

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the Series 2015 Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of certain corporations' alternative minimum taxable income. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Series 2015 Bonds.

\$6,000,000

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

Capital Improvement and Refunding Revenue Bonds, Series 2015

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The School Board of Hillsborough County, Florida (the "Board"), as the governing body of the School District of Hillsborough County, Florida (the "District"), is issuing its Capital Improvement and Refunding Revenue Bonds, Series 2015 (the "Series 2015 Bonds") as fully registered Bonds, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases will be made in book entry form only in denominations of \$5,000 and any integral multiple thereof. Purchasers of the Series 2015 Bonds (the "Beneficial Owners") will not receive physical delivery of the Series 2015 Bonds. Transfer of ownership in the Series 2015 Bonds will be effected through DTC's book-entry only 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 DTC Participants (as described herein) for subsequent disbursement to the Beneficial Owners. Interest on the Series 2015 Bonds is payable semi-annually on February 1 and August 1 of each year commencing August 1, 2015. Principal of the Series 2015 Bonds is payable, when due, to the registered owners upon presentation and surrender at the designated corporate office of The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Paying Agent (the "Paying Agent"). All payments of principal of and interest on the Series 2015 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.

The principal of and interest on the Series 2015 Bonds are payable solely from and secured only by a lien upon and pledge of (1) that portion of the moneys distributed to the Board pursuant to the Act (as defined herein), including particularly Section 212.20(6)(d)6.a., Florida Statutes, as a replacement for moneys previously distributed to the Board pursuant to Section 550.135, Florida Statutes, and (2) until applied in accordance with the provisions of the Resolution (as defined herein), the moneys, including investments thereof, in certain funds and accounts established pursuant to the Resolution (collectively, the "Pledged Funds"). For a description of the security and sources of payment for the Series 2015 Bonds, see "SECURITY FOR THE SERIES 2015 BONDS" herein.

The Series 2015 Bonds are being issued to provide funds sufficient to (1) refund, on a current basis, the Board's outstanding Capital Improvement Revenue Bonds, Series 1998, (2) finance the cost of acquisition, construction and installation of certain capital improvements at various educational facilities in the District, as more particularly described herein, and (3) pay costs associated with the issuance of the Series 2015 Bonds including the premium for an insurance policy.

THE SERIES 2015 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE BOARD OR DISTRICT AS BONDS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT ARE SPECIAL OBLIGATIONS OF THE BOARD, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS WITH AND TO THE EXTENT SET FORTH IN THE RESOLUTION. NO HOLDER OF ANY SERIES 2015 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY *AD VALOREM* TAXING POWER TO PAY SUCH SERIES 2015 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2015 BOND FROM ANY MONEYS OF THE BOARD OR DISTRICT EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

The scheduled payment of principal of and interest on the Series 2015 Bonds, when due, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2015 Bonds by Build America Mutual Assurance Company. See "BOND INSURANCE" herein.



This cover page contains certain information for quick reference only, it is not, and is not intended to be, a summary of this issue. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision.

The Series 2015 Bonds are offered when, as and if issued, subject to the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Board and the District by Adams and Reese LLC, Tampa, Florida General Counsel to the Board and Nabors, Giblin & Nickerson, P.A., Tampa, Florida, as Disclosure Counsel. Ford & Associates, Inc., Tampa, Florida, is acting as Financial Advisor to the Board in regard to the issuance of the Series 2015 Bonds. The Series 2015 Bonds in definitive form are expected to be available for delivery in New York, New York, through the facilities of DTC on or about March 23, 2015.

RAYMOND JAMES®

Dated: March 5, 2015

DAC Bond

MATURITY SCHEDULE

\$6,000,000 School Board of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds, Series 2015

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.**
2015	\$370,000	2.000%	0.300%	100.603	43233NAZ1
2016	260,000	2.000	0.450	102.092	43233NBA5
2017	265,000	2.000	0.830	102.723	43233NBB3
2018	270,000	3.000	1.230	105.800	43233NBC1
2019	280,000	3.000	1.450	106.518	43233NBD9
2020	285,000	3.000	1.680	106.732	43233NBE7
2021	295,000	3.000	1.870	106.740	43233NBF4
2022	305,000	3.000	2.140	105.822	43233NBG2
2023	310,000	4.000	2.310	112.772	43233NBH0
2024	325,000	4.000	2.470	112.708	43233NBJ6
2025	340,000	4.000	2.590	112.732	43233NBK3
2026	350,000	3.000	2.860	101.244*	43233NBL1
2027	360,000	3.000	3.060	99.384	43233NBM9
2028	375,000	3.000	3.200	97.837	43233NBN7
2029	385,000	3.125	3.300	98.009	43233NBP2
2030	395,000	3.250	3.360	98.686	43233NBQ0
2031	410,000	3.250	3.410	98.004	43233NBR8
2032	420,000	3.375	3.460	98.894	43233NBS6

* Price and yield calculated to the first optional redemption date of August 1, 2025.

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Board or the Underwriter and are included solely for the convenience of the holders of the Series 2015 Bonds. Neither the Board nor Underwriter is responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Series 2015 Bonds or as indicated above. The CUSIP numbers are subject to being changed after execution and delivery of the Series 2015 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2015 Bonds.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

901 E. Kennedy Boulevard
Tampa, Florida 33602

BOARD MEMBERS

Susan L. Valdes, Chair
Doretha W. Edgecomb, Vice Chair
April Griffin
Sally Harris
Carol Kurdell
Melissa Snively
Cindy Stuart

SUPERINTENDENT OF SCHOOLS

MaryEllen Elia*

CHIEF BUSINESS OFFICER

Gretchen Saunders

GENERAL COUNSEL TO THE BOARD

Adams and Reese LLP
Tampa, Florida

BOND COUNSEL/DISCLOSURE COUNSEL

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

FINANCIAL ADVISOR

Ford & Associates, Inc.
Tampa, Florida

*Mrs. Elia's last day as Superintendent is June 30, 2015. She will be out on vacation from the period March 5, 2015 until June 30, 2015. Assistant Superintendent Jeff Eakins has been appointed Acting Superintendent for the period March 6, 2015 to June 30, 2015. A permanent successor to Superintendent Elia has not been appointed at this time.

No dealer, broker, salesman or other person has been authorized by the Board to give any information or to make any representations in connection with the Series 2015 Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2015 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 Depository Trust Company and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Board with respect to any information provided by others.

The Underwriter listed on the cover page hereof has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2015 Bonds or the advisability of investing in the Series 2015 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX F - Specimen Municipal Bond Insurance Policy."

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2015 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2015 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN

EXAMINATIONS OF THE BOARD AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2015 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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PRELIMINARY OFFICIAL STATEMENT

Relating to

\$6,000,000

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
Capital Improvement and Refunding Revenue Bonds, Series 2015**

INTRODUCTION

General

This Official Statement, including the cover page and the appendices hereto, is furnished with respect to the sale of \$6,000,000 aggregate principal amount of Capital Improvement and Refunding Revenue Bonds, Series 2015 (the "Series 2015 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, and is not intended to be, 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 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 2015 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 2015 Bonds, reference is made to "APPENDIX C - Form of Resolution" attached hereto.

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 paragraph. See "APPENDIX C - Form of Resolution" attached hereto.

The Series 2015 Bonds are being issued to provide funds sufficient to (1) refund, on a current basis, the District's outstanding Capital Improvement Revenue Bonds, Series 1998 (the "Refunded Bonds"), (2) finance the cost of acquisition, construction and installation of certain capital improvements at certain educational facilities in the District, as more particularly described herein (the "2015 Project"), and (3) pay costs associated with the issuance of the Series 2015 Bonds, including the premium for an insurance policy. See "PLAN OF REFUNDING" and "THE 2015 PROJECT" herein.

School Board of Hillsborough County, Florida

The Board is organized under Section 4, Article IX, of the Constitution of the State of Florida (the "State") 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 ("Hillsborough County"). The District operates 142 elementary schools, 43 middle schools, three K-8 schools, 27 high schools, and various pre-school programs. There are also 47 Charter Schools and three career centers within the District. As of June 30, 2014, the District had approximately 202,671 students and 26,365 full-time employees, of which 15,879 were instructional. See "HILLSBOROUGH COUNTY SCHOOL SYSTEM" herein.

Authority for Issuance

The Series 2015 Bonds are being issued under the authority of and in full compliance with the Constitution and Laws of the State, including Chapter 20244, Laws of Florida (1941), Chapter 71-680, Laws of Florida (1971) and Section 212.20(6)(d)6.a., Florida Statutes, Chapter 550, Florida Statutes and Part II, Chapter 1001, Florida Statutes (collectively, the "Act"), and an Amended and Restated Capital Improvement and Refunding Revenue Bond Resolution authorizing the issuance of the Series 2015 Bonds duly adopted by the Board on February 17, 2015 (the "Resolution"). See "AUTHORITY FOR AND PURPOSE OF ISSUANCE" herein.

Sources and Security of Payment for the Series 2015 Bonds

The Series 2015 Bonds are limited and special obligations of the Board payable solely from and secured by a lien upon and pledge of (1) that portion of the moneys distributed to the Board pursuant to the Act, including particularly Section 212.20(6)(d)6.a., Florida Statutes, as a replacement for moneys previously distributed to the Board pursuant to Section 550.135, Florida Statutes, and (2) until applied in accordance with the provisions of the Resolution, the moneys, including investments thereof in the funds and accounts established pursuant to the Resolution, except for the Unrestricted Revenue Account and the Rebate Fund (collectively, the "Pledged Funds"). The Series 2015 Bonds and the indebtedness evidenced thereby do not constitute a lien upon any property of the Board or the District, but constitute a lien only on the Pledged Funds as provided in the Resolution. See "SECURITY FOR THE SERIES 2015 BONDS" herein.

Additional Parity Bonds

Pursuant to the Resolution, the Board may issue Additional Bonds on a parity with the Series 2015 Bonds. The Series 2015 Bonds together with any Additional Bonds are herein referred to collectively as the "Bonds." See "SECURITY FOR THE SERIES 2015 BONDS - Additional Bonds" herein.

Municipal Bond Insurance

The scheduled payment of principal of and interest on the Series 2015 Bonds, when due, will be guaranteed under an insurance policy (the "Policy") to be issued

concurrently with the delivery of the Series 2015 Bonds by Build America Mutual Assurance Company. See "BOND INSURANCE" herein.

Description of the Series 2015 Bonds

Denominations. The Series 2015 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

Redemption. The Series 2015 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated dates of maturity. See "DESCRIPTION OF THE SERIES 2015 BONDS - Optional Redemption" and "—Mandatory Sinking Fund Redemption" herein.

Registration and Transfers. Transfer of ownership in the Series 2015 Bonds will be effected by DTC's 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 DTC Participants for subsequent disbursement to the Beneficial Owners. Interest on the Series 2015 Bonds is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2015. See "DESCRIPTION OF THE SERIES 2015 BONDS - DTC; Book-Entry-Only System" herein.

For a more complete description of the Series 2015 Bonds and the basic documentation pursuant to which Series 2015 Bonds are issued, see "DESCRIPTION OF THE SERIES 2015 BONDS" herein.

Tax Exemption

The legal opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel, will include an opinion to the effect that under existing statutes, regulations, rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the Series 2015 Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of certain corporations' alternative minimum taxable income. See "TAX MATTERS" herein and "APPENDIX D - Form of Opinion of Bond Counsel."

Continuing Disclosure

The Board has agreed and undertaken for the benefit of Series 2015 Bonds owners to provide certain financial information and operating data relating to the Board and the Series 2015 Bonds pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" herein and "APPENDIX E - Form of Disclosure Dissemination Agent Agreement" attached hereto.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Resolution and other documents and information referred to herein are available, upon request and upon payment to the Board of a charge for copying, mailing and handling, from the Chief Business Officer, School Board of Hillsborough County, Florida, 901 E. Kennedy Boulevard, 3rd Floor, Tampa, Florida 33602.

For a complete description of the terms and conditions of the Series 2015 Bonds, reference is made to the Resolution, the form of which is included in "APPENDIX C - Form of Resolution" attached hereto. The description of the Resolution, the Series 2015 Bonds and information from reports contained herein do not purport to be comprehensive or definitive

AUTHORITY FOR AND PURPOSE OF ISSUANCE

The Series 2015 Bonds are being issued under the authority of and in full compliance with the Act and the Resolution. The Series 2015 Bonds are being issued to provide funds sufficient to (1) refund, on a current basis, the Refunded Bonds, (2) finance the cost of acquisition, construction and installation of the 2015 Project, and (3) pay costs associated with the issuance of the Series 2015 Bonds, including the premium for the Policy. See "PLAN OF REFUNDING," "THE 2015 Project," "BOND INSURANCE OPTION" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

PLAN OF REFUNDING

The Refunded Bonds will be called for redemption on or about the 30th day following the issuance of the Series 2015 Bonds (the "Redemption Date") at 100% of their accreted value to the Redemption Date. Simultaneously with the delivery of the Series 2015 Bonds, the Board will deposit a portion of the proceeds of the Series 2015 Bonds, together with other legally available funds, in an escrow fund with The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as escrow agent (the "Escrow Agent") pursuant to an escrow deposit agreement (the "Escrow Deposit Agreement") which sums, without investment, will be sufficient to pay 100% of the accreted value on the Refunded Bonds on the Redemption Date in accordance with the terms of the Escrow Deposit Agreement according to the schedules prepared by Raymond James & Associates, Inc. and verified by Causey, Demgen & Moore, P.C., a firm of independent accountants (the "Verification Agent"). Upon the deposit of such amount to the Escrow Fund, the Refunded Bonds will no longer be deemed to be Outstanding under the resolution pursuant to which they were issued and the pledge of and lien on the funds pledged for payment thereof shall no longer be in effect. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein.

THE 2015 PROJECT

The 2015 Project generally consists of providing for the acquisition, construction and installation of certain capital improvements at various educational facilities in the District, as more particularly described in the Resolution. See "APPENDIX C - FORM OF THE RESOLUTION."

DESCRIPTION OF THE SERIES 2015 BONDS

General

The Series 2015 Bonds shall be dated their date of delivery and shall be issued in the form of fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. The Series 2015 Bonds will mature on the dates and will bear interest at the rates set forth on the cover page of this Official Statement.

Principal of the Series 2015 Bonds is payable, when due, to the registered owners upon presentation and surrender of the Series 2015 Bonds at the designated corporate office of The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Paying Agent (the "Paying Agent"). Interest on the Series 2015 Bonds shall be payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2015 and is payable by check or draft of the Paying Agent, made payable to and mailed to the registered owners, as shown on the registration books at the close of business on the fifteenth day of the calendar month (whether or not a business day) next preceding each interest payment date or, at the request and expense of an owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Series 2015 Bonds, by bank wire transfer to the account of such registered owner. All payments of principal of and interest on the Series 2015 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.

The Series 2015 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 2015 Bonds. The Series 2015 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 2015 Bonds (the "Beneficial Owners") will not receive physical delivery of bond Bonds. Ownership by the Beneficial Owners of the Series 2015 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 SERIES 2015 BONDS – DTC; Book-Entry Only System" below.

DTC; Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE BOARD BELIEVES TO BE RELIABLE, BUT THE BOARD DOES NOT TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2015 Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of Series 2015 Bonds ("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 2015 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 Bonds representing their ownership interests in Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 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 2015 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 2015 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 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. Beneficial Owners of Series 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as defaults, and proposed amendments to the legal documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding

detail information from the Paying Agent, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, the Board or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2015 Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2015 Bonds will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION HAS BEEN TAKEN FROM INFORMATION FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE BOARD, THE REGISTRAR AND PAYING AGENT OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Negotiability and Transfer

For so long as the book-entry only system of ownership of the Series 2015 Bonds is in effect, the negotiability of and transfer of the beneficial ownership interests in the Series 2015 Bonds shall be as described above under the caption "DTC; Book-Entry Only System." In the event the book-entry only system of ownership of the Series 2015 Bonds is terminated, then the negotiability of and transfer of the Series 2015 Bonds shall be as described in the Resolution. See "APPENDIX C - Form of the Resolution - Section 2.08" for further information.

Optional Redemption

The Series 2015 Bonds maturing on and after August 1, 2026 are redeemable prior to their stated dates of maturity, at the option of the Board, in whole or in part, on any date on or after August 1, 2025, and, if in part, in such manner of selection of maturities as the Board shall deem appropriate and by lot within maturities, at a redemption price

equal to the principal amount of such Series 2015 Bonds plus accrued interest to the redemption date.

Selection of Series 2015 Bonds to be Redeemed

The Series 2015 Bonds will be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. For purposes of any redemption of less than all of the Outstanding Series 2015 Bonds of a single maturity, the particular Series 2015 Bonds or portions of Series 2015 Bonds to be redeemed will be selected not less than thirty-five (35) days prior to the redemption date by the Registrar from the Outstanding Series 2015 Bonds of the maturity or maturities designated by the Board or by such method as the Registrar will deem fair and appropriate and which may provide for the selection for redemption of Series 2015 Bonds or portions of Series 2015 Bonds in principal amounts of \$5,000 and integral multiples thereof.

Notice of Redemption

So long as the Series 2015 Bonds are registered in the name of Cede & Co., as nominee of DTC (or in the name of a successor securities depository), notice of redemption shall only be given on behalf of the Board to Cede & Co., or any successor securities depository. See "DESCRIPTION OF THE SERIES 2015 BONDS- DTC; Book-Entry Only System" herein.

Notice of such redemption, which will specify the Series 2015 Bond or Series 2015 Bonds (or portions thereof) to be redeemed and the date and place for redemption, will be given by the Registrar on behalf of the Board, and (A) will be filed with the Paying Agent and (B) will 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 2015 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 2015 Bonds to be redeemed, or any defect therein, will not affect the proceedings for redemption of Series 2015 Bonds as to which no such failure or defect has occurred.

Each notice of redemption will state: (1) the CUSIP numbers of all Series 2015 Bonds being redeemed, (2) the original issue date of such Series 2015 Bonds, (3) the maturity date and rate of interest borne by each Series 2015 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 2015 Bonds are to be redeemed, the Series 2015 Bond number (and, in the case of a partial redemption of any Series 2015 Bond, the principal amount) of each Series 2015 Bond to be redeemed, (8) that on such redemption date there will become due and payable upon each Series 2015 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 2015 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 will cease to accrue and be payable, (9) that the Series 2015 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 Registrar 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.

Payment of Redeemed Series 2015 Bonds

Notice of redemption having been given substantially as aforesaid, the Series 2015 Bonds or portions of Series 2015 Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Board will default in the payment of the redemption price) such Series 2015 Bonds or portions of Series 2015 Bonds will cease to bear interest. Upon surrender of such Series 2015 Bonds for redemption in accordance with said notice, such Series 2015 Bonds will be paid by the Registrar and/or Paying Agent at the appropriate redemption price, plus accrued interest.

SECURITY FOR THE SERIES 2015 BONDS

General

The Series 2015 Bonds together with any Additional Bonds are herein referred to collectively as the "Bonds." The Bonds are limited and special obligations of the Board payable solely from and secured by a lien upon and pledge of (1) that portion of the moneys distributed to the Board pursuant to the Act, including particularly Section 212.20(6)(d)6.a., Florida Statutes, as a replacement for moneys previously distributed to the Board pursuant to Section 550.135, Florida Statutes, (the "Sales Tax Revenues"), and (2) 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 except for the Unrestricted Revenue Account and the Rebate Fund (collectively, the "Pledged Funds").

THE SERIES 2015 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE BOARD OR DISTRICT AS BONDS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT ARE SPECIAL OBLIGATIONS OF THE BOARD, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS, WITH AND TO THE EXTENT SET FORTH IN THE RESOLUTION. NO HOLDER OF ANY SERIES 2015 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD

VALOREM TAXING POWER TO PAY SUCH SERIES 2015 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2015 BOND FROM ANY MONEYS OF THE BOARD OR DISTRICT EXCEPT FROM THE SALES TAX REVENUES IN THE MANNER PROVIDED IN THE RESOLUTION.

Sales Tax Revenues

General. Chapter 212, Florida Statutes, entitled "Tax on Sales, Use and Other Transactions," imposes a six-percent (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.

Unless a transaction is specifically exempt, the State sales and use tax is applicable to sales of tangible personal property at retail in the State including the business of making mail order sales, the rental or furnishing of things or services taxable under Chapter 212, Florida Statutes, the storage for use or consumption in the State of any item or article of tangible personal property, and the lease or rental of such property within the State.

The State Department of Revenue ("DOR") is required to pay over to the Chief Financial Officer of the State all funds received and collected by it under Chapter 212, Florida Statutes, to be credited to the account of the State General Revenue Fund. Set forth below is the distribution by the State of such proceeds pursuant to Section 212.20(6), Florida Statutes:

(a) Proceeds from the convention development taxes authorized under Section 212.0305, Florida Statutes, shall be reallocated to the Convention Development Tax Clearing Trust Fund. "Proceeds" for purposes of Section 212.20, Florida Statutes, means all tax or fee revenue collected or received by DOR, including interest and penalties. "Reallocated" for purposes of Section 212.20, Florida Statutes, means reduction of the accounts of initial deposit and redeposit into the indicated account.

(b) Proceeds from discretionary sales surtaxes imposed pursuant to Section 212.054, Florida Statutes and Section 212.055, Florida Statutes, shall be reallocated to the Discretionary Sales Surtax Clearing Trust Fund.

(c) Proceeds from the fees imposed pursuant to Section 212.05(1)(h)(3), Florida Statutes, and Section 212.18(3), Florida Statutes, shall remain with the State General Revenue Fund.

(d) The proceeds of all other taxes and fees imposed pursuant to Chapter 212, Florida Statutes, or remitted pursuant to Section 202.18(1)(b) and (2)(b), Florida Statutes, shall be distributed as follows:

1. In any fiscal year, the greater of \$500 million, minus an amount equal to 4.6% of the proceeds of the taxes collected pursuant to Chapter 201, Florida Statutes, or 5.2% of all other taxes and fees imposed pursuant to Chapter 212, Florida Statutes, or remitted pursuant to Section 202.18(1)(b) and (2)(b), Florida Statutes, shall be deposited in monthly installments into the State General Revenue Fund.

2. After the distribution under subparagraph 1., 8.814% of the amount remitted by a sales tax dealer located within a participating county pursuant to Section 218.61, Florida Statutes, shall be transferred into the Local Government Half-cent Sales Tax Clearing Trust Fund. Beginning on July 1, 2003, the amount to be transferred pursuant to Section 212.20(6)(d)2., Florida Statutes, to the Local Government Half-cent Sales Tax Clearing Trust Fund shall be reduced by 0.1 percent, and the DOR shall distribute this amount to the Public Employees Relations Commission Trust Fund less \$5,000 each month, which shall be added to the amount calculated in subparagraph 3. and distributed accordingly.

3. After the distribution under subparagraphs 1. and 2., 0.095% shall be transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund and distributed pursuant to Section 218.65, Florida Statutes.

4. After the distributions under subparagraphs 1., 2. and 3., 2.0440% of the available proceeds pursuant to this paragraph shall be transferred monthly to the Revenue Sharing Trust Fund for Counties pursuant to Section 218.215, Florida Statutes.

5. After the distributions under subparagraphs 1., 2. and 3., 1.3409% of the available proceeds pursuant to this paragraph shall be transferred monthly to the Revenue Sharing Trust Fund for Municipalities pursuant to Section 218.215, Florida Statutes. If the total revenue to be distributed pursuant to this subparagraph is at least as great as the amount due from the Revenue Sharing Trust Fund for Municipalities and the former Municipal Financial Assistance Trust Fund in State fiscal year 1999-2000, no municipality shall receive less than the amount due from the Revenue Sharing Trust Fund for Municipalities and the Municipal Financial Assistance Trust Fund in State fiscal year 1999-2000. If the total proceeds to be distributed are less than the amount received in combination from the Revenue Sharing Trust Fund for Municipalities and the former Municipal Financial Assistance Trust Fund in State fiscal year 1999-2000, each municipality shall receive an amount proportionate to the amount it was due in State fiscal year 1999-2000.

6. Of the remaining proceeds:

a. In each fiscal year, the sum of \$29,915,500 shall be divided into as many equal parts as there are counties in the State (currently 67), and one part shall be distributed to each county. The distribution among the several counties shall begin each fiscal year on or before January 5th and shall continue monthly for a total of 4 months. If a local or special law required that any moneys accruing to a county in fiscal year 1999-2000 under the then-existing provisions of Section 550.135, Florida Statutes, be paid directly to the district school board, special district, or a municipal government, such payment shall continue until such time that the local or special law is amended or repealed. The State has covenanted with holders of bonds or other instruments of indebtedness issued by local governments, special districts, or district school boards before July 1, 2000, that it is not the intent of Section 212.20(6)6.a., Florida Statutes, to adversely affect the rights of those holders or relieve local governments, special districts or district school boards of the duty to meet their obligations as a result of previous pledges or assignments or trusts entered into which obligated funds received from the distribution to county governments under then existing Section 550.135, Florida Statutes. This distribution specifically is in lieu of funds distributed under Section 550.135, Florida Statutes, prior to July 1, 2000. **THE AMOUNTS RECEIVED BY THE BOARD UNDER THIS PARAGRAPH 6.A., FROM AMOUNTS DISTRIBUTABLE TO THE BOARD AS MORE FULLY DESCRIBED BELOW, CONSTITUTE "SALES TAX REVENUES" UNDER THE RESOLUTION AND ARE PLEDGED TO THE REPAYMENT OF THE BONDS.**

b. DOR shall distribute \$166,667 monthly pursuant to Section 288.1162, Florida Statutes, to each applicant that has been certified as a "facility for a new or retained professional sports franchise" pursuant to Section 288.1162, Florida Statutes. Up to \$41,667 shall be distributed monthly by DOR to each certified applicant as defined in Section 288.11621, Florida Statutes for a facility for a spring training franchise. However, not more than \$416,670 may be distributed monthly in the aggregate to all certified facilities for a retained spring training franchise. Distributions shall begin 60 days following such certification and shall continue for not more than 30 years, except as otherwise provided in Section 288.11621, Florida Statutes. A certified applicant identified in the this sub-subparagraph may not receive more in distributions than

expended by the applicant for the public purposes provided for in Section 288.1162(5), Florida Statutes or Section 288.11621(3), Florida Statutes.

c. Beginning 30 days after notice by the Department of Economic Opportunity to DOR that the applicant has been certified as the professional golf hall of fame pursuant to Section 288.1168, Florida Statutes, and is open to the public, \$166,667 shall be distributed monthly, for up to 300 months, to the applicant.

d. Beginning 30 days after notice by the Department of Economic Opportunity to DOR that the applicant has been certified as the International Game Fish Association World Center facility pursuant to Section 288.1169, Florida Statutes, and the facility is open to the public, \$83,333 shall be distributed monthly, for up to 168 months, to the applicant. This distribution is subject to reduction pursuant to Section 288.1169, Florida Statutes. A lump sum payment of \$999,996 shall be made, after certification and before July 1, 2000.

e. DOR shall distribute up to \$55,555 monthly to each certified applicant as defined in Section 288.11631, Florida Statutes for a facility used by a single spring training franchise, or up to \$111,110 monthly to each certified applicant as defined in Section 288.11631, Florida Statutes for a facility used by more than one spring training franchise. Monthly distributions begin 60 days after such certification or July 1, 2016, whichever is later, and continue for not more than 30 years, except as otherwise provided in Section 288.11631, Florida Statutes. A certified applicant identified in this sub-subparagraph may not receive more in distributions than expended by the applicant for the public purposes provided in Section 288.11631(3), Florida Statutes.

7. All other proceeds shall remain with the State General Revenue Fund.

The table below sets forth the total sales and use tax revenues collected by the State of Florida and the amount remaining in the State General Revenue Fund after making all required transfers to other funds as required by Section 212.20(5), Florida Statutes. ***Amounts distributed pursuant to Section 212.20(5), Florida Statutes, are amended from time to time. Accordingly, the available amounts are impacted by such amendments.***

**TOTAL SALES AND USE TAX REVENUES COLLECTED AND AMOUNTS
REMAINING IN STATE GENERAL REVENUE FUND AFTER REQUIRED
TRANSFERS PURSUANT TO SECTION 212.20(5), FLORIDA STATUTES**

<u>Fiscal Year ended June 30</u>	<u>Total Collected</u>	<u>Amount Remaining after Distributions⁽¹⁾</u>	<u>Increase or Decrease</u>
2008	\$21,529,327,950	\$18,255,204,637	-
2009	19,202,978,392	16,365,639,979	(10.35)%
2010	18,527,870,563	15,826,727,113	(3.29)
2011	19,357,319,570	16,543,119,078	4.53
2012	20,257,114,109	17,320,825,427	4.70
2013	21,466,169,834	18,319,503,937	5.77
2014	23,025,869,562	19,628,053,602	7.14

⁽¹⁾ Prior to 2010, Section 212.20(2), Florida Statutes, provided that two-tenths of one percent shall be transferred in the Ecosystem Management and Restoration Trust Fund to be used for water quality improvement and water restoration projects. Such provision was eliminated pursuant to Chapter 2009-68, Laws of Florida (2009), and the subsequent paragraphs of Section 212.20 were renumbered.

Source: State Department of Revenue - Research and Analysis.

Chapter 20244, Laws of Florida (1941) as amended by Chapter 71-680, Laws of Florida (1971) (the "Special Act") provides that moneys accruing to Hillsborough County, Florida (the "County") pursuant to Chapter 550, Florida Statutes (the "Racetrack Revenues") are to be distributed by the County to the Board. The Sales Tax Revenues, which are distributed pursuant to Section 212.20(6)(d)6.a., Florida Statutes, are received in substitution for the Racetrack Revenues previously distributed pursuant to Chapter 550, Florida Statutes. Accordingly, these amounts are distributed to the Board in the same manner specified in the Special Act with respect to the Race Track Revenues. Thus, of the \$446,500 distributed pursuant to Section 212.20(6)(d)6.a., Florida Statutes each fiscal year, the Board receives \$446,500. Such amount, together with the moneys including investments thereof in the funds and accounts under the Resolution, constitutes the "Pledged Funds" pledged to the repayment of the Series 2015 Bonds.

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DEBT SERVICE COVERAGE

Pledged Funds available for Debt Service	\$446,500
Maximum Annual Debt Service	\$438,869
Estimated Coverage	1.02x

Limitation on State Revenues Amendment. As part of the November 8, 1994 general election, State voters approved an amendment to Article VII, Section 1(e) of the State Constitution, which is commonly referred to as the "Limitation on State Revenues Amendment." This amendment provides that state revenues collected for any fiscal year shall be limited to state revenues allowed under the amendment for the prior fiscal year plus an adjustment for growth. Growth is defined as an amount equal to the average annual rate of growth in State personal income over the most recent twenty quarters times the state revenues allowed under the amendment for the prior fiscal year. State revenues collected for any fiscal year in excess of this limitation are required to be transferred to the budget stabilization fund until the fund reaches the maximum balance specified in Section 19(g) of Article III of the State Constitution, and thereafter is required to be refunded to taxpayers as provided by general law. The limitation on state revenues imposed by the amendment may be increased by the Legislature by a two-thirds vote in each house.

The term "state revenues," as used in the amendment, means taxes, fees, licenses, and charges for services imposed by the legislature on individuals, businesses, or agencies outside state government. However, the term "state revenues" does not include: (1) revenues that are necessary to meet the requirements set forth in documents authorizing the issuance of bonds by the State; (2) revenues that are used to provide matching funds for the federal Medicaid program with the exception of the revenues used to support the Public Medical Assistance Trust Fund or its successor program and with the exception of State matching funds used to fund elective expansions made after July 1, 1994; (3) proceeds from the State lottery returned as prizes; (4) receipts of the Florida Hurricane Catastrophe Fund; (5) balances carried forward from prior fiscal years; (6) taxes, licenses, fees and charges for services imposed by local, regional, or school district governing bodies, or (7) revenue from taxes, licenses, fees and charges for services required to be imposed by any amendment or revision to the State Constitution after July 1, 1994. The amendment took effect on January 1, 1995, and was first applicable to State fiscal year 1995-1996.

To the extent that State sales tax receipts become subject to, and limited by the above-described amendment, moneys in the State General Revenue Fund which are the funding source for the distribution of Sales Tax Revenues to Hillsborough County and the Board, may be adversely affected.

This amendment has had no impact for the state fiscal years following the effective date of the amendment, as revenues of the State were substantially below the constitutionally imposed limitation. It is currently projected that State revenues for the next few fiscal years also will not exceed the applicable revenue limitations.

