capped Value	<u>(8,131,478)</u>	<u>(5,993,240)</u>	<u>(4,902,319)</u>	<u>(3,695,182)</u>	<u>(2,337,576)</u>
School Taxable Value	\$56,122,474	\$50,374,394	\$46,355,925	\$42,891,980	\$37,965,047

Sources: Comprehensive Annual Financial Report of The School District of Hillsborough County, Florida For the Fiscal Year Ended June 30, 2005.

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**Hillsborough County, Florida**  
**Property Tax Levies and Collections**  
**Last Five Fiscal Years**  
**(Amounts in Thousands)**

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Real estate (a)	\$43,760,477	\$39,857,477	\$36,372,491	\$31,700,181	28,722,314
Personal property (a)	6,332,953	6,266,898	6,332,473	6,094,233	5,882,934
Centrally assessed property (b)	<u>111,838</u>	<u>80,303</u>	<u>77,796</u>	<u>82,071</u>	<u>66,506</u>
Taxable assessed value	<u>\$50,205,268</u>	<u>\$46,204,981</u>	<u>\$42,782,760</u>	<u>\$37,876,485</u>	<u>34,671,754</u>
Tax levy (c)	553,131	508,616	482,284	\$429,559	396,193
Current tax collections plus discounts allowed	547,054	500,980	474,844	422,776	388,930
Percent of current taxes collected plus discounts allowed	98.9%	98.5%	98.4%	98.4%	98.2%
Delinquent tax collections (d)	586	644	2,797	2,887	980
Total tax collections	547,640	501,624	477,641	425,663	389,910
Ratio of total tax collections to total tax levy	99.0%	98.6%	99.0%	99.1%	98.4%
Outstanding delinquent taxes (e)	2,605	4,259	3,458	4,814	5,000
Ratio of delinquent taxes to total tax levy	0.47%	0.84%	0.72%	1.12%	1.26%

- a) Assessed value, i.e., the value after homestead and other exemptions have been deducted.
- b) Centrally assessed property is property that is assessed by the State of Florida rather than the Property Appraiser, since the property is located in more than one county. Centrally assessed property is essentially railroad company property.
- c) The tax levy is the entire property tax due to Hillsborough County before any tax reductions are determined by the Value Adjustment Board and before any tax amounts are determined to be uncollectable due to insolvencies. The tax levy represents only the taxes due to the Hillsborough County financial reporting entity and therefore, excludes taxes due to the School Board, the City of Tampa, and certain other governmental entities.
- d) Includes all delinquent tax collections received during the year regardless of the year in which the taxes were originally levied.
- e) Outstanding delinquent taxes represent taxes outstanding from only the taxes levied in the fiscal year specified, i.e., this figure does not represent outstanding taxes from the year specified plus all previous years.

Sources: Office of Tax Collector, Hillsborough County.



**Hillsborough County, State of Florida and the United States  
Resident Labor Force, Employment, Unemployment  
1980-2005  
Not Seasonally Adjusted**

The following table shows the average civilian (non-military) labor force, the average number of individuals employed and related unemployment statistics for the County, State of Florida, and the Nation.

	<u>June 2005</u>	<u>June 2004</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
Hillsborough County					
Labor Force	589,260	647,056	572,743	446,230	313,737
Employment	565,671	623,568	555,635	443,789	298,015
Unemployment	23,589	23,488	17,108	22,441	15,722
Unemployment Rate	4.0%	3.6%	3.0%	4.8%	5.0%
Florida					
Labor Force	8,698,000	8,476,000	7,649,884	6,365,000	4,271,000
Employment	832,000	9,090,000	7,336,454	5,987,000	4,020,000
Unemployment	369,000	396,000	313,430	378,000	251,000
Unemployment Rate	4.2%	4.7%	4.1%	5.9%	5.9%
United States					
Labor Force	150,327,000	149,217,000	142,132,000	124,787,000	106,946,000
Employment	142,456,000	140,700,000	136,192,000	117,914,000	99,303,000
Unemployment	7,870,000	8,518,000	5,940,000	6,873,000	7,643,000
Unemployment Rate	5.2%	5.7%	4.2%	5.5%	7.1%

Sources: Comprehensive Annual Financial Reports of The School District of Hillsborough County, Florida For the Fiscal Years Ended June 30, 2004 and June 30, 2005.

## Transportation

Tampa International Airport is the major airport for the west central region of Florida serving primarily Hillsborough, Pinellas (which includes the cities of St. Petersburg and Clearwater), Pasco, Manatee, Polk, and Hernando Counties.

Tampa International Airport, an approximately 3,400-acre facility, is used primarily for commercial aviation by certified scheduled airlines. It is a large air traffic hub, as defined by the Federal Aviation Administration, accounting for approximately 1.3% of the nation's total passenger traffic. The new Airside Building C was completed and opened for operation in April 2005. This new airside encompasses 315,000 square feet and has 16 gates. Tampa International Airport is highly regarded for its efficiency and passenger convenience receiving numerous awards over the years.

The Tampa International Airport is presently served by twenty-eight airlines, including twenty domestic airlines, nine all cargo airlines and four foreign flag airlines. Service to Tampa International Airport is provided by thirteen "major" airlines as defined by the United States Department of Transportation.

Three general aviation airports serve as reliever airports, primarily to accommodate light and medium weight aircraft in the general aviation category. These include Peter O. Knight Airport, a 139-acre facility located six miles southeast of Tampa International Airport; Plant City Airport, a 199-acre facility located 22 miles east of Tampa International Airport; and Vandenberg Airport, a 407-acre facility located 12 miles east of Tampa International Airport.

AMTRAK provides passenger rail service to major cities throughout the United States. This rail service is provided by the Palmetto and Silver Service Trains (the Silver Meteor and the Silver Star) which offer service between Florida, Georgia and New York City. The recently restored Tampa Union Station has seven northbound and seven southbound departures on AMTRAK weekly.

Freight rail service is provided to the County by CSX Transportation Systems. CSX rail units possess some of the world's most technologically advanced terminal equipment and operate on regular schedules throughout the network. Major transports include coal, wood products, phosphate, chemicals, construction materials, semi-tractor trailers, automobiles, and automobile products.

The Hillsborough Area Regional Transit Authority (HARTline) is Hillsborough County's public transportation system. HARTline offers local and express routes for residents and visitors alike. Local service seven days a week provides access to area shopping malls, businesses, government buildings, attractions and recreational facilities. An estimated nine million riders use the system annually.

The County is also served by numerous intrastate and interstate motor common carriers, moving goods between Tampa, other points in Florida and markets throughout the United States. Tampa is the transportation hub of the west coast of Florida with major trucking firms maintaining terminals serving Florida and major southern cities.

The County is served by three interstates and seven other major highways. All parts of Florida and bordering states to the north and west can be reached within one day of travel by truck or automobile.

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Sources: Hillsborough County Aviation Authority; Amtrak; Greater Tampa Chamber of Commerce – Committee of One Hundred; Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2005.

## **Port Facilities**

The Port of Tampa is the largest economic engine in West Central Florida. Designated as a foreign Trade Zone (FTZ No. 79), the port handles nearly 50 million tons of cargo each year and is Florida's largest cargo volume seaport. The 5,000-acre Port is home to about 250 businesses and more than 22,000 workers which handle 3,500 vessel calls per year. With a 43-foot-deep main channel and one of the largest shipbuilding and repair centers in the Southeast, the Port is a full-service facility for shipping lines and is the closest major U.S. port to the Panama Canal. The Port also hosts North America's largest dockside cold storage terminal. Products like steel, petroleum, vehicles, limestone, citrus concentrate, fertilizer, containerized cargo, scrap metal and poultry regularly arrive and depart from the Port. As a result the Port has played a major role in helping to make Tampa Bay region one of the fastest growing markets in the United States.

Tampa's port has embarked on a \$130 million capital improvement campaign, including new cargo handling facilities, and additional berths for general and container cargo. The Port also purchased 170 acres of Port Redwing, the last large undeveloped land area located on deep water in the Port district. Current expansion includes the development of the Garrison Seaport Center on Tampa's downtown waterfront. Cruise Terminal 2 recently underwent a \$6.5 million expansion. The Port opened its fourth cruise terminal, Cruise Terminal 3 in the fall of 2002. The state-of-the-art, 110,000 square-foot structure, which will include all the amenities cruise passengers need and has room for a new restaurant in the future. A 2,100 space parking garage opened in June 1999. The Port Authority unveiled its new office building in 1999. Channelside, an entertainment complex which includes retail shops, restaurants, a nine-screen movie theater and an IMAX theater, opened during 2001.

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Source: Tampa Port Authority; Greater Tampa Chamber of Commerce – Committee of One Hundred

**APPENDIX B**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF**  
**HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

of

The School District of  
Hillsborough County, Florida

For the

Fiscal Year Ended June 30, 2006



Issued by:

MaryEllen Elia, Superintendent of Schools

Prepared by:

Division of Business  
Gretchen Saunders, Chief Business Officer  
Ed Nicholson, Manager of District Accounting

The School District of Hillsborough County  
901 East Kennedy Boulevard  
Tampa, Florida 33601



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
For the Fiscal Year Ended June 30, 2006**

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## Introductory Section



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#### School Board

Jack R. Lamb, Ed.D., Chair  
Jennifer Fallero, Vice-Chair  
Doretha W. Edgecomb  
April Griffin  
Carol W. Kurdell  
Candy Olson  
Susan L. Valdes



Superintendent of Schools  
MaryEllen Elia

December 12, 2006

Dear Chair Lamb and School Board Members:

The Comprehensive Annual Financial Report ("CAFR") of the School District of Hillsborough County, Florida, (the District) for the fiscal year ended June 30, 2006, is hereby submitted. These financial statements are presented in conformity with generally accepted accounting principles (GAAP) and are audited 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 by a firm of licensed certified public accountants.

Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the District's management. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District's financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants. The objective of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2006, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A), which should be read in conjunction with the financial statements. The District's MD&A can be found immediately following the report of the independent auditors.

#### Profile of the Government

The District School Board of Hillsborough County, Florida (School Board) has direct responsibility for the operation, control, and supervision of District schools and is considered a primary government for financial reporting purposes. The Hillsborough County School District is a part of the Florida system of public education. The governing body of the school district is the Hillsborough County District School Board that is composed of seven (7) elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Hillsborough County.

The CAFR contains the audited financial statements for all operations over which the School Board is financially accountable. Various potential component units were evaluated to determine whether they should be considered as part of the District's reporting entity. Accordingly, the financial statements include the Hillsborough Leasing Corporation (the Corporation). The Corporation was formed by the School Board solely for the purpose of acting as lessor, with the School Board acting as lessee, to finance the acquisition and/or construction of certain facilities, vehicles and equipment to be used in district operations. The members of the School Board serve as the Board of Directors of the Corporation. In addition, included in the reporting entity are the Hillsborough Education Foundation (the Foundation), a broadly based, non-profit direct-support organization of the School Board, and the Charter Schools that are separate not for profit corporations organized under Section 1002.33, Florida Statutes. Both the Foundation and the Charter Schools are included as discretely presented component units in the accompanying financial statements. Additional information on these component units can be found in the notes to the financial statements.

The District provides a full range of educational programs in Hillsborough County. These include early childhood, kindergarten through 12<sup>th</sup> grade, basic and enriched programs, and exceptional student education. The District also provides vocational and adult programs.

Hillsborough County is the 3<sup>rd</sup> largest school district in Florida and the 8<sup>th</sup> largest in the United States with over 190,000 K-12 students.

The annual budget serves as the foundation for the District's financial planning and control. The District establishes and maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds are included in the annual appropriations budget. Although project length financial plans are adopted for the capital project funds, the funding is contingent upon the annual budget adoption. Budgetary control is maintained for individual accounts or group of accounts within each school or department through the use of an encumbrance accounting system. This process tests for availability of funds, which precludes a requisition for services, equipment, supplies or materials from becoming a purchase order if the account would be overspent.

### Factors Affecting Financial Condition

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

**Economy.** While the District is heavily reliant upon state funding for the core of the educational programs within the District, and while the economic conditions of the nation and state interact with state funding adequacy and availability, the economic outlook for the District is consistent with the national situation. The State of Florida is heavily dependent upon sales tax collections and tourism. In addition, the community within the District is wholly supportive of the educational program, as evidenced by the contribution of money, time and effort. Any funding fluctuations will mean that new programs, innovative initiatives and educational enhancements may not be available within the desired time frames, but the positive improvements will continue to occur.

In addition, the Board, Superintendent and staff are acutely aware of the perils of interrupted revenue receipts. Prudent business practices, accompanied by statutes mandating balanced budgets, result in a continual review of the financial condition of the District.

**Cash Management Policies and Practices.** The goal of the District is to maximize yield and minimize risk of invested funds. By policy, all idle funds may only be invested with the State Board of Administration in the local government surplus trust funds or with a local intergovernmental pool. Funds made available through the issuance of long-term debt shall be invested with an approved national investment firm or banking institution selected through a request-for-proposal process under the terms and conditions contained therein, to include permitted securities as authorized by Florida statute. State Statutes limit the investment vehicles that may be utilized to United States Government obligations. Idle funds in bank accounts are, under the terms of a banking contract, invested in government securities that must provide a minimum of the federal funds overnight interest rate.

**Risk Management.** The primary method of risk financing is the self-insurance programs reported in the internal service funds. The fund provides a maximum of \$200,000 for each auto and general liability claim and \$100,000 to \$500,000 for each worker's compensation claim. The District purchases blanket commercial insurance for excess claims liability for worker's compensation. By State Statute, \$200,000 is generally the maximum the Board can be liable for auto and general liability claims.

It should be noted that as a result of an actuarial study of the various self-insurance programs it was determined that the funded reserves are adequate to cover the liabilities recorded.

**Pension and Other Post Employment Benefits.** The District participates in the Florida Retirement System, which is a State administered cost-sharing multiple-employer defined benefit retirement plan. The District, in addition to participating in the Florida Retirement System, has established a non-contributory Supplemental Early Retirement Plan. In fiscal year 2006 there were 479 retirees and beneficiaries receiving benefits. The contribution made to the plan for fiscal 2006 was \$1,988,593.

### Awards and Acknowledgements.

The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2005. This was the fifth consecutive year that the District received this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR could not have been accomplished without the efficient and dedicated services of the staff of the Accounting Office. We would like to express our appreciation to all members of the Business Division who assisted and contributed to its preparation.

Sincerely yours,

MaryEllen Elia  
Superintendent of Schools

Gretchen Saunders, Chief Business Officer  
Business Division

Ed Nicholson  
Manager of District Accounting

## THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

## Principal Officials - Elected

Board Members – Terms of Office  
As of December 12, 2006

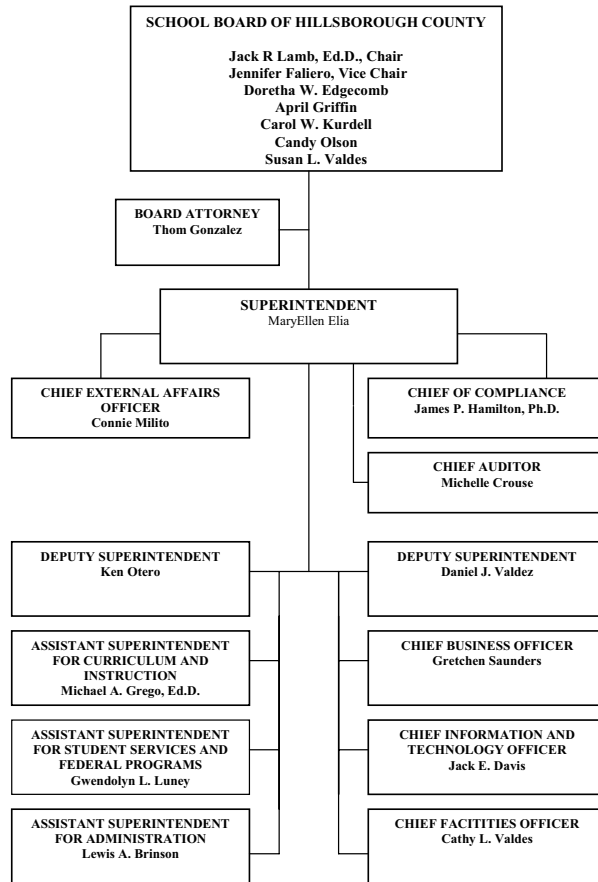
Mr. Jack R. Lamb, Ed.D., Chair Member from District 3 Present term began Present term expires Began as a Board member	November, 2004 November, 2008 November, 2000
Mrs. Jennifer Faliero, Vice-Chair Member from District 4 Present term began Present term expires Began as a Board member	November, 2006 November, 2010 November, 2002
Mrs. Doretha W. Edgecomb Member from District 5 Present term began Present term expires Began as a Board member	November, 2004 November, 2008 November, 2004
Mrs. April Griffin Member from District 6 (at large) Present term began Present term expires Began as a Board member	November, 2006 November, 2010 November, 2006
Mrs. Carol W. Kurdell Member from District 7 (at large) Present term began Present term expires Began as a Board member	November, 2004 November, 2008 November, 1992
Mrs. Candy Olson Member from District 2 Present term began Present term expires Began as a Board member	November, 2006 November, 2010 November, 1994
Mrs. Susan L. Valdes Member from District 1 Present term began Present term expires Began as a Board member	November, 2004 November, 2008 November, 2004

## THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

Other Principal Officials - Appointed  
As of December 12, 2006

<u>Name</u>	<u>Title</u>
MaryEllen Elia	Superintendent of Schools
James P. Hamilton, Ph.D.	Chief of Compliance
Ken Otero	Deputy Superintendent
Daniel J. Valdez	Deputy Superintendent
Gretchen Saunders	Chief Business Officer
Lewis A. Brinson	Assistant Superintendent for Administration
Jack E. Davis	Chief Information and Technology Officer
Gwendolyn L. Luney	Assistant Superintendent for Student Services and Federal Programs
Michael A. Grego, Ed.D.	Assistant Superintendent for Curriculum and Instruction
Cathy L. Valdes	Chief Facilities Officer
Michelle Crouse	Chief Auditor
Connie Milito	Chief External Affairs Officer

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
ORGANIZATIONAL CHART  
AS OF DECEMBER 12, 2006



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
School District of Hillsborough  
County, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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



*Carla E. Perry*

President

*Jeffrey R. Egan*

Executive Director

## Financial Section



KPMG LLP  
Suite 1700  
100 North Tampa Street  
Tampa, FL 33602

### Independent Auditors' Report

Honorable Chairperson and Members of the School Board  
School District of Hillsborough County, Florida:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Hillsborough County, Florida (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general and contracted services funds for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2006 on our consideration of the District'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



THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2006

financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of employer contributions and funding progress on pages 3 through 9 and 66 through 67, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 27, 2006  
Certified Public Accountants

The School District of Hillsborough County's (the "District") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements (beginning on page 13). All amounts unless otherwise indicated, are expressed in thousands of dollars.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have 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 the reader with a broad overview of the District's finances in a manner similar to the corporate private sector. Governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. This statement combines governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying obligation/event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and/or component units.

The government-wide financial statements include not only the District but its component units as well. The Hillsborough School Board Leasing Corporation, although also legally separate, functions for all practical purposes, as a department of the District, and therefore has been included as an integral part of the primary government. The Hillsborough County Education Foundation and several separate charter schools for which the District is financially accountable are included as discretely presented component units.

The government wide-financial statement can be found on pages 13 - 15 of this report.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2006

### Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgetary compliance associated therewith (beginning on page 16). All funds of the District can be divided into three major categories: governmental funds, proprietary funds, and fiduciary funds.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds focus on the sources and uses of liquid resources and balances of spendable resources available at the end of the fiscal year.

This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Because the focus is narrower than that of government-wide financial statements, it is useful to compare it to the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term financial 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.

Reconciliation between the government-wide and the governmental fund financial information is necessary because of the different measurement focus (current financial resources versus total economic resources); such reconciliation is reflected on the page following each statement (see pages 19 and 25). The flow of current financial resources reflects bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligations (bonds and others) into the governmental activities column in the government-wide statements.

The District maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Contracted Services Fund, Food Services Fund, Sales Tax Bond Revenue Fund, Certificates of Participation Fund and Other Capital Projects Fund that are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for all of its governmental funds.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2006

### Proprietary Funds

The District maintains an internal service fund as its only proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its group health, workers compensation, and liability self-insurance activities. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund statements can be found on pages 31 – 33.

### Fiduciary Funds

The District is the trustee, or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The District excludes these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

### 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 page 36 – 65 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entities financial position. In the case of the District, assets exceeded liabilities by \$1,326,009 at the end of the current fiscal year.

By far the largest portion of the District's net assets (68 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services to citizens; 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 capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities 2006	Governmental Activities 2005
Current and other assets	\$ 867,804	\$ 743,852
Capital assets	1,952,951	1,757,012
Total assets	<u>2,820,755</u>	<u>2,500,864</u>
Long-term liabilities outstanding	1,330,986	1,203,976
Other liabilities	163,760	133,212
Total liabilities	<u>1,494,746</u>	<u>1,337,188</u>
Net assets:		
Invested in capital assets, net of related debt	907,396	870,883
Restricted	340,987	292,200
Unrestricted (deficit)	77,626	593
Total Net Assets	<u>\$ 1,326,009</u>	<u>\$ 1,163,676</u>

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2006

An additional portion of the District assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$77,626. Unrestricted net assets may be used to meet the government's on going obligations to citizens and creditors.

The District's net assets increased by \$162,333 during the current year and the unrestricted net assets increased by \$77,033. The increase in net assets is due in part to the increase of capital assets.

**Governmental Activities**

Governmental activities increased the District's net assets by \$162,333. Key elements of this increase are as follows:

	Governmental Activities 2006	Governmental Activities 2005
Revenues:		
Program revenues:		
Charges for services	\$ 49,791	\$ 44,370
Operating grants and contributions	83,155	78,181
Capital grants and contributions	36,625	32,269
General revenues:		
Property taxes, levied for operational purposes	369,587	334,149
Property taxes, levied for debt service	586	9,966
Property taxes, levied for capital projects	124,660	108,114
Local sales taxes	28,408	23,248
Grants and contributions not restricted to specific programs	1,016,045	914,133
Investment earnings	26,383	14,525
Miscellaneous	37,716	31,770
Total revenues	<u>1,772,956</u>	<u>1,590,725</u>
Expenses:		
Instructional services	842,419	773,361
Instructional support services	161,465	135,841
Pupil transportation services	62,726	58,847
Operation and maintenance of plant	121,611	110,370
Non-capitalizable facilities acquisition and construction	96,234	103,066
School administration	83,111	79,215
General administration	40,236	46,366
Food services	80,150	77,408
Community services and other	70,645	54,744
Interest on long term debt	51,253	46,017
Unallocated depreciation	773	524
Total expenses	<u>1,610,623</u>	<u>1,485,759</u>
Increase in net assets	162,333	104,966
Net assets beginning of year	<u>1,163,676</u>	<u>1,058,710</u>
Net assets end of year	<u>\$ 1,326,009</u>	<u>\$ 1,163,676</u>

Property taxes increased by \$42,604. This is due to the increase in the assessed value of property and the continued growth and new construction in Hillsborough County.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2006

Unrestricted grants and contributions revenue increased by \$101,912, mostly due to the increase of the Florida School Finance Program and the Class Size Reduction Operating Program contributions, and the continued proactive grant application team which aggressively seeks grant funding.

For the most part the increase in expenses is due to the continued growth of the District in both urban and rural areas. The District continues to grow at an accelerated rate, requiring additional schools, teachers and support personnel to meet the needs of additional students.

**Financial Analysis of the District's Funds**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$734,625, an increase of \$80,247 over the prior year. Of this total amount \$542,008 constitutes unreserved fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$60,659), 2) to pay debt service (\$74,813), 3) to complete State carryover programs (\$18,309), 4) to complete other committed projects (\$33,872) and 5) reserve for inventory (\$4,964).

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$147,774, while total fund balance was \$224,947. The fund balance of the District's general fund increased by \$75,434 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12.37 percent of total general fund expenditures, while total fund balance represents 18.84 percent of that same amount.

The contracted services fund had an increase in revenue due to the increase of several ongoing grants and the addition of new ones.

The food services fund had an increase of \$605 in fund balance. The District increased meal prices for the first time in five years for fiscal 2006 which contributed to the increase.

The Certificates of Participation Fund total fund balance decreased by \$1,062 to a total of \$208,833. Although the Certificates of Participation Fund received an additional \$89,384 in proceeds from the issuance of the Series 2006A Certificates, expenditures exceeded this increase. The Sales Tax Revenue Bond Fund total fund balance increased by \$36,374 to a total of \$66,822. This increase was due to the Sales Tax Revenue Bond Fund receiving an additional \$54,100 from the issuance of the Series 2006 Bonds. Other Capital Projects Fund had a decrease of fund balance of \$38,843 to a total of \$61,200. This was due to the expenditures incurred from opening five (5) new schools in 2006 and the ongoing construction of five (5) new schools scheduled to open in 2007.



THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2006

### General Fund Budgetary Highlights

During the fiscal year, the District revised its budget and brought amendments to the Board on a monthly basis. These amendments were needed to adjust to actual revenues and direct resources where needed. The Board approves the final amendment to the budget after year-end.

There were revisions made to the 2005-2006 general fund original budget. These revisions were due to a variety of situations. The District increased by 4,882 new students over the previous school year and opened five new schools.

Budgeted expenditures increased \$85.5 million from the original budget to the final amended budget. The increases were due in part to, hiring new teachers and support personnel for the increase in student growth and opening of new schools. Also a factor to the increase is the increased cost of property and health insurance.

Actual expenditures were \$141.6 million below the final amended budget. Unexpended appropriations of \$141.6 million were composed of the following: (1) \$20.1 million in encumbrances, (2) \$18.3 million in State categorical funds, (3) \$33.9 million in other earmarked funds and (4) \$69.3 million in other unexpended budget items. The \$69.3 million reflects only 5.2% of the final budget. In the normal course of business, some of the budget is left unspent, primarily due to temporarily unfilled positions.

### Capital Assets and Debt Administration

#### Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$1,952,951 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, improvements other than buildings, buildings and fixed equipment, furniture, fixtures and equipment, motor vehicles, and computer equipment.

	Governmental Activities 2006	Governmental Activities 2005
Land	\$ 119,004	\$ 115,549
Land improvements	46,124	38,056
Construction in progress	176,924	163,165
Improvements other than buildings	60,924	54,860
Buildings and systems	1,457,012	1,293,561
Furniture, fixtures and equipment	54,399	52,234
Motor vehicles	32,375	36,409
Audio visual materials	8	12
Computer software	6,181	3,166
Total capital assets	\$ 1,952,951	\$ 1,757,012

This year's additions of \$253,984 included the construction of five (5) new schools which opened in fiscal year 2006, five (5) schools which are to be opened in 2007 and several major expansion and renovation projects.

See note #5 to the financial statements for more information on the District's capital assets.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2006

### Long Term Debt

At the end of the current fiscal year the District had total borrowed and bonded debt outstanding of \$1,241,122, which is net of unamortized bond premiums and unamortized loss on bond refunding of (\$126).

	2006	2005
Notes payable	\$ 853	\$ 1,707
Bonds payable	333,148	295,513
Certificates of participation	907,121	835,319
Total long term debt	\$ 1,241,122	\$ 1,132,539

The District's total borrowed and bonded debt increased by \$108,583 (net of repayment of principal on outstanding debt) during the current fiscal year. The key factor in this increase was the issuance of the following:

- \$ 3,650 SBE Bonds, 2006A
- \$ 86,435 Certificates of Participation, Series 2006A
- \$ 3,002 Certificates of Participation QZAB, Series 2006A
- \$ 54,860 Sales Tax Bonds, Series 2006

The District has been given the following bond ratings:

	General Obligation Bonds	
	Insured	Underlying
Moody's	Aaa	Aa3
Standard & Poors	AAA	AA
Fitch IBCA	AAA	AA-
	Sales Tax Revenue Bonds	
	Insured	Underlying
Moody's	Aaa	A2
Standard & Poors	AAA	A+
Fitch IBCA	AAA	A+
	Certificates of Participation	
	Insured	Underlying
Moody's	Aaa	A1
Standard & Poors	AAA	AA-
Fitch IBCA	AAA	A+

See notes #7-14 to the financial statements for more information on the District's long-term debt.

### Requests for Information

This financial report is designed to provide a general overview of the School District of Hillsborough County's finances for all those with an interest 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 Accounting Department, 901 E. Kennedy Blvd. Tampa, Florida, 33602.



## BASIC FINANCIAL STATEMENTS

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B-15

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2006**

(amounts expressed in thousands)

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
<b>ASSETS:</b>		
Cash	\$ 18,417	\$ 3,258
Investments	712,351	3,397
Accounts receivable, net	2,309	1,415
Due from other governmental agencies	115,709	124
Inventories	5,610	-
Deferred charges	13,408	182
Prepaid items	-	3,005
Capital Assets (net of accumulated depreciation):		
Land	119,004	1,740
Land improvements	46,124	15
Construction in progress	176,924	2,211
Improvements other than buildings	60,924	10
Buildings and systems	1,457,012	6,542
Furniture, fixtures and equipment	54,399	940
Motor vehicles	32,375	146
Property under capital leases	-	704
Audio visual materials	8	81
Computer software	6,181	81
Total assets	<u>\$ 2,820,755</u>	<u>\$ 23,851</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 35,758	\$ 1,633
Construction retainage payable	14,518	-
Salaries and wages payable	5,383	264
Accrued payroll taxes and withholdings	2,464	33
Accrued interest	23,244	-
Due to other governmental agencies	3,903	42
Deposits payable	13	-
Unearned revenue	16,847	313
Estimated unpaid claims	20,924	-
Other liabilities	-	500
Noncurrent liabilities:		
Due within one year	40,706	268
Due in more than one year	1,330,986	6,437
Total liabilities	<u>1,494,746</u>	<u>9,490</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	907,396	2,869
Restricted for:		
Categorical carryover programs	18,309	-
Debt service	51,570	-
Capital outlay	236,632	106
Non categorical carryover programs	28,730	-
Other purposes	5,746	9,177
Unrestricted	77,626	2,209
Total net assets	<u>1,326,009</u>	<u>14,361</u>
Total liabilities and net assets	<u>\$ 2,820,755</u>	<u>\$ 23,851</u>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>
<b>Primary government:</b>		
Governmental activities:		
Instructional services	\$ 842,419	\$ 11,630
Instructional support services	161,465	-
Pupil transportation services	62,726	2,576
Operation and maintenance of plant	121,611	-
Non capitalizable facilities acquisition and construction	96,234	-
School administration	83,111	-
General administration	40,236	-
Food services	80,150	35,585
Community services and other	70,645	-
Interest on long-term debt	51,253	-
Unallocated depreciation expense	773	-
Total governmental activities and primary government	<u>\$ 1,610,623</u>	<u>\$ 49,791</u>
<b>Component units:</b>		
Foundation and charter schools	\$ 30,891	\$ 1,740
Total component units	<u>\$ 30,891</u>	<u>\$ 1,740</u>

General Revenues:

Property taxes, levied for operational purposes	
Property taxes, levied for debt service	
Property taxes, levied for capital projects	
Local sales taxes	
Grants and contributions not restricted	
to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Change in net assets	
Net assets - beginning	
Net assets - ending	

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>	
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Governmental Activities</b>	<b>Component Units</b>
\$ -	\$ -	\$ (830,789)	\$ -
-	-	(161,465)	-
36,285	-	(23,865)	-
-	-	(121,611)	-
-	30,393	(65,841)	-
-	-	(83,111)	-
-	-	(40,236)	-
46,870	-	2,305	-
-	-	(70,645)	-
-	6,232	(45,021)	-
-	-	(773)	-
<u>\$ 83,155</u>	<u>\$ 36,625</u>	<u>\$ (1,441,052)</u>	<u>\$ -</u>
\$ 1,580	\$ 561	-	(27,010)
<u>\$ 1,580</u>	<u>\$ 561</u>	<u>-</u>	<u>(27,010)</u>
		369,587	-
		586	-
		124,660	-
		28,408	-
		1,016,045	28,667
		26,383	141
		37,716	698
		<u>1,603,385</u>	<u>29,506</u>
		162,333	2,496
		1,163,676	11,865
		<u>\$ 1,326,009</u>	<u>\$ 14,361</u>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY****BALANCE SHEET****GOVERNMENTAL FUNDS****JUNE 30, 2006****(amounts expressed in thousands)**

	General	Contracted Services	Food Services	Certificates Of Participation
<b>ASSETS</b>				
Cash	\$ 7,557	\$ 1,439	\$ 165	\$ 659
Investments	209,041	3,513	386	217,855
Accounts receivable	2,031	-	102	18
Due from other governmental agencies	16,867	4,447	5,567	-
Due from other funds	13,482	807	192	496
Inventories	4,964	-	646	-
Total assets	<u>\$ 253,942</u>	<u>\$ 10,206</u>	<u>\$ 7,058</u>	<u>\$ 219,028</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,751	\$ -	\$ 119	\$ 4,038
Salaries and wages payable	4,077	1,140	166	-
Payroll deductions and withholdings	2,464	-	-	-
Due to other funds	1,480	6,654	5,694	6,157
Due to other governmental agencies	3,638	99	-	-
Deposits payable	7	-	-	-
Unearned revenue	1,578	2,313	474	-
Total liabilities	<u>28,995</u>	<u>10,206</u>	<u>6,453</u>	<u>10,195</u>
<b>Fund balances</b>				
Reserved for:				
State categorical carry-over programs	18,309	-	-	-
Encumbrances	20,028	-	441	14,390
Inventories	4,964	-	-	-
Debt service	-	-	-	-
Other purposes	33,872	-	-	-
Unreserved, reported in:				
General fund	147,774	-	-	-
Special revenue funds	-	-	164	-
Capital projects funds	-	-	-	194,443
Total fund balances	<u>224,947</u>	<u>-</u>	<u>605</u>	<u>208,833</u>
Total liabilities and fund balance	<u>\$ 253,942</u>	<u>\$ 10,206</u>	<u>\$ 7,058</u>	<u>\$ 219,028</u>

Sales Tax Bond Revenue	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1	\$ 5,077	\$ 3,238	\$ 18,136
67,321	12,444	133,173	643,733
-	-	8	2,159
-	57,221	30,982	115,084
-	1,737	7,880	24,594
-	-	-	5,610
<u>\$ 67,322</u>	<u>\$ 76,479</u>	<u>\$ 175,281</u>	<u>\$ 809,316</u>
\$ 355	\$ 2,892	\$ 1,807	\$ 24,962
-	-	-	5,383
-	-	-	2,464
145	3,208	1,256	24,594
-	166	-	3,903
-	6	-	13
-	9,007	-	13,372
<u>500</u>	<u>15,279</u>	<u>3,063</u>	<u>74,691</u>
-	-	-	18,309
831	6,269	18,700	60,659
-	-	-	4,964
-	-	74,813	74,813
-	-	-	33,872
-	-	-	147,774
-	-	-	164
65,991	54,931	78,705	394,070
66,822	61,200	172,218	734,625
<u>\$ 67,322</u>	<u>\$ 76,479</u>	<u>\$ 175,281</u>	<u>\$ 809,316</u>

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



**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**For the Fiscal Year Ended June 30, 2006**  
**(amounts expressed in thousands)**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 734,625</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,952,951
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	13,408
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.	34,479
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(1,371,692)
Accrued interest on long-term liabilities is not due and payable in the current period and therefore, is not reported in the funds.	(23,244)
Accrued retainage payable is not due and payable in the current period and therefore, is not reported in the funds.	(14,518)
<b>Total Net Assets - Governmental Activities</b>	<b><u>\$ 1,326,009</u></b>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	General	Contracted Services	Food Services	Certificates Of Participation
<b>REVENUES</b>				
Local sources:				
Ad valorem taxes	\$ 369,587	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-
Food services	-	-	35,714	-
Interest income	10,198	-	28	9,116
Other	38,923	475	-	21
Total local sources	418,708	475	35,742	9,137
State sources:				
Florida education finance program	604,072	-	-	-
Public education capital outlay	-	-	-	-
Categorical programs	203,709	-	-	-
Class size reduction	-	-	-	-
Workforce development	32,186	-	-	-
Food services	-	-	1,447	-
Other	6,036	2,255	-	-
Total state sources	846,903	2,255	1,447	-
Federal sources:				
Food services	-	-	45,424	-
Federal grants direct	1,979	7,903	-	-
Federal grants through state	6,148	131,648	-	-
Federal grants through local	-	55,948	-	-
Total federal sources	8,127	195,499	45,424	-
Total revenues	1,272,838	198,229	82,613	9,137
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Basic programs	578,352	60,797	-	-
Exceptional child programs	127,352	15,522	-	-
Adult and vocational technical programs	55,926	2,305	-	-
Total instructional services	761,630	78,624	-	-
Instructional support services:				
Pupil personnel services	49,991	15,838	-	-
Instructional media services	22,937	2,332	-	-
Instruction and curriculum development service	17,030	19,337	-	-
Instructional staff training services	4,704	12,174	-	-
Instructional related technology	11,562	110	-	-
Total instructional support services	106,224	49,791	-	-
Pupil transportation services	59,982	1,258	-	-
Operation and maintenance of plant:				
Operation of plant	96,747	120	-	-
Maintenance of plant	27,404	38	-	-
Total operation and maintenance of plant	124,151	158	-	-
School administration	81,212	1,089	-	-
General administration:				
Central services	15,941	328	-	-
Board of education	1,659	-	-	-
General administration	6,776	5,719	-	-
Fiscal services	6,519	619	-	-
Administrative technology services	447	-	-	-
Total general administration	31,342	6,666	-	-

Sales Tax Bond Revenue	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 125,246	\$ 494,833
-	-	28,408	28,408
-	-	-	35,714
1,467	641	4,021	25,471
-	9,037	532	48,988
1,467	9,678	158,207	633,414
-	-	-	604,072
-	-	20,559	20,559
-	-	-	203,709
-	8,520	-	8,520
-	-	-	32,186
-	-	-	1,447
-	110	7,881	16,282
-	8,630	28,440	886,775
-	-	-	45,424
-	-	-	9,882
-	-	-	137,796
-	-	-	55,948
-	-	-	249,050
1,467	18,308	186,647	1,769,239
-	-	-	639,149
-	-	-	142,874
-	-	-	58,231
-	-	-	840,254
-	-	-	65,829
-	-	-	25,269
-	-	-	36,367
-	-	-	16,878
-	-	-	11,672
-	-	-	156,015
-	-	-	61,240
-	-	-	96,867
-	-	-	27,442
-	-	-	124,309
-	-	-	82,301
-	-	-	16,269
-	-	-	1,659
-	-	-	12,495
-	-	-	7,138
-	-	-	447
-	-	-	38,008

(Continued)

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**
**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	General	Contracted Services	Food Services	Certificates Of Participation
Facilities acquisition and construction	523	789	-	2,376
Food services	26	-	81,213	-
Community services and other	21,627	49,016	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Dues, fees and other	-	-	-	-
Capital outlay:				
Facilities acquisition and construction	707	2,438	-	96,117
Other capital outlay	6,879	8,459	795	-
Total expenditures	1,194,303	198,288	82,008	98,493
Excess (deficiency) of revenues over (under) expenditures	78,535	(59)	605	(89,356)
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	-	-	-
Premium on sale of bonds	-	-	-	-
Discount on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on sale of refunding bonds	-	-	-	-
Certificates of participation issued	-	-	-	89,384
Premium on sale of certificates of participation	-	-	-	961
Proceeds from sale of capital assets	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	503	59	-	-
Transfers out	(3,604)	-	-	(2,051)
Total other financing sources and uses	(3,101)	59	-	88,294
Net change in fund balances	75,434	-	605	(1,062)
Fund balances - beginning	149,513	-	-	209,895
Fund balances - ending	\$ 224,947	\$ -	\$ 605	\$ 208,833

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

Sales Tax Bond Revenue	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
4,118	2,861	30,513	41,180
-	-	-	81,239
-	-	-	70,643
-	-	37,933	37,933
-	-	49,993	49,993
-	-	2,372	2,372
15,075	58,066	65,448	237,851
-	-	-	16,133
19,193	60,927	186,259	1,839,471
(17,726)	(42,619)	388	(70,232)
54,100	-	4,410	58,510
-	-	20	20
-	-	(18)	(18)
-	-	37,360	37,360
-	-	3,637	3,637
-	-	53	89,437
-	-	1,067	2,028
-	3,776	-	3,776
-	-	(40,856)	(40,856)
-	-	60,874	61,436
-	-	(59,196)	(64,851)
54,100	3,776	7,351	150,479
36,374	(38,843)	7,739	80,247
30,448	100,043	164,479	654,378
\$ 66,822	\$ 61,200	\$ 172,218	\$ 734,625





**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2006**

**(amounts expressed in thousands)**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>80,247</b>
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 (\$253,984) exceeds depreciation expense (\$71,549) during the current period.		182,435
The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net assets differs by the cost of assets sold.		(2,868)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,855
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal, is an expenditure and payments to a refunding agent is another financing use in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$185,307) exceeded repayments of bond principal (\$37,933) and payments to refunding agents (\$40,856) in the current year.		(106,518)
Governmental funds report costs associated with certain bond transaction as resources or uses. However, in the statement of activities these transactions are reported over the life of the debt as expenses (\$1,853 issuance cost and (\$2,048) bond premium).		(195)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:		
Interest expense (including arbitrage rebate)		(3,057)
Compensated absences		(6,857)
Amortization of bond discount, premium and issuance costs		(2,378)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities.		19,669
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b>162,333</b>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**
**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources:				
Ad valorem taxes	\$ 365,642	\$ 369,676	\$ 369,587	\$ (89)
Interest income	2,300	10,198	10,198	-
Other	23,440	40,118	38,923	(1,195)
Total local sources	391,382	419,992	418,708	(1,284)
State sources:				
Florida education finance program	618,147	604,072	604,072	-
Categorical programs	191,088	216,211	203,709	(12,502)
Workforce development	32,412	32,186	32,186	-
Other	4,005	6,642	6,036	(606)
Total state sources	845,652	859,111	846,003	(13,108)
Federal sources:				
Federal grants direct	1,087	1,982	1,979	(3)
Federal grants through state	5,341	6,427	6,148	(279)
Total federal sources	6,428	8,409	8,127	(282)
Total revenues	1,243,462	1,287,512	1,272,838	(14,674)
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Basic programs	646,224	648,818	578,352	70,466
Exceptional child programs	134,912	135,454	127,352	8,102
Adult and vocational technical programs	63,155	63,408	55,926	7,482
Total instructional services	844,291	847,680	761,630	86,050
Instructional support services:				
Pupil personnel services	46,746	52,240	49,991	2,249
Instructional media services	22,317	25,960	22,937	3,023
Instruction and curriculum development services	18,481	19,009	17,030	1,979
Instructional staff training services	3,347	5,656	4,704	952
Instructional related technology	-	12,503	11,562	941
Total instructional support services	90,891	115,368	106,224	9,144
Pupil transportation services	53,843	62,134	59,982	2,152
Operation and maintenance of plant:				
Operation of plant	82,664	98,322	96,747	1,575
Maintenance of plant	35,942	36,325	27,404	8,921
Total operation and maintenance of plant	118,606	134,647	124,151	10,496
School administration	73,481	84,615	81,212	3,403
General administration:				
Central services	25,941	18,152	15,941	2,211
Board of education	2,140	2,521	1,659	862
General administration	10,449	8,189	6,776	1,413
Fiscal services	10,301	8,657	6,519	2,138
Administrative technology services	-	460	447	13
Total general administration	48,831	37,979	31,342	6,637

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**
**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities acquisition and construction	3,864	9,370	523	8,847
Food services	-	27	26	1
Community services and other	16,614	36,486	21,627	14,859
Capital outlay				
Facilities acquisition and construction		706	706	-
Other capital outlay	-	6,880	6,880	-
Total expenditures	1,250,421	1,335,892	1,194,303	141,589
Excess (deficiency) of revenues over (under) expenditures	(6,959)	(48,380)	78,535	126,915
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	499	503	503	-
Transfers out	(569)	(3,625)	(3,604)	21
Total other financing sources and uses	(70)	(3,122)	(3,101)	21
Net change in fund balances	(7,029)	(51,502)	75,434	126,936
Fund balances - beginning	149,513	149,513	149,513	-
Fund balances - ending	\$ 142,484	\$ 98,011	\$ 224,947	\$ 126,936