Construction Fund

The Board covenants and agrees in the Resolution to establish a special fund to be known as the "School Board of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds Construction Fund," which will 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, will be held in trust by the Board and will 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 will establish within the Construction Fund a separate account for each Project (including the 2015 Project), the Costs of which are to be paid in whole or in part out of the Construction Fund.

The Board covenants in the Resolution that the acquisition, construction and equipping of each Project will be completed without delay and in accordance with sound engineering practices. The Board will 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 will keep records of such disbursements and payments and will retain all such records for three (3) years after the final maturity of the related Bonds.

Notwithstanding any of the other provisions of the Resolution, to the extent that other moneys are not available therefor, amounts in an account of the Construction Fund will be applied to the payment of principal and interest on the Series of Bonds for which such account was established.

The date of completion of acquisition and construction of a Project will 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 will 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 will be determined by the Board, provided the Board has received an opinion of Bond Counsel to the effect that such transfer will not adversely affect the exclusion, if any, of interest on the Bonds from gross income for purposes of federal income taxation.

Disposition of Pledged Funds

The Board will promptly deposit upon receipt by the District the Sales Tax Revenues into the Restricted Revenue Account. The moneys in the Restricted Revenue Account will be deposited or credited on or before the third day prior to the end of each month in the following manner and in the following order of priority:

(1) Interest Account. The Board will deposit or credit to the Interest Account the sum which, together with the balance in said Account, will 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 will 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 will become due. The Board will adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Payment Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Payment Date. Except as provided in paragraph (3) 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 Payment Date.

(2) Principal Account. Commencing in the month which is one year prior to the first principal due date or Amortization Installment due date (or if the first 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 will next deposit into the Principal Account the sum which, together with the balance in said Account, will equal the principal amount or Amortization Installment on the Outstanding Bonds due and unpaid and that portion of the principal or Amortization Installment next due which would have accrued on such Bonds during the then current calendar month if such 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 Amortization Installment due date, or, if there is no such preceding due date, from a date one year preceding the due date of such principal amount or Amortization Installment. Moneys in the Principal Account will be applied by the Board for deposit with the Paying Agent to pay the principal of or Amortization Installment on the Bonds on or prior to the date the same will mature or be due, and for no other purpose. The Board will adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal or Amortization Installment payment date so as to provide sufficient moneys in the Principal Account to pay the principal and Amortization Installment on the Bonds becoming due on such payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the amount

coming due on the Outstanding Bonds on the next succeeding principal or Amortization Installment payment date.

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

(4) Unrestricted Revenue Account. The balance of any moneys after the deposits required by paragraph (1), (2) and (3) 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, 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 Payment Date are not sufficient to pay the principal of, Amortization Installment and interest on the Bonds coming due on such Interest Payment Date, the Board will 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 Payment 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 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, Amortization Installment or interest coming due on such payment date on the Bonds not so purchased.

At least one business day prior to the date established for payment of any principal of, Amortization Installment or interest on the Bonds, the Board will withdraw from the appropriate Account of the Debt Service Fund sufficient moneys to pay such principal, Amortization Installment or interest and deposit such moneys with the Paying Agent. Such deposits with the Paying Agent will be made in moneys available to make payments of the principal of, Amortization Installment and interest on the Bonds as the same becomes due.

In the event the Board issues 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, Amortization Installment and interest on such Series as may be required by the Credit Facility Provider; provided one Series of Bonds will 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 the Resolution will be necessary to pay the principal of, Amortization Installment and

interest on such Bonds as the same will 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, Amortization Installment 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.

Additional Bonds

No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to the Resolution, will 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 lawful purpose. No such Additional Bonds will be issued unless (1) no Event of Default (as specified in the Resolution) will have occurred and be continuing under the Resolution and (2) the following conditions are complied with:

(A) There will 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 District 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 District 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 1.00 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 based upon a certification of such matters 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 will be deemed to be equal to 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, provided such rate will not be greater than the Maximum Interest Rate.

(C) Additional Bonds will 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) will be for the equal benefit, protection and security of the Holders of all

Bonds issued pursuant to this Resolution. Except as provided in the Resolution hereof, all Bonds, regardless of the time or times of their issuance, will 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.

(D) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of paragraph (A) above relating to the issuance of Additional Bonds will not apply, provided that the issuance of such Additional Bonds will result in a reduction of aggregate debt service. The conditions of paragraph (A) above will apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of the Resolution.

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 applicable to entities similar to the Board, and the 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.

No Impairment

The Board has full power and authority to irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Bonds. The pledge of such Pledged Funds, in the manner provided in the Resolution, shall not be subject to repeal, modification or impairment by any subsequent resolution or other proceedings of the Board, unless the Board shall have provided, such additional or supplemental funds which shall be sufficient to retire such Bonds and the interest thereon in accordance with their terms.

The Florida Legislature covenants in Chapter 78-520, Laws of Florida (1978) (the "Special Act") that it will not enact any law which will repeal, impair or amend in any manner the rights of the holders of Bonds or the security for the racetrack funds pledged to the payment of the principal of and interest on the Bonds issued pursuant to the provisions of the Special Act. Section 212.20(6)(a)6.a., Florida Statutes, provides that the distribution of the Sales Tax Revenues is specifically in lieu of racetrack funds distributed under Section 550.135, Florida Statutes, before July 1, 2000.

Receipt of Sales Tax Revenues

The Board covenants in the Resolution to do all things necessary or required on its part by the Act to maintain the levy, collection and receipt of the Sales Tax Revenues. The Board covenants in the Resolution to 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 or enter into any agreement that will 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.

Investments

Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund will 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 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. All investments will be valued at amortized cost.

Any and all income received by the Board from the investment of moneys in the Construction Fund, the Interest Account, the Principal Account and the Restricted Revenue Account will be retained in such respective Fund or Account.

Nothing contained in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Amendment of Resolution

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 the Resolution other conditions, limitations and restrictions thereafter to be observed.

(D) To add to the covenants and agreements of the Board in the 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 the 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. See "APPENDIX C - Form of Resolution."

(F) To specify and determine the matters and things referred to in Sections 2.01, 2.02, 2.09 or 4.07 of the Resolution, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the 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 Projects or to change or modify the description of or any Project.

(H) To make any other change that, in the opinion of the Board, would not materially adversely affect the security for the Bonds.

BOND INSURANCE

THE INFORMATION IN THIS SECTION CONCERNING THE MUNICIPAL BOND INSURANCE POLICY AND THE INSURER HAS BEEN OBTAINED FROM BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"). NEITHER THE BOARD NOR THE UNDERWRITER TAKES RESPONSIBILITY FOR THE ACCURACY THEREOF.

Bond Insurance Policy

Concurrently with the issuance of the Series 2015 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2015 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2015 Bonds when due as set forth in the form of the Policy included as EXHIBIT F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2015 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2015 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2015 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2015 Bonds, nor does it guarantee that the rating on the Series 2015 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$475.7 million, \$26.9 million and \$448.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2015 Bonds or the advisability of investing in the Series 2015 Bonds. In addition, BAM has not independently verified,

makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Series 2015 Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the Board of or the Underwriter for the Series 2015 Bonds, and the Board and Underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2015 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2015 Bonds, whether at the initial offering or otherwise.

INSURANCE RISK FACTORS

The following are risk factors relating to the Policy to be issued by BAM with respect to the Series 2015 Bonds:

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2015 Bonds are payable solely from

the moneys received pursuant to the Resolution. In the event BAM becomes obligated to make payments with respect to the Series 2015 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2015 Bonds or their marketability (liquidity).

The insured long-term ratings on the Series 2015 Bonds are dependent in part on the financial strength of BAM and its claims-paying ability. BAM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and any Series 2015 Bonds insured by BAM will not be subject to downgrade, and such event could adversely affect the market price of the Series 2015 Bonds or their marketability (liquidity). See "RATINGS" herein.

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

Neither the Board nor the Underwriter has made independent investigations into the claims-paying ability of BAM, and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Board to pay principal and interest on the Series 2015 Bonds and the claims-paying ability of BAM, particularly over the life of the investment.

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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 2015 Bonds:

Sources:

Principal Amount of Series 2015 Bonds	\$6,000,000.00
Plus: Net Bond Premium	198,146.65
TOTAL SOURCES	<u>\$6,198,146.65</u>

Uses:

Deposit to Construction Fund	\$3,281,663.18
Deposit to Escrow Fund ⁽¹⁾	2,788,978.91
Cost of Issuance ⁽²⁾	127,504.56
TOTAL USES	<u>\$6,198,146.65</u>

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

⁽²⁾ Includes Underwriter's discount, legal fees and miscellaneous costs of issuance, including the premium for the Policy.

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DEBT SERVICE SCHEDULE

Set forth below are the annual payment requirements for the Series 2015 Bonds:

Bond Year Ending <u>August 1</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>
2015	\$370,000	\$65,731.11	\$435,731.11
2016	260,000	177,468.76	437,468.76
2017	265,000	172,268.76	437,268.76
2018	270,000	166,968.76	436,968.76
2019	280,000	158,868.76	438,868.76
2020	285,000	150,468.76	435,468.76
2021	295,000	141,918.76	436,918.76
2022	305,000	133,068.76	438,068.76
2023	310,000	123,918.76	433,918.76
2024	325,000	111,518.76	436,518.76
2025	340,000	98,518.76	438,518.76
2026	350,000	84,918.76	434,918.76
2027	360,000	74,418.76	434,418.76
2028	375,000	63,618.76	438,618.76
2029	385,000	52,368.76	437,368.76
2030	395,000	40,337.50	435,337.50
2031	410,000	27,500.00	437,500.00
2032	420,000	14,175.00	434,175.00
 TOTAL	 <u>\$6,000,000</u>	 <u>\$1,858,056.25</u>	 <u>\$7,858,056.25</u>

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HILLSBOROUGH COUNTY SCHOOL SYSTEM

Pursuant to the Constitution of the State, each county of the State constitutes a school district, and within each school district, there is a school board composed of five or more members chosen by vote of the electors for staggered terms of four years. The school board operates all free schools within the school district. In addition, within each school district there is a superintendent who is also elected except under certain circumstances when the superintendent may be appointed by the school board.

Hillsborough County, Florida and thus the District, is located in the southwest part of Florida bordering Polk County to the east and Pinellas County to the west. The County seat is the City of Tampa, Florida.

Although the Series 2015 Bonds are payable from and are secured solely by the Pledged Funds, and while the security for the Series 2015 Bonds is therefore unaffected by general financial matters concerning the District, excerpted pages from the audited financial statements of the Board for the fiscal year ended June 30, 2014 are included herein as Appendix B.

INVESTMENT POLICY

The moneys held in the funds and accounts under the Resolution may only be invested in the manner authorized by law in authorized investments, maturing at such times as the moneys in the fund will be needed for their intended purposes. See "APPENDIX C – Form of Resolution."

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2015 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 D - Form of Opinion of Bond Counsel") will be available at the time of delivery of the Series 2015 Bonds. The actual legal opinion to be delivered by Bond Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the Board by Adams and Reese LLP, Tampa, Florida, General Counsel to the Board. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is also serving as Disclosure Counsel to the Board.

LITIGATION

Concurrently with the delivery of the Series 2015 Bonds, General Counsel to the District 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 District or the Board that seeks to restrain or enjoin the issuance or delivery of the Series 2015 Bonds, the receipt of the Sales Tax Revenues or questioning or affecting the validity of the Series 2015 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 2015 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 for use in the transactions contemplated by this Official Statement and neither the creation, organization nor existence of the Board or District is contested.

The District is involved in certain other litigation and disputes incidental to its operations. Upon the basis of information presently available, the General Counsel to the District believes that there are substantial defenses to such litigation and disputes and that, in any event, any ultimate liability in excess of applicable insurance coverage resulting therefrom will not materially adversely affect the financial position or results of operations of the District.

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 Series 2015 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 any of its debt obligations.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as Appendix D hereto, the interest on the Series 2015 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. However, interest on the Series 2015 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the Board to comply subsequently to the issuance of the Series 2015 Bonds with certain requirements of the Code, regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series

2015 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. 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 2015 Bonds for purposes of federal income taxation. In rendering this 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 2015 Bonds, including, among other things, restrictions relating to the use of investment of the proceeds of the Series 2015 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2015 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2015 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 2015 Bonds. Prospective purchasers of the Series 2015 Bonds should be aware that the ownership of the Series 2015 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2015 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 2015 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2015 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2015 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 2015 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL OR CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2015 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2015 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2015 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 2015 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2015 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 2015 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 2015 Bonds.

Tax Treatment of Original Issue Discount

The initial offering price of the Series 2015 Bonds maturing on August 1 in the years 2027 through 2032, inclusive (the "Discount Bonds") is less than the stated principal amounts thereof. Under the Code, the difference between the principal amount of the Discount Bonds and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of such Discount Bonds of the same maturity was sold, is "original issue discount." Original issue discount represents interest which is excluded from gross income; however, such interest is taken into account for purposes of determining the alternative minimum tax imposed on corporations and accrues actuarially over the term of a Discount Bond at a constant interest rate. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof set forth on the cover page of this Official Statement 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 such Discount Bond and will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for the purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds. The federal income tax consequences of the purchase, ownership and 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. Prospective purchasers of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon the sale or other disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

Bond Premium

The difference between the principal amount of the Series 2015 Bonds maturing on August 1 in the years 2015 through 2026, inclusive (collectively, 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 (or, in the case of a Premium Bond callable prior to maturity, the amortization period and yield must be determined on the basis of the earliest call date that results in the lowest yield on the Premium Bond). 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 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

Standard & Poor's Rating Service is expected to assign its municipal bond rating of "AA" (stable outlook) to the Series 2015 Bonds with the understanding that upon delivery of the Series 2015 Bonds, the Policy will be issued by the Insurer. Additionally, Fitch Ratings, Inc. has assigned an underlying rating of "AA+" (stable outlook) to the Series 2015 Bonds. Such ratings and outlooks reflect only the views of such organizations and any desired explanation of the significance of such ratings and outlooks should be obtained from the rating agency furnishing the same, at the following addresses: Standard & Poor's Ratings Service, 55 Water Street, 40th Floor New York, NY 10041 and Fitch Ratings, Inc., One State Street Plaza New York, New York 10004. Generally, a rating agency bases its rating and outlook on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings and outlooks will be in effect for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings and outlooks may have an adverse effect on the market price of the Series 2015 Bonds.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

At the time of the delivery of the Series 2015 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of the computations contained in schedules provided to them and prepared by Raymond James & Associates, Inc. relating to the sufficiency of the anticipated cash deposited in the Escrow Fund to pay, when due, 100% of the accreted value of the Refunded Bonds to the Redemption Date.

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 2015 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 2015 Bonds.

FINANCIAL STATEMENTS

The financial statements of the Board for the Fiscal Year ended June 30, 2014 were audited by KPMG LLP, excerpted pages of which are included as "APPENDIX B – Excerpted Pages from the Audited Financial Statements for Fiscal Year Ended June 30, 2014" hereto. Such audit was in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and the United States Office of Management and Budget Circular A-133 "Government Auditing Standards." KPMG LLP has not conducted any review or performed any procedures in connection with the issuance of the Series 2015 Bonds.

UNDERWRITING

The Series 2015 Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter") at an aggregate purchase price of \$6,162,660.80 (which includes a net bond premium of \$198,146.65 and an Underwriter's discount of \$35,485.85). The Underwriter's obligations are subject to certain conditions precedent, and it will be obligated to purchase all of the Series 2015 Bonds if any Series 2015 Bonds are purchased. The Series 2015 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2015 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 2015 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 2015 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 2015 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.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the District make a full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to principal or interest at any time after December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the District, and certain additional financial information, unless the District believes in good faith that such information would not be considered material by a reasonable investor. The District is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

CONTINUING DISCLOSURE

As described in the form of the Disclosure Dissemination Agent Agreement (the "Disclosure Agreement") attached hereto as "APPENDIX E - Form of Disclosure Dissemination Agent Agreement," the Board has covenanted for the benefit of Holders of the Series 2015 Bonds to provide certain financial information and operating data relating to the Board and the Series 2015 Bonds in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated material events. Such covenant shall only apply so long as the Series 2015 Bonds remain outstanding under the Resolution. The covenant shall also cease upon the termination of the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Commission (the "Rule") by legislative, judicial or administrative action. The Annual Report will be filed by the Board with the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ("EMMA"), 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 with EMMA, and with any SID. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in "APPENDIX E - Form of Disclosure Dissemination Agent Agreement," which shall be executed at the time of issuance of the Series 2015 Bonds. These covenants have been made in order to assist the Underwriter in complying with the Rule.

With respect to the Series 2015 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.

Notwithstanding any other provision of the Resolution, failure of the Board to comply with such Disclosure Agreement shall not be considered an event of default

under the Resolution. To the extent permitted by law, the sole and exclusive remedy of any Series 2015 Bondholder for the enforcement of the provisions of such Undertaking shall be an action seeking mandamus or specific performance by court order to cause the Board to comply with its obligations under the Disclosure Agreement.

In connection with the issuance of the Refunded Bonds and certain other debt obligations of the Board, the Board has entered into prior undertakings to provide certain continuing disclosure information on an annual basis pursuant to the Rule (the "Prior Undertakings"). During the 2010 calendar year the Board failed to file certain rating downgrades (from other than recalibrations) with respect to certain obligations of the Board and the District. Such failures have been remedied. The Board retained Digital Assurance Certification, L.L.C. in 2009 as its dissemination agent in order to ensure ongoing and future compliance with its obligations under the Rule and believes that it is current in all material respects with its obligations under the Rule. The Board intends to fully comply with all of its Prior Undertakings and future continuing disclosure undertakings.

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 2015 Bonds, the security for the payment of the Series 2015 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 2015 Bonds.

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

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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 2015 Bonds, the undersigned will furnish a Bond to the effect that nothing has come to their attention which would lead them to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration, the Insurer and the Policy and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2015 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/ Susan L. Valdes
Chairman

By: /s/ Jeff Eakins
Superintendent of Schools

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APPENDIX A

GENERAL INFORMATION CONCERNING HILLSBOROUGH COUNTY, FLORIDA

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GENERAL INFORMATION REGARDING HILLSBOROUGH COUNTY

The County

Hillsborough County (the "County") was established on January 25, 1834. The County gained its name from Wills Hills (1718-1793), a viscount of Hillsborough, who became secretary of state for the colonies in 1768. Hillsborough County's boundaries of 1834 included the present-day counties of Pasco, Charlotte, Desoto, Hardee, Pinellas, Sarasota, Manatee and Polk.

The County is located on central Florida's western coast, nestled between Tampa Bay on the west and Polk County on the east. The County is bounded to the north by Pasco County and to the south by Manatee County. In area, it is the seventh largest county in the State of Florida. Hillsborough County covers a total area of 1,266 square miles, of which 215 square miles is water area. The County is part of a four-county Metropolitan Statistical Area (MSA) referred to as Tampa, St. Petersburg-Clearwater MSA.

Tampa, Plant City and Temple Terrace are the three incorporated cities in the County. Tampa, the largest of the three incorporated cities in the County, 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.

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, together with his staff, are responsible for implementing 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 Tampa Hillsborough Economic Development Corporation.

Population

Hillsborough County is the fourth most populous county in the state of Florida. The County's population in 2013 was 1,276,410, an increase of 1.6 percent from 2012. Between 2010 (the most recent U.S. census year) and 2013, the County's population increased by approximately 3.8 percent. Hillsborough County's population is projected to be 1,385,150 by the year 2018.

A majority of the County's 2013 population (869,181 or 68 percent) lives in the unincorporated part of the County. Population grew about 4.2 percent between year 2010 and 2013 in unincorporated Hillsborough County; communities in southern unincorporated Hillsborough County saw the biggest increase in population growth. The median age for Hillsborough County in 2013 was 36.

	Countywide Population	Increase (Decrease)
1950(a)	249,894	-
1960(a)	397,788	59.2%
1970(a)	490,265	23.2
1980(a)	646,960	32.0
1990(a)	834,054	28.9
2000(a)	998,948	19.8
2010(a)	1,229,226	23.1
2011(b)	1,238,951	0.79
2012(b)	1,256,118	1.39
2013(b)	1,276,410	1.62

Sources: (a) U.S. Census Bureau.
(b) Florida Office of Economic & Demographic Research Database

Hillsborough County, State of Florida, United States Population 2009-2013

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Hillsborough County (a)	1,196,892	1,229,226	1,238,951	1,256,118	1,276,410
State of Florida (a)	18,750,483	18,801,310	18,905,070	19,074,434	19,259,543
United States (b)	307,006,550	308,745,538	311,582,564	313,873,685	316,128,839

Sources: (a) Florida Office of Economic & Demographic Research Database
(b) U.S. Census Bureau

Property Taxes

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 a county, and such taxes shall be in addition to all other taxes authorized or limited by law. A referendum is required for a 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. Every person who owns and resides on real property in Florida on January 1 and makes the property his or her permanent residence is eligible to receive a homestead of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption of up to \$25,000 applies to the property's assessed value between \$50,000 and \$75,000 and only to non-school taxes. (The additional homestead exemption was approved by voters on January 29, 2008 via special election and was effective for the 2008 tax year). At the November 3, 1998 general election, 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 enacted an ordinance to implement that exemption effective January 1, 2000. At the November 7, 2006 general election, the voters of Florida approved amendments to the Florida Constitution increasing the amount of this low-income seniors homestead exemption effective January 1, 2007 from not to exceed \$25,000 to not to exceed \$50,000 and to provide a discount from the amount of ad valorem taxes for certain permanently disabled veterans effective December 7, 2006. Hillsborough County adopted an ordinance to implement an increase in the low-income senior exemption to not to exceed \$40,000 effective January 1, 2008. At the January 29, 2008 special election, the voters of Florida approved amendments to the Florida Constitution which permit owners of homestead property to transfer up to \$500,000 of their "Save Our Homes" benefit to a new homestead property purchased (subject to some restrictions), exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property

tax, and limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments and exclusive of school district taxes. The amendments went into effect with the 2008 tax year. At the November 6, 2012 general election, the voters of Florida approved amendments to the Florida Constitution which resulted in the relaxing of eligibility requirements related to the existing homestead property tax discount offered as it applies to active military personnel and disabled veterans, eligibility of certain ex-service members and surviving spouses for a \$5,000 property tax exemption that is not limited to homestead property, and availability of a total tax exemption on homestead property for certain disabled veterans and, in certain circumstances, surviving spouses of service members or first responders. The amendments went into effect with the 2013 tax year. The other property tax exemptions are fixed at \$500. There is a limit of two exemptions per household. There are also exemptions for religious, charitable and educational uses as well as government 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 ("Save Our Homes"). Save Our Homes 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. Save Our Homes 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.

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, except that the minimum charge for delinquent taxes paid prior to the sale of a tax certificate is 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. 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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Hillsborough County, Florida
Taxable Assessed Value and Actual Value of Property
Last Ten Years
(In Millions of Dollars)

Tax Year	Estimated Actual Value (a)			Exemptions (b)			Assessed Value (c)			Total Taxable Assessed Value	Total Direct Tax Rate (f)
	Real Property	Tangible Personal Property (d)	Centrally Assessed Property (e)	Real Property	Tangible Personal Property (d)	Centrally Assessed Property (e)	Real Property	Tangible Personal Property (d)	Centrally Assessed Property (e)		
2004	72,713	8,011	112	23,938	1,281	--	48,775	6,730	112	55,617	13.016
2005	87,322	8,645	71	30,102	1,550	--	57,220	7,095	71	64,386	12.900
2006	110,793	8,774	76	39,957	1,455	--	70,836	7,319	76	78,231	12.303
2007	120,823	8,949	77	41,029	1,432	--	79,794	7,517	77	87,388	10.815
2008	116,254	9,443	75	40,624	1,892	2	75,630	7,551	73	83,254	10.813
2009	96,404	9,469	82	31,460	1,925	4	64,944	7,544	78	72,566	10.761
2010	84,058	9,453	70	26,733	2,232	2	57,325	7,311	68	64,704	10.760
2011	79,629	9,235	97	24,865	2,148	6	54,764	7,087	91	61,942	10.758
2012	77,318	9,375	95	23,997	2,155	2	53,321	7,220	93	60,634	10.757
2013	83,902	9,048	99	27,110	2,092	2	56,792	6,956	97	63,845	10.755

- (a) Section 192.001, Florida Statutes, defines assessed value of property as "an annual determination of the just or fair market value of an item or property." Therefore, gross assessed value is defined to be Estimated Actual Value.
- (b) Exemptions allowed include those for governmental as well as qualified agricultural, religious, or other non-profit properties. There are additional exemptions if a property owner is a widow, widower, disabled, or 65 or older.
- (c) Assessed value is the estimated actual value less exemptions.
- (d) Tangible personal property represents business property such as furniture, computers, machinery and equipment, as well as mobile homes that are not permanently affixed to land. Beginning in 2008, an exemption of \$25,000 for tangible property is included in the chart above.
- (e) Centrally assessed property is primarily railroad that is assessed by the State of Florida rather than by the Property Appraiser since the property is located in more than one county.
- (f) Total Direct Tax Rate shows Hillsborough County tax rates applicable to residents of the unincorporated areas of the County. See "Property Tax Millage Rates for Direct and Overlapping Governmental Entities" for more information.

Source: Hillsborough County Property Appraiser.

Hillsborough County, Florida
Property Tax Levied and Collections
Last Ten Years (a)
(In Millions of Dollars)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Taxes Collected	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	553,131	547,054	98.9	1,227	548,281	99.1
2005	614,133	608,746	99.1	2,232	610,978	99.5
2006	701,730	696,591	99.3	802	697,393	99.4
2007	814,609	808,864	99.3	618	809,482	99.4
2008	801,724	795,084	99.2	1,321	796,405	99.3
2009	757,541	745,239	98.4	1,483	746,722	98.6
2010	660,228	648,894	98.3	1,529	650,423	98.5
2011	588,376	576,072	97.9	3,048	579,120	98.4
2012	562,933	557,341	99.0	1,306	558,647	99.2
2013	550,006	544,073	98.9	1,983	546,056	99.3
	(b)	(c)		(d)		

- (a) Since 2013 property tax rolls were not levied and opened for collections until November 1, 2013, final data for 2013 collections are not available.
- (b) 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 uncollectible 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.
- (c) There is a four percent early payment discount available to taxpayers who pay their property taxes in November, with the discount declining one percentage point each month thereafter. To accurately compare taxes collected to the taxes levied, discounts taken were added into the amounts collected, making them directly comparable.
- (d) Includes all delinquent tax collections received during the year regardless of the year in which the taxes were originally levied.

Source: Hillsborough County Tax Collector.

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Hillsborough County, Florida
Property Tax Millage Rates for Direct and Overlapping Governments
Last Ten Tax Years
(Millage Rates Rounded to Nearest Thousandth)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Countywide (BOCC):										
BOCC General Revenue	5.736	5.737	5.739	5.741	5.742	5.744	5.745	6.520	6.926	7.176
BOCC Library Service	0.558	0.558	0.558	0.558	0.558	0.558	0.608	0.692	0.692	0.642
Environmentally sensitive lands (voted)	<u>0.060</u>	<u>0.060</u>	<u>0.060</u>	<u>0.060</u>	<u>0.060</u>	<u>0.060</u>	<u>0.060</u>	<u>0.067</u>	<u>0.084</u>	<u>0.097</u>
Total millage	6.354	6.355	6.357	6.359	6.360	6.412	5.805	6.587	7.010	7.273
Maximum millage per statute (a)	10.060	10.060	10.060	10.060	10.060	10.060	10.060	10.067	10.084	10.097
Unincorporated Area (BOCC):										
BOCC Municipal Service Taxing Unit	4.375	4.375	4.375	4.375	4.375	4.375	4.376	4.995	5.162	5.062
Parks and Recreation (voted)	<u>0.026</u>	<u>0.026</u>	<u>0.026</u>	<u>0.026</u>	<u>0.026</u>	<u>0.026</u>	<u>0.026</u>	<u>0.029</u>	<u>0.036</u>	<u>0.040</u>
Total millage	4.401	4.401	4.401	4.401	4.401	4.401	5.010	5.716	5.890	5.744
Maximum millage per statute (a)	10.026	10.026	10.026	10.026	10.026	10.026	10.026	10.029	10.036	10.040
Countywide (Other):										
Tampa Port Authority	0.175	0.185	0.190	0.190	0.193	0.195	0.198	0.220	0.260	0.260
Southwest Florida Water Management District	1.0000	.0393	0.393	0.377	0.387	0.387	0.387	0.422	0.422	0.422
School Board	7.690	7.877	7.913	7.592	7.692	7.777	7.523	7.823	7.937	8.361
Children's Board	0.483	0.500	0.500	0.500	0.500	0.500	0.463	0.500	0.500	0.500
Unincorporated Area (Other):										
Southwest Florida Water Management District (b):										
Alafia River Basin	--	--	0.216	0.216	0.216	0.216	0.216	0.240	0.240	0.240
Hillsborough River Basin	--	--	0.230	0.230	0.242	0.255	0.255	0.285	0.285	0.285
NW Hillsborough Basin	--	--	--	--	--	0.242	0.242	0.268	0.268	0.268
Transit Authority	0.500	0.500	0.500	0.468	0.468	0.468	0.450	0.500	0.500	0.500
Municipalities:										
Tampa	5.733	5.733	5.733	5.733	5.733	5.733	5.733	6.408	6.539	6.539
Temple Terrace	6.430	6.430	2.248	5.950	5.283	4.569	4.569	4.910	4.910	4.910
Plant City	4.716	4.716	4.716	4.716	4.716	4.165	4.165	4.700	4.700	4.700
Total millage for unincorporated area within the Alafia River Basin excluding any special district assessments (for analysis only)	19.603	20.211	20.254	20.103	20.217	20.306	20.052	22.008	22.759	23.300

- (a) Section 200.071, Florida Statutes, states that the maximum ad valorem tax millage for either the countywide or unincorporated area (municipal services taxing unit) of the BOCC is set at 10 mills plus any voter-approved levies.
- (b) Dependent on its location, property within Tampa may either be in the Alafia, the Hillsborough River, or the NW Hillsborough Basin. Plant City may be in either the Alafia or the Hillsborough River Basin. During fiscal year 2009, the NW Hillsborough Basin was merged into the Hillsborough River Basin.
- Source: Office of Tax Collector, Hillsborough County.

The following shows the total taxes levied against the ten largest taxpayers for tax year 2012, as compared to total levies nine years earlier in tax year 2003. Property located within the geographic boundaries of Hillsborough County is subject to tax levies by Hillsborough County as well as several other taxing authorities. The Hillsborough County Tax Collector collects taxes for all of these taxing authorities. Taxing authorities such as the City of Tampa and the School Board are not a part of the Hillsborough County financial reporting entity. Their tax levies, however, are included in the chart below in order to show the total taxes due from each of the ten largest taxpayers. The total taxes levied by all of these taxing authorities against property located within the geographic boundaries of Hillsborough County was \$1,472,896,000 for 2012 and \$1,300,244,000 for 2003.

Since 2013 property tax rolls were not opened for collections until November 1, 2013, final data for 2013 collections are not available.

**Hillsborough County, Florida
Principal Taxpayers
Tax Year 2012 Compared to Tax Year 2003
(Amount in Thousands)**

<u>Taxpayer</u>	<u>Type of Business</u>	2012			2003		
		<u>Taxes Levied in thousands</u>	<u>Rank</u>	<u>Percentage of Total Taxes Levied</u>	<u>Taxes Levied in thousands</u>	<u>Rank</u>	<u>Percentage of Total Taxes Levied</u>
Tampa Electric Company	Electric utility	\$39,075	1	2.7%	\$30,945	1	2.4%
Verizon Communications Inc.	Telecommunications	19,845	2	1.3	23,963	2	1.8
Hillsborough County Aviation Authority	Airport	9,770	3	0.7	9,350	3	0.7
Camden Operating LP	Real estate	6,260	4	0.4	5,306	5	0.4
Highwoods/Florida Holding LP	Real estate management	5,347	5	0.4	3,350	10	0.3
Post Apartment Homes LP	Real estate	4,978	6	0.3	4,575	6	0.4
Westfield	Shopping malls	4,832	7	0.3	--	--	--
Mosaic Company	Mining/fertilizer minerals	4,164	8	0.3	--	--	--
Wal-Mart	Retail stores	4,018	9	0.3	3,644	9	0.3
Liberty Property	Property management	3,535	10	0.2	--	--	--
		<u>\$101,824</u>		<u>6.9%</u>	<u>\$96,361</u>		<u>7.4%</u>

Source: Hillsborough County 2013 Comprehensive Annual Financial Report

Hillsborough County, Florida
General Obligation Debt
September 30, 2013
(Amounts in Thousands)

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>Estimated Percentage Applicable</u>	<u>General Obligation Debt</u>
Direct Debt of Hillsborough County:			
General obligation bonds	\$65,900	100%	<u>\$65,900</u>
Total direct and overlapping debt			<u><u>\$65,900</u></u>

The Hillsborough County School Board, Tampa Port Authority, Children's Board, and Southwest Florida Water Management District do not have any general obligation bonds, therefore their bonds are not presented in this chart.

Source: Hillsborough County.

Employees

Hillsborough County employees provide a variety of services to a population of over one million residents. As of September 2013, there were approximately 9,355 employees of Hillsborough County, Florida. County organizations and their employees are as follows: Sheriff – 3,116, Tax Collector – 297, Property Appraiser – 115, Clerk of Circuit Court – 772, Supervisor of Elections – 35, Board of County Commissioners – 4,971, and discretely presented component units – 49. Several categories of employees are represented by labor unions.

Source: Hillsborough County Adopted Biennial Budget for Fiscal Year 2014 and 2015

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Employment Indicators

Hillsborough County has a diversified economic base, including large service, manufacturing and retail trade sectors. Hillsborough County's largest industrial sectors include the Administration/Support/Waste Management and Remediation Services, Retail Trade, and the Health Care and Social Assistance sectors. The principal employers serving the county are the Hillsborough County School Board and the Hillsborough County Government. The vast majority of the county's labor force was employed in non-agricultural jobs in 2012.

<u>Employment By Industry</u>	<u>Employees</u>
Natural Resources and Mining	10,073
Construction	26,726
Manufacturing	23,817
Trade, Transportation, and Utilities	110,767
Information	16,241
Financial Activities	56,592
Professional and Business Services	107,323
Leisure and Hospitality	62,277
Education and Health Services	79,995
Other Services	16,762
Government	75,235
Other	118
Total	<hr/> 585,926 <hr/>

Sources: Florida Department of Economic Opportunity

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Hillsborough County, Florida
Principal Employers
Latest Fiscal Year Compared to the Fiscal Year Nine Years Earlier

<u>Employer</u>	<u>Type of Operation</u>	<u>2013</u>			<u>2004</u>		
		<u>Employees</u>	<u>%</u>	<u>Rank(a)</u>	<u>Employees</u>	<u>%</u>	<u>Rank(a)</u>
Hillsborough County School Board	Public education	25,936	3.9	1	22,650	3.8	1
MacDill Air Force Base	Military base	14,500	2.2	2	5,756	1.0	6
University of South Florida	Education services	10,837	1.6	3	7,794	1.3	3
Verizon Communications Inc.	Telecommunications	9,957(b)	1.5	4	7,000	1.2	5
Hillsborough County Government	Government	9,355	1.4	5	10,220	1.7	2
Tampa International Airport	International Airport	7,500	1.1	6	7,626	1.3	4
Publix Super Markets	Supermarkets	6,826	1.0	7	4,672	0.8	7
Tampa General Hospital	Medical facilities	6,500	1.0	8	3,432	0.6	12
Florida Hospital	Medical facilities	5,179(b)	0.8	9	2,654	0.4	17
James A. Haley - VA Hospital	Medical facilities	4,700(b)	0.7	10	2,751	0.5	14
H. Lee Moffit Cancer Center	Medical facilities	4,187(b)	0.6	11	--	--	--
City of Tampa	Government	4,000	0.6	12	4,525	0.8	8
Busch Entertainment Corporation	Tourist attractions	3,737	0.6	13	2,710	0.5	15
U.S. Postal Service	Postal Service	3,285	0.5	14	3,525	0.6	11
St. Joseph Hospital	Medical facilities	3,133	0.5	15	3,907	0.7	9
Hillsborough Community College	Education services	2,569	0.4	16	2,103	0.4	20
Tampa Electric Company	Electric utility	2,541	0.4	17	3,543	0.6	10
SweetBay Supermarkets	Supermarkets	2,532	0.4	18	2,698	0.5	16
Total		<u>117,317</u>	<u>17.5</u>		<u>87,912</u>	<u>14.6</u>	

(a) Percentages shown represent the number of employees as a percent of total Hillsborough County employment. Total Hillsborough County employment for 2013 was 585,927. Total Hillsborough County employment for 2004 was 597,946.

(b) Estimated using the prior year's figure because the entity contacted chose not to provide the information requested.

Source: Hillsborough County 2013 Comprehensive Annual Financial Report

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

Calendar Year	Hillsborough County				Florida	National
	Labor Force	Number Employed	Number Unemployed	Unemployment Rate	Unemployment Rate	Unemployment Rate
2003	549,815	521,920	27,895	5.1	5.3	6.0
2004	565,184	540,761	24,423	4.3	4.7	5.5
2005	565,617	544,731	20,886	3.7	3.8	5.1
2006	578,731	559,983	18,748	3.2	3.3	4.6
2007	597,472	573,816	23,656	4.0	4.0	4.6
2008	598,657	560,753	37,904	6.3	6.3	5.8
2009	597,220	534,961	62,259	10.4	10.4	9.3
2010	604,896	535,621	69,275	11.5	11.3	9.6
2011	620,466	557,138	63,328	10.2	10.3	8.9
2012	629,444	576,055	53,389	8.5	8.6	8.1

Sources: Florida Agency for Workforce Innovation, Labor Market Statistics; United States Department of Labor – Bureau of Labor Statistics

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Demographics and Economics

The following table outlines some of the general demographic and economic statistics for the County.

Hillsborough County, State of Florida and the United States Demographic and Economic Statistics 2003-2012

<u>Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Personal Income Per Capita</u>	<u>Median Age</u>	<u>Public High School Graduation Rates</u>	<u>Total Public School Enrollment</u>	<u>Unemployment Rate</u>
2003	1,079,587 (a)	34,018,321	31,573	35	75.8	191,186	5.1
2004	1,108,435 (a)	36,829,120	33,233	36	79.3	197,500	4.3
2005	1,131,546 (a)	40,073,436	35,055	36	79.5	193,669	3.7
2006	1,164,425 (a)	43,526,322	37,144	36	77.3	193,480	3.2
2007	1,192,861 (a)	45,062,439	38,037	36	79.1	193,180	4.0
2008	1,200,541 (a)	45,334,109	37,880	36	80.0	191,965	6.3
2009	1,196,892 (a)	44,215,715	36,420	36	84.6	193,239	10.4
2010	1,229,226 (b)	47,451,851	38,457	36	84.4	194,353	11.5
2011	1,238,951(a)	49,227,818	38,782	36	69.3	197,001	10.2
2012	1,256,118(a)	51,109,828	40,000	36	72.6	200,287	8.5
		(c)	(d)	(a)	(e)	(f)	(g)

*This information was not available at time of reporting.

Sources: (a) Florida Office of Economic & Demographic Research Database

(b) U.S. Census Bureau

(c) U.S. Department of Commerce, Bureau of Economic Analysis

(d) Hillsborough County Planning Commission

(e) Federal regulations require each state to calculate a four-year adjusted cohort graduation rate, which includes standard diplomas but excludes GEDs, both regular and adult, and special diplomas. The US Department of Education (USDE) adopted this calculation method in an effort to develop uniform, accurate and comparable graduation rates across all states. The USDE required states to begin calculating the new graduation rate beginning with the 2010-2011 school year.

(f) Florida Department of Education (EIAS databases).

(g) Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

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Banking and Finance

A total of 318 commercial and savings bank offices were located in Hillsborough County as of June 30, 2013. The following table presents commercial bank and savings institutions deposit for each year since 2004:

<u>Calendar Year</u>	<u>Commercial Bank Deposits</u>	<u>Savings Bank Deposits</u>	<u>Total Deposits</u>
2004	15,090,000,000	577,000,000	15,667,000,000
2005	16,163,000,000	715,000,000	16,878,000,000
2006	17,282,000,000	843,000,000	18,125,000,000
2007	16,326,000,000	1,074,000,000	17,400,000,000
2008	19,319,000,000	885,000,000	20,204,000,000
2009	20,319,000,000	884,000,000	21,203,000,000
2010	20,346,000,000	1,093,000,000	21,439,000,000
2011	22,524,000,000	556,000,000	23,080,000,000
2012	23,079,000,000	433,000,000	23,511,000,000
2013	25,193,000,000	474,000,000	25,667,000,000

Sources: Federal Deposit Insurance Corporation (Summary of Deposits database)

Education

Hillsborough County Public Schools is the eighth largest district in the nation and third largest in Florida. A total of 266 elementary, middle, senior high, and adult schools accommodate students, both day and evening. Total student membership from pre-kindergarten through senior high as of August 2012 was 200,287. All Hillsborough County Public Schools fully meet the standards established by the Florida Department of Education. In addition, all high schools are duly accredited by the Southern Association of Colleges and Schools (SACS). All elementary and middle schools meet or exceed SACS standards.

Hillsborough County also has several universities and colleges. The University of South Florida serves more than 48,329 students (Fall 2013 semester) and is the third largest university in the southeast. The University of South Florida is also one of the only four Florida public universities classified by the Carnegie Foundation for the Advancement of Teaching in the top tier of research universities, a distinction attained by only 2.3 percent of all universities. The University of Tampa is a private university located on approximately 100 acres of prime riverfront land in the heart of downtown Tampa. Hillsborough Community College has five primary campus locations, three satellite locations, a very active distant learning program (eCampus), and a comprehensive corporate training center. Other colleges in the area include Florida College, Stetson University of College Law, and Keller Graduate School of Management of DeVry University.

Source:	Florida College	www.floridacollege.edu
	Florida Department of Education	www.fldoe.org
	Hillsborough County School Board	www.sdhc.k12.fl.us/
	Hillsborough Community College	www.hccfl.edu
	Keller Graduate School of Management	www.keller.edu
	The University of Tampa	www.ut.edu
	University of South Florida	www.usf.edu

Medical Facilities

There are thirteen general, specialty, and military hospitals in Hillsborough County with approximately 3,699 hospital beds, 3,168 acute care beds, 531 specialty beds, and 3,831 nursing home beds. The County's medical resources include more than 3,177 physicians, with specialists in all types of medicine and surgery, and 609 dentists.

Sources: Florida Department of Health; Florida Agency for Health Care Administration

Communications

Six television stations, along with twenty-five radio stations serve the County. Daily newspapers include The Tampa Tribune, Tampa Bay Times and Tampa News Daily. There are also three other weekly and two monthly newspapers. Verizon and Brighthouse Networks are the primary providers for telecommunications and cable services, respectively. There are 48 Post Offices in Hillsborough County and 14 internet access or DSL providers.

Sources: Florida Smart - News and Media Directory

Transportation

Tampa International Airport (TIA) is a 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.

TIA is one of four FAA-coded large hub airports in the state of Florida. TIA, a facility of approximately 3,400 acres, is used primarily as an origination-destination airport with a total of 59 gates. It is located five miles from downtown Tampa and is served by most major airlines, providing non-stop service to more than 68 national and international destinations, including London, Toronto, Halifax, Ottawa, San Juan, and Grand Cayman. Passenger enplanements at TIA for the fiscal year ended September 30, 2013 totaled 8,493,260, an increase of 0.26% from the prior fiscal year.

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 TIA; Plant City Airport, a 199-acre facility located 22 miles east of TIA; and Tampa Executive Airport (formerly Vandenberg Airport), a 407-acre facility located 12 miles east of TIA. In addition, there are two full service general aviation executive terminals located at the Airport.

AMTRAK provides passenger rail service from the County 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 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 (HART) is Hillsborough County's public transportation system. HART 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 14 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.

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

Sources: Hillsborough County Aviation Authority; Amtrak, www.amtrak.com; Tampa Bay Partnership

Local Industries

Professional and business services, retail, financial services and health service sectors lead regional and county industry. Bioscience and other high-tech industries are expanding, thanks in part to research at university and college campuses throughout the area. Manufacturing in Hillsborough County is also participating in the high-tech trend as the County is home to companies in the microelectronics, medical devices, software, and defense systems industries.

Business and Information Services. Tampa Bay has been called "Wall Street South" for the size and scope of its financial services industry. Worldwide organizations which have a major presence in Hillsborough County include JPMorgan Chase, Citigroup, Depository Trust and Clearing Corp, MetLife, Progressive Insurance, USAA Insurance and Verizon Communications. Hillsborough County is also a major player in a new industry segment called the Shared Accounting Services industry where national and international companies such as Coca Cola Enterprises create additional value by co-locating their accounting and financial services for multiple businesses in one location.

Biomedical/Life Sciences Technologies/Health Care. Tampa Bay is a center for numerous hospital, research and medical related firms – and the gateway to the Florida High Tech Corridor, a 23-county area that is home to more than 3,000 high-tech companies. Biomedical and life science centers of excellence in the County include University of South Florida, H. Lee Moffitt Cancer Center and Research Institute, and Byrd Alzheimer's Institute. Hillsborough County is also home to major health care plan developers and providers such as Wellcare.

Port/Maritime. With three seaports, Tampa Bay is a major entry point for domestic and international shipping. The Port of Tampa comprises nearly 40% of all sea borne commerce in the state and is the state's largest seaport.

Manufacturing (Microelectronics, Medical Devices, Software, and Defense Systems). High tech manufacturing companies in the County include CAE (flight and military simulation systems), B&M Precision (implants and components for brain probes and liposuction), and systems software development companies CIBERsites (application development), Computer Associates (internet security) and Quadrant Software (electronic document distribution).

Sources: Hillsborough County Economic Development Department; Tampa Bay Partnership

Agriculture

Hillsborough County has 2,843 farms, the second largest number of farms of any county in the State of Florida and 20th highest in the country. Diversity is one of the keys to the success of Hillsborough County agriculture. Hillsborough County ranks as the fourth largest producer of agricultural products in the State (out of 67 counties) and 59th in the United States (out of 3,076 counties). Hillsborough County is in the top 2% of agricultural counties in the country. Approximately 34% of the County's land area is in agricultural production. Urban development and rising land values influence the agricultural sector, encouraging production of high-value commodities such as strawberries, tropical fish, ornamental plants, and enterprises for niche markets. Hillsborough County produces the most tropical fish and strawberries of all counties in the state. The majority of agricultural goods produced in Hillsborough County are sold outside of the County.

Commodity sales are estimated as follows:

<u>Commodity</u>	<u>2011 Acreage</u>	<u>2011 Annual Sales</u>
Aquaculture	876	\$23,546,112
Beef Cattle/Pasture	91,904	18,934,207
Bees/Honey Production	45	598,767
Blueberries	591	5,500,000
Citrus	10,750	18,893,572
Dairy	1,500	6,433,206
Forestry	108,634	1,000,000
Goats	518	154,177
Hay	6,035	2,374,195
Ornamental Plants	3,977	139,232,407
Poultry	22	18,701,100
Sod	2,286	7,438,855
Strawberries	11,625	388,125,702
Vegetables	13,092	150,000,000
Miscellaneous	<u>3,677</u>	<u>51,478,000</u>
Total	<u>255,532</u>	<u>\$832,410,300</u>

Local agriculture generates additional local economic impact by supporting related businesses such as banking, real estate, legal services, transportation, packaging, equipment, seed, agricultural suppliers and services, and marketing firms. Each year, agriculture production and its related businesses in Hillsborough County generate an economic impact of more than \$1.4 billion and employ about 20,100 people.

Sources: Hillsborough County Cooperative Extension Service; Hillsborough County Economic Development Department.

Port Facilities

The Port of Tampa is Florida's largest and most diverse seaport, handling 35 million tons of cargo and 854,260 cruise passengers during FY 2013. The Port of Tampa has an economic impact of \$15 billion and 100,000 jobs on the Tampa Bay economy. The development of a new container terminal with three gantry cranes, along with substantial room for expansion, has made the deepwater Port of Tampa well-positioned as a gateway for the growing markets of Florida and the Southeast U.S. The Port offers CSX rail service and over one million square-feet of warehouse/cold storage space. The Port also contains the largest ship repair facility in the Southeast U.S.

Seventy-five percent of Port cargo is inbound, and with its location on the west end of Florida's Interstate 4 corridor, the Port is ideally located to supply in-state demands for construction materials, commodities and consumer products.

Sources: Tampa Port Authority, www.tampaport.com

Military Facilities

MacDill Air Force Base is located eight miles south of downtown Tampa on the Southwestern tip of the Interbay Peninsula on the west coast of Florida. The host organization is the 6th Air Mobility Fueling Wing, which uses KC-135 Stratotankers and C-37As to conduct its air mobility mission. It is the headquarters for two non-aviation units: the United States Central Command and the United States Special Operations Command. It is also home to the National Oceanic and Atmospheric Administration.

Source: MacDill Air Force Base

Recreational Facilities

A variety of entertainment activities may be found in Hillsborough County including numerous parks, beaches, restaurants with international flair, excellent golf courses, racquetball courts, saltwater fishing, tennis and shopping. Recreational facilities that appeal to both County residents and visitors are either located within the County or are only a short drive away. Walt Disney World (including Hollywood Studios Theme Park), Universal Studios and Sea World are all just over an hour's drive to the east. Two-thirds of the state's major attractions lie within a 100-mile radius of Tampa. Busch Gardens, located in Tampa, is a family adventure park offering an array of attractions based on exotic encounters with the African continent. It offers an appealing blend of thrilling rides, one of the country's premier zoos featuring more than 3,000

animals, live shows, restaurants, shops and games. Adventure Island, which is located next to Busch Gardens, features a beach volleyball complex and 17 water play areas situated on 30 acres.

Hillsborough County is home to the Tampa Bay Buccaneers of the National Football League (NFL), who were the Super Bowl XXXVII Champions in 2003. The Tampa Bay Buccaneers and University of South Florida Bulls football teams play their home games at Raymond James Stadium in Tampa. Raymond James Stadium is a combination of modern stadium design and its own innovations. Raymond James Stadium has a seating capacity of 65,657, expandable to 75,000, 12,000 club seats, 195 luxury suites, and 600 points of sale for food, beverages and merchandise. Raymond James Stadium has hosted special events such as Super Bowl XXXV in January 2001 and Super Bowl XLIII in February 2009.

In the heart of downtown Tampa's Channelside District, located between the Tampa Convention Center and the Florida Aquarium, lies the Amalie Arena (the "Arena"), one of the premier entertainment venues in the Southeast and home of the National Hockey League's Tampa Bay Lightning, who were the 2004 Stanley Cup Champions. The Arena also hosts the Arena Football League's Tampa Bay Storm, as well as more than 150 concerts, family shows and sporting events annually. In August 2012, the Arena also hosted the Republican National Convention. In addition, the New York Yankees Major League Baseball franchise has spring training at the County's George M. Steinbrenner Field baseball stadium. The University of South Florida Sun Dome is a multipurpose 11,400-seat arena located on the campus of the University of South Florida (USF) and is home to the National Collegiate Athletic Association's USF Men's and Women's basketball teams as well as other University events. Thoroughbred horse racing is also seasonally available in the County.

Sources:	Busch Gardens, Tampa	www.buschgardens.com
	Adventure Island	www.adventureisland.com
	City of Tampa	www.tampagov.net
	Raymond James Stadium	www.raymondjames.com/stadium/
	Tampa Bay Buccaneers	www.buccaneers.com
	Tampa Sports Authority	www.tampasportsauthority.com
	USF Sun Dome	http://usfweb2.usf.edu/Sundome/

Cultural Facilities

Hillsborough County offers a variety of cultural facilities to residents and visitors. Lowry Park Zoo was ranked the number-one family-friendly zoo in the United States in 2009 by Parents magazine and in 2004 by Child magazine and recognized by the State of Florida as a center for Florida wildlife conservation and biodiversity. Natural outdoor exhibits covering 60 acres for more than 1,700 animals from Florida and similar habitats include a Native Florida Wildlife Center and manatee hospital, Asian Gardens, Primate World, Free-Flight Aviaries, Wallaroo Station children's zoo, and Safari Africa. The Zoo also features rides, shows and hands-on interactive exhibits. The Florida Environmental Education Center (Zoo School) serves more than 203,000 children annually. Programs offered are summer and holiday camps, daycare, preschool, and kindergarten. The 205,000 square-foot Florida Aquarium is among the top

aquariums in the world and has more than 20,000 aquatic plants and animals from Florida and around the world.

The Straz Center for the Performing Arts is located on a nine-acre site along the east bank of the Hillsborough River. As the largest performing arts complex south of the Kennedy Center, the 335,000 square-foot Center provides an environment for a wide variety of world-class events. It boasts one of the nation's leading Broadway series and is nationally respected for producing grand opera, as well as presenting a wide variety of concerts, performances and events. The Tampa Convention Center, located directly on the waterfront in the heart of downtown Tampa, hosts a variety of conventions, tradeshow, and other special events year-round. The 600,000 square-foot building offers 200,000 square feet of exhibit space, a 36,000 square-foot ballroom, and 36 breakout rooms which total over 42,000 square feet of additional meeting space.

Museums in the area include the Museum of Science and Industry (MOSI), a science and technology center encompassing over 400,000 square feet on a 74-acre campus of exhibits and hands-on displays. MOSI is now the largest science center in the southeast and fifth largest in the United States. Features include a hurricane simulator, a planetarium, and an IMAX Dome theater. The 60,000 square-foot Tampa Bay History Center Museum located in the Channelside district opened in January 2009. Other museums in the area are the Tampa Museum of Art, the historic H. B. Plant Museum at the University of Tampa, the Contemporary Art Museum at the University of South Florida, the Scarfone Gallery at the University of Tampa, the Veteran's Memorial Museum and Park, the Ybor City State Museum, and the Florida Museum of Photographic Arts.

Graphicstudio at the University of South Florida is one of the world's premiere experimental printmaking facilities, hosting renowned artists on a regular basis to test new theories and methods of producing art. In addition, there are over 20 other visual art galleries that showcase work from local, regional, and national artists.

Sources:	Tampa Bay Performing Arts Center	www.tbpac.org
	City of Tampa	www.tampagov.net
	Museum of Science and Industry	www.MOSI.org
	Arts Council of Hillsborough County	www.tampaarts.com
	Lowry Park Zoo	www.lowryparkzoo.com
	Florida Aquarium	www.flaquarium.org
	Tampa Bay History Center	www.tampabayhistorycenter.org

Hillsborough County Web Site

The Hillsborough County internet web site is located at <http://hillsboroughcounty.org>. This site provides a convenient directory of government services and other useful information.

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APPENDIX B

**EXCERPTED PAGES FROM THE AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



SCHOOL DISTRICT
OF
HILLSBOROUGH COUNTY, FLORIDA

FISCAL YEAR ENDED
JUNE 30, 2014

MaryEllen Elia
Superintendent of Schools

Susan L. Valdes, Chair	Doretha W. Edgecomb, Vice Chair	
April Griffin	Sally A. Harris	Carol W. Kurdell
Melissa Snively	Cindy Stuart	

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

of

The School District of
Hillsborough County, Florida

For the

Fiscal Year Ended June 30, 2014



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, 2014

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Introductory Section



School Board
Susan L. Valdes, Chair
Doretha W. Edgecomb, Vice Chair
April Griffin
Sally A. Harris
Carol W. Kurdell
Melissa Snively
Cindy Stuart



Superintendent of Schools
MaryEllen Elia

Deputy Superintendents
Jeff Eakins
Cathy L. Valdes

Chief Business Officer
Gretchen Saunders

BUSINESS DIVISION

December 9, 2014

Dear Chair Valdes 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, 2014, 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. The District's comprehensive framework of internal controls has been designed to provide more than 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, 2014, 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 unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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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 and its governing board (School Board) were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered and supervised by District school officials in accordance with Chapter 1001, Florida Statutes. The School Board consists of seven elected officials. The appointed Superintendent serves as chief executive officer of the school system and is responsible for the administration and management of district schools. The District and Superintendent are required by Section 1010.01, Florida Statutes to maintain financial records and accounts as prescribed by law and rules of the State Board of Education.

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 School Board Leasing Corporation (the Corporation) reported as a blended component unit. 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 12th grade, basic and enriched programs, and exceptional student education. The District also provides vocational and adult programs.

The District's geographic boundaries correspond with those of Hillsborough County. The District is the 3rd largest school district in Florida and the 8th largest in the United States with over 201,300 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 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.

Long-Term Financial Planning. The District continues to maintain adequate fund balances and top debt ratings by careful management of its financial resources. The District continues to implement budget saving initiatives to maintain fund balances without making cuts to the classrooms or necessitating layoffs of employees.

Major Initiatives

Class Size Reduction Amendment - In November 2002, the voters of Florida amended the State Constitution to limit class size. The amendment established the maximum number of students in core-curricula courses assigned to a teacher in each of the following three grade groupings: (1) pre-kindergarten through grade 3, 18 students; (2) grades 4 through 8, 22 students; and (3) grades 9 through 12, 25 students. Based on the annual review for the 2013-2014 fiscal year conducted by the Florida Department of Education, our district continues to meet the constitutional maximums at our schools and classrooms.

Transportation Plan – In June 2014, our School Board accepted and approved a 15 year school bus purchasing plan. Starting in the fiscal year 2013-2014 through fiscal year 2027-2028 our district will be purchasing 100 school buses every year. This plan will continue to cycle in new buses and lower our maintenance expense for older vehicles.

Awards and Acknowledgements.

The Government 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, 2013. This was the thirteenth 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,

MaryEllen Elia
Superintendent

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 9, 2014

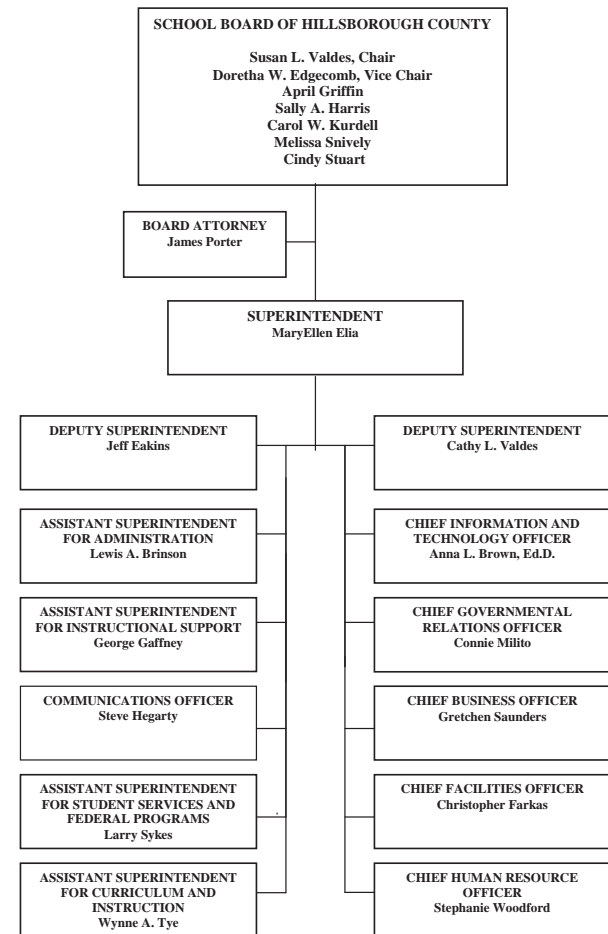
Susan L. Valdes, Chair Member from District 1 Present term began Present term expires Began as a Board member	November, 2012 November, 2016 November, 2004
Doretha W. Edgecomb, Vice Chair Member from District 5 Present term began Present term expires Began as a Board member	November, 2012 November, 2016 November, 2004
April Griffin Member from District 6 (at large) Present term began Present term expires Began as a Board member	November, 2014 November, 2018 November, 2006
Sally A. Harris Member from District 2 Present term began Present term expires Began as a Board member	November, 2014 November, 2018 November, 2014
Carol W. Kurdell Member from District 7 (at large) Present term began Present term expires Began as a Board member	November, 2012 November, 2016 November, 1992
Melissa Snively Member from District 4 Present term began Present term expires Began as a Board member	November, 2014 November, 2018 November, 2014
Cindy Stuart Member from District 3 Present term began Present term expires Began as a Board member	November, 2012 November, 2016 November, 2012

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

Other Principal Officials - Appointed
As of December 9, 2014

<u>Name</u>	<u>Title</u>
MaryEllen Elia	Superintendent of Schools
Jeff Eakins	Deputy Superintendent
Cathy L. Valdes	Deputy Superintendent
Lewis A Brinson	Assistant Superintendent for Administration
Anna L. Brown, Ed.D.	Chief Information and Technology Officer
Christopher Farkas	Chief Facilities Officer
George Gaffney	Assistant Superintendent of Student Services
Steve Hegarty	Communications Officer
Connie Millito	Chief Governmental Relations Officer
Gretchen Saunders	Chief Business Officer
Larry Sykes	Assistant Superintendent for Academic Support and Federal Programs
Wynne A. Tye	Assistant Superintendent for Curriculum and Instruction
Stephanie Woodford	Chief Human Resource Officer

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
ORGANIZATIONAL CHART
AS OF DECEMBER 9, 2014





Government Finance Officers Association

**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, 2013

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO

Financial Section



Hillsborough County
PUBLIC SCHOOLS
Excellence in Education



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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Hillsborough County, Florida (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Hillsborough County, Florida, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and contracted services funds for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 1.N. to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and GASB No. 67, *Financial Reporting for Pension Plans*.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the schedule of net pension liability, the schedules of employer contributions, the schedule of changes in net pension liability, the schedule of investment returns, the schedules of funding progress on pages 5 – 12 and 72 – 78, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

December 1, 2014
Certified Public Accountants

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

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 MD&A 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 Position details information on all of the District's assets, deferred outflows and liabilities, with the assets plus deferred outflows minus liabilities being reported as net position. 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 position may serve as a useful indicator of whether the financial position of the District has changed.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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 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 public charter schools are included as discretely presented component units.

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



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 Statements allow for 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 nine 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, Other Debt Service Fund, Local Capital Improvement Fund and Other Capital Projects Fund that are considered to be major funds. Data from the other four 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.

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.

The basic proprietary fund statements can be found on pages 30 – 32.

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 position and a statement of changes in fiduciary net position. The District excludes these activities from the government-wide financial statements because the District cannot use these assets to finance any of its ongoing operations.

The basic fiduciary fund statements can be found on pages 33 -34.

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 35 – 71 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entities financial position. In the case of the District, assets plus deferred outflows exceeded liabilities by \$1,634,903 at the end of the current fiscal year.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

By far the largest portion of the District's net position (77 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 2014	Governmental Activities 2013 (Restated)*
Current and other assets	\$ 729,878	\$ 780,436
Capital assets	2,325,407	2,363,607
Total assets	3,055,285	3,144,043
Deferred outflows	43,557	46,406
Long-term liabilities outstanding	1,337,077	1,356,559
Other liabilities	126,862	117,155
Total liabilities	1,463,939	1,473,714
Net position:		
Net investment in capital assets	1,260,998	1,266,015
Restricted	325,925	326,545
Unrestricted	47,980	124,175
Total Net Position	\$ 1,634,903	\$ 1,716,735

*Prior year amounts have been restated for the Districts' implementation of GASB Statement No. 65.

An additional portion of the District net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$47,980. Unrestricted net position may be used to meet the Districts ongoing obligations to citizens and creditors.

The District's net position decreased by \$81,832 from last year, due to current year operations. During the current year unrestricted net position decreased by \$76,195. This decrease was primarily due to salary increases.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

Governmental Activities

Governmental activities decreased the District's net position by \$81,832. Key elements of this decrease are as follows:

	Governmental Activities 2014	Governmental Activities 2013 (Restated)*
Revenues:		
Program revenues:		
Charges for services	\$ 51,278	\$ 50,666
Operating grants and contributions	82,478	74,682
Capital grants and contributions	7,658	7,747
General revenues:		
Property taxes, levied for operational purposes	418,313	408,137
Property taxes, levied for capital projects	101,322	96,078
Local sales taxes	25,880	24,661
Grants and contributions not restricted to specific programs	1,220,399	1,132,298
Investment earnings	2,454	6,176
Miscellaneous	80,024	77,203
Total revenues	1,989,806	1,877,648
Expenses:		
Instructional services	1,114,285	1,032,881
Instructional support services	232,838	219,710
Pupil transportation services	72,786	70,806
Operation and maintenance of plant	139,024	139,205
Non-capitalizable facilities acquisition and construction	118,081	111,836
School administration	96,080	91,712
General administration	62,875	47,052
Food services	105,851	95,897
Community services and other	85,307	83,642
Interest on long term debt	44,214	45,857
Unallocated depreciation	297	344
Total expenses	2,071,638	1,938,942
Decrease in net position	(81,832)	(61,294)
Net position beginning of year -		
Restated due to GASB Statement 65	1,716,735	1,778,029
Net position end of year	\$ 1,634,903	\$ 1,716,735

*Prior year amounts have been restated for the District's implementation of GASB Statement No. 65.