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**
**MAJOR SPECIAL REVENUE FUND - CONTRACTED SERVICES**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
 (amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Local sources:				
Other	\$ 786	\$ 910	\$ 475	\$ (435)
Total local sources	786	910	475	(435)
State sources:				
Other	2,671	3,845	2,255	(1,590)
Total state sources	2,671	3,845	2,255	(1,590)
Federal sources:				
Federal grants direct	9,232	14,118	7,903	(6,215)
Federal grants through state	170,500	167,471	131,648	(35,823)
Federal grants through local	41,741	63,832	55,948	(7,884)
Total federal sources	221,473	245,421	195,499	(49,922)
Total revenues	224,930	250,176	198,229	(51,947)
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Basic programs	68,605	85,140	60,797	24,343
Exceptional child programs	13,457	16,700	15,522	1,178
Adult and vocational technical programs	2,940	3,649	2,305	1,344
Total instructional services	85,002	105,489	78,624	26,865
Instructional support services:				
Pupil personnel services	15,982	17,392	15,838	1,554
Instructional media services	3,307	3,980	2,332	1,648
Instruction and curriculum development services	21,452	22,987	19,337	3,650
Instructional staff training services	14,150	18,311	12,174	6,137
Instructional related technology	-	110	110	-
Total instructional support services	54,891	62,780	49,791	12,989
Pupil transportation services	3,957	3,723	1,258	2,465
Operation and maintenance of plant:				
Operation of plant	48	131	120	11
Maintenance of plant	19	41	38	3
Total operation and maintenance of plant	67	172	158	14
School administration	33	1,097	1,089	8
General administration:				
Central services	506	692	328	364
General administration	5,636	7,923	5,719	2,204
Fiscal services	6	670	619	51
Total general administration	6,148	9,285	6,666	2,619

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**
**MAJOR SPECIAL REVENUE FUND - CONTRACTED SERVICES**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
 (amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Facilities acquisition and construction	2,273	1,443	789	654
Food services	-	9	-	9
Community services and other	72,628	55,346	49,016	6,330
Capital outlay				
Facilities acquisition and construction		2,438	2,438	-
Other capital outlay	-	8,459	8,459	-
Total expenditures	224,999	250,241	198,288	51,953
Excess (deficiency) of revenues over (under) expenditures	(69)	(65)	(59)	6
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	69	65	59	(6)
Total other financing sources and uses	69	65	59	(6)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY****MAJOR SPECIAL REVENUE FUND - FOOD SERVICES****STATEMENT OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES -****BUDGET AND ACTUAL****FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

(amounts expressed in thousands)

	Food Services Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES:				
Local sources:				
Food services	\$ 35,063	\$ 36,295	\$ 35,714	\$ (581)
Interest income	-	28	28	-
Total local sources	35,063	36,323	35,742	(581)
State sources:				
Food services	1,434	1,447	1,447	-
Total state sources	1,434	1,447	1,447	-
Federal sources:				
Food services	46,992	45,911	45,424	(487)
Total federal sources	46,992	45,911	45,424	(487)
Total revenues	83,489	83,681	82,613	(1,068)
EXPENDITURES:				
Current:				
Food services	83,489	81,637	81,213	424
Capital outlay	-	795	795	-
Total expenditures	83,489	82,432	82,008	424
Excess (deficiency) of revenues over (under) expenditures	-	1,249	605	(644)
Net change in fund balance	-	1,249	605	(644)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 1,249	\$ 605	\$ (644)

See accompanying independent auditors' report

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY****STATEMENT OF NET ASSETS****PROPRIETARY FUNDS****JUNE 30, 2006**

(amounts expressed in thousands)

	Governmental Activities Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 281
Investments	68,618
Accounts receivable	150
Due from other governmental agencies	625
Total assets	<u>\$ 69,674</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 10,796
Deferred revenue	3,475
Estimated unpaid claims	20,924
Total liabilities	<u>35,195</u>
<b>NET ASSETS</b>	
Unrestricted	<u>34,479</u>
Total net assets	<u>34,479</u>
Total net assets and liabilities	<u>\$ 69,674</u>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>	
Premium revenue from other funds	\$ 144,986
Other revenue	1,940
Total operating revenues	<u>146,926</u>
<b>OPERATING EXPENSES:</b>	
Salaries	689
Benefits	237
Purchased services	963
Claims, premiums and other	130,771
Total operating expenses	<u>132,660</u>
Operating income	<u>14,266</u>
<b>NON-OPERATING REVENUE:</b>	
Interest	1,988
Total non-operating revenue	<u>1,988</u>
Income before transfers	16,254
<b>TRANSFERS IN</b>	3,545
<b>TRANSFERS OUT</b>	<u>(130)</u>
Change in net assets	19,669
Total net assets - beginning	<u>14,810</u>
Total net assets - ending	<u>\$ 34,479</u>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from interfund services provided	\$ 143,254
Payment to suppliers	(134,928)
Payment to employees	(926)
Other receipts	1,940
Net cash provided by operating activities	<u>9,340</u>
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Transfers from other funds	3,545
Transfers to other funds	(130)
Net cash provided by noncapital and related financing activities	<u>3,415</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	859
Purchase of investments	(15,458)
Interest and dividends earned on investments	1,988
Net cash used in investing activities	<u>(12,611)</u>
Net increase in cash	144
Cash and cash equivalents - Beginning of year	<u>137</u>
Cash and cash equivalents - End of year	<u>\$ 281</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 14,266
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(11)
(Increase) decrease in due from other governmental agencies	(17)
Increase (decrease) in accounts payable	889
Increase (decrease) in estimated unclaimed claims	(4,067)
Increase (decrease) in deferred revenue	(1,720)
Total adjustments	<u>(4,926)</u>
Net cash provided by operating activities	<u>\$ 9,340</u>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY****STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****JUNE 30, 2006****(amounts expressed in thousands)**

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash	\$ -	\$ 11,591
Investments, at fair value:		
U.S. Government securities	9,063	-
Money markets	237	-
Total investments	9,300	13,856
Accounts receivable, net	84	34
Inventory	-	340
Total assets	<u>9,384</u>	<u>25,821</u>
<b>LIABILITIES</b>		
Accounts payable	-	1,175
Due to student organizations	-	14,469
Payroll deductions	-	10,177
Total liabilities	<u>-</u>	<u>25,821</u>
<b>NET ASSETS</b>		
Assets held in trust for pension benefits	9,384	-
Total net assets	<u>9,384</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 9,384</u>	<u>\$ 25,821</u>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2006****(amounts expressed in thousands)**

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions received from employer	\$ 1,989
Investment income:	
Interest income	361
Net decrease in fair value of investments	(118)
Total investment earnings	243
Less investment expense	25
Net investment income	218
Total additions	<u>2,207</u>
<b>DEDUCTIONS</b>	
Benefit payments	1,647
Administrative expenses	10
Total deductions	<u>1,657</u>
Net increase	550
Net assets - beginning	<u>8,834</u>
Net assets - ending	<u>\$ 9,384</u>

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The District School Board of Hillsborough County, Florida (School Board) has direct responsibility for the operation, control, and supervision of District schools and is considered a primary government for financial reporting purposes. The Hillsborough County School District is a part of the Florida system of public education. The governing body of the school district is the Hillsborough County District School Board that is composed of seven (7) elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Hillsborough County.

The accompanying financial statements present the activities of the School Board and its component units. Criteria for determining if other entities are potential component units which should be reported within the School Board's financial statements are identified and described in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by Statement No. 39, Determining Whether Certain Organizations Are Component Units. The application of these criteria provide for identification of any entities for which the District School Board is financially accountable and other organizations for which the nature and significance of their relationship with the District School Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete.

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

Blended Component Unit

The Hillsborough School Board Leasing Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in note 7. Due to the substantive economic relationship between the Hillsborough County District School Board and the Corporation, the financial activities of the Corporation are included in the accompanying financial statements of the School Board in the Certificates of Participation Fund. Separate financial statements of the Corporation are not published.

Discretely Presented Component Units

The component unit's column in the government wide financial statements include the financial data of the District's other component units for the fiscal year ended June 30, 2006. These component units consist of the Hillsborough Education Foundation, Inc. (the Foundation) and the District's Charter Schools. Both the Foundation and the Charter Schools are reported in a separate column to emphasize that they are legally separate from the District School Board. While it would be misleading to exclude them from the District's financial statements, none of the individual component units are considered to be major.

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

A. Reporting Entity (continued)

Complete financial statements of the Foundation can be obtained from their administrative office at:

Hillsborough Education Foundation  
2010 E. Hillsborough Ave., Suite 212  
Tampa, Florida 33610-8255

The Charter Schools are separate not for-profit corporations organized under Section 1002.33, Florida Statutes to operate as public (as opposed to private) schools and are held responsible for prudent use of the public funds they receive. Each Charter School is a separate component unit that operates under a charter approved by their sponsor, the School Board. There are twenty-two (22) Charter Schools operating in the School District of Hillsborough County that meet the criteria for presentation as a discretely presented component unit.

The individual Charter Schools are listed below. Further, complete financial statements of the individual component units can be obtained from their administrative offices. These schools include:

Anderson Academy Charter School 2708 N. Central Ave Tampa, FL 33602	Carl Sagan Academy 4610 E. Hanna Ave Tampa, FL 33610
Hope Preparatory Academy 3916 E. Hillsborough Ave. Tampa, FL 33610	Kid's Community School 10544 Lake St. Charles Riverview, FL 33549
Learning Gate Charter School 16215 Hanna Road Lutz, FL 33549	Literacy/Leadership Technology Academy 6771 Madison Ave. Tampa, FL 33619
Mount Pleasant Charter School 2002 Rome Ave. Tampa, FL 33607	Pepin Charter School of Tampa 3916 E. Hillsborough Ave. Tampa, FL 33610
Prince Academy Charter School 1006 S. 50 <sup>th</sup> St. Tampa, FL 33619	Quest Middle School 3916 E. Hillsborough Tampa, FL 33610
ReBirth Academy Charter School 1924 E. Comanche Ave. Tampa, FL 33610	Richard Milburn Charter School 1404 Tech Blvd. Tampa, FL 33619
Richardson Academy Charter School 68150 N. Roam Ave. Tampa, FL 33604	Tampa Bay Academy Charter School 12012 Boyette Road Riverview, FL 33569
Tampa Charter School 5429 Beaumont Center Tampa, FL 33634	Terrace Community Charter School 4801 E. Fowler Ave. Tampa, FL 33617

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

A. Reporting Entity (continued)

Trinity Charter School  
2402 W. Osborne Ave.  
Tampa, Fl 33603

USF/Patel K-3  
11801 Bull Run  
Tampa, Fl 33617

The Village of Excellence  
Charter School  
8718 North 46<sup>th</sup> St.  
Temple Terrace, Fl 33617

Trinity Upper Charter School  
4807 North Armenia  
Tampa, Fl 33603

USF/Patel 4-5  
11801 Bull Run  
Tampa, Fl 33617

Walton Academy Charter School  
4817 N. Florida Ave.  
Tampa, Fl 33603

B. Basis of Presentation

The basic financial statements include the government-wide financial statements and fund financial statements.

Government-wide Financial Statements – Government-wide financial statements include a Statement of Net Assets and a Statement of Activities that display information about the primary government (District School Board) and its component units. These financial statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund activities. The effect of interfund activities has not been eliminated in the Statement of Activities.

The Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the District School Board's functions. The expense of individual functions is compared to the revenues generated by the function (for instance, through user charges or intergovernmental grants). Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other funds and to employees for workers compensation and insurance. Operating expenses for the internal service funds include the cost of services and administrative costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

B. Basis of Presentation (continued)

Fund Financial Statements – The fund financial statements provide information about the District School Board's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Because the focus of the governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

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.

Contracted Services – to account for financial resources of certain federal grant program resources.

Food Services – Accounts for and reports on the activities of the food service program.

Certificates of Participation – Accounts for and reports on the revenues generated from the issuance of Certificates of Participation.

Sales Tax Bond Revenue – Accounts for and reports on the revenues generated from the issuance of construction bonds backed by sales tax revenue.

Other Capital Projects Fund – Accounts for and reports on other miscellaneous funds from various sources.

Additionally, the District reports the following fund types:

Internal Service Funds – to account for the District's workers' compensation, general and automobile liability self-insurance programs and the employee health insurance program.

Pension Trust Fund – to account for resources used to finance the early retirement program.

Agency Funds – to account for resources held by the District as custodian for others primarily for the benefit of various schools and their activity funds.



SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Statements – The government-wide statements are presented using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues, other than grant funds, reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Grant funds are considered available if collection is expected in the upcoming fiscal year. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Cash

Cash consists of petty cash funds and deposits held by banks qualified as public depositories under Florida law. All deposits are fully insured by Federal depository insurance and a multiple financial institution collateral pool required by Chapter 280 Florida Statutes. The statement of cash flows for the Proprietary Funds considers cash as those accounts used as demand deposit accounts and considers as cash equivalents amounts invested with the State Board of Administration.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

E. Investments

Investments consist of amounts placed with the State Board of Administration for participation in the State investment pool, those made by the State Board of Administration from the District's bond proceeds held and administered by the State Board of Education, and those made locally.

District monies placed with the State Board of Administration for participation in the State investment pool represent an interest in the pool rather than ownership of specific securities. The District does not own specific investments but an interest in the pool. Such investments are stated at fair value. Investments of the early retirement program are reported at fair value.

Types and amounts of investments held at year-end are described in a subsequent note on investments.

F. Inventory

Inventories consist of expendable supplies and equipment held for consumption in the course of District operations. Inventories at the central warehouse, maintenance, textbook depository and the bus garage are stated at cost based on a moving average. Food service inventories are stated at cost based on the first-in, first-out basis, except that United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Health and Rehabilitative Services, Food Distribution Center. All other inventories are stated at cost on the last invoice price method, which approximates the first-in, first-out basis. The cost of inventories is recorded as expenditures when used rather than purchased.

G. 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 recorded at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets purchased after July 1, 2004 are defined as those costing more than \$1,000; those purchased before July 1, 2004 are defined as those costing more than \$750 and having a useful life of more than one year. Donated assets are recorded at fair value 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 asset lives are not capitalized.

Interest costs incurred during construction are not capitalized as part of the cost of construction.

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

<u>Asset Class Description</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	10-25 years
Building improvements	10-20 years
Furniture, Fixtures and Equipment	3-20 years
Motor Vehicles	5-10 years
Audio Visual Materials and Computer Software	3 years

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

H. Long-Term Liabilities

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

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

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Changes in long-term debt for the current year are reported in note 14.

I. State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program (FEFP) administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the Board determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine (9) months following the date of 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 of or additions to revenues in the year when the adjustments are made.

The District receives revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. The money not expended or encumbered as of the close of the fiscal year is usually carried forward into the following year to be expended for the same programs. The Department requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved for the unencumbered balance of categorical educational program resources.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

J. 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 taxes are assessed by the Hillsborough County Property Appraiser and are collected by the Hillsborough County Tax Collector.

The School Board adopted the 2006 tax levy on September 6, 2005. Tax bills are mailed in October; and taxes are payable between November 1 of the year assessed and March 31 of the following year with discounts of up to four percent for early payment.

Taxes become delinquent on April 1 of the year following the 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. These procedures result in the collection of essentially all taxes prior to June 30 of the year following the assessment.

Property tax revenues are recognized in the government-wide financial statements in the fiscal year for which the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when the taxes are received by the District, except that revenue is accrued for taxes collected by the Hillsborough County Tax Collector at fiscal year end which have not yet been remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued.

Millages and taxes levied for the current year are presented in note 19.

K. Federal Revenue Sources

The District receives Federal financial assistance 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 financial assistance 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.

L. Use of Estimates

The preparation of the financial statements requires management of the District to make a number of assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

2. BUDGET COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The School Board follows the procedures established by State statutes and State Board of Education rules in establishing final budget balances reported in the financial statements:

1. 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. Original budgets are submitted to the State Commissioner of Education for approval.
2. The budget is prepared by fund, function, object and department. Management may make transfers of appropriations between departments and object. The functional level is the legal level of budgetary control and may only be amended by resolution of the Board at any Board meeting prior to the due date for the Superintendent's Annual Financial Report (State Report). Budgetary disclosure in the accompanying financial statements reflects the original and final budget including all amendments approved for the fiscal year through September 7, 2006.
3. Budgets are prepared using the modified accrual basis as is used to account for actual transactions in the governmental funds.
4. Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and encumbrances outstanding are honored from the subsequent year's appropriations as described in a subsequent note on Reservations of Fund Balances.

All budget amounts presented in the basic statements and the accompanying supplementary information reflect the original budget and the final amended budget (which has been adjusted for legally authorized revisions of the annual budget during the year).

At the governmental fund level, outstanding encumbrances are reflected as a reservation of fund balance to reflect the re-appropriation in the subsequent year. Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

3. CASH AND INVESTMENTS

At June 30, 2006, the District's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

As of June 30, 2006 the District had the following investments and maturities (amounts in thousands):

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
United States Treasuries	July 2006 – May 2010	\$ 5,966
United States Agencies	July 2006 – April 2021	93,272
State Board of Administration Investment Pool	27 Days	635,627
Certificates of Deposit	January 2007 – December 2010	405
Evergreen Institutional Treasury Money Market	N/A	<u>237</u>
Total Primary Government		735,507
Component Unit		<u>3,397</u>
Total Investments Reporting Entity		<u>\$738,904</u>

Investments are reflected in the financial statements as follows (amounts in thousands):

Governmental funds	\$643,733
Internal service funds	68,618
Fiduciary funds	
Pension trust	9,300
Agency	<u>13,856</u>
Total Primary Government	<u>\$735,507</u>

Interest Rate Risk

The District has a formal investment policy that limits investments of idle funds (other than debt proceeds and pension trust fund) to the State Board of Administration's Local Government Surplus Funds Trust Fund investment pool, created by Florida statute 218.405, or with an intergovernmental pool. The District does not have a formal investment policy for debt proceeds and the pension trust fund that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District has \$836 in obligations of United States Agencies that include embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. These securities have various call dates and mature June 2007.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

3. CASH AND INVESTMENTS (continued)

Credit Risk

Section 218.415(17) Florida Statutes, authorizes the District to invest or reinvest any surplus public funds in their control or possession in:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.

The securities listed in paragraphs (c) and (d) shall be invested to provide sufficient liquidity to pay obligations as they come due. The Local Government Surplus Funds Trust Fund (State Board of Administration Investment Pool, hereafter referred to as State Board) is an external investment pool that is not registered with the Securities Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the District's investments in the State Board have been determined based on the pool's share price, which approximates fair value.

Investments in the State Board are not rated by a nationally recognized statistical rating agency. The District's investments in Certificates of Deposits were in qualified public depositories. The Evergreen Institutional Treasury Money Market is rated AAA by Standard & Poors and Aaa by Moody's Investor Services.

Custodial Credit Risk

The District does not have a formal investment policy that addresses custodial credit risk. However, Florida Statute, Section 218.415(18) requires every security purchased under this section on behalf of the District to be properly earmarked and:

1. If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the District's interest in the security;
2. If in book entry form, must be held for the credit of the District by a depository chartered by the Federal Government, the state, or any other state or territory of the United States which has a branch or principal place of business in Florida as defined in Section 658.12, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in Florida, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or
3. If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

3. CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

Of The District's investments, \$5,966 of U. S. Treasuries and \$93,272 of U.S. Agencies are uninsured, not registered in the name of the District and are held by the counterparty's trust department or agent but not in the District's name.

The District places no limit on the amount the District may invest in any one issuer. The District had an investment of \$87,176 in the Federal Small Business Administration, which makes up 11.9% of total investments.

Foreign Currency Risk

The District does not have a formal investment policy that limits its investment in foreign currency. The District has no investments which are exposed to foreign currency risk at June 30, 2006.

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies as of June 30, 2006 are shown below (amounts in thousands):

	General Fund	Other Special Revenue Fund	Food Service Fund	Other Capital Projects Fund	Non- Major and Other Funds	Total
Federal Government:						
Miscellaneous	\$ 206	\$ 409				\$ 615
State Government:						
Food Reimbursement			4,899			4,899
Classrooms For Kids				49,373		49,373
Public Education						
Capital Outlay					21,602	21,602
Miscellaneous State	5,207	1,149			4,320	10,676
Local Government:						
Hillsborough County						
Board of County						
Commissioners	11,027	2,709	668	7,848	5,680	27,932
Miscellaneous	427	180			5	612
Total:	<u>\$ 16,867</u>	<u>\$ 4,447</u>	<u>\$ 5,567</u>	<u>\$ 57,221</u>	<u>\$ 31,607</u>	<u>\$ 115,709</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows (amounts in thousands):

Description	Beginning Balances	Additions	Deletions	Ending Balances
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 115,549	5,228	1,773	119,004
Land Improvements-Non Depreciable Landscaping	38,056	8,070	2	46,124
Construction in Progress	<u>163,165</u>	<u>240,261</u>	<u>226,502</u>	<u>176,924</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>316,770</u>	<u>253,559</u>	<u>228,277</u>	<u>342,052</u>
<u>Capital Assets Being Depreciated:</u>				
Improvements Other Than Buildings	133,491	11,116	189	144,418
Buildings and Systems	<u>1,647,635</u>	<u>207,316</u>	<u>20,159</u>	<u>1,834,792</u>
Furniture, Fixtures and Equipment	175,666	20,898	16,763	179,801
Motor Vehicles	86,141	1,928	4,733	83,336
Audio Visual Materials	193	3	14	182
Computer Software	<u>20,276</u>	<u>5,628</u>	<u>321</u>	<u>25,583</u>
<b>Total Capital Assets Being Depreciated</b>	<u>2,063,402</u>	<u>246,889</u>	<u>42,179</u>	<u>2,268,112</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	78,631	5,033	170	83,494
Buildings & Systems	<u>354,074</u>	<u>41,812</u>	<u>18,106</u>	<u>377,780</u>
Furniture, Fixtures and Equipment	123,432	16,425	14,455	125,402
Motor Vehicles	49,732	5,722	4,493	50,961
Audio Visual Materials	181	7	14	174
Computer Software	<u>17,110</u>	<u>2,550</u>	<u>258</u>	<u>19,402</u>
Total Accumulated Depreciation	<u>623,160</u>	<u>71,549</u>	<u>37,496</u>	<u>657,213</u>
<b>Total Capital Assets Being Depreciated (Net)</b>	<u>1,440,242</u>	<u>175,340</u>	<u>4,683</u>	<u>1,610,899</u>
Governmental Activities Capital Assets (Net)	<u>\$ 1,757,012</u>	<u>\$ 428,899</u>	<u>\$ 232,960</u>	<u>\$ 1,952,951</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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5. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows (amounts in thousands):

Instructional Services	\$ 6,998
Instructional Support services	1,935
Pupil Transportation Services	4,418
Operation and Maintenance of Plant	815
Facilities Acquisition and Construction	55,082
School Administration	462
General Administration	394
Food Services	467
Community Services and other	205
Un-Allocated Depreciation	<u>773</u>

Total Depreciation Expense \$71,549

6. REVOLVING LINE OF CREDIT

Pursuant to the provisions of Section 1011.13, Florida Statutes, the Board approved a revolving Line of Credit Tax Anticipation Note on June 13, 2006 that matures May 30, 2007, in the amount of \$80,000,000 with Wachovia National Bank of Florida. The outstanding principal amount of the Note shall bear interest at 60.0 percent of the Prime Rate, as published in the *Wall Street Journal* on the Monday of the week preceding the actual borrow date. This line-of-credit allows the Board to borrow funds if established revenues (cash) are lagging behind expenditures such as weekly payrolls and weekly vendor payments. The Note is secured by a pledge of anticipated ad valorem tax proceeds. This revolving Note may be made and repaid from time to time. The principal of this Note may be partly or wholly paid and re-advanced provided that the outstanding principal balance shall not exceed \$80,000,000 at any time outstanding. During the year ended June 30, 2006, no funds had been borrowed under this line-of-credit, nor was the line of credit utilized during the fiscal year.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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7. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT - CERTIFICATES OF PARTICIPATION

The District entered into various financing arrangements that each of which was characterized as a lease-purchase agreement, with the Hillsborough School Board Leasing Corporation (Corporation), whereby the District secured financing of various education facilities through the issuance of Certificates of Participation to be repaid from the proceed of rents paid by the School District.

As a condition of the financing arrangement, the District has given ground leases on District property to the Hillsborough School Board Leasing Corporation, with a rental fee of \$10 per year. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreements to the Trustee for the benefit of the securers of the Certificates to the end of the ground lease term.

Certificates of Participation that are still part of the District's debt obligation are as follows (amounts in thousands):

Certificates	Date of Certificates	Original Amount of Certificates	Ground Lease Term
Series 1998 Project	March 1, 1998	\$ 336,930	June 30, 2017
Series 1999 Project	October 1, 1999	111,700	June 30, 2025
Series 2000 QZAB Project	March 9, 2000	10,628	May 31, 2012
Series 2000 Project	November 1, 2000	48,860	June 30, 2026
Series 2001A Project	January 15, 2001	103,770	June 30, 2025
Series 2001B Project	July 1, 2001	69,265	June 30, 2026
Series 2001 QZAB Project	November 6, 2001	9,600	November 6, 2015
Series 2002 Project	September 15, 2002	64,010	June 30, 2028
Series 2003B Project	September 1, 2003	72,065	June 30, 2029
Series 2004A Project	February 19, 2004	27,305	June 30, 2017
Series 2004B Project	February 19, 2004	56,715	June 30, 2026
Series 2004 QZAB Project	June 8, 2004	6,131	June 30, 2020
Series 2004C Project	November 4, 2004	89,750	June 30, 2030
Series 2005A Project	February 25, 2005	48,915	June 30, 2026
Series 2005 QZAB Project	December 20, 2005	3,002	December 20, 2020
Series 2006A Project	January 31, 2006	86,435	June 30, 2031

The Series 1998 Certificates of Participation were also issued, in part, in order to provide the funds necessary to advance refund the Series 1994 and the Series 1995 Certificates of Participation and refinance the Series 1994 and Series 1995 facilities which the School Board has acquired, constructed and installed from the proceeds of the Series 1994 and Series 1995. The Series 2001A Certificates of Participation were issued in order to provide funds necessary to partially advance refund the Series 1999 Certificates of Participation and refinance the Series 1999 facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 1999. The Series 2004A Certificates of Participation were issued in order

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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7. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT - CERTIFICATES OF PARTICIPATION

to provide funds necessary to advance refund the Series 1996 Certificates of Participation and refinance the Series 1996 facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 1996. The Series 2005A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 2000 Certificates of Participation and refinance the Series 2000 facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 1996. See Note 13.

Due to the economic substance of the issuances of the Certificates of Participation as a financing arrangement on behalf of the Board, the financial activities of the Corporation have been blended in with the financial statements of the District. For accounting purposes, due to the blending of the Corporation within the District's financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders. During the year ended June 30, 2006, \$98,492,611 was expended for capital outlay in the Certificates of Participation Capital Projects Funds.

The lease payments for the Series 1998, Series 1999, Series 2000, Series 2001A, Series 2001B, Series 2002, Series 2003B, Series 2004A, Series 2004B, Series 2005A Certificates and Series 2006A Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates, of 3.6 to 5.5 percent, 3.65 to 6.00 percent, 4.20 to 5.55 percent, 3.00 to 5.00 percent, 3.00 to 5.25 percent, 2.00 to 4.625 percent, 5.00 percent, 5.25 percent, 2.00 percent to 5.09 percent, 2.375 to 5.0 percent and 3.50 to 5.00 percent, respectively. The lease payments for the Series 2004C Certificates are payable by the District weekly at an auction interest rate. The lease payments for the Series 2000-QZAB, 2001-QZAB, 2004-QZAB and 2005 QZAB Certificates are due April 10, 2012, November 1, 2015, June 3, 2020 and December 20, 2020, respectively. There is no interest to be paid on the QZABs, as the certificate holders receive Federal Tax Credits in lieu of interest payments. The District is required to reserve a portion of the lease payments each year. The following is a schedule by years of future minimum lease payments under the lease agreements as of June 30 (amounts in thousands):

	Total	Principal	Interest
2007	\$ 57,159	\$ 16,545	\$ 40,614
2008	59,200	18,970	40,230
2009	59,157	19,740	39,417
2010	59,087	20,575	38,512
2011	59,133	21,565	37,568
2012 – 2016	318,168	147,093	171,075
2017 – 2021	310,870	175,553	135,317
2022 – 2026	303,435	215,180	88,255
2027 – 2031	286,130	255,315	30,815
2032	16,968	16,585	383
Total Minimum Lease Payments	<u>\$1,529,307</u>	<u>\$ 907,121</u>	<u>\$ 622,186</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

8. INTEREST RATE SWAP

**Swapion:** The District entered into a swaption contract that provided the District an up-front payment of \$5,006,500. This payment was reduced by a premium refund of \$1,800,000 paid by the District to the counterparty on May 26, 2005. Such premium refund was paid to reflect a reduction in the notional amount from \$177,195,000 to \$109,830,000 pursuant to an amendment to interest rate swaption dated April 19, 2005. As a synthetic refunding of its Series 1998A Certificates of Participation, this payment represents the risk-adjusted, present-value savings of a refunding as of July 1, 2008 without issuing refunding bonds at February 2003. The swaption gave the counterparty the option to make the District enter into a pay-fixed, receive-variable interest rate swap. If the option is exercised, the District would then expect to issue variable-rate refunding bonds. The original fixed swap rate of 5.06% is in accordance with the adjustment in the notional amount and reduced premium.

The Swaption was entered into on February 19, 2003. The \$3,206,500 net payment was based on a notional amount of \$109,830,000. The counterparty has the option to exercise the agreement on July 1, 2008, the District's Series 1998A Certificates of Participation's first call date. The counterparty also has the option to exercise the agreement on January 1, 2009, July 1, 2009, January 1, 2010, and July 1, 2010. If the swap is exercised, the swap will commence on the respective option date. The fixed swap rate (4.97%) was set at a rate that, when added to an assumption for remarketing and liquidity costs, will approximate the coupons of the "refunded" bonds. The swap's variable payment would be based on the Bond Market Association (BMA) municipal swap index.

As of June 30, 2006, the fair value of the option on the swap was \$5,654,689, which was estimated based on the year end market condition using the zero-coupon method. The contract's fair value reflects the aforementioned amendment to the interest rate swaption. The zero coupon method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

If the option is exercised and refunding bonds are not issued, the Series 1998A Certificates of Participation would not be refunded and the District would make net swap payments as required by the terms of the contract, making a fixed payment to the counterparty for the term of the swap at 4.97 percent and receiving a variable payment of the BMA Municipal Swap Index. If the option is exercised and the variable-rate bonds are issued, the actual savings ultimately recognized by the transaction will be affected by the relationship between the interest rate terms of the to-be-issued variable-rate bonds versus the variable payment on the Swap (BMA Municipal Swap Index).

**Floating-to-Fixed Interest Rate Swap:** In connection with the issuance on November 29, 2004 of \$89,750,000 variable rate Certificates of Participation Series 2004C, the District entered into a \$29,750,000 floating-to-fixed interest rate swap, effective through December 7, 2014 to hedge a portion of the Certificates maturing July 1, 2030 against future increases in interest rates. The swap effectively converts \$29,750,000 of the Certificates into 10-year synthetic fixed rate debt obligations at an interest rate of 3.736%. The Certificates and swap together create low cost, long-term synthetic fixed rate debt for the District. At June 30, 2006, the swap had a positive fair market value of \$775,372 based on mid-market values as of the close of business.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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9. NOTES PAYABLE

Notes payable are comprised of the following (amounts in thousands):

<u>Wachovia Loans</u>	Balance at 6/30/06
\$4,267 borrowed 1/23/02, under the provisions of Section 1011.14, Florida Statutes. Variable interest rate 4.125 percent at 6/30/06. Proceeds used to purchase insurance on educational property. The Board's intent is to extend repayment of the remaining balance until 2007 in an installments of \$853.	<u>\$ 853</u>

Amounts needed for the planned repayment of the Section 1011.14, Florida Statutes, bank loans are as follows (amounts in thousands):

Fiscal Year Ending June 30	Total	Principal	Interest (1)
2007	<u>\$888</u>	<u>\$853</u>	<u>\$ 35</u>

(1) The projected interest amount can change based on interest rate changes upon the annual renewal of the bank loans. Interest was calculated based on the rate in effect at June 30, 2006.

10. BONDS PAYABLE

Bonds payable at June 30, 2006 were as follows (amounts in thousands):

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 1996-B	\$ 175	4.0 - 4.625	2007
Series 1998-A	5,080	4.0 - 5.5	2018
Series 1999-A	5,785	4.0 - 4.75	2019
Series 2000-A	265	4.625 - 6.0	2020
Series 2002-A	1,450	3.0 - 5.0	2022
Series 2003-A	2,700	3.0 - 5.0	2023
Series 2004-A	3,195	3.0 - 4.625	2024
Series 2005-A	1,110	3.0 - 5.0	2025
Series 2005Q	37,170	3.5 - 5.0	2020
Series 2006-A	3,650	5.5	2026
District Revenue Bonds:			
Series 1998 Capital Improvement & Racetrack Revenue Refunding	3,258	3.5 - 5.35	2028
Series 2002 Sales Tax	86,475	2.25 - 5.375	2025
Series 2005 Sales Tax Refunding	127,975	2.25 - 5.00	2023
Series 2006 Sales Tax	<u>54,860</u>	4.0 - 4.25	2026
Total Bonds Payable	<u>\$333,148</u>		

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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10. BONDS PAYABLE (continued)

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

STATE SCHOOL BONDS

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

DISTRICT REVENUE BONDS

Capital Improvement and Racetrack Revenue Refunding Bonds of 1998

These bonds are authorized by Chapter 71-680, Laws of Florida, which authorized the Board to pledge all of the portion of racetrack funds accruing annually to Hillsborough County, under the provisions of Chapters 550 and 551, Florida Statutes, as allocated to the Board pursuant to law, and Chapter 132, Florida Statutes, which authorized the refunding of the District Revenue Bonds of 1985. As required by the bond resolution the Board established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Sales Tax Revenue Bonds, Series 2002, 2005 and Series 2006

These bonds are authorized by the Constitution and Laws of the State of Florida, including, particularly Chapter 1010, Florida Statutes, Chapter 212, Part I, Florida Statutes and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received pursuant to the Interlocal Agreement from the levy and collection by the County of the one-half cent local infrastructure sales surtax.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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10. BONDS PAYABLE (continued)

Annual requirements to amortize all bonded debt outstanding as of June 30, 2006, are as follows (amounts in thousands):

TOTAL SBE BONDS

Fiscal Year Ending June 30	Total	Principal	Interest
2007	\$ 6,369	\$ 3,555	\$ 2,814
2008	6,467	3,710	2,757
2009	6,409	3,815	2,594
2010	6,392	3,980	2,412
2011	6,385	4,165	2,220
2012 - 2016	31,803	23,925	7,878
2017 - 2021	16,412	14,260	2,152
2022 - 2026	3,564	3,170	394
Total Debt Service Payments	<u>\$83,801</u>	<u>\$60,580</u>	<u>\$23,221</u>

TOTAL DISTRICT REVENUE BONDS

Fiscal Year Ending June 30	Total	Principal	Interest
2007	18,934	6,925	12,009
2008	20,806	9,030	11,776
2009	20,656	9,137	11,519
2010	20,640	9,459	11,181
2011	20,618	9,811	10,807
2012 - 2016	102,968	55,146	47,822
2017 - 2021	102,047	68,043	34,004
2022 - 2026	101,588	85,343	16,245
2027 - 2028	20,664	19,674	990
Total Debt Service Payments	<u>\$428,921</u>	<u>\$272,568</u>	<u>\$156,353</u>

11. SALES TAX REVENUE BONDS

On March 27, 2006 the District issued Sales Tax Revenue Bonds Series 2006 for \$54,860,000 with interest ranging from 4.0% to 4.25%. Proceeds are to be used for the acquisition, construction and installation of, and remodeling to, certain capital improvements and educational facilities to be made within the District.

12. STATE BOARD OF EDUCATION BONDS

On June 15, 2006 the State Board of Education issued Series 2006A in the amount of \$3,650,000 of Capital Outlay Bonds, on behalf of the District in order to finance the cost of acquiring, building, constructing, remodeling, improving, enlarging, furnishing, maintaining, renovating or repairing of projects. The net proceeds were placed in a Capital Outlay Fund for the above projects.



SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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June 30, 2006

13. DEFEASED DEBT

On July 13, 2005, the State Board of Education issued Series 2005Q SBE Bond in the amount of \$37,360,000 at a premium, with an interest rate of 3.5% to 5.0% on behalf of the District. The proceeds were used to advance refund \$38,310,000 principal amount and \$480,000 principal amount of the District's portion of then outstanding \$45,625,000 and \$820,000 Series 1998A and 2000A SBE Bonds, respectively. The net proceeds of \$40,856,050 (after payment of \$306,400 in underwriter's fees, accrued interest and other issuance costs) were placed in an irrevocable trust to provide for the future debt service payment of the refunded amount of the Series 1998A and 2000A SBE Bonds.

As a result, \$37,360,000 of the Series 1998A SBE Bonds and \$480,000 of the Series 2000A SBE Bonds are considered defeased and the liability for these SBE Bonds has been removed from long term debt. Accordingly, the trust account assets and the liability for that portion of the Series 1998A and 2000A SBE Bonds are not included in the School District's financial statements.

As a result of the advance refunding, the total Debt Service requirements for SBE Bonds were reduced by \$1,430,000, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$2,218,074.

In prior years, the Board defeased in substance certain outstanding revenue bonds and Certificates of Participation by placing the proceeds of each of the new bond issues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and the liability for the in substance defeased bonds are not included in the Board's financial statements. At June 30, 2006, \$125,940,000 of Series 1994 Certificates of Participation, \$51,890,000 of Series 1995 Certificates of Participation, \$95,785,000 of Series 1999 Certificates of Participation, \$28,000,000 of the Series 1996 Certificates of Participation, \$45,625,000 of Series 2000 Certificates of Participation and \$126,160,000 of Series 2002 Sales Tax Revenue Bonds are considered defeased.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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14. CHANGES IN LONG TERM DEBT

The following is a summary of changes in general long-term debt (amounts in thousands):

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due in One Year
Compensated					
Absences Payable	\$122,763	\$26,332	\$19,475	\$129,620	\$12,828
Certificate of Participation	835,319	89,437	17,635	907,121	16,545
Arbitrage Payable	-	1,076	-	1,076	-
Notes Payable	1,707	-	854	853	853
Bonds Payable	<u>295,513</u>	<u>95,870</u>	<u>58,235</u>	<u>333,148</u>	<u>10,480</u>
<b>TOTAL</b>	<b><u>\$1,255,302</u></b>	<b><u>\$ 212,715</u></b>	<b><u>\$96,199</u></b>	<b>\$1,371,818</b>	<b><u>\$40,706</u></b>
Plus unamortized bond premium:					
Bonds payable				11,078	
Certificates of participation				6,866	
Less unamortized loss on refunding					
Bonds payable				(10,988)	
Certificates of participation				<u>(7,082)</u>	
Total long-term liabilities				<b><u>\$1,371,692</u></b>	

Compensated absences are generally liquidated by the general fund.

15. RESERVATIONS OF FUND BALANCES

Reserves are generally limited to indicating that portion of the fund equity that is restricted to a specific future use or is not available for appropriations and expenditures. Fund balances have been reserved for the following at June 30, 2006 (amounts in thousands):

\$60,659	Encumbrances which are those amounts that represent obligations or commitments chargeable in the future when the material and services are rendered.
\$74,813	Debt Service which are those amounts available to apply against future principal and interest payments.
\$18,309	State Categorical Carry-over Programs, which are those balances of various specially identified programs, funded by the State Department of Education.
\$4,964	Reserves for Inventory are that portion of inventory on hand over liabilities that cannot be utilized as cash.
\$33,872	Reserves for Other Purposes, which are those balances of various identified programs other than State Categorical programs that are funded by the State and local government.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

16. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General	\$13,482	\$1,480
Contracted Services	807	6,654
Food Services	192	5,694
Certificates of Participation	496	6,157
Sales Tax Bond Revenue	-	145
Other Capital Projects	1,737	3,208
Non-major Governmental Funds	<u>7,880</u>	<u>1,256</u>
Total	<u>\$24,594</u>	<u>\$24,594</u>

The majority of interfund receivables and payables are established during the closing period. The receivable in the general fund is for payback of direct/indirect charges for June. The amounts in certificates of participation funds, sales tax bond revenue funds, other capital project funds and non-major funds are mostly due to the movement of expenditures between capital project funds.

17. INTERFUND TRANSFERS

The following is a summary of interfund transfers reported in the fund financial statements (amounts in thousands):

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General	\$ 503	\$3,604
Contracted Services	59	-
Certificates of Participation	-	2,051
Non-major Governmental Funds	60,874	59,196
Internal Service Funds	<u>3,545</u>	<u>130</u>
Total	<u>\$64,981</u>	<u>\$64,981</u>

The largest amount of interfund transfers is to move money to the debt service funds for bond principal and interest payments. The remainder is the charging of direct and indirect costs.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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18. STATE REVENUE SOURCES

The following is a schedule of the District's state revenue for the 2005/2006 fiscal year (amounts in thousands):

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$604,072
Workforce Development	32,186
Discretionary Lottery Funds	9,399
Categorical Education Programs	194,310
Gross Receipts Tax (Public Education Capital Outlay)	20,559
Capital Outlay and Debt Service	7,398
Class Size Reduction	8,520
Food Service Supplement	1,447
Mobile Home License Tax	646
State Board of Education Bond Interest	147
Pari-Mutuel Tax	447
Miscellaneous	<u>7,644</u>
Total	<u>\$886,775</u>

19. PROPERTY TAXES

The following is a summary of millages and taxes levied in the 2005 tax roll for the fiscal year 2005-06 (dollars in thousands):

	<u>Millage Levied</u>	<u>Taxes Levied</u>
<u>General Fund</u>		
Non-voted School Tax:		
Required Local Effort	5.1680	\$321,678
Discretionary Local Effort	.7600	47,306
<u>Debt Service Funds</u>		
Voted Tax:		
Interest and Sinking	.0090	567
<u>Capital Projects Funds</u>		
Non-voted Tax:		
Local Capital Improvements	<u>2.0000</u>	<u>124,479</u>
Total	<u>7.9370</u>	<u>\$494,030</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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20. STATE RETIREMENT PROGRAMS

All regular employees of the District are covered by the Florida Retirement System, a State-administered cost-sharing multiple-employer public employee defined benefit retirement plan (Plan). Participating employers include all State departments, counties, district school boards, and community colleges. Many municipalities and special districts have elected to be participating employers. Employees who earn benefit credits while employed by one participating employer may transfer the credits to any other participating employer.

Essentially all regular employees of participating employers are eligible and must enroll as members of the Plan. Benefits vest at specified numbers of years of service depending upon the employee's classification. Generally, members are eligible for normal retirement benefits at age 62 with 6 years of service or at any age after 30 years of service. For normal retirement, benefit payments are based on the member's highest 5-year average annual salary (average final compensation) times the number of years of service, multiplied by a percentage ranging from 1.60 percent at either 62 or with 30 years of service to 1.68 percent at age 65 or with 33 years of service. Members are eligible for early retirement after 6 years of service but before age 62; however, normal benefits are reduced by 5 percent for each year a member retires before age 62. As described in note 21, the District administers a single-employer retirement program that under certain conditions covers the difference in benefits between normal and early retirement.

The Plan provides retirement, disability, and death benefits and annual cost-of-living-adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (DROP) was established effective July 1, 1998. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

The benefit provisions and all other requirements of the Plan are established by Florida Statutes.

The contribution rates for the Plan are established, and may be amended, by the State of Florida. As of June 30, 2006, the contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular (HA)	0.00	7.83
Florida Retirement System, County Elected Officers (HI)	0.00	15.23
Florida Retirement System, Senior Management Service Class (HM)	0.00	10.45
Florida Retirement System, Special Risk (HB)	0.00	18.53
Teachers' Retirement System, Plan E (IE)	6.25	11.35
State and County Officers and Employees' Retirement System, Plan B (AF)	4.00	9.10
Florida Retirement System, Reemployed Retiree (RA)	0.00	7.83

Notes: (A) Employer rates include the post-retirement health insurance supplement, which was increased on July 1, 2001 to 1.11 percent.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

20. STATE RETIREMENT PROGRAMS (continued)

The District's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions to the Plan (including employee contributions) for the fiscal years ending June 30, 2004, June 30, 2005, and June 30, 2006, totaled \$56,048,722, \$59,393,345 and \$67,164,376 respectively, representing a percentage of covered payroll of 7.56% for fiscal year 2004, 7.56% for fiscal year 2005 and 8.01% for fiscal year 2006. These amounts are equal to the required contributions for each fiscal year.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the Florida Retirement System. The report may be obtained by writing to the State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399.