The increase in unrestricted grants and contributions revenue of \$88,101 is the result of an increase in Florida Education Finance Program (FEFP) funding and property taxes increased during the year as a result of an increase in assessed values.

For the most part, the increase in expenses was due to the increase in OPEB, compensated absences, increase in salaries due to the implementation of the empowering effective teacher's evaluation system and an increase in retirement costs.

Financial Analysis of the District's Funds

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

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, unassigned 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 \$542,853, a decrease of \$45,050 as compared to the prior year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$95,796, while the total fund balance was \$229,632. The fund balance of the District's General Fund decreased by \$39,637 during the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately six percent of total general fund expenditures, while total fund balance represents approximately fifteen percent of that same amount. The fund balance decrease of \$39,637 in the current year was due in part to:

Additional expenditures required for common core training and the required materials;

Computers/technology and infrastructure for the upcoming State Accountability Standards along with escalating online testing requirements;

The Legislative mandate for the "Additional Hour of Intensive Reading" each instructional day for the One Hundred Lowest Performing Elementary Schools in the State (based on the State Reading Assessment). This mandate requires an additional hour of intensive reading instruction beyond the normal school day for all students in these schools. Our district had 11 schools included in this category;

Increased instructional materials expense due to the state-mandated Math Textbook Adoption and alignment to state standards and digital content requirements;

Increased expenditures due to more than 1,400 aging school buses. As the capital dollars have diminished in the last seven years the general fund was responsible for paying these expenditures;

Additionally, services for our exceptional students have grown and the funding for these programs has not kept pace with the expenditure increases;

Student funding remains below pre-recession levels. At the start of the 2007-2008 school year, funding per unweighted student was \$7,123.18. In FY 2013-2014 our funding per unweighted student was \$6,750.20. This loss of \$372.98 per student plus 9,971 new students equals \$3,719,103 in funding we didn't receive.

The state-wide proration (reduction of funds) was \$51,655,306; of that amount Hillsborough County Public Schools share was \$3,890,308.

Increased school security measures in response to the tragic events on school campuses across the country.

The Contracted Services Fund had a decrease in revenue due to the funding cuts in ARRA stimulus grants.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

The Other Debt Service Fund shows nearly the same fund balance as the prior year because the debt service payments are approximately equal over the years.

The Local Capital Improvement Fund's ending fund balance of \$103,650 dropped \$23,978 from the prior year. Taxes for capital outlay were \$5,244 more this year and expenditures for various projects were \$12,321 higher than last year due to additional maintenance of schools.

Other Capital Projects Fund includes the Certificates of Participation funds. Overall there was an increase of \$8,680 in fund balance from \$54,021 to \$62,701. The increase was due to the reduction of ongoing capital projects expenditures.

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.

Budgeted expenditures increased \$113.4 million from the original budget to the final amended budget. The increases were due in part to the increase in salaries due to the implementation of the empowering effective teacher's evaluation system.

Actual expenditures were \$140.3 million below the final amended expenditure budget. Unexpended appropriations of \$140.3 million were composed of the following: (1) \$31.1 million in restricted programs, (2) \$97.7 million in other earmarked assigned funds and (3) \$11.5 million in other unexpended budget items. The \$11.5 million reflects less than 1.0% 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, 2014, amounts to \$2,325,407 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, improvements other than buildings, buildings and systems, furniture, fixtures and equipment, motor vehicles, and computer equipment.

	Governmental Activities 2014	Governmental Activities 2013
Land	\$ 160,441	\$ 154,608
Land improvements	90,256	90,067
Construction in progress	33,205	16,452
Improvements other than buildings	82,212	83,824
Buildings and systems	1,915,878	1,966,016
Furniture, fixtures and equipment	32,015	35,989
Motor vehicles	9,947	13,937
Audio visual materials	2	-
Computer software	1,451	2,714
Total capital assets	\$ 2,325,407	\$ 2,363,607

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2014

This year's additions of \$53,120 included several renovation projects. The total of capital assets decreased due to the fact that deletions and depreciation charges were higher than additions.

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

Long Term Debt

At the end of the current fiscal year the District had total borrowed and bonded debt outstanding of \$1,088,810, which includes unamortized bond premiums of (\$28,191).

	<u>2014</u>	<u>2013</u>
Bonds payable	238,226	255,056
Certificates of participation	850,584	879,958
Total long term debt	\$ <u>1,088,810</u>	\$ <u>1,135,014</u>

The District's total borrowed and bonded debt decreased by \$46,204 (net of repayment of principal on outstanding debt) during the current fiscal year. The decrease is approximately equal to the payment of principal (\$86,509) offset by the issuance of new refunding debt (\$42,436).

The District has been given the following bond ratings:

	<u>Sales Tax Revenue Bonds</u>	
	<u>Insured</u>	<u>Underlying</u>
Moody's	A2	A2
Standard & Poors	AA/BBB+	BBB
Fitch IBCA		BBB+
	<u>Certificates of Participation</u>	
	<u>Insured</u>	<u>Underlying</u>
Moody's	Aa2	Aa2
Standard & Poors	AA-	AA-
Fitch IBCA		AA

See notes 7-11 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 or call 813-272-4292.



BASIC FINANCIAL STATEMENTS



THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2014

(amounts expressed in thousands)

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Cash	\$ 207,995	29,663
Investments	465,759	5,961
Accounts receivable, net	11,118	2,265
Due from other governmental agencies	39,081	674
Inventories	5,925	-
Other Assets	-	464
Prepaid items	-	4,386
Capital Assets (net of accumulated depreciation):		
Land	160,441	8,049
Land improvements	90,256	250
Construction in progress	33,205	1,105
Improvements other than buildings	82,212	701
Buildings and systems	1,915,878	53,673
Furniture, fixtures and equipment	32,015	4,281
Motor vehicles	9,947	14
Property under capital leases	-	156
Audio visual materials	2	1
Computer software	1,451	-
Total assets	<u>3,055,285</u>	<u>111,643</u>
DEFERRED OUTFLOWS		
Accumulated decrease in fair value of hedging derivatives	19,156	121
Deferred charge on refunding	24,401	-
	<u>43,557</u>	<u>121</u>
LIABILITIES		
Accounts payable	\$ 55,657	14,947
Construction retainage payable	2,019	-
Salaries and wages payable	1,145	3,405
Accrued payroll taxes and withholdings	3,099	10
Accrued interest	16,340	-
Due to other governmental agencies	6,574	30
Deposits payable	56	44
Advanced revenue	14,954	291
Derivative instrument - liability	27,018	121
Noncurrent liabilities:		
Due within one year	68,862	2,324
Due in more than one year	1,268,215	72,249
Total liabilities	<u>1,463,939</u>	<u>93,421</u>
NET POSITION		
Net investment in capital assets	1,260,998	(5,194)
Restricted for:		
Categorical carryover programs	13,474	-
Debt service	93,075	1,440
Capital outlay	166,268	38
Non categorical carryover programs	35,519	-
Other purposes	17,589	7,312
Unrestricted	47,980	14,747
Total net position	<u>\$ 1,634,903</u>	<u>18,343</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, 2014
(amounts expressed in thousands)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Primary government:		
Governmental activities:		
Instructional services	\$ 1,114,285	\$ 23,451
Instructional support services	232,838	-
Pupil transportation services	72,786	2,805
Operation and maintenance of plant	139,024	-
Non capitalizable facilities acquisition and construction	118,081	-
School administration	96,080	-
General administration	62,875	-
Food services	105,851	25,022
Community services and other	85,307	-
Interest on long-term debt	44,214	-
Unallocated depreciation expense	297	-
Total governmental activities and primary government	<u>\$ 2,071,638</u>	<u>\$ 51,278</u>
Component units:		
Foundation and charter schools	\$ 114,966	\$ 4,577
Total component units	<u>\$ 114,966</u>	<u>\$ 4,577</u>

General Revenues:
Property taxes, levied for operational purposes
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 position
Net position - beginning - Restated
See notes 1-N and 1-A
Net position - ending

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
\$ -	\$ -	\$ (1,090,834)	\$ -
-	-	(232,838)	-
-	-	(69,981)	-
-	-	(139,024)	-
-	850	(117,231)	-
-	-	(96,080)	-
-	-	(62,875)	-
82,478	-	1,649	-
-	-	(85,307)	-
-	6,808	(37,406)	-
-	-	(297)	-
<u>\$ 82,478</u>	<u>\$ 7,658</u>	<u>\$ (1,930,224)</u>	<u>\$ -</u>
\$ 5,035	\$ 4,311	-	(101,043)
<u>\$ 5,035</u>	<u>\$ 4,311</u>	<u>-</u>	<u>(101,043)</u>
		418,313	-
		101,322	-
		25,880	-
		1,220,399	99,223
		2,454	498
		80,024	5,682
		<u>1,848,392</u>	<u>105,403</u>
		(81,832)	4,360
		<u>1,716,735</u>	<u>13,983</u>
		<u>\$ 1,634,903</u>	<u>\$ 18,343</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, 2014**

(amounts expressed in thousands)

	General	Contracted Services	Other Debt Service
ASSETS			
Cash	\$ 197,194	\$ 68	\$ 4
Investments	31,059	-	101,577
Accounts receivable	10,652	5	-
Due from other governmental agencies	8,637	18,259	4,037
Due from other funds	12,782	137	3,918
Inventories	5,088	-	-
Total assets	<u>\$ 265,412</u>	<u>\$ 18,469</u>	<u>\$ 109,536</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 19,962	\$ 6,192	\$ 2,747
Salaries and wages payable	1,141	-	-
Payroll deductions and withholdings	3,099	-	-
Due to other funds	563	11,756	-
Due to other governmental agencies	6,574	-	-
Deposits payable	-	-	56
Advanced revenue	4,441	521	-
Total liabilities	<u>35,780</u>	<u>18,469</u>	<u>2,803</u>
Fund balances:			
Nonspendable	5,088	-	-
Restricted for:			
Federal programs	181	-	-
State programs	21,828	-	-
Local programs	9,054	-	-
Debt service	-	-	106,733
Capital projects	-	-	-
Assigned for District operations	97,685	-	-
Unassigned	95,796	-	-
Total fund balances	<u>229,632</u>	<u>-</u>	<u>106,733</u>
Total liabilities and fund balances	<u>\$ 265,412</u>	<u>\$ 18,469</u>	<u>\$ 109,536</u>

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,011	\$ -	\$ 76	\$ 203,353
110,443	60,008	40,255	343,342
-	-	261	10,918
920	5,666	977	38,496
497	-	254	17,588
-	-	837	5,925
<u>\$ 117,871</u>	<u>\$ 65,674</u>	<u>\$ 42,660</u>	<u>\$ 619,622</u>
\$ 9,858	\$ 2,611	\$ 955	\$ 42,325
-	-	4	1,145
-	-	-	3,099
4,363	362	544	17,588
-	-	-	6,574
-	-	-	56
-	-	1,020	5,982
<u>14,221</u>	<u>2,973</u>	<u>2,523</u>	<u>76,769</u>
-	-	837	5,925
-	-	34,683	34,864
-	-	-	21,828
-	-	-	9,054
-	-	2,681	109,414
103,650	62,701	1,936	168,287
-	-	-	97,685
-	-	-	95,796
<u>103,650</u>	<u>62,701</u>	<u>40,137</u>	<u>542,853</u>
<u>\$ 117,871</u>	<u>\$ 65,674</u>	<u>\$ 42,660</u>	<u>\$ 619,622</u>



THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

Total Fund Balances - Governmental Funds		\$	542,853
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,325,407
Deferred outflows are not available to pay for current period expenditures and therefore are not recorded in the funds.			43,557
Derivative instrument liability is not due and payable in the current period and therefore is not reported in the funds.			(27,018)
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 position.			88,316
Long-term liabilities, including unamortized bonds premiums, are not due and payable in the current period and therefore, are not reported in the funds.			
	Post Employment Benefits	95,449	
	Compensated Absences Payable	135,594	
	Certificates of Participation	850,584	
	Bonds Payable	<u>238,226</u>	(1,319,853)
Accrued interest on long-term liabilities is not due and payable in the current period and therefore, is not reported in the funds.			(16,340)
Accrued retainage payable is not due and payable in the current period and therefore, is not reported in the funds.			<u>(2,019)</u>
Total Net Position - Governmental Activities		\$	<u>1,634,903</u>

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, 2014
(amounts expressed in thousands)**

	General	Contracted Services	Other Debt Service
REVENUES			
Local sources:			
Ad valorem taxes	\$ 418,313	\$ -	\$ -
Local sales tax	-	-	21,880
Food services	-	-	-
Interest income	1,159	-	633
Other	81,168	469	-
Total local sources	500,640	469	22,513
State sources:			
Florida education finance program	696,124	-	-
Categorical programs	263,615	-	-
Workforce development	28,708	-	-
Food services	-	-	-
Other	3,359	791	-
Total state sources	991,806	791	-
Federal sources:			
Food services	-	-	-
Federal grants direct	2,660	16,231	-
Federal grants through state	10,272	140,927	-
Federal grants through local	-	51,623	-
Total federal sources	12,932	208,781	-
Total revenues	1,505,378	210,041	22,513
EXPENDITURES			
Current:			
Instructional services:			
Basic programs	794,606	61,833	-
Exceptional child programs	159,660	17,005	-
Adult and vocational technical programs	51,250	4,363	-
Total instructional services	1,005,516	83,201	-
Instructional support services:			
Pupil personnel services	60,042	20,063	-
Instructional media services	20,421	2,512	-
Instruction and curriculum development services	24,089	24,498	-
Instructional staff training services	24,367	18,019	-
Instructional related technology	31,085	1,870	-
Total instructional support services	160,004	66,966	-
Pupil transportation services	68,446	1,001	-
Operation and maintenance of plant:			
Operation of plant	107,763	194	-
Maintenance of plant	26,810	-	-
Total operation and maintenance of plant	134,573	194	-
School administration	91,821	2,197	-
General administration:			
Central services	31,460	5,666	-
Board of education	2,454	-	-
General administration	4,479	7,466	-
Fiscal services	7,225	489	-
Administrative technology services	1,000	-	-
Total general administration	46,618	13,621	-

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 101,322	\$ -	\$ -	\$ 519,635
-	4,000	-	25,880
-	-	25,022	25,022
226	49	48	2,115
1,572	18,004	60	101,273
103,120	22,053	25,130	673,925
-	-	-	696,124
-	-	-	263,615
-	-	-	28,708
-	-	1,419	1,419
-	5,756	7,990	17,896
-	5,756	9,409	1,007,762
-	-	81,060	81,060
-	-	-	18,891
-	-	-	151,199
-	-	-	51,623
-	-	81,060	302,773
103,120	27,809	115,599	1,964,460
-	-	-	856,439
-	-	-	176,665
-	-	-	55,613
-	-	-	1,088,717
-	-	-	80,105
-	-	-	22,933
-	-	-	48,587
-	-	-	42,386
-	-	-	32,955
-	-	-	226,966
-	-	-	69,447
-	-	-	107,957
-	-	-	26,810
-	-	-	134,767
-	-	-	94,018
-	-	-	37,126
-	-	-	2,454
-	-	-	11,945
-	-	-	7,714
-	-	-	1,000
-	-	-	60,239

(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, 2014
(amounts expressed in thousands)**

	General	Contracted Services	Other Debt Service
Facilities acquisition and construction	1,254	23	-
Food services	349	-	-
Community services and other	44,451	40,728	-
Debt Service:			
Principal retirement	-	-	39,110
Interest	-	-	44,749
Dues, fees and other	-	-	852
Capital outlay:			
Facilities acquisition and construction	267	391	-
Other capital outlay	5,542	1,750	-
Total expenditures	1,558,841	210,068	84,711
Excess (deficiency) of revenues over (under) expenditures	(53,463)	(27)	(62,198)
OTHER FINANCING SOURCES (USES):			
Refunding bonds issued	-	-	-
Premium on sale of refunding bonds	-	-	-
Refunding certificates of participation	-	-	39,950
Payments to refunded bond escrow agent	-	-	(40,262)
Transfers in	13,853	27	68,660
Transfers out	(27)	-	(75)
Total other financing sources and uses	13,826	27	68,273
Net change in fund balances	(39,637)	-	6,075
Fund balances - beginning	269,269	-	100,658
Fund balances - ending	<u>\$ 229,632</u>	<u>\$ -</u>	<u>\$ 106,733</u>

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
28,367	61	1,710	31,415
-	-	102,524	102,873
-	-	-	85,179
-	-	5,169	44,279
-	-	2,118	46,867
-	-	136	968
33,524	9,933	116	44,231
-	-	1,597	8,889
61,891	9,994	113,370	2,038,875
41,229	17,815	2,229	(54,415)
-	-	2,486	2,486
-	-	397	397
-	-	-	39,950
-	-	(2,158)	(42,420)
-	-	856	83,396
(65,207)	(9,135)	-	(74,444)
(65,207)	(9,135)	1,581	9,365
(23,978)	8,680	3,810	(45,050)
127,628	54,021	36,327	587,903
<u>\$ 103,650</u>	<u>\$ 62,701</u>	<u>\$ 40,137</u>	<u>\$ 542,853</u>

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



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, 2014
(amounts expressed in thousands)**

Net Change in Fund Balances - Total Governmental Funds	\$	(45,050)
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 (\$53,120) were less than depreciation expense (\$97,160) during the current period.		(44,040)
The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs by the cost of assets sold.		(395)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,328
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments of bond principal (\$44,279) and payments to refunding agent (\$42,420) was more than the proceeds of (\$42,436) in the current year.		44,263
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 (\$397) bond premium.		(397)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:		
Postemployment health care benefits		(20,316)
Interest expense		1,506
Compensated absences		(5,306)
Amortization of bond discount and premium		1,261
Amortization of investment derivative		874
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.		(19,560)
Change in Net Position of Governmental Activities	\$	(81,832)

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, 2014
(amounts expressed in thousands)**

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual	
REVENUES				
Local sources:				
Ad valorem taxes	\$ 414,288	\$ 418,313	\$ 418,313	\$ -
Interest income	1,100	1,162	1,159	(3)
Other	76,522	86,371	81,168	(5,203)
Total local sources	491,910	505,846	500,640	(5,206)
State sources:				
Florida education finance program	623,429	696,124	696,124	-
Categorical programs	260,872	264,861	263,615	(1,246)
Workforce development	28,417	28,708	28,708	-
Other	68,406	3,421	3,359	(62)
Total state sources	981,124	993,114	991,806	(1,308)
Federal sources:				
Federal grants direct	4,264	2,660	2,660	-
Federal grants through state	8,976	10,272	10,272	-
Total federal sources	13,240	12,932	12,932	-
Total revenues	1,486,274	1,511,892	1,505,378	(6,514)
EXPENDITURES				
Current:				
Instructional services:				
Basic programs	817,604	842,217	794,606	47,611
Exceptional child programs	155,549	160,232	159,660	572
Adult and vocational technical programs	59,048	60,826	51,250	9,576
Total instructional services	1,032,201	1,063,275	1,005,516	57,759
Instructional support services:				
Pupil personnel services	63,070	61,977	60,042	1,935
Instructional media services	21,463	20,992	20,421	571
Instruction and curriculum development services	22,949	25,618	24,089	1,529
Instructional staff training services	37,752	29,044	24,367	4,677
Instructional related technology	29,649	36,414	31,085	5,329
Total instructional support services	174,783	174,045	160,004	14,041
Pupil transportation services	66,050	69,650	68,446	1,204
Operation and maintenance of plant:				
Operation of plant	103,816	118,873	107,763	11,110
Maintenance of plant	29,063	35,474	26,810	8,664
Total operation and maintenance of plant	132,879	154,347	134,573	19,774
School administration	96,463	92,283	91,821	462
General administration:				
Central services	22,783	43,067	31,460	11,607
Board of education	1,526	2,801	2,454	347
General administration	4,813	6,258	4,479	1,779
Fiscal services	7,165	30,260	7,225	23,035
Administrative technology services	714	1,005	1,000	5
Total general administration	37,001	83,391	46,618	36,773

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, 2014
(amounts expressed in thousands)**

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual	
Facilities acquisition and construction	2,301	2,607	1,254	1,353
Food services	463	349	349	-
Community services and other	43,650	53,433	44,451	8,982
Capital outlay:				
Facilities acquisition and construction	-	267	267	-
Other capital outlay	-	5,542	5,542	-
Total expenditures	1,585,791	1,699,189	1,558,841	140,348
Excess (deficiency) of revenues over (under) expenditures	(99,517)	(187,297)	(53,463)	133,834
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	13,853	13,853	-
Transfers out	(33)	(29)	(27)	2
Total other financing sources and uses	2,967	13,824	13,826	2
Net change in fund balances	(96,550)	(173,473)	(39,637)	133,836
Fund balances - beginning	269,269	269,269	269,269	-
Fund balances - ending	\$ 172,719	\$ 95,796	\$ 229,632	\$ 133,836

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, 2014
(amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Other	\$ 364	\$ 833	\$ 469	\$ (364)
Total local sources	364	833	469	(364)
State sources:				
Other	987	2,299	791	(1,508)
Total state sources	987	2,299	791	(1,508)
Federal sources:				
Federal grants direct	12,018	31,547	16,231	(15,316)
Federal grants through state	121,614	181,496	140,927	(40,569)
Federal grants through local	50,408	56,309	51,623	(4,686)
Total federal sources	184,040	269,352	208,781	(60,571)
Total revenues	185,391	272,484	210,041	(62,443)
EXPENDITURES				
Current:				
Instructional services:				
Basic programs	61,068	78,826	61,833	16,993
Exceptional child programs	19,822	25,586	17,005	8,581
Adult and vocational technical programs	5,000	6,453	4,363	2,090
Total instructional services	85,890	110,865	83,201	27,664
Instructional support services:				
Pupil personnel services	14,715	22,632	20,063	2,569
Instructional media services	2,308	3,973	2,512	1,461
Instruction and curriculum development services	19,787	28,026	24,498	3,528
Instructional staff training services	13,598	30,014	18,019	11,995
Instructional related technology	1,544	2,934	1,870	1,064
Total instructional support services	51,952	87,579	66,962	20,617
Pupil transportation services	1,121	1,849	1,001	848
Operation and maintenance of plant:				
Operation of plant	142	233	194	39
Maintenance of plant	1	-	-	-
Total operation and maintenance of plant	143	233	194	39
School administration	2,492	2,359	2,197	162
General administration:				
Central services	6,807	13,126	5,666	7,460
Board of education	1,851	-	-	-
General administration	4,024	10,723	7,466	3,257
Fiscal services	595	492	489	3
Administrative technology services	-	176	-	176
Total general administration	13,277	24,517	13,621	10,896

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, 2014
(amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities acquisition and construction	373	468	23	445
Community services and other	30,176	42,502	40,728	1,774
Capital outlay:				
Facilities acquisition and construction	-	391	391	-
Other capital outlay	-	1,750	1,750	-
Total expenditures	185,424	272,513	210,068	62,445
Excess (deficiency) of revenues over (under) expenditures	(33)	(29)	(27)	2
OTHER FINANCING SOURCES (USES)				
Transfers in	33	29	27	(2)
Total other financing sources and uses	33	29	27	(2)
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

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2014

(amounts expressed in thousands)

	Internal Service Funds
ASSETS	
Current assets:	
Cash	\$ 4,642
Investments	122,417
Accounts receivable	200
Due from other governmental agencies	585
Total assets	<u>127,844</u>
LIABILITIES	
Current liabilities:	
Accounts payable	13,332
Advanced revenue	8,972
Estimated liability for claims	8,421
Total current liabilities	<u>30,725</u>
Noncurrent liabilities:	
Estimated liability for claims	8,803
Total noncurrent liabilities	<u>8,803</u>
Total liabilities	<u>39,528</u>
NET POSITION	
Unrestricted	88,316
Total net position	<u>\$ 88,316</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 POSITION

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(amounts expressed in thousands)

	Internal Service Funds
OPERATING REVENUES:	
Premium revenue from other funds	\$ 157,216
Other revenue	1,470
Total operating revenues	<u>158,686</u>
OPERATING EXPENSES:	
Salaries	453
Benefits	155
Purchased services	309
Claims, premiums and other	168,716
Total operating expenses	<u>169,633</u>
Operating income (loss)	<u>(10,947)</u>
NON-OPERATING REVENUE:	
Interest	339
Total non-operating revenue	<u>339</u>
Loss before transfers	(10,608)
TRANSFERS IN	3,080
TRANSFERS OUT	<u>(12,032)</u>
Change in net position	(19,560)
Total net position - beginning	<u>107,876</u>
Total net position - ending	<u>\$ 88,316</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, 2014
(amounts expressed in thousands)**

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from interfund services provided	\$ 157,126
Payment to suppliers	(167,667)
Payment to employees	(608)
Other receipts	1,448
Net cash used in operating activities	(9,701)
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers from other funds	3,080
Transfers to other funds	(12,032)
Net cash used in noncapital and related financing activities	(8,952)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	19,519
Purchase of investments	(353)
Interest and dividends earned on investments	339
Net cash provided by investing activities	19,505
Net increase in cash	852
Cash - Beginning of year	3,790
Cash - End of year	\$ 4,642
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (10,947)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(5)
(Increase) decrease in due from other governmental agencies	39
Increase (decrease) in accounts payable	219
Increase (decrease) in estimated liability for long-term claims	1,100
Increase (decrease) in deferred revenue	(107)
Total adjustments	1,246
Net cash used in operating activities	\$ (9,701)

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014
(amounts expressed in thousands)**

	Pension Trust Fund	Agency Funds
ASSETS		
Cash	\$ -	\$ 15,896
Investments, at fair value:		
State Board of Administration	-	37,291
U.S. Government securities	12,971	-
Total investments	12,971	37,291
Accounts receivable, net	31	-
Inventory	-	161
Total assets	13,002	53,348
LIABILITIES		
Accounts payable	-	1,452
Due to student organizations	-	16,859
Payroll deductions	-	35,037
Total liabilities	-	53,348
NET POSITION		
Assets held in trust for pension benefits	13,002	-
Total net position	\$ 13,002	\$ -

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, 2014

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

	Pension Trust Fund
ADDITIONS	
Contributions received from employer	\$ 1,356
Investment income:	
Interest income	107
Net increase in fair value of investments	6
Total investment earnings	113
Less investment expense	33
Net investment income	80
Total additions	1,436
DEDUCTIONS	
Benefit payments	2,023
Administrative expenses	13
Total deductions	2,036
Net decrease in net position	(600)
Net position - beginning	13,602
Net position - ending	\$ 13,002

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The School District of Hillsborough County, Florida (District) has direct responsibility for the operation, control, and supervision of the District schools and is considered a primary government for financial reporting purposes. The 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 (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 Board and its component units. Criteria for determining if other entities are potential component units, which should be reported within the District's financial statements, are identified and described in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and GASB Statement No. 61, The Financial Reporting Entity - Omnibus. The application of these criteria provide for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's 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 Other Capital Projects 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, 2014. 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 the District's officials are not financially accountable for the Foundation or the Charter Schools, 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, 2014

A. Reporting Entity (continued)

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

Hillsborough Education Foundation
2306 N. Howard Ave.
Tampa, Florida 33607

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 forty (40) 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 audited financial statements of the individual component units can be obtained from their administrative offices. These schools include:

Advantage Academy of Hillsborough 350 West Prosser St. Plant City, Fl 33563	Advantage Academy Middle School 350 West Prosser St. Plant City, Fl 33563
Bell Creek Academy 132210 Boyette Road Riverview, Fl 33569	Bell Creek Academy High School 132210 Boyette Road Riverview, Fl 33569
Brooks DeBartolo Collegiate High School 11602 N. 15 th Street Tampa, Fl 33612	Channelside Academy of Math & Science 1029 E. Twiggs St. Tampa, Fl 33602
Channelside Academy Middle School 1029 E. Twiggs St. Tampa, Fl 33602	Community Charter Middle School of Excellence 10948 N. Central Ave. Tampa, Fl 33612
Community Charter School of Excellence 10948 N. Central Ave. Tampa, Fl 33612	Florida Autism Charter School of Excellence 6400 East Charles St. Tampa, Fl 33610
Focus Academy 304 Druid Hills Road Temple Terrace, Fl 33592	Henderson Hammock 10322 Henderson Rd. Tampa, Fl 33625
Hillsborough Academy of Math & Science 9659 W. Waters Ave. Tampa, Fl 33635	Kid's Community School 10544 Lake St. Charles Riverview, Fl 33578

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

A. Reporting Entity (continued)

Kid's Community Middle School 6528 U S Hwy. 301 #114 Riverview, Fl 33578	Kid's Community School Southeast 3526 US Highway 301 South Riverview, Fl 33578
Kings Kid Academy of Health Sciences 1924 E. Comanche Ave. Tampa, Fl 33610	Learning Gate Charter School 16215 Hanna Road Lutz, Fl 33549
Legacy Preparatory Academy, Inc. 2002 Rome Ave. Tampa, Fl 33607	Literacy/Leadership Technology Academy MS 6771 Madison Ave. Tampa, Fl 33619
Lutz Preparatory School 17951 North U. S. Hwy 41 Lutz, Fl 33618	New Springs Elementary School 2410 E. Busch Blvd. Tampa, Fl 33612
New Springs Middle School 2410 E. Busch Blvd. Tampa, Fl 33612	Pepin Academies 3916 E. Hillsborough Ave. Tampa, Fl 33610
Pepin Transitional School 3916 E. Hillsborough Ave. Tampa, Fl 33610	Pivot Charter School 3020 Faulkenburg Road Riverview, Fl 33578
Richardson Academy Charter School 68150 N. Roam Ave. Tampa, Fl 33604	Seminole Heights Charter High School 400 North Florida Ave. Tampa, Fl 33603
Shiloh Elementary Charter School 905 West Terrace St. Plant City, Fl 33563	Shiloh Middle Charter School 905 West Terrace St. Plant City, Fl 33563
Tampa Charter School 5429 Beaumont Center Tampa, Fl 33634	Terrace Community Charter School 4801 E. Fowler Ave. Tampa, Fl 33617
Trinity School for Children 2402 W. Osborne Ave. Tampa, Fl 33603	Valrico Lake Advantage Academy 1653 Bloomingdale Ave. Valrico, Fl 33596
The Village of Excellence Charter School 8718 North 46 th St. Temple Terrace, Fl 33617	Walton Academy Charter School 4817 N. Florida Ave. Tampa, Fl 33603
W. E. Phillips Learning Academy 2508 S. Parson Ave. Seffner, Fl 33584	West University Charter High School 11602 N. 15 th Street Tampa, Fl 33612
Withrop Charter School 6204 Scholars Hill Lane Riverview, Fl 33578	Woodmont Charter School 10402 N 56 th St. Temple Terrace, Fl 33617

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

A. Reporting Entity (continued)

The Charter Schools implemented GASB Statement Number 65, Items Previously Reported as Assets and Liabilities for fiscal year ended June 30, 2014

As a result the beginning net position of component units as a whole has been adjusted by \$(404) from \$14,387 previously reported to \$13,983.

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 Position 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 non operating 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 non operating revenues and expenses.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 funds from the State or Federal Government which are restricted for Federal programs.

Other Debt Service – Accounts for and reports on the payments of principal and interest for outstanding bonds and Certificates of Participation.

Local Capital Improvement – Accounts for and reports on the revenues generated from the local capital outlay property taxes.

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

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, 2014

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 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.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

E. Investments

Investments of the general government 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 further described in note 3 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 position 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 and having a useful life of more than one year; 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	15-50 years
Improvements other than buildings	10-25 years
Building improvements	10-25 years
Furniture, Fixtures and Equipment	5-20 years
Motor Vehicles	4-10 years
Audio Visual Materials and Computer Software	3-5 years

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 position. Bond premiums, discounts and losses on refunding issuances, are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Losses on refunding issuances are reported as deferred outflows.

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 11.

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 restricted for the balance of categorical educational program resources.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 2013 tax levy for the 2014 fiscal year on September 10, 2013. Tax bills are mailed in October; and taxes are payable between November 1 of the year assessed and March 31 of the following year 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 16.

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. Deferred Outflows

In the government-wide financial statements the District records deferred outflows which represent the consumption of net position by the District that is applicable to a future reporting period. At June 30, 2014 deferred outflows represent activity associated with various swap agreements, as discussed in note 8, and the deferred charge on refunding.

M. 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, 2014

N. Accounting Standards

The District implemented GASB Statement Number 65, Items Previously Reported as Assets and Liabilities for fiscal year ended June 30, 2014. This resulted in a reduction of beginning net position of \$8,431 from \$1,725,166 to \$1,716,735 due to the removal of deferred charges. Also due to the implementation of GASB 65, the carrying amount of debt refunding has been reclassified from long term debt to deferred outflows on the Statement of Net Position.