21. EARLY RETIREMENT PROGRAM

a. Plan Description and Provisions

As authorized by Section 1012.985, Florida Statutes, the Board implemented an Early Retirement Plan (Plan), effective August 1, 1984. The Plan is a single-employer defined benefit plan. The purpose of the Plan is to provide eligible District employees, who elect to retire under the early retirement provisions of the Florida Retirement System, described in Note 20, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62. The School Board entered into an agreement with Wachovia Bank, N.A., designating the Bank as the Investment Manager and Custodian (Trustee) for the Plan assets. The Agreement also provides that monthly benefits be paid by the Trustee.

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

Retirees and beneficiaries currently receiving benefits 479

Active Plan Participants:

Vested	2,806
Non-vested	<u>2,969</u>
Total	<u>5,775</u>

A summary of Eligibility and Benefits follows:

Eligibility

A member of the Plan is eligible upon attainment of age 55 to 59, completion of 25 but not more than 28 years of creditable service, at least 5 consecutive and uninterrupted years of service immediately preceding early retirement, and having applied for retirement under The Florida Retirement System.

Benefits

The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the Florida Retirement System due to early retirement. The benefit amount will be based on the initial benefit amount determined by the Florida

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

21. EARLY RETIREMENT PROGRAM (continued)

Retirement System prior to any cost of living adjustments and once established will remain unchanged, unless a specific increase is authorized by the Board.

b. Summary of Significant Accounting Policies

The Plan is accounted for as a pension trust fund; therefore it is accounted for in substantially the same manner as a proprietary fund with a "capital maintenance" measurement focus and the accrual basis of accounting. Employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan assets are valued at fair value for financial statement purposes.

Separate Statements are not issued for the Plan.

c. Contributions and Reserves

The District's Early Retirement Program was established by the Board on August 1, 1984. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the Plan and to amortize the un-funded actuarial accrued liability within 30 years based on an actuarial study. There are no long-term contracts to the plan. Periodic employer contributions to the Plan are determined on an actuarial basis using the "Entry Age Actuarial Cost Method". Annual pension cost is funded on a current basis. Pursuant to Section 112.64, Florida Statutes, the un-funded actuarial accrued liability is funded over a 40-year period. Periodic contributions for both normal cost and the amortization of the un-funded actuarial liability are based on the level percentage of payroll method.

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

Total contributions to the Plan in fiscal years 2004, 2005 and 2006 amounted to \$2,100,014, \$1,932,629 and \$1,988,593, respectively. The actuarially determined contribution for fiscal years 2004, 2005 and 2006 were \$1,885,854, \$1,990,860 and \$2,283,533, respectively which were determined through actuarial valuations performed at February 28, 2003, May 4, 2004 and November 9, 2004, respectively. The total annual pension costs for fiscal years 2004, 2005 and 2006 were \$1,882,002, \$1,988,508 and \$2,278,659, respectively.

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

All of the assets in the District's Pension Trust Fund are maintained in legally required reserves. None of the assets have been designated by the Board for any other specific purpose. Costs of administering the Plan are financed through the Plan's resources (employer contributions and investment earnings).

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

21. EARLY RETIREMENT PROGRAM (continued)

d. Concentrations

The Plan's investments at June 30, 2006, consisted of the following:

	Balance June 30, 2006	Percentage of Plan Net Assets
Obligations of U.S. Agencies	\$9,063,250	97%
Other Investments	236,742	3%
Total	<u>\$9,299,992</u>	<u>100%</u>

e. Actuarial Information

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

Valuation Date	07/01/05
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll-Closed
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7%
Projected Salary Increases	5%
Rate of Inflation Adjustment	None

22. OTHER POST-RETIREMENT BENEFITS

The state retirement program described in Note 20 includes District payments for a retiree health insurance subsidy. The employer contribution rate from July 2005 through June 2006 was 1.11 percent of eligible wages. Total District contributions for the fiscal year ended June 30, 2006 were \$9,307,126.

23. RISK MANAGEMENT

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

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

23. RISK MANAGEMENT (continued)

A liability in the amount of \$20,923,575 was actuarially determined using a discount rate of 3% to cover reported and unreported insurance claims payable at June 30, 2006. It is estimated that \$6,826,794 of the liability is current and due within one year. The remaining \$14,096,781 will be due in future years.

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

	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2004 – 2005	\$26,338,204	\$ 6,810,079	\$( 8,156,635)	\$24,991,648
2005 – 2006	\$24,991,648	\$ 1,417,760	\$( 5,485,833)	\$20,923,575

Claims and judgments are generally liquidated by the general fund.

24. COMMITMENTS AND CONTINGENCIES

Construction Contract Commitments

The following is summary of major construction contract commitments remaining at June 30, 2006 (amounts in thousands):

DETAIL LISTING OF CONSTRUCTION IN PROGRESS  
JUNE 30, 2006

Description	Project Authorization	Expended Through 6/30/05	Committed
Additions	\$ 52,384	\$ 36,491	\$ 15,893
Elementary Schools	46,750	23,804	22,946
Middle Schools	23,088	15,939	7,149
Senior High Schools	42,819	29,017	13,802
Other	12,968	1,700	11,268
Renovations	68,048	53,535	14,513
Improvements	3,340	1,920	1,420
Total	<u>\$249,397</u>	<u>\$162,406</u>	<u>\$ 86,991</u>

LITIGATION

The District is involved in several pending and threatened legal actions. In the opinion of District management, the range of potential loss from all such claims and actions should not materially affect the financial condition of the District.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

24. COMMITMENTS AND CONTINGENCIES (continued)

Grants and Contracts

The District participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the District.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA  
SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
June 30, 2006  
(UNAUDITED)

Schedule of Funding Progress:

FISCAL YEAR ENDED JUNE 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability Entry Age (1)	Unfunded Actuarial Accrued Liability (3)	Funded Ratio (2)	Covered Payroll	Actuarial Liability as a Percentage of Covered Payroll
2001	5,580,220	22,070,817 (4)	16,490,597	25.28%	156,605,715 (4)	14.09%
2002	6,409,495	22,827,019 (5)	16,417,524	28.10%	170,162,468 (5)	13.41%
2003	7,202,634	28,443,117 (6)	21,240,483	25.30%	163,581,224 (6)	17.39%
2004	7,476,928	29,906,771 (7)	22,429,843	25.00%	172,252,480 (7)	17.36%
2005	8,312,833	31,241,919 (8)	22,929,086	26.60%	177,745,949 (8)	17.58%
2006	8,833,753	33,461,470 (9)	24,627,717	26.40%	186,742,083 (9)	17.92%

Notes: (1) The Entry Age Actuarial Cost Method is used to determine the Plan's funding requirements.  
(2) The percentage funded is derived by dividing the actuarial value of assets by the actuarial accrued liability.  
(3) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of assets.  
(4) Based on data from an actuarial valuation report as of July 1, 2000, dated April 30, 2001.  
(5) Based on data from an actuarial valuation report as of July 1, 2001, dated December 4, 2001.  
(6) Based on data from an actuarial valuation report as of July 1, 2002, dated February 28, 2003.  
(7) Based on data from an actuarial valuation report as of July 1, 2003, dated July 1, 2003.  
(8) Based on data from an actuarial valuation report as of July 1, 2004, dated July 1, 2004.  
(9) Based on data from an actuarial valuation report as of July 1, 2005, dated May 9, 2006.

Isolated analysis of the dollar amounts of the actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading.

Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

Unaudited – see accompanying independent auditors' report.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA  
SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
June 30, 2006  
(UNAUDITED)

Schedule of Employer Contributions:

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	1,400,908	81.60%
2002	1,362,831	108.69%
2003	1,754,766	74.61%
2004	1,885,854	111.36%
2005	1,990,860	97.08%
2006	2,283,533	87.08%

Unaudited – see accompanying independent auditors' report.



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**




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## Nonmajor Governmental Funds

### Debt Service Funds

The Debt Service Funds account for the payment of interest and principal of the current portion of long-term debt, primarily from tax proceeds and earnings on temporary investments

- **State Board of Education Bond Funds** – Accounts for and reports on payments of principal, interest and related costs on various bond issues serviced by the State.
- **Special Act Bond Funds** - Accounts for and reports on the payment of principal, interest and related costs on bonds that are secured by the portion of the State racetrack funds.
- **Section 237.161 Loan Funds** - Accounts for and reports on the payment of principal and interest on notes issued under Section 237.161, Florida Statutes.
- **District Bond Funds** - Accounts for and reports on the repayment of general obligation debt.
- **Other Debt Service Funds** - Accounts for and reports on the payment of principal, interest and related costs for the Certificates of Participation and other debt.

### Capital Projects Funds

The Capital Projects Funds account for the financing and acquisition or construction of major capital facilities, such as new school buildings and additions to existing buildings, or for major renovation projects

- **Capital Outlay Bond Issue Funds** – Accounts for and reports on bond issue proceeds received from the State Board of Education and issued at the request of the District.
  - **Special Act Bond Racetrack Funds** - Accounts for and reports on funds received from racetrack funds.
  - **Public Education Capital Outlay Funds (PECO)** - Accounts for and reports on funds received from the State for the construction and maintenance of schools.
  - **Capital Outlay & Debt Service Funds** - Accounts for and reports on funds received from the State Board of Education Capital Outlay Bonds.
  - **Local Capital Improvement Funds** - Accounts for and reports on locally received funds, primarily ad valorem tax revenue.
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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006  
(amounts expressed in thousands)

	State Board of Education Bond Funds	Special Act Bond Funds	Debt Service District Bond Funds
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	1,509	154	594
Accounts receivable	-	-	-
Due from other governmental agencies	-	-	25
Due from other funds	-	358	-
Total assets	\$ 1,509	\$ 512	\$ 619
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 2
Due to other funds	-	-	-
Total liabilities	-	-	2
Fund balances:			
Reserved for:			
Encumbrances	-	-	-
Debt service	1,509	512	617
Unreserved, reported in:			
Capital projects funds	-	-	-
Total fund balances	1,509	512	617
Total liabilities and fund balance	\$ 1,509	\$ 512	\$ 619

Other Debt Service Funds	Total
\$ 859	\$ 859
69,162	71,419
-	-
2,156	2,181
-	358
\$ 72,177	\$ 74,817
\$ 2	\$ 4
-	-
2	4
-	-
72,175	74,813
-	-
72,175	74,813
\$ 72,177	\$ 74,817

(Continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006  
(amounts expressed in thousands)

	Capital Outlay Bond Issue Funds	Special Act Bond Racetrack Fund	Public Education Capital Outlay Funds
ASSETS			
Cash	\$ -	\$ -	\$ 7
Investments	6,138	531	3,172
Accounts receivable	-	-	-
Due from other governmental agencies	3,602	-	21,602
Due from other funds	-	-	-
Total assets	\$ 9,740	\$ 531	\$ 24,781
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 784
Due to other funds	8	1	287
Total liabilities	8	1	1,071
Fund balances			
Reserved for:			
Encumbrances	23	-	5,629
Debt service	-	-	-
Unreserved, reported in:			
Capital projects funds	9,709	530	18,081
Total fund balances	9,732	530	23,710
Total liabilities and fund balance:	\$ 9,740	\$ 531	\$ 24,781

See accompanying independent auditors' report.

Capital Projects		Local Capital Improvement		Total	Total Nonmajor Governmental Funds
Capital Outlay and Debt Service Funds		Funds			
\$ 1	\$ 2,371	\$ 2,379	\$ 3,238		
2,306	49,607	61,754	133,173		
-	8	8	8		
93	3,504	28,801	30,982		
-	7,522	7,522	7,880		
\$ 2,400	\$ 63,012	\$ 100,464	\$ 175,281		
\$ -	\$ 1,019	\$ 1,803	\$ 1,807		
360	600	1,256	1,256		
360	1,619	3,059	3,063		
107	12,941	18,700	18,700		
-	-	-	74,813		
1,933	48,452	78,705	78,705		
2,040	61,393	97,405	172,218		
\$ 2,400	\$ 63,012	\$ 100,464	\$ 175,281		

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	State Board of Education Bond Funds	Special Act Bond Funds	Debt Service Section 237.161 Loan Funds
<b>REVENUES</b>			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ -
Local sales tax	-	-	-
Interest income	-	10	-
Other	-	-	-
Total local sources	-	10	-
State sources:			
Public education capital outlay	-	-	-
Other	6,232	447	-
Total state sources	6,232	447	-
Total revenues	6,232	457	-
<b>EXPENDITURES</b>			
Current:			
Facilities acquisition and construction	-	-	-
Debt Service:			
Principal retirement	3,460	390	853
Interest	2,761	45	58
Dues, fees and other	150	1	-
Capital outlay			
Facilities acquisition and construction	-	-	-
Total expenditures	6,371	436	911
Excess (deficiency) of revenues over (under) expenditures	(139)	21	(911)
<b>OTHER FINANCING SOURCES (USES):</b>			
Long term bonds issued	-	-	-
Premium on sale of bonds	-	-	-
Discount on sale of bonds	-	-	-
Refunding bonds issued	37,360	-	-
Premium on sale of refunding bonds	3,637	-	-
Certificates of participation issued	-	-	-
Premium on sale of certificates of participation	-	-	-
Payments to refunded bond escrow agent	(40,856)	-	-
Transfers in	-	358	911
Transfers out	-	(374)	-
Total other financing sources and uses	141	(16)	911
Net change in fund balances	2	5	-
Fund balances - beginning	1,507	507	-
Fund balances - ending	\$ 1,509	\$ 512	\$ -

District Bond Funds	Other Debt Service Funds	Total
\$ 586	\$ -	\$ 586
-	28,408	28,408
55	1,234	1,299
79	-	79
720	29,642	30,372
-	-	-
-	-	6,679
-	-	6,679
720	29,642	37,051
-	-	-
9,520	23,710	37,933
278	46,851	49,993
12	2,177	2,340
-	-	-
-	-	-
9,810	72,738	90,266
(9,090)	(43,096)	(53,215)
-	760	760
-	20	20
-	-	-
-	-	37,360
-	-	3,637
-	53	53
-	1,067	1,067
-	-	(40,856)
-	59,605	60,874
-	(4,334)	(4,708)
-	57,171	58,207
(9,090)	14,075	4,992
9,707	58,100	69,821
\$ 617	\$ 72,175	\$ 74,813

(Continued)

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Capital Outlay Bond Issue Funds	Special Act Bond Racetrack Fund	Public Education Capital Outlay Funds
<b>REVENUES</b>			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ -
Local sales tax	-	-	-
Interest income	275	31	59
Other	-	-	27
Total local sources	275	31	86
State sources:			
Public education capital outlay	-	-	20,559
Other	-	-	-
Total state sources	-	-	20,559
Total revenues	275	31	20,645
<b>EXPENDITURES:</b>			
Current:			
Facilities acquisition and construction	125	220	7,780
Debt Service:			
Principal retirement	-	-	-
Interest	-	-	-
Dues, fees and other	29	-	-
Capital outlay			
Facilities acquisition and construction	1,317	5	28,276
Total expenditures	1,471	225	36,056
Excess (deficiency) of revenues over (under) expenditures	(1,196)	(194)	(15,411)
<b>OTHER FINANCING SOURCES (USES):</b>			
Long term bonds issued	3,650	-	-
Premium on sale of bonds	-	-	-
Discount on sale of bonds	(18)	-	-
Refunding bonds issued	-	-	-
Premium on sale of refunding bonds	-	-	-
Certificates of participation issued	-	-	-
Premium on sale of certificates of participation	-	-	-
Payments to refunded bond escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	3,632	-	-
Net change in fund balances	2,436	(194)	(15,411)
Fund balances - beginning	7,296	724	39,121
Fund balances - ending	\$ 9,732	\$ 530	\$ 23,710

See accompanying independent auditors' report.

Capital Projects			Total Nonmajor Governmental Funds
Capital Outlay and Debt Service Funds	Local Capital Improvement Funds	Total	
\$ -	\$ 124,660	\$ 124,660	\$ 125,246
-	-	-	28,408
61	2,296	2,722	4,021
10	416	453	532
71	127,372	127,835	158,207
-	-	20,559	20,559
1,202	-	1,202	7,881
1,202	-	21,761	28,440
1,273	127,372	149,596	186,647
275	22,113	30,513	30,513
-	-	-	37,933
-	-	-	49,993
3	-	32	2,372
129	35,721	65,448	65,448
407	57,834	95,993	186,259
866	69,538	53,603	388
-	-	3,650	4,410
-	-	-	20
-	-	(18)	(18)
-	-	-	37,360
-	-	-	3,637
-	-	-	53
-	-	-	1,067
-	-	-	(40,856)
-	-	-	60,874
(358)	(54,130)	(54,488)	(59,196)
(358)	(54,130)	(50,856)	7,351
508	15,408	2,747	7,739
1,532	45,985	94,658	164,479
\$ 2,040	\$ 61,393	\$ 97,405	\$ 172,218

DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)

State Board of Education Bond Funds			
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Actual
<b>REVENUES:</b>			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ -
Local sales tax	-	-	-
Interest income	-	-	-
Other	-	-	-
Total local sources	-	-	-
State sources:			
Capital Outlay and debt service withheld for SBE/COBI bonds	6,266	6,182	6,182
SBE/COBI bond interest	-	50	50
Racing commission funds	-	-	-
Total state sources	6,266	6,232	6,232
Total revenues	6,266	6,232	6,232
<b>EXPENDITURES:</b>			
Principal retirement	3,270	3,460	3,460
Interest	2,995	2,761	2,761
Dues, fees and other	15	150	150
Total expenditures	6,280	6,371	6,371
Excess (deficiency) of revenues over (under) expenditures	(14)	(139)	(139)
<b>OTHER FINANCING SOURCES (USES):</b>			
Long term bonds issued	-	-	-
Premium on sale of bonds	-	-	-
Refunding bonds issued	-	37,360	37,360
Premium on sale of refunding bonds	-	3,637	3,637
Certificates of participation issued	-	-	-
Premium on sale of certificates of participation	-	-	-
Payments to refunded bond escrow agent	-	(40,856)	(40,856)
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	141	141
Net change in fund balances	(14)	2	2
Fund balances - beginning	1,507	1,507	1,507
Fund balances - ending	\$ 1,493	\$ 1,509	\$ 1,509

Special Act Bond Funds				Section 237.161 Loan Funds			
Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
\$	-	\$	-	\$	-	\$	-
-	-	-	-	-	-	-	-
-	10	10	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10	10	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
447	447	447	-	-	-	-	-
447	447	447	-	-	-	-	-
447	457	457	-	-	-	-	-
390	390	390	-	853	853	853	-
45	45	45	-	43	58	58	-
1	1	1	-	-	-	-	-
436	436	436	-	896	911	911	-
11	21	21	-	(896)	(911)	(911)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
357	358	358	-	896	911	911	-
(374)	(374)	(374)	-	-	-	-	-
(17)	(16)	(16)	-	896	911	911	-
(6)	5	5	-	-	-	-	-
507	507	507	-	-	-	-	-
\$	501	\$	512	\$	-	\$	-

(Continued)

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**
**DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

	District Bond Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ 554	\$ 1,024	\$ 586	\$ (438)
Local sales tax	-	-	-	-
Interest income	-	55	55	-
Other	-	79	79	-
Total local sources	554	1,158	720	(438)
State sources:				
Capital Outlay and debt service withheld for SBE/COBI bonds	-	-	-	-
SBE/COBI bond interest	-	-	-	-
Racing commission funds	-	-	-	-
Total state sources	-	-	-	-
Total revenues	554	1,158	720	(438)
<b>EXPENDITURES:</b>				
Principal retirement	9,520	9,520	9,520	-
Interest	278	278	278	-
Dues, fees and other	207	43	12	31
Total expenditures	10,005	9,841	9,810	31
Excess (deficiency) of revenues over (under) expenditures	(9,451)	(8,683)	(9,090)	(407)
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	-	-	-
Premium on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on sale of refunding bonds	-	-	-	-
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(9,451)	(8,683)	(9,090)	(407)
Fund balances - beginning	9,707	9,707	9,707	-
Fund balances - ending	\$ 256	\$ 1,024	\$ 617	\$ (407)

	Other Debt Service Funds				Totals			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554	\$ 1,024	\$ 586	\$ (438)
15,999	28,408	28,408	-	15,999	28,408	28,408	-	-
-	1,236	1,234	(2)	-	1,301	1,299	(2)	(2)
-	-	-	-	-	79	79	-	-
15,999	29,644	29,642	(2)	16,553	30,812	30,372	(440)	(440)
-	-	-	-	6,266	6,182	6,182	-	-
-	-	-	-	-	50	50	-	-
-	-	-	-	447	447	447	-	-
-	-	-	-	6,713	6,679	6,679	-	-
15,999	29,644	29,642	(2)	23,266	37,491	37,051	(440)	(440)
23,710	23,710	23,710	-	37,743	37,933	37,933	-	-
47,452	48,784	46,851	1,933	50,813	51,926	49,993	1,933	1,933
155	2,251	2,177	74	378	2,445	2,340	105	105
71,317	74,745	72,738	2,007	88,934	92,304	90,266	2,038	2,038
(55,318)	(45,101)	(43,096)	2,005	(65,668)	(54,813)	(53,215)	1,598	1,598
-	760	760	-	-	760	760	-	-
-	20	20	-	-	20	20	-	-
-	-	-	-	-	37,360	37,360	-	-
-	53	53	-	-	3,637	3,637	-	-
-	53	53	-	-	53	53	-	-
-	1,067	1,067	-	-	1,067	1,067	-	-
-	-	-	-	-	(40,856)	(40,856)	-	-
57,005	60,214	59,605	(609)	58,258	61,484	60,874	(609)	(609)
(373)	(4,361)	(4,334)	27	(747)	(4,735)	(4,708)	27	27
56,632	57,753	57,171	(582)	57,511	58,790	58,207	(582)	(582)
1,314	12,652	14,075	1,423	(8,157)	3,977	4,992	1,016	1,016
58,100	58,100	58,100	-	69,821	69,821	69,821	-	-
\$ 59,414	\$ 70,752	\$ 72,175	\$ 1,423	\$ 61,664	\$ 73,798	\$ 74,813	\$ 1,016	\$ 1,016

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**CAPITAL PROJECTS FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

	Capital Outlay Bond Issue Funds			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Interest income	77	275	275	-
Other	-	-	-	-
Total local sources	77	275	275	-
State sources:				
Public education capital outlay	-	-	-	-
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Classsize Reduction	-	-	-	-
Other	-	-	-	-
Total state sources	-	-	-	-
Total revenues	77	275	275	-
<b>EXPENDITURES:</b>				
Current				
Facilities acquisition and construction	7,300	9,831	125	9,706
Debt Service				
Dues, fees and other	-	29	29	-
Capital outlay				
Facilities acquisition and construction	-	1,317	1,317	-
Total expenditures	7,300	11,177	1,471	9,706
Excess (deficiency) of revenues over (under) expenditures	(7,223)	(10,902)	(1,196)	9,706
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	3,650	3,650	-
Discount on sale of bonds	-	(18)	(18)	-
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	3,632	3,632	-
Net change in fund balances	(7,223)	(7,270)	2,436	9,706
Fund balances - beginning	7,296	7,296	7,296	-
Fund balances - ending	\$ 73	\$ 26	\$ 9,732	\$ 9,706

	Special Act Bond Racetrack Fund				Public Education Capital Outlay Funds			
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	Actual
	Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	31	31	-	-	175	147	59	(88)
-	-	-	-	-	-	27	27	-
10	31	31	-	-	175	174	86	(88)
-	-	-	-	-	20,559	20,559	20,559	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	20,559	20,559	20,559	-
10	31	31	-	-	20,734	20,733	20,645	(88)
724	748	220	528	59,672	31,476	7,780	23,696	
-	-	-	-	-	-	-	-	-
-	5	5	-	-	28,276	28,276	-	-
724	753	225	528	59,672	59,752	36,056	23,696	
(714)	(722)	(194)	528	(38,938)	(39,019)	(15,411)	23,608	
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(714)	(722)	(194)	528	(38,938)	(39,019)	(15,411)	23,608	
724,459	724	724	-	39,121	39,121	39,121	-	
\$ 723,745	\$ 2	\$ 530	\$ 528	\$ 183	\$ 102	\$ 23,710	\$ 23,608	

(Continued)

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**CAPITAL PROJECTS FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(amounts expressed in thousands)**

	Capital Outlay & Debt Service Funds			Variance with
	Budgeted Amounts			Final Budget -
	Original	Final	Actual	Positive
				(Negative)
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Interest income	35	61	61	-
Other	-	10	10	-
Total local sources	35	71	71	-
State sources:				
Public education capital outlay	-	-	-	-
Capital outlay distributed to district	985	1,106	1,106	-
Interest on undistributed CO & DS	-	96	96	-
Classsize Reduction	-	-	-	-
Other	-	-	-	-
Total state sources	985	1,202	1,202	-
Total revenues	1,020	1,273	1,273	-
<b>EXPENDITURES:</b>				
Current				
Facilities acquisition and construction	882	471	275	196
Debt Service				
Dues, fees and other	-	3	3	-
Capital outlay				
Facilities acquisition and construction	-	129	129	-
Total expenditures	882	603	407	196
Excess (deficiency) of revenues over (under) expenditures	138	670	866	196
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	-	-	-
Discount on sale of bonds	-	-	-	-
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	(357)	(358)	(358)	-
Total other financing sources and uses	(357)	(358)	(358)	-
Net change in fund balances	(219)	312	508	196
Fund balances - beginning	1,531	1,532	1,532	-
Fund balances - ending	\$ 1,312	\$ 1,844	\$ 2,040	\$ 196

Local Capital Improvement Funds				Certificates of Participation Funds			
Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final			Original	Final		
\$ 123,626	\$ 125,079	\$ 124,660	\$ (419)	\$ -	\$ -	\$ -	\$ -
1,350	2,304	2,296	(8)	2,754	9,201	9,116	(85)
85	893	416	(477)	-	21	21	-
125,061	128,276	127,372	(904)	2,754	9,222	9,137	(85)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
125,061	128,276	127,372	(904)	2,754	9,222	9,137	(85)
106,401	75,288	22,113	53,175	210,794	209,163	2,376	206,787
-	-	-	-	-	-	-	-
-	35,721	35,721	-	-	96,117	96,117	-
106,401	111,009	57,834	53,175	210,794	305,280	98,493	206,787
18,660	17,267	69,538	52,271	(208,040)	(296,058)	(89,356)	206,702
-	-	-	-	-	-	-	-
-	-	-	-	-	89,384	89,384	-
-	-	-	-	-	961	961	-
-	-	-	-	-	-	-	-
(57,480)	(54,705)	(54,130)	575	(49)	(2,051)	(2,051)	-
(57,480)	(54,705)	(54,130)	575	(49)	88,294	88,294	-
(38,820)	(37,438)	15,408	52,846	(208,089)	(207,764)	(1,062)	206,702
45,985	45,985	45,985	-	209,895	209,895	209,895	-
\$ 7,165	\$ 8,547	\$ 61,393	\$ 52,846	\$ 1,806	\$ 2,131	\$ 208,833	\$ 206,702

(Continued)



**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**CAPITAL PROJECTS FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(amounts expressed in thousands)**

	Sales Tax Bond Revenue			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	(Negative)
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Interest income	400	1,467	1,467	-
Other	-	-	-	-
Total local sources	400	1,467	1,467	-
State sources:				
Public education capital outlay	-	-	-	-
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Classsize Reduction	-	-	-	-
Other	-	-	-	-
Total state sources	-	-	-	-
Total revenues	400	1,467	1,467	-
<b>EXPENDITURES:</b>				
Current				
Facilities acquisition and construction	30,579	70,656	4,118	66,538
Debt Service				
Dues, fees and other	-	-	-	-
Capital outlay				
Facilities acquisition and construction	-	15,075	15,075	-
Total expenditures	30,579	85,731	19,193	66,538
Excess (deficiency) of revenues over (under) expenditures	(30,179)	(84,264)	(17,726)	66,538
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	54,100	54,100	-
Discount on sale of bonds	-	-	-	-
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	54,100	54,100	-
Net change in fund balances	(30,179)	(30,164)	36,374	66,538
Fund balances - beginning	30,448	30,448	30,448	-
Fund balances - ending	\$ 269	\$ 284	\$ 66,822	\$ 66,538

See accompanying independent auditors' report.

Other Capital Projects Funds				Totals											
Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)									
Original	Final	Actual		Original	Final		Actual								
\$	-	\$	-	\$	123,626	\$	125,079	\$	124,660	\$	(419)				
	1,313		667		6,114		14,153		13,946		(207)				
	-		10,167		85		11,118		9,511		(1,607)				
	1,313		10,834		129,825		150,350		148,117		(2,233)				
	-		-		20,559		20,559		20,559		-				
	-		-		985		1,106		1,106		-				
	-		-		-		96		96		-				
	8,520		8,520		8,520		8,520		8,520		-				
	448		448		448		448		110		(338)				
	8,968		8,968		30,512		30,729		30,391		(338)				
	10,281		19,802		160,337		181,079		178,508		(2,571)				
	109,361		58,739		525,713		456,372		39,868		416,504				
	-		-		-		32		32		-				
	-		58,066		-		234,706		234,706		-				
	109,361		116,805		525,713		691,110		274,606		416,504				
	(99,080)		(97,003)		(365,376)		(510,031)		(96,098)		413,933				
	-		-		-		57,750		57,750		-				
	-		-		-		(18)		(18)		-				
	-		-		-		89,384		89,384		-				
	-		-		-		961		961		-				
	-		3,776		-		3,776		3,776		-				
	-		-		(57,886)		(57,114)		(56,539)		575				
	-		3,776		(57,886)		94,739		95,314		575				
	(99,080)		(93,227)		(38,843)		54,384		(423,262)		(415,292)		(784)		414,508
	100,043		100,043		100,043		-		1,158,778		435,044		435,044		-
\$	963	\$	6,816	\$	61,200	\$	54,384	\$	735,516	\$	19,752	\$	434,260	\$	414,508



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#### Internal Service Funds

The Internal Service Funds account for the cost of the District's Insurance Funds

- **Workers Compensation Fund** - Accounts for and reports on the workers' compensation program.
  - **Liability Self-Insurance Liability Fund** - Accounts for and reports on the automobile and general liability programs.
  - **Group Health Insurance Fund** - Accounts for and reports on the health insurance program.
-

## B-55

(amounts expressed in thousands)

	Workers Compensation Fund	Liability Self Insurance Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 281	\$ -
Investments	49,361	5,761
Accounts receivable	-	-
Due from other governmental agencies	-	-
Total assets	<u>\$ 49,642</u>	<u>\$ 5,761</u>

## Total liabilities

Workers Compensation Fund	Liability Self Insurance Fund
\$ 281	\$ -
49,361	5,761
-	-
<u>\$ 49,642</u>	<u>\$ 5,761</u>
\$ -	\$ -
-	-
<u>17,473</u>	<u>3,451</u>
<u>17,473</u>	<u>3,451</u>

32,169	2,310
32,169	2,310
\$ 49,642	\$ 5,761

Group Health Insurance Fund	Totals
\$ -	\$ 281
13,496	68,618
150	150
625	625
<u>\$ 14,271</u>	<u>\$ 69,674</u>

\$	10,796	\$	10,796
	3,475		3,475
	-		20,924
	<u>14,271</u>		<u>35,195</u>

-	34,479
-	34,479
\$ 14,271	\$ 69,674

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**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND**

**CHANGES IN FUND NET ASSETS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

(amounts expressed in thousands)

	Workers Compensation Fund	Liability Self Insurance Fund
<b>OPERATING REVENUES:</b>		
Premium revenue from other funds	\$ 19,701	\$ -
Other revenue	1,900	40
Total operating revenues	21,601	40
<b>OPERATING EXPENSES:</b>		
Salaries	689	-
Benefits	237	-
Purchased services	950	13
Claims, premiums and other	4,094	1,392
Total operating expenses	5,970	1,405
Operating income (loss)	15,631	(1,365)
<b>NON-OPERATING REVENUE:</b>		
Interest	1,728	130
Total non-operating revenue	1,728	130
Income (loss) before transfers	17,359	(1,235)
<b>TRANSFERS IN</b>	-	3,545
<b>TRANSFERS OUT</b>	-	-
Change in net assets	17,359	2,310

Group Health Insurance Fund	Totals
\$ 125,285	\$ 144,986
-	1,940
125,285	146,926
-	689
-	237
-	963
125,285	130,771
125,285	132,660
-	14,266
130	1,988
130	1,988
130	16,254
-	3,545
(130)	(130)
-	19,669
-	14,810
\$ -	\$ 34,479

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)

	Workers Compensation Fund	Liability Self Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from interfund services provided	\$ 19,701	\$ -
Payment to suppliers	(8,844)	(1,672)
Payment to employees	(926)	-
Other receipts	1,900	40
Net cash provided by (used in) operating activities	11,831	(1,632)
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transfers from other funds	-	3,545
Transfers to other funds	-	-
Net cash provided by (used in) noncapital and related financing activities	-	3,545
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	-	-
Purchase of investments	(13,415)	(2,043)
Interest and dividends earned on investments	1,728	130
Net cash provided by (used in) investing activities	(11,687)	(1,913)
Net increase (decrease) in cash	144	-
Cash and cash equivalents- Beginning of year	137	-
Cash and cash equivalents- End of year	\$ 281	\$ -
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 15,631	\$ (1,365)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in due from other governmental agencies	-	-
(Increase) decrease in accounts payable	-	-
Increase (decrease) in estimated unclaimed claims	(3,800)	(267)
Increase (decrease) in deferred revenue	-	-
Total adjustments	(3,800)	(267)
Net cash provided by (used in) operating activities	\$ 11,831	\$ (1,632)

See accompanying independent auditors' report.

Group Health Insurance Fund	Totals
\$ 123,553	\$ 143,254
(124,412)	(134,928)
-	(926)
-	1,940
(859)	9,340
-	3,545
(130)	(130)
(130)	3,415
859	859
-	(15,458)
130	1,988
989	(12,611)
-	144
-	137
\$ -	\$ 281
\$ -	\$ 14,266
(11)	(11)
(17)	(17)
889	889
-	(4,067)
(1,720)	(1,720)
(859)	(4,926)
(859)	9,340



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### Agency Funds

The Agency Funds account for resources held by the District as custodian for others

- **School Activity Fund** - Accounts for and reports on the schools activity funds.
  - **Extended Year Fund** - Accounts for and reports on funds withheld to be paid at a later date.
  - **Miscellaneous Depository Fund** – Accounts for and reports on the deposits held by the District on behalf of others.
-

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****AGENCY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2006****(amounts expressed in thousands)**

	<b>School Activity Fund</b>			
	<b>Balances July 1, 2005</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2006</b>
<b>ASSETS</b>				
Cash	\$ 10,703	\$ 11,560	\$ 10,703	\$ 11,560
Investments	3,566	293	180	3,679
Accounts receivable	-	34	-	34
Due from other funds	51	-	51	-
Inventory	305	340	305	340
Total assets	<u>\$ 14,625</u>	<u>\$ 12,227</u>	<u>\$ 11,239</u>	<u>\$ 15,613</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 10	\$ 1,144	\$ 10	\$ 1,144
Due to student organizations	13,463	14,469	13,463	14,469
Payroll deductions	-	-	-	-
Due to other funds	1,152	-	1,152	-
Total liabilities	<u>\$ 14,625</u>	<u>\$ 15,613</u>	<u>\$ 14,625</u>	<u>\$ 15,613</u>

	<b>Extended Year Fund</b>			
	<b>Balances July 1, 2005</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2006</b>
	\$ -	\$ -	\$ -	\$ -
	4,127	10,177	4,127	10,177
	-	-	-	-
	-	-	-	-
	-	-	-	-
	<u>\$ 4,127</u>	<u>\$ 10,177</u>	<u>\$ 4,127</u>	<u>\$ 10,177</u>
	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
	4,127	10,177	4,127	10,177
	-	-	-	-
	<u>\$ 4,127</u>	<u>\$ 10,177</u>	<u>\$ 4,127</u>	<u>\$ 10,177</u>

**(Continued)**

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****AGENCY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2006****(amounts expressed in thousands)**

	<b>Miscellaneous Depository Fund</b>			
	<b>Balances July 1, 2005</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2006</b>
<b>ASSETS</b>				
Cash	\$ 32	\$ -	\$ 1	\$ 31
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 31</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 32	\$ -	\$ 1	\$ 31
Due to student organizations	-	-	-	-
Payroll deductions	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 31</u>

See accompanying independent auditors' report.

	<b>Totals</b>			
	<b>Balances July 1, 2005</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2006</b>
\$ 10,735	\$ 11,560	\$ 10,704	\$ 11,591	
7,693	10,470	4,307	13,856	
-	34	-	34	
51	-	51	-	
305	340	305	340	
<u>\$ 18,784</u>	<u>\$ 22,404</u>	<u>\$ 15,367</u>	<u>\$ 25,821</u>	
\$ 42	\$ 1,144	\$ 11	\$ 1,175	
13,463	14,469	13,463	14,469	
4,127	10,177	4,127	10,177	
1,152	-	1,152	-	
<u>\$ 18,784</u>	<u>\$ 25,790</u>	<u>\$ 18,753</u>	<u>\$ 25,821</u>	





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#### Component Units

- **Discretely Presented Component Units** - Accounts for and reports on the Hillsborough Education Foundation and the various Charter Schools
-

## B-62

**ASSETS:**

Literacy Leadership Technology Academy	Mount Pleasant Charter School	Pepin Charter School of Tampa	Prince Academy Charter School	Quest Middle School	ReBirth Academy Charter School	Richard Milburn Charter School	Richardson Academy Charter School
\$ -	\$ 178	\$ 212	\$ 45	\$ 86	\$ 115	\$ 381	\$ 45
-	-	-	-	-	-	-	-
-	-	19	5	84	-	94	14
18	24	-	-	-	-	27	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	208
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	10
137	8	10	-	5	58	-	-
26	8	18	28	75	29	47	38
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 181</u>	<u>\$ 218</u>	<u>\$ 259</u>	<u>\$ 78</u>	<u>\$ 250</u>	<u>\$ 202</u>	<u>\$ 549</u>	<u>\$ 315</u>
\$ 42	\$ 2	\$ 140	\$ -	\$ 54	\$ -	\$ 137	\$ 9
-	4	-	2	-	3	-	9
-	-	-	-	-	-	-	-
-	-	-	-	-	-	42	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8	-	-	-	-	-	11	-
91	-	-	-	-	-	2	-
<u>141</u>	<u>6</u>	<u>140</u>	<u>2</u>	<u>54</u>	<u>3</u>	<u>192</u>	<u>18</u>
64	16	28	28	80	87	34	256
-	-	-	-	-	-	68	9
-	-	-	-	-	-	-	-
(24)	196	91	48	116	112	255	32
40	212	119	76	196	199	357	297
<u>\$ 181</u>	<u>\$ 218</u>	<u>\$ 259</u>	<u>\$ 78</u>	<u>\$ 250</u>	<u>\$ 202</u>	<u>\$ 549</u>	<u>\$ 315</u>

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**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNITS  
JUNE 30, 2006  
(amounts expressed in thousands)**

	Tampa Bay Academy Charter School	Tampa Charter School	Terrace Community Charter School	Trinity Charter School	Trinity Upper Charter School
<b>ASSETS:</b>					
Cash	\$ 151	\$ 32	\$ 283	\$ 154	\$ -
Investments	-	-	-	-	-
Accounts receivable, net	400	26	-	75	27
Due from other governmental agencies	-	-	-	-	-
Deferred charges	-	-	-	182	-
Prepaid items	-	-	-	-	-
Capital Assets (net of accumulated depreciation):					
Land	-	-	-	1,532	-
Land improvements	-	-	-	15	-
Construction in progress	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Buildings and systems	99	16	2	6,059	-
Furniture, fixtures and equipment	67	7	36	194	-
Motor vehicles	146	-	-	-	-
Property under capital leases	-	-	-	54	-
Audio visual materials	-	-	81	-	-
Computer software	-	-	81	-	-
Total assets	<u>\$ 863</u>	<u>\$ 81</u>	<u>\$ 483</u>	<u>\$ 8,265</u>	<u>\$ 27</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 390	\$ 23	\$ -	\$ 135	\$ -
Salaries and wages payable	-	-	-	192	54
Accrued payroll taxes and withholdings	-	-	33	-	-
Due to other governmental agencies	-	-	-	-	-
Unearned revenue	-	-	-	103	-
Other liabilities	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	-	-	-	249	-
Due in more than one year	-	-	-	6,344	-
Total liabilities	<u>390</u>	<u>23</u>	<u>33</u>	<u>7,023</u>	<u>54</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	312	23	200	1,243	-
Restricted for:					
Capital outlay	-	-	-	15	-
Other purposes	-	-	-	-	-
Unrestricted (deficit)	161	35	250	(16)	(27)
Total net assets	<u>473</u>	<u>58</u>	<u>450</u>	<u>1,242</u>	<u>(27)</u>
Total liabilities and net assets	<u>\$ 863</u>	<u>\$ 81</u>	<u>\$ 483</u>	<u>\$ 8,265</u>	<u>\$ 27</u>

See accompanying independent auditors' report.

USF Patel K-3	USF Patel 4-5	The Village of Excellence Charter School	Walton Academy Charter School	Hillsborough Education Foundation	TOTALS Component Units
\$ 304	\$ 53	\$ 42	\$ 244	\$ 472	\$ 3,258
-	-	-	-	3,397	3,397
228	5	-	-	351	1,415
-	-	9	-	-	124
-	-	-	-	-	182
2	-	-	-	3,003	3,005
-	-	-	-	-	1,740
-	-	-	-	-	15
-	-	-	-	2,211	2,211
-	-	-	-	-	10
-	-	-	-	-	6,542
39	118	1	13	42	940
-	-	-	-	-	146
417	208	-	25	-	704
-	-	-	-	-	81
-	-	-	-	-	81
<u>\$ 990</u>	<u>\$ 384</u>	<u>\$ 52</u>	<u>\$ 282</u>	<u>\$ 9,476</u>	<u>\$ 23,851</u>
\$ 45	\$ 250	\$ 1	\$ 14	\$ 189	\$ 1,633
-	-	-	-	-	264
-	-	-	-	-	33
-	-	-	-	-	42
-	23	-	136	51	313
-	-	-	-	500	500
-	-	-	-	-	268
-	-	-	-	-	6,437
<u>45</u>	<u>273</u>	<u>1</u>	<u>150</u>	<u>740</u>	<u>9,490</u>
39	118	1	38	2,253	5,122
-	-	-	-	-	106
417	208	-	-	6,299	6,924
489	(215)	50	94	184	2,209
945	111	51	132	8,736	14,361
<u>\$ 990</u>	<u>\$ 384</u>	<u>\$ 52</u>	<u>\$ 282</u>	<u>\$ 9,476</u>	<u>\$ 23,851</u>

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Anderson Academy Charter School	Carl Sagan Academy	Hope Preparatory Academy	Kid's Community School	Learning Gate Charter School
<b>EXPENSES</b>					
Instructional services	\$ 295	\$ 155	\$ 366	\$ 203	\$ 1,371
Instructional support services	44	101	55	69	2
Pupil transportation services	1	-	-	-	-
Operation and maintenance of plant	45	47	71	26	621
Facilities acquisition and construction	58	48	-	62	-
School administration	100	132	147	245	399
General administration	44	34	2	13	57
Food services	6	12	14	10	18
Community services and other	-	-	-	-	-
Interest on long term debt	-	-	-	-	-
Unallocated depreciation/amortization expense	-	-	-	-	-
Total expenses	\$ 593	\$ 529	\$ 655	\$ 628	\$ 2,468
<b>PROGRAM REVENUES</b>					
Charges for services	\$ 1	\$ -	\$ 11	\$ 7	\$ 7
Operating grants and contributions	50	25	230	-	-
Capital grants and contributions	-	22	57	-	156
Net program expenses	(542)	(482)	(357)	(621)	(2,305)
<b>GENERAL REVENUES</b>					
Grants and contributions not restricted to specific programs	573	564	490	592	2,184
Investment earnings	-	-	-	-	-
Miscellaneous	-	15	-	52	162
Total general revenues	573	579	490	644	2,346
Change in net assets	31	97	133	23	41
Net assets (deficit) - beginning	112	-	-	-	257
Net assets (deficit) - ending	\$ 143	\$ 97	\$ 133	\$ 23	\$ 298

Literacy Leadership Technology Academy	Mount Pleasant Charter School	Pepin Charter School of Tampa	Prince Academy Charter School	Quest Middle School	ReBirth Academy Charter School	Richard Milburn Charter School	Richardson Academy Charter School
\$ 336	\$ 300	\$ 524	\$ 106	\$ 579	\$ 327	\$ 671	\$ 123
5	31	254	102	174	8	17	1
-	-	3	2	1	-	50	-
99	119	275	24	261	77	239	124
101	-	10	49	-	-	-	-
119	128	257	49	284	148	298	107
118	40	5	58	4	29	323	26
14	14	80	19	64	12	13	14
4	-	-	-	-	-	58	-
6	-	-	-	-	-	3	-
-	6	-	4	-	16	-	9
\$ 802	\$ 638	\$ 1,408	\$ 413	\$ 1,367	\$ 617	\$ 1,672	\$ 404
\$ 9	\$ -	\$ 62	\$ -	\$ 50	\$ -	\$ -	\$ -
-	107	153	20	233	56	42	-
-	-	66	-	82	-	115	24
(793)	(531)	(1,127)	(393)	(1,002)	(561)	(1,515)	(380)
814	678	1,239	418	1,182	629	1,612	316
-	-	-	-	-	-	-	-
19	-	7	19	16	-	-	-
833	678	1,246	437	1,198	629	1,612	316
40	147	119	44	196	68	97	(64)
-	65	-	32	-	131	260	361
\$ 40	\$ 212	\$ 119	\$ 76	\$ 196	\$ 199	\$ 357	\$ 297

(Continued)

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Tampa Bay Academy Charter School	Tampa Charter School	Terrace Community Charter School	Trinity Charter School	Trinity Upper Charter School
<b>EXPENSES</b>					
Instructional services	\$ 2,183	\$ 262	\$ 1,250	\$ 2,352	\$ 877
Instructional support services	926	11	51	-	-
Pupil transportation services	168	-	19	-	-
Operation and maintenance of plant	225	128	326	387	374
Facilities acquisition and construction	-	-	-	-	-
School administration	6	158	336	304	111
General administration	532	34	193	214	78
Food services	200	-	1	-	-
Community services and other	3	-	-	244	90
Interest on long term debt	-	-	-	403	-
Unallocated depreciation/amortization expense	115	-	88	320	-
Total expenses	\$ 4,358	\$ 593	\$ 2,264	\$ 4,224	\$ 1,530
<b>PROGRAM REVENUES</b>					
Charges for services	\$ 231	\$ -	\$ -	\$ 1,162	\$ 180
Operating grants and contributions	76	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Net program expenses	(4,051)	(593)	(2,264)	(3,062)	(1,350)
<b>GENERAL REVENUES</b>					
Grants and contributions not restricted to specific programs	3,987	551	1,941	3,038	1,385
Investment earnings	3	-	-	1	-
Miscellaneous	-	40	332	18	7
Total general revenues	3,990	591	2,273	3,057	1,392
Change in net assets	(61)	(2)	9	(5)	42
Net assets (deficit) - beginning	534	60	441	1,247	(69)
Net assets (deficit) - ending	\$ 473	\$ 58	\$ 450	\$ 1,242	\$ (27)

See accompanying independent auditors' report.