The District also implemented GASB Statement Number 67, Financial Reporting for Pension Plans. This required additional notes and required supplemental information to be included in the financial statements.

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 9, 2014.
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.

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 re-appropriated 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, 2014

3. CASH AND INVESTMENTS

At June 30, 2014, 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, 2014, the District had the following investments and maturities (amounts in thousands):

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
United States Treasuries	10/31/2014 – 05/31/2020	\$ 7,525
United States Agencies	08/27/2014 – 05/15/2020	10,093
State Board of Administration		
Florida PRIME	40.0 Days	446,434
Pool B	2.86 Years	1,644
Debt Service Account	40.0 Days	1,576
Certificates of Deposit	07/18/2014 – 05/11/2015	40,430
Wells Fargo Advantage Treasury Plus		
Money Market	N/A	237
Bank Investment Contract	11/06/2015	<u>8,082</u>
Total Investments Reporting Entity		<u>\$ 516,021</u>

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

Governmental funds	\$343,342
Internal service funds	122,417
Fiduciary funds	
Pension trust	12,971
Agency	<u>37,291</u>
Total Primary Government	<u>\$516,021</u>

Interest Rate Risk

The District has a formal investment policy that the investment objectives are safety of capital, liquidity of funds, and investment income, in that order. The performance measurement objective shall be to exceed the State Board of Administration's Florida PRIME yield. The policy limits the type of investments and the length of investments of idle funds. The weighted average duration of the investment portfolio shall not exceed five years.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

3. CASH AND INVESTMENTS (continued)

Credit Risk

Section 218.415(17) Florida Statutes, limits the types of investments that the District can use. The District policy authorizes the following investments:

- (a) The State Board of Administration (SBA) Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided by F. S. 163.01.
- (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(26), Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.
- (e) Obligations of Federal agencies, government sponsored enterprises, and instrumentalities.
- (f) Securities of, or other interest in, any open-end or closed-end management type investment company or trust registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1.
- (g) Short-term obligations commonly referred to as "money market instruments" including but not limited to commercial paper, provided such obligations carry the highest credit rating from a nationally recognized rating agency.
- (h) Asset-backed securities when either a) the underlying asset is guaranteed by the issuer or b) the security carries the highest quality rating by a nationally recognized rating agency.

The District's investments in the SBA consist of Florida PRIME and Fund B Surplus Funds Trust Funds (Fund B).

Florida PRIME 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. Rule 2a7 allows funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. Accordingly, the District's investment in the Florida PRIME is reported at the account balance which is considered fair value. Florida PRIME is rated AAAm by Standard & Poors.

The Fund B is accounted for as a fluctuating NAV pool. With a fluctuating NAV pool the fair value approximates market value. The SBA provides a fair value factor to use on the Fund B account balance to determine market value or fair value. As of June 30, 2014 the fair value factor was 184.44%. Fund B is not rated by a nationally recognized statistical rating agency. Currently participants are unable to withdraw funds from Fund B. Rather as cash becomes available in Fund B from interest receipts, maturities, or sales, it is distributed to participant accounts in the Florida PRIME according to each participant's pro rata share of Fund B. All such distributions from Fund B to Florida PRIME will be 100% available for withdrawal upon transfer.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

3. CASH AND INVESTMENTS (continued)

Credit Risk (continued)

The District's investments in United States Agencies or Treasuries for the Pension Trust Fund were rated either AA+ by Standard and Poors or Aaa by Moody's Investors Services. The remaining government securities were rated either AA+/A-1 by Standard and Poors or Aaa by Moody's Investors Services.

The District's investments in Certificates of Deposits were in qualified public depositories.

Investments in the State Board of Administration Debt Service Account totaling \$1,576,337 are to provide for debt service payments on bonded debt issued by the State Board of Administration for the benefit of the District. These investments consist of United States Treasury securities, with maturity dates of six months or less and are reported at fair value. The District has no formal policy for managing interest rate risk or credit risk for this account, but relies on policies developed by the State Board of Administration.

Custodial Credit Risk

The District's investment policy requires that securities purchased or otherwise acquired by the District shall be properly designated as an asset of the District. Also, 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.

Of The District's investments, \$7,524,762 of U. S. Treasuries and \$10,092,660 of U.S. Agencies are not registered in the name of the District, but are held by the counterparty's trust department or agent and are not insured.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

3. CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District had no investment, excluding amounts held with the State Board of Administration that made up more than 5% of total investments.

Foreign Currency Risk

The District has no investments which are exposed to foreign currency risk at June 30, 2014. The District does not have a formal investment policy that limits its investment in foreign currency.

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies as of June 30, 2014 are shown below (amounts in thousands):

	General Fund	Contracted Services Fund	Other Debt Service Fund	Local Capital Improvement Fund	Other Capital Projects Fund	Non-Major and Other Funds	Total
Federal Government: Miscellaneous	\$ 423	\$ 7,065	\$ -	\$ -	\$ -	\$ -	\$ 7,488
State Government: Food Reimbursement	-	-	-	-	-	977	977
Miscellaneous	3,440	485	-	-	-	585	4,510
Local Government: Hillsborough County Board of County Commissioners	3,922	10,555	4,037	920	5,662	-	25,096
Miscellaneous	852	154	-	-	4	-	1,010
Total:	<u>\$ 8,637</u>	<u>\$ 18,259</u>	<u>\$ 4,037</u>	<u>\$ 920</u>	<u>\$ 5,666</u>	<u>\$ 1,562</u>	<u>\$ 39,081</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows (amounts in thousands):

Description	Beginning Balances	Additions	Deletions	Ending Balances
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 154,608	\$ 5,895	\$ 62	\$ 160,441
Land Improvements-Non Depreciable	90,067	189	-	90,256
Construction in Progress	<u>16,452</u>	<u>45,639</u>	<u>28,886</u>	<u>33,205</u>
Total Capital Assets Not Being Depreciated	<u>261,127</u>	<u>51,723</u>	<u>28,948</u>	<u>283,902</u>
<u>Capital Assets Being Depreciated:</u>				
Improvements Other Than Buildings	206,522	5,252	1,203	210,571
Buildings and Systems	2,646,501	23,491	6,795	2,663,197
Furniture, Fixtures and Equipment	167,675	8,178	15,870	159,983
Motor Vehicles	97,343	282	966	96,659
Audio Visual Materials	40	3	8	35
Computer Software	<u>25,640</u>	<u>574</u>	<u>2,453</u>	<u>23,761</u>
Total Capital Assets Being Depreciated	<u>3,143,721</u>	<u>37,780</u>	<u>27,295</u>	<u>3,154,206</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	122,698	6,831	1,170	128,359
Buildings & Systems	680,485	73,420	6,586	747,319
Furniture, Fixtures And Equipment	131,686	11,520	15,238	127,968
Motor Vehicles	83,406	4,272	966	86,712
Audio Visual Materials	40	1	8	33
Computer Software	<u>22,926</u>	<u>1,116</u>	<u>1,732</u>	<u>22,310</u>
Total Accumulated Depreciation	<u>1,041,241</u>	<u>97,160</u>	<u>25,700</u>	<u>1,112,701</u>
Total Capital Assets Being Depreciated (Net)	<u>2,102,480</u>	<u>(59,380)</u>	<u>1,595</u>	<u>2,041,505</u>
Governmental Activities Capital Assets (Net)	<u>\$ 2,363,607</u>	<u>\$ (7,657)</u>	<u>\$ 30,543</u>	<u>\$ 2,325,407</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

5. CAPITAL ASSETS (continued)

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

Instructional Services	\$ 5,798
Instructional Support Services	2,189
Pupil Transportation Services	783
Operation and Maintenance of Plant	597
Non Capitalizable Facilities Acquisition and Construction	86,578
School Administration	227
General Administration	171
Food Services	496
Community Services and Other	24
Un-Allocated Depreciation	<u>297</u>
Total Depreciation Expense	<u>\$97,160</u>

6. LINE OF CREDIT

Pursuant to the provisions of Section 1011.13, Florida Statutes, on May 21, 2013 the Board authorized the Superintendent to establish a Line of Credit Tax Anticipation Note for fiscal year 2014, in the amount of \$80,000,000 with Wells Fargo Bank of Florida. The outstanding principal amount of the Note shall bear interest at one month London Interbank Offered Rate (LIBOR) plus 80 basis points adjusted monthly. 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 Note would be repaid in full in ninety days from the first draw. The Note shall not exceed \$80,000,000 at any time. For the year ended June 30, 2014, no funds had been borrowed or utilized under this line-of-credit, and therefore no amounts are outstanding at June 30, 2014.

On April 20, 2014 the Board authorized the Superintendent to establish a Line of Credit Tax Anticipation Note for fiscal year 2015, with the same terms as described above.

7. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION

The District entered into various financing arrangements 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 proceeds 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.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

7. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION

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	Remaining Amount of Certificates	Ground Lease Term Expiration
Series 1998 Project (A)	March 1, 1998	\$ 336,930	\$ 43,685	June 30, 2017
Series 2001QZAB Project	November 6, 2001	9,600	9,600	November 6, 2015
Series 2004A Project	February 19, 2004	27,305	27,305	June 30, 2017
Series 2004B Project	February 19, 2004	56,715	2,270	June 30, 2026
Series 2004 QZAB Project	June 8, 2004	6,131	6,131	June 30, 2020
Series 2004C Project	November 4, 2004	89,750	79,850	June 30, 2030
Series 2005A Project	February 25, 2005	48,915	45,000	June 30, 2026
Series 2005 QZAB Project	December 20, 2005	3,002	3,002	December 20, 2020
Series 2006A Project	January 31, 2006	86,435	73,185	June 30, 2031
Series 2006B Project	January 26, 2007	77,900	63,475	June 30, 2026
Series 2007 Project	April 24, 2007	84,685	71,260	June 30, 2031
Series 2008A Projects	July 1, 2008	109,830	109,715	June 23, 2023
Series 2010A Projects	April 15, 2010	97,545	90,580	June 30, 2025
Series 2010 OSCB Projects	December 21, 2010	37,935	37,935	December 1, 2028
Series 2012A Projects	April 3, 2012	124,565	124,565	June 30, 2029
Series 2014A Projects	April 2, 2014	<u>39,950</u>	<u>39,950</u>	June 30, 2026
Totals		<u>\$ 1,237,193</u>	<u>\$ 827,508</u>	

The Series 1998 Certificates of Participation were 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 2004A Certificates of Participation were issued in order 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 2000. The Series 2006B Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 1998B and 2001B Certificates of Participation and refinance the Series 1998B and 2001B facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 1998B and 2001B. On May 23, 2008 the District remarketed the Series 2004C Certificates of Participation in order to change the auction interest rate to a daily adjustable rate. The Series 2008A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 1998A Certificates of Participation and refinance the Series 1998A facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 1998A. The Series 2010A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 2001A Certificates of Participation and refinance the Series 2001A facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 2001A. The Series 2012A Certificates of Participation

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

7. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION

were issued in order to provide funds necessary to partially advance refund the Series 2002 Certificates of Participation and fully refund the Series 2003B Certificates of Participation and refinance the Series 2002 and Series 2003B facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 2002 and Series 2003B. The Series 2014A Certificates of Participation were issued in order to provide funds necessary to fully advance refund the Series 2002 Certificates of Participation and partially advance refund the Series 2004B Certificates of Participation and refinance the Series 2002 and Series 2004B facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 2002 and Series 2004B. See Note 10.

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, 2014, \$137,425 was expended for capital outlay in the Certificates of Participation Funds as part of the Other Capital Projects Funds.

The lease payments for the Series 1998, Series 2004A, Series 2004B, Series 2005A, Series 2006A, Series 2006B, Series 2007, Series 2010A, Series 2012A and Series 2014A Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates of 3.60 to 5.50 percent, 5.25 percent, 2.00 percent to 5.09 percent, 2.375 to 5.00 percent, 3.50 to 5.00 percent, 3.50 to 5.00 percent, 3.75 to 5.00 percent, 3.00 to 5.00 percent, 4.00 to 5.00 and 2.56% percent, respectively. The lease payments for the Series 2004C and the Series 2008A Certificates are payable by the District semi-annually on July 1 and January 1. The interest is paid monthly based on a daily rate set by the remarketing agent that is expected to approximate the Securities Industry and Financial Markets Associations (SIFMA) Municipal Swap Index over the life of the Bonds. The lease payments for the Series 2001-QZAB, 2004-QZAB, 2005-QZAB and 2010-QSCB Certificates are due November 6, 2015, June 30, 2020, December 20, 2020 and December 1, 2028, respectively. There is no interest to be paid on the QZABs or QSCB, 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
2015	\$ 63,562	\$ 29,645	\$ 33,917
2016	73,799	41,020	32,779
2017	64,276	32,990	31,286
2018	64,624	34,855	29,769
2019	64,659	36,525	28,134
2020 – 2024	329,357	218,138	111,219
2025 – 2029	353,107	292,220	60,887
2030 – 2032	148,854	142,115	6,739
Total Minimum Lease Payments	<u>\$1,162,238</u>	<u>\$ 827,508</u>	<u>\$ 334,730</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. INTEREST RATE SWAPS

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Fair Value	Cash Flow
A	Pay fixed interest rate swap	Hedge in changes in cash flows on Series 2004C COPS	\$29,750,000	12/7/04	12/7/14	\$(486,447)	\$(1,093,354)
The terms of this pay fixed interest rate swap provide for paying a fixed rate of 3.736% and receiving a variable rate of the bond market association municipal swap index (BMA index).							
B	Pay fixed interest rate swap	Hedge in changes in cash flows on Series 2008A COPS	\$109,830,000	7/1/08	7/1/23	\$(26,531,550)	\$(5,386,315)

As it relates to derivative B the District entered into a swaption contract on February 19, 2003 that provided the District an up-front payment of \$5,006,500. This payment was reduced by \$1,800,000 at which time the swaption was amended on April 19, 2005 to reduce the original notional amount from \$177,195,000 to \$109,830,000. The swaption was exercised on July 1, 2008 commencing a pay-fixed interest rate swap that provided for payment of a fixed rate of 4.97% and receiving a variable rate of municipal swap index (defined as the bond market association municipal swap index). Prior to the exercise date, the swaption was considered an investment derivative instrument. Accordingly, the negative fair value at the exercise date in the amount of \$13,102,591 is being amortized as an increase to the deferred outflow balance and a decrease to interest expense over the remaining life of the swap agreement. Such amortization amounted to \$873,506 for the year ended June 30, 2014.

The fair values of the interest rate swaps are estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are 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 swaps. The fair values of the derivative instrument were recorded as derivative instrument – liability in the Statement of Net Position at June 30, 2014.

During the year ended June 30, 2014 the change in the fair value of the derivative instruments, which were recorded as decreases to deferred outflows in the Statement of Net Position, were as follows:

Derivative instrument A	\$ (1,021,076)
Derivative instrument B	\$ (1,624,646)

Risks

Credit risk – Both of the District's derivative instruments are held with different counterparties. The credit rating for the counterparty of Derivative A is A by Standard and Poors and for the counterparty of Derivative B is AA- by Standard and Poors.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

8. INTEREST RATE SWAPS (continued)

Interest rate risk – The District is exposed to interest rate risk on its pay fixed, receive variable interest rate swaps. As the municipal swap index decreases, the District's net payment on the swap increases.

Termination risk – The District or the counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

9. BONDS PAYABLE

Bonds payable at June 30, 2014 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 2005-A	50	3.0 – 5.0	2015
Series 2005-Q	17,555	3.5 – 5.0	2020
Series 2006-A	2,655	5.5	2026
Series 2008-A	4,445	3.25 – 5.0	2028
Series 2009-A	2,410	2.0 – 5.0	2029
Series 2010-A	3,470	3.0 – 5.0	2030
Series 2011-A	1,570	3.5 – 5.0	2023
Series 2014-A	2,486	2.0 – 5.0	2025
District Revenue Bonds:			
Series 1998 Capital Improvement & Racetrack Revenue Refunding	1,280	3.5 - 5.35	2028
Series 2005 Sales Tax Refunding	109,610	2.25 – 5.00	2023
Series 2006 Sales Tax	40,065	4.0 – 4.25	2026
Series 2007 Sales Tax	<u>47,515</u>	3.5 – 5.0	2026
Total Bonds Payable	<u>\$233,111</u>		

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.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

9. BONDS PAYABLE (continued)

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, 2005, 2006 and 2007

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.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2014, are as follows (amounts in thousands):

TOTAL SBE BONDS				
Fiscal Year Ending June 30	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 6,908	\$ 5,253	\$ 1,655	
2016	6,917	5,504	1,413	
2017	6,924	5,781	1,143	
2018	6,950	6,093	857	
2019	2,141	1,588	553	
2020 – 2024	8,297	6,530	1,767	
2025 – 2029	4,159	3,707	452	
2030	<u>192</u>	<u>185</u>	<u>7</u>	
Total Debt Service Payments	<u>\$ 42,488</u>	<u>\$ 34,641</u>	<u>\$ 7,847</u>	

TOTAL DISTRICT REVENUE BONDS

Fiscal Year Ending June 30	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 20,333	\$ 11,410	\$ 8,923	
2016	20,330	11,915	8,415	
2017	20,294	12,425	7,869	
2018	20,181	12,962	7,219	
2019	20,169	13,573	6,596	
2020 – 2024	100,654	77,962	22,692	
2025 – 2029	<u>62,808</u>	<u>58,223</u>	<u>4,585</u>	
Total Debt Service Payments	<u>\$264,769</u>	<u>\$198,470</u>	<u>\$ 66,299</u>	

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

10. DEFEASED DEBT

On April 2, 2014 the District issued \$39,950,000 Certificates of Participation, Series 2014A with an interest rate of 2.56%. The proceeds were used to fully refund \$2,195,000 principal amount of the District's Series 2002 Certificates of Participation and to refund \$37,235,000 principal amount of the District's then outstanding \$39,505,000 of the Series 2004B Certificates of Participation. \$40,262,012 of the net proceeds (after payment of \$113,718 of issuance costs) were placed in an irrevocable trust to provide for future debt service payment of the refunded amount of the Series 2002 and 2004B Certificates of Participation.

As a result \$2,195,000 of the Series 2002 and \$37,235,000 of the Series 2004B are considered defeased and the liability for these certificates have been removed from long term debt. Accordingly the trust account assets and liability for that portion of the Series 2002 and 2004B are not included in the District's financial statements.

As a result of the refunding, the District reduced its total debt service requirements by \$4,271,207 which resulted in an economic gain (difference between the present value of debt service payment on the old and new debt) of \$3,841,087.

On May 22, 2014 the State Board of Education issued Series 2014A SBE Refunding Bonds in the amount of \$2,486,000 at a premium, with an interest rate of 2.0% to 5.0%, on behalf of the District. The proceeds were used to fully refund \$2,105,000 of the Series 2004A SBE bonds and advance refund \$695,000 principal amount of the then outstanding \$745,000 Series 2005A SBE bonds. The net proceeds (after payment of \$17,083 in underwriter's fees and other issuance costs) were placed in an irrevocable trust account to refund the 2005A bonds that mature on or after January 1, 2016 and are scheduled to be called on January 1, 2015.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

11. CHANGES IN LONG TERM DEBT

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due in One Year
Estimated Liability for Long					
Term Claims	\$ 16,124	\$ 11,936	\$ 10,836	\$ 17,224	\$ 8,421
Post Employment Benefits	75,133	24,534	4,218	95,449	-
Compensated					
Absences Payable	130,288	24,992	19,686	135,594	14,133
Certificates of Participation	855,283	39,950	67,725	827,508	29,645
Bonds Payable	<u>249,409</u>	<u>2,486</u>	<u>18,784</u>	<u>233,111</u>	<u>16,663</u>
TOTAL	<u>\$1,326,237</u>	<u>\$ 103,898</u>	<u>\$ 121,249</u>	\$1,308,886	<u>\$68,862</u>
Plus unamortized bond premium:					
Bonds payable				5,115	
Certificates of participation				<u>23,076</u>	
Total long-term liabilities				<u>\$1,337,077</u>	

Internal service funds predominately serve the governmental funds and, accordingly, long-term liabilities of those funds are included in the governmental activities. For the governmental activities, compensated absences are generally liquidated with resources of the General Fund and postemployment health care benefits are generally liquidated with resources of the General and Special Revenue Funds. The estimated liability for long term claims are generally liquidated with resources of the Worker's Compensation and the General and Automobile liability programs Internal Service Funds.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

12. FUND BALANCE REPORTING

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions (GASB 54). The intention of GASB 54 is to provide more structured classification of fund balance reporting. The reporting standards established a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or are legally or contractually required to remain intact. Examples of this classification are prepaid item, inventories, and principal of an endowment fund. The District has inventories that are considered nonspendable. The District does not have any other nonspendable fund balances.

GASB 54 provides a hierarchy of spendable fund balances, based on spending constraints:

Restricted – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – fund balance that contain self imposed constraints of the government from its highest level of decision making authority.

Assigned – fund balances that contain self imposed constraints of the government to be used for a particular purpose. The District has a policy No. 6100 approved by the Board that designates administrative staff (the Superintendent and Chief Business Officer) to determine the assignments.

Unassigned – fund balance of the general fund that is not constrained for a particular purpose.

The District has classified its fund balances based on the GASB 54 hierarchy as follows (amounts in thousands):

Nonspendable – The Districts has inventories totaling \$5,925 that are classified as nonspendable.

Spendable – The District has classified the spendable fund balances as restricted, assigned and unassigned. The District currently has no funds classified as committed.

Restricted for Federal, State and Local Programs, Debt Service and Capital Projects:

Federal Laws, Florida Statutes and local constraints require that certain revenues be specifically used for certain expenditures. These funds have been included in the restricted category of fund balances. The restricted fund balances total is \$343,447 and represent \$34,864 for Federal programs, \$21,828 for State programs, \$9,054 for local programs, \$109,414 for Debt Service and \$168,287 for Capital Projects.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

12. FUND BALANCE REPORTING (continued)

Assigned:

The District has set aside certain spendable fund balances in the amount of \$97,685. They are:

School Operations	\$54,264
Self-Insurance retention	\$10,000
Transportation Department	\$12,470
OPEB set aside	\$20,951

Unassigned:

The District has a policy that requires it to maintain a contingency fund balance in its operating fund of no less than 5 percent of the annual revenues. The district has \$95,796 in unassigned fund balance. At the end of the fiscal year the unassigned fund balance in the general fund is 6.36% of total general fund revenues.

The District applies resources for expenditures to restricted, then assigned and then unassigned, when expenditures are incurred which could use any of the fund balance classifications.

13. 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	\$ 12,782	\$ 563
Contracted Services	137	11,756
Other Debt Service	3,918	-
Local Capital Improvement	497	4,363
Other Capital Projects	-	362
Non-major Governmental Funds	<u>254</u>	<u>544</u>
Total	<u>\$17,588</u>	<u>\$17,588</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 and temporary loans to contracted services for cost reimbursement grants. The amounts in local capital improvement, other capital projects fund and non-major funds are mostly due to the movement of expenditures between capital project funds.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

14. INTERFUND TRANSFERS

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

Funds	Interfund	
	Transfer In	Transfer Out
Major Funds:		
General	\$ 13,853	\$ 27
Contracted Services	27	-
Other Debt Service	68,660	75
Local Capital Improvement	-	65,207
Other Capital Projects	-	9,135
Non-major Governmental Funds	856	-
Internal Service Funds	<u>3,080</u>	<u>12,032</u>
Total	<u>\$86,476</u>	<u>\$86,476</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.

15. STATE REVENUE SOURCES

The following is a schedule of the District's state revenue for the 2014 fiscal year (amounts in thousands):

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 696,124
Workforce Development	28,708
Categorical Education Programs	263,615
Capital Outlay and Debt Service	7,621
Food Service Supplement	1,419
Mobile Home License Tax	609
State Board of Education Bond Interest	37
Parl-Mutuel Tax	447
Miscellaneous	<u>9,182</u>
Total	<u>\$ 1,007,762</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

16. PROPERTY TAXES

The following is a summary of millages and taxes levied in the 2013 tax roll for the fiscal year 2014 (dollars in thousands):

	Millage Levied	Taxes Levied
<u>General Fund</u>		
Non-voted School Tax:		
Required Local Effort	5.442	\$389,573
Discretionary Local Effort	.748	53,547
<u>Capital Projects Funds</u>		
Non-voted Tax:		
Local Capital Improvements	<u>1.500</u>	<u>107,379</u>
Total	<u>7.690</u>	<u>\$550,499</u>

17. STATE RETIREMENT PROGRAMS

All regular employees of the District are covered by the Florida Retirement System (FRS). The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

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 18, 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.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

17. STATE RETIREMENT PROGRAMS (continued)

Eligible FRS members may elect to participate in PEORP in lieu of the Plan. District employees participating in DROP are not eligible to participate in PEORP. PEORP is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.) Contributions are directed to individual member accounts, and the ultimate benefit depends in part on the performance of investment funds chosen. Employees in PEORP vest after one year of service.

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, 2014 the contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular (HA)	3.00	6.95
Florida Retirement System, County Elected Officers (HI)	3.00	33.03
Florida Retirement System, Senior Management Service Class (HM)	3.00	18.31
Florida Retirement System, Special Risk (HB)	3.00	19.06
Teachers' Retirement System, Plan E (IE)	6.25	9.09
State and County Officers and Employees' Retirement System, Plan B (AF)	4.00	9.10
Florida Retirement System, Reemployed Retiree (RA)	3.00	6.95

Notes: (A) Employer rates include the post-retirement health insurance supplement, which was increased on July 1, 2013 to 1.20 percent.

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, 2012, June 30, 2013, and June 30, 2014, totaled \$74,283,216, \$79,328,141 and \$107,938,639 respectively, representing a percentage of covered payroll of 7.58% for fiscal year 2012, 7.94% for fiscal year 2013 and 10.14% for fiscal year 2014. These amounts are equal to the required contributions for each fiscal year. Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to FRS.

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.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

18. 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 17, 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 Wells Fargo 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 June 30, 2014 employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits 571
Active Plan Participants: There are no longer any active plan participants.

A summary of Eligibility and Benefits follows:

Eligibility

A member of the Plan was 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. The Board approved to eliminate new participants to the Early Retirement Program on June 30, 2008. Certain employees were eligible to enter the plan before July 1, 2010. As of July 1, 2010 the plan was closed to any new participants.

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 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, based on quoted market prices, for financial statement purposes.

Separate Statements are not issued for the Plan.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

18. EARLY RETIREMENT PROGRAM (continued)

c. Contributions

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. The District's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. As of July 1, 2013, the most recent actuarial study shows a deficit of \$13.0 million on a GASB 67 funding basis. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulate sufficient assets to pay benefits when due.

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 2012, 2013 and 2014 amounted to \$879,714, \$1,383,120 and \$1,401,167 respectively. The net pension asset (obligation) to the Plan in fiscal years 2012, 2013 and 2014 were \$(611), \$(1,807) and \$(30) respectively. The actuarially determined contribution for fiscal years 2012, 2013 and 2014 were \$1,341,630, \$1,381,913 and \$1,402,918 respectively which were determined through actuarial valuations performed at July 1, 2011, July 1, 2012 and July 1, 2013, respectively. The total annual pension costs for fiscal years 2012, 2013 and 2014 were \$1,325,989, \$1,381,924 and \$1,402,944 respectively. The percentage of pension cost contributed for fiscal years 2012, 2013 and 2014 were 63.34%, 100.09% and 99.88% respectively.

The District's annual pension cost and net pension asset (obligation) for the Early Retirement Program for the current fiscal year were as follows:

Annual Required Contribution (ARC)	\$1,402,918
Interest on Net Pension Obligation (NPO)	(69)
Adjustment to the Annual Required Contribution	95
Annual Pension Cost (APC)	1,402,944
Contribution made with interest	1,401,167
Decrease in Net Pension Obligation	1,777
Net Pension Asset Beginning of Year	(1,807)
Net Pension Asset (Obligation) End of Year	<u>\$ (30)</u>

As the net pension obligation is immaterial to the District as a whole, no such amounts have been recorded in the District wide statement of net position at June 30, 2014.

As of July 1, 2013 the actuarial value of the plan assets was \$13,601,965 and the actuarial accrued liability for benefits was \$26,618,963, resulting in a funded ratio of 51%. \$13,016,998 of the actuarial accrued liability for benefits was unfunded. There is no longer a covered payroll due to the fact that the Plan is closed to any new participants effective July 1, 2010.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

18. EARLY RETIREMENT PROGRAM (continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and the plan members in the future.

The computation of the annual required contributions for fiscal 2014 was based on the same (a) benefit provisions, (b) actuarial funding method, and (c) other significant factors as used to determine annual required contributions in the previous year.

d. Actuarial Information

Significant assumptions and other inputs used to measure the annual required contribution are:

Valuation Date	07/01/13
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll-Closed
Amortization Period	30 Years
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	3.5%
Projected Salary Increases	0%
Rate of Inflation Adjustment	None

Mortality rates were based on the RP-2000 IRS PPA Generational Annuitant Table for Males and Females.

e. Investments

The District oversees the management of the District's Early Retirement Plan. The superintendent has established procedures to ensure that idle funds are invested as authorized by Florida Statute, to earn the maximum interest. Investments are reported at fair value. The primary objectives, in priority order, in investment activities shall be safety, liquidity, and yield.

The Plan's investments at June 30, 2014, consisted of the following:

	Balance <u>June 30, 2014</u>	Percentage of <u>Plan Net Position</u>
U. S. Treasury Notes and Bonds	\$6,954,845	54%
U. S. Agencies	5,778,885	44%
U. S. Government Mortgage Pool	4	-
Federation Prime Obligations Fund	<u>237,207</u>	<u>2%</u>
Total	<u>\$12,970,941</u>	100%

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

18. EARLY RETIREMENT PROGRAM (continued)

The long-term expected rate of return on pension plan investment was confirmed appropriate using Aon's (The District's actuary) e-tool model assuming general inflation of 2.5%, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2013 are summarized in the following table:

Asset Class	Target allocation	Long-term Expected real rate of return
Domestic Fixed Income	90%-95%	1.70%
Cash	5%-10%	1.40%

f. Rate of Return

For the year ended June 30, 2013, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

g. Receivables

The pension plan does not have receivables from long-term contracts with the District contribution.

h. Allocated Insurance Contracts

The pension plan has not allocated insurance contracts that are excluded from pension plan assets.

i. Reserves

The pension plan has no reserves that are required to be disclosed under paragraph 30e of GASB Statement Number 67.

j. Deferred Retirement Option Program (DROP)

The District does not offer DROP.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

18. EARLY RETIREMENT PROGRAM (continued)

k. Net Pension Liability

The components of the net pension liability of the District at June 30, 2014, were as follows:

Total Pension Liability	\$26,618,963
Plan Fiduciary Net Position	(13,002,397)
District's Net Pension Liability	<u>\$13,616,566</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.84%
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 3.50 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50 percent) and 1-percentage point higher (4.50 percent) than the current rate.

	1% Decrease	Current Rate	1% Increase
Total Pension Liability	\$29,270,312	\$26,618,963	\$24,356,823
Plan Fiduciary Net Position	(13,002,397)	(13,002,397)	(13,002,397)
District's Net Pension Liability	<u>\$16,267,915</u>	<u>\$13,616,566</u>	<u>\$11,354,426</u>

l. Discount Rate

The discount rate used to measure the total pension liability was 3.50 percent. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

19. POST EMPLOYMENT HEALTH CARE BENEFITS

a. Plan Description

The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical, and prescription drug coverage. Based on the valuation as of July 1, 2013, the District had 26,462 active employees and 1,242 retirees and eligible dependants in the plan. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. Separate financial statements for the Plan are not issued.

b. Funding Policy

The District via the Board can establish and amend the funding requirements. The District has assigned \$20,950,596 of fund balance in the general fund for a portion of the net Other Post Employment Benefits obligation (OPEB), but has not advance funded the OPEB costs or the net OPEB obligation. For the 2014 fiscal year, retirees and eligible dependents received postemployment health care benefits, which are funded by the District on a pay as you go basis. The District provided contributions of \$4,217,776 toward annual OPEB costs, comprised of benefit payments made on behalf of the retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums and net of retiree contributions totaling \$9,196,314 which is about 1 percent of covered payroll.

c. Annual OPEB Cost and Net OPEB Obligation

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Descriptions	Amount
Normal Cost (service cost for one year)	\$ 16,461,158
Amortization of Unfunded Actuarial Accrued Liability	7,296,067
Interest on Normal Cost and Amortization	831,503
Annual Required Contribution (ARC)	24,588,728
Interest on Net OPEB Obligation (NOO)	2,629,636
Amortization of Net OPEB Obligation	(2,684,233)
Total Expense or Annual OPEB Cost (AOC)	24,534,131
Annual Contribution Toward OPEB Cost	(4,217,776)
Increase in Net OPEB Obligation	20,316,355
Net OPEB Obligation Beginning of Year	75,132,459
Net OPEB Obligation End of Year	\$95,448,814

The District's annual OPEB cost, the Percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 was as follows:

Fiscal Year	Annual OPEB Cost	Annual Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$24,534,131	\$4,217,776	17.2%	\$95,448,814
2013	23,903,947	3,504,578	14.7%	75,132,459
2012	18,635,570	3,921,558	21.0%	54,733,090

d. Funded Status and Funding Progress

As of June 30, 2014 the actuarial accrued liability for benefits was \$191,669,324, all of which was unfunded. The covered payroll (annual payroll for active participating employees) was \$1,064,282,519 for the 2014 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 18%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. Actuarial Methods and Assumptions

Actuarial methods and assumptions used for the OPEB calculations are as follows:

1. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future; actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

2. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.
3. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.
4. The actuarial methods and significant assumptions used in calculating the ARC for the current year and the funded status of the plan are from the actuarial valuation as of July 1, 2013 are:
 - (a). Entry age actuarial cost method
 - (b). Actuarial value of assets are fair value
 - (c). Investment rate of return 3.5%
 - (d). Salary scale is 4.0%
 - (e). Healthcare cost trend rate is 7.75% for fiscal year ended June 30, 2014 grading to 5.0% for fiscal year ending June 30, 2021.
 - (f). Past service liability is amortized over a closed 30-year period as a level percentage of projected payroll assumed to grow 3.0% per year.
 - (g). Inflation rate adjustment – 2.5%.