USF Patel K-3	USF Patel 4-5	The Village of Excellence Charter School	Walton Academy Charter School	Hillsborough Education Foundation	TOTALS Component Units
\$ 511	\$ 310	\$ 324	\$ 273	\$ -	\$ 13,698
1	7	63	-	-	1,922
13	6	-	-	-	263
113	31	27	146	-	3,785
-	27	90	15	-	460
80	92	153	175	-	3,828
85	25	15	129	417	2,475
15	7	16	10	-	539
38	19	-	6	2,446	2,908
-	-	-	-	-	412
35	8	-	-	-	601
\$ 891	\$ 532	\$ 688	\$ 754	\$ 2,863	\$ 30,891
\$ 4	\$ 2	\$ 3	\$ 11	\$ -	\$ 1,740
141	330	59	58	-	1,580
-	-	39	-	-	561
(746)	(200)	(587)	(685)	(2,863)	(27,010)
779	308	590	790	4,007	28,667
2	2	-	-	133	141
3	1	7	-	-	698
784	311	597	790	4,140	29,506
38	111	10	105	1,277	2,496
907	-	41	27	7,459	11,865
\$ 945	\$ 111	\$ 51	\$ 132	\$ 8,736	\$ 14,361



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## Statistical Section

(UNAUDITED)



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## District Statistics

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	117
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenues sources, the property tax.	126
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.	133
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	140
Operating Information These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	144

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**NET ASSETS BY COMPONENT - GOVERNMENT-WIDE**  
**LAST FIVE FISCAL YEARS**  
 (accrual basis of accounting)  
 (amounts in thousands)

	Fiscal Year				
	2006	2005	2004	2003	2002
Government activities:					
Invested in capital assets, net of related debt	\$ 907,396	\$ 870,883	\$ 822,439	\$ 764,742	\$ 667,789
Restricted	340,987	292,200	289,321	205,477	263,083
Unrestricted	77,626	593	(53,050)	(84,951)	(116,103)
Total governmental activities net assets	<u>\$ 1,326,009</u>	<u>\$ 1,163,676</u>	<u>\$ 1,058,710</u>	<u>\$ 885,268</u>	<u>\$ 814,769</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 907,396	\$ 870,883	\$ 822,439	\$ 764,742	\$ 667,789
Restricted	340,987	292,200	289,321	205,477	263,083
Unrestricted	77,626	593	(53,050)	(84,951)	(116,103)
Total primary government net assets	<u>\$ 1,326,009</u>	<u>\$ 1,163,676</u>	<u>\$ 1,058,710</u>	<u>\$ 885,268</u>	<u>\$ 814,769</u>

Note: The District has no business-type activities.

GASB Statement 34 was implemented in fiscal year 2002, therefore only 5 years of government-wide data is available .

Source: District Records



**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**CHANGES IN NET ASSETS - GOVERNMENT WIDE**  
**LAST FIVE FISCAL YEARS**  
 (accrual basis of accounting)  
 (amounts in thousands)

	Fiscal Year				
	2006	2005	2004	2003	2002
<b>EXPENSES</b>					
Instructional services	\$ 842,419	\$ 773,361	\$ 714,080	\$ 658,217	\$ 617,263
Instructional support services	161,465	135,841	122,807	121,706	118,208
Pupil transportation services	62,726	58,847	55,102	52,566	47,287
Operation and maintenance of plant	121,611	110,370	101,880	101,149	86,185
Non capitalizable facilities acquisition and construction	96,234	103,066	87,709	94,213	59,156
School administration	83,111	79,215	70,565	67,670	63,904
General administration	40,236	46,366	53,972	46,001	55,534
Food services	80,150	77,408	74,500	68,128	61,907
Community services and other	70,645	54,744	53,922	54,732	51,253
Interest on long term debt	51,253	46,017	49,120	44,191	40,385
Unallocated depreciation/amortization expense	773	524	477	500	1,532
Total primary government expenses	<u>\$ 1,610,623</u>	<u>\$ 1,485,759</u>	<u>\$ 1,383,934</u>	<u>\$ 1,309,073</u>	<u>\$ 1,202,614</u>
<b>PROGRAM REVENUES</b>					
Charges for services:					
Adult course and childcare fees	\$ 11,630	\$ 10,820	\$ 9,607	\$ 9,457	\$ 8,096
Transportation	2,576	2,112	2,194	2,088	1,723
Food Services	35,585	31,438	32,850	29,978	27,311
Operating grants and contributions	83,155	78,181	76,750	71,337	70,064
Capital grants and contributions	36,625	32,269	122,546	46,306	42,535
Total primary government program revenues	<u>169,571</u>	<u>154,820</u>	<u>243,947</u>	<u>159,166</u>	<u>149,729</u>
Total primary government net (expenses) revenues	<u>(1,441,052)</u>	<u>(1,330,939)</u>	<u>(1,139,987)</u>	<u>(1,149,907)</u>	<u>(1,052,885)</u>
<b>GENERAL REVENUES</b>					
Property taxes					
Levied for general purposes	\$ 369,587	\$ 334,149	\$ 304,334	\$ 284,693	\$ 266,113
Levied for debt services	586	9,966	10,197	9,373	8,800
Levied for capital projects	124,660	108,114	97,048	89,142	83,407
Sales taxes	28,408	23,248	21,559	20,405	20,218
Unrestricted grants and contributions	1,016,045	914,133	852,075	779,791	721,444
Investment earnings	26,383	14,525	8,156	10,359	17,168
Miscellaneous	37,716	31,770	20,060	26,643	16,919
Total primary government general revenues	<u>\$ 1,603,385</u>	<u>\$ 1,435,905</u>	<u>\$ 1,313,429</u>	<u>\$ 1,220,406</u>	<u>\$ 1,134,069</u>
<b>CHANGE IN NET ASSETS</b>					
Total primary government	<u>\$ 162,333</u>	<u>\$ 104,966</u>	<u>\$ 173,442</u>	<u>\$ 70,499</u>	<u>\$ 81,184</u>

Note: The District has no business-type activities.

GASB Statement 34 was implemented in fiscal year 2002, therefore only 5 years of government-wide data is available .

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST FIVE FISCAL YEARS**  
 (accrual basis of accounting)  
 (amounts in thousands)

Fiscal Year Ending June 30,	Property Tax			Sales Tax	Total
	General Purposes	Debt Service	Capital Projects		
2006	\$ 369,587,219	\$ 586,175	\$ 124,659,828	\$ 28,408,346	\$ 523,241,569
2005	334,149,105	9,966,205	108,113,613	23,247,804	475,476,726
2004	304,334,108	10,197,144	97,047,861	21,559,524	433,138,636
2003	284,693,161	9,372,667	89,141,901	20,405,260	403,612,990
2002	266,113,333	8,800,054	83,407,261	20,218,368	378,539,017

Note: Government-wide information was not required prior to GASB 34. The District implemented GASB 34 for the Fiscal year ending June 30, 2002. As a result, information is only available for the last 5 years.

1) Fiscal year 2006 was the last payment for general obligation debt.

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)  
(amounts in thousands)

	Fiscal Year			
	2006	2005	2004	2003
<b>General Fund</b>				
Reserved for:				
State categorical programs	\$ 18,309	\$ 15,095	\$ 11,179	\$ 5,589
Encumbrances	20,028	8,878	8,463	8,102
Inventories	4,964	4,964	5,083	1,695
Other purposes	33,872	25,872	21,318	10,711
Unreserved	147,774	94,704	50,686	45,427
Total general fund	<u>\$ 224,947</u>	<u>\$ 149,513</u>	<u>\$ 96,729</u>	<u>\$ 71,524</u>
<b>All Other Governmental Funds</b>				
Reserved for:				
Encumbrances	\$ 40,631	\$ 54,989	\$ 41,837	\$ 105,561
Debt services	74,813	69,821	59,900	51,637
Unreserved, Reported in:				
Special revenue funds	164	-	709	1,900
Capital projects funds	394,070	380,055	445,758	343,346
Total all other governmental funds:	<u>\$ 509,678</u>	<u>\$ 504,865</u>	<u>\$ 548,204</u>	<u>\$ 502,444</u>

Source: District Records

	2002	2001	2000	1999	1998	1997
	\$ 4,751	\$ 4,916	\$ 5,192	\$ 4,473	\$ 5,833	\$ 4,632
	9,016	6,901	5,409	4,377	6,149	8,510
	2,043	2,140	1,966	2,203	2,394	2,319
	8,751	-	-	-	-	-
	19,018	23,447	15,087	14,620	19,227	26,892
	<u>\$ 43,579</u>	<u>\$ 37,404</u>	<u>\$ 27,654</u>	<u>\$ 25,673</u>	<u>\$ 33,603</u>	<u>\$ 42,353</u>
	\$ 50,071	\$ 96,755	\$ 34,864	\$ 48,608	\$ 62,286	\$ 100,845
	50,709	54,922	67,746	50,846	45,468	33,343
	1,204	1,928	5,675	4,988	4,651	4,570
	482,262	274,755	387,311	256,183	233,663	104,964
	<u>\$ 584,246</u>	<u>\$ 428,360</u>	<u>\$ 495,596</u>	<u>\$ 360,625</u>	<u>\$ 346,068</u>	<u>\$ 243,722</u>

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**(modified accrual basis of accounting**  
**(amounts expressed in thousands)**

	Fiscal Year			
	2006	2005	2004	2003
<b>REVENUES</b>				
Local sources:				
Ad valorem taxes	\$ 494,833	\$ 452,229	\$ 411,579	\$ 383,208
Local sales tax	28,408	23,248	21,559	20,405
Food services	35,714	31,438	32,887	29,978
Interest income	25,471	12,899	6,897	10,084
Other	48,988	43,495	29,713	33,343
Total local sources	633,414	563,309	502,635	477,018
State sources:				
Florida education finance program	604,072	573,732	555,611	531,108
Public education capital outlay	20,559	14,507	22,592	18,473
Categorical programs	203,709	150,161	111,431	80,916
Class size reduction	8,520	10,418	73,698	-
Workforce development	32,186	31,359	30,347	30,556
Food services	1,447	1,434	1,396	1,407
Other	16,282	18,642	47,020	40,286
Total state sources	886,775	800,253	842,095	702,746
Federal sources:				
Food services	45,424	42,027	39,914	36,914
Federal grants direct	9,882	9,657	11,255	8,165
Federal grants through state	137,796	162,391	148,478	140,053
Federal grants through local	55,948	10,256	9,594	9,556
Total federal sources	249,050	224,331	209,241	194,688
Total revenues	1,769,239	1,587,893	1,553,971	1,374,452
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Basic programs	639,149	581,529	538,524	485,371
Exceptional child programs	142,874	136,810	130,665	121,903
Adult and vocational technical programs	58,231	52,235	49,387	49,194
Total instructional services	840,254	770,574	718,576	656,468
Instructional support services:				
Pupil personnel services	65,829	61,219	57,531	57,060
Instructional media services	25,269	23,322	22,695	21,686
Instruction and curriculum development services	36,367	38,574	37,359	35,450
Instructional staff training services	16,878	12,098	6,643	7,925
Instructional related technology	11,672	-	-	-
Total instructional support services	156,015	135,213	124,228	122,121
Pupil transportation services	61,240	56,432	52,344	50,309
Operation and maintenance of plant:				
Operation of plant	96,867	84,770	79,793	78,914
Maintenance of plant	27,442	27,304	23,305	22,951
Total operation and maintenance of plant	124,309	112,074	103,098	101,865
School administration	82,301	78,013	73,370	70,079
General administration:				
Central services	16,269	23,536	23,279	23,261
Board of education	1,659	4,227	2,701	4,686
General administration	12,495	10,227	17,172	7,988
Fiscal services	7,138	5,487	5,226	5,198
Administrative technology services	447	-	-	-
Total general administration	38,008	43,477	48,378	41,133

	2002	2001	2000	1999	1998	1997
Local sources:						
Ad valorem taxes	\$ 358,320	\$ 317,727	\$ 301,028	\$ 293,778	\$ 271,643	\$ 260,619
Local sales tax	20,218	-	18,797	17,138	15,562	5,862
Food services	27,823	25,198	23,193	21,744	19,571	17,630
Interest income	14,981	22,956	22,820	17,569	16,593	16,364
Other	26,066	50,872	32,114	24,016	18,882	13,398
Total local sources	447,408	416,753	397,952	374,245	342,251	313,873
State sources:						
Florida education finance program	481,661	501,693	426,723	454,922	403,681	405,647
Public education capital outlay	28,006	22,739	16,336	14,419	21,385	27,569
Categorical programs	97,572	83,828	108,264	83,214	97,327	88,478
Class size reduction	-	-	-	-	-	-
Workforce development	30,398	31,213	-	-	-	-
Food services	1,450	1,241	1,231	1,283	1,353	1,257
Other	24,710	50,610	132,988	84,583	81,027	17,116
Total state sources	665,797	691,324	685,542	638,421	604,773	540,067
Federal sources:						
Food services	32,860	32,410	31,753	30,710	28,730	28,344
Federal grants direct	7,294	6,225	5,416	3,255	4,906	10,071
Federal grants through state	121,039	106,796	93,495	76,451	57,615	52,111
Federal grants through local	9,053	7,882	7,537	7,069	6,752	-
Total federal sources	170,246	153,313	138,201	117,485	98,003	90,526
Total revenues	1,281,451	1,261,390	1,221,695	1,130,151	1,045,027	944,466
Current:						
Instructional services:						
Basic programs	458,312	449,454	410,408	403,857	371,248	457,214
Exceptional child programs	113,989	101,236	97,176	95,110	86,273	-
Adult and vocational technical programs	45,019	42,335	41,885	40,756	39,915	-
Total instructional services	617,320	593,025	549,469	539,723	497,436	457,214
Instructional support services:						
Pupil personnel services	55,148	53,712	49,398	47,571	41,502	38,575
Instructional media services	20,295	19,377	17,511	17,492	15,971	15,267
Instruction and curriculum development services	36,917	38,346	35,800	34,954	30,461	29,119
Instructional staff training services	6,738	6,669	5,633	5,199	4,605	4,152
Instructional related technology	-	-	-	-	-	-
Total instructional support services	119,098	118,104	108,342	105,216	92,539	87,113
Pupil transportation services	47,288	46,237	45,241	45,589	44,879	40,484
Operation and maintenance of plant:						
Operation of plant	65,164	63,300	63,798	62,281	60,141	55,360
Maintenance of plant	22,834	23,947	23,479	23,103	20,156	20,300
Total operation and maintenance of plant	87,998	87,247	87,277	85,384	80,297	75,660
School administration	64,489	63,348	60,477	61,286	58,875	55,763
General administration:						
Central services	27,400	22,788	24,447	21,685	18,537	17,109
Board of education	4,170	2,983	2,547	5,603	4,678	4,429
General administration	10,430	11,006	6,900	8,587	6,714	5,272
Fiscal services	5,159	4,957	5,234	4,803	4,369	3,991
Administrative technology services	-	-	-	-	-	-
Total general administration	47,159	41,734	39,128	40,678	34,298	30,801

(Continued)

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year			
	2006	2005	2004	2003
Non-capitalizable facilities acquisition and construction	41,180	50,720	43,652	57,178
Food services	81,239	77,544	74,872	68,106
Community services and other	70,643	54,610	53,665	54,602
Debt Service:				
Principal retirement	37,933	32,038	31,958	30,399
Interest	49,993	48,203	46,862	44,768
Dues, fees and other	2,372	4,068	2,445	1,419
Capital outlay				
Facilities Acquisitions & Construction	237,851	205,796	220,502	188,308
Other capital outlay	16,133	7,714	27,857	17,151
Total expenditures	1,839,471	1,676,476	1,621,807	1,503,906
Excess (deficiency) of revenues over (under) expenditures	(70,232)	(88,583)	(67,836)	(129,454)
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	58,510	4,560	2,990	-
Premium on sale of bonds	20	47	-	-
Discount on sale of bonds	(18)	-	(30)	-
Refunding bonds issued	37,360	127,975	-	-
Premium on sale of refunding bonds	3,637	10,296	-	-
Certificates of participation issued	89,437	89,750	162,216	64,010
Premium on sale of certificates of participation	2,028	828	3,733	5,007
Discount on sale of certificates of participation	-	-	(1,045)	(1,291)
Loans incurred	-	-	-	-
Proceeds from sale of capital assets	3,776	4,609	2,497	8,802
Refunding certificates of participation	-	48,915	-	-
Payments to refunded bond escrow agent	(40,856)	(187,871)	(30,601)	-
Proceeds from capital leases	-	-	-	-
Transfers in	61,436	61,801	50,724	54,616
Transfers out	(64,851)	(62,882)	(51,685)	(55,547)
Total other financing sources and uses	150,479	98,028	138,801	75,597
Net change in fund balances	80,247	9,445	70,965	(53,857)
Fund balances - beginning	654,378	644,933	573,968	627,825
Fund balances - ending	<u>\$ 734,625</u>	<u>\$ 654,378</u>	<u>\$ 644,933</u>	<u>\$ 573,968</u>
Debt service as a percentage of non-capital expenditures	4.95%	5.05%	5.10%	5.15%

a: Beginning fund balance is \$338 higher due to the reclass of the balance in a trust fund to the general fund due to GASB 34.

Source: District Records

	2002	2001	2000	1999	1998	1997
	26,917	84,506	40,216	34,606	25,369	24,132
	62,628	60,244	54,926	52,706	46,517	43,478
	51,219	47,080	42,735	33,251	25,383	19,501
	40,861	53,486	28,506	32,858	23,102	18,493
	34,449	32,500	26,863	23,592	24,386	21,437
	7,088	2,767	1,588	232	3,343	1,175
	214,381	124,277	105,735	65,154	108,700	117,540
	22,380	14,651	18,561	15,900	13,087	11,590
	1,443,275	1,369,206	1,209,064	1,136,175	1,078,211	1,004,381
	(161,824)	(107,816)	12,631	(6,024)	(33,184)	(59,915)
	237,240	-	1,249	9,125	58,848	70,264
	4,020	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	5,998	-
	-	-	-	-	-	-
	78,865	48,103	122,676	-	60,000	26,479
	32	-	-	-	-	-
	(484)	-	-	-	-	-
	4,267	-	-	3,550	3,178	-
	-	1,081	40	1,244	485	-
	-	102,414	-	-	282,481	-
	-	(101,679)	-	-	(280,994)	-
	-	-	181	943	214	-
	67,073	95,917	48,466	33,252	39,522	46,210
	(67,466)	(95,506)	(48,291)	(35,463)	(42,951)	(45,921)
	323,547	50,330	124,321	12,651	126,781	97,032
	161,723	(57,486)	136,952	6,627	93,597	37,117
	466,102 a	523,250	386,298	379,671	286,074	248,957
	<u>\$ 627,825</u>	<u>\$ 465,764</u>	<u>\$ 523,250</u>	<u>\$ 386,298</u>	<u>\$ 379,671</u>	<u>\$ 286,074</u>
	5.80%	6.55%	4.78%	5.06%	4.77%	4.14%

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)  
(amounts in thousands)

Fiscal Year Ending June 30,	Property Tax			Sales Tax	Total
	General Purposes	Debt Service	Capital Projects		
2006	\$369,587,219	\$ 586,175	1) \$124,659,828	\$ 28,408,346	\$ 523,241,568
2005	334,149,105	9,966,205	108,113,613	23,247,804	475,476,726
2004	304,334,108	10,197,144	97,047,861	21,559,524	433,138,636
2003	284,693,161	9,372,667	89,141,901	20,405,260	403,612,990
2002	266,113,333	8,800,054	83,407,261	20,218,368	378,539,017
2001	235,722,628	9,129,666	72,874,100	19,425,635	337,152,028
2000	224,726,034	9,968,422	66,334,188	18,797,289	319,825,932
1999	222,174,584	9,970,787	61,631,047	17,137,837	310,914,255
1998	202,647,025	12,353,152	56,642,749	15,563,027	287,205,953
1997	196,835,864	11,420,719	52,362,183	5,861,908	2) 266,480,675

1. Fiscal year 2006 was the last payment for general obligation debt.
2. The Community Investment sales tax was implemented December 1996.

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Net Taxable Value for the School District				Total Direct Tax Rate	Net Assessed Value	Net Taxable Value as a Percentage of of Net Assessed Value
	Residential Property	Commercial Property	Industrial Property	Total			
2006	\$ 36,438,698	\$ 24,830,385	\$ 3,306,308	\$ 64,575,391	7.9370	\$ 83,476,837	77.36%
2005	30,580,853	22,570,457	2,971,164	56,122,474	8.3609	70,713,902	79.37%
2004	26,392,493	21,264,552	2,717,349	50,374,394	8.4800	62,672,589	80.38%
2003	23,675,652	20,256,222	2,424,051	46,355,925	8.5950	57,365,174	80.81%
2002	21,143,254	19,446,661	2,302,065	42,891,980	8.5860	52,459,281	81.76%
2001	18,739,309	17,332,443	1,893,295	37,965,047	8.7150	46,012,223	82.51%
2000	16,738,274	16,179,900	1,753,580	34,671,754	9.0710	41,494,770	83.56%
1999	15,456,657	14,763,621	1,673,025	31,893,303	9.5310	38,160,923	83.58%
1998	14,315,189	13,447,784	1,586,711	29,349,684	9.5880	35,013,993	83.82%
1997	13,211,377	12,399,392	1,543,400	27,154,169	9.9542	32,445,065	83.69%

Note: Net Taxable Values are net Assed Values after deducting allowable statutory exemptions.

Source: Hillsborough County Property Appraiser

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**RATES PER \$1,000 ASSESSED VALUATION**

	Fiscal Year			
	2006	2005	2004	2003
District School Board:				
Local Required Effort	5.1680	5.4930	5.5770	5.6800
Discretionary Local	0.5100	0.5100	0.5100	0.5100
Supplemental Discretionary	0.2500	0.1740	0.1830	0.1950
Debt Service	0.0090	0.1839	0.2100	0.2100
Capital Improvement	2.0000	2.0000	2.0000	2.0000
<b>Total District School Board</b>	<b>7.9370</b>	<b>8.3609</b>	<b>8.4800</b>	<b>8.5950</b>
Other County-Wide:				
Board of County Commissioners	7.0097	7.2722	7.2922	7.3122
Tampa Port Authority	0.2600	0.2600	0.2900	0.2900
Children's Board	0.5000	0.5000	0.5000	0.5000
S.W. Florida River Water Management	0.4220	0.4220	0.4220	0.4220
<b>Total County-Wide</b>	<b>16.1287</b>	<b>16.8151</b>	<b>16.9842</b>	<b>17.1192</b>
Non-County Wide:				
Board of County Commissioners				
Public Library Service (1)	0.6923	0.6423	0.6423	0.6423
Municipal Service Tax	5.1621	5.0621	5.6210	5.0621
Parks & Recreation (unincorporated)	0.0359	0.0398	0.0455	0.0500
Independent Special Districts				
SWFWMD Watershed Basins(2)				
Alafia River Basin	0.2400	0.2400	0.2400	0.2400
Hillsborough River Basin	0.2850	0.2850	0.2850	0.2850
N.W. Hillsborough River Basin	0.2680	0.2680	0.2680	0.2680
Transit Authority	0.5000	0.5000	0.5000	0.5000
Tampa Palms C.D.D.	2.6000	2.6000	2.6000	2.6000
Municipalities:				
Tampa	6.5390	6.5390	6.5390	6.5390
Plant City	4.7000	4.7000	4.7000	4.7000
Temple Terrace	4.9100	4.9100	4.9100	4.9100

2002	2001	2000	1999	1998	1997
5.6640	5.7460	6.0110	6.4480	6.3920	6.7580
0.5100	0.5100	0.5100	0.5100	0.5100	0.5100
0.2020	0.2090	0.2500	0.2500	0.2500	0.2500
0.2100	0.2500	0.3000	0.3230	0.4360	0.4362
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
8.5860	8.7150	9.0710	9.5310	9.5880	9.9542
7.5622	7.6822	7.7822	7.9073	7.9945	8.1552
0.2900	0.2950	0.3100	0.3100	0.3100	0.3100
0.4170	0.4170	0.4170	0.4170	0.4170	0.4170
0.4220	0.4220	0.4220	0.4220	0.4220	0.4220
17.2772	17.5312	18.0022	18.5873	18.7315	19.2584
0.6423	0.6423	0.6423	0.6423	0.6423	0.6423
5.0621	5.0621	5.0621	5.0621	5.0621	5.0621
0.0584	0.0675	0.0734	0.0890	0.0890	0.0456
0.2400	0.2400	0.2400	0.2400	0.2400	0.2400
0.2850	0.2850	0.2850	0.2850	0.2850	0.2850
0.2680	0.2680	0.2680	0.2680	0.2680	0.2680
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
2.6000	2.6000	2.6000	2.6000	2.6000	2.6000
6.5390	6.5390	6.5390	6.5390	6.5390	6.5390
4.7000	4.7000	4.7000	4.7000	4.7000	4.7000
4.9100	4.9100	4.9100	4.9100	4.9100	4.9100

(1) This Levy is assessed on all property outside Plant City and Temple Terrace, I.e., Tampa and unincorporated areas.

(2) Dependent on its location, property within Tampa may be in either the Alafia River, the Hillsborough River or the NW Hillsborough Basins. The city of Temple Terrace is entirely within Hillsborough River Basin. The city of Plant City is within the Alafia and Hillsborough River Basins.

Source: Hillsborough County Tax Collector

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**LAST TEN FISCAL YEARS**  
(amounts in thousands)

Fiscal Year											
2006					2005						
Taxpayer	Type of Business	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value		
Tampa Electric Company	Electric Utility	1	\$ 40,917	\$ 1,640,399	2.53%	1	\$ 34,257	\$ 1,342,026	2.39%		
Verizon	Communications	2	22,010	882,424	1.36%	2	22,823	894,093	1.59%		
Hillsborough Aviation Authority	Transportation	3	11,161	447,471	0.69%	3	9,711	380,446	0.68%		
Mosaic Phosphates	Mining	4	6,876	275,685	0.43%	4	7,379	289,066	0.52%		
Camden Property Trust	Real Estate	5	5,060	202,877	0.31%	6	5,074	198,788	0.35%		
Wal-Mart	Retail Sales	6	4,657	186,702	0.29%	9	4,113	161,126	0.29%		
Post Apartment Homes	Housing	7	4,597	184,296	0.28%	7	4,826	189,044	0.34%		
Glincher LTD Partnership	Shopping Malls	8	4,279	171,570	0.26%	8	4,579	179,395	0.32%		
Busch Entertainment	Entertainment	9	2,901	116,291	0.18%	10	2,955	115,782	0.21%		
Teachers Insurance & Annuity	Insurance	10	2,788	111,765	0.17%						
Highwoods/Florida Holding	Real Estate Mgmt					5	6,945	272,087	0.48%		
Tampa Sports Authority	Sports Facilities										
Cargil Incorporated	Mining										
IMC Phosphates	Mining										
Total			\$ 105,246	\$ 4,219,480	6.50%		\$ 102,662	\$ 4,021,853	7.17%		

Fiscal Year											
2001					2000						
Taxpayer	Type of Business	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value		
Tampa Electric Company	Electric Utility	1	\$ 30,845	\$ 1,175,239	3.09%	1	\$ 30,622	\$ 1,145,680	3.29%		
Verizon	Communications	2	29,590	1,127,434	2.96%						
Hillsborough Aviation Authority	Transportation	5	3,303	125,850	0.33%						
Mosaic Phosphates	Mining										
Camden Property Trust	Real Estate	7	3,245	123,626	0.32%	4	3,490	130,562	0.37%		
Wal-Mart	Retail Sales										
Post Apartment Homes	Housing	4	5,445	207,467	0.54%						
Glincher LTD Partnership	Shopping Malls					10	2,068	77,362	0.22%		
Busch Entertainment	Entertainment	9	2,783	106,032	0.28%	7	2,743	102,608	0.29%		
Teachers Insurance & Annuity	Insurance										
Highwoods/Florida Holding	Real Estate Mgmt										
Tampa Sports Authority	Sports Facilities	3	8,481	323,155	0.85%						
Cargil Incorporated	Mining	8	3,152	120,112	0.32%	5	3,126	116,957	0.34%		
IMC Chemicals	Mining	6	3,265	124,401	0.33%	6	3,100	115,970	0.33%		
General Telephone	Communications					2	23,940	895,691	2.57%		
GTE Data Services	Communications					3	4,665	174,526	0.50%		
Tampa City Center	Real Estate										
University Square Partners	Shopping Mall										
Brandon Shopping Center	Shopping Mall										
Metropolitan Life Insurance	Insurance					9	2,366	88,530	0.25%		
USAA Automobile Assn	Service										
AT & T Communications	Communications	10	2,319	88,368	0.23%						
Time Warner	Entertainment					8	2,582	96,612	0.28%		
Florman Associates/Paragon	Real Estate										
Total			\$ 92,428	\$ 3,521,684	9.25%		\$ 78,702	\$ 2,944,498	8.44%		

2004				2003				2002			
			Percentage of Total Assessed				Percentage of Total Assessed				Percentage of Total Assessed
Rank	Total Tax	Assessed Value	Value	Rank	Total Tax	Assessed Value	Value	Rank	Total Tax	Assessed Value	Value
1	\$ 30,945	\$ 1,205,291	2.38%	1	\$ 30,394	\$ 1,181,370	2.53%	1	\$ 30,301	\$ 1,170,123	2.71%
2	23,963	933,355	1.84%	2	26,675	1,036,801	2.22%	2	27,873	1,076,361	2.49%
3	9,350	364,196	0.72%	3	9,208	357,906	0.77%	6	3,818	147,442	0.34%
5	5,306	206,671	0.41%	6	4,524	175,854	0.38%	8	3,471	134,048	0.31%
9	3,644	141,952	0.28%	10	3,122	121,335	0.26%	9	2,739	105,770	0.24%
6	4,575	178,199	0.35%	7	4,220	164,007	0.35%	4	5,178	199,952	0.46%
7	4,460	173,716	0.34%								
								10	2,720	105,067	0.24%
10	3,350	130,500	0.26%	5	7,266	282,430	0.61%				
4	6,832	266,096	0.53%	4	7,313	284,259	0.61%	3	5,929	228,960	0.53%
8	3,936	153,290	0.30%	8	3,726	144,840	0.31%	5	3,933	151,877	0.35%
				9	3,461	134,514	0.29%	7	3,701	142,939	0.33%
	\$ 96,361	\$ 3,753,266	7.41%		\$ 99,909	\$ 3,883,316	8.33%		\$ 89,663	\$ 3,462,539	8.00%

1999				1998				1997			
			Percentage of Total Assessed Value				Percentage of Total Assessed Value				Percentage of Total Assessed Value
Rank	Total Tax	Assessed Value		Rank	Total Tax	Assessed Value		Rank	Total Tax	Assessed Value	
1	\$ 31,516	\$ 1,151,982	3.58%	1	\$ 30,546	\$ 1,113,669	3.77%	1	\$ 29,478	\$ 1,069,793	4.07%
								9	1,778	64,526	0.25%
6	2,730	99,777	0.31%	6	2,701	98,459	0.33%	6	2,360	85,647	0.33%
5	2,985	109,101	0.34%	5	2,933	106,927	0.36%	4	3,363	122,047	0.46%
4	3,364	122,950	0.38%	4	3,294	120,097	0.41%	5	3,193	115,878	0.44%
2	23,471	857,932	2.67%	2	21,678	790,356	2.67%	2	18,912	686,340	2.61%
3	4,219	154,207	0.48%	3	4,825	175,902	0.60%	3	5,483	198,985	0.76%
7	2,169	79,274	0.25%	7	2,114	77,068	0.26%				
8	2,135	78,049	0.24%	8	2,026	73,874	0.25%				
				9	1,831	66,767	0.23%	8	1,868	67,792	0.26%
9	1,850	67,615	0.21%	10	1,807	65,869	0.22%	7	1,982	71,929	0.27%
								10	1,659	60,207	0.23%
10	1,741	63,638	0.20%								
	\$ 76,180	\$ 2,784,525	8.66%		\$ 73,755	\$ 2,688,988	9.10%		\$ 70,076	\$ 2,543,144	9.68%

Source: Hillsborough County Tax Collector

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Collected to End of Tax Year		Delinquent Collections (1)	Collected in Fiscal Year	
		Current Tax Collections (1)	Percent of Levy		Total Collections (1)	Percent of Levy
2006	\$ 512,534,878	\$ 494,030,382	96.39%	\$ 802,840	\$ 494,833,222	96.55%
2005	469,234,393	449,419,671	95.78%	2,809,251	452,228,923	96.38%
2004	427,174,861	410,947,183	96.20%	631,930	411,579,112	96.35%
2003	398,429,175	381,848,372	95.84%	1,359,357	383,207,729	96.18%
2002	368,270,540	353,243,344	95.92%	5,077,304	358,320,648	97.30%
2001	330,865,385	315,442,741	95.34%	2,283,652	317,726,393	96.03%
2000	314,507,481	299,164,824	95.12%	1,863,818	301,028,643	95.71%
1999	303,975,071	292,334,698	96.17%	1,441,719	293,776,418	96.64%
1998	281,404,770	269,981,547	95.94%	1,661,380	271,642,927	96.53%
1997	270,298,029	258,030,841	95.46%	2,587,926	260,618,767	96.42%

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if taxes are paid in November, with the discounts declining by one percent (1%) each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1st of each year. Accordingly, the majority of taxes are collected in the fiscal year levied.

(1) Net of allowable discounts

Source: Hillsborough County Tax Collector and District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities (A)					Percentage of Personal Income (B)	Per Capita (B)
	General Obligation Bonds	State Board of Education Bonds	Certificates Of Participation	District Revenue Bonds	Total Primary Government		
2006	\$ -	\$ 60,580,000	\$ 907,121,000	\$ 272,568,225	\$ 1,240,269,225	3.228%	1,065.50
2005	9,520,000	61,820,000	835,319,000	224,173,000	1,130,832,000	3.113%	985.80
2004	18,585,000	60,340,000	755,004,000	228,673,000	1,062,602,000	3.187%	952.19
2003	27,245,000	60,190,000	633,608,000	234,748,000	955,791,000	2.993%	885.97
2002	35,510,000	62,805,000	581,353,000	240,313,000	919,981,000	3.083%	895.88
2001	43,410,000	63,615,000	512,123,000	24,243,000	643,391,000	2.346%	644.07
2000	50,900,000	65,965,000	466,353,000	54,588,000	637,806,000	2.414%	659.22
1999	57,945,000	66,880,000	351,710,000	63,493,000	540,028,000	2.174%	573.08
1998	64,580,000	59,315,000	364,930,000	71,998,225	560,823,225	2.546%	603.86
1997	72,225,000	1,555,000	301,785,000	71,645,000	447,210,000	2.147%	490.98

(A) The primary government does not have any business type activities.

(B) Total Primary Government Debt divided by Personal Income and Population from Page 140 - Demographics and Economics.

Source District Records



**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS**

Fiscal Year	Estimated Population (A)	Net Taxable Assessed Value (B)	Gross Bonded Debt (C)	Less Debt Service Funds (D)	Net Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2006	1,164,022	\$ 64,575,391	\$ -	\$ -	\$ -	0.000%	\$ -
2005	1,147,120	56,122,474	9,520,000	9,859,000	(339,000)	-0.001%	-
2004	1,115,960	50,374,394	18,585,000	9,919,000	8,666,000	0.017%	8
2003	1,078,809	46,355,925	27,145,000	9,968,000	17,177,000	0.037%	16
2002	1,026,906	42,891,980	35,510,000	10,028,000	25,482,000	0.059%	25
2001	998,948	37,965,047	43,410,000	10,080,000	33,330,000	0.088%	33
2000	967,511	34,671,754	50,900,000	10,126,000	40,774,000	0.118%	42
1999	942,322	31,893,303	57,945,000	10,175,000	47,770,000	0.150%	51
1998	928,731	29,349,684	64,580,000	11,632,000	52,948,000	0.180%	57
1997	910,855	27,154,169	72,225,000	11,664,000	60,561,000	0.223%	66

(A) Population was obtained from the United States Department of Commerce, Bureau of Economic Analysis and the University of Florida, Bureau of Economic and Business Research.

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

(C) Includes General Obligation Bonds only.

(D) Reserved for Debt Service - General Obligation Bonds only.

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Non-Capital Expenditures (A)	Ratio of Debt Service to General Governmental Non-Capital Expenditures
2006	\$ -	\$ -	\$ -		
2005	9,065,000	794,000	9,859,000	1,462,966	0.007
2004	8,660,000	1,259,000	9,919,000	1,373,448	0.007
2003	8,265,000	1,703,000	9,968,000	1,298,447	0.008
2002	7,900,000	2,128,000	10,028,000	1,206,514	0.008
2001	7,490,000	2,590,000	10,080,000	1,230,278	0.008
2000	7,045,000	3,081,000	10,126,000	1,084,768	0.009
1999	6,635,000	3,540,000	10,175,000	1,055,121	0.010
1998	7,645,000	3,987,000	11,632,000	956,424	0.012
1997	7,225,000	4,439,000	11,664,000	875,251	0.013

(A) Includes general, special revenue, debt service, and capital projects funds of the Primary Government, excluding capital expenditures.  
Amounts in Thousands

Note: The District's General Obligation Bonded Debt was paid off in fiscal year 2005

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
June 30, 2006**

Jurisdiction	General Obligation Bonded Debt Outstanding	Direct Debt		Direct and Overlapping Debt	
		Percentage Applicable to This Governmental Unit	Amount Applicable to This Governmental Unit	Percentage Applicable to Hillsborough County	Amount Applicable to Hillsborough County
Hillsborough County Board of County Commissioners	\$ 43,590,000	0%	\$ -	100%	\$ 43,590,000
School District of Hillsborough County	-	100%	-	100%	-
<b>Totals</b>	<u>\$ 43,590,000</u>		<u>\$ -</u>		<u>\$ 43,590,000</u>

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY  
REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year	Taxable Assessed Value (A)	Annual Lease Payment	Millage Levy to Provide 1.00x Coverage (B)
2006	\$ 64,575,391	\$ 52,475,130	0.8126
2005	56,122,474	48,922,918	0.8717
2004	50,374,394	45,746,680	0.9081
2003	46,355,925	42,657,490	0.9202
2002	42,891,980	36,895,822	0.8602
2001	37,965,047	36,536,065	0.9624
2000	34,671,754	25,296,000	0.7296
1999	31,893,303	27,265,144	0.8549
1998	29,349,684	25,502,721	0.8689
1997	27,154,169	23,498,761	0.8654

(A) Assessed Value is in Thousands.

(B) Millage rate calculated using 95% of the taxable assessed valuation.

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

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**CALCULATION OF LEGAL DEBT MARGIN**  
**LAST TEN FISCAL YEARS**  
**(amounts in thousands)**

	Fiscal Year			
	2006	2005	2004	2003
Net Assessed Value	\$ 83,476,837	\$ 70,713,902	\$ 62,672,589	\$ 57,365,174
Debt Limit - 10% of Assessed Value	\$ 8,347,684	\$ 7,071,390	\$ 6,267,259	\$ 5,736,517
Amount of Debt Applicable to Debt Limit:				
Bond Payable	\$ -	\$ 9,520	\$ 18,585	\$ 27,145
Less, Amount Available for Debt Service	-	9,859	9,919	9,968
Total Debt Applicable to the Debt Limit	-	(339)	8,666	17,177
Legal Debt Margin	\$ 8,347,684	\$ 7,071,729	\$ 6,258,593	\$ 5,719,340
Total Debt Applicable to the Debt Limit as a Percentage of Debt Limit	0.00%	0.00%	0.14%	0.30%

Note: Rule 6A-1.037(2), State Board of Education, Florida Administration Code, establishes  
a limit of 10 percent on the assessed valuation of the District.

Source: District Records

2002	2001	2000	1999	1998	1997
\$ 52,459,281	\$ 46,012,223	\$ 41,494,770	\$ 38,160,923	\$ 35,013,993	\$ 32,445,065
\$ 5,245,928	\$ 4,601,222	\$ 4,149,477	\$ 3,816,092	\$ 3,501,399	\$ 3,244,507
\$ 35,510 10,028	\$ 43,410 10,080	\$ 50,900 10,126	\$ 57,945 10,175	\$ 64,580 11,632	\$ 72,225 11,664
25,482	33,330	40,774	47,770	52,948	60,561
\$ 5,220,446	\$ 4,567,892	\$ 4,108,703	\$ 3,768,322	\$ 3,448,451	\$ 3,183,946
0.49%	0.72%	0.98%	1.25%	1.51%	1.87%

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

<b>Fiscal Year</b>	<b>Population (A)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (A)</b>	<b>Median Age (A)</b>	<b>Unemployment Rate (B)</b>
2006	1,164,022	\$ 38,422,038	\$ 33,008	37.80	3.3%
2005	1,147,120	36,330,438	31,671	35.50	4.0%
2004	1,115,960	33,346,001	29,881	35.30	3.6%
2003	1,078,809	31,934,904	29,602	35.70	4.4%
2002	1,026,906	29,836,754	29,055	35.10	4.4%
2001	998,948	27,429,114	27,458	35.20	3.3%
2000	967,511	26,416,920	27,304	35.70	3.0%
1999	942,322	24,834,896	26,355	34.40	2.7%
1998	928,731	22,028,571	23,719	35.70	3.0%
1997	910,855	20,833,076	22,872	35.60	3.6%

<b>Education Level (C)</b>				<b>Government-wide Governmental Activities (1) Expenses (E)</b>		<b>Cost per Student</b>
<b>Less than High School</b>	<b>High School</b>	<b>Bachelors</b>	<b>Graduate</b>	<b>School Enrollment (D)</b>		
112,651	422,193	135,029	68,763	190,596	\$ 1,610,623	\$ 8,450
114,839	412,486	130,701	66,478	185,511	1,485,759	8,009
117,031	402,777	126,370	64,191	178,187	1,383,934	7,767
119,219	393,070	122,042	61,906	171,635	1,309,073	7,627
121,407	383,363	117,714	59,621	166,008	1,202,614	7,244
123,595	373,656	113,386	57,336	160,566	N/A	
125,783	363,949	109,058	55,051	154,990	N/A	
N/A	N/A	N/A	N/A	152,070	N/A	
N/A	N/A	N/A	N/A	148,850	N/A	
N/A	N/A	N/A	N/A	144,206	N/A	

(1) Personal Income and Government-wide expensed are in thousands.

Sources:

(A) Population, Personal Income, & Per Capita Personal Income were obtained from the United States Department of Commerce, Bureau of Economic Analysis and the University of Florida, Bureau of Economic and Business Research.

(B) Unemployment Rates was obtained from the City-County Planning Commission

(C) Education Level was obtained from the U. S. Census Bureau, Population 25 years and over.

Information prior to fiscal year 2000 was not available.

(D) Student Enrollment was obtained from District Records.

(E) Government-wide information was not available prior to 2002. (amounts in thousands)

**PRINCIPAL EMPLOYERS  
HILLSBOROUGH COUNTY EMPLOYMENT  
LAST TEN YEARS**

Employer	Fiscal Year					
	2006			2005		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
School District of Hillsborough County	24,286	1	4.129%	23,601	1	4.172%
Hillsborough County Government	11,920	2	2.027%	10,498	2	1.856%
University of South Florida	8,743	3	1.487%	7,794	3	1.378%
Verizon	7,652	4	1.301%	7,000	5	1.237%
Tampa International Airport	6,500	5	1.105%	7,626	4	1.348%
MacDill Air Force Base	5,812	6	0.988%	5,756	6	1.018%
Tampa General Hospital	4,920	7	0.837%			
Publix Supermarkets	4,702	8	0.799%	4,672	7	0.826%
City of Tampa	4,700	9	0.799%	4,525	8	0.800%
St Josephs Hospital / Baker Health	4,407	10	0.749%	3,907	9	0.691%
Tampa Electric / Peoples Gas				3,543	10	0.626%
James A Haley Veterans Hospital						
JP Morgan Chase						
U S Postal Service						
	<u>83,642</u>		<u>14.222%</u>	<u>78,922</u>		<u>13.952%</u>

Employer	Fiscal Year					
	2001			2000		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
School District of Hillsborough County	20,751	1	3.597%	19,569	1	3.522%
Hillsborough County Government	10,649	3	1.846%	10,288	3	1.852%
University of South Florida	8,966	4	1.554%	9,966	4	1.794%
Verizon	12,690	2	2.200%			
Tampa International Airport	5,914	5	1.025%	8,000	5	1.440%
MacDill Air Force Base	4,955	7	0.859%	5,580	6	1.004%
Tampa General Hospital						
Publix Supermarkets	4,787	8	0.830%	5,100	7	0.918%
City of Tampa				4,300	9	0.774%
St Josephs Hospital / Baker Health	5,074	6	0.880%	4,356	8	0.784%
Tampa Electric						
James A Haley Veterans Hospital	3,500	10	0.607%			
JP Morgan Chase						
U S Postal Service	4,150	9	0.719%	4,150	10	0.747%
GTE Communications Corp				14,000	2	2.520%
Nations Banks						
	<u>81,436</u>		<u>14.117%</u>	<u>85,309</u>		<u>15.353%</u>

Sources: State of Florida, Department of Labor and Employment Statistics  
City-County Planning Commission

Employees	Rank	Percentage of County Employment	2004			2003			2002		
			2004			2003			2002		
			Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
22,734	1	3.646%	21,624	1	3.689%	20,143	1	3.580%			
10,886	4	1.746%	10,886	4	1.857%	10,886	4	1.935%			
11,607	3	1.861%	11,607	3	1.980%	11,607	3	2.063%			
14,000	2	2.245%	14,000	2	2.388%	14,000	2	2.489%			
7,760	6	1.244%	7,760	5	1.324%	7,760	5	1.379%			
9,000	5	1.443%	5,645	6	0.963%	5,645	6	1.003%			
4,630	10	0.743%	4,342	9	0.741%	4,342	9	0.772%			
			4,500	8	0.768%	4,500	8	0.800%			
5,242	8	0.841%	5,242	7	0.894%	5,242	7	0.932%			
5,900	7	0.946%									
5,237	9	0.840%									
			3,947	10	0.673%	3,947	10	0.702%			
96,996		15.556%	89,553		15.276%	88,072		15.655%			

Employees	Rank	Percentage of County Employment	1999			1998			1997		
			1999			1998			1997		
			Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
19,066	1	3.504%	18,646	1	3.614%	17,710	1	3.588%			
9,162	3	1.684%	9,866	2	1.912%	8,846	2	1.792%			
7,965	4	1.464%	8,955	4	1.735%	7,349	4	1.489%			
6,588	5	1.211%	6,541	6	1.268%	6,040	5	1.224%			
5,163	6	0.949%	7,107	5	1.377%	7,749	3	1.570%			
4,776	7	0.878%	4,326	8	0.838%	3,928	10	0.796%			
4,254	10	0.782%	4,000	10	0.775%	4,285	7	0.868%			
4,500	8	0.827%	4,362	7	0.845%	4,398	6	0.891%			
			4,127	9	0.800%	4,100	8	0.831%			
11,000	2	2.022%	9,600	3	1.860%	4,100	9	0.831%			
4,317	9	0.793%									
76,791		14.113%	77,530		15.025%	68,505		13.879%			

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA**  
**LAST TEN FISCAL YEARS**

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04							
				Elementary Schools									
Alafia Elementary	1980	94,970	7	775.7167	791.1700	755.0100	738.4000	1,249.0700	1,280.0067	1,187.0117	1,158.8500	1,085.7302	1,035.1000
Alexander Elementary	1950	72,346	4	729.5800	675.1400	763.0000	737.5600	752.5000	765.5700	816.1300	815.5800	739.0900	738.1200
Anderson Elementary	1954	46,271	1	510.5900	482.7700	398.1967	433.6800	449.0400	449.5000	484.0000	464.6200	483.0200	478.1000
Apollo Beach Elementary	1981	89,935	4	588.1500	591.1800	941.2300	788.5900	746.6400	692.5868	720.5400	633.0800	563.0067	524.5000
Ballast Point Elementary	1924	55,026	5	373.0200	377.5000	445.0500	448.0000	450.5000	417.0600	417.5200	434.0300	422.5000	413.5300
Bay Crest Elementary	1969	86,554	2	847.0500	835.7800	797.8100	791.4100	824.3150	822.2627	796.8250	796.8000	846.0200	825.2000
Bellamy Elementary	1973	84,601	23	882.1200	843.1300	877.5400	798.1400	853.5600	844.5000	825.6200	916.2000	890.0000	1,066.5900
Bevis Elementary	1998	74,598	7	865.9400	817.2600	1,106.8733	821.8100	574.7200	326.5800	-	-	-	-
Bing Elementary	1989	96,583	-	620.1350	787.2300	833.9500	832.7300	832.2200	806.5000	664.1200	577.5800	606.7200	528.1800
Boyette Springs Elementary	1990	116,405	-	1,050.0821	988.7468	948.6566	934.1782	1,002.4900	1,007.1831	971.2068	907.4660	846.3892	797.8605
Brooker Elementary	1961	89,935	4	942.5067	948.4300	962.6800	971.2200	938.0900	1,002.7900	1,011.7000	948.5100	881.5100	811.2534
Broward Elementary	1926	50,910	11	536.0600	571.3000	465.3100	491.1200	533.7100	595.6900	602.2000	630.6500	648.0800	815.1300
Bryan Elementary	1924	85,141	2	812.0500	887.3392	770.5900	789.0300	895.1100	873.4100	852.5600	803.5100	791.0800	818.7300
Bryant Elementary	2001	74,772	5	1,301.4800	1,168.0617	1,069.5900	850.7318	-	-	-	-	-	294.0000
Buckhorn Elementary	1976	91,502	4	753.1800	719.6950	691.4800	981.0100	948.0700	900.3600	849.9050	783.9450	986.7200	966.7300
Burney Elementary	1923	52,688	2	389.0734	391.0800	394.5800	379.0400	-	-	-	-	-	-
Cahoon Elementary	1952	60,177	1	529.5800	522.5800	554.5200	614.1000	627.0400	663.7300	642.0400	643.0584	689.5400	832.5400
Camella Elementary	1989	119,727	9	904.5800	858.3400	928.2500	918.6500	935.2600	998.1400	1,030.7000	995.0200	986.2000	968.0900
Carrollwood Elementary	1961	72,540	3	591.7000	641.7200	724.2700	739.3400	777.3400	773.3900	776.2000	740.6000	763.3600	824.1700
Chiaromonte Elementary	1955	53,094	2	397.5300	425.0500	418.5600	407.1000	421.5000	455.1400	479.0800	508.0600	509.0600	544.5200
Chiles Elementary	1996	89,668	9	864.5600	868.1200	854.2300	775.7000	880.1200	-	-	-	-	-
Cinco Elementary	2001	91,284	11	1,001.2400	967.7300	955.9900	865.1500	-	-	-	-	-	-
Citrus Park Elementary	1911	73,809	7	740.9000	754.1900	710.8000	715.9300	873.1200	807.2467	725.9600	733.7200	714.9900	715.4600
Clair-Mel Elementary	1960	63,318	7	725.3900	687.3300	639.9200	697.8650	772.5567	705.2600	744.6300	733.8300	694.6400	711.0400
Clark Elementary	1996	95,002	-	730.6500	1,015.1800	1,055.2300	978.2600	864.8450	918.0600	821.1400	635.5250	-	-
Claywell Elementary	1980	98,930	10	948.8850	964.5900	1,054.5000	1,094.0400	1,092.5400	1,051.1000	975.6600	970.6600	952.1000	891.4800
Cleveland Elementary	1926	39,686	5	271.2700	285.4600	326.8500	340.8300	440.4400	430.4800	428.6200	423.5400	437.1800	472.0501
Collins Elementary	2004	89,501	8	902.0000	-	-	-	-	-	-	-	-	-
Colson Elementary	1990	89,175	3	750.5000	759.4300	747.1600	766.7400	735.4150	718.4167	708.4750	711.5000	772.5000	782.0000
Cork Elementary	1879	84,118	9	921.7000	870.0900	904.8600	805.7100	834.6050	831.0300	819.0267	831.1100	826.6554	840.5500
Corr Elementary	2000	75,684	-	783.0300	651.6800	-	-	-	-	-	-	-	-
Crestwood Elementary	1967	86,014	12	1,014.5600	1,013.5000	1,013.0000	1,017.5000	1,067.0600	1,097.0800	987.6100	999.5000	952.1500	911.0700
Cypress Creek Elementary	1990	96,615	15	979.3400	964.7800	968.6600	899.1350	897.5400	876.8934	787.0000	753.0200	732.5900	729.1000
Davis Elementary	2004	82,378	12	892.5300	798.5200	-	-	-	-	-	-	-	-
Desoto Elementary	1910	35,557	2	368.6000	351.5000	295.5000	305.0000	323.0200	299.0900	298.6000	306.5600	325.5100	316.0150
Dickenson Elementary	1963	75,882	-	535.4017	546.2600	727.4250	639.8850	749.2700	684.2900	646.3800	657.1000	582.0249	802.1981
Dover Elementary	1912	114,852	6	851.9706	896.7400	854.6300	815.1900	795.3800	759.6502	781.6000	764.5300	817.7400	835.1100
Dunbar Elementary	1926	37,812	-	325.0000	359.0000	395.5000	431.0200	420.0000	415.5000	418.4600	436.9800	392.5000	368.5000
Edison Elementary	1925	59,303	19	521.4200	562.1450	681.1000	675.1000	439.1400	419.9600	423.5000	445.5000	760.9850	807.5334
Egypt Lake Elementary	1955	64,454	15	543.4835	548.4600	550.0400	457.5200	458.0600	885.6200	943.0300	953.5200	988.5000	1,001.0400
Essrig Elementary	1985	92,341	1	1,002.4700	1,016.3000	1,066.3550	1,112.6700	1,096.5000	1,102.1400	1,127.6750	1,144.8500	1,094.3400	1,034.1550
Fishhawk Creek Elementary	2003	81,289	3	768.6600	568.6800	-	-	-	-	-	-	-	-
Folsom Elementary	1990	94,923	12	753.0600	793.1200	982.4250	981.2000	960.0800	992.3100	963.0800	995.0800	977.5200	954.1800
Forest Hills Elementary	1954	110,877	5	899.6000	889.5300	939.6150	937.6100	958.7800	965.2134	917.1200	929.2176	932.6200	1,038.5400
Foster Elementary	1953	73,105	12	510.2500	461.5000	676.2000	733.5400	675.7200	770.2600	769.9000	760.0800	767.5400	767.0400
Frost Elementary	2004	79,727	9	670.1267	-	-	-	-	-	-	-	-	-
Gibson Elementary	1959	71,835	5	704.6600	690.6500	732.0500	734.0700	712.1400	672.2400	695.2800	765.6200	750.3050	873.8636
Giorrie Elementary	1899	63,749	1	541.2900	559.2800	554.2100	554.6400	516.6000	565.0800	577.5900	556.5600	510.5600	519.1136
Grady Elementary	1958	56,525	2	390.0800	419.7301	433.8202	459.8500	483.2900	545.6600	561.6000	558.5800	540.2300	609.7000
Graham Elementary	1922	39,529	5	372.9000	345.0400	338.4100	300.7700	328.1200	342.6267	362.8000	377.6900	378.1900	432.0500
Heritage Elementary	2000	66,920	-	456.6300	516.6200	372.0700	-	-	-	-	-	-	-
Hunters Green Elementary	1990	105,809	7	925.5700	988.0200	910.6300	892.4300	850.2500	798.9050	1,173.3200	1,172.2000	1,532.2600	1,435.6800
Ippolito Elementary	2001	74,583	6	602.0450	916.6700	779.3900	695.0600	-	-	-	-	-	-
Jackson Elementary	1926	45,115	6	533.5000	518.0700	456.0750	420.0800	411.5000	390.0800	396.1500	386.0700	387.5000	419.0000
James K-8 School	1964	70,652	-	882.0000	814.6500	-	66.9500	34.5000	67.5000	59.0000	79.8838	-	-
Just Elementary	1959	70,162	10	648.1200	579.0800	-	156.5100	128.5100	118.4200	149.9500	126.4300	126.9200	378.8600
Kenly Elementary	1927	66,141	1	467.9600	446.1000	556.1500	557.0000	605.5600	530.5000	575.1200	544.9900	546.4400	567.4900
Kingswood Elementary	1967	72,800	5	604.6800	616.6900	697.8600	762.2000	738.2900	861.1900	729.0900	697.5900	634.1000	691.6568
Knights Elementary	1976	94,368	13	799.1900	782.1600	812.6700	766.6200	784.1700	753.6200	730.1000	739.9200	697.1000	674.6800

(Continued)

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA**  
**LAST TEN FISCAL YEARS**

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04							
Lake Magdalene Elementary	1946	102,089	11	890.5339	916.7336	991.5005	960.8806	963.2404	1,039.1202	1,056.5834	1,042.0267	980.6068	1,072.0534
Lanier Elementary	1956	52,601	10	398.0300	448.2300	434.6600	480.8600	472.3000	507.8300	497.6000	503.0167	517.5500	512.5400
Lee Elementary School Of Technology	1906	46,602	-	385.0000	399.8000	429.0000	471.0000	476.0000	443.0000	476.0000	467.1200	475.0800	475.4383
Lewis Elementary	1958	81,422	4	834.1100	767.2600	804.7500	828.6201	836.4000	918.1134	914.8600	818.0800	989.0300	856.6400
Limona Elementary	1971	67,064	2	626.0600	609.6200	583.2800	946.6100	1,005.3250	934.1500	913.7700	908.9500	1,005.2100	959.1200
Lincoln Elementary	1923	51,315	3	442.0000	455.5400	456.2800	498.0400	448.1800	445.6800	426.5600	443.0000	458.7800	434.0400
Lithia Springs Elementary	1990	94,730	-	677.7200	631.6200	616.2400	683.9200	905.6200	957.6236	1,013.9400	974.1400	1,027.0400	1,163.5000
Lockhart Elementary	1951	85,420	-	419.1200	365.2000	358.7100	457.1500	508.2200	446.5600	530.0400	593.0600	613.5400	649.5000
Lomax Elementary	1907	43,960	2	404.5000	362.5000	271.0000	242.0000	224.5000	219.5000	227.0000	231.5000	-	365.8000
Lopez Elementary	1950	94,602	17	827.1404	796.2302	765.8100	763.6400	708.1800	680.0600	725.0750	706.5800	661.5600	700.5000
Lowry Elementary	1991	112,988	-	759.8700	766.3100	996.0850	948.7400	913.5000	823.0600	750.6600	691.1400	1,346.2550	1,241.3950
Lutz Elementary	1920	73,738	6	759.3300	697.8750	646.8750	628.2800	635.7000	651.2800	643.5900	682.1000	674.7400	714.1800
Mabry Elementary	1926	92,167	12	711.2400	749.3200	758.6700	754.6667	731.9700	726.0400	715.4600	667.0900	662.1434	691.1550
Macfarlane Elementary	1925	35,667	-	325.9000	308.0000	149.2000	-	-	-	-	-	-	-
Mango Elementary	1927	87,457	5	633.5800	601.3170	573.6004	756.9473	798.3472	814.7209	821.3991	836.3819	838.2590	856.0020
Maniscalco Elementary	1987	82,994	4	734.6800	758.3600	763.2200	730.6250	780.1668	822.6550	867.6550	836.0600	852.4950	797.2468
McDonald Elementary	1976	68,677	5	558.3100	589.1750	629.7600	620.6200	627.5400	654.5000	678.0000	691.0200	700.5000	649.0000
McKittick Elementary	1999	94,937	8	1,112.4900	1,060.9300	981.5100	925.9450	787.4815	-	-	-	-	-
Mendenhall Elementary	1947	89,624	10	602.0000	633.6200	731.1200	730.5900	745.6534	922.1300	959.1000	929.5400	902.0200	773.5800
Miles Elementary	1954	63,882	9	680.0000	586.4800	499.5400	514.5800	591.5000	462.0800	496.9000	624.9200	653.6850	731.5600
Mintz Elementary	1990	98,748	13	948.4500	982.1750	924.1335	972.2400	909.3200	1,547.2000	1,421.7600	1,326.7200	1,282.6400	1,103.2800
Mitchell Elementary	1915	61,541	11	565.1600	594.0600	557.6300	537.5400	517.0600	560.0600	541.1200	541.0000	580.5900	558.8900
Morgan Woods Elementary	1967	83,530	2	552.5000	577.5000	612.5000	616.0450	666.5800	689.0900	692.2100	670.6900	630.6200	625.1000
Mort Elementary	1965	90,908	8	869.6936	864.1500	798.5400	868.2200	863.8334	851.1367	936.5600	890.1200	863.7400	879.7600
Muller Elementary	2001	53,808	-	371.5000	361.5000	332.5200	-	-	-	-	-	-	-
Nelson Elementary	2002	72,395	13	903.6600	839.6800	714.0800	-	-	-	-	-	-	-
Northwest Elementary	1984	81,522	10	860.1000	882.6634	860.1600	846.7000	822.1600	897.4400	951.8184	958.7200	988.7300	935.2200
Oak Grove Elementary	1946	111,031	9	883.0800	851.0800	928.1200	869.5600	845.3400	-	978.8000	966.1672	1,108.9712	723.0000
Oak Park Elementary	1964	0	48	429.5167	428.5100	419.1400	443.6500	537.4001	621.6400	584.6200	633.0300	651.5000	693.5400
Palm River Elementary	1948	77,712	3	554.0600	553.5900	579.6200	515.2000	569.7000	574.0600	560.0800	504.1200	557.5900	498.0200
Pinecrest Elementary	1936	90,103	3	659.9200	649.3300	683.4200	721.8300	687.1500	703.3200	748.7400	747.2600	734.9300	713.6800
Pizzo Elementary	1996	93,758	-	935.5100	927.4300	893.2400	848.7800	821.1000	971.7000	919.1000	837.0000	-	-
Potter Elementary	1960	62,387	13	681.1134	595.0500	195.3900	199.4800	179.9700	197.6300	195.2400	220.2900	258.1800	283.1500
Pride Elementary	1999	75,487	9	893.9000	878.0200	866.0900	992.1750	866.1200	644.6400	-	-	-	-
Rampello Downtown Partnership School	2002	96,113	-	697.0977	211.0000	200.5000	181.0000	172.0000	161.5000	116.5000	55.5000	-	-
Riverhills Elementary	1962	54,510	9	569.9734	571.5000	581.0800	562.6100	526.0200	473.5600	406.5000	505.5000	724.5000	793.0000
Riverview Elementary	1960	90,435	1	607.7200	622.4300	669.3300	781.4400	744.7500	1,032.8700	975.9400	880.2600	759.5500	726.6700
Robinson Elementary	1959	75,357	2	644.6400	629.1200	685.3000	733.7617	727.1400	693.3000	702.0000	654.1500	778.7484	762.2400
Robles Elementary	1959	78,323	1	653.1400	568.6500	529.5100	526.8100	629.5700	697.9216	747.0600	873.0000	920.5600	1,025.9650
Roland Park K-8 School	1963	118,830	8	809.5000	880.5000	894.8300	859.5000	908.0111	914.9340	929.5519	952.3869	995.7193	1,134.1288
Roosevelt Elementary	1925	53,065	5	489.4100	504.6600	530.7948	514.3600	508.6200	526.1100	536.6400	534.6250	521.5200	531.5000
Ruskin Elementary	1942	98,729	16	846.5367	802.5900	763.1000	771.0600	733.1200	739.1000	742.2700	719.1400	726.1000	666.6600
Schmidt Elementary	2002	88,037	1	761.6900	713.1000	678.0685	-	-	-	-	-	-	-
Schwarzkopf Elementary	1991	89,651	10	786.4950	800.8000	793.8600	773.3800	780.2100	1,333.4200	1,245.1200	1,193.1100	1,148.6361	1,276.0877
Seffner Elementary	1961	76,585	5	698.3300	746.2500	823.3700	778.1000	779.8800	755.6300	817.5900	835.5000	1,022.0000	974.1000
Seminole Elementary	1921	71,502	9	536.5000	522.0200	576.5000	596.4500	616.5600	732.5950	762.0700	757.3600	720.5368	742.5000
Sessums Elementary	2002	74,611	8	662.0000	1,212.6100	1,004.7200	-	-	-	-	-	-	-
Shaw Elementary	1971	82,450	30	1,049.2400	864.0600	650.1200	717.0000	780.5200	980.0500	1,039.0800	962.6400	1,126.1200	1,236.1600
Sheehy Elementary	2001	56,176	9	511.7367	423.5800	-	-	-	-	-	-	-	-
Shore Elementary	1928	63,404	-	400.9000	409.5000	467.5000	548.9200	495.9000	497.0200	499.9800	488.5000	446.9800	466.0000
Springhead Elementary	1914	79,862	4	819.7700	791.5900	772.5600	739.6800	788.8600	751.6600	701.8300	687.6500	666.6700	697.3400
Sumphr Springs Elementary	1949	86,241	13	673.4400	668.1400	732.3467	805.3100	862.3900	903.6500	896.4000	867.4200	770.1500	759.6200
Sunmerfield Elementary	1989	101,546	15	939.1400	853.4300	711.6200	1,183.7400	1,138.1000	1,014.6200	898.4167	797.9300	-	739.0200
Symmes Elementary	1999	70,526	-	590.6900	625.0100	614.1100	556.7484	1,097.5400	-	-	-	-	-
Tampa Bay Boulevard Elementary	1924	72,586	14	653.9400	670.0950	662.1400	649.0300	689.8800	711.4750	672.4452	642.5000	625.6000	731.0000
Tampa Palms Elementary	1987	114,485	7	789.8350	840.2600	894.6500	799.2500	739.7917	1,172.1000	1,195.4400	1,209.2067	1,269.5900	1,094.6800
Temple Terrace Elementary	1955	94,526	16	746.4700	729.6000	755.4300	749.6400	782.0000	756.6300	738.6600	691.3600	878.2400	929.8000
Thonotosassa Elementary	1961	59,209	1	391.5000	346.0400	382.5000	415.0800	413.1000	422.5200	420.6600	432.5350	425.5500	420.5600
Tinker Elementary	1939	68,957	1	526.6200	492.7400	565.0900	566.2602	561.5900	556.5300	557.0400	639.5600	632.3400	659.6000
Town & Country Elementary	1961	64,568	3	475.4000	494.9950	520.2150	522.0000	497.7500	553.1300	584.5600	575.7400	556.1400	624.2000

(Continued)

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA**  
**LAST TEN FISCAL YEARS**

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04							
Trapnell Elementary	1931	65,252	9	544,408.4	546,760.0	550,545.0	563.0200	582.0900	497.6200	454.1500	448.1500	489.5400	488.0600
Turner Elementary	2001	84,203	-	419.0600	-	-	-	-	-	-	-	-	-
Twin Lakes Elementary	1926	75,242	10	969.2350	874.7151	860.7000	893.5500	936.9600	980.9433	959.3900	930.5000	871.5000	832.0200
Valrico Elementary	1993	98,379	4	842.2100	825.7800	883.7800	1,010.1100	978.2400	971.6000	879.1000	858.0200	786.0000	636.5000
Walden Lake Elementary	1990	93,933	9	877.7800	904.1400	848.2200	782.7200	991.1600	1,051.1400	960.0900	935.2400	914.6400	885.6400
Washington Elementary	1925	61,730	-	559.5400	895.5312	-	650.7000	621.0000	-	-	542.9170	647.0000	-
West Tampa Elementary	1985	80,880	6	487.9184	496.1350	554.8200	605.3300	630.9400	647.7000	606.2300	645.1900	655.7000	347.0300
Westchase Elementary	1997	112,715	5	1,141.0050	1,052.1400	1,187.7900	1,142.2200	1,478.9000	1,290.7400	1,053.6400	869.5200	-	349.0700
Westshore Elementary	1926	39,974	11	316.7600	302.9667	332.2000	352.2700	380.8000	367.6600	365.1000	353.6800	375.1000	397.6800
Wilson Elementary	1924	41,730	1	361.8200	328.5000	359.5400	335.5200	357.6000	381.2834	384.1000	376.5450	366.0000	386.4950
Wimauma Elementary	1926	66,413	15	567.5500	550.5800	595.6000	612.1400	611.6200	601.5500	584.5700	588.1500	583.5600	585.3000
Witter Elementary	1959	68,425	5	774.2700	774.8100	751.7600	793.6200	816.6800	804.0400	729.8605	730.5968	935.7800	983.2950
Woodbridge Elementary	1971	78,607	-	641.0000	713.0900	860.1000	938.5200	886.5400	878.9567	869.6800	831.9800	827.0800	747.8500
Yates Elementary	1953	115,648	1	785.5700	798.2200	838.9252	833.4200	846.3800	833.5384	819.9400	826.9688	986.9684	992.6800
Total Elementary Schools				91,114.0657	88,656.2350	84,779.1114	83,097.0200	82,276.0673	80,462.9386	79,520.6704	78,782.7895	77,875.8808	79,787.8415
<b>Middle Schools</b>													
Adams Middle	1957	127,034	3	1,186.0000	1,205.8336	1,219.9078	1,264.2502	1,284.0000	1,271.2172	1,301.0012	1,282.5182	1,313.5263	1,351.2427
Bartels Middle School	2001	126,897	-	-	-	-	-	-	-	-	-	-	-
Benito Middle	1995	143,665	10	1,498.2316	1,456.5000	1,270.0000	1,147.5000	1,696.9092	1,696.5316	1,538.7506	1,317.5667	1,239.0421	-
Buchanan Middle	1960	110,618	2	785.7034	897.0000	898.4400	909.3336	1,206.5304	1,227.3048	1,244.6668	1,332.9837	1,332.1797	1,331.5200
Burnett Middle	1993	136,178	5	977.1680	903.5016	916.7336	1,429.1804	1,366.8336	1,367.5000	1,415.5000	1,321.9170	1,418.5000	1,404.5000
Burns Middle	1980	200,295	11	1,491.7506	1,531.5846	1,608.5842	1,522.1676	1,523.5674	1,449.6641	1,756.5842	1,639.9174	1,424.4181	1,338.0000
Coleman Middle	1958	97,992	-	802.6016	837.8336	891.9204	892.2506	919.0846	887.8744	795.0400	737.0600	798.9018	757.8995
Davidson Middle	1998	112,613	12	1,213.5000	1,303.5000	1,315.4177	1,207.1750	1,469.3336	1,311.0000	-	-	-	-
Dowdell Middle	1959	118,355	-	860.5000	966.3000	984.2817	954.5000	927.3167	846.0000	783.5000	779.0000	896.4047	899.8352
Eisenhower Middle	1954	148,664	23	1,429.2740	1,215.6500	1,861.7834	1,687.1668	1,622.1668	1,570.0000	1,573.1400	1,599.5256	1,640.4170	1,611.4399
Farnell Middle	2000	132,731	9	1,386.6310	1,381.8010	1,251.0000	1,053.4752	-	-	-	-	-	-
Ferrell Middle Magnet	1950	99,920	1	586.0000	686.5000	637.5000	711.5000	689.7600	693.0000	-	-	-	-
Franklin Middle	1926	95,524	3	576.9167	622.9500	689.5000	661.0000	724.5000	734.2500	744.0300	709.4500	808.9404	784.0000
Giunta Middle School	2004	127,985	-	1,038.7502	-	-	-	-	-	-	-	-	-
Greco Middle School	1955	138,834	5	1,089.0000	1,115.4337	1,165.7002	1,326.0000	1,360.4837	1,229.4641	1,226.3100	1,160.7502	1,260.9837	1,252.0000
Hill Middle	1980	149,785	-	1,174.1734	1,149.7018	1,239.4737	1,252.9670	1,263.4674	1,138.9845	1,507.4007	1,458.9170	1,633.3336	1,555.3000
Jennings Middle	2001	116,096	4	1,099.1500	1,356.4880	1,251.8604	-	-	-	-	-	-	-
Liberty Middle	2000	136,559	6	1,552.3186	1,502.1340	1,417.2168	1,215.9836	-	-	-	-	-	-
Madison Middle	1950	106,264	3	783.5000	726.8785	915.9600	888.5000	827.0000	775.5000	640.5000	642.5000	660.6180	604.5000
Mann Middle	1957	137,056	7	891.0000	811.5000	858.9000	1,235.8207	1,136.5667	1,096.2510	1,127.6589	1,123.6668	1,131.4170	1,099.0000
Marshall Middle	1956	110,898	3	921.1167	914.0000	939.4500	972.5000	953.5000	904.0000	877.0000	867.3000	918.5000	950.2987
Martinez Middle	1999	115,286	-	1,060.4807	1,028.6800	926.5000	805.5000	-	-	-	-	-	-
McLane Middle	1914	115,724	1	1,022.8500	1,391.0000	1,539.8751	1,511.8668	1,465.5000	1,356.3506	1,146.8898	1,094.1672	1,128.5169	1,186.7555
Memorial Middle	1925	109,258	8	920.0500	1,155.0169	1,254.0000	1,117.0000	1,104.3336	964.6336	-	-	-	-
Middletown Middle School	1950	99,920	-	-	-	-	-	-	-	729.5000	730.0000	744.4670	781.0000
Monroe Middle	1956	109,228	1	783.3023	714.9002	688.5000	693.3336	670.0000	628.4170	614.5000	651.8371	716.1672	721.1680
Mulrennan Middle	2002	113,781	9	1,334.6341	1,331.7766	1,187.1167	-	-	-	-	-	-	-
Orange Grove Middle	1926	86,538	5	635.0000	628.5000	610.0000	643.4800	611.3062	599.5000	599.0000	624.4500	-	358.0200
Pierce Middle	1953	120,689	6	1,122.0000	1,103.3750	1,094.5000	1,103.5000	1,124.8200	1,041.0000	1,092.0000	1,051.9837	1,029.2851	1,104.5679
Progress Village Middle	1959	144,439	-	855.9504	858.7852	746.5000	787.0000	739.0000	719.0000	533.5000	540.5000	951.1668	1,007.0000
Randall Middle	1997	118,591	12	1,401.3927	1,245.5500	1,110.6010	1,356.5400	1,188.3010	1,044.0253	-	-	-	-
Rodgers Middle	1996	132,201	8	1,078.7000	1,620.0842	1,599.3352	1,623.3336	1,497.8840	1,345.6038	1,541.4511	1,445.9776	-	-
Shields Middle	2001	126,681	1	1,077.3008	1,063.7676	-	-	-	-	-	-	-	-
Sligh Middle	1949	109,053	-	998.2950	952.5000	881.0000	1,013.5000	963.5000	996.0750	1,004.5000	1,039.5000	1,087.3340	1,011.5000
Stewart Middle	1954	116,921	7	917.2667	886.5000	712.0000	701.0000	605.7000	636.8000	782.0000	758.5000	816.8795	877.4400
Tomlin Middle	1950	140,022	12	1,511.4178	1,514.1138	1,518.5000	1,448.0000	1,388.0000	1,317.2360	1,325.5838	1,352.0000	1,344.4170	1,423.4837
Turkey Creek Middle	1929	139,220	5	1,102.2834	1,108.0004	1,141.7479	1,255.0662	1,290.9908	1,233.1668	1,614.3440	1,525.4971	1,534.0000	1,529.4808
Van Buren Middle	1952	124,203	3	834.5000	831.9670	893.9600	860.5000	882.4500	814.0000	741.5000	720.5000	783.2392	849.5000
Walker Middle	1985	145,934	7	1,032.5000	973.0000	1,032.5374	941.0548	1,614.1366	1,468.0400	1,719.4985	1,628.4536	1,604.8676	-
Washington Middle School	1925	61,730	-	-	-	-	-	-	-	-	-	-	-
Webb Middle	1968	121,863	-	788.9107	732.5000	899.6000	924.5000	945.5800	974.3934	947.5486	923.2674	1,015.0000	1,050.5000
Williams Middle	1994	134,685	4	881.5000	846.5000	791.5000	790.9000	751.0000	829.9017	904.0000	896.9170	951.9174	943.1078
Wilson Middle	1915	74,737	1	589.3344	584.5838	638.9832	624.0000	620.3000	616.5500	633.6000	582.8502	562.7502	619.4000
Young Middle	1963	112,314	-	744.0000	797.0000	701.5000	707.0000	723.0000	711.7500	710.9700	669.5000	402.5000	1,059.6672
Total Middle Schools				42,034.9548	41,953.1791	41,301.8864	39,240.2657	37,156.8223	36,078.4449	33,757.4682	32,208.9735	31,762.1903	29,462.1269

(Continued)



SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA  
LAST TEN FISCAL YEARS

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04							
High Schools													
Alonso High	1999	271,669	13	2,695.0012	2,519.9250	2,324.0000	1,994.0834	1,397.0004	-	-	-	-	-
Armwood Senior High	1983	291,689	12	2,029.9559	1,952.9850	1,819.5750	1,738.0500	1,675.4250	1,719.2832	1,698.3000	1,720.3000	1,735.1400	1,870.6150
Blake Senior High	1995	398,036	-	1,789.9173	1,682.1450	1,557.9950	1,727.2165	1,650.3812	1,680.3383	1,667.5000	1,591.7300	1,099.5000	-
Bloomington Senior High	1982	297,148	7	2,234.0556	2,241.9848	2,304.7020	2,747.8364	2,713.9944	2,670.0550	2,531.4163	2,557.4328	3,104.0664	2,921.0000
Brandon Senior High	1960	282,060	16	2,002.1114	2,029.3850	2,001.7500	1,849.7750	1,894.0500	1,731.6000	1,731.0500	1,865.4834	2,413.7000	2,621.6250
Chamberlain Senior High	1956	259,979	27	2,170.3057	2,203.7950	2,065.0280	2,132.0698	2,203.7600	2,222.0620	2,148.4700	2,193.7350	2,302.0650	2,615.2400
D. W. Waters Center	1911	76,044	2	350.3500	339.9750	-	-	-	-	56.0000	-	-	-
Durant Senior High	1992	260,184	14	2,766.5000	2,582.0000	2,491.0150	2,492.6850	2,378.4252	2,328.1500	2,296.7500	2,264.3000	2,202.1000	2,025.0000
East Bay Senior High	1971	261,258	15	2,558.8000	2,321.2800	2,220.9000	2,055.5500	2,084.7900	2,026.8000	1,896.2000	1,921.7634	2,267.9000	2,125.3000
Freedom Senior High	1999	294,960	12	2,079.7506	1,793.7260	1,512.2172	1,000.6302	-	-	-	-	-	-
Gaither Senior High	1983	303,270	2	2,374.2854	2,368.7862	2,377.7848	2,380.3911	2,738.6351	2,590.6676	2,464.8336	2,547.6455	2,853.6129	2,775.6592
Hillsborough Senior High	1927	280,873	2	2,016.1633	1,980.2500	1,998.7750	2,055.0500	2,260.6100	2,254.4251	2,174.5990	2,154.0000	2,156.1000	2,206.0965
Jefferson Senior High	1971	239,285	23	1,847.8000	1,823.2015	1,760.6246	1,653.1160	1,585.8250	1,548.4500	1,492.4680	1,437.0664	1,464.0946	1,849.5042
King Senior High	1959	250,481	15	2,040.6500	2,056.8750	2,064.5000	2,114.8500	2,152.3948	2,096.8000	1,948.8500	2,053.0050	2,239.1750	2,182.9800
Lennard High School	2003	245,604	-	-	-	-	-	-	-	-	-	-	-
Leto Senior High	1964	284,781	8	1,799.7481	1,773.0534	1,849.3718	1,881.5800	2,081.3540	2,130.2000	2,146.2000	2,134.7600	2,079.0000	2,445.1200
Middleton Senior High	1999	236,263	26	1,977.8750	2,002.7750	1,843.2250	1,346.6600	-	-	-	-	-	-
Newsome Senior High	1999	252,015	1	1,847.8500	1,538.2000	953.5750	-	-	-	-	-	-	-
Plant City Senior High	1971	304,902	22	2,627.2000	2,455.1100	2,409.5100	2,398.2166	2,304.5500	2,320.0000	2,389.8600	2,410.7000	2,422.5000	2,418.0000
Plant Senior High	1926	215,851	3	1,958.5828	1,993.9224	1,999.7274	1,990.5412	1,949.7060	1,864.0830	1,804.8000	1,747.2000	1,745.0000	1,778.8001
Riverview Senior High	1995	284,334	8	2,775.8201	2,652.6111	2,594.0500	2,785.3150	2,708.7500	2,449.4000	2,131.4500	1,595.9000	-	-
Robinson Senior High	1957	202,597	6	1,187.9000	1,168.2930	1,208.1500	1,207.1500	1,228.0000	1,286.3750	1,333.7500	1,391.2830	1,343.3000	1,391.5130
Sickles Senior High	1985	321,529	23	2,627.0024	2,492.7494	2,153.9808	2,079.0842	2,150.5004	2,957.5842	2,757.3344	2,737.7521	2,200.3700	-
Spoto High School	2004	225,854	-	-	-	-	-	-	-	-	-	-	-
Tampa Bay Technical High School	1967	266,755	23	1,841.1490	1,735.4804	1,906.6537	1,637.9427	1,704.8152	1,701.2506	1,675.7302	1,698.5112	1,712.8469	1,670.5176
Wharton Senior High	1987	305,282	4	2,211.8206	2,074.2250	2,029.5850	2,024.7000	2,557.9750	2,330.5000	2,258.9250	2,092.4500	1,579.0000	-
Total High Schools				49,810.5944	47,782.7332	45,446.6953	43,292.4931	41,420.9417	39,908.0240	38,604.4865	38,115.0178	36,919.4708	32,896.9706
Specialty Schools													
Caminiti Exceptional Student Education	1985	54,593	1	187.9350	194.0749	196.8000	190.5000	194.5000	185.5000	181.9587	179.5000	177.5000	194.5000
Carver Exceptional Center	1925	34,310	-	94.4086	76.0000	60.0000	104.5000	102.7444	124.2838	119.0000	102.2751	127.5020	140.5980
Lavoy Exceptional Student Education	1962	42,648	9	125.0000	115.2800	110.0750	114.0000	112.5000	102.5000	106.3300	103.6000	121.0000	122.9000
Manhattan Center	1952	52,407	7	-	-	-	-	241.5000	182.5000	199.0200	220.0000	188.5000	-
Velasco Student Services	1985	42,659	-	-	40.7015	60.0854	58.3432	63.2192	188.6044	125.2080	71.7131	68.4206	200.1901
Brandon Alternative	1954	5,966	23	193.2000	168.1950	144.4340	-	-	-	-	-	-	-
East County Alternative Center	1957	0	11	59.0000	56.0000	105.1300	81.0000	66.3500	-	-	-	-	-
Meacham Center	1926	30,169	-	144.7725	132.5425	-	65.6700	85.1700	87.0300	103.1300	113.1950	122.7604	134.7700
North Tampa Alternative Center	1988	0	20	137.3310	113.6100	117.0450	119.4400	128.6772	-	-	-	-	-
Bowers Whitely Career Center	2001	53,367	-	399.1131	403.5000	-	-	-	-	-	-	-	-
Simmons Career Center	1923	46,423	-	352.7451	342.9951	-	-	-	-	-	-	-	-
South County Career Center	2000	102,863	-	391.8650	392.6200	364.4500	340.8750	-	-	-	-	-	-
Total Specialty Schools				2,085.3703	2,035.5190	1,158.0194	1,074.3282	994.6608	870.4182	834.6467	790.2832	805.6830	792.9581
Charter Schools													
Anderson Elementary Academy	n/a	n/a	n/a	-	-	31.0000	-	-	-	-	-	-	-
Carl Sagan Academy	n/a	n/a	n/a	49.6680	-	-	-	-	-	-	-	-	-
Central City Elem of Tampa	n/a	n/a	n/a	130.0000	102.5000	113.0000	116.1267	115.5000	-	-	-	-	-
Eastside Multi-Cultural School	n/a	n/a	n/a	-	-	184.0000	229.9000	221.5000	158.5000	127.0000	118.3340	43.0000	-
Hope Preparatory Academy	n/a	n/a	n/a	33.0000	-	-	-	-	-	-	-	-	-
Kid's Community College	n/a	n/a	n/a	51.0000	-	-	-	-	-	-	-	-	-
Learning Gate Community	n/a	n/a	n/a	404.5000	391.0000	337.5000	256.5000	194.5000	93.5000	-	-	-	-
Literacy Leadership Tech Academy	n/a	n/a	n/a	92.0000	-	-	-	-	-	-	-	-	-
Metropolitan Ministries	n/a	n/a	n/a	43.0000	26.5000	27.0000	32.9367	32.5000	40.4000	29.0000	31.0000	-	-
Mount Pleasant	n/a	n/a	n/a	114.0000	66.5000	87.5000	-	-	-	-	-	-	-
Pepin Academy of Tampa	n/a	n/a	n/a	112.7874	209.2542	186.3368	173.0000	133.2000	73.5270	30.0000	-	-	-
Prince Academy	n/a	n/a	n/a	73.5000	35.5000	45.5000	-	-	-	-	-	-	-
Quest Middle School	n/a	n/a	n/a	105.0000	-	-	-	-	-	-	-	-	-
RCMA Wimauma Academy	n/a	n/a	n/a	130.5000	109.0000	108.0000	-	-	-	-	-	-	-
RE-Birth Academy	n/a	n/a	n/a	118.0000	109.0000	103.5000	87.5000	103.5000	79.0000	45.5000	-	-	-
Redlands Christian Migrant	n/a	n/a	n/a	-	-	-	104.0000	80.2001	37.5000	-	-	-	-
Richard Milburn Academy	n/a	n/a	n/a	254.4001	214.6676	125.6170	53.8340	-	-	-	-	-	-

(Continued)

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA**  
**LAST TEN FISCAL YEARS**

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04							
Terrace Community School	n/a	n/a	n/a	351.5000	307.5000	286.0000	258.5000	238.4170	158.5000	158.5000	119.5000	-	-
The Richardson Academy	n/a	n/a	n/a	61.5000	79.4416	104.5000	110.0200	101.1200	58.0000	54.4000	45.0000	29.0000	-
Trinity Upper School	n/a	n/a	n/a	207.5000	196.5026	-	-	-	-	-	-	-	-
Trinity School	n/a	n/a	n/a	481.0000	467.0000	511.0000	466.1200	361.5000	267.0100	166.5000	-	-	-
University City Charter School	n/a	n/a	n/a	-	-	-	-	-	-	-	88.5000	-	-
USF/Patel	n/a	n/a	n/a	147.5000	190.5000	162.8000	152.4000	153.3000	145.0000	125.9400	-	-	-
USF/Patel Intermediate Charter	n/a	n/a	n/a	57.0000	-	-	-	-	-	-	-	-	-
Village of Excellence	n/a	n/a	n/a	104.4500	113.5000	117.5000	-	-	-	-	-	-	-
Walton Academy	n/a	n/a	n/a	122.9200	71.9600	-	-	-	-	-	-	-	-
Wilbesan Academy	n/a	n/a	n/a	-	55.5000	61.0000	-	-	-	-	-	-	-
Total Charter Schools				3,644.2255	3,330.3260	3,287.7538	2,753.2952	2,415.3205	1,522.6704	1,060.9400	768.3340	194.7400	55.9000
<b>Other Programs</b>	n/a	n/a	n/a										
Dorothy Thomas	n/a	n/a	n/a	123.5000	143.0000	138.3335	95.5000	94.0000	111.5000	121.5000	107.5000	83.3335	101.9701
ESE Birth Through Age 5	n/a	n/a	n/a	16.1684	15.0350	-	-	-	-	-	-	-	-
ESE Hospital/Homebound Program	n/a	n/a	n/a	45.6674	-	-	-	-	-	-	-	-	-
Mendez Exceptional Center	n/a	n/a	n/a	56.5000	68.5000	83.3000	117.6000	96.5500	75.9597	34.9400	37.0000	32.5000	30.5000
Parkhill Exception Center	n/a	n/a	n/a	-	-	46.1284	49.6400	49.4782	51.2500	48.6204	62.4301	37.4071	-
Plant City Exceptionl Ed Center	n/a	n/a	n/a	-	-	76.0857	95.4288	116.7000	93.0000	71.0000	55.0000	55.5000	44.0000
Private School (Disabled)	n/a	n/a	n/a	836.5000	713.0000	589.0000	430.8134	170.0000	25.0000	-	-	-	-
Alternative Sch Non-DJJ Prog	n/a	n/a	n/a	97.4850	50.1875	359.5158	446.2174	680.3107	800.9635	795.1352	833.2465	826.8344	706.5000
Haven Poe	n/a	n/a	n/a	3.5000	9.5000	2.5000	17.0000	8.0000	19.5000	15.0000	13.5000	-	-
Hillsborough Academy	n/a	n/a	n/a	23.5000	16.0000	18.0000	22.5000	25.0000	24.5000	8.4283	23.5000	-	-
Teen Parent Programs	n/a	n/a	n/a	33.6078	155.0096	-	-	-	-	-	-	-	-
Teen Parent West	n/a	n/a	n/a	60.1250	-	-	-	-	-	-	-	-	-
Adult Educ. Center	n/a	n/a	n/a	-	-	-	-	-	-	-	-	4.0000	36.3320
Waters Career Center	n/a	n/a	n/a	-	-	360.6300	467.7356	95.0995	64.3767	-	-	-	-
Columbus Juvenile Residential	n/a	n/a	n/a	49.5000	47.0000	15.9174	-	-	-	-	-	-	-
Detention Center, East	n/a	n/a	n/a	69.2000	66.5000	72.5000	51.0000	42.0000	63.0000	17.3574	41.0000	-	-
Detention Center, West	n/a	n/a	n/a	116.5000	113.2000	108.2000	100.0000	94.0000	112.0000	26.2510	92.0000	-	-
Falkenburg Academy	n/a	n/a	n/a	89.0000	84.0000	93.0000	86.5000	91.5000	88.0000	37.9640	-	-	-
Leslie Peters Halfway House	n/a	n/a	n/a	26.5000	23.0000	25.5000	22.9170	26.5000	27.5000	17.4658	16.9530	-	-
Orient Road Jail	n/a	n/a	n/a	66.0000	34.5000	47.2500	19.3012	13.0000	2.0000	-	-	-	-
Pace	n/a	n/a	n/a	45.7000	43.0000	41.3668	40.5000	41.5000	39.5000	11.4780	28.4765	-	-
Project Craft	n/a	n/a	n/a	16.5000	15.5000	12.5000	9.5000	-	-	-	-	-	-
Tampa Marine Institute	n/a	n/a	n/a	56.0000	69.8584	66.0000	75.0000	68.0000	62.5000	11.3965	52.2502	-	-
Youth Services	n/a	n/a	n/a	34.0000	29.0000	32.7000	30.5000	33.0000	53.0900	15.4892	42.3502	252.0000	291.0000
Fl Virtual School Franchise	n/a	n/a	n/a	41.1018	57.6146	25.0918	-	-	-	-	-	-	-
Total Other Sites				1,906.5554	1,753.4051	2,213.5194	2,177.6534	1,744.6384	1,713.6399	1,232.0258	1,405.2065	1,291.5750	1,210.3021
Total District				190,595.77	185,511.40	178,186.99	171,635.06	166,008.45	160,556.14	154,990.24	152,070.60	148,849.54	144,206.10

1) Date contract was let to build.

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

Source: District Records

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NUMBER OF PERSONNEL  
LAST TEN FISCAL YEARS

Fiscal Year	(A) Instructional	(B) Administrative	(C) Support Services	Total	Ratio of Students to Instructional Personnel	Ratio of Instructional Personnel to School Administrators
2006	14,517	800	8,969	24,286	13.13	18.15
2005	13,959	799	8,843	23,601	13.29	17.47
2004	12,827	822	9,085	22,734	13.89	15.60
2003	12,340	576	8,708	21,624	13.91	21.42
2002	11,361	594	8,188	20,143	14.61	19.13
2001	11,604	557	8,590	20,751	13.84	20.83
2000	11,457	647	7,465	19,569	13.53	17.71
1999	11,209	645	7,212	19,066	13.57	17.38
1998	10,768	652	7,226	18,646	13.82	16.52
1997	10,255	630	6,825	17,710	14.06	16.28

Note: Full Time Employees Only

- (A) Classroom Teachers, Guidance/Psychologists, Exceptional Education Teachers, Media Specialists  
Other Professional Instructional Staff
- (B) Principals, Assistant Principals, Superintendent, Assistant Superintendent/Chief Division Officer, General Directors  
Directors, General Managers, Managers, Supervisors/Customer Svc Managers, Coordinators/Asst Dept Managers
- (C) Paraprofessional, Bus Drivers, Maintenance, Student Nutrition, Custodial, Clerical, Etc.

Source: District Records

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
TEACHER BASE SALARIES  
LAST TEN FISCAL YEARS

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary
2006	\$ 32,005	\$ 53,619	\$ 37,473
2005	31,000	51,544	37,370
2004	30,501	51,016	37,338
2003	30,501	50,609	36,888
2002	30,001	50,539	36,730
2001	30,001	50,137	34,358
2000	27,587	46,562	33,705
1999	25,587	43,467	32,076
1998	25,001	42,200	31,255
1997	23,851	40,575	30,558

10 Month Teachers

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**FOOD SERVICE OPERATING DATA**  
**LAST FIVE YEARS**

	Fiscal Year				
	2006	2005	2004	2003	2002
<b>Days Meals Served:</b>	184	184	184	184	184
<b>Student Lunches Served:</b>					
Paid Lunches (regular)	4,242,669	4,527,037	4,690,815	4,529,784	4,551,758
Reduced Lunches (regular)	2,253,652	1,763,595	1,953,278	1,816,024	1,607,033
Free Lunches (regular)	10,644,586	10,430,109	9,788,041	9,510,496	9,099,676
<b>Total Student Lunches Served</b>	<b>17,140,907</b>	<b>16,720,741</b>	<b>33,861,648</b>	<b>15,856,304</b>	<b>15,856,304</b>
Daily Average Student Lunches Served	93,157	90,874	184,031	86,176	86,176
<b>Student Breakfasts Served:</b>					
Paid Breakfasts (regular)	3,744,477	3,598,110	3,723,886	3,516,952	1,382,999
Reduced Breakfasts (regular)	1,264,644	1,120,542	1,256,862	1,117,704	663,165
Free Breakfasts (regular)	6,474,779	6,430,671	6,189,969	5,872,876	4,947,613
<b>Total Student Breakfasts Served</b>	<b>11,483,900</b>	<b>11,149,323</b>	<b>11,170,717</b>	<b>10,507,532</b>	<b>6,993,777</b>
Daily Average Student Breakfasts Served	62,413	60,594	60,710	57,106	38,010
<b>LUNCH PRICES:</b>					
Elementary	\$1.75	\$1.75	\$1.50	\$1.50	\$1.25
Secondary	\$2.25	\$2.25	\$1.80	\$1.80	\$1.55
<b>BREAKFAST PRICES:</b>					
Elementary	FREE	FREE	FREE	FREE	FREE
Secondary	FREE	FREE	FREE	FREE	FREE
<b>Free and Reduced Percentages:</b>					
Free:	39.6%	41.0%	38.1%	39.8%	39.6%
Reduced:	8.3%	8.2%	9.0%	8.9%	8.3%
Full Paid:	52.1%	50.8%	52.9%	51.3%	52.1%

(a) Data unavailable for prior years

Source: District Records

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**APPENDIX C**  
**FORM OF RESOLUTION**

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**

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**SALES TAX REVENUE BOND RESOLUTION**

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**ADOPTED JANUARY 8, 2002**

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## **BOND RESOLUTION**

A RESOLUTION OF THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, AS THE GOVERNING BODY OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$250,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA SALES TAX REVENUE BONDS, SERIES 2002, TO FINANCE THE ACQUISITION, CONSTRUCTION, EQUIPPING AND FINANCING OF VARIOUS CAPITAL IMPROVEMENTS AND EDUCATIONAL FACILITIES WITHIN THE DISTRICT; PLEDGING MONEYS RECEIVED BY THE DISTRICT FROM THE ONE-HALF CENT LOCAL INFRASTRUCTURE SALES SURTAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; PROVIDING CERTAIN TERMS AND DETAILS OF SAID BONDS, INCLUDING AUTHORIZING A DELEGATED NEGOTIATED SALE OF SAID BONDS AND THE EXECUTION AND DELIVERY OF A PURCHASE AGREEMENT WITH RESPECT THERETO UPON SATISFACTION OF THE CONDITIONS SET FORTH HEREIN; APPROVING THE USE OF THE PRELIMINARY OFFICIAL STATEMENT RELATING TO THE SALE OF SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF THE OFFICIAL STATEMENT RELATING TO SALE OF SAID BONDS; APPROVING THE REGISTRAR AND PAYING AGENT FOR THE BONDS; APPROVING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE PREPAYMENT OF ALL OF THE DISTRICT'S OUTSTANDING SALES TAX REVENUE BONDS, SERIES 1996 AND THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

**BE IT RESOLVED BY THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, AS THE GOVERNING BODY OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA:**

## ARTICLE I

### GENERAL

**SECTION 1.01. DEFINITIONS.** When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

**"Accreted Value"** shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation, or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a 360-day year.

**"Act"** shall mean Chapter 230, Florida Statutes, Chapter 212, Part I, Florida Statutes, the Ordinance, the Interlocal Agreement and other applicable provisions of law.

**"Additional Bonds"** shall mean the obligations (including, but not limited to, bond anticipation notes or other similar short-term indebtedness) issued at any time under the provisions of Section 5.02 hereof on a parity with the Series 2002 Bonds.

**"Ambac Assurance"** shall mean Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

**"Amortization Installment"** shall mean (i) with respect to the Series 2002 Bonds, the amounts designated in the Purchase Agreement as Amortization Installments with respect to the Series 2002 Term Bonds and (ii) with respect to any Additional Bonds, an amount designated as such by Supplemental Resolution of the Board and established with respect to the Additional Term Bonds.

**"Annual Debt Service"** shall mean, at any time, the aggregate amount in the then current Fiscal Year of (1) interest required to be paid on the Outstanding Bonds during such Fiscal Year, except to the extent that such interest is to be paid from deposits in the Interest Account or Construction Fund from Bond proceeds for such purpose, (2) principal of Outstanding Serial Bonds maturing in such Fiscal Year, (3) the Amortization Installments with respect to such Fiscal Year, and (4) any amounts owing to the issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit. For purposes of this definition, all amounts payable on a Capital Appreciation Bond

shall be considered a principal payment due in the year of its maturity or date of redemption by Amortization Installment.

**"Authorized Investments"** shall mean any of the following, if and to the extent that the same are at the time legal for investment of funds of the Board:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation).
- (2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.
- (3) Senior debt obligations of other Government Sponsored Agencies approved by the Credit Facility Provider.
- (4) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:
  - Export-Import Bank
  - Rural Economic Community Development Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - U.S. Department of Housing & Urban Development (PHA's)
  - Federal Housing Administration
  - Federal Financing Bank
- (5) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
  - Senior debt obligations rated "AAA" by Standard & Poor's and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.
  - Senior debt obligations of other government sponsored agencies approved by the Insurer.
  - Obligations of the Resolution Funding Corporation (REFCORP).
  - Senior debt obligations of the Federal Home Loan Bank System.
- (6) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(7) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's and which matures not more than 270 days after the date of purchase.

(8) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's.

(9) Prerefunded Obligations.

(10) Investments in the Florida Local Government Surplus Funds Trust Fund.

(11) Investment agreements approved in writing by the Credit Facility Provider (supported by appropriate opinions of counsel).

(12) Other forms of investments (including repurchase agreements) approved in writing by the Credit Facility Provider.

"Value," which shall be determined at least semiannually, means that the value of any investments shall be calculated as follows:

(a) for securities:

1. the closing bid price quoted by Interactive Date Systems; or
2. a valuation performed by a nationally recognized and accepted pricing service acceptable to Ambac whose valuation method consists of the composite average of various bid price quotes on the valuation date; or
3. the lower of two dealer bids on the valuation date. The dealers or their parent holding companies must be rated at least investment grade by S&P and Moody's and must be market makers in the securities being valued.

(b) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(c) as to any investment not specified above: the value thereof established by prior agreement between the Board and the Credit Facility Provider.

(13) Any other investments approved in writing by the Credit Facility Provider.

**"Board"** shall mean the School Board of Hillsborough County, Florida, the governing body of the District.

**"Bond Amortization Account"** shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

**"Bond Counsel"** shall mean Nabors, Giblin & Nickerson, P.A. or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

**"Bond Insurance Policy"** shall mean a municipal bond insurance policy issued by an Insurer insuring the payment, when due, of the principal of and interest on a Series of Bonds as provided therein. With respect to the Series 2002 Bonds, "Bond Insurance Policy" shall mean the municipal bond insurance policy issued by Ambac Assurance guaranteeing, when due, the scheduled principal of and interest on the Series 2002 Bonds.

**"Bond Year"** shall mean the period commencing on October 2 of each year and ending on October 1 of each year.

**"Bondholder"** or **"Holder"** or **"holder of Bonds"** or any similar term, when used with reference to a Bond or Bonds, shall mean any Person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Board.

**"Bonds"** shall mean the Series 2002 Bonds, together with any Additional Bonds, issued pursuant to this Resolution and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to Section 5.04 hereof.

**"Capital Appreciation Bonds"** shall mean those Bonds so designated by Supplemental Resolution of the Board, which may be either Serial Bonds or Term Bonds and which shall bear interest payable at maturity or redemption. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

**"Chairman"** shall mean the Chairman or the Vice-Chairman of the Board, and such other person as may be duly authorized to act on his or her behalf.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules promulgated thereunder.

**"Construction Fund"** shall mean the School District of Hillsborough County, Florida Sales Tax Revenue Bonds Construction Fund established pursuant to Section 4.03 hereof.



**"Continuing Disclosure Certificate"** shall mean the Continuing Disclosure Certificate to be executed by the Board on or prior to the date of issuance of the Bonds, the form of which is attached hereto as Exhibit B.

**"Cost"** when used in connection with a Project and permitted by the Act, shall mean (1) the Board's cost of physical construction; (2) costs of acquisition by or for the Board of such Project; (3) any costs of land and interests therein and the costs of the Board incidental to such acquisition (including, without limitation, title insurance and related costs and costs associated with the examination, survey and any remediation required with respect to such land); (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during the period of construction of the Project and a reasonable period subsequent to completion of construction as the Board shall determine; (6) engineering, legal, financial advisory and other consultant fees and expenses; (7) costs and expenses of the financing incurred for the Project, including fees and expenses of any Paying Agent, Registrar, Credit Facility Provider or depository; (8) payments, when due (whether at the maturity of principal or the due date of interest) on any interim or temporary indebtedness of the Board incurred for the Project; (9) costs of machinery, equipment, technology, supplies, spare parts, books, furniture and any other items required by the Board for the commencement of operation of the Project; and (10) any other costs properly attributable to such construction or acquisition or to the issuance of the Bonds which finance the Project, as determined by generally accepted accounting principles applicable to the Project, and shall include reimbursement to the Board for any such items of Cost paid by the Board prior to the issuance of the Bonds or other obligations issued to finance the Project.

**"County"** shall mean Hillsborough County, Florida, a political subdivision of the State.

**"Credit Facility"** shall mean as to any particular Series of Bonds, a Bond Insurance Policy, a letter of credit, a line of credit or another credit or liquidity enhancement facility, as approved herein or in the Supplemental Resolution providing for the issuance of such Series of Bonds. With respect to the Series 2002 Bonds, "Credit Facility" shall mean the Bond Insurance Policy issued by Ambac Assurance.

**"Credit Facility Provider"** shall mean the Insurer, bank or other financial institution issuing a Credit Facility for a particular Series of Bonds.

**"Debt Service Fund"** shall mean the School District of Hillsborough, County, Florida Sales Tax Revenue Bonds, Debt Service Fund established pursuant to Section 4.04 hereof.

**"District"** shall mean the School District of Hillsborough County, Florida.

**"Escrow Agent"** shall mean The Bank of New York, New York, New York, in its capacity as escrow agent under the Escrow Deposit Agreement, its successors and assigns.

**"Escrow Deposit Agreement"** shall mean the Escrow Deposit Agreement to be dated the first day of the month in which the Series 2002 Bonds are delivered, between the District and the Escrow Agent, substantially in the form of Exhibit D attached hereto, and providing for the defeasance of the Refunded Bonds.

**"Fiscal Year"** shall mean the period commencing on July 1 of each year and continuing through the next succeeding June 30, or such other period as may be prescribed by law.

**"Fitch"** shall mean Fitch, Inc. and any assigns or successors thereto.

**"Insurer"** shall mean with respect to the Series 2002 Bonds, Ambac Assurance, and with respect to any other Series of Bonds, the Credit Facility Provider, if any, issuing a Bond Insurance Policy with respect to such Series of Bonds.

**"Interest Account"** shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

**"Interest Date" or "interest payment date"** shall be such date or dates for the payment of interest on the Bonds as provided pursuant to Sections 2.01 or 2.02 hereof.

**"Interlocal Agreement"** shall mean the Interlocal Agreement among the Board, the County and the Cities of Tampa, Temple Terrace and Plant City, Florida, dated as of July 17, 1996, providing for the distribution of the one-half cent local infrastructure sales surtax levied and collected pursuant to Section 212.055(2), Florida Statutes and the Ordinance, as the same may be amended or supplemented.

**"Maximum Annual Debt Service"** shall mean the largest aggregate amount of the Annual Debt Service becoming due in any Fiscal Year in which Bonds are Outstanding, excluding all Fiscal Years which shall have ended prior to the Fiscal Year in which the Maximum Annual Debt Service shall at any time be computed.

**"Maximum Interest Rate"** shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution of the Board delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any particular time bear in the future in accordance with the terms of such Supplemental Resolution.

**"Moody's Investors Service" or "Moody's"** shall mean Moody's Investors Service, and any assigns or successors thereto.

**"Ordinance"** shall mean Hillsborough County Ordinance No. 96-12, dated July 15, 1996, authorizing the levy of a discretionary local infrastructure sales tax and the execution and delivery of the Interlocal Agreement.

**"Outstanding"** when used with reference to the Bonds and as of any particular date, shall describe all of the Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which another Bond or Bonds have been issued under agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or Bonds under Sections 2.07, 2.08 and 2.09 hereof, (3) Bonds deemed to have been paid pursuant to Section 9.01 hereof, and (4) Bonds cancelled after purchase in the open market or because of payment at maturity.

**"Paying Agent"** shall mean The Bank of New York, New York, New York, appointed as the paying agent for the Bonds pursuant to Section 9.03 hereof.

**"Person"** shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

**"Pledged Funds"** shall mean (1) the Sales Tax Revenues, and (2) until applied in accordance with the provisions of this Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder except for the Unrestricted Revenue Account and the Rebate Fund.

**"Prerefunded Obligations"** shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (A) not callable at the option of the obligor prior to maturity or (B) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or securities described in paragraph (2) of the definition of Authorized Investments, secured in the manner set forth in Section 9.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities, which have been deposited in such fund along with any cash on deposit in such fund, are sufficient, as verified by an independent certified public accountant, to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (1) above, and (4) which are rated in the highest rating category of Standard & Poor's and Moody's.

**"Principal Account"** shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

**"Project"** shall mean the 2002 Project and the acquisition, construction and improvement of such additional properties and facilities as may be financed by the Sales Tax Revenues pursuant to the Act and the Project Resolutions.

**"Project Resolutions"** means the resolutions adopted from time to time by the Board in accordance with the Ordinance and the Interlocal Agreement.

**"Purchase Agreement"** shall mean the Bond Purchase Agreement to be executed between the Board and the Underwriters in accordance with Section 2.02(b) hereof, which Purchase Agreement shall set forth the terms of the Series 2002 Bonds and the form of which is attached hereto as Exhibit B.

**"Rebate Fund"** shall mean the School District of Hillsborough, County, Florida Sales Tax Revenue Bonds, Rebate Fund established pursuant to Section 4.04 hereof.

**"Redemption Price"** shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

**"Refunded Bonds"** shall mean the outstanding School District of Hillsborough County, Florida Sales Tax Revenue Bonds, Series 1996, dated December 1, 1996.

**"Refunding Securities"** shall mean any of the items listed in paragraph (1), (2) or (3) of the definition of Authorized Investments and Prerefunded Obligations.

**"Registrar"** shall mean The Bank of New York, New York, New York, appointed as the paying agent for the Bonds pursuant to Section 9.03 hereof.

**"Reserve Account"** shall mean the separate account in the Debt Service Fund established pursuant to Section 4.04 hereof.

**"Reserve Account Insurance Policy"** shall mean an insurance policy or surety bond deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(A)(4) hereof including, without limitation, the Series 2002 Surety Bond.

**"Reserve Account Letter of Credit"** shall mean an unconditional irrevocable letter of credit or line of credit (other than a Reserve Account Insurance Policy) deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(A)(4) hereof.

**"Reserve Account Requirement"** shall mean, as of any date of calculation for the Reserve Account or any subaccount thereof, an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds secured thereby, (2) one hundred twenty-five percent (125%) of the average annual debt service for all Outstanding Bonds secured thereby, or (3) ten percent (10%) of the proceeds of the Bonds secured thereby.

**"Resolution"** shall mean this Sales Tax Revenue Bond Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

**"Restricted Revenue Account"** shall mean the separate account in the Revenue Fund established pursuant to Section 4.04 hereof.

**"Revenue Fund"** shall mean the School District of Hillsborough, County, Florida Sales Tax Revenue Bonds, Revenue Fund established pursuant to Section 4.04 hereof.

**"Sales Tax Revenues"** shall mean the proceeds received by the Board pursuant to the Interlocal Agreement and the Ordinance from the levy and collection by the County of the one-half cent local infrastructure sales surtax pursuant to Section 212.055(2), Florida Statutes.

**"Secretary"** shall mean the Superintendent of the District as the Ex-officio Secretary of the Board.

**"Serial Bonds"** shall mean all of the Bonds other than Term Bonds.

**"Series"** shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Sections 2.01 and 2.02 hereof or a Supplemental Resolution authorizing the issuance by the Board as a separate Series, regardless of variations in maturity, interest rate, amortization installments or other provisions.

**"Series 2002 Bonds"** shall mean the School District of Hillsborough County, Florida Sales Tax Revenue Bonds, Series 2002 authorized and issued pursuant to Section 2.02 of this Resolution.

**"Series 2002 Guaranty Agreement"** shall mean the Guaranty Agreement to be dated the first day of the month in which the Series 2002 are issued between the Board and Ambac Assurance, pursuant to which Ambac Assurance is delivering the Series 2002 Surety Bond. The Series 2002 Guaranty Agreement shall be substantially in the form attached hereto as Exhibit E.

**"Series 2002 Surety Bond"** shall mean the Surety Bond issued by Ambac Assurance guaranteeing certain payments into the Reserve Account as provided therein and subject to the limitations set forth therein.

**"Standard & Poor's"** shall mean Standard and Poor's Ratings Group, and any assigns and successors thereto.

**"State"** shall mean the State of Florida.

**"Subordinated Indebtedness"** shall mean that indebtedness of the Board, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 5.01 hereof.

**"Superintendent"** shall mean the Superintendent of the District, and such other person as may be duly authorized to act on his or her behalf.

**"Supplemental Resolution"** shall mean any resolution of the Board amending or supplementing this Resolution enacted and becoming effective in accordance with the terms of Sections 7.01, 7.02 and 7.03 hereof.

**"Taxable Bonds"** shall mean any Bonds which state, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income taxation purposes or that such interest is subject to federal income taxation.

**"Term Bonds"** shall mean (i) with respect to the Series 2002 Bonds, the Series 2002 Bonds designated as Term Bonds in the Purchase Agreement and (ii) with respect to any Additional Bonds, those Bonds which shall be designated as Term Bonds by Supplemental Resolution of the Board and which are subject to mandatory redemption by Amortization Installment.

**"2002 Project"** shall mean certain capital improvements and educational facilities to be made within the District, all as more particularly described in the Project Resolutions and the plans and specifications on file or to be on file with the Board, as the same may be modified or amended from time to time. A general description of the education facilities expected to comprise the 2002 Project is provided in the Project Resolution adopted by the Board on June 19, 2001, as the same may be amended from time to time.

**"Underwriters"** shall mean PaineWebber Incorporated, Smith Barney Inc., Morgan Stanley Dean Witter, A. G. Edwards & Sons, Inc., Jackson Securities, Inc., Siebert, Brandford, Shank & Co., LLC, William R. Hough & Co., First Union/Wachovia Securities, Loop Capital Markets, LLC and Raymond James & Associates, Inc.

**"Unrestricted Revenue Account"** shall mean the separate account in the Revenue Fund established pursuant to Section 4.04 hereof.

**"Variable Rate Bonds"** shall mean Bonds issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include every other gender.

Words importing the singular number include the plural number, and vice versa.

**SECTION 1.02. AUTHORITY FOR RESOLUTION.** This Resolution is adopted pursuant to the provisions of the Act.

**SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Board with the Holders of the Bonds and the Insurer and shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Bonds and the Insurer. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Board shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds and for the benefit, protection and security of the Insurer. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

**SECTION 1.04. FINDINGS.** It is hereby ascertained, determined and declared:

(A) That the Board has heretofore entered into the Interlocal Agreement providing for the Board's receipt of the Sales Tax Revenues.

(B) That the Board deems it desirable and in the best interest of the Board to acquire, construct and equip the 2002 Project and to refund the Refunded Bonds.

(C) That the most efficient and cost-effective method of acquiring, constructing and equipping the 2002 Project is by the issuance of the Series 2002 Bonds secured by the Pledged Funds.

(D) That the amount of proceeds received by the Board from the sale of the Series 2002 Bonds will be substantially increased if the Board provides for the refunding of the Refunded Bonds utilizing Sales Tax Revenues previously received by the Board and not yet applied to pay the Costs of Projects.

(D) That the estimated Sales Tax Revenues will be sufficient to pay the principal of and interest on the Series 2002 Bonds, as the same become due, and all other payments provided for in the Resolution.

(E) Due to the potential volatility of the market for tax-exempt obligations such as the Bonds and the complexity of the transactions relating to such Bonds, it is in the best interest of the Board to sell the Bonds pursuant to a delegated negotiated sale, allowing the Board to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Board to obtain the best possible price and interest rate for the Bonds, subject in all respects to satisfaction of the conditions set forth in Section 2.02(b) hereof.

(F) The 2002 Project constitutes infrastructure within the meaning of Section 212.055(2), Florida Statutes.

**SECTION 1.05. AUTHORIZATION OF THE 2002 PROJECT.** The Board hereby authorizes and empowers the acquisition, construction and equipping of the 2002 Project.

**SECTION 1.06. AUTHORIZATION OF THE REFUNDING.** The Board hereby authorizes and empowers the refunding of the Refunded Bonds from Sales Tax Revenues presently held by the Board in accordance with the terms of the Escrow Deposit Agreement.



## **ARTICLE II**

### **AUTHORIZATION, TERMS, SALE, EXECUTION AND REGISTRATION OF BONDS**

**SECTION 2.01. AUTHORIZATION OF BONDS.** This Resolution creates an issue of Bonds of the Board to be designated as "School District of Hillsborough County, Florida, Sales Tax Revenue Bonds" which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as is or may hereafter be provided in this Resolution or as limited by the Act or by law.

The Bonds may, if and when authorized by the Board pursuant to this Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Board may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined hereby or by Supplemental Resolution of the Board.

The Bonds shall be issued in such denominations and such form, whether coupon or registered; shall be dated such date; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined by Supplemental Resolution of the Board in accordance with the provisions of the Act. The Board may issue Bonds which may be secured by a Credit Facility all as shall be determined hereby or by Supplemental Resolution of the Board.

### **SECTION 2.02. AUTHORIZATION AND DESCRIPTION OF THE SERIES 2002 BONDS.**

(a) In accordance with the Act and the terms of this Resolution, this Resolution hereby creates an issue of bonds of the Board to be designated as "School District of Hillsborough County, Florida Sales Tax Revenue Bonds, Series 2002," to be issued in the aggregate principal amount of not exceeding \$250,000,000. The Series 2002 Bonds shall be issued for the principal purposes of financing the acquisition, construction and equipping of the 2002 Project, and paying certain costs and expenses incurred in connection with the issuance of the Series 2002 Bonds, including the Bond Insurance Policy premium. The exact principal amount of the Series 2002 Bonds to be issued by the Board shall be determined by the Chairman and the Superintendent in accordance with Section

2.02(b) below. In the event the Chairman and Superintendent approve an amount less than \$250,000,000 in accordance with Section 2.02(b) hereof, the remaining authorized amount hereunder with respect to the Series 2002 Bonds shall be cancelled.

The Bonds shall be dated as of the first day of the month in which the Purchase Agreement is delivered, shall be issued in the form of fully registered bonds in the denominations of \$5,000 and any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "R," and shall bear interest from their dated date, payable semiannually, on April 1 and October 1 of each year, commencing on April 1, 2002 or, if dated after February 1, 2002, October 1, 2002, at such rates and maturing in such amounts on October 1 of such years as shall be determined by the Chairman and the Superintendent in accordance with Section 2.02(b) below.

The principal of the Bonds is payable upon presentation and surrender of the Bonds at the designated corporate trust office of the Paying Agent. Interest payable on the Bonds on any Interest Date will be paid by check or draft to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the request and expense of such Holder, by bank wire transfer for the account of such Holder. All payments of principal of and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(b) Subject to full satisfaction of the conditions set forth in this Section 2.02(b), the Board hereby authorizes a delegated negotiated sale of the Series 2002 Bonds to the Underwriters in accordance with the terms of a Purchase Agreement to be dated the date of sale and to be substantially in the form attached hereto as Exhibit C, with such changes, amendments, modifications, omissions and additions thereto as shall be approved by the Chairman and the Superintendent in accordance with the provisions of this Section 2.02(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 2.02(b). The Purchase Agreement shall not be executed by the Chairman 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 2002 Bonds by the Underwriters substantially in the form of the Purchase Agreement, said offer to provide for, among other things, (i) the issuance of not exceeding \$250,000,000 initial aggregate principal amount of Series 2002 Bonds, (ii) an underwriting discount (including management fee and all expenses) not in excess of 0.7% of the initial par amount of the Series 2002 Bonds, (iii) a true interest cost of not more than 5.60% per annum, and (iv) the maturities of the Series 2002 Bonds with the final maturity no later than October 1, 2026.

(2) With respect to any redemption terms of the Series 2002 Bonds, the Series 2002 Bonds the first call date may be no later than October 1, 2012 and no call premium may exceed 2% of the par amount of that portion of the Series 2002 Bonds to be redeemed.

(3) 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 and substantially in the form of Exhibit C to the Purchase Agreement.

**SECTION 2.04. APPLICATION OF SERIES 2002 BOND PROCEEDS.** (a) Except as otherwise provided by Supplemental Resolution of the Board, the proceeds derived from the sale of the Series 2002 Bonds, including accrued interest and premium, if any, shall be applied by the Board as follows:

(i) Accrued and any capitalized interest shall be deposited to the Interest Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 2002 Bonds. Accrued and any capitalized interest shall be held in trust solely for the payment of the Series 2002 Bonds.

(ii) A sufficient amount of the Series 2002 Bond proceeds shall be applied to the payment of the premium of the Bond Insurance Policy and to the payment of costs and expenses relating to the issuance of the Series 2002 Bonds.

(iii) The balance of the Series 2002 Bond proceeds shall be deposited to the Construction Fund and shall be used to pay the Costs of the 2002 Project.

(b) The proceeds of any Series of Additional Bonds shall be applied by the Board in accordance with the provisions of the Supplemental Resolution authorizing such Series of Bonds.

**SECTION 2.05. EXECUTION OF BONDS.** The Bonds shall be executed in the name of the Board with the manual or facsimile signature of the Chairman and the official seal of the Board shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Board or the Board before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Board by such person who at the actual time of the execution of such Bond shall hold the proper office of the Board, although at the date of such Bond such person may not have held such office or may not have been so authorized. The Board may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

**SECTION 2.06. AUTHENTICATION.** No Bond shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Board for such purpose. Such certificate on any Bond shall be conclusive

evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.11 hereof.

**SECTION 2.07. TEMPORARY BONDS.** Until the definitive Bonds are prepared, the Board may execute, in the same manner as is provided in Section 2.05 hereof, and deliver, upon authentication by the Registrar pursuant to Section 2.06 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Board by subsequent resolution, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Board, at its own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Registrar.

**SECTION 2.08. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.** In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Board may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Board and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Board or the Registrar may prescribe and paying such expenses as the Board and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be cancelled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Board may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.08 shall constitute original contractual obligations on the part of the Board whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder.

**SECTION 2.09. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER.** Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Board shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

The transfer of any Bond shall be registered only upon the books of the Board, at the office of the Registrar, under such reasonable regulations as the Board may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the registration or transfer of any such Bond, the Board shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond. The Board, the Registrar and any Paying Agent or fiduciary of the Board may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Board as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Board nor the Registrar nor any Paying Agent or other fiduciary of the Board shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to the Bonds, forthwith (A) following the fifteenth day prior to an interest payment date for the Bonds, and (B) at any other time as reasonably requested by the Paying Agent, certify and furnish to the Paying Agent the names, addresses and holdings of the Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or the transfer of Bonds shall be registered, the Board shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Chairman and Secretary for purposes of exchanging, replacing or registering the transfer of Bonds may occur at the time of the original delivery of the Bonds. All Bonds surrendered in any such exchanges or registration of transfer shall be held by the Registrar in safekeeping until directed by the Board to be cancelled by the Registrar. For every such exchange or registration of transfer, the Board or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Board and the Registrar shall not be obligated to make any such exchange or transfer of the Bonds during the period commencing on the fifteenth day of the month immediately preceding an Interest Date on the Bonds and ending on such Interest Date.

The Board may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by Supplemental Resolution. In accordance with Section 2.10 hereof, the Board elects to initially provide for a book entry only system of registration for the Series 2002 Bonds.

**SECTION 2.10. FULL BOOK ENTRY FOR SERIES 2002 BONDS.**

Notwithstanding the provisions set forth in Section 2.09 hereof, the Series 2002 Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities of the Series 2002 Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). All of the Outstanding Series 2002 Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC. As long as the Series 2002 Bonds shall be registered in the name of Cede & Co., all payments of principal on the Series 2002 Bonds shall be made by the Paying Agent by check or draft or by bank wire transfer to Cede & Co., as Holder of the Series 2002 Bonds, upon presentation of the Series 2002 Bonds to be paid, to the Paying Agent.

With respect to the Series 2002 Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Board, the Registrar and the Paying Agent shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (the "Participants"). Without limiting the immediately preceding sentence, the Board, the Registrar and the Paying Agent 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 2002 Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Series 2002 Bonds, including any notice of redemption, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, redemption premium, if any, or interest on the Series 2002 Bonds. The Board, the Registrar and the Paying Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Registrar as the Holder and absolute owner of such Bond for the purpose of payment of principal, redemption premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, redemption premium, if any, and interest on the Series 2002 Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar, 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, redemption premium, if any, and interest on the Series 2002 Bonds 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 Registrar, shall receive a certificated Bond evidencing the obligation of the Board to make payments of principal, redemption premium, if any, and interest pursuant to the provisions of the Resolution. 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 herein with respect to transfers during the 15 days next preceding an Interest Date or mailing of notice of redemption, the words "Cede & Co." 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 Registrar and the Paying Agent.

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 2002 Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2002 Bonds 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 that such book-entry only system is burdensome to the Board, the Series 2002 Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar 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 of this Resolution. In such event, the Board shall issue, and the Registrar shall authenticate, transfer and exchange the Series 2002 Bonds of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Letter of Representations executed by the Board and the Registrar and delivered to DTC in order to induce DTC to act as securities depository for the Series 2002 Bonds shall apply to the payment of principal of and interest on the Series 2002 Bonds.

**SECTION 2.11. FORM OF BONDS.** The text of the Bonds, except for Capital Appreciation Bonds and Variable Rate Bonds, the form of which shall be provided by Supplemental Resolution of the Board, shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Secretary prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Board's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-

\$

**UNITED STATES OF AMERICA  
STATE OF FLORIDA  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
SALES TAX REVENUE BOND, SERIES \_\_\_\_**

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
_____%	_____, ____	_____, ____	_____

Registered Holder:

Principal Amount:

**KNOW ALL MEN BY THESE PRESENTS**, that the School District of Hillsborough County, Florida, a governmental authority created by Article IX, Section 4 of the Florida Constitution (the "Board"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate identified above on \_\_\_\_\_ and \_\_\_\_\_ of each year commencing \_\_\_\_\_ until such Principal Amount shall have been paid.

Such Principal Amount and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount on this Bond is payable, upon presentation and surrender hereof, at the designated corporate trust office of The Bank of New York, New York, New York, as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Board maintained by The Bank of New York, New York, New York, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check or draft of such Paying Agent



mailed to such Registered Holder at the address appearing on such registration books or, at the request and expense of such Registered Holder, by bank wire transfer for the account of such Holder.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued for the principal purposes of providing moneys for the acquisition, construction and equipping of certain capital improvements and educational facilities within the Board (all as more particularly described in the hereinafter defined Resolution), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 230, Florida Statutes, Chapter 212, Part I, Florida Statutes, the Project Resolutions, the Interlocal Agreement, the Ordinance (as such terms are defined in the hereinafter defined Resolution), and other applicable provisions of law (collectively, the "Act"), and a Sales Tax Revenue Bond Resolution of the Board adopted on January 8, 2002 (as amended and supplemented from time to time, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable from and secured by a pledge of and lien upon (1) the Sales Tax Revenues (as defined in the Resolution) and (2) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in certain of the funds and accounts established by the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds").

IT IS EXPRESSLY AGREED BY THE REGISTERED HOLDER OF THIS BOND THAT THE FULL FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND AND THAT SUCH HOLDER SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF ANY TAXING POWER OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, TO THE PAYMENT OF SUCH PRINCIPAL AND INTEREST. THIS BOND AND THE OBLIGATION EVIDENCED HEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE BOARD, BUT SHALL CONSTITUTE A LIEN ONLY ON, AND SHALL BE PAYABLE SOLELY FROM, THE PLEDGED FUNDS.

Neither the members of the School Board of Hillsborough County, Florida, as the governing board of the Board nor any person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH ON THE FRONT SIDE HEREOF.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

**IN WITNESS WHEREOF**, the School District of Hillsborough County, Florida, acting by and through the School Board of Hillsborough County, Florida, has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Chairman of the School Board and countersigned and attested by the manual or facsimile signature of the Secretary to the School Board, and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

**SCHOOL DISTRICT OF HILLSBOROUGH  
COUNTY, FLORIDA**

(SEAL)

---

Chairman of the School Board of Hillsborough  
County, Florida

**ATTESTED AND COUNTERSIGNED:**

---

Superintendent and Ex-officio Secretary  
of the School Board of Hillsborough County,  
Florida

## **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds of the Issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

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**THE BANK OF NEW YORK, Registrar**

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Authorized Signatory

(Provisions on Reverse Side of Bond)

[Insert Redemption Provisions]

The transfer of this Bond is registrable in accordance with the terms of the Resolution only upon the books of the Board kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. For every such exchange or registration of transfer, the Board or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 and any integral multiple thereof, not exceeding the aggregate principal amount of the Bonds. The Board, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Board and the Registrar shall not be obligated to make any exchange or transfer of the Bonds during the period commencing on the 15th day of the month immediately preceding an interest payment date on the Bonds and ending on such interest payment date.

Reference to the Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing this Bond, the nature, manner and extent of enforcement of such pledge and covenants, and the rights, duties, immunities and obligations of the Board.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

## ASSIGNMENT

**FOR VALUE RECEIVED**, the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
Insert Social Security or Other  
Identifying Number of Assignee

\_\_\_\_\_  
(Name and Address of Assignee)  
\_\_\_\_\_

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed:

\_\_\_\_\_  
**NOTICE:** Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

\_\_\_\_\_  
**NOTICE:** The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of  
survivorship and not as tenants  
in common

UNIF TRANS MIN ACT -- \_\_\_\_\_  
(Cust.)

Custodian for \_\_\_\_\_

under Uniform Transfers to Minors Act of \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in list above.

## **ARTICLE III**

### **REDEMPTION OF BONDS**

**SECTION 3.01. PRIVILEGE OF REDEMPTION; OPTIONAL AND MANDATORY REDEMPTION.** (a) The terms of this Article III shall apply to redemption of Bonds other than Capital Appreciation Bonds or Variable Rate Bonds. The terms and provisions relating to redemption of Capital Appreciation Bonds and Variable Rate Bonds shall be provided by Supplemental Resolution.

(b) The Series 2002 Bonds shall be subject to optional and mandatory sinking fund redemption as set forth in the Purchase Agreement and in the Official Statement (referred to in Section 9.02 hereof).

(c) Additional Bonds shall be subject to optional and mandatory redemption in accordance with the terms of the Supplemental Resolution setting forth the details of such Additional Bonds.

**SECTION 3.02. SELECTION OF BONDS TO BE REDEEMED.** The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Board shall, at least thirty-seven (37) days and not more than sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than sixty (60) days and not less than thirty-seven (37) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Board or by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Board and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**SECTION 3.03. NOTICE OF REDEMPTION.** Notice of such redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Board, and (A) shall be filed with the Paying Agents of such Bonds and (B) shall be mailed first class, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice. Failure to mail notice to the Holders of the Bonds to be redeemed,

or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred.

Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed, (2) the original issue date of such Bonds, (3) the maturity date and rate of interest borne by each Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed, (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated office of the Paying Agent at an address specified, and (10) unless sufficient funds have been set aside by the Board for such purpose prior to the mailing of the notice of redemption, that such redemption is conditioned upon the deposit of sufficient funds for such purpose on or prior to the date set for redemption; and provided, further, that such notice and the redemption set forth therein may be subject to the satisfaction of one or more additional conditions set forth therein.

Within sixty (60) days of the date of redemption, the Registrar shall give a second notice of redemption by mailing another copy of the redemption notice to the registered Holders of Bonds called for redemption but which have not been presented for payment within thirty (30) days after the date set for redemption; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

In addition to the mailing of the notice described above, each notice of redemption and payment of the redemption price shall meet the following requirement; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above:

Each further notice of redemption shall be sent by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company, New York, New York and Midwest Securities Trust Company, Chicago, Illinois) and to two or more national information services which disseminate notices of prepayment or redemption of obligations such as the Bonds (such information services now being Financial Information, Inc.'s "Daily Called Bond Service," Jersey City, New Jersey, Kenny Information Services "Called Bond Service," New York, New York, Moody's "Municipal and Government," New York, New York and Standard & Poor's "Called Bond Record," New York, New York).



**SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS.** Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Board shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

**SECTION 3.05. PAYMENT OF REDEEMED BONDS.** Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Board shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer of funds issued by the Paying Agent to pay the Redemption Price of Bonds being redeemed shall bear the CUSIP number or numbers of such Bonds and identify the payments applicable to each CUSIP number. All Bonds which have been redeemed shall be cancelled by the Registrar and shall not be reissued.

**ARTICLE IV**  
**SECURITY, SPECIAL FUNDS AND**  
**APPLICATION THEREOF**

**SECTION 4.01. BONDS NOT TO BE INDEBTEDNESS OF BOARD.** The Bonds shall not be or constitute general obligations or indebtedness of the Board as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Board, payable solely from and secured by a lien upon and pledge of the Pledged Funds and moneys payable pursuant to the Bond Insurance Policy, with and to the extent set forth in this Resolution. No Holder of any Bond or the Insurer shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the Board except from the Pledged Funds in the manner provided herein.

**SECTION 4.02. SECURITY FOR BONDS.** Except as otherwise provided herein or by Supplemental Resolution, the payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds; provided, however, (i) a Series of Bonds may be further secured by a Credit Facility in addition to the security provided herein; and (ii) a Series of Bonds may be secured independently of any other Series of Bonds by the establishment of a separate subaccount in the Reserve Account for such Series of Bonds. The Board does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Bonds in accordance with the provisions hereof. The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board.

**SECTION 4.03. CONSTRUCTION FUND.** The Board covenants and agrees to establish a special fund to be known as the "School District of Hillsborough County, Florida Sales Tax Revenue Bonds, Construction Fund," which shall be used only for payment of the Costs of Projects. Moneys in the Construction Fund, until applied in payment of any item of the Costs of a Project in the manner hereinafter provided, shall be held in trust by the Board and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

The Board shall establish within the Construction Fund a separate account for each Project (including the 2002 Project), the Costs of which are to be paid in whole or in part out of the Construction Fund.

The Board covenants that the acquisition, construction and equipping of each Project will be completed without delay and in accordance with sound engineering practices. The Board shall only make disbursements or payments from the applicable account of the Construction Fund to pay Costs of the Project for which such account was established, except as provided below with respect to any surplus proceeds in a particular account. The Board shall keep records of such disbursements and payments and shall retain all such records for six (6) years from the dates of such records.

Notwithstanding any of the other provisions of this Section 4.03, to the extent that other moneys are not available therefor, amounts in an account of the Construction Fund shall be applied to the payment of principal and interest on the Series of Bonds for which such account was established or to reimburse a Credit Facility Provider for the payment of such principal and interest.

The date of completion of acquisition and construction of a Project shall be filed by the Superintendent with the Board. Promptly after the date of the completion of a Project, and after paying or making provisions for the payment of all unpaid items of the Costs of such Project, the Board shall deposit in the following order of priority any balance of moneys remaining in the Construction Fund in (A) any other account established in the Construction Fund for which the Superintendent certifies that there are insufficient moneys to pay the Costs of the Project for which such account was established and (B) such other fund or account established hereunder as shall be determined by the Board, provided the Board has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for purposes of federal income taxation.

**SECTION 4.04. FUNDS AND ACCOUNTS.** The Board covenants and agrees to establish with a bank, trust company or such other entity in the State, which is eligible under the laws of the State to be a depository for District funds the following funds and accounts:

(A) The "School District of Hillsborough County, Florida Sales Tax Revenue Bonds, Revenue Fund." The Board shall maintain two separate accounts in the Revenue Fund, the "Restricted Revenue Account" and the "Unrestricted Revenue Account."

(B) The "School District of Hillsborough County, Florida Sales Tax Revenue Bonds, Debt Service Fund." The Board shall maintain four separate accounts in the Debt Service Fund, the "Interest Account," the "Principal Account," the "Bond Amortization Account" and the "Reserve Account."

(C) The "School District of Hillsborough County, Florida Sales Tax Revenue Bonds, Rebate Fund."

Moneys in the aforementioned funds and accounts, other than the Rebate Fund and the Unrestricted Revenue Account, until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

**SECTION 4.05. DISPOSITION OF SALES TAX REVENUES.** (A) The Board shall promptly deposit upon receipt by the Board the Sales Tax Revenues into the Restricted Revenue Account. The moneys in the Restricted Revenue Account shall be deposited or credited on or before the third day prior to the end of each month, commencing in the month immediately following the

receipt of Sales Tax Revenues from the County, in the following manner and in the following order of priority:

(1) Interest Account. The Board shall deposit or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all of the Outstanding Bonds accrued and unpaid and to accrue to the end of the then current calendar month (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each). Moneys in the Interest Account shall be applied by the Board for deposit with the Paying Agent to pay the interest on the Bonds on or prior to the date the same shall become due. The Board shall adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date. Except as provided in Section 4.05(A)(5) below, no further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on the Outstanding Bonds on the next succeeding Interest Date.

(2) Principal Account. Commencing in the month which is one year prior to the first principal due date (or if the first principal due date is less than one year from the date of issuance of the Bonds, the month immediately following the issuance of the Bonds), the Board shall next deposit into the Principal Account the sum which, together with the balance in said Account, shall equal the principal amount on the Outstanding Bonds due and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months having thirty (30) days each) in equal amounts from the next preceding principal payment due date, or, if there is no such preceding payment due date from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be applied by the Board for deposit with the Paying Agent to pay the principal of the Bonds on or prior to the date the same shall mature, and for no other purpose. The Board shall adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds becoming due on such principal payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal coming due on the Outstanding Bonds on the next succeeding principal payment date.

(3) Bond Amortization Account. Commencing in the month which is one year prior to any Amortization Installment due date, there shall be deposited or credited to the Bond Amortization Account an amount which, together with the balance in said Account, shall equal the Amortization Installments of all Bonds Outstanding due and unpaid and that portion of the Amortization Installment next due which would have accrued on said Bonds during the then current calendar month if such Amortization Installment were deemed to accrue daily (assuming that a year consists of twelve (12) months of thirty (30) days each), in equal amounts from the next preceding Amortization Installment due date, or if there is no such preceding principal due date, from a date one year preceding the due date of such Amortization Installment. Moneys in the Bond Amortization Account shall be used to purchase or redeem Term Bonds in the manner herein provided or as provided by Supplemental Resolution, and for no other purpose. The Board shall

adjust the amount of the deposit into the Bond Amortization Account not later than the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay the Amortization Installments on the Bonds coming due on such date. No further deposit need be made to the Bond Amortization Account when the moneys therein are equal to the Amortization Installments coming due on the Outstanding Bonds on the next succeeding Amortization Installment due date. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account.

Amounts accumulated in the Bond Amortization Account with respect to any Amortization Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Amortization Installment was established) may be applied by the Board, on or prior to the sixtieth (60th) day preceding the due date of such Amortization Installment, (a) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established at a price not exceeding par plus accrued interest, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms at a price not exceeding par plus accrued interest. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Amortization Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Amortization Installment, the Board shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The Board shall pay out of the Bond Amortization Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Board from the Restricted Revenue Fund.

(4) Reserve Account. There shall be deposited to the Reserve Account an amount which shall not be less than one twelfth (1/12) of the amount which would enable the Board to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto in one (1) year from the date of any shortfall, whether such shortfall was caused by decreased market value or withdrawal. On or prior to each principal payment date and Interest Date for the Bonds, moneys in the Reserve Account shall be applied by the Board to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Account by reason of (i) investment income, shall be deposited into the Interest Account as provided in Section 4.07 hereof and (ii) a decrease in the Reserve Account Requirement, such surplus moneys shall be deposited by the Board into the Unrestricted Revenue Account, subject to receiving an opinion of Bond Counsel that such application will not have an adverse effect on the tax-exempt status on the

Bonds (other than Taxable Bonds), and otherwise to the Debt Service Fund. The Board shall inform each Credit Facility Provider of any draw upon the Reserve Account for purposes of paying the principal of and interest on the Bonds.

Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the Board shall, on the date of delivery of such Series of Bonds, fund the Reserve Account in an amount at least equal to the Reserve Account Requirement, if so required. Such required amount may be paid in full or in part from the proceeds of such Series of Bonds.

Notwithstanding the foregoing provisions, in lieu or substitution of the required deposits into the Reserve Account, the Board may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. The Board may also substitute a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for cash on deposit in the Reserve Account upon compliance with the terms of this Section 4.05(A)(4). Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any principal payment date or Interest Date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose. The issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall either be (a) an insurer (i) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such category) by either Standard & Poor's Corporation, Moody's or Fitch or (ii) who holds the highest policyholder rating accorded insurers by A.M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution the obligations payable or guaranteed by which have been assigned a rating by Moody's, Standard & Poor's Corporation or Fitch in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories); provided, that notwithstanding the foregoing, such insurer or commercial bank must be rated by any rating agency or agencies providing a rating on the Bonds secured by such Reserve Account Insurance Policy or Reserve Account Letter of Credit.

In the event the Reserve Account contains both a Reserve Account Insurance Policy or Reserve Account Letter of Credit and cash and separate subaccounts have not been established in the Reserve Account, the cash shall be drawn down completely prior to any draw on the Reserve Account Insurance Policy or Reserve Account Letter of Credit. In the event more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit is on deposit in the Reserve Account, amounts required to be drawn thereon shall be done on a pro-rata basis. The Board agrees to pay all amounts owing in regard to any Reserve Account Insurance Policy or Reserve Account Letter of Credit from the Pledged Funds. Pledged Funds shall be applied in accordance with this Section 4.05(A)(4), first, to reimburse the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit for amounts advanced under such instruments, second, replenish any cash deficiencies in the Reserve Account, and third, to pay the issuer of the Reserve Account Insurance

Policy or Reserve Account Letter of Credit interest on amounts advanced under such instruments. This Resolution shall not be discharged or defeased while any obligations are owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account. The Board agrees not to optionally redeem or refund Bonds unless all amounts owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account have been paid in full.

If two (2) business days prior to an interest payment or redemption date or such other period of time as shall be established pursuant to Supplemental Resolution, the Board shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on the Bonds on such date, the Board shall immediately notify (a) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit and submit a demand for payment pursuant to the provisions of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit, (b) the Paying Agent, and (c) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such Board or Insurer to provide moneys sufficient to pay all amounts due on such Interest Date including, if necessary, directing the Paying Agent to draw on the Reserve Account Insurance Policy or Reserve Account Letter of Credit.

The Board may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note or agreement therefore (including the Series 2002 Guaranty Agreement); provided, however, any such note (a) shall not be a general obligation of the Board the payment of which is secured by the full faith and credit or taxing power of the Board, and (b) shall be payable solely from the Pledged Funds in the manner provided herein.

To the extent the Board causes to be deposited into the Reserve Account, a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit for a term of years shorter than the life of the Series of Bonds so insured or secured, then the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit shall provide, among other things, that the issuer thereof shall provide the Board with notice as of each anniversary of the date of the issuance of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit of the intention of the issuer thereof to either (a) extend the term of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit beyond the expiration dates thereof, or (b) terminate the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit on the initial expiration dates thereof or such other future date as the issuer thereof shall have established. If the issuer of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit notifies the Board pursuant to clause (b) of the immediately preceding sentence or if the Board terminates the Reserve Account Letter of Credit and/or Reserve Account Insurance Policy, then the Board shall deposit into the Reserve Account, on or prior to the end of the first full calendar month following the date on which such notice is received by the Board, such sums as shall be sufficient to pay an amount equal to a fraction, the numerator of which is one (1) and the denominator of which is equal to the number of months remaining in the term of the Reserve Account Insurance Policy and/or the Reserve Account Letter of credit of the Reserve Account Requirement on the date such notice was received (the

maximum amount available, assuming full reimbursement by the Board, under the Reserve Account Letter of Credit and/or the Reserve Account Insurance Policy to be reduced annually by an amount equal to the deposit to the Reserve Account during the previous twelve (12) month period) until amounts on deposit in the Reserve Account, as a result of the aforementioned deposits, and no later than upon the expiration of such Reserve Account Insurance Policy and/or such Reserve Account Letter of Credit, shall be equal to the Reserve Account Requirement applicable thereto.

If any Reserve Account Letter of Credit or Reserve Account Insurance Policy shall terminate prior to the stated expiration date thereof, the Board agrees that it shall fund the Reserve Account over a period not to exceed sixty (60) months during which it shall make consecutive equal monthly payments in order that the amount on deposit in the Reserve Account shall equal the Reserve Account Requirement; provided, the Board may obtain a new Reserve Account Letter of Credit or a new Reserve Account Insurance Policy in lieu of making the payments required by this paragraph.

Whenever the amount of cash or securities in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other Accounts of the Debt Service Fund for the payment of the Bonds.

The Board may also establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such Series of Bonds secured by the subaccount unless otherwise provided by Supplemental Resolution. Moneys shall be deposited to separate subaccounts in the Reserve Account on a pro-rata basis. In the event the Board shall maintain a Reserve Account Insurance Policy or Reserve Account Letter of Credit and moneys in such subaccount, the moneys shall be used prior to making any disbursements under such Reserve Account Insurance policy or Reserve Account Letter of Credit.

(5) Annual Funding. There shall be next deposited to the Interest Account, the Principal Account and the Bond Amortization Account, in that order, sufficient moneys such that the amounts on deposit therein shall equal, respectively, the interest and principal (including any Amortization Installment) next coming due on all outstanding Bonds during the current Bond Year.

(6) Unrestricted Revenue Account. The balance of any moneys after the deposits required by Sections 4.05(A)(1) through (A)(5) hereof may be transferred, at the discretion of the Board, to the Unrestricted Revenue Account or any other appropriate fund and account of the Board and may be used for any lawful purpose including, without limitation, the early redemption of Bonds. In the event moneys on deposit in the Interest Account and the Principal Account on the third day prior to an Interest Date are not sufficient to pay the principal of and interest on the Bonds coming due on such Interest Date, the Board shall transfer moneys from the Unrestricted Revenue Account,



if any, to the appropriate Account of the Debt Service Fund to provide for such payment. Any moneys remaining in the Unrestricted Revenue Account on each Interest Date may be used for any lawful purpose.

(B) The Board, in its discretion, may use moneys in the Principal Account and the Interest Account to purchase or redeem Outstanding Bonds coming due on the next principal payment date, provided such purchase does not adversely affect the Board's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased.

(C) At least two business days prior to the date established for payment of any principal of or interest on the Bonds, the Board shall withdraw from the appropriate Account of the Debt Service Fund sufficient moneys to pay such principal or interest and deposit such moneys with the Paying Agent. Such deposits with the Paying Agent shall be made in moneys available to make payments of the principal of and interest on the Bonds as the same becomes due.

(D) In the event the Board shall issue a series of Bonds secured by a Credit Facility, the Board may establish such separate subaccounts in the Interest Account, the Principal Account and the Bond Amortization Account to provide for payment of the principal of and interest on such Series as may be required by the Credit Facility Provider; provided one Series of Bonds shall not have preference in payment from Pledged Funds over any other Series of Bonds. The Board may also deposit moneys in such subaccounts at such other times and in such other amounts from those provided in this Section 4.05 as shall be necessary to pay the principal of and interest on such Bonds as the same shall become due, all as provided by the Supplemental Resolution authorizing such Bonds. In the case of Bonds secured by a Credit Facility, amounts on deposit in any subaccounts established for such Bonds may be applied as provided in the applicable Supplemental Resolution to reimburse the Credit Facility Provider for amounts drawn under such Credit Facility to pay the principal of or redemption price, if applicable, and interest on such Bonds or to pay the purchase price of any such Bonds which are tendered by the Holders thereof for payment.

(E) The Board agrees that at the time of issuing any Variable Rate Bonds it shall establish the Maximum Interest Rate with respect thereto and a Maximum Interest Rate with respect to amounts owed to the Credit Facility Provider which provides liquidity for such Bonds. Any Credit Facility Provider which provides a Credit Facility for liquidity purposes must be rated in one of the two highest short-term rating categories assigned by Standard & Poor's Corporation or Moody's Investors Service. Any accelerated principal payments due to a Credit Facility Provider or any interest due in excess of the interest rate on the Variable Rate Bonds to a Credit Facility Provider must be subordinate to the payment of the scheduled debt service on the Bonds.

**SECTION 4.06. REBATE FUND.** Amounts on deposit in the Rebate Fund shall be held in trust by the Board and used solely to make required rebates to the United States (except to the extent the same may be transferred to the Board) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. If the rebate requirements of Section 148(f) of the

Code are applicable, the Board agrees to undertake all actions required of it in its arbitrage certificate related to the Bonds, including, but not limited to:

- (A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;
- (B) depositing the amount determined in clause (A) above into the Rebate Fund;
- (C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Board such amounts as shall be required by the Code to be rebated to the United States Treasury; and
- (D) keeping such records of the determinations made pursuant to this Section 4.06 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds.

The provisions of the above-described arbitrage certificate may be amended without the consent of any Holder or the Credit Facility Provider from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

**SECTION 4.07. INVESTMENTS.** Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed for the purposes of such Fund or Account. Moneys on deposit in the Reserve Account may be invested and reinvested in Authorized Investments which mature no later than ten (10) years from the date of investment. All investments shall be valued at market at least semi-annually.

Any and all income received by the Board from the investment of moneys in the Construction Fund, the Interest Account, the Principal Account, the Bond Amortization Account, the Restricted Revenue Account and the Reserve Account (to the extent such income and the other amounts in the Reserve Account does not exceed the Reserve Account Requirement) shall be retained in such respective Fund or Account. Any and all income received by the Board from the investment of moneys in the Reserve Account (only to the extent such income and other amounts in the Reserve Account exceeds the Reserve Account Requirement) shall be deposited in the Interest Account.

Nothing contained in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

**SECTION 4.08. SEPARATE ACCOUNTS.** The moneys required to be accounted for in each of the foregoing funds, accounts and subaccounts established herein may be deposited

in a single, non-exclusive bank account, and funds allocated to the various funds, accounts and subaccounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds, accounts and subaccounts as herein provided.

The designation and establishment of the various funds, accounts and subaccounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

## **ARTICLE V**

### **SUBORDINATED INDEBTEDNESS, ADDITIONAL BONDS AND COVENANTS OF BOARD**

**SECTION 5.01. SUBORDINATED INDEBTEDNESS.** The Board will not issue any other obligations payable from the Pledged Funds or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon. The Board may at any time or from time to time issue evidences of indebtedness payable in whole or in part out of the Pledged Funds and which may be secured by a pledge of the Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by this Resolution and shall not be subject to acceleration prior to maturity. The Board shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued pursuant to Section 5.02 hereof. The Board agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

**SECTION 5.02. ISSUANCE OF ADDITIONAL BONDS.** No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to this Resolution, shall be issued except upon the conditions and in the manner herein provided.

The Board may issue one or more Series of Additional Bonds for any one or more of the following purposes: financing the Costs of a Project, or the completion thereof, or refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the Board. No such Additional Bonds shall be issued unless (1) no Event of Default (as specified in Section 6.01 hereof) shall have occurred and be continuing hereunder and (2) the following conditions are complied with:

(A) Except as otherwise provided in Section 5.02(D) hereof, there shall have been obtained and filed with the Board a statement of the Superintendent or his/her designee: (1) stating that he or she has examined the books and records of the Board relating to the Sales Tax Revenues which have been received by the Board for deposit to the Restricted Revenue Account; (2) setting forth the amount of such Sales Tax Revenues during any twelve (12) consecutive months designated by the Board within the eighteen (18) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made; and (3) stating that the amount of such Sales Tax Revenues received during the aforementioned 12-month period equals at least 1.20 times the Maximum Annual Debt Service on all Bonds then Outstanding and such Additional Bonds with respect to which such statement is made. Such report by the Superintendent may be partially based upon a certification of certain matters related to the calculation of the Maximum Annual Debt Service by the Board's financial advisor.

(B) For the purpose of determining the Maximum Annual Debt Service under Section 5.02(A) hereof, the interest rate on any Variable Rate Additional Bonds then proposed to be issued

and on any Outstanding Variable Rate Bonds shall be deemed to be the lesser of (1) the interest rate for 20-year revenue bonds published by The Bond Buyer no more than two weeks prior to the sale of the Variable Rate Additional Bonds, or (2) the Maximum Interest Rate.

(C) Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution. Except as provided in Sections 4.02 hereof, and 4.05 all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other; provided, however, that the Board shall include a provision in any Supplemental Resolution authorizing the issuance of Variable Rate Additional Bonds pursuant to this Section 5.02 that in the event the principal thereof is accelerated due to such Bonds being held by the Credit Facility Provider, the lien of any accelerated debt due and owing such Credit Facility Provider on the Pledged Funds shall be subordinate in all respects to the pledge of the Pledged Funds created by this Resolution.

(D) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of Section 5.02 hereof shall not apply, provided that the issuance of such Additional Bonds shall result in a reduction of aggregate debt service. The conditions of Section 5.02(A) hereof shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

**SECTION 5.03. BOND ANTICIPATION NOTES.** The Board may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by resolution of the Board.

**SECTION 5.04. ACCESSION OF SUBORDINATED INDEBTEDNESS TO PARITY STATUS WITH BONDS.** The Board may provide for the accession of Subordinated Indebtedness to the status of complete parity with the Bonds, if (A) the Board shall meet all the requirements imposed upon the issuance of Additional Bonds by Section 5.02 hereof, assuming, for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds and (B) the Reserve Account, upon such accession, shall contain an amount equal to the Reserve Account Requirement in accordance with Section 4.05(A)(4) hereof. If the aforementioned conditions are satisfied, the Subordinated Indebtedness shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and such Subordinated Indebtedness shall be considered Bonds for all purposes provided in this Resolution.

**SECTION 5.05. BOOKS AND RECORDS.** The Board will keep books and records of the receipt of the Sales Tax Revenues in accordance with generally accepted accounting principles, and any Credit Facility Provider, or Holder or Holders of at least \$1,000,000 aggregate principal amount of Bonds shall have the right at all reasonable times to inspect the records, accounts and data of the Board relating thereto.

**SECTION 5.06. NO IMPAIRMENT; LIMITATION ON MATURITY OF BONDS.** The pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution, agreement or other proceedings of the Board. The Board shall not (1) permit the Interlocal Agreement to be terminated or expire while any Bonds remain Outstanding or (2) issue any Bonds maturing after the stated expiration date of the Interlocal Agreement.

**SECTION 5.07. FEDERAL INCOME TAX COVENANTS.** (A) The Board covenants with the Holders of the Bonds (other than Taxable Bonds) that it shall not use the proceeds of the Bonds in any manner which would cause the interest on the Bonds to be or become includable in gross income for purposes of federal income taxation.

(B) The Board covenants with the Holders of the Bonds (other than Taxable Bonds) that neither the Board nor any Person under its control or direction will make any use of the proceeds of the Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and neither the Board nor any other Person shall do any act or fail to do any act which would cause the interest on the Bonds to become includable in gross income for purposes of federal income taxation.

(C) The Board hereby covenants with the Holders of the Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

**SECTION 5.08. RECEIPT OF SALES TAX REVENUES.** The Board covenants to do all things necessary or required on its part by the Act, the Interlocal Agreement or otherwise to maintain the levy, collection and receipt of the Sales Tax Revenues, including, but not limited to, taking all actions necessary to cause the County to perform its obligations under the Interlocal Agreement with respect thereto. The Board shall exercise all legally available remedies to enforce such levy, collection and receipt now or hereafter available under law. The Board will not take any action, including amending or supplementing the Interlocal Agreement, or enter into any agreement that shall result in reducing the level of Sales Tax Revenues received by the Board from that level prevailing at the time the Board takes such action or enters into such agreement.

**SECTION 5.09. CONTINUING DISCLOSURE.** 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 Security and Exchange Commission (the "Rule"), it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Board and dated the date of the Bonds, 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 A with such changes, amendments, modifications, omissions and additions as shall be approved by the Chairman who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of this Resolution, failure of the Board to comply

with such Continuing Disclosure Certificate shall not be considered an event of default under the Resolution; provided, however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Section 5.09 and the Continuing Disclosure Certificate. For purposes of this Section 5.09, "Bondholder" 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 of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Bonds for federal income tax purposes.

## **ARTICLE VI**

### **DEFAULTS AND REMEDIES**

**SECTION 6.01. EVENTS OF DEFAULT.** The following events shall each constitute an "Event of Default":

(A) Default shall be made in the payment of the principal of or interest on any Bond when due. In determining whether a payment default has occurred, no effect shall be given to payment made under a Bond Insurance Policy.

(B) There shall occur the dissolution or liquidation of the Board, or the filing by the Board of a voluntary petition in bankruptcy, or the commission by the Board of any act of bankruptcy, or adjudication of the Board as a bankrupt, or assignment by the Board for the benefit of its creditors, or appointment of a receiver for the Board, or the entry by the Board into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Board in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Board to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of the Outstanding Bonds or the Insurer. Notwithstanding the foregoing, the Board shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Board in good faith institutes curative action and diligently pursues such action until the default has been corrected.

**SECTION 6.02. REMEDIES.** Any Holder of the Bonds or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Board or by any officer thereof; provided, however, that no Holder, Credit Facility Provider, trustee or receiver shall have the right to declare the Bonds immediately due and payable.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five per cent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Superintendent. Notice of such



appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Board and the trustee and notice of appointment shall promptly be given to all Holders of Bonds by first class mail, postage prepaid. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

**SECTION 6.03. DIRECTIONS TO RECEIVER AS TO REMEDIAL PROCEEDINGS.** The Holders of a majority in principal amount of the Bonds then Outstanding (or the Credit Facility Provider for any Series of Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to any receiver, to direct the method and place of conducting all remedial proceedings to be taken by any receiver hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any such direction which in the opinion of such receiver would be unjustly prejudicial to Holders of Bonds not parties to such direction.

**SECTION 6.04. REMEDIES CUMULATIVE.** No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**SECTION 6.05. WAIVER OF DEFAULT.** No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Section 6.05 to the Bondholders may be exercised from time to time, and as often as may be deemed expedient. No Event of Default may be waived without the consent of each Credit Facility Provider, which has honored all its obligations under its Credit Facility.

**SECTION 6.06. APPLICATION OF MONEYS AFTER DEFAULT.** If an Event of Default shall happen and shall not have been remedied, the Board or a trustee or receiver appointed for the purpose shall apply all Pledged Funds as follows and in the following order:

A. To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Registrar and Paying Agent hereunder; and

B. To the payment of the interest and principal then due on the Bonds (provided such payments are made in accordance with applicable law), as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

**FIRST:** to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference; and

**SECOND:** to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied first, to payment of any unfunded rebatable arbitrage, and second, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

**SECTION 6.07. CONTROL BY CREDIT FACILITY PROVIDER.** Upon the occurrence and continuance of an Event of Default, a Credit Facility Provider (if such Credit Facility Provider shall not have defaulted under its Credit Facility), shall be entitled to direct and control the enforcement of all right and remedies with respect to the Series of Bonds for which it shall have issued such Credit Facility, including any waiver of an Event of Default, and it shall be considered the sole Holder of such Series of Bonds for purposes of exercising remedies available hereunder. The Board shall provide each Credit Facility Provider immediate notice of any Event of Default described in Section 6.01(A) hereof and notice of any other Event of Default occurring hereunder within 30 days of the occurrence thereof.

## ARTICLE VII

### SUPPLEMENTAL RESOLUTIONS

**SECTION 7.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT.** The Board, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

(B) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.

(D) To add to the covenants and agreements of the Board in this Resolution other covenants and agreements thereafter to be observed by the Board or to surrender any right or power herein reserved to or conferred upon the Board.

(E) To specify and determine any matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

(F) To specify and determine the matters and things referred to in Sections 2.01, 2.02, 2.11 or 4.07 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

(G) To authorize Additional Bonds or Projects.

(H) To provide for the establishment of a separate subaccount or subaccounts in the Reserve Account which shall independently secure one or more Series of Bonds issued hereunder.

(I) To make any other change that, in the opinion of the Board, would not materially adversely affect the security for the Bonds.

**SECTION 7.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' AND CREDIT FACILITY PROVIDER'S CONSENT.** Subject to the terms and provisions contained in this Section 7.02 and Sections 7.01 and 7.03 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Board for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 7.02 shall also require the written consent of the Insurer. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Funds other than the lien and pledge created by this Resolution or as otherwise permitted hereby, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds (except as to the establishment of separate subaccounts in the Reserve Account as permitted hereby), or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders or a Credit Facility Provider of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof.

If at any time the Board shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Superintendent shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books and to all Insurers of Bonds Outstanding. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Superintendent and the Registrar for inspection by all Bondholders. The Board shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Board shall deliver to the Superintendent an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Board and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

**SECTION 7.03. AMENDMENT WITH CONSENT OF CREDIT FACILITY PROVIDER ONLY.** For purposes of amending the Resolution pursuant to Section 7.02 hereof, a Credit Facility Provider of a Series of Bonds shall be considered the Holder thereof, provided such Series of Bonds, at the time of the adoption of the amendment, shall be rated by the rating agencies which shall have rated the Bonds no lower than the initial ratings assigned thereto by such rating agencies. The consent of the Holders of Bonds shall not be required if the Credit Facility Provider shall consent to the amendment as provided by this Section 7.03. The foregoing right of amendment, however, does not apply to any amendment to Section 5.05 hereof with respect to the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Prior to adoption of any amendment made pursuant to this Section 7.03, notice of such amendment shall be delivered to the rating agencies rating the Bonds. Upon filing with the Superintendent of evidence of such consent of a Credit Facility Provider as aforesaid, the Board may adopt such Supplemental Resolution. After the adoption by the Board of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notice of an amendment under Section 7.02 hereof.

## **ARTICLE VIII**

### **PROVISIONS RELATING TO THE SERIES 2002 BOND INSURANCE POLICY, THE INSURER AND THE SERIES 2002 SURETY BOND**

**SECTION 8.01 AUTHORIZATION OF BOND INSURANCE POLICY AND THE SERIES 2002 SURETY BOND.** The Board hereby authorizes the payment of the principal of and interest on the Series 2002 Bonds to be insured pursuant to the Bond Insurance Policy and the Reserve Account to be funded with the Series 2002 Surety Bond issued by Ambac Assurance. The Chairman or the Superintendent are hereby authorized to execute such documents and instruments necessary to cause Ambac Assurance to insure the Series 2002 Bonds in accordance with the Bond Insurance Policy and to issue the Series 2002 Surety Bond in accordance with the terms of the Series 2002 Guaranty Agreement.

**SECTION 8.02 CERTAIN PROVISIONS REGARDING SERIES 2002 BOND INSURANCE POLICY AND THE SERIES 2002 SURETY BOND.** So long as the Bond Insurance Policy relating to the Series 2002 Bonds or the Series 2002 Surety Bond is in full force and effect and the Insurer has not defaulted in its payment obligations thereunder, the Board agrees to comply with the following provisions:

(A) At least one day prior to each interest payment date for the Series 2002 Bonds the Paying Agent will determine whether the Board has deposited with the Paying Agent sufficient moneys to pay the principal of and interest on the Series 2002 Bonds on such interest payment date. If one business day prior to an interest payment date the Paying Agent determines that the Board has not provided it with sufficient funds to pay the principal of or interest on the Series 2002 Bonds on such interest payment date, the Paying Agent shall so notify the Board and Ambac Assurance. Such notice shall specify the amount of the anticipated deficiency, the Series 2002 Bonds to which such deficiency is applicable and whether such Series 2002 Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified Ambac Assurance one business day prior to an interest payment date, Ambac Assurance will make payments of principal or interest due on the Series 2002 Bonds on or before the first business day next following the date on which Ambac Assurance shall have received notice of nonpayment from the Paying Agent, if any.

(B) The Paying Agent shall, after giving notice to Ambac Assurance as provided in Section 8.02(A) above, make available to Ambac Assurance and, at Ambac Assurance's direction, to The Bank of New York, in New York, New York, as insurance trustee for Ambac Assurance or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Board maintained by the Paying Agent and all records relating to the funds and accounts maintained under this Resolution.

(C) The Paying Agent shall provide Ambac Assurance and the Insurance Trustee with a list of registered owners of Series 2002 Bonds entitled to receive principal or interest payments from

Ambac Assurance under the terms of the Bond Insurance Policy, and, shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 2002 Bonds entitled to receive full or partial interest payments from Ambac Assurance and (ii) to pay principal upon Series 2002 Bonds surrendered to the Insurance Trustee by the registered owners of Series 2002 Bonds entitled to receive full or partial principal payments from Ambac Assurance.

(D) The Paying Agent shall, at the time it provides notice to Ambac Assurance pursuant to Section 8.02(A) above, notify registered owners of Series 2002 Bonds entitled to receive the payment of principal or interest thereon from Ambac Assurance (i) as to the fact of such entitlement, (ii) that Ambac Assurance will remit to them all or a part of the interest payments next coming due upon proof of Series 2002 Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from Ambac Assurance, they must surrender their Series 2002 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 2002 Bonds to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Paying Agent, and (iv) that should they be entitled to receive partial payment of principal from Ambac Assurance, they must surrender their Series 2002 Bonds for payment thereon first to the Paying Agent who shall note on such Series 2002 Bonds the portion of the principal paid by the Paying Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(E) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 2002 Bond which has become due for payment and which is made to a Series 2002 Bondholder by or on behalf of the Board has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time Ambac Assurance is notified pursuant to Section 8.02(A) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to Ambac Assurance its records evidencing the payments of principal of and interest on the Series 2002 Bonds which have been made by the Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

(F) In addition to those rights granted Ambac Assurance under this Resolution, Ambac Assurance shall, to the extent it makes payment of principal of or interest on the Series 2002 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note Ambac Assurance's rights as subrogee on the registration books of the Board maintained by the Paying Agent upon receipt from Ambac Assurance of proof of the payment of interest thereon to the registered owners of the Series 2002 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall

note Ambac Assurance's rights as subrogee on the registration books of the Board maintained by the Bond Registrar upon surrender of the Series 2002 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(G) Consent of Ambac Assurance.

(i) Any provision of the Resolution expressly recognizing or granting rights in or to a Credit Facility Provider may not be amended in any manner which affects the rights of Ambac Assurance thereunder without the prior written consent of Ambac Assurance.

(ii) Unless otherwise provided in this Section 8.02, Ambac Assurance's consent shall be required in addition to Series 2002 Bondholder consent, when and to the extent required, for the following purposes: (a) execution and delivery of any supplemental resolution, (b) removal of the Paying Agent and selection and appointment of any successor Paying Agent or (c) initiation or approval of any action not described in (a) or (b) above which requires Series 2002 Bondholder consent.

(iii) In the event of any reorganization or liquidation of the Board, Ambac Assurance shall be entitled to vote on behalf of the Series 2002 Bondholders. Any reorganization or liquidation plan with respect to the Board must be acceptable to Ambac Assurance.

(iv) Anything in this Resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default under this Resolution, Ambac Assurance shall, so long as Ambac Assurance has not defaulted on any of its payment obligations under the Bond Insurance Policy, be entitled to control and direct the enforcement of all rights and remedies granted to the Series 2002 Bondholders under this Resolution.

(H) Notices and Information to be Given to Ambac Assurance. The Board shall furnish to Ambac Assurance:

(i) as soon as practicable after the completion thereof, a copy of the annual report of the Board, which shall include the annual audited financial statements of the Board;

(ii) a copy of any notice to be given to the holders of the Series 2002 Bonds, including, without limitation, notice of any defeasance of the Series 2002 Bonds, and any certificate rendered pursuant to the Resolution relating to the security for the Series 2002 Bonds;

(iii) prior written notice of any removal or resignation of the Paying Agent;

(iv) such additional information it may reasonably request; and

(v) any required notice under the Continuing Disclosure Certificate; and



(vi) notice of any failure of the Board to provide relevant notices, certificates, etc.

All notices required to be given to Ambac Assurance shall be given to the following address:

AMBAC Assurance Corporation  
One State Street Plaza  
New York, New York 10004  
Attention: Surveillance Department

The Board will permit Ambac Assurance to discuss the affairs, finances and accounts of the Board or any information Ambac Assurance may reasonably request regarding the security for the Series 2002 Bonds with appropriate officers of the Board. The Board will permit Ambac Assurance to have access to and to make copies of all books and records relating to the Series 2002 Bonds at any reasonable time and upon reasonable notice.

Ambac Assurance shall have the right upon the occurrence of an event of default under this Resolution to direct an accounting at the Board's expense, and the Board's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from Ambac Assurance shall be deemed an event of default under this Resolution; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any holder of the Series 2002 Bonds.

NOTWITHSTANDING ANY OTHER PROVISION OF THE RESOLUTION, THE BOARD SHALL IMMEDIATELY NOTIFY AMBAC ASSURANCE IF AT ANY TIME THERE ARE INSUFFICIENT MONEYS TO MAKE ANY PAYMENTS OF PRINCIPAL AND/OR INTEREST AS REQUIRED AND IMMEDIATELY UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT UNDER THIS RESOLUTION.

(I) Concerning the Paying Agent. Notwithstanding any other provision of this Resolution to the contrary, no removal, resignation or termination of the Paying Agent shall take effect until a successor is appointed. Any successor Paying Agent shall be a trust company or bank in good standing, authorized to do business in, the State of Florida, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000. Notwithstanding any other provision of this Resolution to the contrary, in determining whether the rights of the Series 2002 Bondholders will be adversely affected by any action taken pursuant to the terms and the provisions of this Resolution, the Paying Agent shall consider the effect on the Series 2002 Bondholders as if there were no Bond Insurance Policy.

(J) Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Board, the Credit Facility Providers, the Paying Agent and the holders of the Series 2002 Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and

on behalf of the Board shall be for the sole and exclusive benefit of the Board, Ambac Assurance, the Paying Agent, any other municipal Credit Facility Providers and the holders of the Series 2002 Bonds.

(K) Third Party Beneficiary. To the extent this Resolution confers upon or gives or grants to Ambac Assurance any right, remedy or claim under or by reason of this Resolution, Ambac Assurance is hereby explicitly recognized as being a third-party beneficiary under this Resolution and may enforce any such right, remedy or claim conferred, given or granted hereunder.

**SECTION 8.03 THE SERIES 2002 GUARANTY AGREEMENT.** The Chairman and the Superintendent are hereby authorized and directed to execute and deliver in the name and on behalf of the Board the Series 2002 Guaranty Agreement in order to provide for the issuance of the Series 2002 Surety Bond. The provisions of the Series 2002 Guaranty Agreement, when executed and delivered by the parties thereto, shall be incorporated by reference herein so long as the Series 2002 Guaranty Agreement remains in effect in accordance with its terms.

**SECTION 8.04 PAYMENT PROVISIONS RELATED TO SERIES 2002 SURETY BOND.**

As long as the Series 2002 Surety Bond shall be in full force and effect, the Board and Paying Agent, agree to comply with the following provisions:

- (a) Upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac Assurance of a demand for payment in the form attached to the Series 2002 Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under this Resolution has not been made to the Paying Agent by the Board; or (ii) the payment date of the Series 2002 Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac Assurance, Ambac Assurance will make a deposit of funds in an account with the Paying Agent or its successor, in New York, New York, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent under this Resolution (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Series 2002 Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Series 2002 Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Series 2002 Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Paying Agent shall provide the Board with a copy of any Demand for Payment.
- (b) the Paying Agent and the Board, shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance

all of their records relating to the Funds and Accounts maintained under this Resolution.

- (c) the Board, shall, upon receipt of moneys by the Paying Agent from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Reserve Account to the extent of moneys received pursuant to such Demand for Payment.
- (d) the Reserve Account shall be replenished by the Board from first available Pledged Funds as set forth in Section 4.05(A)(4) hereof, in the following priority: (i) principal and on the Series 2002 Surety Bond and on any Additional Funding Instrument shall be paid on a pro rata basis; (ii) cash withdrawals from the Reserve Account shall be paid next and (iii) after all such amounts are paid in full, amounts necessary to pay interest on the Series 2002 Surety Bond and on any Additional Funding Instrument shall be paid.

## ARTICLE IX

### DEFEASANCE; MISCELLANEOUS

**SECTION 9.01. DEFEASANCE.** If (A) the Board shall pay or cause to be paid or there shall otherwise be paid to the Holders of any Series of Bonds the principal and interest or redemption price due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, and (ii) the Board shall pay all amounts owing to any Credit Facility Provider issuing a Credit Facility with respect to such Series of Bonds, and all covenants, agreements and other obligations of the Board to the holders of such Series of Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Board all money or securities held by them pursuant to the Resolution which are not required for payment or redemption of any Series of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto shall be deemed to have been paid within the meaning of this Section 9.01 if there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Board either moneys in an amount which shall be sufficient, or Refunding Securities verified by an independent certified public accountant to be in such amount that the principal of and the interest on or redemption price which when due will provide moneys which, together with the moneys, if any, deposited with such banking institution or trust company at the same time shall be sufficient, to pay the principal of and interest due and to become due on said Bonds on and prior to the maturity date thereof. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with such banking institution or trust company nor any moneys received by such bank or trust company on account of principal of or redemption price, if applicable, or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or redemption price of the Bonds for the payment of which they were deposited and the interest accruing thereon to the date of maturity; provided, however, the Board may substitute new Refunding Securities and moneys for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of and interest on or redemption price of the refunded Bonds.

For purposes of determining whether variable rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section 8.01, the interest to come due on such variable rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such variable rate Bonds having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such variable rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such variable rate

Bonds in order to satisfy this Section 9.01, such excess shall be paid to the Board free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

The Board shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 9.01 of moneys or Refunding Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 9.01 and stating such maturity date upon which moneys are to be available for the payment of the principal of and interest on or redemption price of said Bonds. Failure to provide said notice shall not affect the Bonds being deemed to have been paid in accordance with the provisions of this Section 9.01.

Notwithstanding anything herein to the contrary, in the event that the principal of or interest due on the Bonds shall be paid by a Credit Facility Provider, such Bonds shall remain Outstanding, shall not be defeased or otherwise satisfied and shall not be considered paid by the Board, and the pledge of the Pledged Funds and all covenants, agreements and other obligations of the Board to the Bondholders shall continue to exist and Credit Facility Provider shall be subrogated to the rights of such Bondholders.

**SECTION 9.02. PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT.** The use and distribution of the Preliminary Official Statement, to be dated January 9, 2002, the form of which is attached hereto as Exhibit C, by the Underwriters for the purpose of offering the Series 2002 Bonds for sale is hereby authorized. The form, terms and provisions of the final Official Statement, dated the date of the Purchase Agreement, shall be substantially as set forth in the Preliminary Official Statement but reflecting the final terms of the Series 2002 Bonds as set forth in the Purchase Agreement. The Chairman and the Superintendent are hereby authorized and directed to execute and deliver said Official Statement in the name and on behalf of the Board, and thereupon to cause such Official Statement to be delivered to the Underwriters with such changes, amendments, modifications, omissions, and additions as approved by the Chairman and the Superintendent, and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2002 Bonds to the public. Execution by the Chairman and the Superintendent of the final Official Statement shall be deemed to be conclusive evidence of approval of such changes.

**SECTION 9.03. APPOINTMENT OF PAYING AGENT AND REGISTRAR.** The Bank of New York, New York, New York, is hereby designated Registrar and Paying Agent for the Bonds. The Chairman and the Superintendent are hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 9.03 and by this Resolution.

**SECTION 9.04. CAPITAL APPRECIATION BONDS.** For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Board or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to

this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

**SECTION 9.05. SALE OF BONDS.** The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

**SECTION 9.06. GENERAL AUTHORITY.** The members of the Board and the officers, attorneys and other agents or employees of the Board are hereby authorized to do all acts and things required of them by this Resolution, the Purchase Agreement or the Bond Insurance Policy or which are desirable or consistent with the requirements of the Resolution, the Purchase Agreement, the Series 2002 Guaranty Agreement or the Bond Insurance Policy for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the Bonds, the Resolution, the Series 2002 Guaranty Agreement and the Purchase Agreement, including the execution of any documents or instruments relating to insuring payment of the Bonds, and each member, employee, attorney and officer of the Board or the Board are 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. The Vice Chairman of the Board is hereby authorized to do all acts or things required of the Chairman by the terms hereof in this Resolution in the event of the Chairman's absence or unavailability.

**SECTION 9.07. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions of this Resolution 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 and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

**SECTION 9.08. REPEAL OF INCONSISTENT RESOLUTIONS.** All ordinances, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

**SECTION 9.09. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the School Board of Hillsborough County, Florida, as the governing body of the School District of Hillsborough County, Florida, this 8th day of January, 2002.



Chairman of the School Board of  
Hillsborough County, Florida

ATTEST:



Superintendent and Ex-officio Secretary of  
the School Board of Hillsborough County,  
Florida

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**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA  
SALES TAX REVENUE BOND RESOLUTION**

RESOLUTION OF THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, SUPPLEMENTING A SALES TAX REVENUE BOND RESOLUTION ADOPTED BY THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, AS THE GOVERNING BODY OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA, ON JANUARY 8, 2002, AS PREVIOUSLY SUPPLEMENTED; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 AGGREGATE PRINCIPAL AMOUNT OF SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA SALES TAX REVENUE REFUNDING BONDS, SERIES 2007, IN ORDER TO REFUND A PORTION OF THE DISTRICT'S OUTSTANDING SALES TAX REVENUE BONDS, SERIES 2002; PROVIDING CERTAIN TERMS AND DETAILS OF SUCH SERIES 2007 BONDS; AUTHORIZING THE AWARDING OF SAID SERIES 2007 BONDS PURSUANT TO A PUBLIC BID AND COMPETITIVE SALE; DELEGATING CERTAIN AUTHORITY TO THE CHAIRMAN, VICE CHAIRMAN, SUPERINTENDENT AND CHIEF BUSINESS OFFICER OF THE DISTRICT FOR THE AWARD OF THE SERIES 2007 BONDS AND THE APPROVAL OF THE TERMS AND DETAILS OF SAID SERIES 2007 BONDS; APPOINTING THE PAYING AGENT AND REGISTRAR FOR SAID BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; ESTABLISHING A BOOK-ENTRY SYSTEM OF REGISTRATION FOR THE SERIES 2007 BONDS; AUTHORIZING MUNICIPAL BOND INSURANCE FOR THE SERIES 2007 BONDS; AUTHORIZING A RESERVE ACCOUNT INSURANCE POLICY WITH RESPECT TO THE SERIES 2007 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND A CONTINUING

DISCLOSURE CERTIFICATE; AND PROVIDING AN  
EFFECTIVE DATE.

**BE IT RESOLVED BY THE SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA, AS THE GOVERNING BODY OF THE SCHOOL  
DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA:**

**SECTION 1. FINDINGS.** It is hereby found and determined that:

(A) On January 8, 2002, the School Board of Hillsborough County, Florida (the "Board"), as the governing body of the School District of Hillsborough County, Florida (the "District") duly adopted a Sales Tax Revenue Bond Resolution (as heretofore supplemented, the "Master Resolution") for the purposes described therein, including authorizing, among other things, the District's Sales Tax Revenue Bonds, Series 2002 (the "Series 2002 Bonds") in order to finance and refinance a portion of the costs of certain capital improvements constituting educational facilities within the District.

(B) Pursuant to the Master Resolution, the District has also heretofore issued its (i) Sales Tax Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds") for the principal purpose of advance refunding a portion of the then outstanding Series 2002 Bonds (the Series 2002 Bonds not refunded with proceeds of the Series 2005 Bonds are referred to herein as the "Outstanding Series 2002 Bonds") and (ii) Sales Tax Revenue Bonds, Series 2006 (the "Series 2006 Bonds").

(C) The Master Resolution provides for the issuance of Additional Bonds, payable on a parity with the Outstanding Series 2002 Bonds, the Series 2005 Bonds and the Series 2006 Bonds (collectively, the "Parity Bonds"), for the purpose of, among other things, refunding all or a portion of Outstanding Bonds upon meeting certain requirements set forth in the Master Resolution.

(D) Subject to the conditions set forth in this Supplemental Resolution, the Board deems it to be in its best interests to issue its Sales Tax Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") for the principal purposes of (i) refunding a portion of the Outstanding Series 2002 Bonds (the portion so refunded being herein referred to as the "Refunded Bonds") and (ii) paying costs associated with the issuance of the Series 2007 Bonds.

(E) The Refunded Bonds are being refunded in order to achieve debt service savings. For the payment and refunding of said Refunded Bonds, the Board shall, as provided herein, deposit part of the proceeds derived from the sale of the Series 2007 Bonds, together with other legally available moneys of the District, in an escrow deposit trust fund to purchase direct U.S. Treasury obligations which shall be sufficient, together with investment earnings therefrom and a cash deposit, to pay the Refunded Bonds as the

same become due and payable or are redeemed prior to maturity, all as provided herein and the hereinafter defined Escrow Deposit Agreement. Subsequent to the defeasance of the Refunded Bonds, the Refunded Bonds shall no longer be payable from or secured by the moneys and revenues pledged therefor pursuant to the Master Resolution.

(F) In accordance with Section 218.385, Florida Statutes, and pursuant to this Supplemental Resolution, the Series 2007 Bonds shall be advertised for competitive bids pursuant to an Official Notice of Sale, the form of which is attached hereto as Exhibit A (the "Official Notice of Sale").

(G) Pursuant to the Official Notice of Sale, competitive bids received in accordance with the Official Notice of Sale on or prior to 11:00 a.m., Eastern Time, on March 14, 2007 or such other date or time as is determined by the Chairman, Superintendent or Chief Business Office of the District upon the advise of the District's financial advisor, Ford & Associates, Inc. (the "Financial Advisor") in accordance with the terms and provisions of the Official Notice of Sale, shall be publicly opened and announced.

(H) Due to the present volatility and uncertainty of the market for tax-exempt obligations such as the Series 2007 Bonds, it is desirable for the District to be able to advertise and award the Series 2007 Bonds at the most advantageous time and date which shall be determined by the Chairman, Superintendent or Chief Business Officer of the District (each a "Designated Official") upon the advice of the Financial Advisor and, accordingly, the District hereby determines to delegate the advertising and awarding of the Series 2007 Bonds to each Designated Official within the parameters described herein.

(I) It is necessary and appropriate that the Board determine certain parameters for the terms and details of the Series 2007 Bonds and to delegate certain authority to each Designated Official for the award of the Series 2007 Bonds and the approval of the terms of the Series 2007 Bonds in accordance with the provisions hereof, of the Master Resolution and of the Official Notice of Sale.

(J) The covenants, pledges and conditions in the Master Resolution shall be applicable to the Series 2007 Bonds herein authorized and said Series 2007 Bonds shall be on a parity with and rank equally as to the lien on and source and security for payment from the Pledged Funds (as defined in the Master Resolution) and in all other respects with the Parity Bonds (excluding the Refunded Bonds) and any Additional Bonds (as defined in the Master Resolution) hereafter issued pursuant to the Master Resolution, and shall constitute "Bonds" within the meaning of the Master Resolution.

(K) The Master Resolution provides that Additional Bonds such as the Series 2007 Bonds shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to such redemption

provisions as shall be determined by Supplemental Resolution adopted by the Board; and it is now appropriate that the Board set forth the parameters and mechanism to determine such terms and details through a competitive, public sale in accordance with the provisions herein set forth and in the Official Notice of Sale.

(L) In the event Bond Counsel shall determine that the Series 2007 Bonds have not been awarded competitively in accordance with the provisions of Section 218.385, Florida Statutes, the Board shall adopt such resolutions and make such findings as shall be necessary to authorize and ratify a negotiated sale of the Series 2007 Bonds in accordance with said Section 218.385, Florida Statutes.

**SECTION 2. DEFINITIONS.** When used in this Supplemental Resolution, the terms defined in the Master Resolution shall have the meanings therein stated, except as such definitions may be hereinafter amended or defined.

**SECTION 3. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.** This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Master Resolution.

**SECTION 4. AUTHORIZATION OF THE REFUNDING OF THE REFUNDED BONDS.** The Board hereby authorizes the advance refunding of the Refunded Bonds in accordance with the provisions of the Refunded Bonds, the Master Resolution and the Escrow Deposit Agreement (hereinafter defined). The exact Outstanding Series 2002 Bonds to be refunded shall be approved at the time of pricing of the Series 2007 Bonds by a Designated Official upon the advice of the Financial Advisor.

**SECTION 5 DESCRIPTION OF THE SERIES 2007 BONDS.** Pursuant to the provisions of Sections 2.01 and 5.02(D) of the Master Resolution, the Board hereby authorizes the issuance of a Series of Bonds in the aggregate principal amount of not exceeding \$50,000,000 to be known as the "School District of Hillsborough County, Florida Sales Tax Revenue Refunding Bonds, Series 2007," for the principal purposes of refunding the Refunded Bonds and paying costs related to the issuance of the Series 2007 Bonds. The aggregate principal amount of the Series 2007 Bonds to be issued shall be determined by a Designated Official in accordance with the terms hereof and of the Official Notice of Sale provided such aggregate principal amount does not exceed \$50,000,000. The Series 2007 Bonds shall be dated as of their date of delivery or such other date as shall be determined by a Designated Official in accordance with the terms hereof and of the Official Notice of Sale, shall be issued in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "R", shall bear interest from the dated date determined therefor, payable semi-annually, on April 1 and October 1 of each year (the "Interest Dates"), commencing on October 1, 2007 or such other dates as may be determined by a Designated Official in accordance with the terms hereof and of the Official Notice of Sale upon the advice of the

Financial Advisor. The Series 2007 Bonds shall be substantially in the form set forth in Section 2.11 of the Master Resolution with such changes as shall be necessary or desirable to reflect the final terms and provisions of the Series 2007 Bonds.

The Series 2007 Bonds shall bear interest at such rates and yields, shall mature on October 1 of each of the years and in the principal amounts corresponding to such years, and shall have such redemption provisions as determined by a Designated Official in accordance with the terms hereof and of the Official Notice of Sale upon the advice of the Financial Advisor. The final maturity of the Series 2007 Bonds shall not be later than October 1, 2026. All of the terms of the Series 2007 Bonds will be included in the winning bid in accordance with the terms of the Official Notice of Sale and confirmed in a certificate to be executed by a Designated Official following the award of the Series 2007 Bonds (the "Award Certificate") and shall also be set forth in the final Official Statement as described herein.

**SECTION 6. AWARD OF SERIES 2007 BONDS.** The Financial Advisor, upon approval of a Designated Official, on behalf of the District and only in accordance with the terms hereof and of the Official Notice of Sale, shall award the Series 2007 Bonds to the underwriter or underwriters that submit a bid proposal which complies in all respects with the Master Resolution, this Supplemental Resolution and the Official Notice of Sale and offers to purchase the Series 2007 Bonds at the lowest true interest cost to the District, as calculated by the Financial Advisor in accordance with the terms and provisions of the Official Notice of Sale; provided, however, the Series 2007 Bonds shall not be awarded to any bidder unless the true interest cost set forth in the winning bid (as calculated by the Financial Advisor) is equal to or less than an interest rate that will produce at least a present value savings to the District as a result of the refunding of the Refunded Bonds at least equal to three percent (3%) of the par amount of the Refunded Bonds. In accordance with the provisions of the Official Notice of Sale, a Designated Official may, in his or her sole discretion, reject any and all bids.

**SECTION 7. REDEMPTION PROVISIONS.** The Series 2007 Bonds may be redeemed prior to their respective maturities from any moneys legally available therefor, upon notice as provided herein and in the Master Resolution, upon the terms and provisions as may be determined by a Designated Official, in his or her discretion and upon the advice of the Financial Advisor; provided, however, with respect to optional redemption terms for the Series 2007 Bonds, if any, the first optional redemption date may be no later than October 1, 2017 and no call premium may exceed 1.00% of the par amount of that portion of the Series 2007 Bonds to be redeemed. Term Bonds may be established with such Amortization Installments as a Designated Official deems appropriate and upon the advice of the Financial Advisor. A Designated Official may determine, in his or her discretion and upon the advice of the Financial Advisor, that the Series 2007 Bonds shall not be subject to any optional or mandatory redemption provisions. The redemption provisions for the Series 2007 Bonds, if any, shall be set

forth in the winning bid and confirmed in the Award Certificate and in the final Official Statement.

**SECTION 8. OFFICIAL NOTICE OF SALE.** The form of the Official Notice of Sale attached hereto as Exhibit A and the terms and provisions thereof are hereby authorized and approved. A Designated Official is hereby authorized to make such changes, insertions and modifications as he or she shall deem necessary prior to the advertisement of such Official Notice of Sale. A Designated Official is hereby authorized to advertise and publish the Official Notice of Sale or a summary thereof at such time as he or she shall deem necessary and appropriate, upon the advice of the Financial Advisor, to accomplish the competitive sale of the Series 2007 Bonds in accordance with the provisions of Section 218.385, Florida Statutes.

**SECTION 9. FULL BOOK-ENTRY.** Notwithstanding the provisions set forth in Section 2.09 of the Master Resolution, the Series 2007 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2007 Bond for each of the maturities of the Series 2007 Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). As long as the Series 2007 Bonds are registered in the name of Cede & Co., all of the Outstanding Series 2007 Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., all payments of principal on the Series 2007 Bonds shall be made by the Paying Agent by check or draft or by bank wire transfer to Cede & Co., as Holder of the Series 2007 Bonds, upon presentation of the Series 2007 Bonds to be paid, to the Paying Agent.

With respect to Series 2007 Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Board, the District, the Registrar and the Paying Agent shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (the "Participants"). Without limiting the immediately preceding sentence, the Board, the District, the Registrar and the Paying Agent 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 2007 Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Series 2007 Bonds, including any notice of redemption, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, Redemption Price, if any, or interest on the Series 2007 Bonds. The Board, the District, the Registrar and the Paying Agent may treat and consider the Person in whose name each Series 2007 Bond is registered in the registration books kept by the Registrar as the Holder and absolute owner of such Series 2007 Bond for the purpose of payment of principal, Redemption Price, if any, and interest with respect to such Series 2007 Bond,

for the purpose of giving notices of redemption and other matters with respect to such Series 2007 Bond, for the purpose of registering transfers with respect to such Series 2007 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, Redemption Price, if any, and interest on the Series 2007 Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar, 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 District's obligations with respect to payment of principal of, Redemption Price, if any, and interest on the Series 2007 Bonds 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 Registrar, shall receive a certificated Bond evidencing the obligation of the District to make payments of principal, Redemption Price, if any, and interest pursuant to the provisions of the Resolution. Upon delivery by DTC to the District 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 Resolution with respect to transfers during the 15 days next preceding an Interest Date or first mailing of notice of redemption, the words "Cede & Co." in this Supplemental Resolution shall refer to such new nominee of DTC; and upon receipt of such notice, the District shall promptly deliver a copy of the same to the Registrar and the Paying Agent.

Upon (A) receipt by the District of written notice from DTC (i) to the effect that a continuation of the requirement that all of the outstanding Series 2007 Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2007 Bonds 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 District that such book-entry only system is burdensome or undesirable to the District, the Series 2007 Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar 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 of the Resolution. In such event, the District shall issue and the Registrar shall authenticate, transfer and exchange the Series 2007 Bonds of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof. 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 previously executed by the District and delivered to DTC shall apply to the payment of principal of, premium, if any, and interest on the Series 2007 Bonds.

#### **SECTION 10. APPLICATION OF SERIES 2007 BOND PROCEEDS.**

The proceeds derived from the sale of the Series 2007 Bonds shall be applied by the Board as follows:

(A) A sufficient amount of the Series 2007 Bond proceeds shall be applied to the payment of the premium for the hereinafter described Bond Insurance Policy applicable to the Series 2007 Bonds, to the payment of the premium for the hereinafter described Reserve Account Insurance Policy, and to the payment of costs and expenses relating to the issuance of the Series 2007 Bonds.

(B) The remainder of the proceeds of the Series 2007 Bonds shall be deposited with the Escrow Agent (defined herein) and applied in accordance with the terms of the Escrow Deposit Agreement (defined herein).

**SECTION 11. PRELIMINARY OFFICIAL STATEMENT.** The Board hereby authorizes the distribution and use of the Preliminary Official Statement in substantially the form attached hereto as Exhibit B in connection with the offering of the Series 2007 Bonds for sale. If between the date hereof and the mailing of the Preliminary Official Statement, it is necessary to make insertions, modifications or changes in the Preliminary Official Statement, each Designated Official is hereby authorized to approve such insertions, changes and modifications. Each Designated Official is hereby authorized to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934 in the form as mailed. Execution of a certificate by a Designated Official deeming the Preliminary Official Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes or modifications.

**SECTION 12. OFFICIAL STATEMENT.** The form, terms and provisions of the Official Statement relating to the Series 2007 Bonds shall be substantially as set forth in the Preliminary Official Statement and shall include all of the specific financial terms of the Series 2007 Bonds. The Chairman and the Superintendent are hereby authorized and directed to execute and deliver said Official Statement in the name and on behalf of the District, and thereupon to cause such Official Statement to be delivered to the underwriters thereof with such changes, amendments, modifications, omissions and additions as may be approved by the Chairman and the Superintendent. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Chairman and the Superintendent and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2007 Bonds to the public. Execution by the Chairman and the Superintendent of the Official Statement shall be deemed to be conclusive evidence of approval of such changes.

**SECTION 13. APPOINTMENT OF PAYING AGENT AND REGISTRAR AND ESCROW AGENT; REGISTRAR AND PAYING AGENT AGREEMENT; ESCROW DEPOSIT AGREEMENT.** (A) Subject in all respects to the award of the Series 2007 Bonds in accordance with this Supplemental Resolution and the Official Notice of Sale, The Bank of New York Trust Company, N.A., Jacksonville, Florida is hereby designated Registrar and Paying Agent for the Series 2007 Bonds and



escrow agent (the "Escrow Agent") under the Escrow Deposit Agreement being executed and delivered by the Board in connection with the refunding of the Refunded Bonds (the "Escrow Deposit Agreement").

(B) The Chairman and the Superintendent are hereby authorized to execute and deliver to the Registrar and Paying Agent a Paying Agent Agreement containing such terms as which may be necessary to effect the transactions contemplated by this Section 13 and the Master Resolution with respect to the duties of the Registrar and Paying Agent.

(C) The Board hereby authorizes and directs the Chairman and Superintendent to execute the Escrow Deposit Agreement and to deliver the Escrow Deposit Agreement to The Bank of New York Trust Company, N.A., as Escrow Agent thereunder. All of the provisions of the Escrow Deposit Agreement when executed and delivered by the Board as authorized herein and when duly authorized, executed and delivered by the Escrow Agent, shall be deemed to be a part of this Supplemental Resolution as fully and to the same extent as if incorporated verbatim herein, and the Escrow Deposit Agreement shall be in substantially the form of the Escrow Deposit Agreement attached hereto as Exhibit E with such changes, amendments, modifications, omissions and additions, including the date of such Escrow Deposit Agreement, as may be approved by the Chairman and the Superintendent. Execution by the Chairman and the Superintendent of the Escrow Deposit Agreement shall be deemed to be conclusive evidence of approval of such changes. The Chairman and the Superintendent are also hereby authorized and directed to execute and file all documents necessary to purchase or subscribe to the Refunding Securities on behalf of the District.

**SECTION 14. MUNICIPAL BOND INSURANCE; RESERVE ACCOUNT INSURANCE POLICY.** (A) Subject in all respects to the award of the Series 2007 Bonds in accordance with this Supplemental Resolution and the Official Notice of Sale, the Board hereby authorizes the payment of the principal of and interest on the Series 2007 Bonds to be insured pursuant to a financial guaranty insurance policy (the "Bond Insurance Policy") issued by Ambac Assurance Corporation ("Ambac Assurance"). Each Designated Official is hereby authorized to execute such documents and instruments necessary to cause Ambac Assurance to insure the Series 2007 Bonds. With respect to the Series 2007 Bonds, Ambac Assurance shall be deemed to be the "Insurer" as such term is used and defined in the Master Resolution.

(B) Subject in all respects to the award of the Series 2007 Bonds in accordance with this Supplemental Resolution and the Official Notice of Sale, the Board shall deposit to the Reserve Account a Reserve Account Surety Bond purchased from Ambac Assurance, (the "2007 Surety Bond") which, together with or in substitution of the Reserve Account Insurance Policy currently on deposit therein, shall equal the Reserve Account Requirement for the Series 2007 Bonds and the Parity Bonds (exclusive of the Refunded Bonds). The 2007 Surety Bond constitutes a Reserve Account Insurance

Policy for purposes of the Master Resolution. Each Designated Official is hereby authorized to enter into a Guaranty Agreement substantially in the form attached hereto as Exhibit C (the "Insurance Agreement") in order to cause Ambac Assurance to issue such 2007 Surety Bond. The provisions of such Insurance Agreement, when executed and delivered, shall be incorporated herein by reference and to the extent there are any conflicts between the Insurance Agreement and the Resolution, the provisions of the Insurance Agreement shall control.

**SECTION 15. PROVISIONS RELATING TO BOND INSURANCE POLICY.** Subject in all respects to the award of the Series 2007 Bonds in accordance with this Supplemental Resolution and the Official Notice of Sale, so long as the Bond Insurance Policy issued by the Ambac Assurance is in full force and effect and Ambac Assurance has not defaulted in its payment obligations under the Bond Insurance Policy, the Board agrees to comply with the following provisions, notwithstanding any provision in the Master Resolution to the contrary:

(A) At least one day prior to each interest payment date for the Series 2007 Bonds the Paying Agent will determine whether the Board has deposited with the Paying Agent sufficient moneys to pay the principal of and interest on the Series 2007 Bonds on such interest payment date. If one business day prior to an interest payment date the Paying Agent determines that the Board has not provided it with sufficient funds to pay the principal of or interest on the Series 2007 Bonds on such interest payment date, the Paying Agent shall so notify the Board and Ambac Assurance. Such notice shall specify the amount of the anticipated deficiency, the Series 2007 Bonds to which such deficiency is applicable and whether such Series 2007 Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified Ambac Assurance one business day prior to an interest payment date, Ambac Assurance will make payments of principal or interest due on the Series 2007 Bonds on or before the first business day next following the date on which Ambac Assurance shall have received notice of nonpayment from the Paying Agent, if any.

(B) The Paying Agent shall, after giving notice to Ambac Assurance as provided in Section 15(A) above, make available to Ambac Assurance and, at Ambac Assurance's direction, to The Bank of New York, in New York, New York, as insurance trustee for Ambac Assurance or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Board maintained by the Paying Agent and all records relating to the funds and accounts maintained under this Supplemental Resolution.

(C) The Paying Agent shall provide Ambac Assurance and the Insurance Trustee with a list of registered owners of Series 2007 Bonds entitled to receive principal or interest payments from Ambac Assurance under the terms of the Bond Insurance Policy, and, shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 2007 Bonds entitled to receive full or partial

interest payments from Ambac Assurance and (ii) to pay principal upon Series 2007 Bonds surrendered to the Insurance Trustee by the registered owners of Series 2007 Bonds entitled to receive full or partial principal payments from Ambac Assurance.

(D) The Paying Agent shall, at the time it provides notice to Ambac Assurance pursuant to Section 15(A) above, notify registered owners of Series 2007 Bonds entitled to receive the payment of principal or interest thereon from Ambac Assurance (i) as to the fact of such entitlement, (ii) that Ambac Assurance will remit to them all or a part of the interest payments next coming due upon proof of Series 2007 Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from Ambac Assurance, they must surrender their Series 2007 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 2007 Bonds to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Paying Agent, and (iv) that should they be entitled to receive partial payment of principal from Ambac Assurance, they must surrender their Series 2007 Bonds for payment thereon first to the Paying Agent who shall note on such Series 2007 Bonds the portion of the principal paid by the Paying Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(E) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 2007 Bond which has become due for payment and which is made to a Series 2007 Bondholder by or on behalf of the Board has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time Ambac Assurance is notified pursuant to Section 15(A) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to Ambac Assurance its records evidencing the payments of principal of and interest on the Series 2007 Bonds which have been made by the Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

(F) In addition to those rights granted Ambac Assurance under this Supplemental Resolution, Ambac Assurance shall, to the extent it makes payment of principal of or interest on the Series 2007 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due

interest, the Paying Agent shall note Ambac Assurance's rights as subrogee on the registration books of the Board maintained by the Paying Agent upon receipt from Ambac Assurance of proof of the payment of interest thereon to the registered owners of the Series 2007 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note Ambac Assurance's rights as subrogee on the registration books of the Board maintained by the Bond Registrar upon surrender of the Series 2007 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(G) Consent of Ambac Assurance.

(i) Any provision of the Master Resolution expressly recognizing or granting rights in or to a Credit Facility Provider may not be amended in any manner which affects the rights of Ambac Assurance thereunder without the prior written consent of Ambac Assurance.

(ii) Unless otherwise provided in this Section 15, Ambac Assurance's consent shall be required in addition to Series 2007 Bondholder consent, when and to the extent required, for the following purposes: (a) execution and delivery of any supplemental resolution, (b) removal of the Paying Agent and selection and appointment of any successor Paying Agent or (c) initiation or approval of any action not described in (a) or (b) above which requires Series 2007 Bondholder consent.

(iii) In the event of any reorganization or liquidation of the Board, Ambac Assurance shall be entitled to vote on behalf of the Series 2007 Bondholders. Any reorganization or liquidation plan with respect to the Board must be acceptable to Ambac Assurance.

(iv) Anything in the Master Resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default under the Master Resolution, Ambac Assurance shall, so long as Ambac Assurance has not defaulted on any of its payment obligations under the Bond Insurance Policy, be entitled to control and direct the enforcement of all rights and remedies granted to the Series 2007 Bondholders under the Master Resolution.

(H) Notices and Information to be Given to Ambac Assurance. The Board shall furnish to Ambac Assurance:

(i) as soon as practicable after the completion thereof, a copy of the annual report of the Board, which shall include the annual audited financial statements of the Board;

(ii) a copy of any notice to be given to the holders of the Series 2007 Bonds, including, without limitation, notice of any defeasance of the Series 2007 Bonds, and any certificate rendered pursuant to the Master Resolution relating to the security for the Series 2007 Bonds;

(iii) prior written notice of any removal or resignation of the Paying Agent;

(iv) such additional information it may reasonably request; and

(v) any required notice under the Continuing Disclosure Certificate; and

(vi) notice of any failure of the Board to provide relevant notices, certificates, etc.

All notices required to be given to Ambac Assurance shall be given to the following address:

AMBAC Assurance Corporation  
One State Street Plaza  
New York, New York 10004  
Attention: Surveillance Department

The Board will permit Ambac Assurance to discuss the affairs, finances and accounts of the Board or any information Ambac Assurance may reasonably request regarding the security for the Series 2007 Bonds with appropriate officers of the Board. The Board will permit Ambac Assurance to have access to and to make copies of all books and records relating to the Series 2007 Bonds at any reasonable time and upon reasonable notice.

Ambac Assurance shall have the right upon the occurrence of an event of default under the Master Resolution to direct an accounting at the Board's expense, and the Board's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from Ambac Assurance shall be deemed an event of default under this Supplemental Resolution; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any holder of the Series 2007 Bonds.

NOTWITHSTANDING ANY OTHER PROVISION OF THE MASTER RESOLUTION, THE BOARD SHALL IMMEDIATELY NOTIFY AMBAC ASSURANCE IF AT ANY TIME THERE ARE INSUFFICIENT MONEYS TO MAKE ANY PAYMENTS OF PRINCIPAL AND/OR INTEREST AS REQUIRED AND

IMMEDIATELY UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT UNDER THE MASTER RESOLUTION.

(I) Concerning the Paying Agent. Notwithstanding any other provision of this Supplemental Resolution to the contrary, no removal, resignation or termination of the Paying Agent shall take effect until a successor is appointed. Any successor Paying Agent shall be a trust company or bank in good standing, authorized to do business in, the State of Florida, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000. Notwithstanding any other provision of the Master Resolution or this Supplemental Resolution to the contrary, in determining whether the rights of the Series 2007 Bondholders will be adversely affected by any action taken pursuant to the terms and the provisions of the Master Resolution or this Supplemental Resolution, the Paying Agent shall consider the effect on the Series 2007 Bondholders as if there were no Bond Insurance Policy.

(J) Parties Interested Herein. Nothing in the Master Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Board, the Credit Facility Providers, the Paying Agent and the holders of the Series 2007 Bonds, any right, remedy or claim under or by reason of the Master Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in the Master Resolution or this Supplemental Resolution contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, Ambac Assurance, the Paying Agent, any other municipal Credit Facility Providers and the holders of the Series 2007 Bonds.

(K) Third Party Beneficiary. To the extent the Master Resolution or this Supplemental Resolution confers upon or gives or grants to Ambac Assurance any right, remedy or claim under or by reason of this Supplemental Resolution, Ambac Assurance is hereby explicitly recognized as being a third-party beneficiary under the Master Resolution and may enforce any such right, remedy or claim conferred, given or granted hereunder.

**SECTION 16 PAYMENT PROVISIONS RELATED TO 2007 SURETY BOND.** As long as the 2007 Surety Bond shall be in full force and effect, the Board and Paying Agent, agree to comply with the following provisions:

(a) Upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac Assurance of a demand for payment in the form attached to the 2007 Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under this Supplemental Resolution has not been made to the Paying Agent by the Board; or (ii) the payment date of the Series 2007 Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac Assurance, Ambac Assurance will make a deposit of funds in an

account with the Paying Agent or its successor, in New York, New York, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent under the Master Resolution or this Supplemental Resolution (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the 2007 Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the 2007 Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the 2007 Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Paying Agent shall provide the Board with a copy of any Demand for Payment.

(b) the Paying Agent and the Board, shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance all of their records relating to the Funds and Accounts maintained under this Supplemental Resolution.

(c) the Board, shall, upon receipt of moneys by the Paying Agent from the draw on the 2007 Surety Bond, as specified in the Demand for Payment, credit the Reserve Account to the extent of moneys received pursuant to such Demand for Payment.

(d) the Reserve Account shall be replenished by the Board from first available Pledged Funds as set forth in Section 4.05(A)(4) of the Master Resolution, in the following priority: (i) principal and on the 2007 Surety Bond and on any Additional Funding Instrument shall be paid on a pro rata basis; (ii) cash withdrawals from the Reserve Account shall be paid next and (iii) after all such amounts are paid in full, amounts necessary to pay interest on the 2007 Surety Bond and on any Additional Funding Instrument shall be paid.

(e) In the event the 2007 Surety Bond is issued in substitution of the Reserve Account Insurance Policy presently on deposit in the Reserve Account, all references in this Section 16 and in the Insurance Agreement shall also include references to the Parity Bonds.

**SECTION 17. SECONDARY MARKET DISCLOSURE.** Subject in all respects to the award of the Series 2007 Bonds in accordance with this Supplemental Resolution and the Official Notice of Sale, 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 (the "Rule"), it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Chairman and dated the date of delivery of the Series 2007 Bonds, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form attached hereto as Exhibit D with such changes, amendments, modifications, omissions and

additions as shall be approved by the Chairman who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of the Master Resolution or this Supplemental Resolution, failure of the Board to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default under the Master Resolution; provided, however, any Series 2007 Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Section 17 and the Continuing Disclosure Certificate. For purposes of this Section 17, "Series 2007 Bondholder" 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 2007 Bonds (including persons holding Series 2007 Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Series 2007 Bonds for federal income tax purposes.

**SECTION 18. GENERAL AUTHORITY.** The members of the Board, the Superintendent and the officers, attorneys and other agents or employees of the Board are hereby authorized to do all acts and things required of them by this Supplemental Resolution, the Master Resolution, the Official Statement, the Continuing Disclosure Certificate, the Insurance Agreement or the Official Notice of Sale, or desirable or consistent with the requirements hereof or the Master Resolution, the Official Statement, the Continuing Disclosure Certificate, the Insurance Agreement or Official Notice of Sale for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series 2007 Bonds, the Master Resolution, the Official Statement, the Continuing Disclosure Certificate, the Insurance Agreement and the Official Notice of Sale and each member, employee, attorney and officer of the Board and the Superintendent is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. If the Chairman is unavailable or unable at any time to perform any duties or functions hereunder, including but not limited to those described in Section 6 hereof, the Vice-Chairman is hereby authorized to act on his or her behalf.

**SECTION 19. 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 or of the Series 2007 Bonds.



**SECTION 20. RESOLUTION TO CONTINUE IN FORCE.** Except as herein expressly provided, the Resolution and all the terms and provisions thereof are and shall remain in full force and effect.

**SECTION 21. EFFECTIVE DATE.** This Supplemental Resolution shall become effective immediately upon its adoption.

**DULY ADOPTED,** in Regular Session this 27th day of February, 2007.

**SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA**

(SEAL)

By: \_\_\_\_\_  
Chairman

ATTEST:

By: \_\_\_\_\_  
Superintendent and Ex-Officio Secretary  
to the Board

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**APPENDIX D**  
**SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY**

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## Financial Guaranty Insurance Policy

Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004  
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee



Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004  
Telephone: (212) 668-0340

## Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

The insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

**In Witness Whereof**, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

### Ambac Assurance Corporation

President



Secretary

Authorized Representative

**APPENDIX E**  
**FORM OF OPINION OF BOND COUNSEL**

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**FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A.,  
WITH RESPECT TO THE SERIES 2007 BONDS**

Upon delivery of the Series 2007 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2007 Bonds in substantially the following form:

(Date of Delivery)

School Board of Hillsborough  
County, Florida  
Tampa, Florida

Board Members:

We have examined a record of proceedings relating to the issuance of \$47,515,000 aggregate principal amount of Sales Tax Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") by the School District of Hillsborough County, Florida (the "District").

The Series 2007 Bonds are issued under and pursuant to the (i) Laws of the State of Florida, including, particularly, Chapter 1001, et.seq., Florida Statutes, Chapter 212, Part I, Florida Statutes, (ii) an interlocal agreement dated as of July 17, 1996, among the District, Hillsborough County, Florida and the Cities of Tampa, Temple Terrace and Plant City, Florida (the "Interlocal Agreement"), and (iii) a Sales Tax Revenue Bond Resolution adopted on January 8, 2002 by the School Board of Hillsborough County, Florida (the "Board") as the governing body of the District, as amended and supplemented, and particularly as supplemented by a Supplemental Resolution adopted by the Board on February 27, 2007 (as supplemented, the "Resolution"). Capitalized terms used, but not otherwise defined herein, shall have the respective meanings assigned such terms in the Resolution.

The Series 2007 Bonds are dated and shall bear interest from their date of issuance, except as otherwise provided in the Resolution. The Series 2007 Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Purchase Contract (as such term is defined in the Supplemental Resolution adopted by the Board on February 27, 2007). Interest on the

Series 2007 Bonds shall be payable on April 1 and October 1 of each year, commencing on October 1, 2007. The Series 2007 Bonds are subject to optional redemption prior to maturity in accordance with the terms of the Resolution and as set forth in the Purchase Contract.

The Series 2007 Bonds are issued for the principal purposes of refunding a portion of the District's outstanding School District of Hillsborough County, Florida Sales Tax Revenue Bonds, Series 2002 (the "Series 2002 Bonds"). Certain proceeds of the Series 2007 Bonds, shall be deposited into an escrow fund established pursuant to the Escrow Deposit Agreement between the District and The Bank of New York Trust Company, N.A., as Escrow Agent, dated as of April 2, 2007 (the "Escrow Deposit Agreement"), and, other than a cash amount, invested in obligations of the United States of America, such that the maturing principal of and interest on said obligations, together with such cash, shall be sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2002 Bonds maturing on October 1, 2025 and October 1, 2026 (collectively, the "Refunded Bonds"), as the same become due or are redeemed prior to maturity. The Series 2002 Bonds not constituting Refunded Bonds are herein referred to as the "Outstanding Series 2002 Bonds."

As to questions of fact material to our opinion, we have relied upon the representations of the Board contained in the Resolution and in the certified proceedings relating thereto and to the issuance of the Series 2007 Bonds and other certifications of public officials furnished to us in connection therewith without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The District is a duly created and validly existing school district and a governmental authority created by Article IX, Section 4 of the Constitution of the State of Florida and the Board is the duly constituted governing body of the District.

2. The District has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Board, is in full force and effect in accordance with its terms and is valid and binding upon the Board and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Funds (as such term is defined in the Resolution) on a parity with the Outstanding Series 2002 Bonds, the District's

Outstanding Sales Tax Revenue Refunding Bonds, Series 2005 and the District's Outstanding Sales Tax Revenue Bonds, Series 2006, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The District is duly authorized and entitled to issue the Series 2007 Bonds, and the Series 2007 Bonds have been duly and validly authorized and issued by the District in accordance with the Constitution and Laws of the State of Florida, the Act and the Resolution. The Series 2007 Bonds constitute valid and binding obligations of the District as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws pursuant to which they are issued. The Series 2007 Bonds do not constitute a general indebtedness of the District or the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are payable solely from the Pledged Funds in the manner and to the extent provided in the Resolution and the Interlocal Agreement. No holder of the Series 2007 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the District or the State of Florida or any political subdivision, agency or department thereof to pay the Series 2007 Bonds.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2007 Bonds (a) is excluded from gross income for federal income tax purposes and (b) 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 (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2007 Bonds in order that interest thereon 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 on the Series 2007 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2007 Bonds. The Board has covenanted to comply with all such requirements. Ownership of the Series 2007 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2007 Bonds.

In rendering the opinions set forth above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by Ford & Associates, Inc. relating to the computations of projected receipts of principal and interest on the obligations of the United States of America deposited in the escrow fund established pursuant to the Escrow Deposit Agreement, of the adequacy of such projected receipts to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds, and of the yield on the Series 2007 Bonds and on the obligations of the United States of America deposited in such escrow fund, and (b) the verification of arithmetical accuracy of such computations by Causey Demgen & Moore Inc., a firm of independent certified public accountants.

It should be noted that (1) except as may expressly be set forth in an opinion delivered by us to the underwriters (on which opinion only they may rely) for the Series 2007 Bonds on the date hereof, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (as defined in the Supplemental Resolution) or other offering material relating to the Series 2007 Bonds and we express no opinion relating thereto, and (2) 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 Series 2007 Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Series 2007 Bonds may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

We have examined the form of the Series 2007 Bonds and, in our opinion, the form of the Series 2007 Bonds is regular and proper.

Respectfully submitted,

**APPENDIX F**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## **CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed by the School Board of Hillsborough County, Florida (the "Board") for the benefit of the holders of the hereinafter described Bonds, in connection with the issuance of \$47,515,000 School District of Hillsborough County, Florida Sales Tax Revenue Refunding Bonds, Series 2007 (the "Bonds"). The Bonds are being issued pursuant to a resolution authorizing the issuance of the Bonds which was adopted by the Board on January 8, 2002, as supplemented by a resolution adopted by the Board on February 27, 2007 (collectively, "the Resolution"). The Board agrees as follows:

**SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE.** This Disclosure Certificate is being executed and delivered for the benefit of the Bondholders and in order to assist the original underwriters of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**SECTION 2. PROVISION OF ANNUAL INFORMATION.** Except as otherwise provided herein, the Board shall provide the information set forth below in this Section 2 to all of the nationally recognized municipal securities information repositories described in Section 4 hereof (the "NRMSIRs"), and to any state information depository that is established within the State of Florida (the "SID") within 30 days of receipt of its audited financial statements from the Auditor General of the State of Florida or its outside auditors. Notwithstanding the immediately preceding sentence and subject to the reporting requirement of Section 3(L) hereof, if any of such information cannot be provided by the Board within one year following the end of its fiscal year (as hereinafter defined) for reasons outside of the Board's control, such information shall be provided as soon as it becomes available:

(A) audited financial statements of the Board for the most recent Fiscal Year for which audited financial statements have been completed; provided, however, if the audited financial statements of the Board are not completed prior to April 1 of the following year, the Board shall provide unaudited financial statements in the same format which was presented in the Official Statement (as hereinafter defined) on such date and shall provide the audited financial statements when and if they become available.

(B) additional financial information and operating data of the type included with respect to the Board in the final Official Statement dated March 15, 2007 prepared in connection with the sale and issuance of the Bonds (the "Official Statement"), including Sales Tax Revenues collections of the Board (but not projections of the Board nor collections of other governmental entities).

(C) Description of any additional series of Bonds which are issued under the Resolution.

(D) Description of any material litigation which would have been disclosed in the Official Statement if such litigation had occurred and been ongoing at the time the Official Statement is dated.

(E) Any other financial information or operating data of the type included in the Official Statement which would be material to a holder or prospective holders of the Bonds.

For purposes of this Disclosure Certificate, "Fiscal Year" means the period commencing on July 1 and ending on June 30 of the next succeeding year, or such other period of time provided by applicable law.

**SECTION 3. REPORTING SIGNIFICANT EVENTS.** The Board shall provide to the NRMSIRs or the Municipal Securities Rulemaking Board ("MSRB") and to the SID, if any, on a timely basis, notice of any of the following events, if such event is material with respect to the Bonds:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on the debt service reserves, if any, reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancement reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (G) Modifications to rights of Bondholders;
- (H) Calls on the Bonds (other than scheduled mandatory prepayment);
- (I) Defeasance of the Bonds;
- (J) Release, substitution, or sale of property securing repayment of the Bonds;
- (K) Rating changes; and
- (L) Notice of any failure on the part of the Board to meet the requirements of Section 2 hereof.

The Board may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 3, if, in the judgment of the Board, such other events are material with respect to the Bonds, but the Board does not



specifically undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above.

For purposes of clause (F) above, such "adverse tax opinions or events affecting the Tax-Exempt status of the Bonds" shall include:

- (i) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Bonds is not Tax-Exempt; or
- (ii) Any audit, investigation or other challenge of the Tax-Exempt status of the Bonds by the Internal Revenue Service or in any administrative or judicial proceeding; or
- (iii) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-Exempt status of the Bonds or bonds of the same type as the bonds or financing structures of the same type as financed by the Bonds.

For purposes of this Section 3, "Tax-Exempt" means that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Whenever the Board obtains knowledge of the occurrence of a significant event described in this Section 3, the Board shall as soon as possible determine if such event would be material under applicable federal securities law to holders of Bonds, provided, that any event under clauses (D), (E), (F), or (K) above will always be deemed to be material.

**SECTION 4. NRMSIRs.** As of the date of this agreement, the NRMSIRs to which the Bank shall provide the information described in Sections 2 and 3 above, to the extent required, shall be the organizations, their successors and assigns as set forth on Exhibit A attached hereto.

**SECTION 5. NO EVENT OF DEFAULT.** Notwithstanding any other provision in the Resolution to the contrary, failure of the Board to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Resolution, provided, however, any Bondholder may take such actions as may be necessary and appropriate, including pursuing an action for mandamus or specific performance, as applicable, by court order, to cause the Board to comply with its respective obligations hereunder. For purposes of this Disclosure Certificate, "Bondholder" 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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Bonds for federal income tax purposes.

**SECTION 6. INCORPORATION BY REFERENCE.** Any or all of the information required herein to be disclosed may be incorporated by reference from other documents,

including Official Statements of issues of the Board or related public entities, which have been submitted to each of the NRMSIRs and the SID, if any, or the SEC. If the document incorporated by reference is a final Official Statement, it must be available from the MSRB. The Board shall clearly identify each document incorporated by reference.

**SECTION 7. DISSEMINATION AGENTS.** The Board 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 agent, with or without appointing a successor disseminating agent.

**SECTION 8. TERMINATION.** The Board's obligations under this Disclosure Certificate shall terminate upon (A) the legal defeasance, prior redemption or payment in full of all of the Bonds, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

**SECTION 9. AMENDMENTS.** Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate, and may waive any provision if such amendment or waiver is supported by an opinion of counsel nationally recognized in the area of federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

**SECTION 10. ADDITIONAL INFORMATION.** Nothing in this Disclosure Certificate shall be deemed to prevent the Board 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 its annual information described in Section 2 hereof or notice of occurrence of a significant event described in Section 3 hereof, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in its annual information or notice of occurrence of a significant event in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in its future annual information or notice of occurrence of a significant event.

**SECTION 11. OBLIGATED PERSONS.** If any person, other than the Board, becomes an Obligated Person (as defined in the Rule) relating to the Bonds, the Board shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**IN WITNESS WHEREOF**, the parties hereto have each caused this Disclosure Certificate to be executed by their duly authorized officers and appointed officials and their seals to be hereunder affixed and attested as of the 2nd day of April, 2007.

**SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA**

(SEAL)

By: \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

## EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission:

- |   |  |
|---|--|
| (A) Bloomberg Municipal Repository<br>100 Business Park Drive<br>Skillman, NJ 08558<br>(609) 279-3225<br>FAX (609) 279-5962<br>Email: Munis@Bloomberg.com   | (C) Standard & Poor's Securities Evaluations Inc.<br>55 Water Street<br>45 <sup>th</sup> Floor<br>New York, NY 10041<br>(212) 438-4595<br>FAX (212) 438-3975<br>Email: nrmsir_repository@sandp.com |
| (B) FT Interactive Data<br>Attn: NRMSIR<br>100 William Street<br>New York, NY 10038<br>(212) 771-6999<br>FAX (212) 771-7390 (Secondary Market)<br>FAX (212) 771-7391 (Primary Market)<br>Email: NRMSIR@FTID.com | (D) DPC Data Inc.<br>One Executive Drive<br>Fort Lee, NJ 07024<br>(201) 346-0701<br>FAX (201) 947-0107<br>nrmsir@dpcdata.com   |
- (E) Any NRMSIR that is established subsequently and approved by the SEC.

According to a Securities and Exchange Commission press release dated June 26, 1995, a list of names and addresses of all designated Nationally Recognized Municipal Securities Information Repositories as of any point in time is available by calling the SEC's FAX On Demand Service at (202) 942-8088 from a telecopier machine and requesting document number 0206 or online at [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm).

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