20. 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. Prior to July 18, 2007, the District entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. Effective July 18, 2007 the District chose not to purchase excess coverage, but chose to set aside \$500,000 per year to accumulate to a total of \$5,000,000 to cover any excess claims. As of June 30, 2014, \$3,500,000 has been set aside. 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 five fiscal years.

A liability in the amount of \$17,224,246 was actuarially determined using a discount rate of 2.0% to cover reported and unreported insurance claims payable at June 30, 2014. It is estimated that \$8,420,749 of the liability is current and due within one year. The remaining \$8,803,497 will be due in future years.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

20. RISK MANAGEMENT (continued)

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
2012 – 2013	\$15,992,106	\$ 7,899,185	\$(7,767,011)	\$16,124,280
2013 – 2014	\$16,124,280	\$ 11,935,546	\$(10,835,580)	\$17,224,246

Claims and judgments are generally liquidated by the internal service funds that are funded by the general fund and special revenue funds.

21. COMMITMENTS AND CONTINGENCIES

Construction Contract Commitments

The following is a summary of major construction contract commitments remaining at June 30, 2014 (amounts in thousands):

DETAIL LISTING OF CONSTRUCTION IN PROGRESS

Description	Project Authorization	Expended Through 6/30/14	Committed
Additions	\$ 6,893	\$ 829	\$ 6,064
Elementary	32,765	10,999	21,766
Middle	26,460	212	26,248
Other	985	627	358
Renovations	50,436	19,493	30,943
Improvements	2,028	1,045	983
Total	<u>\$ 119,567</u>	<u>\$ 33,205</u>	<u>\$ 86,362</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.

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, 2014
(UNAUDITED)

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	Unfunded Actuarial Liability as a Percentage of Covered Payroll
2009	14,570,542	31,609,928 (4)	17,039,386	46.1%	31,812,283 (4)	53.56%
2010	15,024,428	38,190,854 (5)	23,166,426	39.3%	22,676,884 (5)	102.20%
2011	15,735,803	29,577,005 (6)	13,841,202	53.2%	N/A (6)	N/A
2012	15,470,853	28,536,584 (7)	13,065,731	54.2%	N/A (7)	N/A
2013	14,313,623	27,770,427 (8)	13,456,804	51.5%	N/A (8)	N/A
2014	13,601,965	26,618,963 (9)	13,016,998	51.1%	N/A (9)	N/A

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 plan assets by the actuarial accrued liability.
(3) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.
(4) Based on data from an actuarial valuation report as of July 1, 2008, dated July 10, 2009.
(5) Based on data from an actuarial valuation report as of July 1, 2009, dated September 24, 2010.
(6) Based on data from an actuarial valuation report as of July 1, 2010, dated August 18, 2011.
(7) Based on data from an actuarial valuation report as of July 1, 2011, dated July 1, 2012.
(8) Based on data from an actuarial valuation report as of July 1, 2012, dated January 25, 2013.
(9) Based on data from an actuarial valuation report as of July 1, 2013 dated July 23, 2014.

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.

See accompanying notes to required supplementary information.

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, 2014
(UNAUDITED)

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2005	1,990,860	1,932,629	58,231	177,676,884	1.09%
2006	2,283,533	1,988,593	294,940	186,742,083	1.06%
2007	3,640,027	3,843,945	(203,918)	187,094,809	2.05%
2008	3,690,335	3,756,041	(65,706)	40,602,385	9.25%
2009	2,063,437	1,801,801	261,636	31,812,283	5.66%
2010	2,251,844	2,450,808	(198,964)	22,676,884	10.81%
2011	1,317,182	1,764,068	(446,886)	N/A	N/A
2012	1,341,630	879,714	461,916	N/A	N/A
2013	1,381,913	1,383,258	(1,345)	N/A	N/A
2014	1,402,918	1,401,167	1,751	N/A	N/A

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET PENSION LIABILITY
June 30, 2014
(UNAUDITED)

FISCAL YEAR ENDED JUNE 30	Total Pension Liability Entry Age	Plan Fiduciary Net Position	Districts' Net Pension Liability (Asset)	Plan Fiduciary Net Position As a Percentage Of The Total Pension Liability	Covered Payroll	Districts Net Pension Liability (Asset) as a Percentage Of Covered Payroll
2014	26,618,963	13,002,397	13,616,566	48.84%	N/A	N/A

Note: Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
LAST FISCAL YEAR
(UNAUDITED)

	2014
Total pension liability	
Service cost	\$ -
Interest	968,355
Changes of benefit terms	-
Differences between expected and actual experience	(96,760)
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(2,023,059)
Net change in total pension liability	<u>(1,151,464)</u>
Total pension liability - beginning	<u>27,770,427</u>
Total pension liability - ending (a)	<u>\$ 26,618,963</u>
Plan fiduciary net position	
Contributions - employer	\$ 1,355,705
Contributions - member	-
Net investment income	80,327
Benefit payment, including refunds of member contributions	(2,023,059)
Administrative expense	(12,540)
Other	-
Net change in plan fiduciary net position	<u>(599,567)</u>
Plan fiduciary net position - beginning	<u>13,601,965</u>
Plan fiduciary net position - ending (b)	<u>\$ 13,002,397</u>
Net position liability (asset) - ending (a)-(b)	<u>\$ 13,616,566</u>

Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR
(UNAUDITED)**

Fiscal Year Ended June 30,	Money Weighted Rate of Investment Return
2013	3.5%

Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

**THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
POST EMPLOYMENT HEALTH CARE BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2014
(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	Unfunded Actuarial Liability as a Percentage of Covered Payroll
2009	-	139,930,959 (5)	139,930,959	0%	990,757,415 (4)	14.10%
2010	-	122,763,693 (6)	122,763,693	0%	964,984,023 (5)	12.70%
2011	-	144,887,062 (7)	144,887,062	0%	991,177,970 (6)	14.60%
2012	-	156,271,280 (8)	156,272,280	0%	979,901,112 (7)	15.9%
2013	-	194,788,495 (9)	194,788,495	0%	998,616,019 (8)	19.5%
2014	-	191,669,324 (10)	191,669,324	0%	1,064,282,519 (9)	18.0%

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 plan assets by the actuarial accrued liability.
(3) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.
(4) Based on data from an actuarial valuation report as of July 1, 2008, dated August 17, 2009.
(5) Based on data from an actuarial valuation report as of July 1, 2009, dated August 12, 2010.
(6) Based on data from an actuarial valuation report as of July 1, 2010, dated August 18, 2011.
(7) Based on data from an actuarial valuation report as of July 2, 2011, dated June 1, 2012.
(8) Based on data from an actuarial valuation report as of July 1, 2012, dated July 26, 2013.
(9) Based on data from an actuarial valuation report as of July 1, 2013 dated August 11, 2014.

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.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditors' report.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
POST EMPLOYMENT HEALTH CARE BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
June 30, 2014
(UNAUDITED)

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	15,059,095	29.90%
2010	13,904,935	42.15%
2011	17,397,893	37.84%
2012	18,467,000	21.24%
2013	23,943,720	14.64%
2014	24,588,728	17.15%

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2014
(UNAUDITED)

The following are relevant to the supplemental early retirement pension:

1) Change in plan eligibility

As of July 1, 2010 the Supplemental Early Retirement Pension Plan was closed to any new participants.

2) Method and assumptions used in calculation of actuarially determined contribution:

Actuarial cost method

Entry age normal: This method determines a Normal Cost Rate for each employee that would have been appropriate had the plan always been in effect and had the employee joined when first eligible. Such rate is the level percentage of compensation which, if paid from entry into the plan until retirement would be sufficient to provide the projected retirement benefits. The total Normal Cost rate times such individual's current compensation. The Actuarial Accrued Liability is the present value of total benefits less the present value of future Normal Cost contributions.

Actuarial assumptions

Valuation Date	07/01/13
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll-Closed
Amortization Period	30 Years
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	3.5%
Projected Salary Increases	0%
Rate of Inflation Adjustment	None

The following is relevant to the post employment health care benefits:

3) Actuarial assumptions

- Entry age actuarial cost method
- Actuarial value of assets are fair value
- Investment rate of return 3.5%
- Salary scale is 4.0%
- Healthcare cost trend rate is 7.75% for fiscal year ended June 30, 2014 grading to 5.0% for fiscal year ending June 30, 2021.
- Past service liability is amortized over a closed 30-year period as a level percentage of projected payroll assumed to grow 3.0% per year.
- Inflation rate adjustment – 2.5%



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



Nonmajor Governmental Funds

Special Revenue Funds

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

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.

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 & Debt Service Funds** - Accounts for and reports on funds received from the State Board of Education Capital Outlay Bonds.
-

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014
(amounts expressed in thousands)**

	Special Revenue	
	Food Services	Total
ASSETS		
Cash	\$ 76	\$ 76
Investments	35,502	35,502
Accounts receivable	261	261
Due from other governmental agencies	977	977
Due from other funds	254	254
Inventories	837	837
Total assets	<u>\$ 37,907</u>	<u>\$ 37,907</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 843	\$ 843
Salaries and wages payable	4	4
Due to other funds	520	520
Advanced revenue	1,020	1,020
Total liabilities	<u>2,387</u>	<u>2,387</u>
Fund balances		
Nonspendable	837	837
Restricted for:		
Federal programs	34,683	34,683
Debt service	-	-
Capital projects	-	-
Total fund balances	<u>35,520</u>	<u>35,520</u>
Total liabilities and fund balances	<u>\$ 37,907</u>	<u>\$ 37,907</u>

		Debt Service	
State Board of Education Bond Funds		Special Act Bond Funds	
		Total	
\$	-	\$	-
	1,576		1,105
	-		-
	-		-
	-		-
	-		-
\$	1,576	\$	1,105
\$	-	\$	-
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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014
(amounts expressed in thousands)**

	Capital Projects		
	Capital Outlay and Debt Service Funds	Total	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ -	\$ -	\$ 76
Investments	2,072	2,072	40,255
Accounts receivable	-	-	261
Due from other governmental agencies	-	-	977
Due from other funds	-	-	254
Inventories	-	-	837
Total assets	<u>\$ 2,072</u>	<u>\$ 2,072</u>	<u>\$ 42,660</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 112	\$ 112	\$ 955
Salaries and wages payable	-	-	4
Due to other funds	24	24	544
Advanced revenue	-	-	1,020
Total liabilities	<u>136</u>	<u>136</u>	<u>2,523</u>
Fund balances			
Nonspendable	-	-	837
Restricted for:			
Federal programs	-	-	34,683
Debt service	-	-	2,681
Capital projects	1,936	1,936	1,936
Total fund balances	<u>1,936</u>	<u>1,936</u>	<u>40,137</u>
Total liabilities and fund balances	<u>\$ 2,072</u>	<u>\$ 2,072</u>	<u>\$ 42,660</u>

See accompanying independent auditors' report.

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, 2014
(amounts expressed in thousands)**

	Special Revenue	
	Food Services	Total
REVENUES		
Local sources:		
Food services	\$ 25,022	\$ 25,022
Interest income	44	44
Other	60	60
Total local sources	25,126	25,126
State sources:		
Food services	1,419	1,419
Other	-	-
Total state sources	1,419	1,419
Federal sources:		
Food services	81,060	81,060
Total federal sources	81,060	81,060
Total revenues	107,605	107,605
EXPENDITURES		
Current:		
Facilities acquisition and construction	-	-
Food services	102,524	102,524
Debt Service:		
Principal retirement	-	-
Interest	-	-
Dues, fees and other	-	-
Capital outlay:		
Facilities acquisition and construction	-	-
Other capital outlay	1,597	1,597
Total expenditures	104,121	104,121
Excess (deficiency) of revenues over (under) expenditures	3,484	3,484
OTHER FINANCING SOURCES (USES):		
Refunding bonds issued	-	-
Premium on sale of refunding bonds	-	-
Payments to refunded bond escrow agent	-	-
Transfers in	856	856
Total other financing sources and uses	856	856
Net change in fund balances	4,340	4,340
Fund balances - beginning	31,180	31,180
Fund balances - ending	\$ 35,520	\$ 35,520

		Debt Service	
State Board of Education Bond Funds		Special Act Bond Funds	
		Total	
\$	-	\$	-
	-		1
	-		-
	-		1
	-		-
	6,807		447
	6,807		7,254
	-		-
	-		-
	6,807		448
			7,255
	-		-
	-		-
	5,005		164
	1,922		196
	125		7
	-		-
	-		-
	7,052		367
			7,419
	(245)		81
			(164)
	2,486		-
	397		-
	(2,158)		-
	-		-
	725		-
	480		81
	1,096		1,024
			2,120
\$	1,576	\$	1,105
		\$	2,681
(Continued)			

(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, 2014
(amounts expressed in thousands)**

	Capital Projects		
	Capital Outlay and Debt Service Funds	Total	Total Nonmajor Governmental Funds
REVENUES			
Local sources:			
Food services	\$ -	\$ -	\$ 25,022
Interest income	3	3	48
Other	-	-	60
Total local sources	3	3	25,130
State sources:			
Food services	-	-	1,419
Other	736	736	7,990
Total state sources	736	736	9,409
Federal sources:			
Food services	-	-	81,060
Total federal sources	-	-	81,060
Total revenues	739	739	115,599
EXPENDITURES:			
Current:			
Facilities acquisition and construction	1,710	1,710	1,710
Food services	-	-	102,524
Debt Service:			
Principal retirement	-	-	5,169
Interest	-	-	2,118
Dues, fees and other	4	4	136
Capital outlay:			
Facilities acquisition and construction	116	116	116
Other capital outlay	-	-	1,597
Total expenditures	1,830	1,830	113,370
Excess (deficiency) of revenues over (under) expenditures	(1,091)	(1,091)	2,229
OTHER FINANCING SOURCES (USES):			
Refunding bonds issued	-	-	2,486
Premium on sale of refunding bonds	-	-	397
Payments to refunded bond escrow agent	-	-	(2,158)
Transfers in	-	-	856
Total other financing sources and uses	-	-	1,581
Net change in fund balances	(1,091)	(1,091)	3,810
Fund balances - beginning	3,027	3,027	36,327
Fund balances - ending	\$ 1,936	\$ 1,936	\$ 40,137

See accompanying independent auditors' report.



THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**NON MAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

	Food Services Fund			Variance with
	Budgeted Amounts			Final Budget -
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Local sources:				
Food services	\$ 29,113	\$ 25,418	\$ 25,022	\$ (396)
Interest income	41	66	44	(22)
Other	152	665	60	(605)
Total local sources	29,306	26,149	25,126	(1,023)
State sources:				
Food services	1,410	1,474	1,419	(55)
Other	-	33	-	(33)
Total state sources	1,410	1,507	1,419	(88)
Federal sources:				
Food services	64,903	82,478	81,060	(1,418)
Total federal sources	64,903	82,478	81,060	(1,418)
Total revenues	95,619	110,134	107,605	(2,529)
EXPENDITURES:				
Current:				
Food services	100,616	121,690	102,524	19,166
Capital outlay	-	1,597	1,597	-
Total expenditures	100,616	123,287	104,121	19,166
Excess (deficiency) of revenues over (under) expenditures	(4,997)	(13,153)	3,484	16,637
OTHER FINANCING SOURCES (USES):				
Transfers in	-	855	856	1
Total other financing sources and uses	-	855	856	1
Net change in fund balance	(4,997)	(12,298)	4,340	16,638
Fund balance - beginning	31,180	31,180	31,180	-
Fund balance - ending	\$ 26,183	\$ 18,882	\$ 35,520	\$ 16,638

See accompanying independent auditors' report.

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, 2014
(amounts expressed in thousands)**

	State Board of Education Bond Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Local sources:				
Local sales tax	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-
Other	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Capital Outlay and debt service withheld for SBE/COBI bonds	7,149	6,807	6,807	-
SBE/COBI bond interest	1	-	-	-
Racing commission funds	-	-	-	-
Total state sources	7,150	6,807	6,807	-
Total revenues	7,150	6,807	6,807	-
EXPENDITURES:				
Principal retirement	5,145	5,005	5,005	-
Interest	1,996	1,922	1,922	-
Dues, fees and other	9	125	125	-
Total expenditures	7,150	7,052	7,052	-
Excess (deficiency) of revenues over (under) expenditures	-	(245)	(245)	-
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	2,486	2,486	-
Premium on sale of refunding bonds	-	397	397	-
Refunding certificates of participation	-	-	-	-
Payments to refunded bond escrow agent	-	(2,158)	(2,158)	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	725	725	-
Net change in fund balances	-	480	480	-
Fund balances - beginning	1,096	1,096	1,096	-
Fund balances - ending	\$ 1,096	\$ 1,576	\$ 1,576	\$ -

	Special Act Bond Funds				Other Debt Service Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 21,000	\$ 21,880	880
2	2	1	(1)		631	659	633	(26)
2	2	1	(1)		25,631	21,659	22,513	854
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
447	447	447	-	-	-	-	-	-
447	447	447	-	-	-	-	-	-
449	449	448	(1)		25,631	21,659	22,513	854
164	164	164	-	-	39,110	39,110	39,110	-
196	196	196	-	-	46,027	45,613	44,749	864
-	7	7	-	-	643	860	852	8
360	367	367	-	-	85,780	85,583	84,711	872
89	82	81	(1)		(60,149)	(63,924)	(62,198)	1,726
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	39,950	39,950	-
-	-	-	-	-	-	(40,262)	(40,262)	-
-	-	-	-	-	69,979	70,054	68,660	(1,394)
-	-	-	-	-	-	(75)	(75)	-
-	-	-	-	-	69,979	69,667	68,273	(1,394)
89	82	81	(1)		9,830	5,743	6,075	332
1,024	1,024	1,024	-	-	100,658	100,658	100,658	-
\$ 1,113	\$ 1,106	\$ 1,105	\$ (1)		\$ 110,488	\$ 106,401	\$ 106,733	\$ 332

(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, 2014
(amounts expressed in thousands)**

	Totals			Variance with
	Budgeted Amounts			Final Budget -
	Original	Final	Actual	Positive
				(Negative)
REVENUES:				
Local sources:				
Local sales tax	\$ 25,000	\$ 21,000	\$ 21,880	\$ 880
Interest income	633	661	634	(27)
Other	-	-	-	-
Total local sources	25,633	21,661	22,514	853
State sources:				
Capital Outlay and debt service withheld for SBE/COBI bonds	7,149	6,807	6,807	-
SBE/COBI bond interest	1	-	-	-
Racing commission funds	447	447	447	-
Total state sources	7,597	7,254	7,254	-
Total revenues	33,230	28,915	29,768	853
EXPENDITURES:				
Principal retirement	44,419	44,279	44,279	-
Interest	48,219	47,731	46,867	864
Dues, fees and other	652	992	984	8
Total expenditures	93,290	93,002	92,130	872
Excess (deficiency) of revenues over (under) expenditures	(60,060)	(64,087)	(62,362)	1,725
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	2,486	2,486	-
Premium on sale of refunding bonds	-	397	397	-
Refunding certificates of participation	-	39,950	39,950	-
Payments to refunded bond escrow agent	-	(42,420)	(42,420)	-
Transfers in	69,979	70,054	68,660	(1,394)
Transfers out	-	(75)	(75)	-
Total other financing sources and uses	69,979	70,392	68,998	(1,394)
Net change in fund balances	9,919	6,305	6,636	331
Fund balances - beginning	102,778	102,778	102,778	-
Fund balances - ending	\$ 112,697	\$ 109,083	\$ 109,414	\$ 331

See accompanying independent auditors' report.



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, 2014
(amounts expressed in thousands)**

	Capital Outlay & Debt Service Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-
Interest income	10	3	3	-
Other	-	-	-	-
Total local sources	10	3	3	-
State sources:				
Capital outlay distributed to district	720	720	700	(20)
Interest on undistributed CO & DS	68	68	36	(32)
Other	-	-	-	-
Total state sources	788	788	736	(52)
Total revenues	798	791	739	(52)
EXPENDITURES:				
Current				
Facilities acquisition and construction	2,151	2,910	1,710	1,200
Debt Service				
Dues, fees and other	-	4	4	-
Capital outlay				
Facilities acquisition and construction	-	116	116	-
Total expenditures	2,151	3,030	1,830	1,200
Excess (deficiency) of revenues over (under) expenditures	(1,353)	(2,239)	(1,091)	1,148
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(1,353)	(2,239)	(1,091)	1,148
Fund balances - beginning	3,027	3,027	3,027	-
Fund balances - ending	\$ 1,674	\$ 788	\$ 1,936	\$ 1,148

	Local Capital Improvement Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
	\$ 101,393	\$ 101,549	\$ 101,322	\$ (227)
	-	-	-	-
	247	264	226	(38)
	-	1,572	1,572	-
	101,640	103,385	103,120	(265)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	101,640	103,385	103,120	(265)
	152,850	130,849	28,367	102,482
	-	-	-	-
	-	33,524	33,524	-
	152,850	164,373	61,891	102,482
	(51,210)	(60,988)	41,229	102,217
	(69,979)	(66,601)	(65,207)	1,394
	(69,979)	(66,601)	(65,207)	1,394
	(121,189)	(127,589)	(23,978)	103,611
	127,628	127,628	127,628	-
	\$ 6,439	\$ 39	\$ 103,650	\$ 103,611

(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, 2014
(amounts expressed in thousands)**

	Other Capital Projects Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	4,000	4,000	-
Interest income	40	49	49	-
Other	14,371	18,042	18,004	(38)
Total local sources	14,411	22,091	22,053	(38)
State sources:				
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Other	3,000	5,757	5,756	(1)
Total state sources	3,000	5,757	5,756	(1)
Total revenues	17,411	27,848	27,809	(39)
EXPENDITURES:				
Current				
Facilities acquisition and construction	54,022	62,801	61	62,740
Debt Service				
Dues, fees and other	-	-	-	-
Capital outlay				
Facilities acquisition and construction	-	9,933	9,933	-
Total expenditures	54,022	72,734	9,994	62,740
Excess (deficiency) of revenues over (under) expenditures	(36,611)	(44,886)	17,815	62,701
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,000)	(9,135)	(9,135)	-
Total other financing sources and uses	(3,000)	(9,135)	(9,135)	-
Net change in fund balances	(39,611)	(54,021)	8,680	62,701
Fund balances - beginning	54,021	54,021	54,021	-
Fund balances - ending	\$ 14,410	\$ -	\$ 62,701	\$ 62,701

See accompanying independent auditors' report.

	Totals			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
	\$ 101,393	\$ 101,549	\$ 101,322	\$ (227)
	-	4,000	4,000	-
	297	316	278	(38)
	14,371	19,614	19,576	(38)
	116,061	125,479	125,176	(303)
	720	720	700	(20)
	68	68	36	(32)
	3,000	5,757	5,756	(1)
	3,788	6,545	6,492	(53)
	119,849	132,024	131,668	(356)
	209,023	196,560	30,138	166,422
	-	4	4	-
	-	43,573	43,573	-
	209,023	240,137	73,715	166,422
	(89,174)	(108,113)	57,953	166,066
	(72,979)	(75,736)	(74,342)	1,394
	(72,979)	(75,736)	(74,342)	1,394
	(162,153)	(183,849)	(16,389)	167,460
	184,676	184,676	184,676	-
	\$ 22,523	\$ 827	\$ 168,287	\$ 167,460



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 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.
-

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014
(amounts expressed in thousands)**

	Workers Compensation Fund	Liability Self Insurance Fund
ASSETS		
Current assets:		
Cash	\$ 4,642	\$ -
Investments	93,406	7,525
Accounts receivable	22	10
Due from other governmental agencies	-	-
Total assets	<u>98,070</u>	<u>7,535</u>
LIABILITIES		
Current liabilities:		
Accounts payable	46	19
Advanced revenue	-	-
Estimated liability for claims	7,141	1,280
Total current liabilities	<u>7,187</u>	<u>1,299</u>
Noncurrent liabilities:		
Estimated liability for claims	6,347	2,456
Total noncurrent liabilities	<u>6,347</u>	<u>2,456</u>
Total liabilities	<u>13,534</u>	<u>3,755</u>
NET POSITION		
Unrestricted	84,536	3,780
Total net position	<u>\$ 84,536</u>	<u>\$ 3,780</u>

Group Health Insurance Fund	Totals
\$ -	\$ 4,642
21,486	122,417
168	200
585	585
<u>22,239</u>	<u>127,844</u>
LIABILITIES	
13,267	13,332
8,972	8,972
-	8,421
<u>22,239</u>	<u>30,725</u>
NET POSITION	
-	8,803
-	8,803
<u>22,239</u>	<u>39,528</u>
NET POSITION	
-	88,316
<u>\$ -</u>	<u>\$ 88,316</u>

See accompanying independent auditors' report.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

	Workers Compensation Fund	Liability Self Insurance Fund
OPERATING REVENUES:		
Premium revenue from other funds	\$ -	\$ -
Other revenue	1,396	74
Total operating revenues	1,396	74
OPERATING EXPENSES:		
Salaries	453	-
Benefits	155	-
Purchased services	268	41
Claims, premiums and other	8,515	2,985
Total operating expenses	9,391	3,026
Operating loss	(7,995)	(2,952)
NON-OPERATING REVENUE:		
Interest	329	10
Total non-operating revenue	329	10
Loss before transfers	(7,666)	(2,942)
TRANSFERS IN	-	3,080
TRANSFERS OUT	(12,032)	-
Change in net position	(19,698)	138
Total net position - beginning	104,234	3,642
Total net position - ending	\$ 84,536	\$ 3,780

See accompanying independent auditors' report.

Group Health Insurance Fund	Totals
\$ 157,216	\$ 157,216
-	1,470
157,216	158,686
-	453
-	155
-	309
157,216	168,716
157,216	169,633
-	(10,947)
-	339
-	339
-	(10,608)
-	3,080
-	(12,032)
-	(19,560)
-	107,876
\$ -	\$ 88,316

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

	Workers Compensation Fund	Liability Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ -	\$ -
Payment to suppliers	(7,732)	(2,914)
Payment to employees	(608)	-
Other receipts	1,376	72
Net cash provided by (used in) operating activities	(6,964)	(2,842)
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfers from other funds	-	3,080
Transfers to other funds	(12,032)	-
Net cash provided by (used in) noncapital and related financing activities	(12,032)	3,080
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	19,519	-
Purchase of investments	-	(248)
Interest and dividends earned on investments	329	10
Net cash provided by (used in) investing activities	19,848	(238)
Net increase in cash	852	-
Cash - Beginning of year	3,790	-
Cash - End of year	<u>\$ 4,642</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (7,995)	\$ (2,952)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(20)	(2)
(Increase) decrease in due from other governmental agencies	-	-
(Increase) decrease in accounts payable	46	17
Increase (decrease) in estimated liability for long-term claims	1,005	95
Increase (decrease) in deferred revenue	-	-
Total adjustments	1,031	110
Net cash provided by (used in) operating activities	<u>\$ (6,964)</u>	<u>\$ (2,842)</u>

See accompanying independent auditors' report.

Group Health Insurance Fund	Totals
\$ 157,126	\$ 157,126
(157,021)	(167,667)
-	(608)
-	1,448
105	(9,701)
-	3,080
-	(12,032)
-	(8,952)
-	19,519
(105)	(353)
-	339
(105)	19,505
-	852
-	3,790
\$ -	\$ 4,642
\$ -	\$ (10,947)
17	(5)
39	39
156	219
-	1,100
(107)	(107)
105	1,246
\$ 105	\$ (9,701)



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 school's 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, 2014

(amounts expressed in thousands)

	School Activity Fund			
	Balances July 1, 2013	Additions	Deductions	Balances June 30, 2014
ASSETS				
Cash	\$ 16,162	\$ 15,866	\$ 16,161	\$ 15,867
Investments	3,251	4	1,001	2,254
Inventory	242	161	242	161
Total assets	<u>\$ 19,655</u>	<u>\$ 16,031</u>	<u>\$ 17,404</u>	<u>\$ 18,282</u>
LIABILITIES				
Accounts payable	\$ 1,738	\$ 1,423	\$ 1,738	\$ 1,423
Due to student organizations	17,917	24,128	25,186	16,859
Payroll deductions	-	-	-	-
Total liabilities	<u>\$ 19,655</u>	<u>\$ 25,551</u>	<u>\$ 26,924</u>	<u>\$ 18,282</u>

	Extended Year Fund			
	Balances July 1, 2013	Additions	Deductions	Balances June 30, 2014
	\$ -	\$ -	\$ -	\$ -
	30,968	35,037	30,968	35,037
	<u>\$ 30,968</u>	<u>\$ 35,037</u>	<u>\$ 30,968</u>	<u>\$ 35,037</u>
	\$ -	\$ -	\$ -	\$ -
	30,968	35,037	30,968	35,037
	<u>\$ 30,968</u>	<u>\$ 35,037</u>	<u>\$ 30,968</u>	<u>\$ 35,037</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, 2014

(amounts expressed in thousands)

	Miscellaneous Depository Fund			
	Balances July 1, 2013	Additions	Deductions	Balances June 30, 2014
ASSETS				
Cash	\$ 29	\$ -	\$ -	\$ 29
Investments	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>
LIABILITIES				
Accounts payable	\$ 29	\$ -	\$ -	\$ 29
Due to student organizations	-	-	-	-
Payroll deductions	-	-	-	-
Total liabilities	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>

	Totals			
	Balances July 1, 2013	Additions	Deductions	Balances June 30, 2014
	\$ 16,191	\$ 15,866	\$ 16,161	\$ 15,896
	34,219	35,041	31,969	37,291
	242	161	242	161
	<u>\$ 50,652</u>	<u>\$ 51,068</u>	<u>\$ 48,372</u>	<u>\$ 53,348</u>
	\$ 1,767	\$ 1,423	\$ 1,738	\$ 1,452
	17,917	24,128	25,186	16,859
	30,968	35,037	30,968	35,037
	<u>\$ 50,652</u>	<u>\$ 60,588</u>	<u>\$ 57,892</u>	<u>\$ 53,348</u>

See accompanying independent auditors' report.



Component Units

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2014
(amounts expressed in thousands)**

	Advantage Academy of Hillsborough	Advantage Academy Middle School	Bell Creek Academy	Bell Creek Academy High School	Brooks DeBartolo Collegiate High School
ASSETS					
Cash	\$ 192	\$ 273	\$ 155	\$ 47	\$ 1,958
Investments	-	-	-	-	-
Accounts receivable, net	23	-	13	-	7
Due from other governmental agencies	45	11	23	7	22
Other assets	-	-	-	-	-
Prepaid items	38	1	52	15	-
Capital Assets (Net of accumulated depreciation):					
Land	-	-	-	-	1,975
Land improvements	-	-	-	-	-
Construction in progress	-	-	-	-	1,064
Improvements other than buildings	-	-	-	-	-
Buildings and systems	8	5	-	-	11,083
Furniture, fixtures and equipment	12	11	84	21	48
Motor vehicles	-	-	-	-	-
Property under capital leases	-	-	-	-	68
Audio visual materials	-	-	-	-	-
Total assets	318	301	327	90	16,225
DEFERRED OUTFLOWS					
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-
LIABILITIES					
Accounts payable	51	62	37	19	745
Salaries and wages payable	122	36	174	24	-
Accrued payroll taxes and withholdings	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-
Deposits payable	-	-	-	-	-
Advanced revenue	-	-	-	-	-
Derivative instrument - liability	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	-	-	132	-	30
Due in more than one year	-	-	221	-	20,071
Total liabilities	173	98	564	43	20,846
NET POSITION					
Net investment in capital assets	20	16	(269)	21	(5,862)
Restricted for:					
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other purposes	-	-	-	-	-
Unrestricted (deficit)	125	187	32	26	1,241
Total net position	\$ 145	\$ 203	\$ (237)	\$ 47	\$ (4,621)

Channelside Academy of Math and Science	Channelside Academy Middle School	Community Charter Middle School of Excellence	Community Charter School of Excellence	Florida Autism Charter School of Excellence	Focus Academy
\$ 266	\$ 91	\$ 81	\$ 43	\$ 76	\$ 31
-	-	-	-	-	-
8	11	18	1	82	3
22	6	-	14	-	8
-	-	-	-	-	-
49	1	2	10	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6	3	28	53	145	-
25	-	50	9	17	6
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
376	112	179	130	320	48
-	-	-	-	-	-
50	4	6	129	351	2
102	45	88	-	-	16
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3
-	-	-	-	-	-
152	49	94	129	351	21
31	3	78	62	162	3
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
193	60	7	(61)	(193)	24
\$ 224	\$ 63	\$ 85	\$ 1	\$ (31)	\$ 27

(Continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2014
(amounts expressed in thousands)**

	Henderson Hammock	Hillsborough Academy Of Math & Science	Kid's Community School	Kid's Community Middle School	Kid's Community School Southeast
ASSETS					
Cash	\$ 942	\$ 696	\$ 61	\$ 136	\$ 24
Investments	-	-	-	-	-
Accounts receivable, net	18	-	98	2	5
Due from other governmental agencies	36	36	47	17	-
Other assets	-	-	-	-	-
Prepaid items	36	79	-	-	-
Capital Assets (Net of accumulated depreciation):					
Land	-	-	-	-	-
Land improvements	-	-	-	-	-
Construction in progress	-	-	-	-	-
Improvements other than buildings	8	-	-	-	-
Buildings and systems	-	-	7	68	-
Furniture, fixtures and equipment	541	78	4	11	17
Motor vehicles	-	-	5	-	-
Property under capital leases	-	-	-	-	-
Audio visual materials	-	-	-	-	-
Total assets	1,581	889	222	234	46
DEFERRED OUTFLOWS					
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-
LIABILITIES					
Accounts payable	67	57	26	10	16
Salaries and wages payable	264	199	-	-	-
Accrued payroll taxes and withholdings	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-
Deposits payable	-	-	-	-	-
Advanced revenue	-	-	-	-	-
Derivative instrument - liability	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	243	107	-	64	-
Due in more than one year	253	199	-	-	-
Total liabilities	827	562	26	74	16
NET POSITION					
Net investment in capital assets	68	(228)	16	15	17
Restricted for:					
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other purposes	-	-	-	-	-
Unrestricted (deficit)	686	555	180	145	13
Total net position	\$ 754	\$ 327	\$ 196	\$ 160	\$ 30

KingsKid Academy of Health Sciences	Learning Gate Charter School	Literacy Leadership Technology Academy MS	Lutz Preparatory School	Legacy Preparatory Academy Inc.
\$ 28	\$ 370	\$ 477	\$ 571	\$ 4
-	1,439	-	-	-
-	-	-	39	-
-	30	23	-	4
-	57	-	-	-
-	-	4	100	-
-	572	-	-	-
-	-	-	-	-
-	-	-	-	-
-	42	-	283	-
-	4,416	143	648	-
-	128	-	34	8
-	-	-	-	9
-	-	26	-	1
-	-	-	-	-
28	7,054	673	1,675	26
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	175	48	117	-
-	6,824	88	464	-
24	7,270	142	842	16
-	(1,785)	33	384	18
-	1,440	-	-	-
-	-	-	-	-
-	-	-	-	-
4	129	498	449	(8)
\$ 4	\$ (216)	\$ 531	\$ 833	\$ 10

(Continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2014
(amounts expressed in thousands)**

	New Springs Elementary School	New Springs Middle School	Pepin Academies	Pepin Transitional School	Pivot Charter School
ASSETS					
Cash	\$ 75	\$ 73	\$ 1,735	\$ 342	\$ 343
Investments	-	-	-	-	-
Accounts receivable, net	10	1	30	86	250
Due from other governmental agencies	9	5	-	-	22
Other assets	-	-	190	-	-
Prepaid items	-	-	30	-	14
Capital Assets (Net of accumulated depreciation):					
Land	-	-	1,237	-	-
Land improvements	-	-	-	-	-
Construction in progress	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Buildings and systems	22	2	3,042	-	234
Furniture, fixtures and equipment	3	12	264	18	465
Motor vehicles	-	-	-	-	-
Property under capital leases	-	-	-	-	-
Audio visual materials	-	-	-	-	-
Total assets	119	93	6,528	446	1,328
DEFERRED OUTFLOWS					
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-
LIABILITIES					
Accounts payable	1	11	143	1	16
Salaries and wages payable	-	-	408	34	34
Accrued payroll taxes and withholdings	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-
Deposits payable	-	-	-	-	-
Advanced revenue	-	-	-	-	-
Derivative instrument - liability	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	-	-	353	-	-
Due in more than one year	-	-	2,667	-	-
Total liabilities	1	11	3,571	35	50
NET POSITION					
Net investment in capital assets	25	14	1,523	18	699
Restricted for:					
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other purposes	-	-	5	-	-
Unrestricted (deficit)	93	68	1,429	393	579
Total net position	\$ 118	\$ 82	\$ 2,957	\$ 411	\$ 1,278

Richardson Academy Charter School	Seminole Heights Charter High School	Shiloh Elementary Charter School	Shiloh Middle Charter School	Tampa Charter School
\$ 29	\$ 1,254	\$ 1,231	\$ 457	\$ 259
-	-	-	-	-
1	16	129	-	27
-	28	26	12	-
-	-	-	-	-
3	54	2	1	-
208	-	-	-	-
41	-	-	-	-
-	-	-	-	-
51	102	298	-	-
17	317	204	150	25
-	-	52	5	4
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
350	1,771	1,942	625	315
-	-	-	-	-
35	204	30	195	42
2	-	177	16	-
-	-	-	-	-
-	16	-	-	-
-	-	-	-	-
-	11	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
37	231	207	211	42
317	419	555	155	29
-	-	-	-	-
-	-	38	-	-
-	-	-	-	-
(4)	1,121	1,142	259	244
\$ 313	\$ 1,540	\$ 1,735	\$ 414	\$ 273

(Continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2014
(amounts expressed in thousands)**

	Terrace Community Charter School	Trinity School for Children	Valrico Lake Advantage Academy	The Village of Excellence Charter School	Walton Academy Charter School
ASSETS					
Cash	\$ 1,330	\$ 991	\$ 1,211	\$ 82	\$ 25
Investments	-	-	-	-	-
Accounts receivable, net	-	35	17	90	2
Due from other governmental agencies	57	-	30	-	59
Other assets	197	20	-	-	-
Prepaid items	-	14	68	-	-
Capital Assets (Net of accumulated depreciation):					
Land	2,525	1,532	-	-	-
Land improvements	-	250	-	-	-
Construction in progress	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Buildings and systems	2,863	4,875	110	5	50
Furniture, fixtures and equipment	209	287	57	10	52
Motor vehicles	-	-	-	-	-
Property under capital leases	-	62	-	-	-
Audio visual materials	-	-	-	-	-
Total assets	7,181	8,066	1,493	187	188
DEFERRED OUTFLOWS					
Accumulated decrease in fair value of hedging derivatives	-	121	-	-	-
LIABILITIES					
Accounts payable	53	60	107	13	12
Salaries and wages payable	109	215	225	-	40
Accrued payroll taxes and withholdings	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-
Deposits payable	-	-	-	-	-
Advanced revenue	-	169	-	-	-
Derivative instrument - liability	-	121	-	-	-
Noncurrent liabilities:					
Due within one year	134	139	73	-	-
Due in more than one year	5,412	5,977	118	-	-
Total liabilities	5,708	6,681	523	13	52
NET POSITION					
Net investment in capital assets	1,107	864	(24)	15	102
Restricted for:					
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other purposes	-	-	-	-	-
Unrestricted (deficit)	366	642	994	159	34
Total net position	\$ 1,473	\$ 1,506	\$ 970	\$ 174	\$ 136

W.E. Phillips Learning Academy	West University Charter High School	Winthrop Charter School	Woodmont Charter School	Hillsborough Education Foundation	TOTALS Component Units
\$ -	\$ 217	\$ 2,380	\$ 231	\$ 10,896	\$ 29,663
-	-	-	-	4,522	5,961
-	13	474	289	467	2,255
-	26	49	-	-	674
-	-	-	-	-	464
-	41	9	7	3,756	4,386
-	-	-	-	-	8,049
-	-	-	-	-	250
-	-	-	-	-	1,105
-	-	68	2	-	701
-	-	14,958	10,367	-	53,673
-	259	538	240	368	4,281
-	-	-	-	-	14
-	-	-	-	-	156
-	-	-	-	-	1
-	556	18,456	11,136	20,009	111,643
-	-	-	-	-	121
12	469	72	106	11,686	14,947
-	-	355	233	-	3,405
10	-	-	-	-	10
-	13	1	-	-	30
-	-	-	-	-	44
-	41	-	-	70	291
-	-	-	-	-	121
-	-	570	136	-	2,324
12	-	17,435	12,508	-	72,249
34	523	18,433	12,983	11,756	93,421
-	259	(2,419)	(2,023)	368	(5,194)
-	-	-	-	-	1,440
-	-	-	-	-	38
-	-	-	-	7,307	7,312
(34)	(226)	2,442	176	578	14,747
\$ (34)	\$ 33	\$ 23	\$ (1,847)	\$ 8,253	\$ 18,343

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

	Advantage Academy of Hillsborough	Advantage Academy Middle School	Bell Creek Academy	Bell Creek Academy High School	Brooks DeBartolo Collegiate High School
EXPENSES					
Instructional services	\$ 1,213	\$ 400	\$ 1,877	\$ 370	\$ 1,629
Instructional support services	43	11	21	6	59
Pupil transportation services	68	29	9	1	8
Operation and maintenance of plant	172	71	266	47	403
Facilities acquisition and construction	284	122	414	104	-
School administration	175	76	257	54	558
General administration	307	112	376	112	75
Food services	141	45	106	25	132
Community services and other	94	-	50	11	76
Interest on long term debt	-	-	23	-	753
Unallocated depreciation/amortization expense	7	11	26	4	387
Total expenses	\$ 2,504	\$ 877	\$ 3,425	\$ 734	\$ 4,080
PROGRAM REVENUES					
Charges for services	\$ 98	\$ 11	\$ 67	\$ 17	\$ 28
Operating grants and contributions	152	39	175	-	55
Capital grants and contributions	133	68	215	72	-
Net program expenses	(2,121)	(759)	(2,968)	(645)	(3,997)
GENERAL REVENUES					
Grants and contributions not restricted to specific programs	2,104	837	2,586	668	2,637
Investment earnings	-	-	-	-	-
Miscellaneous	36	1	145	24	265
Total general revenues	2,140	838	2,731	692	2,902
Change in net position	19	79	(237)	47	(1,095)
Net position (deficit) - beginning, restated	126	124	-	-	(3,526)
Net position (deficit) - ending	\$ 145	\$ 203	\$ (237)	\$ 47	\$ (4,621)

Channelside Academy of Math and Science	Channelside Academy Middle School	Community Charter Middle School of Excellence	Community Charter School of Excellence	Florida Autism Charter School of Excellence	Focus Academy
\$ 1,182	\$ 253	\$ 297	\$ 412	\$ 978	\$ 189
34	14	18	21	300	-
-	-	4	11	43	3
187	45	75	147	208	18
402	106	-	-	-	92
177	45	91	213	170	181
355	94	142	255	288	22
111	22	36	132	10	8
91	3	-	-	22	19
1	-	-	-	-	-
12	-	-	-	-	1
\$ 2,562	\$ 582	\$ 663	\$ 1,191	\$ 2,019	\$ 533
\$ 166	\$ 52	\$ -	\$ -	\$ 23	\$ 7
96	15	65	118	21	9
146	42	-	48	-	-
(2,144)	(473)	(598)	(1,025)	(1,975)	(517)
2,277	505	503	888	1,682	504
-	-	-	-	-	-
38	13	-	-	30	40
2,315	518	503	888	1,712	544
171	45	(95)	(137)	(263)	27
53	18	180	138	232	-
\$ 224	\$ 63	\$ 85	\$ 1	\$ (31)	\$ 27

(Continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

	Henderson Hammock	Hillsborough Academy of Math & Science	Kid's Community School	Kid's Community Middle School	Kid's Community School Southeast
EXPENSES					
Instructional services	\$ 3,064	\$ 2,483	\$ 1,398	\$ 602	\$ 661
Instructional support services	252	61	3	1	90
Pupil transportation services	105	3	-	-	-
Operation and maintenance of plant	1,437	285	222	107	198
Facilities acquisition and construction	-	434	693	204	440
School administration	-	311	474	218	243
General administration	834	529	135	70	68
Food services	342	237	365	61	78
Community services and other	99	125	8	5	3
Interest on long term debt	38	20	-	-	-
Unallocated depreciation/amortization expense	-	12	10	18	2
Total expenses	\$ 6,171	\$ 4,500	\$ 3,308	\$ 1,288	\$ 1,783
PROGRAM REVENUES					
Charges for services	\$ 315	\$ 194	\$ 36	\$ 9	\$ 15
Operating grants and contributions	680	268	243	39	205
Capital grants and contributions	379	267	85	93	-
Net program expenses	(4,797)	(3,771)	(2,944)	(1,145)	(1,563)
GENERAL REVENUES					
Grants and contributions not restricted to specific programs	5,538	3,975	2,295	1,132	1,222
Investment earnings	1	-	-	-	-
Miscellaneous	41	123	560	108	309
Total general revenues	5,580	4,098	2,855	1,240	1,531
Change in net position	783	327	(89)	95	(32)
Net position (deficit) - beginning, restated	(29)	-	285	65	62
Net position (deficit) - ending	\$ 794	\$ 327	\$ 196	\$ 160	\$ 30

Kings Kid Academy of Health Sciences	Learning Gate Charter School	Literacy Leadership Technology Academy M.S.	Lutz Preparatory School	Legacy Preparatory Academy Inc.
\$ 245	\$ 3,129	\$ 1,825	\$ 2,061	\$ 289
-	-	6	53	35
-	-	-	-	44
100	353	272	333	67
-	305	464	351	81
208	842	541	447	248
59	154	38	142	48
7	156	10	23	145
-	63	112	133	-
-	446	5	214	-
-	321	31	119	23
\$ 619	\$ 5,769	\$ 3,304	\$ 3,876	\$ 980
\$ 18	\$ 243	\$ 137	\$ -	\$ -
26	16	-	-	250
-	349	237	-	46
(575)	(5,161)	(2,930)	(3,876)	(684)
565	4,944	3,226	3,641	602
-	-	-	-	-
8	176	45	649	63
573	5,120	3,271	4,290	665
(2)	(41)	341	414	(19)
6	(175)	190	419	29
\$ 4	\$ (216)	\$ 531	\$ 833	\$ 10

(Continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

	New Springs Elementary School	New Springs Middle School	Pepin Academies	Pepin Translational School	Pivot Charter School
EXPENSES					
Instructional services	\$ 734	\$ 516	\$ 3,901	\$ 410	\$ 608
Instructional support services	1	2	1,088	80	2
Pupil transportation services	-	-	17	9	132
Operation and maintenance of plant	118	76	847	49	75
Facilities acquisition and construction	192	93	(153)	(17)	170
School administration	210	151	1,427	219	335
General administration	127	103	101	22	116
Food services	17	8	287	17	-
Community services and other	14	22	112	249	1
Interest on long term debt	-	-	147	36	-
Unallocated depreciation/amortization expense	11	8	-	-	70
Total expenses	\$ 1,424	\$ 979	\$ 7,774	\$ 1,074	\$ 1,509
PROGRAM REVENUES					
Charges for services	\$ 2	\$ 1	\$ 189	\$ 111	\$ -
Operating grants and contributions	78	71	-	-	-
Capital grants and contributions	84	69	-	-	189
Net program expenses	(1,260)	(836)	(7,585)	(963)	(1,320)
GENERAL REVENUES					
Grants and contributions not restricted to specific programs	1,324	844	7,678	820	2,418
Investment earnings	-	-	-	-	-
Miscellaneous	31	35	346	165	160
Total general revenues	1,355	879	8,024	985	2,578
Change in net position	95	41	439	22	1,258
Net position (deficit) - beginning, restated	23	41	2,518	389	20
Net position (deficit) - ending	\$ 118	\$ 82	\$ 2,957	\$ 411	\$ 1,278

Richardson Academy Charter School	Seminole Heights Charter High School	Shiloh Elementary Charter School	Shiloh Middle Charter School	Tampa Charter School
\$ 254	\$ 1,039	\$ 1,739	\$ 622	\$ 623
5	236	28	13	11
-	100	-	-	-
183	93	213	93	239
-	66	122	90	-
22	-	235	114	339
45	1,170	345	155	114
-	-	103	46	15
-	-	-	-	-
-	-	-	-	-
-	-	31	15	-
\$ 509	\$ 2,704	\$ 2,816	\$ 1,148	\$ 1,341
\$ -	\$ -	\$ 89	\$ 35	\$ 15
-	156	-	-	-
18	275	142	87	89
(491)	(2,273)	(2,585)	(1,026)	(1,237)
274	2,579	2,868	1,081	1,212
-	-	-	-	-
1	-	113	68	67
275	2,579	2,981	1,149	1,279
(216)	306	396	123	42
529	1,234	1,339	291	231
\$ 313	\$ 1,540	\$ 1,735	\$ 414	\$ 273

(Continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)**

	Terrace Community Charter School	Trinity School for Children	Valrico Lake Advantage Academy	The Village of Excellence Charter School	Walton Academy Charter School
EXPENSES					
Instructional services	\$ 2,824	\$ 2,488	\$ 2,329	\$ 1,185	\$ 545
Instructional support services	-	1,699	18	62	1
Pupil transportation services	-	-	9	58	7
Operation and maintenance of plant	96	538	281	76	96
Facilities acquisition and construction	78	-	682	131	147
School administration	894	391	254	395	324
General administration	358	211	471	89	94
Food services	140	-	150	131	100
Community services and other	-	336	85	-	55
Interest on long term debt	321	343	14	-	-
Unallocated depreciation/amortization expense	8	303	32	11	44
Total expenses	<u>\$ 4,719</u>	<u>\$ 6,309</u>	<u>\$ 4,325</u>	<u>\$ 2,138</u>	<u>\$ 1,413</u>
PROGRAM REVENUES					
Charges for services	\$ 438	\$ 1,521	\$ 150	\$ 1	\$ -
Operating grants and contributions	395	-	106	233	156
Capital grants and contributions	-	-	267	91	71
Net program expenses	<u>(3,886)</u>	<u>(4,788)</u>	<u>(3,802)</u>	<u>(1,813)</u>	<u>(1,186)</u>
GENERAL REVENUES					
Grants and contributions not restricted to specific programs	3,989	4,688	4,219	1,810	1,139
Investment earnings	-	-	-	-	-
Miscellaneous	1	224	62	17	85
Total general revenues	<u>3,990</u>	<u>4,912</u>	<u>4,281</u>	<u>1,827</u>	<u>1,224</u>
Change in net position	104	124	479	14	38
Net position (deficit) - beginning, restated	1,369	1,382	491	160	98
Net position (deficit) - ending	<u>\$ 1,473</u>	<u>\$ 1,506</u>	<u>\$ 970</u>	<u>\$ 174</u>	<u>\$ 136</u>

	W.E. Phillips Learning Academy	West University Charter High School	Winthrop Charter School	Woodmont Charter School	Hillsborough Education Foundation	TOTALS Component Units
	\$ 152	\$ 536	\$ 4,348	\$ 2,909	\$ -	\$ 52,319
	1	190	183	267	-	4,915
	24	1	-	105	-	790
	22	218	1,276	1,064	-	10,666
	15	63	-	-	-	6,175
	59	-	-	-	-	10,898
	29	775	761	573	608	10,482
	6	53	329	279	-	3,873
	3	-	209	58	5,738	7,796
	-	-	1,887	1,287	-	5,535
	-	-	-	-	-	1,517
	<u>\$ 311</u>	<u>\$ 1,838</u>	<u>\$ 8,993</u>	<u>\$ 6,542</u>	<u>\$ 6,346</u>	<u>\$ 114,966</u>
	\$ -	\$ -	\$ 491	\$ 98	\$ -	\$ 4,577
	8	198	639	523	-	5,035
	-	202	547	-	-	4,311
	<u>(303)</u>	<u>(1,436)</u>	<u>(7,316)</u>	<u>(5,921)</u>	<u>(6,346)</u>	<u>(101,043)</u>
	323	1,918	7,899	4,076	5,733	99,223
	-	-	-	-	497	498
	18	-	58	1,278	279	5,682
	341	1,918	7,957	5,354	6,509	105,403
	38	482	641	(567)	163	4,360
	(72)	(449)	(618)	(1,290)	8,090	13,983
	<u>\$ (34)</u>	<u>\$ 33</u>	<u>\$ 23</u>	<u>\$ (1,847)</u>	<u>\$ 8,253</u>	<u>\$ 18,343</u>



Hillsborough County
PUBLIC SCHOOLS
Excellence in Education

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APPENDIX C

FORM OF RESOLUTION

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SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

**AMENDED AND RESTATED
CAPITAL IMPROVEMENT AND REFUNDING
REVENUE BOND RESOLUTION**

ADOPTED FEBRUARY 17, 2015

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RESOLUTION

A RESOLUTION OF THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, AS THE GOVERNING BODY OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA, AMENDING AND RESTATING IN ITS ENTIRETY THE CAPITAL IMPROVEMENT AND REFUNDING REVENUE BOND RESOLUTION ADOPTED BY THE SCHOOL BOARD ON SEPTEMBER 9, 2014, AUTHORIZING THE REFUNDING OF THE BOARD'S OUTSTANDING CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 1998; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA CAPITAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2015, TO EFFECTUATE SUCH REFUNDING AND TO FINANCE THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN CAPITAL IMPROVEMENTS AT VARIOUS EDUCATIONAL FACILITIES WITHIN THE DISTRICT; PLEDGING CERTAIN SALES TAX REVENUES RECEIVED BY HILLSBOROUGH COUNTY, FLORIDA AND DISTRIBUTED TO THE BOARD 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 BOND 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; PROVIDING FOR MUNICIPAL BOND
INSURANCE; 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:

"Act" shall mean Chapter 20244, Laws of Florida (1941), Chapter 71-680, Laws of Florida (1971), Section 212.20, Florida Statutes, Chapter 550, Florida Statutes and Part II, Chapter 1001, Florida Statutes and other applicable provisions of law.

"Additional Bonds" shall mean the obligations or bonds (including, but not limited to, 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 2015 Bonds.

"Amortization Installment" shall mean an amount designated as such hereby or by Supplemental Resolution of the Board and established with respect to any Term Bonds.

"Annual Debt Service" shall mean shall mean, at any time, the aggregate amount in the then current Bond Year of (1) interest required to be paid on the Outstanding Bonds during such Bond Year, except to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) principal of Outstanding Serial Bonds maturing in such Fiscal Year, and (3) the Amortization Installments herein designated with respect to such Bond Year. 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. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and

unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)

Participation bonds (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Senior Debt obligations

- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)

Consolidated system-wide bonds and notes

- Federal Home Loan Banks (FHL Banks)

Consolidated debt obligations

- Federal National Mortgage Association (FNMA)

Senior debt obligations

Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

- Financial Corporation (FICO)

Debt obligations

- Resolution Funding Corporation (REFCORP)

Debt obligations

4. Unsecured bonds of deposit, time deposits and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

7. Money market funds rated "AAm" or "AAm-G" by S&P, or better.

8. "State Obligations," which means:

A. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

B. Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "MIG-1" by Moody's.

C. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

A. the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

B. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

C. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of

independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

D. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

E. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

F. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long-term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's and acceptable to the Insurer, provided that:

A. The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

B. The Paying Agent or a third party acting solely as agent therefor or for the Board (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

C. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

D. All other requirements of S&P in respect of repurchase agreements shall be met; and

E. The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Board (who, shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Board.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

A. interest payments are to be made to the Paying Agent at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Series 2015 Bonds;

B. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Board and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

C. the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation or, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

D. the Board receives the opinion of domestic counsel (which opinion shall be addressed to the Board [and the Insurer]) that such investment agreement is legal, valid, binding and enforceable upon the

provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to the Insurer;

E. the investment agreement shall provide that if during its term:

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Board, Paying Agent or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must, at the direction of the Board or the Paying Agent, if directed by the Board (who, in either case, shall give such direction if so directed by AGM), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Board or Paying Agent, and

F. The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

G. the investment agreement must provide that if during its term:

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Board (who shall give

such direction if so directed by the Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Board or the Paying Agent, as appropriate, and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Board or the Paying Agent, as appropriate.

12. Deposits collateralized under the State of Florida qualified public depository system pursuant to Chapter 280, Florida Statutes.

13. Subject to the prior written approval of the Insurer, such other obligations as shall be permitted to be legal investments of the Board by the laws of the State.

14. Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, as amended.

"BAM" shall mean Build America Assurance Company.

"Board" shall mean the School Board of Hillsborough County, Florida, the governing body of the District.

"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.

"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 or beneficial owner of any Outstanding Bond or Bonds as provided in the registration books of the Board.

"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 2015 Bonds, "Bond Insurance Policy" shall mean the municipal bond insurance policy issued by BAM guaranteeing, when due, the scheduled principal of and interest on the Series 2015 Bonds.

"Bonds" shall mean "certificates of indebtedness" and "refunding certificates of indebtedness" issued pursuant to the Act and shall include the Series 2015 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.

"Bond Year" shall mean the period commencing on August 1 of each year and ending on July 31 of the succeeding year.

"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 applicable Regulations, procedures and rules promulgated thereunder in effect or proposed.

"Construction Fund" shall mean the School Board of Hillsborough County, Florida Capital Improvement and Refunding 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 Series 2015 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 2015 Bonds, "Credit Facility" shall mean the Bond Insurance Policy issued by BAM.

"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 Capital Improvement and Refunding 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 with respect to the Refunded Bonds, The Bank of New York Mellon Trust Company, N.A. and its successors or assignors appointed as Escrow Agent pursuant to Section 9.04 hereof and with respect to any other Series of Bonds, the escrow agent, if any, appointed pursuant to a Supplemental Resolution.

"Escrow Agreement" shall mean the Escrow Deposit Agreement, between the Board and the Escrow Agent, the form of which is attached hereto as Exhibit E.

"Federal Securities" shall mean direct obligations of the United States of America and obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. Federal Securities shall include any bonds or any other evidences of an ownership interest in the aforementioned obligations or in specified portions thereof (which may consist of specified portions of the interest thereon).

"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" means Fitch Ratings, Inc. and any successors or assigns thereto.

"Insurer" shall mean with respect to the Series 2015 Bonds, BAM, and with respect to any other Series of Bonds, the municipal bond insurer, 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 in Section 2.01 or 2.02 hereof.

"Maximum Annual Debt Service" shall mean the largest aggregate amount of the Annual Debt Service becoming due in any Bond Year in which Bonds are Outstanding, excluding all Fiscal Years which shall have ended prior to the Bond 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.

"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 2.06, 2.07 and 2.08 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, with respect to the Series 2015 Bonds, The Bank of New York Mellon Trust Company, N.A., appointed as the paying agent for the Series 2015 Bonds pursuant to Section 9.03 hereof and, with respect to any Additional Bonds, such paying agent as shall be appointed pursuant to Supplemental Resolution.

"Person" or **"Persons"** means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"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 Federal Securities, 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 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 2015 Project and the acquisition, construction and installation of such additional properties and facilities as may be financed by the Sales Tax Revenues pursuant to the Act. The description of each Project shall be set forth in the Supplemental Resolution authorizing the issuance of Bonds which shall finance the acquisition, construction and installation of such Project.

"Purchase Agreement" shall mean the Bond Purchase Agreement to be executed between the Board and the Underwriter in accordance with Section 2.02(b) hereof, which Purchase Agreement shall set forth the terms of the Series 2015 Bonds and the form of which is attached hereto as Exhibit C.

"Rebate Fund" shall mean the School District of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds Rebate Fund established pursuant to Section 4.04 hereof.

"Refunded Bonds" shall mean all of The School District of Hillsborough County, Florida Capital Improvement Revenue Bonds, Series 1998, dated March 26, 1998, issued in the original aggregate principal amount of \$5,998,224.50.

"Refunding Securities" shall mean the Federal Securities and the Prerefunded Obligations.

"Registrar" shall mean, with respect to the Series 2015 Bonds, The Bank of New York Mellon Trust Company, N.A., appointed as the registrar for the Bonds pursuant to Section 9.03 hereof and, with respect to any Additional Bonds, such registrar as shall be appointed pursuant to Supplemental Resolution.

"Regulations" means the Income Tax Regulations promulgated by the Internal Revenue Service under Section 103, 141 through 150 and 265 of the Code in effect from time to time.

"Resolution" shall mean this Amended and Restated Capital Improvement and Refunding 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 Board of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds Revenue Fund established pursuant to Section 4.04 hereof.

"Sales Tax Revenues" shall mean that portion of the moneys distributed to the Board pursuant to the Act, including particularly Section 212.20(6)(d)6.a., Florida Statutes.

"Secretary" shall mean the Superintendent of Schools as the Ex-officio Secretary of the Board and his or her designee.

"Serial Bonds" shall mean all of the Bonds other than the 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 2015 Bonds" shall mean the School District of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds, Series 2015 authorized and issued pursuant to Section 2.02 of this Resolution.

"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.

"Term Bonds" shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution of the Board and which are subject to mandatory redemption by Amortization Installment.

"2015 Project" shall mean certain capital improvements at the educational facilities to be made within the District, all as more particularly described in 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 capital improvements expected to comprise the 2015 Project is provided in Exhibit A attached hereto.

"Underwriter" shall mean Raymond James & Associates, Inc.

"Unrestricted Revenue Account" shall mean the separate account in the Revenue Fund established pursuant to Section 4.04 hereof.

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, if any, 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, if any. 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, if any. 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, in order to achieve debt service savings, the Board deems it desirable and in the best interest of the Board to refund the Refunded Bonds.
- (B) That the Board deems it desirable and in the best interest of the Board to acquire, construct and equip the 2015 Project.
- (C) That the most efficient and cost-effective method of refunding the Refunded Bonds and acquiring, constructing and equipping the 2015 Project is by the issuance of the Series 2015 Bonds secured by the Pledged Funds.
- (D) That the estimated Sales Tax Revenues will be sufficient to pay the principal of and interest on the Series 2015 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 Series 2015 Bonds and the complexity of the transactions relating to such Series 2015 Bonds, it is in the best interest of the Board to sell the Series 2015 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 Series 2015 Bonds, subject in all respects to satisfaction of the conditions set forth in Section 2.02(b) hereof.
- (F) The Board has been advised by its Financial Advisor, Ford & Associates, Inc. as to the market appropriateness of preparing for the purchase proposal of the Underwriter in light of current market levels and conditions and as to the acceptance of the Purchase Agreement pursuant to a delegated, negotiated sale subject to the conditions provided herein.
- (G) The 2015 Project constitutes the type of capital improvement described in the Act.
- (H) Except with regard to the Refunded Bonds, prior to the issuance of the Series 2015 Bonds, the Sales Tax Revenues will not be pledged or encumbered in any manner.

- (I) On September 9, 2014 the Board adopted a Capital Improvement and Refunding Revenue Bond Resolution (the "Original Resolution") authorizing, among other things, the issuance of not exceeding \$6,000,000 of its Capital Improvement and Refunding Revenue Bonds, Series 2014 to provide funds, together with other available moneys, to refund the Refunded Bonds and finance the costs of the 2015 Project.
- (J) Since the Bonds authorized pursuant to the Original Resolution were not issued in calendar year 2014, it is necessary and desirable to amend and restate the Original Resolution in its entirety to change the calendar year designation on the Bonds and to provide for certain other matters and changes necessary to reflect the issuance of the Bonds in calendar year 2015.

SECTION 1.05. AMENDMENT AND RESTATEMENT OF ORIGINAL RESOLUTION. The Original Resolution is hereby amended and restated in its entirety by this Resolution and shall be of no further force or effect; provided that the Board hereby ratifies all acts taken on its behalf by the members of the Board and the officers, employees and representatives of the District, including without limitation, Bond Counsel, the Board's finance advisor, the Underwriter, the Insurer and counsels to the Board and the District in furtherance of and in reliance upon the Original Resolution.

SECTION 1.06. AUTHORIZATION OF REFUNDING OF REFUNDED BONDS. The Board hereby authorizes and empowers the refunding of the Refunded Bonds.

SECTION 1.7. AUTHORIZATION OF THE 2015 PROJECT. The Board hereby authorizes and empowers the acquisition, construction and equipping of the 2015 Project.

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 Board of Hillsborough County, Florida Capital Improvement and Refunding 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 by Supplemental Resolution of the Board or hereby.

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 hereby or 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 or hereby.

SECTION 2.02. AUTHORIZATION AND DESCRIPTION OF THE SERIES 2015 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 Board of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds, Series 2015," to be issued in the aggregate original principal amount of not exceeding \$6,000,000. The Series 2015 Bonds shall be issued for the principal purposes of refunding the Refunded Bonds, financing the acquisition, construction and equipping of the 2015 Project, and paying certain costs and expenses incurred in connection with the issuance of the Series 2015 Bonds, including the Bond Insurance Policy premium. The exact principal amount of the Series 2015 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 \$6,000,000 in accordance with Section 2.02(b) hereof, the remaining authorized amount hereunder shall be cancelled.

The Series 2015 Bonds shall be dated as of their date of delivery, 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 dated date, payable semiannually, on February 1 and August 1 of each year, commencing on August 1, 2015 (or such other date as may be provided in the Purchase Agreement), as Serial Bonds and/or Term Bonds, at such rates and maturing in such amounts on August 1 of such years and shall be subject to such redemption provisions as shall be determined by the Chairman and the Superintendent in accordance with Section 2.02(b) below.

The principal of the Series 2015 Bonds is payable upon presentation and surrender of the Series 2015 Bonds at the designated corporate trust office of the Paying Agent. Interest payable on the Series 2015 Bonds on any Interest Payment Date will be paid by check or draft to the Holder in whose name such Series 2015 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 a Holder of \$1,000,000 or more in aggregate principal amount of the Series 2015 Bonds, by bank wire transfer for the account of such Holder. All payments of principal of and interest on the Series 2015 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 2015 Bonds to the Underwriter 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, deletions and additions thereto as shall be approved by the Chairman or 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 or the Superintendent of a written offer to purchase the Series 2015 Bonds by the Underwriter substantially in the form of the Purchase Agreement, said offer to provide for, among other things, (i) the issuance of not exceeding \$6,000,000 aggregate principal amount of Series 2015 Bonds, (ii) an underwriting discount (including management fee and all expenses) not in excess of 1.00%

of the aggregate principal amount of the Series 2015 Bonds, (iii) a true interest cost of not more than 6% per annum, and (iv) the maturities of the Series 2015 Bonds with the final maturity no later than August 1, 2045.

- (2) With respect to any optional redemption terms of the Series 2015 Bonds, the Series 2015 Bonds, the first call date may be no later than August 1, 2025 and no call premium may exceed 1% of the par amount of that portion of the Series 2015 Bonds to be redeemed. Term Bonds may be established with such Amortization Installments as the Chairman and Superintendent deem appropriate.
- (3) Receipt by the Chairman and Superintendent from the Underwriter of a disclosure statement and truth-in-bonding information complying with Section 218.385, Florida Statutes and substantially in the form set forth in the Purchase Agreement attached hereto as Exhibit C.

SECTION 2.03. APPLICATION OF BOND PROCEEDS. (a) Except as otherwise may be provided by Supplemental Resolution of the Board, the proceeds derived from the sale of the Series 2015 Bonds, including bond premium, if any, shall be applied by the Board as follows:

(i) A sufficient amount of the Series 2015 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 2015 Bonds.

(ii) A sufficient amount of the Series 2015 Bond proceeds shall be deposited to the escrow deposit trust fund established pursuant to the Escrow Deposit Agreement and applied to the refunding of the Refunded Bonds.

(iii) The balance of the Series 2015 Bond proceeds shall be deposited to the Construction Fund and shall be used to pay the Costs of the 2015 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 2.04. 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 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 2.05. 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 Bond shall be substantially in the form provided in Section 2.10 hereof.

SECTION 2.06. TEMPORARY BONDS. Until the definitive Bonds are prepared, the Board may execute, in the same manner as is provided in Section 2.04 hereof, and deliver, upon authentication by the Registrar pursuant to Section 2.05 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 Supplemental Resolution, and with such deletions, 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 2.07. 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 2.07 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 2.08. 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, (b) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series, and (c) at any other time as reasonably requested by the Paying Agent, shall 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 any Series of Bonds during the period commencing on the fifteenth day of the month immediately preceding an Interest Date on such Series of Bonds and ending on such Interest Date or, in the case of any proposed redemption of Bonds, then, for the Bonds subject to redemption, during the 15 days next preceding the date of first mailing of notice of such redemption and continuing until such redemption date.

SECTION 2.09. BOOK-ENTRY FOR SERIES 2015 BONDS.

Notwithstanding the provisions set forth in Section 2.08 hereof and subject in all respects to the satisfaction of the conditions set forth in Section 2.02 hereof, the Series 2015 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2015 Bond for each of the maturities of the Series 2015 Bonds. Upon initial issuance, the ownership of each such Series 2015 Bond shall be registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in Section 2.08 hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC. As long as the Series 2015 Bonds shall be registered in the name of Cede & Co., all payments of principal on the Series 2015 Bonds shall be made by the Registrar and Paying Agent by

check or draft or by bank wire transfer to Cede & Co., as Holder of the Series 2015 Bonds, upon presentation of the Series 2015 Bonds to be paid to the Registrar and Paying Agent.

With respect to the Series 2015 Bonds registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC, the Board and the Registrar and 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 and the Registrar and 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 2015 Bonds, (B) the delivery to any Participant or any other person other than a Series 2015 Bondholder, as shown in the registration books kept by the Registrar and Paying Agent, of any notice with respect to the Series 2015 Bonds, or (C) the payment to any Participant or any other person, other than a Series 2015 Bondholder, as shown in the registration books kept by the Registrar and Paying Agent, of any amount with respect to principal of or interest on the Series 2015 Bonds. The Board and the Registrar and Paying Agent may treat and consider the person in whose name each Series 2015 Bond is registered in the registration books kept by the Registrar and Paying Agent as the Holder and absolute owner of such Series 2015 Bond for the purpose of payment of principal and interest with respect to such Series 2015 Bond, for the purpose of giving notices of any matters with respect to such Series 2015 Bond, for the purpose of registering transfers with respect to such Series 2015 Bond, and for all other purposes whatsoever. The Registrar and Paying Agent shall pay all principal of and interest on the Series 2015 Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar and Paying Agent, 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 and interest on the Series 2015 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 and Paying Agent, shall receive a certificated Series 2015 Bond evidencing the obligation of the Board to make payments of principal 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 payment date, the words "Cede & Co." herein shall refer to such new nominee of DTC; and upon receipt of such notice, the Board shall promptly deliver a copy of the same to the Registrar and 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 Bonds be registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2015

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 2015 Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar and Paying Agent 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 and Paying Agent shall authenticate, transfer and exchange the Series 2015 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 Letter of Representations previously executed by the Board and delivered to DTC in order to induce DTC to act as securities depository for the Series 2015 Bonds shall apply to the payment of principal of and interest on the Series 2015 Bonds.

SECTION 2.10. FORM OF BONDS. The text of the Bonds shall be in substantially the following form with such deletions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Superintendent 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 BOARD OF HILLSBOROUGH COUNTY, FLORIDA
CAPITAL IMPROVEMENT AND REFUNDING
REVENUE BOND, SERIES _____**

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
_____%	August 1, ____	_____, ____	

Registered Holder:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that the School Board of Hillsborough County, Florida (the "Board"), the governing body of the School District of Hillsborough County, Florida, a governmental authority created by Article IX, Section 4 of the Florida Constitution (the "District"), 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 February 1 and August 1 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 Mellon Trust Company, N.A., Jacksonville, Florida, 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 Mellon Trust Company, N.A., Jacksonville, Florida, 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 a Registered Holder of \$1,000,000 or more in aggregate principal amount of Bonds, 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 refunding of the Board's outstanding School [Board] [District] of Hillsborough County, Florida Capital Improvement Revenue Bonds, Series _____ and the acquisition, construction and equipping of certain capital improvements and educational facilities within the District (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 20244, Laws of Florida (1941), Chapter 71-680, Laws of Florida (1971), Section 212.20, Florida Statutes, Chapter 550, Florida Statutes and Part II, Chapter 1001, Florida Statutes and other applicable provisions of law (collectively, the "Act"), and an Amended and Restated Capital Improvement and Refunding Revenue Bond Resolution of the Board adopted on February 17, 2015 (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.

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 such exchange or transfer of any Series of Bonds during the period commencing on the fifteenth day of the month immediately preceding an Interest Date on such Series of Bonds and ending on such Interest Payment Date or, in the case of any proposed redemption of Bonds, then, for the Bonds subject to redemption, during the 15 days next preceding the date of first mailing of notice of such redemption and continuing until such redemption date.

[Insert Redemption Provisions]

Neither the members 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.

Subject to the provisions set forth herein for registration and transfer, this Bond is and has all the qualities of a negotiable instrument under the Uniform Commercial Code - Investment Series of the State of Florida.

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.

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 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 Board and countersigned and attested by the manual or facsimile signature of the Superintendent as Ex-officio Secretary to the Board, and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

**SCHOOL BOARD 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:

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**

Registrar

By: _____
Authorized Signatory

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

[Insert Statement of Insurance, if applicable]

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. REDEMPTION OF BONDS. The Bonds of any Series shall be subject to redemption prior to maturity as provided in Supplemental Resolution; provided, that the redemption provisions for the Series 2015 Bonds shall be set forth in the Purchase Agreement approved pursuant to 2.02(b) hereof and such provisions are incorporated herein by reference thereto. The Series 2015 Bonds shall be subject to redemption as determined pursuant to Section 2.02 hereof.

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-five (35) 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 less than thirty-five (35) 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 bond 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 Registrar 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.

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 OR DISTRICT. The Bonds shall not be or constitute general obligations or indebtedness of the Board or District 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 applicable Credit Facility, if any, 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 or District except from the Pledged Funds in the manner provided herein.

SECTION 4.02. SECURITY FOR BONDS. Except as otherwise provided herein, 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. 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 Board of Hillsborough County, Florida Capital Improvement and Refunding 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 2015 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 three (3) years after the final maturity of the related Bonds.

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.

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 Board of Hillsborough County, Florida Capital Improvement and Refunding 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 Board of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds Debt Service Fund." The Board shall maintain two separate accounts in the Debt Service Fund, the "Interest Account" and the "Principal Account."

(C) The "School Board of Hillsborough County, Florida Capital Improvement and Refunding 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 District 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 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 Payment Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Payment Date. Except as provided in Section 4.05(A)(3) 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 Payment Date.

(2) Principal Account. Commencing in the month which is one year prior to the first principal due date or Amortization Installment due date (or if the first 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 or Amortization Installment on the Outstanding Bonds due and unpaid and that portion of the principal or Amortization Installment next due which would have accrued on such Bonds during the then current calendar month if such 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 Amortization Installment due date, or, if there is no such preceding due date, from a date one year preceding the due date of such principal amount or Amortization Installment. Moneys in the Principal Account shall be applied by the Board for deposit with the Paying Agent to pay the principal of or Amortization Installment on the Bonds on or prior to the date the same shall mature or be due, 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 or Amortization Installment payment date so as to provide sufficient moneys in the Principal Account to pay the principal and Amortization Installment on the Bonds becoming due on such payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the

amount coming due on the Outstanding Bonds on the next succeeding principal or Amortization Installment payment date.

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

(4) Unrestricted Revenue Account. The balance of any moneys after the deposits required by Sections 4.05(A)(1), 4.05(A)(2) and 4.05(A)(3) 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 Payment Date are not sufficient to pay the principal of, Amortization Installment and interest on the Bonds coming due on such Interest Payment 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 Payment 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, Amortization Installment or interest coming due on such payment date on the Bonds not so purchased.

(C) At least one business day prior to the date established for payment of any principal of, Amortization Installment or interest on the Bonds, the Board shall withdraw from the appropriate Account of the Debt Service Fund sufficient moneys to pay such principal, Amortization Installment 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, Amortization Installment 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, Amortization Installment 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,

Amortization Installment 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, Amortization Installment 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 three highest short-term rating categories assigned by Standard & Poor's or Moody's. 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 Bond 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 Bond 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 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. All investments shall be valued at amortized cost.

Any and all income received by the Board from the investment of moneys in the Construction Fund, the Interest Account, the Principal Account and the Restricted Revenue Account shall be retained in such respective Fund or 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 lawful purpose. 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) 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 District 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 District 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 1.00 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 based upon a certification of such matters 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

equal to 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, provided such rate shall not be greater than 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, 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(A) 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 Supplemental 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, provided 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. 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 applicable to entities similar to the Board, 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. The Board has full power and authority to irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Bonds. The pledge of such Pledged Funds, in the manner provided herein, shall not be subject to repeal, modification or impairment by any subsequent resolution or other proceedings of the Board, unless the Board shall have provided, such additional or supplemental funds which shall be sufficient to retire such Bonds and the interest thereon in accordance with their terms.

SECTION 5.07. FEDERAL INCOME TAX COVENANTS. (A) The Board covenants with the Holders of the 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 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 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 to maintain the levy, collection and receipt of the Sales Tax Revenues. 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 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 B with such changes, amendments, modifications, deletions and additions as shall be approved by the Chairman who is hereby authorized to execute and deliver such Bond. 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, Amortization Installment, redemption price 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 Credit Facility.

(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, 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, 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 bond 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 bond 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 Insurer, which has honored all its obligations under its insurance policy.

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, 2.09 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 Projects or to change or modify the description of or any Project.

(H) 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, 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 only 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 underlying 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 2015 BOND INSURANCE POLICY AND THE INSURER

SECTION 8.01 AUTHORIZATION OF BOND INSURANCE POLICY.

The Board hereby authorizes the payment of the principal of and interest on the Series 2015 Bonds to be insured pursuant to the Bond Insurance Policy issued by the Insurer. The Chairman or the Superintendent are hereby authorized to execute such documents and instruments necessary to cause the Insurer to insure the Series 2015 Bonds.

SECTION 8.02 PROVISIONS REGARDING BOND INSURANCE POLICY. The following provisions relating to the Series 2015 Bonds shall apply so long as the Bond Insurance Policy is in full force and effect notwithstanding anything to the contrary in this Resolution:

1. Notice and Other Information to be given to BAM. The Board will provide BAM with all notices and other information it is obligated to provide (a) under its Continuing Disclosure Certificate and (b) to the holders of Series 2015 Bonds or the Paying Agent under this Resolution.

The notice address of BAM is: Build America Mutual Assurance Company, 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, NY 10281, Attention: Surveillance, Re: Policy No. _____, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Bond Insurance Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

2. Defeasance. The investments in the defeasance escrow shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or otherwise be approved by BAM.

At least 5 Business Days prior to any defeasance, the Board shall deliver to BAM copies of an escrow agreement, opinions regarding the validity and enforceability of the escrow agreement, a verification report (a "Verification Report") of a nationally recognized independent financial analyst or firm of certified public accountants regarding sufficiency of the escrow and a defeasance legal opinion. Such opinions and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities shall require the delivery of a Verification

Report, an opinion of Bond Counsel that such substitution will not adversely affect the exclusion (if interest on the Series 2015 Bonds is excludable) from gross income of the holders of the Series 2015 Bonds of the interest on the Series 2015 Bonds for federal income tax purposes and the prior written consent of BAM.

(b) The Board will not exercise any prior optional redemption of Series 2015 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The Board shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

3. Paying Agent.

(a) BAM shall receive prior written notice of any name change of the Paying Agent for the Series 2015 Bonds or the resignation or removal of the Paying Agent. Any Paying Agent must be (i) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (ii) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (iii) otherwise approved by BAM in writing.

(b) No removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to BAM, shall be qualified and appointed.

4. Amendments, Supplements and Consents. BAM's prior written consent is required for all amendments and supplements to this Resolution, with the exceptions noted below. The Board shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Series 2015 Bonds.

(a) *Consent of BAM.* Any amendments or supplements to this Resolution shall require the prior written consent of BAM with the exception of amendments or supplements:

(i) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in this Resolution or in any supplement thereto, or

(ii) To grant or confer upon the Series 2015 Bondholders any additional rights, remedies, powers authority or security that may lawfully be granted to or conferred upon the Series 2015 Bondholders, or

(iii) To add to the conditions, limitations and restrictions on the issuance of Series 2015 Bonds under the provisions of the transaction documents other conditions, limitations and restrictions thereafter to be observed, or

(iv) To add to the covenants and agreements of the Board in the transaction documents other covenants and agreements thereafter to be observed by the Board or to surrender any right or power therein reserved to or conferred upon the Board.

(b) *Consent of BAM in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, this Resolution that requires the consent of holders of the Series 2015 Bonds or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

(c) *Consent of BAM in the Event of Insolvency.* Any reorganization or liquidation plan with respect to the Board must be acceptable to BAM in writing. In the event of any reorganization or liquidation of the Board, BAM shall have the right to vote on behalf of all holders of the Series 2015 Bonds absent a continuing failure by BAM to make a payment under the Bond Insurance Policy.

(d) *Consent of BAM Upon Default.* Anything in this Resolution to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default under this Resolution, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2015 Bonds or the Paying Agent for the benefit of the holders of the Series 2015 Bonds under this Resolution. Neither the Board nor the Paying Agent may waive any default or event of default without BAM's written consent.

(e) *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default under this Resolution, BAM shall be deemed to be the sole owner of the Series 2015 Bonds for all purposes under this Resolution, including, without limitations, for purposes of exercising remedies and approving amendments.

(f) *Consent of BAM for acceleration.* BAM's prior written consent is required as a condition precedent to and in all instances of acceleration; provided, however, acceleration is currently prohibited under the terms of this Resolution.

(g) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Series 2015 Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

(h) *Special Provisions for Insurer Default.* If an Insurer Default (as defined below) shall occur and be continuing under the Bond Insurance Policy, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (i) if at any time prior to or following an Insurer Default, BAM has made payment under the Bond

Insurance Policy, to the extent of such payment BAM shall be treated like any other holder of the Series 2015 Bonds for all purposes, including giving of consents, and (ii) if BAM has not made any payment under the Bond Insurance Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Bond Insurance Policy, in which event, the foregoing clause (i) shall control. For purposes of this paragraph (h), "Insurer Default" means: (A) BAM has failed to make any payment under the Bond Insurance Policy when due and owing in accordance with its terms; or (B) BAM shall (I) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (II) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (III) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (IV) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (V) make a general assignment for the benefit of creditors, or (VI) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Bond Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

5. BAM As Third Party Beneficiary. BAM is recognized as and shall be deemed to be a third party beneficiary of this Resolution and may enforce the provisions of this Resolution as if it were a party thereto.

6. Payment Procedure Under the Bond Insurance Policy. In the event that principal and/or interest due on the Series 2015 Bonds shall be paid by BAM pursuant to the Bond Insurance Policy, the Series 2015 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Board, the assignment and pledge of the Pledged Revenues and all covenants, agreements and other obligations of the Board to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Series 2015 Bonds.

In the event that on the second (2nd) Business Day prior to any payment date on the Series 2015 Bonds, Board reasonably believes it shall not have sufficient moneys to pay all principal of and interest on the Series 2015 Bonds due on such payment date, the Board shall immediately notify BAM or its designee on the same Business Day by telephone or electronic mail, of the amount of the expected deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Board or the Paying Agent shall so notify BAM or its designee.

In addition, if the Paying Agent has notice that any holder of the Series 2015

Bonds has been required to disgorge payments of principal of or interest on the Series 2015 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Paying Agent shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2015 Bonds as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Series 2015 Bonds, the Paying Agent shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Series 2015 Bonds in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Series 2015 Bonds, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment from BAM with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Series 2015 Bonds, the Paying Agent shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Series 2015 Bonds in any legal proceeding related to the payment of such principal and an assignment to BAM of the Series 2015 Bonds surrendered to BAM, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment therefore from BAM, and (iii) disburse the same to such holders.

The Paying Agent shall designate any portion of payment of principal on the Series 2015 Bonds paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2015 Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2015 Bond to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Series 2015 Bond shall have no effect on the amount of principal or interest payable by the Board on any Series 2015 Bond or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Series 2015 Bonds disbursed by the Paying Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Board with respect to such Series 2015 Bonds, and BAM shall become the owner of such unpaid Series 2015 Bonds and claims

for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Board and the Paying Agent agree for the benefit of BAM that:

(a) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Paying Agent), on account of principal of or interest on the Series 2015 Bonds, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Board, with interest thereon, as provided and solely from the sources stated in the transaction documents and the Bonds; and

(b) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Series 2015 Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Series 2015 Bonds to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

7. Additional Payments. The Board agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of this Resolution ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Board agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate (as defined below), compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Board agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Bond Insurance Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Board, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. The Board hereby covenants and agrees that the BAM Reimbursement Amounts are secured by a lien on and pledge of the Pledged Funds and payable from such Pledged Funds on a parity with debt service due on the Series 2015 Bonds.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2015 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

8. Construction Fund. Unless BAM otherwise directs, upon the occurrence and continuance of an Event of Default under this Resolution or an event which with notice or lapse of time would constitute an Event of Default under this Resolution, amounts on deposit in the Series 2015 Subaccount of the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Series 2015 Bonds.

9. Exercise of Rights by BAM. The rights granted to BAM under this Resolution to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Bond Insurance Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Series 2015 Bonds and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Series 2015 Bonds or any other person is required in addition to the consent of BAM.

BAM shall be entitled to pay principal or interest on the Series 2015 Bonds that shall become Due for Payment (as such terms are defined in the Bond Insurance Policy) but shall be unpaid by reason of Nonpayment by the Board (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Series 2015 Bonds as a result of acceleration of the maturity thereof in accordance with this Resolution, whether or not BAM has received a claim upon the Bond Insurance Policy.

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 the Insurer 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, the form of which is attached hereto as Exhibit D, by the Underwriter for the purpose of offering the Series 2015 Bonds for sale is hereby ratified. 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 2015 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 Underwriter with such changes, amendments, modifications, deletions, 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 2015 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.

The authority of the Superintendent or his designee to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") in the form as mailed is hereby ratified. Execution of a bond by the Superintendent or his designee deeming the Preliminary Official Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes or modifications.

SECTION 9.03. APPOINTMENT OF PAYING AGENT AND REGISTRAR. The Bank of New York Mellon Trust Company, N.A., 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. ESCROW AGREEMENT. The Chairman and the Superintendent are hereby authorized to execute an escrow deposit agreement (the "Escrow Agreement") and to deliver the Escrow Agreement to The Bank of New York Mellon Trust Company, N.A., which is hereby appointed as Escrow Agent. The Escrow Agreement shall be in substantially the form of the Escrow Agreement attached hereto as Exhibit E with such changes, amendments, modifications, deletions and additions, including the date of such Escrow Agreement, as may be approved by said Chairman and Superintendent. Execution by the Chairman and the Superintendent of the Escrow Agreement shall be deemed to be conclusive evidence of approval of such changes.

SECTION 9.05. 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, the Escrow Agreement or the Bond Insurance Policy or which are desirable or consistent with the requirements of the Resolution, the Purchase Agreement, the Escrow 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 Escrow 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 9.06. 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 9.07. REPEAL OF INCONSISTENT RESOLUTIONS. All ordinances, resolutions or parts thereof in conflict herewith including, without limitation,

the Original Resolution, are hereby superseded and repealed to the extent of such conflict.

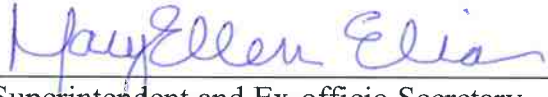
SECTION 9.08. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the School Board of Hillsborough County, Florida, as the governing body of the School District of Hillsborough County, Florida, this 17th day of February, 2015.



Chairman of the School Board of Hillsborough
County, Florida **SUSAN L. VALDES**

ATTEST:



Superintendent and Ex-officio Secretary
of the School Board of Hillsborough County,
Florida **MARYELLEN ELIA**

EXHIBIT A

2015 PROJECT

The 2015 Project shall include, but not be limited to, HVAC improvements at Coleman Middle School:

The 2015 Project is subject to amendment or modification by the Board so long as any substituted items constitute capital expenditures for educational facilities in accordance with the Act.

EXHIBIT B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

EXHIBIT D

FORM OF PRELIMINARY OFFICIAL STATEMENT

EXHIBIT E
FORM OF ESCROW DEPOSIT AGREEMENT

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX D

FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A., WITH RESPECT TO THE SERIES 2015 BONDS

Upon delivery of the Series 2015 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2015 Bonds in substantially the following form:

(Date of Delivery)

School Board of Hillsborough County, Florida
Tampa, Florida

Board Members:

In our capacity as Bond Counsel, we have examined a record of proceedings relating to the issuance by the School Board of Hillsborough County, Florida (the "Board"), as governing body of the School District of Hillsborough County, Florida (the "District"), of its \$6,000,000 School Board of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds, Series 2015 (the "Series 2015 Bonds").

The Series 2015 Bonds are issued under and pursuant to the Laws of the State of Florida, including, particularly, Chapter 20244, Laws of Florida (1941), Chapter 71-680, Laws of Florida (1971), Section 212.20, Florida Statutes, Chapter 550, Florida Statutes and Part II, Chapter 1001, Florida Statutes and other applicable provisions of law (collectively, the "Act"), and under and pursuant to an Amended and Restated Capital Improvement and Refunding Revenue Bond Resolution duly adopted by the Board on February 17, 2015, as the same may be amended and supplemented from time to time (the "Resolution"). All capitalized terms not otherwise defined herein shall have such meaning ascribed to them in the Resolution.

The Series 2015 Bonds are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The Series 2015 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 Resolution and set forth in the Purchase Agreement executed in connection with the sale of the Series 2015 Bonds. Interest shall be payable on February 1 and August 1 of each year, commencing on August 1, 2015. The Series

2015 Bonds are subject to redemption prior to maturity as provided in the Resolution and set forth in the Purchase Agreement.

The Series 2015 Bonds are issued for the principal purpose of providing funds to (a) refund, on a current basis, the District's outstanding Capital Improvement Revenue Bonds, Series 1998, (b) finance the acquisition, construction and installation of certain capital improvements at various educational facilities in the District, as more particularly described in the Resolution and (c) pay the costs incurred for the issuance of the Series 2015 Bonds, including the premium for a municipal bond insurance policy.

Certain proceeds of the Series 2015 Bonds, together with other legally available moneys of the Board, shall be deposited into an escrow deposit trust fund (the "Escrow Fund") established pursuant to an Escrow Deposit Agreement between the Board and The Bank of New York Mellon Trust Company, N.A., dated as of the date hereof, in an amount sufficient to pay 100% of the accreted value of the Refunded Bonds, as the same become due upon redemption thereof as provided in such Escrow Deposit Agreement.

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 related thereto and to the issuance of the Series 2015 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 Board has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution, 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), 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 Board is duly authorized and entitled to issue the Series 2015 Bonds, and the Series 2015 Bonds have been duly and validly authorized and issued by the Board in accordance with the Constitution and Laws of the State of Florida and the

Resolution. The Series 2015 Bonds constitute valid and binding obligations of the Board 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 2015 Bonds do not constitute a general obligation of the Board 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. No holder of the Series 2015 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the Board or the State of Florida or any political subdivision, agency or department thereof to pay the Series 2015 Bonds.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2015 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, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax. The opinions set forth above are 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 2015 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 2015 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2015 Bonds. The Board has covenanted to comply with all such requirements. Ownership of the Series 2015 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 2015 Bonds.

In rendering the opinions set forth above, we are relying upon the (a) arithmetical accuracy of certain computations included in schedules provided by Raymond James & Associates, Inc., relating to the adequacy of the cash deposited to the Escrow Fund to pay 100% of the accreted value of the Refunded Bonds and (b) verification of the arithmetical accuracy of such computations by Causey, Demgen & Moore, P.C., a firm of independent accountants.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution, the Series 2015 Bonds and the rights of the holders of the Series 2015 Bonds may be limited by 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.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Series 2015 Bonds and, in our opinion, the form of the Series 2015 Bonds is regular and proper.

Very truly yours,

APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated March 23, 2015, is executed and delivered by the SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA (the "Issuer") and DIGITAL ASSURANCE CERTIFICATION, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Governmental Accounting Standards Board, or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bond Resolution" means the Amended and Restated Capital Improvement and Refunding Revenue Bond Resolution adopted by the Issuer on February 17, 2015 authorizing the issuance of the Bonds.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Representative" means the Assistant Superintendent, Business Operations or the Coordinator of Finance of the Issuer or their designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having 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) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports. (a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than June 1 of each fiscal year of the Issuer, commencing June 1, 2015. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the

categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material;"
9. "Defeasances;"
10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"
12. "Tender offers;"
13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to bond documents;"
4. "certain communications from the Internal Revenue Service;"
5. "secondary market purchases;"
6. "bid for auction rate or other securities;"
7. "capital or other financing plan;"
8. "litigation/enforcement action;"
9. "change of tender agent, remarketing agent, or other on-going party;"
10. "derivative or other similar transaction;" and
11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"
2. "change in fiscal year/timing of annual disclosure;"
3. "change in accounting standard;"
4. "interim/additional financial information/operating data;"
5. "budget;"
6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"
8. "consultant reports;" and
9. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports. (a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the financial information and operating data of the type included with respect to the Issuer, in the Official Statement, including but not limited to:

(a) Updates of information set forth in the Official Statement relating to:

1. Historic information for the District setting forth the amount of Pledged Funds (as defined in the Bond Resolution) received during the prior Fiscal Year and the amount thereof expended for debt service.

(b) Description of any additional series of Bonds issued under the Bond Resolution.

(c) Audited Financial Statements prepared in accordance with generally accepted accounting principles, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Governmental Accounting Standards Board will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance

with generally accepted accounting principles, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Governmental Accounting Standards Board will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events. (a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Certificate holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination

Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall, in a timely manner not in excess of ten business days after the occurrence of such Notice Event, file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing. (a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the Rule or the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure

Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior prepayment or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty (30) days written notice to the Disclosure Dissemination Agent, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent. (a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to

be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, prepayment or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

SCHOOL BOARD OF HILLSBOROUGH
COUNTY, FLORIDA, as Issuer

By: _____
Chair

EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	School Board of Hillsborough County, Florida
Obligated Person(s)	School Board of Hillsborough County, Florida
Name of Bond Issue:	School Board of Hillsborough County, Florida Capital Improvement and Refunding Revenue Bonds, Series 2015
Date of Issuance:	March 23, 2015
Date of Official Statement:	March 5, 2015

CUSIP Numbers:

43233NAZ1
43233NBA5
43233NBB3
43233NBC1
43233NBD9
43233NBE7
43233NBF4
43233NBG2
43233NBH0
43233NBJ6
43233NBK3
43233NBL1
43233NBM9
43233NBN7
43233NBP2
43233NBQ0
43233NBR8
43233NBS6

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: School Board of Hillsborough County, Florida

Obligated Person: School Board of Hillsborough County, Florida

Name(s) of Bond Issue(s): School Board of Hillsborough County, Florida Capital
Improvement and Refunding Revenue Bonds, Series
2015

Date(s) of Issuance: March 23, 2015

Date(s) of Disclosure Agreement: March 5, 2015

CUSIP Numbers:

43233NAZ1
43233NBA5
43233NBB3
43233NBC1
43233NBD9
43233NBE7
43233NBF4
43233NBG2
43233NBH0
43233NBJ6
43233NBK3
43233NBL1
43233NBM9
43233NBN7
43233NBP2
43233NBQ0
43233NBR8
43233NBS6

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.]

Dated: _____

DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Disclosure Dissemination Agent, on
behalf of the Issuer

cc:

EXHIBIT C-1 EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

School Board of Hillsborough County, Florida

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated March 23, 2015 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

School Board of Hillsborough County, Florida

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated March 23, 2015 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

School Board of Hillsborough County, Florida

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



FLORIDA

ENDORSEMENT TO

**MUNICIPAL BOND
INSURANCE POLICY**

NO.

This Policy is not covered by the Florida Insurance Guaranty Association created under Part II of Chapter 631 of the Florida Insurance Code.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer