This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 28, 2014

NEW ISSUE: FULL BOOK-ENTRY **Rating: Moody's: "_____"**
(See "NOTE RATING" herein)

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

$16,000,000*
SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA
TAX ANTICIPATION NOTES, SERIES 2014

Dated: Date of Delivery **Due: March 31, 2015**

The Tax Anticipation Notes, Series 2014 (the "Notes"), of the School District of Charlotte County, Florida (the "District") will be issued under the authority of Section 1011.13, Florida Statutes and pursuant to and subject to the terms and conditions of a resolution adopted by the School Board of Charlotte County, Florida (the "School Board") on August 12, 2014 (the "Resolution"), authorizing the issuance of the Notes. The Notes will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof and, when issued, will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). The Notes will be deposited with DTC, which will be responsible for maintaining a book-entry only system for recording the interests of its participants, which, in turn, will be responsible for maintaining records with respect to beneficial ownership interests of individual purchasers of the Notes. Purchasers of the Notes (the "Beneficial Owners") will not receive physical delivery of note certificates. As long as Cede & Co. is the registered owner of the Notes, principal and interest payments will be made by the Chief Financial Officer of the District, as Registrar and Paying Agent, directly to Cede & Co., as the registered owner. DTC will, in turn, remit such payments to its participants for subsequent disbursement to the Beneficial Owners. Interest on the Notes will be paid at maturity.

The Notes are not subject to redemption prior to maturity.

PAYMENT FOR THE PRINCIPAL AND INTEREST ON THE NOTES WILL BE MADE IN IMMEDIATELY AVAILABLE FUNDS (FEDERAL FUNDS).

Interest Rate: ____% **Yield: _____%** **Initial CUSIP Number: _________**

The principal of and interest on the Notes shall be payable from and secured by a lien upon (a) receipts of ad valorem taxes collected by the Tax Collector of Charlotte County, Florida for the benefit of the District during the 2014-2015 Fiscal Year (as defined herein), but only to the extent such tax receipts are levied or legally available for payment of operating expenses of the District (excluding ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes; or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes; or otherwise levied pursuant to Section 1011.71(2), Florida Statutes) and (b) amounts on deposit in the Note Payment Fund for the Notes; and, if necessary shall be additionally payable from, but not secured by, legally available funds of the District derived from sources other than ad valorem taxation.

ELECTRONIC BIDS ONLY FOR THE NOTES PURSUANT TO THE PROVISIONS OF THE OFFICIAL NOTICE OF SALE WILL BE RECEIVED BY THE SCHOOL BOARD OF CHARLOTTE COUNTY, FLORIDA, AT 11:00 A.M., LOCAL TIME ON SEPTEMBER 9, 2014 PURSUANT TO THE BIDCOMP PARITY® COMPETITIVE BIDDING SYSTEM. THIS PRELIMINARY OFFICIAL STATEMENT SHALL BE "DEEMED FINAL" BY THE DISTRICT AS OF ITS DATE FOR PURPOSES OF AND EXCEPT FOR CERTAIN OMISSIONS PERMITTED BY SEC RULE 15c2-12(b)(1).

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

The Notes are offered in full book-entry form, when, as, and if issued and received by the purchaser of the Notes and subject to the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel. Certain legal matters will be passed upon for the District by Wotitzky, Wotitzky, Ross & McKinley, Punta Gorda, Florida, Counsel to the School Board. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is acting as Disclosure Counsel to the School Board. Ford & Associates, Inc., Tampa, Florida, is serving as Financial Advisor to the District. It is expected that settlement for the Notes will occur through the facilities of DTC in New York, New York on or about September 17, 2014.

Dated: September __, 2014

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*Preliminary, subject to change.

SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA
PORT CHARLOTTE, FLORIDA

BOARD MEMBERS

Ian Vincent, Chairman
Lee Swift, Vice Chairman
Alleen Miller
Barbara Rendell
Robert Segur

DISTRICT OFFICIALS

Dr. Doug Whittaker, Superintendent of Schools
Gregory S. Griner, Chief Financial Officer

COUNSEL TO THE SCHOOL BOARD

Wotitzky, Wotitzky, Ross & McKinley
Punta Gorda, Florida

NOTE COUNSEL/DISCLOSURE COUNSEL

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

FINANCIAL ADVISOR

Ford & Associates, Inc.
Tampa, Florida

This Official Statement does not constitute an offer to sell the Notes in any state or other jurisdiction to any person to whom it is unlawful to make such offer in such state or jurisdiction. No dealer, salesman or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Notes, and if given or made, such information or representation must not be relied upon.

The information set forth herein has been furnished by the District, and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District or anyone acting on its behalf. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, except as stated herein, create any implication that there has been no change in the affairs of the District since the date hereof.

The Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in the Securities Act of 1933, as amended, will not be listed on any stock or securities exchange and neither the Securities and Exchange Commission nor any other Federal, state, municipal or other governmental entity, other than the School Board, has passed upon the accuracy or adequacy of this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.I-DEALPROSPECTUS.COM. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

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OFFICIAL STATEMENT
Relating to

$16,000,000*
SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA
TAX ANTICIPATION NOTES, SERIES 2014

INTRODUCTION

This Official Statement, including the cover page and the appendices, is provided by the School Board of Charlotte County, Florida (the "School Board" or "Board"), the governing body of the School District of Charlotte County, Florida (the "District"), a public body corporate and politic established and existing pursuant to Article IX, Section 4 of the Florida Constitution and the laws of the State of Florida (the "State"), including, particularly, Chapter 1001, Florida Statutes, in connection with the issuance and sale of the District's $16,000,000* Tax Anticipation Notes, Series 2014 (the "Notes"). The Notes are being issued pursuant to Chapter 1011.13, Florida Statutes and a resolution adopted by the School Board on August 12, 2014 (the "Resolution"), in anticipation of the receipt by the District of certain revenues during the fiscal year which commenced July 1, 2014, and ends June 30, 2015 (the "2014-2015 Fiscal Year"). See "SECURITY FOR THE NOTES" herein. The issuance of the Notes is consistent and in accordance with the District's annual financial planning procedures. The proceeds of the Notes may only be used to pay operating expenditures incurred or accrued during the 2014-2015 Fiscal Year.

The District derives its revenues primarily from ad valorem taxes levied by the District on taxable property located in Charlotte County, Florida (the "County") for the support of public schools and from State educational funds. The Notes are special obligations of the District and are secured as to principal and interest by a pledge of the receipts from certain ad valorem property taxes levied for the purpose of operations during the 2014-2015 Fiscal Year. See "SECURITY FOR THE NOTES" herein.

Pursuant to the Resolution, the District covenants to deposit said ad valorem tax receipts in a payment fund (the "Note Payment Fund") to be maintained and monitored by the District, on particular dates and in specified amounts until the amount so deposited equals the principal of and interest on the Notes due at maturity. See "SECURITY FOR THE NOTES" herein.

The District has covenanted and agreed for the benefit of the holders of the Notes to provide notices of certain material events, if any occur, pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

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* Preliminary, subject to change.

This Official Statement contains information concerning the District, the School Board, their finances, the sources of payment of the Notes and certain provisions contained in the Notes and the Resolution. All references herein to the Resolution, other agreements, documents and laws are qualified in their entirety by reference to the Resolution and each such agreement, document or law, and all references to the Notes are further qualified by reference to the definitive form thereof and information with respect thereto contained in the Resolution. The form of the Resolution is attached hereto as Appendix C. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution, unless the context clearly indicates a different meaning is intended.

DESCRIPTION OF THE NOTES

The Notes are authorized to be issued pursuant to the provisions of Chapter 1011.13, Florida Statutes, other applicable laws of the State of Florida, and the Resolution. The Notes will be dated their date of issuance (currently expected to be September 17, 2014) and will mature March 31, 2015. Interest on the Notes (calculated on a 360-day year basis) will be payable at maturity. Both the principal of and interest on the Notes shall be payable upon presentation and surrender at the principal office of the Chief Financial Officer of the District, as Registrar and Paying Agent. The Notes are <u>not</u> subject to redemption prior to maturity.

Purpose of Issue

The Note proceeds will be used to provide interim funds to pay operating expenses of the District prior to the receipt of budgeted revenues. Imbalances in the District's cash flow result from the timing of the receipt of ad valorem property taxes.

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The Notes 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 note, in the aggregate principal amount of such issue, will be issued for the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as defaults, and proposed amendments to the legal documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, as 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 School 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 District, as 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 Notes at any time by giving reasonable notice to the District, as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Notes 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, Notes will be printed and delivered to DTC.

SECURITY FOR THE NOTES

General

The Notes are special, limited obligations of the District, payable from (a) receipts of ad valorem taxes (the "Tax Receipts") collected by the Charlotte County Tax Collector for the benefit of the District during the 2014-2015 Fiscal Year, but only to the extent such tax receipts are levied or legally available for payment of operating expenses of the District and (b) amounts on deposit in the Note Payment Fund (collectively, the "Pledged Revenues"). Pledged Revenues shall not include ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the School Board pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes. If necessary, the Notes are additionally payable from, but are not secured by, the Non-Ad Valorem Funds of the District (defined in the Resolution as all legally available funds of the District or Board derived from sources other than ad valorem taxation).

NO OWNER OF ANY OF THE NOTES SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE SCHOOL BOARD, THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OR TAXATION IN ANY FORM ON ANY PROPERTY THEREIN FOR PAYMENT THEREOF, OR BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE BOARD OR THE DISTRICT, EXCEPT FOR THE PLEDGED REVENUES AND ANY NON-AD VALOREM FUNDS DEPOSITED IN THE NOTE PAYMENT FUND.

The School Board may issue additional obligations (including additional installments of Notes) payable from and secured by a lien upon the Pledged Revenues on a parity with the Notes, and may issue obligations having a first lien upon moneys of the District other than the Pledged Revenues and the moneys on deposit in the Note Payment Fund. The School Board covenants in the Resolution that it will not issue any (i) indebtedness of any kind payable from the Pledged Revenues which indebtedness is secured by a lien upon the Pledged Revenues superior to that of the Notes, (ii) obligations (other than additional installments of Notes) payable from or secured by a lien on the moneys on deposit in the Note Payment Fund, and (iii) additional obligations having an equal lien upon the Pledged Revenues if the issuance of such additional indebtedness would violate the provisions of Section 1011.13(1), Florida Statutes.

Note Payment Fund

In accordance with the terms of the Resolution, the District has established a fund designated the "Note Payment Fund." The District will make or cause to be made deposits of the Pledged Revenues and other revenues in the amounts and by the dates provided in the Resolution, as summarized below, into the Note Payment Fund to ensure the timely payment of the principal of and interest on the Notes.

The Tax Receipts will be received periodically throughout the 2014-2015 Fiscal Year. Pursuant to the Resolution, the District has covenanted to deposit the Tax Receipts into the Note Payment Fund in sufficient amounts so that the balance on deposit therein (as of the dates shown) is as follows: $___________ by January 15, 2015 (approximately one-third of the total principal and interest due on the Notes), $_____________ by February 15, 2015 (approximately two-thirds of the total principal and interest due on the Notes), and $_____________ by March 15, 2015, so that the balance on deposit therein on March 15, 2015, or the first business day thereafter, will equal the amount of principal and interest on the Notes at maturity.

If, on March 15, 2015, or the first business day thereafter, and continuously thereafter, there is not on deposit in the Note Payment Fund an amount (including Permitted Investments and the income or earnings to be received thereon) equal to all principal of and interest on the Notes at maturity, the Board shall designate the Note Payment Fund as its depository for the receipt of Pledged Revenues and continue such designation until such time as the amount in the Note Payment Fund, together with the earnings to be received thereon, is equal to all principal of and interest on the Notes at maturity.

Moneys on deposit in the Note Payment Fund shall be held solely for the payment of the Notes. Pending disbursement upon the Maturity Date of the Notes, such moneys may be invested, pursuant to the Resolution, at the direction of the District in investments which are, under Florida law, legal for the investment of surplus funds of school districts. Earnings on investments held in the Note Payment Fund shall be retained and reinvested in the Note Payment Fund until the amount on deposit in the Note Payment Fund, together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law except as otherwise provided in the Resolution.

The proceeds of the Notes are not pledged as security for payment of principal of and interest on the Notes and will be expended by the District to pay the costs of issuance of the Notes and to pay operating expenditures created by the District in accordance with its operating budget for the 2014-2015 Fiscal Year. The holders of the Notes will have no responsibility for the use of the proceeds of the Notes, and the use of such proceeds by the District will in no way affect the rights of such Noteholders.

THE SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA

The District is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes. The District covers the same geographic area as Charlotte County, Florida (the "County"). As of June 30, 2014, the District included 21 schools, 15,503 full-time equivalent ("F.T.E.") students, and 2,176 budgeted positions, of which 1,036 are teachers. Management of the schools of the District is independent of County and municipal governments. The County Tax Collector collects taxes for the School Board, but the County exercises no control over expenditures by the School Board.

The Board

The Board is a body corporate existing under the laws of the State of Florida. The Board is the governing body of the District, consisting of five members elected by districts within the District for overlapping four-year terms. Under existing law, the Board's duties and powers include, but are not limited to, the development of policies and rules for the efficient operation of the District, the acquisition, maintenance and disposition of school property within the District; the development and adoption of a school program for the District; the establishment, organization and operation of schools, including vocational and evening schools and the establishment and operation of programs for gifted students, special needs students and for students in residential care facilities; the appointment, compensation, promotion, suspension and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The Board also has broad financial responsibilities, including the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education. The present members of the Board, their respective offices and expiration of their respective current terms are as follows:

Name/Office	Current Term Expires
Ian Vincent, Chairman	November 2014
Lee Swift, Vice Chairman	November 2014
Alleen Miller	November 2016
Barbara Rendell	November 2016
Robert Segur	November 2016

Superintendent of Schools

The Superintendent of Schools is the chief executive officer and ex-officio Secretary to the District. The Superintendent, who is appointed by the School Board, oversees operations of the school system, makes policy recommendations to the School Board, and performs the duties assigned to him by law and the regulations of the State of Florida Department of Education.

The Superintendent also prepares the annual budget for approval by the School Board, recommends the tax levy based upon needs illustrated by the budget, recommends debt issuance or borrowing plans of the School Board when necessary, provides recommendations for investment of available funds, and keeps records with respect to all funds and financial transactions of the School Board.

Administration

Dr. Doug Whittaker, Superintendent, has held the position of Superintendent for Schools for the District since October 2010. Dr. Whittaker was formerly the Assistant Superintendent for Learning for the District and has been involved in Florida education for the past 41 years as a teacher, elementary and middle school principal, and central office administrator. Dr. Whittaker is recognized as one of south Florida’s leading trainers. He is a trainer for 7 Habits of Highly Effective People, FCAT, TESA, Interaction Management, Facilitative Leadership, School Improvement and Preventing School Violence. He has also served as an adjunct professor for National Louis University, University of South Florida, Barry University, and Nova Southeastern University. He has been a consultant to textbook companies and has several articles published in professional journals.

Gregory S. Griner, Chief Financial Officer, has served as the Chief Financial Officer for the District since 2006, having previously been Director of Finance for the District since 1986. He began his career in 1977, working as an auditor with the Office of the Auditor General, State of Florida. He held various positions with the Office of the Auditor General, attaining the position of Senior Public Accounts Auditor II prior to his appointment in 1983 to the position of Assistant Finance Officer for the District. Mr. Griner received a Bachelor of Science degree in Accounting and Business Administration from Trevecca Nazarene College and a Master's degree in Business Administration from the University of South Florida. A Certified Public Accountant, Mr. Griner holds membership in several professional organizations and is a director of the Florida School Finance Officer's Association.

Statistical Data

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

School District of Charlotte County, Florida
Summary of Statistical Data
Five-Year History

School Year	Number of Schools	Number of Classroom Instruction Personnel	Average F.T.E.[1] Enrollment	Expenditure per F.T.E. Student
2014-15[2]	21	1,074	15,503	$7,057
2013-14[3]	21	1,060	15,732	6,834
2012-13	21	1,076	15,997	6,398
2011-12	21	1,128	16,241	6,252
2010-11	21	1,058	16,285	7,039

(1) Full-time Equivalent.
(2) Tentatively budgeted figures.
(3) Estimated figures.
Source: School District of Charlotte County, Florida.

Employee Relations

The Board currently employs approximately 2,177 full- and part-time employees. More than 90% of those are represented by either the Charlotte FTP-NEA (instructional employees) or the Charlotte Support Personnel Association, FTP-NEA (non-instructional employees). The Board believes that the employee relations among all segments of the educational community have always been professional and conducive to resolving problems internally in the best interest of the District. The contract with the Charlotte FTP-NEA expires on June 30, 2016. The contract with the Charlotte Support Personnel Association, FTP-NEA expires on June 30, 2016.

Retirement and Other Postemployment Benefit Programs

State Retirement Program. The Board does not administer a separate retirement plan for its officers and employees. However, pursuant to law, all officers and salaried employees are, with minor exceptions, members of defined retirement plans of the State of Florida Division of Retirement. The retirement plans of the State of Florida consist of contributory and non-contributory benefit plans. The plans provide for retirement, death, and disability benefits and require contributions by employees and/or participating agencies as stated percentages of compensation set by law as determined from time to time by the State Legislature. The plans' accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits, and other plan related matters are the responsibility of the Florida Department of Administration, Division of Retirement, and are not computed on an individual agency basis.

The District's liability for participation in the plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions (including employee contributions) for the Fiscal Years ended June 30, 2012, June 30, 2013 and June 30, 2014 totaled $4,663,722, $4,662,219 and $4,212,698 (estimated), respectively, which were equal to the required contributions for each fiscal year.

The Florida Legislature also created a defined contribution program called the Public Employee Optional Retirement Program (PEORP). This program is administered by the Florida Retirement System as an option to the defined benefit plans, and is self-directed by the employee. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. Employer contributions are defined by law. The PEORP is funded by employer contributions that are based on salary and membership class. There were 508 District participants in PEORP during the 2013-14 Fiscal Year. Required employer contributions made by the District to the PEORP for the Fiscal Years ended June 30, 2014 totaled $1,542,447 (estimated). Additional information regarding the retirement programs is included in Note III, D. to the audited financial statements for the Fiscal Year ended June 30, 2013, attached as Appendix B hereto.

During its 2011 regular session, the State Legislature adopted legislation that made significant changes to the Florida Retirement System with respect to employee contributions and employer contributions, among other items. Effective July 1, 2011, all members of the Florida Retirement System were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class of the Florida Retirement System. For Fiscal Year 2010-11, contribution rates ranged from 9.85% to 20.92% of annual covered payroll. Under the adopted legislation, employer contribution rates initially ranged from 4.91% to 14.10% of annual covered payroll and for Fiscal Year 2012-13 ranged from 5.18% to 10.23% of annual covered payroll. Additionally, the legislation eliminated the cost of living adjustment for all Florida Retirement System employees for service earned on or after July 1, 2011, although the legislation does contemplate reinstatement of the adjustment in 2016 under certain conditions.

The other changes to the Florida Retirement System contained in the legislation only apply to employees who initially enrolled in Florida Retirement System on or after July 1, 2011. For personnel entering Florida Retirement System on and after July 1, 2011, the following changes apply: the average final compensation upon which retirement benefits are calculated are based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement, the Deferred Retirement Option Plan (DROP) is maintained but the interest accrual rate is reduced from 6.5% to 1.3%, the normal retirement age is increased from 62 to 65 and the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

Other Post Employment Benefit Program. In addition to its contributions under the State's retirement plans described above, the District provides other postemployment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy, by providing access to health insurance plans requiring the use of a single "blended" or "common" rate for both active and retired employees. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

As with all governmental entities of similar size providing similar plans, the District was required to comply with the Governmental Accounting Standard's Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefit Plans other than Pension Plans ("GASB 45") no later than its fiscal year ended June 30, 2008. The District had historically accounted for its OPEB contributions on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities to OPEB and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded.

The District's actuarial accrued liability related to OPEB, which approximates the present value of all future expected postretirement life and medical premiums and administrative costs which are attributable to the past service of those retired and active employees, at approximately $3,328,950 million as of January 1, 2012, the most recent actuarial valuation date. The District's annual required contribution ("ARC"), which is the portion of the total accrued actuarial liability allocated to the current fiscal year needed to pay both normal costs (current and future benefits earned) and to amortize the unfunded accrued liability (past benefits earned, but not previously provided for) was approximately $480,739 at June 30, 2013. The calculation of the accrued actuarial liability and the ARC is, by definition and necessity, based upon a number of assumptions, including interest rates on investments, average retirement age, life expectancy, healthcare costs per employee and insurance premiums, many of which factors are subject to future economic and demographic variations. The District's net projected, end-of-year OPEB obligation was $1,596,953 as of June 30, 2013, which takes into account the District's $242,698 contribution toward the OPEB liability during the Fiscal Year ended June 30, 2013.

While the District does not know at this time what its ultimate OPEB liabilities will be in connection with GASB 45 compliance in the future or how much of the related ARC's it will need to budget in future years, it expects its OPEB liability to be significant, but manageable within its normal budgeting process. Additional information regarding the District's OPEB liabilities is included in Note III, E. to audited financial statements for the Fiscal Year ended June 30, 2013, attached as Appendix B hereto.

Indebtedness

The following table summarizes the District's long-term debt outstanding as of June 30, 2014. Bonded debt of the District consists of various series of local and State Board of Education Bond issues.

Principal and interest on State Board of Education Bonds are secured by and payable from the State motor vehicle license taxes distributable to the District under State law. The responsibility for principal and interest payments, investment of funds, and reserve requirements for State Board of Education Bonds is administered by the State Board of Education and the State Board of Administration.

Payments on the Qualified Zone Academy Note and Qualified School Construction Bonds are derived from certain ad valorem tax revenues of the District received pursuant to Section 1011.71(2), Florida Statutes. Such ad valorem tax revenues are not pledged to secure the Notes and are not available to pay debt service on the Notes.

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School District of Charlotte County, Florida

Long-Term Debt by Issue
As of June 30, 2014

Issue	Original Principal Amount	Principal Outstanding as of 6/30/14
Notes		
Qualified Zone Academy Note, Series 2006[(1)]	$ 5,000,000	$ 5,000,000
Certificates of Participation		
Qualified School Construction Bonds, Series 2010[(2)]	$60,000,000	$60,000,000
State Board of Education Bonds		
Series 2005B	$ 4,160,000	$ 1,960,000
Series 2009A Refunding	325,000	125,000
Total	$69,485,000	$67,085,000

(1) With respect to such note, the District is required to make annual sinking fund payments of $242,708.40 in the years 2007 through 2022, inclusive. Such sinking fund installments are being invested pursuant to a guaranteed investment contract. The interest earnings, combined with the sinking fund installments, are expected to produce funds necessary to retire the $5,000,000 amount due on November 27, 2022.

(2) With respect to such bonds, the District is required to make annual sinking fund payments of $3,529,412 in the years 2011 through 2027, inclusive. Such sinking fund installments are expected to be invested pursuant to a guaranteed investment contract. The District will receive a credit against its sinking fund payment each year based on interest earnings on the guaranteed investment contract over the prior year. The interest earnings, combined with the sinking fund installments, are expected to produce funds necessary to retire the $60,000,000 amount due on May 1, 2027.

Source: School District of Charlotte County.

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Direct, Underlying and Overlapping Debt and Debt Ratios

The following table presents a statement of direct and overlapping debt for the District.

The School District of Charlotte County, Florida
Debt Statement
As of June 30, 2014

	General Obligation Debt	Non-Self Supporting Debt	Self Supporting Debt
DIRECT DEBT			
Notes:			
Qualified Zone Academy Note, Series 2006		$5,000,000	
Certificates of Participation:			
Qualified School Construction Bonds, Series 2010		60,000,000	
State School Bonds:			
Series 2005B			$1,960,000
Series 2009A Refunding			125,000
Total Direct Debt	$ 0	$65,000,000	$2,085,000
OVERLAPPING[(1)]			
Utility System Refunding Revenue Bonds, Series 2006			$24,030,000
Utility System Refunding Revenue Bonds, Series 2008			22,590,000
Utility System Refunding Revenue Bonds, Series 2011			61,315,000
Utility System Refunding Revenue Bonds, Series 2013			41,385,000
Capital Improvement Revenue Bonds, Series 2007		$22,775,000	
Limited General Obligation Bond, Series 2012	$38,925,000		
Notes, Loans, Commercial Paper or Equipment and other		76,345,138	15,842,399
Total Overlapping Debt	$38,925,000	$99,120,138	$165,162,399
Total Direct and Overlapping Debt	$38,925,000	$164,120,138	$167,247,399

(1) Overlapping debt consists of the debt of Charlotte County; Overlapping debt figures as of September 30, 2013.

Source: School Board of Charlotte County, Florida; Comprehensive Annual Financial Report of Charlotte County, Florida for the Fiscal Year ended September 30, 2013.

The School District of Charlotte County, Florida
Summary of Direct and Overlapping Debt
As of June 30, 2014

	Total Outstanding Debt	Percentage of Total Taxable Assessed Valuation[1]	Per Capita[2]
General Obligation			
Direct	$ -0-	0.0000%	$ 0.00
Overlapping[3]	38,925,000	0.2797	236.29
TOTAL	$ 38,925,000	0.2797%	$ 236.29
Non Self-Supporting Debt			
Direct	$ 65,000,000	0.4671%	$ 394.57
Overlapping[3]	99,120,138	0.7122	601.69
TOTAL	$164,120,138	1.1793%	$ 996.26
Self-Supporting Debt			
Direct	$ 2,085,000	0.0150%	$ 12.66
Overlapping[3]	165,162,399	1.1868	1,002.54
TOTAL	$167,247,399	1.2018%	$1,015.25
TOTAL DIRECT DEBT	$ 67,085,000	0.4820%	$ 407.23
TOTAL OVERLAPPING DEBT	$303,207,537	2.1787%	$1,840.57
Total Assessed Valuation Per Capita[1][2]	$ 85,025.55		

(1) Based upon preliminary 2014 Taxable Assessed Valuation of $13,916,896,537. Such figure is subject to adjustment.
(2) Based upon 2013 population estimate of 164,736.
(3) Calculations based upon figures as of September 30, 2013.
Notes: The District debt includes State Board of Education Bonds which are secured by State Motor Vehicle License taxes.
Source: School Board of Charlotte County, Florida; Comprehensive Annual Financial Report of Charlotte County, Florida for the Fiscal Year ended September 30, 2013.

Accounting and Funds

Pursuant to Section 11.45, Florida Statutes, the financial operations of the District are subject to annual audit. The District is required to use independent auditors at least two out of every three fiscal years with the Auditor General of the State of Florida auditing the District's financial operations once every three years. The District's Audited Financial Statements for the Fiscal Year ended June 30, 2013 are included herein as Appendix B. Such statements were audited by the Office of the Auditor General of the State of Florida. See "APPENDIX B - Excerpted Pages from the Audited Financial Statements of the School District of Charlotte County, Florida for the Fiscal Year ended June 30, 2013," for an explanation of the scope and objectives of the auditor's reports.

The financial and accounting practices of the School Board are designed to conform to generally accepted accounting principles applied to governmental units. The School Board implemented the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments ("GASB 34"), and related GASB pronouncements, during the Fiscal Year ended June 30, 2002. GASB 34 created new basic financial statements for reporting the School Board's financial activities. In addition to fund-basis financial statements, the financial statements now include government-wide financial statements prepared on the accrual basis of accounting that split the School Board's programs between governmental and business-type activities. The organization of such financial statements for the Fiscal Year 2012-13 was generally as follows:

Basis of Presentation.

Government-wide Financial Statements – Government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary financial activity of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separated component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is reported as unallocated.

Fund Financial Statements – The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component unit. Separate statements for each fund category - governmental, proprietary, 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 nonmajor funds.

Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Special Revenue - *Federal Economic Stimulus Fund* - to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA).

Special Revenue - *Other Federal Programs Fund* - to account for certain Federal grant program resources.

Debt Service - *Federal Economic Stimulus Fund* - to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs on the District's qualified school construction bonds (QSCBs).

Capital Projects - *Federal Economic Stimulus Fund* - to account for resources from the District's QSCBs to be used for educational capital outlay needs.

Capital Projects - *Local Capital Improvement Fund* - to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service thereon.

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

Internal Service Funds – to account for the District's employee benefits program and the financing of the Special Projects Center Consortium, for which the District is the predominant participant and fiscal agent.

Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected at several schools in connection with school, student athletic, class and club activities.

See "APPENDIX B - Excerpted Pages From the Audited Financial Statements of the School District of Charlotte County, Florida for the Fiscal Year Ended June 30, 2013."

Budget Process

State law requires the School Board to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following the County Appraiser's official certification of taxable property, which usually occurs on or about July 1. The School Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. The School Board adopted its tentative budget for the 2014-2015 Fiscal Year on July 29, 2014. Thereafter, the County Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The School Board expects to adopt the final Budget for the 2014-2015 Fiscal Year on September 9, 2014.

The Superintendent of Schools is responsible for preparing the tentative budget for recommendation to the School Board. Florida law requires the School Board to adopt and maintain a balanced budget, in which anticipated revenues less certain required deductions combined with beginning fund balances equal appropriations. Generally, the final budget is substantially the same as the tentative budget since the School Board's hiring plans and materials purchases have been determined before the final budget is adopted.

Auditing System

In addition to local internal audits, two other budget reviews are conducted. The Department of Education conducts regular financial compliance reviews of each school district to ensure that local districts comply with state regulations. In conjunction with this review, the Financial Management Section of the Department of Education reviews the cost reporting system of each district to ensure that the Financial and Program Costs Accounting and Reporting for Florida Schools is being properly implemented by the School Board.

General Fund Operations

The District's general fund revenues are derived from Federal and state appropriations and local sources. The District's two major sources of funds from the State are basic and categorical funding from the Florida Education Finance Program (FEFP). FEFP categorical funds are restricted to the specific purposes for which they are authorized. To participate in FEFP funding, each school district must levy a minimum millage for operation purposes which is set by the Florida State Board of Education. The total operating millage for the general fund, including such required minimum millage for operating purposes, of the District for 2014-2015 is tentatively budgeted at 5.865 mills.

The state legislature appropriates funds for FEFP. The level of funding received by each school district is then determined in accordance with state law, particularly Chapter 1011, Florida Statutes.

The following table summarizes results of operations for the general fund for the three Fiscal Years ending June 30, 2011 through 2013 (audited) and Fiscal Year ended June 30, 2014 (estimated) and the tentative general fund operating budget for the 2014-2015 Fiscal Year.

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School District of Charlotte County, Florida
Statement of Operations for the General Fund
Fiscal Years 2011-2015

	Audited			Estimated	Tentative Budget
	Actual 2011	Actual 2012	Actual 2013	2014	2015
REVENUES:					
Federal	$ 156,955.41	$ 176,188.93	$ 176,877.67	$ 173,325.09	$ 175,000.00
Federal through State and Local	663,617.81	962,153.80	963,270.19	1,106,466.00	1,080,000.00
State Sources	26,295,133.92	28,831,603.02	33,570,414.93	35,639,405.57	34,368,340.00
Local	92,718,306.68	79,890,677.02	78,459,957.39	81,035,868.29	82,806,792.00
Total Revenues	$119,834,013.82	$109,860,622.77	$113,170,520.18	$117,955,064.95	$118,430,132.00
EXPENDITURES:					
Current - Education:					
Instruction	$71,116,712.75	$ 73,300,612.10	$ 69,932,499.69	$ 73,633,352.32	76,382,328.00
Pupil Personnel	7,911,154.64	7,432,631.10	6,491,331.03	6,850,565.68	7,383,271.00
Instructional Media	2,118,216.50	1,579,553.57	1,264,834.45	1,331,610.24	1,370,960.00
Instruction & Curriculum Development	3,367,425.10	3,178,928.91	2,672,401.08	2,976,761.21	2,897,795.00
Instructional Staff Training	1,126,240.78	1,166,658.83	1,248,131.63	1,233,425.37	1,225,467.00
Instructional Related Technology	488,118.32	593,152.20	787,579.33	782,328.47	978,372.00
Board of Education	779,755.14	778,457.83	682,183.11	650,577.24	684,062.00
General Administration	457,538.94	316,031.38	308,342.83	342,807.28	340,883.00
School Administration	7,858,045.69	8,167,248.68	8,500,802.86	9,001,808.47	9,202,749.00
Facilities Acquisition and Construction	--	--	--	--	--
Fiscal Services	1,056,764.44	1,015,552.08	891,688.10	1,013,098.53	979,071.00
Central Services	2,707,880.24	2,325,980.14	2,910,970.40	2,843,063.78	2,881,541.00
Pupil Transportation	6,461,387.90	6,178,124.28	5,933,801.70	6,243,123.32	6,561,025.00
Operation of Plant	11,879,144.67	11,409,220.10	11,202,636.03	11,688,135.70	11,793,976.00
Maintenance of Plant	3,749,968.39	3,603,020.16	3,713,391.16	3,897,466.89	3,848,756.00
Administrative Technology Services	1,365,401.16	1,316,247.59	1,320,402.01	1,434,502.17	1,477,905.00
Community Services	117,314.89	149,967.03	105,166.15	184,124.33	191,472.00
Fixed Capital Outlay	21,356.18	--	18,179.07	--	--
Debt Service	--	69,470.06	74,686.86	76,037.12	100,000.00
Total Expenditures	$122,582,425.73	$122,580,856.04	$118,059,027.49	$124,182,788.12	$128,299,633.00
Excess (Deficiency) of Revenues Over Expenditures	(2,748,911.91)	(12,720,233.27)	(4,888,507.31)	(6,227,723.17)	(9,869,501.00)
Other Financing Sources (Uses)	4,586,301.65	4,917,242.58	6,971,399.45	6,838,527.78	5,925,000.00
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ 1,837,889.74	($ 7,802,990.69)	$ 2,082,892.14	$ 610,804.61	($ 3,944,501.00)
Beginning Fund Balance	$14,710,111.58	$16,548,001.32	$ 8,745,010.63	$ 10,827,902.77	$11,438,707.78
Ending Fund Balance	$16,548,001.32	$ 8,745,010.63	$10,827,902.77	$ 11,438,707.38	$ 7,494,206.38

Sources: School District of Charlotte County, Florida Annual Financial Report for the Fiscal Years ended June 30, 2011, 2012 and 2013. Estimated figures for the Fiscal Year ended June 30, 2014 and Tentative Budget figures for the Fiscal Year ended June 30, 2015 provided by the School District of Charlotte County, Florida.

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund balance not classified as restricted, committed or nonspendable in the approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. The section further requires that if the General Fund balance not classified as restricted, committed or nonspendable is projected to fall below two percent (2%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. Within 14 days after receiving such notification of a balance below two percent (2%), if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements. In Fiscal Year 2013-14, the District's estimated General Fund balance not classified as restricted, committed or nonspendable was 9.8% of General Fund revenues. For Fiscal Year 2014-15, the District’s General Fund balance not classified as restricted, committed or nonspendable is projected to be 6.2% of General Fund revenues.

Cash and Investments

As of June 30, 2014, the District held cash and investments of $7.4 million and $0.28 million, respectively, in its General Fund.

Cash Management

The 2013-14 Fiscal Year cash flow presented in the following table was prepared from financial records of the District.

The second table presents a projected General Fund cash flow for the 2014-2015 Fiscal Year. The cash flow is based on the 2014-2015 Fiscal Year tentative budget and historical experience adjusted to reflect current economic conditions. The 2014-2015 Fiscal Year cash flow projection is based on the disbursement requirements for the entire Fiscal Year, including certain disbursements which could take place in the 2014-2015 Fiscal Year, but which are not in 2014-2015 Fiscal Year tentative budget expenditures, such as certain advances to other funds and provisions for contingencies. Revenue projections reflect the anticipation dates of receipt of funds provided under the Florida Education Finance Program (FEFP) and other state programs, and the expected timing of receipt of tax revenues collected by the County for the District. Ad valorem taxes shown in these tables reflect the general operating levy.

SCHOOL BOARD OF CHARLOTTE COUNTY, FLORIDA
Cash Flow Analysis - General Fund
For the Fiscal Period July 1, 2013 to June 30, 2014
(In $000's)

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Opening Cash Balance	9,617	11,138	5,250	15,420	8,050	15,971	49,930	48,040	44,420	24,635	23,249	7,245	9,617
Receipts													
Federal	6	0	238	49	35	278	71	13	167	52	6	363	1,278
State													
FEFP	1,233	985	985	985	985	2,349	1,113	1,113	1,113	1,113	1,073	1,073	14,120
Categorical and all Others	1,656	1,717	1,754	1,728	1,687	1,756	1,753	1,722	2,396	1,787	1,801	1,764	21,521
Total State	2,889	2,702	2,739	2,713	2,672	4,105	2,866	2,835	3,509	2,900	2,874	2,837	35,641
Local													
Ad Valorem Tax	2,231	0	122	26	15,267	43,576	4,269	2,784	1,871	5,566	1,133	379	77,223
Miscellaneous	547	210	274	210	225	202	222	532	275	193	262	525	3,678
Total Local	2,778	210	396	236	15,492	43,778	4,491	3,316	2,146	5,759	1,395	904	80,901
Interfund Borrowing and Transfers	0	0	0	0	0	0	0	0	0	1,200	0	5,725	6,925
TAN Proceeds			16,000										16,000
Total Receipts	5,673	2,912	19,373	2,998	18,199	48,161	7,428	6,164	5,822	9,911	4,275	9,829	140,745
Disbursements													
Salaries and Benefits	2,785	7,329	7,527	7,964	9,018	12,975	8,000	8,290	8,357	7,868	18,913	5,765	104,791
Services and Supplies and Other	1,367	1,471	1,676	2,404	1,260	1,227	1,318	1,494	1,250	3,429	1,366	1,083	19,345
Advances and Transfers			0	0	0	0			0			100	100
TAN Principal Repayment									16,000				16,000
Total Disbursements	4,152	8,800	9,203	10,368	10,278	14,202	9,318	9,784	25,607	11,297	20,279	6,947	140,236
Ending Cash Balances	11,138	5,250	15,420	8,050	15,971	49,930	48,040	44,420	24,635	23,249	7,245	10,126	10,126

SCHOOL BOARD OF CHARLOTTE COUNTY, FLORIDA
Projected Cash Flow Analysis - General Fund
For the Fiscal Period July 1, 2014 to June 30, 2015
(In $000's)

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Opening Cash Balance	10,126	11,954	6,374	16,233	8,826	17,181	51,855	49,829	45,783	27,240	24,485	7,933	10,126
Receipts													
Federal	35	270	0	35	270	0	35	0	270	35	0	305	1,255
State													
FEFP	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	14,232
All Other State	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678	1,678	20,136
Total State	2,864	2,864	2,864	2,864	2,864	2,864	2,864	2,864	2,864	2,864	2,864	2,864	34,368
Local													
Ad Valorem Tax	2,384	0	124	26	15,459	44,125	4,323	2,819	1,895	5,636	1,147	413	78,352
Miscellaneous	824	371	371	371	371	371	371	371	371	371	371	-81	4,455
Total Local	3,208	371	495	398	15,831	44,496	4,694	3,190	2,266	6,007	1,519	332	82,807
Remittances and Transfers	0	0		0	0	1,975	0	0	1,975	0	0	1,975	5,925
TAN Proceeds			16,000	0									16,000
Total Receipts	6,107	3,505	19,359	3,297	18,965	49,335	7,593	6,054	7,375	8,906	4,383	5,476	140,355
Disbursements													
Salaries and Benefits	2,943	7,484	7,686	8,132	9,208	13,249	8,169	8,465	8,534	8,034	19,313	5,916	107,132
Services and Supplies and Other	1,337	1,601	1,814	2,571	1,402	1,412	1,450	1,635	1,384	3,628	1,622	1,312	21,167
Advances and Transfers					0	0			0			0	0
TAN Principal Repayment							0	0	16,000				16,000
Total Disbursements	4,280	9,084	9,500	10,703	10,610	14,661	9,619	10,100	25,917	11,662	20,934	7,228	144,300
Ending Cash Balances	11,954	6,374	16,233	8,826	17,181	51,855	49,829	45,783	27,240	24,485	7,933	6,181	6,181

REVENUES OF THE DISTRICT

The District derives its revenues from certain State and local sources. The major categories of these revenue sources are briefly described under the following sub-headings.

Local Revenue Sources

Local revenue for school district support is derived almost entirely from real and tangible personal property taxes described in "AD VALOREM TAX PROCEDURES" herein. School districts in the State are permitted to levy ad valorem property taxes separately for (i) operational purposes, (ii) the payment of debt service, and (iii) capital outlays and maintenance of school facilities. The amount of each such levy is subject to various constitutional and statutory limitations. See "- Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" herein. In addition, the District earns interest on cash invested and collects other miscellaneous revenues.

For operational purpose, the Florida Legislature annually places requirements on each school district to levy a millage rate that is defined by law to be the "district required local effort" for those school districts desiring to participate in the allocation of state funds available to school districts. The District's required local effort was 5.096 mills for 2011-12, 5.243 mills for 2012-13, 5.333 mills for 2013-14 and is tentatively budgeted at 5.865 mills for Fiscal Year 2014-15. Included in such required local effort millage for 2012-13, 2013-14 and 2014-15 is a Prior Period Funding Adjustment Millage of 0.079 mills, 0.097 mills and 0.053 mills, respectively, as authorized by Section 1011.62(4)(e), Florida Statutes. Such Prior Period millage is levied when the preliminary taxable value for prior years is greater than the final taxable value for such years, thereby resulting in lower than expected revenues from the required local effect millage. School boards are also authorized to levy a "discretionary millage" for operations, not to exceed an amount established annually by the Legislature. The discretionary millage was 0.748 mills for each of 2011-12, 2012-13 and 2013-14 and is tentatively budgeted to be 0.748 mills for Fiscal Year 2014-15.

Budgeted revenues from ad valorem taxes are based on applying millage levies to ninety-six percent (96%) of the non-exempt assessed valuation of real and personal property. Historically, the local taxes have been received at less than one hundred percent (100%) of assessed valuation due to the discounts for early payment. The County usually collects approximately ninety-six percent (96%) of the levied taxes. Ad valorem tax receipts for operating purposes decreased from $76.10 million for the 2011-12 Fiscal Year to $73.88 million for the 2012-13 Fiscal Year. Ad valorem tax receipts for operating purposes were estimated to be $77.37 million for the 2013-14 Fiscal Year and are tentatively budgeted to be $79.37 million for the 2014-15 Fiscal Year.

Historical millage rates (tax per $1,000 of assessed value) are as follows:

	2011-12	2012-13	2013-14	2014-15[1]
Required Local Effort	5.096	5.243[2]	5.333[2]	5.117
Discretionary	0.748	0.748	0.748	0.748
Total Operating Millage	5.844	5.991	6.081	5.865
Capital Outlay	1.500	1.500	1.500	1.500
Total Millage	7.344	7.491	7.581	7.365

(1) Tentatively budgeted figures.
(2) Includes 0.079 mills, 0.097 mills and 0.053 mills Prior Period Adjustment Millage Levy for Fiscal Years 2012-13, 2013-14 and 2014-15, respectively. See "REVENUES OF THE DISTRICT - Local Revenue Sources" above.

The School Board levies each year a non-voted, real and tangible personal property tax millage, known as the "Local Option Millage Levy," for capital outlay and maintenance purposes. In its 2008 session, the Florida Legislature reduced the maximum amount of the levy from the 2.00 mills then in effect to 1.75 mills and in its 2009 session, the Florida Legislature further reduced the maximum levy from 1.75 mills to 1.50 mills (see "– Recent Legislative Initiatives and Constitutional Amendments Relating to Ad Valorem Taxes" below). This levy may be used for new construction and remodeling; site acquisition and site improvement; auxiliary or ancillary facilities; maintenance, renovation, and repair of existing school plants; school bus purchases; new and replacement equipment and computer hardware; payment of costs directly related to compliance with state and federal environmental laws; payment of leasing relocatable education facilities and of renting and leasing educational facilities pursuant to Section 1013.15, Florida Statutes; payment of loans approved pursuant to Section 1011.14 and 1011.15, Florida Statutes; and amounts payable pursuant to lease-purchase agreements for educational facilities and sites. Pursuant to a change in applicable law (see "- Recent Initiatives and Constitutional Amendments Relating to Ad Valorem Taxes" below), and except as described in the next paragraph, the District is currently limited to levying a Local Option Millage Levy of 1.50 mills. The School Board is not required to levy any millage for capital outlay purposes in the future, but levied the full 1.50 mills for Fiscal Years 2011-12, 2012-13 and 2013-14 and is tentatively budgeted to levy 1.50 mills for Fiscal Year 2014-15. The receipts of the Local Option Millage Levy are not pledged to, and cannot be used to pay debt service for, the payment of the Notes.

In the event that revenues generated from the Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make lease payments. Additionally, if the revenues generated from 1.50 mills is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical capital needs, a school board may elect to levy up to 0.25 mills for capital purposes in lieu of a like amount of discretionary operating millage. See "- Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" below.

Ad valorem tax receipts for capital and maintenance purposes decreased from \$19.58 million in Fiscal Year 2011-12 to \$18.51 million in Fiscal Year 2012-13 and were estimated to be \$19.06 million in Fiscal Year 2013-14. The District has tentatively budgeted approximately \$20.04 million of ad valorem tax receipts for capital and maintenance purposes for Fiscal Year 2014-15.

In addition to the School Board levies, qualified electors, by referendum, may vote an additional millage levy for operational and capital outlay purposes, as prescribed by the Florida Constitution and applicable statutes. Before a school district may issue general obligation bonds, qualified electors within the district must approve a millage levy to pay the principal of and interest on such bonds. The School Board did not levy any debt service millage for the 2011-12, 2012-13 and 2013-14 Fiscal Years and is not tentatively budgeted to levy any debt service millage for the 2014-15 Fiscal Year as it no longer has any outstanding general obligation bonds.

State Revenue Sources

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

The major portion of State support is distributed under the provisions of the FEFP, which was enacted by the Florida Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis using a formula that takes into account varying program cost factors and district cost differentials. The program cost factors which are used to determine the level of each school district's FEFP funding are determined by the Florida Legislature. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the weighing formula. In addition, the level of State funding is adjusted during each year to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in the County. General Fund receipts from FEFP were \$7.12 million for the 2011-12 Fiscal Year and \$11.72 for the 2012-13 Fiscal Year. General Fund receipts from FEFP were an estimated \$14.11 million for the 2013-14 Fiscal Year and are tentatively budgeted to be \$14.23 million for the 2014-15 Fiscal Year.

FEFP categorical program receipts are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each district. Among the larger categorical programs are the programs for class size reduction, school bus transportation and instructional material. Allocations for these categorical appropriations are based on funding formula and discretionary State Department of Education grants. The majority of the funds available require actual appropriation by the School Board for the purposes for which they were provided. Total State categorical aid increased from $18.54 million for the 2011-12 Fiscal Year to $18.81 for the 2012-13 Fiscal Year. FEFP categorical receipts were an estimated approximately $18.34 million for the 2013-14 Fiscal Year. Of such amount, approximately $17.01 million was dedicated to fund a portion of the costs related to the Class Size Legislation described herein under "REVENUES OF THE DISTRICT- Constitutional Amendments Related to Class Size Reduction." FEFP categorical receipts are budgeted to be $17.52 million for Fiscal Year 2014-15.

The District also receives additional State educational funding from a variety of miscellaneous State programs. These sources include State mobile home license tax revenues and the Florida State Lottery.

State Budget. For 2013-14, the adopted State budget included an increase of approximately $1.05 billion in State funding for education including a $480 million increase in salaries for school personnel, retirement rate increases and growth. Pursuant to the adopted budget, funding in the State increased by approximately $400 per student or 6.5% over fiscal year 2012-13. As a result, the District estimated a net increase of approximately $5 million or 4.9% in State revenues for Fiscal Year 2013-14 as compared to Fiscal Year 2012-13.

For 2014-15, the adopted State budget includes an increase of approximately $175 million in State funding for K-12 education. As a result of the enacted budget, funding in the State is expected to increase by approximately $176 per student or 2.6% over fiscal year 2013-14. As a result of a decrease in student enrollment in the District and a higher percentage of local (as opposed to State) funding, the District expects a net decrease of approximately $106,789 or 0.33% in State revenues for Fiscal Year 2014-15 as compared to Fiscal Year 2013-14.

Capital Outlay. State capital outlay revenues available to the District were $109,437 or approximately 0.56% of the District's total capital outlay revenues for Fiscal Year 2011-12. State capital outlay revenues available to the District were $116,035, or approximately 0.62% of the District's total capital outlay revenues for Fiscal Year 2012-13. State capital revenues available to the District were estimated to be $108,552, or approximately 0.56% of the District's total capital revenues for Fiscal Year 2013-14. State capital outlay revenues available to the District are tentatively budgeted to be $110,000, or approximately 0.54% of the District's total capital outlay revenues for Fiscal Year 2014-15.

The District also receives motor vehicle license revenues, also known as capital outlay and debt service ("CO&DS") funds. CO&DS funds can be used to make lease-purchase payments, but only if the lease-purchase facility appears on the project priority list (the "PPL") approved by the State Board of Education. The District received $109,437 of CO&DS funds in Fiscal Year 2011-12 and $116,035 in the 2012-13 Fiscal Year. The District estimates it received $108,552 in CO&DS funds in the 2013-14 Fiscal Year and is tentatively budgeted to receive $110,000 in such funds in the 2014-15 Fiscal Year.

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

Special Revenue Sources

The District also receives certain local, state and federal moneys, substantially all of which are restricted for specific programs. Programs funded with these special revenue sources in the past include school food service operations and programs financed through the Educational Handicapped Act, the Education Consolidation and Improvement Act and other federally financed programs.

Constitutional Amendments Related to Class Size Reduction and Pre-K Programs

Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010-11 school year. Amendment 9 and Section 1003.03, Florida Statutes, which implements Amendment 9, collectively, are referred to herein as the "Class Size Legislation."

The Class Size Legislation established constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. Such legislation generally provided for a phased-in compliance which would be determined on a school-by-school basis through and including Fiscal Year 2009-10, with final compliance on an individual classroom basis beginning in Fiscal Year 2010-11. In the event a school district was not in compliance with such requirements, the legislation provides that the State would reduce categorical funds due to such school district for operational purposes.

The Class Size Legislation further created an "Operating Categorical Fund for Class Size Reduction," the "Classroom for Kids Program," the "District Effort Recognition Grant Program" and the "Class Size Reduction Lottery Revenue Bond Program" to provide funding programs for capital outlays and operating expenditures necessary in relation to these mandated class size reductions.

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars.

Through Fiscal Year 2009-10, the District complied with the requirements of the Class Size Legislation which was based on the average class size at each school. Beginning in Fiscal year 2010-11, the requirements were based on the number of students in each individual classroom. As of the October 2013 Survey, the week during which Department of Education determines compliance with class size maximums, the District had 100% of the classrooms in compliance with the requirements of the Class Size Legislation.

Amendment 8 to the State Constitution provides that every 4-year old child in the State shall be offered a free, high quality pre-kindergarten learning opportunity by the State. Part V of Chapter 1002, Florida Statutes, creates a statewide Voluntary Pre-kindergarten Education Program (the "Pre-K Program"). Among other things, the Pre-K Program provides eligibility and enrollment requirements, authorizes parents to enroll their children in a school-year pre-kindergarten ("Pre-K") program delivered by a private Pre-K provider, a summer program delivered by a public school or private Pre-K provider or, if offered in a school district that meets class-size reduction requirements, a school year Pre-K program delivered by a public school. The Pre-K Program also requires school districts to deliver summer Pre-K programs and permits school districts to deliver school-year Pre-K programs. Additionally, the Pre-K Program appropriates State funds to finance the Pre-K programs and provides the method for calculating the funds allocated to each Pre-K program provider. The Pre-K Legislation provides State funding for the Pre-K programs.

Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes

Several amendments to the Florida Constitution affecting Ad Valorem Taxes have been approved by voters in the recent past including the following.

<u>Constitutional amendments related to ad valorem exemptions</u>. On January 29, 2008, in a special election held in conjunction with Florida's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. The amendments were effective for the 2008 tax year (2008-09 Fiscal Year for local governments). The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between $50,000 and $75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than $75,000. See "AD VALOREM TAX PROCEDURES – Property Assessment" for a description of the homestead exemption. This exemption does not apply to school district taxes.

2. Permits owners of homestead property to transfer their "Save Our Homes" benefit (up to $500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their "Save Our Homes" benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed further below, the Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. This exemption applies to all taxes, including school district taxes.

3. Exempts from ad valorem taxation $25,000 of the assessed value of property subject to tangible personal property tax. This limitation applies to all taxes, including school district taxes.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10-year period, subject to extension by an affirmative vote of electors. This limitation does not apply to school district taxes.

From time to time over the last few years, the Save Our Homes assessment cap and portability provision described above have been subject to legal challenge. The plaintiffs in such cases have generally argued that the Save Our Homes assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property, in violation of the State Constitution's Equal Protection provisions and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution and that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions. However, there is no assurance that any future challenges to such provisions will not be successful. Any potential impact on the District or its finances as a result of such challenges cannot be ascertained at this time.

<u>Exemption for Deployed Military Personnel</u>. In the November 2010 General Election, voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the

percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the legislature. This constitutional amendment took effect on January 1, 2011.

Reduction in Local Option Millage Levy. In 2008, Section 1011.71, Florida Statutes, was amended to reduce the maximum millage rate that school districts could levy for capital outlay and maintenance purposes (referred to in this Official Statement as the Local Option Millage Levy) from 2.0 mills to 1.75 mills commencing in Fiscal Year 2008-09. In conjunction with such reduction, the State's Commissioner of Education increased the amount of the required local effort for each school district in the State, which resulted in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes. However, if the revenues generated from the reduced Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating millage levy may be used to make such lease payments.

Section 1011.71, Florida Statutes, was amended in the 2009, 2010 and 2011 legislative sessions to provide for the following: (i) a reduction of the maximum Local Option Millage Levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009, for the 2009-10 Fiscal Year (however, see "Legislation Waiving 75% Limitation on Use of Local Option Millage Levy" below for information regarding an amendment to this provision); (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 mills for capital improvement needs in lieu of an equivalent amount of the discretionary mills for operations as provided in the State General Appropriation Act; and (iv) authorization for school boards, by a super majority vote, to levy an optional 0.25 mills for critical capital outlay needs or for critical operating needs. The authorization to levy the millage described in clause (iv) hereof expired on June 30, 2011.

Legislation Waiving 75% Limitation on use of Local Option Millage Levy. During the 2012 Regular Session, Section 1011.71, Florida Statutes, was further amended to indefinitely allow a waiver of the three-fourths limit on the use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009. Previously, such waiver was only authorized for the 2009-10 Fiscal Year (as described in clause (ii) of the preceding paragraph). Such provision became effective on July 1, 2012.

Other Constitutional Amendments Affecting Ad Valorem Taxation. During the 2011 Regular Session, the legislature passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property. The amendment is effective January1, 2013.

During the 2012 Regular Session, the legislature passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment is effective January 1, 2013.

Also during the 2012 Regular Session, the legislature passed House Joint Resolution 169 ("HJR 169") allowing the State Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than $250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than $27,300. The additional homestead tax exemption authorized by HJR 169 would not apply to school property taxes.

Each of the above-described amendments was approved by the voters on November 6, 2012. At present, the impact of the amendments on the District's finances has been minimal. However, there can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District's finances.

During its 2013 Regular Session, the Florida Legislature passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and creates a number of changes affecting ad valorem taxation which became effective as of July 1, 2013. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing time frames. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the term "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of Florida real property permanently reside upon on such property in order to qualify for a homestead exemption. This change conforms the statute at issue with the Florida Constitution by allowing non-resident owners of property to claim a homestead exemption if a person legally or naturally dependent upon the owner permanently resides on such property. Fifth, SB 1830 clarifies a drafting error regarding the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for limited liability partnerships with a general partner that is a charitable 501(c)(3) organization to qualify for the affordable housing property tax exemption. Finally, SB 1830 exempts from property taxes property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 1193 ("HB 1193"), which was signed into law by the Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193 relieves the value adjustment board of the authority to review the property appraisers. HB 1193 applies retroactively to January 1, 2013.

During the Florida Legislature's 2014 Regular Session, the Florida Legislature passed HB 5003 which allows school districts a onetime 75% Prior Period Funding Adjustment Millage ("PPFAM") for the prior tax roll year that has not been finalized due to a delay in the Value Adjustment Board ("VAB") process. The purpose of the PPFAM is to permit school districts to levy a millage for the shortfall in property taxes that occurs when the initial property value used by the State to fund the school districts is more than the finalized tax roll which has been reduced by the VAB process and decreased the collection of property taxes. Since the Miami-Dade County Value Adjustment Board is still working on processing adjustments for the 2013 tax roll, the District will be able to levy in fiscal year 2014-15 the 2013 PPFAM at 75% of the 2012 PPFAM without having to wait another year for the tax roll to be finalized. This change will allow the District to collect a significant portion of the 2013 tax shortfall in fiscal year 2014-15.

Other Proposals Affecting Ad Valorem Taxation and District Finances

During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State Legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

AD VALOREM TAX PROCEDURES

General

No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Such taxes may be levied only by counties, school districts, municipalities and certain special districts. For all purposes, real and personal property valuation is determined as of January 1 of each year, by the County Appraiser. Except as noted below, all taxable real and tangible personal property must be assessed at 100% of fair market value.

The following uses of real property are generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary and governmental. In addition, there are special exemptions for widows, hospitals, homesteads and homes for the aged, working waterfronts and disabled veterans. In particular, pursuant to Article VII, Section 6 of the Constitution and Section 196.031, Florida Statutes, the first $25,000 of the assessed valuation of a homestead is exempt from taxation for any person who has title to a residence in such homestead on a permanent basis. Further, agricultural land, non-commercial recreational land, inventory and livestock are assessed at less than 100% of fair market value.

In the November 7, 2006 general election, the voters of Florida approved Amendments 6 and 7 to the State Constitution, which provide for an increase in the homestead (ad valorem tax) exemption to $50,000 from $25,000 for certain low-income seniors effective January 1, 2007 and provide a discount from the amount of ad valorem taxes for certain permanently disabled veterans effective December 7, 2006, respectively. The extent to which these amendments may affect the ad valorem tax collections of the District in future years is not currently known.

Additionally, in the January 29, 2008 special election, the voters of the State also approved an additional homestead exemption for the assessed value of homestead property between $50,000 and $75,000, thus doubling the existing homestead for property with an assessed value equal or greater than $75,000. However, this exemption does not apply to school district taxes.

By voter referendum held on November 2, 1992, Article VII, Section 4 of the Florida Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. This amendment is known as the "Save Our Homes" amendment. See "REVENUES OF THE DISTRICT - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" herein for information concerning recently passed legislation that may affect the Save Our Homes amendment.

Procedure for Property Assessment. The Property Appraiser of Charlotte County (the "Property Appraiser") determines property valuation on real and tangible personal property as of January 1 of each year. The Property Appraiser determines the valuation of all real and personal property by July 1 of each year and notifies the County, the District, each municipality, and each other legally constituted special taxing district as to its just valuation, notes the legal adjustments and exemptions and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. Each taxing body must advertise its budget, stating the proposed millage and hold public hearings on such budgets. Final budgets are determined by each taxing body, and the millage is certified to the Property Appraiser by October 1.

Concurrently, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on such property. If the individual property owner believes that his or her property has not been appraised at fair market value, the owner may file a petition with the Clerk of the Property Appraisal Adjustment Board (the "Adjustment Board"). The Adjustment Board consists of members of the County Commission and members of the School Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser, if such valuations were found not to be fair and at market value. The decision of the Adjustment Board may be appealed to the Circuit Court. The Adjustment

Board must certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used. These changes are then made to the final tax roll.

Section 194.014, Florida Statutes, which requires that taxpayers appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to properties that will have a petition pending on or after the delinquency date (normally April 1). The statute further provides that a taxpayer's failure to make the required partial payment before the delinquency date (normally April 1) will result in the denial of the taxpayer's petition.

The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which he certifies to the County Tax Collector by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies, so that all ad valorem taxes are collected by the County Tax Collector and distributed to the various taxing bodies.

<u>Procedure for Tax Collection</u>. All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. The Tax Collector mails to each property owner on the assessment roll a notice of taxes levied by the County, the School Board, and other taxing authorities. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were levied. All taxes collected are remitted by the County to the governmental unit levying the taxes. (See "Disposition of Tax Collections".)

Delinquent real property taxes bear interest at the rate of eighteen percent (18%) per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of eighteen percent (18%) per year from April 1 until paid. Delinquent personal property taxes must be advertised within forty-five (45) days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

Florida law provides that real property tax liens are superior to all other liens and that personal property tax liens are superior to all other liens, except prior United States Internal Revenue Service liens. The Tax Collector advertises once each week for four weeks and sells tax certificates on or before June 1 of each year on all real property with taxes due. Delinquent Tax Certificates not sold at auction revert to the County.

Disposition of Tax Collections

Section 200.001, Florida Statutes, provides, in effect, that county tax millages shall be composed of four categories: (a) general millage, (b) debt service millage, (c) voted millage and (d) dependent special district millage. Section 197.0124, Florida Statutes, requires the County to distribute taxes collected to each taxing authority four times per month during the first two months after the tax roll comes into its possession and once per month thereafter.

The District levied a millage of 7.491 mills for the Fiscal Year 2012-13, 7.581 mills for Fiscal Year 2013-14 and is tentatively budgeted to levy 7.365 mills for Fiscal Year 2014-15. The Fiscal Year 2012-13 levy included 5.991 mills for general operations and 1.50 mills for capital projects. The Fiscal Year 2013-14 levy included 6.081 mills for general operations and 1.50 mills for capital projects. The Fiscal Year 2014-15 levy included 5.865 mills for general operations and 1.50 mills for capital projects.

The following table shows the tax levies and collections of the District for the last five tax years.

School District of Charlotte County, Florida
Tax Levies and Tax Collections
Tax Years 2009-2013

Tax Year	Current Taxes Levied	Current Taxes Collected	Collections as a Percentage of Taxes Levied
2009	$122,656,613	$119,856,981	97.72%
2010	114,770,829	109,703,765	95.59
2011	98,665,778	95,678,290	96.97
2012	96,012,213	92,394,554	96.23
2013	99,939,071	96,440,665	96.50

Source: School Board of Charlotte County, Florida Annual Financial Reports for the Fiscal Years ended June 30, 2009-2013.

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Assessed Valuation

The following table shows the assessed value and taxable value for operating millages in each of the past ten years. No single taxpayer in the County pays as much as ten percent (10%) of the total ad valorem taxes levied.

School District of Charlotte County, Florida
Assessed Value of Taxable Property
For the Years 2004 through 2013

Tax Year[1]	Total Assessed Value	Total Taxable Value	% of Total Assessed to Total Taxable Value
2005	$20,315,562,371	$16,124,095,741	79.37%
2006	30,813,541,826	24,280,088,571	78.80
2007	28,516,474,986	23,370,729,141	81.96
2008	22,955,910,294	19,711,102,938	85.87
2009	19,139,439,894	16,672,096,322	87.11
2010	17,569,330,729	14,637,269,334	83.31
2011	16,470,572,165	13,610,474,469	82.64
2012	15,710,544,450	12,817,008,800	81.58
2013	16,146,822,156	13,182,834,799	81.64
2014[2]	16,868,126,080	13,916,896,537	87.50

Source: School District of Charlotte County, Florida.

(1) Reduction for Fiscal Years 2007-2011 due to various factors including, but not limited to, legislative reforms related to ad valorem taxes and a decline in taxable assessed valuations. See "REVENUES OF THE DISTRICT - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" herein.

(2) Preliminary, certified value as of July 1, 2014.

LITIGATION

Concurrently with the delivery of the Notes, Counsel to the School Board will deliver an opinion substantially to the effect that there is no litigation or other proceedings pending or, to the best of their knowledge, threatened against the School Board that seeks to restrain or enjoin the issuance or delivery of the Notes or this Official Statement or questioning or affecting the validity of the Notes, the Official Statement or the proceedings of the School Board with respect to the authorization, sale, execution or issuance of the Notes or the transactions contemplated by this Official Statement or any other agreement or instrument to which the School Board 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 School Board is being contested.

The School Board is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, Counsel for the School Board believes that there are substantial defenses to such litigation and the 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 School Board or the District or the ability of the District to meet its obligations with respect to the Notes.

NOTEHOLDER'S RISK

The Notes are limited obligations of the District payable from the Pledged Revenues as described herein, and are not secured by the full faith, credit and taxing power of the District. Because the Notes are limited obligations, the sources of money pledged to secure payment of the Notes may be insufficient therefor, and the Noteowners would not be able to compel the levy of taxes (other than the taxes levied for operating purposes for the 2014-2015 Fiscal Year) or the institution of foreclosure proceedings against any property of the District to provide for payment of the Notes and the interest thereon. Certain factors may affect the adequacy of the Pledged Revenues to provide for payment of the Notes, and there can be no assurance that the Pledged Revenues will be adequate to provide for payment of the Notes and the interest thereon.

In particular, the adequacy of the Pledged Revenues to provide for repayment of the Notes depends upon (1) the ability of taxpayers in the County to pay the ad valorem taxes levied in 2014, (2) the percentage of collection of ad valorem taxes for the 2014-2015 Fiscal Year, (3) the receipt by the District of the federal and State funds upon which it depends, in part, for the funding of its operations for the current year, and (4) the absence of the need for extraordinary, unforeseen expenditures during the 2014-2015 Fiscal Year. These matters are largely dependent upon factors beyond the control of the District, and any adverse developments with respect to these or other factors could affect the ability of the District to pay the principal of and interest on the Notes.

FINANCIAL STATEMENTS

Included in Appendix B are the excerpted pages from the audited financial statements of the District as of June 30, 2013, and for the year then ended including the report of the Office of the Auditor General of the State of Florida, dated March 18, 2014. Such excerpts from the financial statements, including the Auditor General’s report, have been included in this Official Statement as public documents and consent from the Auditor General was not requested. The Auditor General has not performed any services relating to, and is therefore not associated with, the issuance of the Notes.

UNDERWRITING

The Notes are being purchased by the Underwriter, ________________________, at an aggregate purchase price of $________________ (which consists of the par amount of the Notes, plus a note premium of $__________, and less an underwriter's discount of $___________). The offer of the Underwriter to purchase the Notes provides for purchase of all of the Notes if any are purchased.

The Underwriter may offer to sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The District has retained Ford & Associates, Inc., Tampa, Florida, as financial advisor (the "Financial Advisor") to the District with respect to the issuance and sale of the Notes. The Financial Advisor has assisted in matters relating to the planning, structuring, and issuance of the Notes, and has provided additional advice. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with the undertaking by the District to provide continuing secondary market disclosure.

NOTE RATING

Moody's Investors Service, Inc. ("Moody's), has assigned its municipal bond rating of "_____" to the Notes. An explanation of the significance of the ratings may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0300. There is no assurance that the rating will be in effect for any given period of time or that it will not be revised downward, suspended or withdrawn entirely by Moody's if in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating given the Notes may have an adverse effect on the liquidity or market of the Notes.

TAX EXEMPTION

Opinion of Note Counsel

In the opinion of Note Counsel, the form of which is included as Appendix D hereto, the interest on the Notes is excludable from gross income of the holders of such

Notes 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 Notes is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the School Board to comply subsequent to the issuance of the Notes with certain requirements of the Code, regarding the use, expenditure and investment of note proceeds and the timely payment of certain investment earnings to the Treasury of the United States may cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to their date of issue. The School Board has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Notes for purposes of federal income taxation. In rendering this opinion, Note Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

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

Financial Institutions

Banks and thrift institutions are generally unable to deduct any portion of the interest expense allocable to purchasing or carrying tax-exempt obligations (except "qualified tax-exempt obligations") if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds issued after August 7, 1986. An exception is provided for "qualified tax exempt obligations" specifically designated as such by the issuer. The School Board has not designated the Notes as qualified tax-exempt obligations under Section 265(b)(3) of the Code.

Collateral Tax Consequences

Except as described above, Note Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Notes. Prospective purchasers of Notes should be aware that the ownership of Notes may result in other collateral federal tax consequences. For example, ownership of the Notes may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Notes, (2) the branch profits tax, and (3) the inclusion of interest on the Notes in passive income for certain Subchapter S corporations. In addition, the interest on the Notes may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

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

Other Tax Matters

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

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Notes. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Notes. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Notes and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Notes.

Tax Treatment of Note Premium

The Notes were offered at a price in excess of the principal amount thereof. Under the Code, the excess of the cost basis of a note over the amount payable at maturity or earlier call date is generally characterized as "note premium." For federal income tax purposes, a portion of the note premium on the Notes in each taxable year will reduce the cost basis of the owner thereof (i.e. be amortized), but may not be deducted. The amount of amortizable note premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. Special rules apply in the case of an owner who holds a Note as inventory, stock in trade or for sale to customers in the ordinary course of business.

Owners of Notes should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the annual amount of amortizable note premium, the treatment of such note premium upon the sale or other disposition of Notes and with respect to the state and local tax consequences of owning and disposing of Notes.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Notes are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel, whose approving opinion (a form of which is attached hereto as Appendix D) will be available at the time of delivery of the Notes. The actual legal opinion to be delivered by Note Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Note Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the School Board by its counsel, Wotitzky, Wotitzky, Ross & McKinley, Punta Gorda, Florida.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

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

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "budgeted" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, factors affecting ad valorem revenues, federal legislation and/or regulations, and regulatory and other restrictions. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between budgets and actual results, and those differences may be material.

CONTINUING DISCLOSURE

The District has covenanted and undertaken for the benefit of the Noteholders to provide notices of the occurrence of certain enumerated material events (the "Notices") pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Such covenant shall only apply so long as the Notes remain Outstanding under the Resolution. The covenant shall also terminate upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administration action. The Notices will be filed by the School Board with the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System described in the form of Continuing Disclosure Certificate attached hereto as Appendix F. The specific nature of the information to be contained in the Notices are described in "APPENDIX E - Form of Continuing Disclosure Certificate" dated and delivered at the time of issuance of the Notes. These undertakings have been made in order to assist the Underwriter in complying with the Rule. No entity other than the District is obligated to provide any continuing disclosure information with respect to the Notes pursuant to the Rule. In the past five years, the District has not failed to comply in any material respect with any prior undertaking made with respect to the Rule. Because the Notes mature in less than 18 months, the District is not required to provide any information other than the Notices pursuant to the Rule.

MISCELLANEOUS

The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Notes that there has been no change in the affairs of the District from the date hereof.

The Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or the holders of any of the Notes.

Further information regarding the District is available upon request from Charlotte County Public Schools, Chief Financial Officer's Office, 1445 Education Way, Port Charlotte, Florida 33948-1053.

CERTIFICATE CONCERNING THIS OFFICIAL STATEMENT

Concurrently with the delivery of the Notes, the Chairman of the Board and the Superintendent will furnish a certificate to the effect that, to the best of their knowledge, this Official Statement (excluding the information under the heading "BOOK–ENTRY ONLY SYSTEM," as to which no will be expressed) as of the date of delivery of the Notes, does not contain any untrue statement of a material fact and does not omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained in the Official Statement, in the light of the circumstances under which they were made, not misleading.

SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA

By: ____________________________________
Chairman

By: ____________________________________
Superintendent

APPENDIX A

GENERAL INFORMATION REGARDING CHARLOTTE COUNTY

APPENDIX A

GENERAL INFORMATION REGARDING CHARLOTTE COUNTY, FLORIDA

THE FOLLOWING INFORMATION CONCERNING CHARLOTTE COUNTY, FLORIDA IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION.

Background

Charlotte County (the "County") is on the southwest coast of Florida approximately 100 miles south of Tampa, and is bounded on the west by the Gulf of Mexico, on the north by Sarasota and DeSoto Counties, on the east by Glades County, and on the south by Lee County. The County was created in 1921 and encompasses 694 square miles of land and over 200 miles of shoreline and canals. The County surrounds the Charlotte Harbor estuary with its two major tributaries, the Myakka and Peace Rivers.

The County's major roads include U.S. 41, which runs in a northwesterly/southeasterly direction, and Interstate 75, running in a north/south direction. S.R. 776 runs southwest of U.S. 41, across the Myakka River connecting to the western portions of the County. U.S. 17 links Punta Gorda with DeSoto County.

Urban development has largely occurred in the western portion of the County, including the barrier islands abutting the Gulf of Mexico, with the eastern half of the County remaining predominantly rural. Punta Gorda, the only incorporated city within the County, lies south of the Peace River and east of Charlotte Harbor. Miles of canals have been constructed in the urbanized areas, most of which flow into Charlotte Harbor, to provide waterfront settings for the homes of the residents of such areas.

The County has a charter government structure established by referendum pursuant to Florida Statutes. Legislative control is vested with a five-member Board of County Commissioners elected at-large to serve four-year terms, with day-to-day operational direction of the County being the responsibility of the appointed County Administrator. The operation of other specific government functions rests with five Constitutional Officers who are elected to four-year terms. These officers are the Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector.

The County seat is located in the City of Punta Gorda. The County has numerous unincorporated communities and residential developments including: Murdock, Port Charlotte (the most populated area), Charlotte Harbor, Deep Creek, Charlotte Park, Englewood East, Knight Island, Gulf Cove, South Gulf Cove, Tropical Gulf Acres, South Punta Gorda Heights, El Jobean, Gulf Cove, Rotunda, Englewood, Grove City, Cape Haze, Placida, Gasparilla Island and Harbour Heights.

The County enjoys a subtropical climate with an average annual temperature of 73 degrees Fahrenheit. Average temperatures range from 64.2 degrees in winter to 84.3 degrees in summer with an average annual rainfall of 51.72 inches.

Population

The County's 2013 population was 164,736, a 16.3% increase over the 2000 Census of 141,627. According to the Bureau of Economic and Business Research (the "BEBR"), the population of the County is expected to continue to grow, although at a slower rate, through the year 2030, at which time the population is projected to be approximately 190,531. Population growth in the County is entirely due to migration, rather than natural increase. Much of this growth comes from retirees relocating to a warmer climate, resulting in more than one-third of the population of the County being 65 years old or older. The U.S. Census Bureau estimates that 37.0% of the County's population is aged 65 and over.

A second source of information demonstrating the population changes and comparisons with those of the State of Florida is shown below.

CHARLOTTE COUNTY, FLORIDA
HISTORICAL AND PROJECTED POPULATION DATA

Year	Charlotte County	Percentage Change	State of Florida	Percentage Change
1980	58,460	--	9,746,324	--
1990	110,975	89.8%	12,938,071	32.7%
2000	141,627	27.6	15,982,378	23.5
2003	153,235	8.2	17,004,085	6.4
2004	157,755	2.9	17,415,318	2.4
2005	155,262	(1.6)	17,842,038	2.5
2006	157,099	1.2	18,166,990	1.8
2007	159,742	1.7	18,367,842	1.1
2008	160,467	0.5	18,527,305	0.9
2009	159,629	(0.5)	18,652,644	0.7
2010	159,978	0.2	18,801,310	0.8
2011	159,511	(0.3)	19,083,482	1.5
2012	162,603	1.9	19,320,749	1.2
2013	164,736	1.3	19,552,860	1.2
Projected				
2020	176,106	6.9	21,141,318	8.1
2030	190,531	8.2	23,601,075	11.6

Sources: US Department of Commerce, Bureau of the Census.

FINANCIAL AND ECONOMIC INFORMATION

Business and Industry

Construction and service related industries, such as retail trade, finance, insurance, real estate and tourism, make up the industry base of the local economy. Although there is some light industry, the County is primarily residential with a high percentage of retirees.

The Economic Development Council of Charlotte County works to attract new light industry and to assist existing businesses in their expansion efforts. In June 1985, Charlotte County was the first County in Florida to receive Blue Chip Community Certification from the Florida Department of Commerce, indicating its readiness and ability to meet the needs of incoming industry. Industrial parks are scattered throughout the County for industrial use.

Tourism and Recreation

Tourism is a major part of the economy in Charlotte County. The Peace River, which originates in Polk County, flows for 105 miles before it reaches the Gulf of Mexico. Year-round boating and fishing are available in the 120 square miles of water in Charlotte Harbor which lies between Punta Gorda, the Intracoastal Waterway and the Gulf of Mexico. These waters are well known for their fishing.

The Charlotte Harbor Event and Conference Center is the focal point for adult activities. Additional outdoor recreational areas include 67 maintained parks and numerous tennis courts and golf courses. Sporting events and activities such as the annual Snowbird Baseball Classic, the Charlotte Harbor Regatta, the Princess Classic Invitational Gymnastic Tournament and the Sunshine State Association BMX State Qualifier, among others, generate additional funds for the local economy. The Tampa Bay Rays have spring training and minor league baseball at the Charlotte Sports Park each year, which generates additional moneys for the local economy.

Building and Construction

A total of 553 building permits were issued for single- and multi-family residences in the year 2013. Total dollar value of all residential building permits for the year 2013 was approximately $119,711,766.

Hospitals

Four hospitals are located in the County. The Charlotte Regional Medical Center in Punta Gorda was established in 1947. Peace River Regional Medical Center, established in 1962, and Fawcett Memorial Hospital, opened in 1975, are both located in Port Charlotte. Englewood Community Hospital, located in Englewood, has been serving local residents since 1985. In addition, the area has hospice and residential treatment facilities and various licensed home health care agencies.

Education

The County education system consists of 21 schools with a budgeted full-time enrollment of 15,503 students. Post-secondary educational facilities include Edison State College, which operates a branch in Port Charlotte offering non-credit, certificate, associate and baccalaureate programs; and Florida Gulf Coast University, the primary mission of which is undergraduate education with a broad range of programs in arts and sciences, business, environmental science, computer science, education, nursing/allied health and social services.

Transportation

The County is crossed from the north/south by U.S. Highway 41, also known as the Tamiami Trail, and is the southern terminus of U.S. Highway 17. Interstate 75, which runs north/south through the County, has six interchanges in the County.

The Charlotte County Airport, which is owned and operated by the Charlotte County Development Authority, is fully equipped to serve private aviation. Major airline service is available from the nearby Southwest Florida International Airport in Fort Myers.

The Dial-A-Ride transit program is provided by the County's Human Services Department. This transit program is a point-to-point bus system that serves all County residents. Appointments are required for this service.

Labor Force

The average annual labor force, employment, unemployment and rate of unemployment for each of the past ten calendar years in the County have been as follows:

LABOR FORCE SUMMARY

Year	Labor Force	Employment	Unemployment	Charlotte County	State of Florida	USA
2013	71,140	66,040	5,100	7.2%	7.2%	7.4%
2012	70,882	64,595	6,287	8.9	8.6	8.1
2011	70,265	62,797	7,468	10.6	10.3	8.9
2010	70,626	62,155	8,471	12.0	11.3	9.6
2009	68,812	60,764	8,048	11.7	10.4	9.3
2008	69,420	63,808	5,612	8.1	6.3	5.8
2007	70,103	66,650	3,453	4.9	4.0	4.6
2006	68,723	66,470	2,253	3.3	3.3	4.6
2005	65,546	62,958	2,588	3.9	3.8	5.1
2004	61,055	57,854	3,201	5.2	4.7	5.5
2003	59,812	56,602	3,210	5.4	5.3	6.0

Source: Florida Research and Economic Information Database Application.

Employment

The dominant employment sectors have been health care and social assistance, retail trade, accommodation and food services and construction. The following table shows the average monthly employment by industry in the County from 2003 to 2011.

Average Annual Private Employment
Charlotte County, Florida
2004-2013

Industry Sector*	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
All Industries	32,583	34,054	37,581	36,134	35,504	33,451	33,613	34,675	35,654	36,844
Agriculture, forestry, fishing & hunting	439	576	629	552	548	583	527	461	485	561
Mining	59	N/A	63	85	47	39	N/A	45	28	26
Utilities	44	48	46	46	45	44	N/A	61	68	54
Construction	4,119	5,470	5,942	4,505	3,496	2,482	2,385	2,392	2,395	2,715
Manufacturing	1,087	887	952	775	712	574	508	552	735	669
Wholesale trade	737	641	660	687	670	548	552	547	554	590
Retail trade	7,311	7,707	8,635	8,715	8,653	7,990	8,162	8,342	8,434	8,654
Transportation & warehousing	263	390	367	406	614	496	430	422	398	572
Information	536	591	615	612	571	464	440	435	432	414
Finance & insurance	1,148	1,260	1,551	1,528	1,306	1,151	1,025	1,022	971	1,035
Real estate & rental & leasing	935	1,043	1,062	889	920	775	715	630	710	720
Professional, scientific & technical services	1,418	1,508	1,703	1,626	1,448	1,245	1,292	1,239	1,359	1,506
Management companies & enterprises	60	72	83	87	82	80	71	128	212	182
Administration & support	1,421	1,465	1,497	1,427	1,649	1,693	1,817	1,991	2,264	2,406
Educational services	107	136	158	142	146	139	228	277	240	203
Health care & social assistance	7,039	7,002	7,423	7,706	8,068	8,091	8,263	8,427	8,410	8,651
Arts, entertainment & recreation	729	675	905	997	1,012	1,050	1,149	1,253	1,183	1,183
Accommodation & food services	3,890	3,324	4,027	4,040	4,121	4,576	4,630	4,867	5,231	5,070
Other services	1,241	1,259	1,263	1,309	1,396	1,431	1,419	1,584	1,545	1,633

N/A=Not Available
*Based on North American Industry Classification System
Source: Quarterly Census of Employment and Wages - Bureau of Labor Statistics.

Principal Employers

The County's largest employers include the Charlotte County School Board, the County government and four medical facilities. The following table shows the top ten employers in the County for 2013 and 2005.

Employer	2013 Employees	2013 Rank	2013 Percentage of Total County Employment	2005 Employees	2005 Rank	2005 Percentage of Total County Employment
Charlotte County School Board	2,140	1	3.29%	2,375	1	4.01%
Wal-Mart Associates, Inc.	1,500	2	2.31	934	5	1.58
Board of County Commissioners	1,112	3	1.71	1,130	2	1.91
Publix Supermarkets	1,105	4	1.70	1,078	4	1.82
Peace River Medical	900	5	1.38	--	--	--
Fawcett Memorial Hospital, Inc.	840	6	1.30	718	7	1.21
Charlotte Regional Medical	780	7	1.20	863	6	1.46
Charlotte County Sheriff's Office	617	8	0.95	525	8	0.89
Home Depot	450	9	0.69	349	10	0.59
Charlotte Correctional Institute	340	10	0.52	412	9	0.70
Bon Secours St. Joseph	--	--	--	1,129	3	1.91
Total Employed	9,784		15.05%	9,513		16.08%

Source: Charlotte County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2013.

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Personal Income

Per capita personal income for the County has averaged approximately 89% of the average per capita income for the State of Florida over the last ten years. The 2012 per capita personal income for the County was $36,964, slightly below the State of Florida average of $40,344. The following table compares information for the County with the per capita figures for the State of Florida and the United States.

CHARLOTTE COUNTY, FLORIDA
TOTAL PERSONAL INCOME (in thousands)
AND PER CAPITA INCOME (rounded to dollars)

		Per Capita Income		
Year	Total Personal Income	Charlotte County	State of Florida	United States
2003	$ 4,043,081	$ 26,575	$ 31,241	$ 32,295
2004	4,582,743	29,324	33,463	33,909
2005	4,894,178	31,903	35,489	35,452
2006	5,334,810	34,444	37,996	37,725
2007	5,627,007	35,787	39,256	39,506
2008	5,780,651	36,024	39,978	40,947
2009	5,297,749	33,188	36,849	38,637
2010	5,390,161	33,662	38,345	39,791
2011	5,643,740	35,161	39,636	41,560
2012	6,004,842	36,964	40,344	42,693

Source: Florida Research and Economic Information Database Application.

Financial Table

The table on the following page shows the County's general fund revenues by source for fiscal years ending September 30, 2004-2013.

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CHARLOTTE COUNTY, FLORIDA
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST NINE FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

	Revenue																
Year	Taxes		Assessments Levied		Licenses and Permits		Intergovernmental		Charges for Services		Fines and Forfeitures		Impact Fees		Miscellaneous		Total
2004	$126,526,778	60.00%	$13,812,211	6.55%	$5,185,205	2.46%	$31,617,585	14.99%	$21,251,878	10.08%	$1,937,032	0.92%	$2,221,197	1.05%	$8,339,552	3.95%	$210,891,438
2005	140,165,660	42.41	18,165,046	5.50	11,332,771	3.43	91,207,208	27.60	23,692,411	7.17	2,030,976	0.61	7,142,987	2.16	36,771,307	11.13	330,508,366
2006	175,458,902	53.85	22,542,083	6.92	10,121,359	3.11	56,620,170	17.38	22,566,172	6.93	1,978,434	0.61	14,359,413	4.41	22,211,001	6.82	325,857,534
2007	194,746,338	55.64	43,826,290	12.52	6,546,495	1.87	36,525,946	10.44	21,456,295	6.13	2,193,627	0.63	12,401,420	3.54	32,319,842	9.23	350,016,253
2008	174,937,636	53.06	52,762,917	16.00	11,741,235	3.56	33,655,496	10.21	23,056,289	6.99	2,456,662	0.75	8,564,302	2.60	22,540,182	6.84	329,714,719
2009	172,907,777	51.61	52,519,830	15.68	11,789,044	3.52	41,917,968	12.51	35,958,815	10.73	1,951,208	0.58	2,131,348	0.64	15,819,347	4.72	334,995,337
2010	152,397,927	51.18	50,693,272	17.03	10,857,863	3.65	37,587,016	12.62	31,108,139	10.45	1,567,936	0.53	1,461,832	0.49	12,066,340	4.05	297,740,325
2011	142,553,429	50.10	49,561,707	17.42	10,917,168	3.84	38,778,650	13.63	29,228,048	10.27	1,401,851	0.50	1,347,627	0.47	10,760,959	3.78	284,549,439
2012	140,502,661	52.21	48,631,242	18.07	10,236,938	3.80	27,480,350	10.21	27,280,758	10.14	1,924,397	0.72	757,067	0.28	12,275,476	4.56	269,088,889
2013	135,381,643	51.46	46,486,039	17.67	10,706,047	4.07	29,593,896	11.25	30,384,360	11.55	1,625,692	0.62	632,562	0.24	8.285,613	3.15	263,095,852

Source: Charlotte County Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2013.

APPENDIX B

EXCERPTED PAGES FROM THE AUDITED FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2013

REPORT NO. 2014-161
MARCH 2014

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD

Financial, Operational, and Federal Single Audit

For the Fiscal Year Ended
June 30, 2013

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

AUDITOR GENERAL
STATE OF FLORIDA

DAVID W. MARTIN, CPA
AUDITOR GENERAL

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111 West Madison Street
Tallahassee, Florida 32399-1450

PHONE: 850-412-2722
FAX: 850-488-6975

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charlotte County District School Board, as of and for the fiscal year ended June 30, 2013, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 11 percent of the assets and 42 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the discretely presented component unit, as described in note I to the financial statements, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the discretely presented component unit, are based solely on the reports of the other auditors.

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Charlotte County District School Board as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in note II to the financial statements, the District adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 65.

As discussed in note II to the financial statements, the District changed the funds in which it reports American Recovery and Reinvestment Act debt service and capital projects financial information for the 2012-13 fiscal year.

These matters affect the comparability of amounts reported for the 2012-13 fiscal year with amounts reported for the 2011-12 fiscal year. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, BUDGETARY COMPARISON SCHEDULE - GENERAL AND MAJOR SPECIAL REVENUE FUNDS, SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN**, and **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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 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 accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Charlotte County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Respectfully submitted,

David W. Martin, CPA
Tallahassee, Florida
March 18, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the District School Board of Charlotte County has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2013. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the District's financial statements found on pages 14 through 28.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 fiscal year are as follows:

- The assets of the District exceeded its liabilities at June 30, 2013 by $431,229,255.76.
- The District's total net position increased by $1,267,358.96, or 0.3 percent, over the 2011-12 fiscal year.
- General revenues total $145,648,259.33, or 93.4 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total $10,284,393.90 or 6.6 percent.
- Expenses total $154,665,294.27. Only $10,284,393.90 of these expenses was offset by program specific charges, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals $10,827,902.77, which is $2,082,892.14 more than the prior fiscal year balance. The General Fund unassigned fund balance was $10,428,933.30, or 9.2 percent of total General Fund revenues.
- Total debt decreased by $449,130.60, or 0.7 percent, due to scheduled long-term debt payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net position presents information on all of the District's assets and liabilities. Assets less liabilities are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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 as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

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

Governmental activities – This represents most of the District's services including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the state's education finance program provide most of the resources that support these activities.

Component units – The District presents two separate legal entities in this report which are the Charlotte School Board Leasing Corporation and the Charlotte Local Education Foundation, Inc. These entities meet the criteria for inclusion provided by generally accepted accounting principles.

Over a period of time, changes in the District's net position are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets including its school buildings and administrative facilities.

Fund Financial Statements

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Federal Economic Stimulus Funds, Special Revenue Fund – Other Federal Programs, Debt Service – Federal Economic Stimulus Fund, Capital Projects – Local Improvement Fund, and Capital Projects - Federal Economic Stimulus Fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

Proprietary Funds: Proprietary funds may be established to account for activities in which a fee is charged for services. Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses an internal service funds to account for the Employee Benefits Fund and the Special Projects Consortium. Since these services predominately benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

The internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

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

The District uses agency funds to account for resources held for student activities and groups.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide other postemployment benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following is a summary of the District's net position as of June 30, 2013, compared to net position as of June 30, 2012.

Net Position, End of Year

	Governmental Activities	
	6-30-13	6-30-12
Current and Other Assets	$ 60,216,399.32	$ 64,620,350.03
Capital Assets	457,393,034.75	453,829,316.75
Total Assets	517,609,434.07	518,449,666.78
Long-Term Liabilities	80,972,044.54	81,620,275.77
Other Liabilities	5,408,133.77	6,857,463.73
Total Liabilities	86,380,178.31	88,477,739.50
Net Position:		
Net Investment in Capital Assets	389,072,872.49	389,713,082.18
Restricted	31,782,679.67	30,794,409.19
Unrestricted	10,373,703.60	9,464,435.91
Total Net Position	$ 431,229,255.76	$ 429,971,927.28

The largest portion of the District's net position (90.2 percent) is investment in capital assets (e.g. land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position (7.4 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position (2.4 percent) may be used to meet the District's on-going obligations to students, employees, and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all reported categories of net position for the government as a whole, and for its separate governmental activities. Positive balances were similarly reported for the prior fiscal year.

Key elements of the changes in the District's net position for the fiscal years ended June 30, 2013, and June 30, 2012, are as follows:

Operating Results for the Fiscal Year Ended

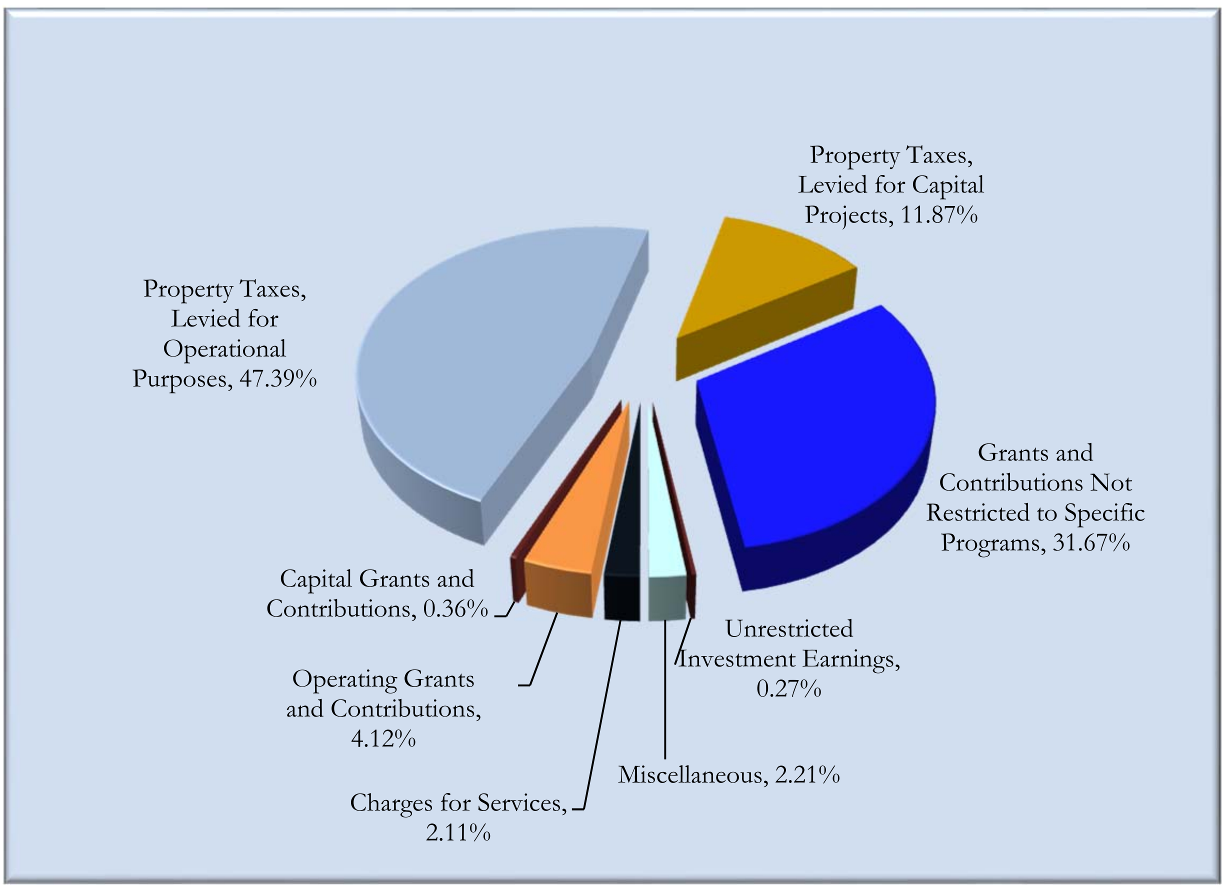
	Governmental Activities 6-30-13	Governmental Activities 6-30-12
Program Revenues:		
Charges for Services	$ 3,297,281.61	$ 3,267,560.67
Operating Grants and Contributions	6,418,043.03	6,177,564.23
Capital Grants and Contributions	569,069.26	573,659.18
General Revenues:		
Property Taxes, Levied for Operational Purposes	73,883,996.40	76,102,821.47
Property Taxes, Levied for Capital Projects	18,510,557.99	19,575,469.19
Grants and Contributions Not Restricted to Specific Programs	49,385,682.87	44,896,604.80
Unrestricted Investment Earnings	418,609.94	222,680.65
Miscellaneous	3,449,412.13	2,743,058.65
Total Revenues	155,932,653.23	153,559,418.84
Functions/Program Expenses:		
Instruction	75,457,847.00	78,304,040.68
Pupil Personnel Services	7,146,115.43	8,073,075.66
Instructional Media Services	1,266,247.57	1,559,514.88
Instruction and Curriculum Development Services	5,354,171.51	5,948,478.54
Instructional Staff Training Services	2,659,816.73	2,694,995.98
Instruction Related Technology	787,579.33	604,753.94
School Board	682,881.86	780,327.72
General Administration	705,443.61	683,557.11
School Administration	8,526,359.48	8,281,694.78
Facilities Acquisition and Construction	2,274,925.48	4,417,030.27
Fiscal Services	888,050.79	989,029.29
Food Services	8,371,823.63	8,285,637.09
Central Services	8,336.49	154,397.36
Pupil Transportation Services	5,926,258.52	6,175,093.86
Operation of Plant	11,274,406.35	11,403,088.43
Maintenance of Plant	3,667,530.64	3,591,017.88
Administrative Technology Services	1,419,974.28	1,283,385.42
Community Services	105,243.79	151,018.84
Unallocated Interest on Long-Term Debt	3,667,505.89	3,632,265.18
Unallocated Depreciation Expense	14,474,775.89	13,352,069.37
Total Functions/Program Expenses	154,665,294.27	160,364,472.28
Change in Net Position	1,267,358.96	(6,805,053.44)
Net Position - Beginning	429,971,927.28	436,776,980.72
Adjustment to Beginning Net Position	(10,030.48)	
Net Position - Beginning, Restated	429,961,896.80	436,776,980.72
Net Position - Ending	$ 431,229,255.76	$ 429,971,927.28

Governmental activities increased the District's net position by $1,267,358.96. Key elements for this change are as follows:

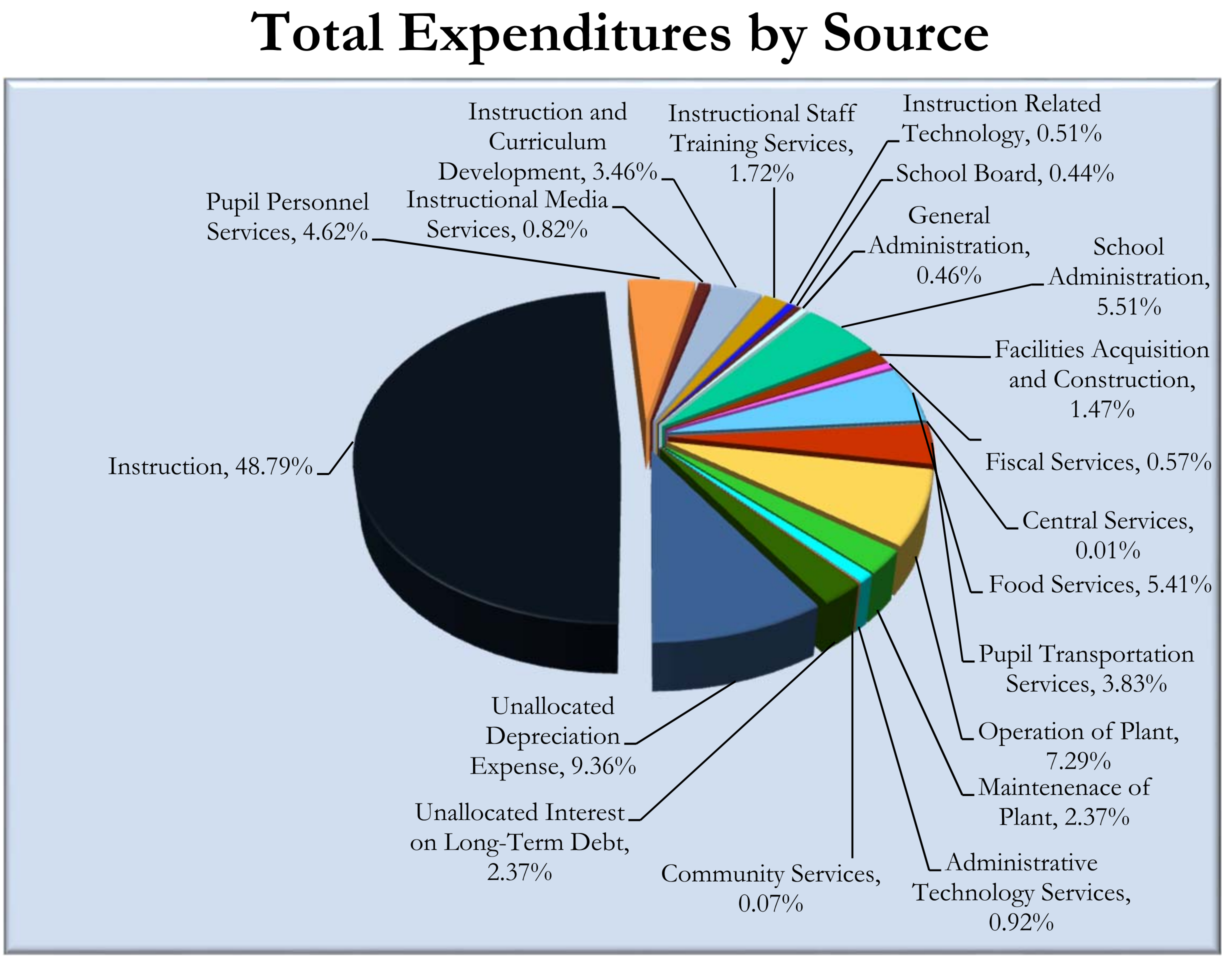
- The largest revenue source is property taxes, which decreased by $3,283,736.27, or 3.4 percent, as a result of a decrease in taxable assessed values, partially offset by a 2 percent increase in the total millage rate.
- A significant revenue source is the State of Florida (22 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.
- Grants and contributions not restricted to specific program revenues increased by $4,489,078.07, or 10 percent, primarily due to an increase in Federal through State and miscellaneous revenue sources. Operating grants and contributions revenues increased by $240,478.80, or 3.9 percent, primarily due to increased student participation.
- Instruction expenses represent 45.8 percent of total government expenses for the 2012-13 fiscal year. Instruction expenses decreased by $2,846,193.68, or 3.6 percent, from the previous fiscal year due mainly from a reduction in staffing levels, resulting in a decrease in salaries and related benefits.

The following graph shows total revenues by source:

Total Revenues by Source



The following graph shows total expenditures by source:



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not been limited to a particular purpose by an external party, the District, or a group or individual delegated authority by the Board to assign resources for particular purposes.

The total fund balances of governmental funds decreased by $5,972,986.66 during the fiscal year to $44,147,654.96 at June 30, 2013. Approximately 23.6 percent of this amount is unassigned fund balance ($10,428,933.30), which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form ($533,557.79), 2) restricted for particular purposes ($31,039,515.43), or 4) assigned for particular purposes ($2,145,648.44).

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is $10,428,933.30, while the total fund balance is $10,827,902.77. As a measure of the General Fund's liquidity, it may be useful to compare the total unassigned fund balance to General Fund total revenues. The total unassigned fund balance is approximately 9.2 percent of the total General Fund revenues while total fund balance represents approximately 9.6 percent of total General Fund revenues.

The total fund balance increased by $2,082,892.14 during the fiscal year. Key factors impacting the change in fund balance are as follows:

- Decreases in the local property tax rate and property values resulted in decreased tax revenues of $2,218,825.07, offset by an increase in State revenues of $4,738,811.91 due to an increase in FEFP per student funding.
- Total expenditures decreased by 4,521,828.55, or 3.7 percent, due mainly to a decrease in staff and other cost containment measures (e.g. reducing supplies expenditures, limiting travel, etc.) implemented by the District.

The Special Revenue – Federal Economic Stimulus Fund has total revenues and expenditures of $425,329.77 each, and the funding was mainly used for instruction and instruction related services. Because grant revenues attributed to the grants accounted for in this fund are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance. Activity in this fund decreased substantially due to a reduction of Federal Stimulus program funding.

The Special Revenue – Other Federal Programs Fund has total revenues and expenditures of $10,955,911.74 each, and the funding was mainly used for instruction and instruction related services. Because grant revenues and expenditures in this fund are recognized as mentioned in the previous paragraph, this fund generally does not accumulate a fund balance. Activity in this fund did not significantly change from the prior fiscal year.

The Debt Service – Federal Economic Stimulus Fund has a total fund balance of $10,618,944.52. This fund is restricted for the accumulation of resources for, and the payment of, debt principal, interest, and related costs on the Qualified School Construction Bonds. The fund balance increased in the current fiscal year due to scheduled sinking fund deposits.

The Capital Projects – Local Capital Improvement Fund and Capital Projects - Federal Economic Stimulus Fund have total fund balances of $16,995,376.60 and zero, respectively. These funds are restricted for the acquisition, construction, and maintenance of capital assets. Of the total fund balances, $15,140,309 has been encumbered for specific projects. The fund balances decreased in the current fiscal year due to the completion of a new high school and renovations of various facilities.

Proprietary Funds

The District's proprietary funds provide the same type of information reported in the government-wide financial statements, but in more detail. Unrestricted net position of the Employee Self-Insurance Fund increased by $2,914,301.14 during the 2012-13 fiscal year to $9,539,710.28 at June 30, 2013. This increase occurred primarily because premium revenues increased, while operating expenses decreased.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2012-13 fiscal year, the District amended its General Fund budget several times, which resulted in a decrease in total budgeted revenues of $1,214,359, or 1.1 percent. At the same time, final appropriations are less than the original budgeted amounts by $850,365.53. Budget revisions occurred primarily from changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues exceed the final budgeted amounts by $792,008.18, while actual expenditures are $2,766,192.98, or 2.3 percent, less than final budget amounts. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by $3,576,437.61.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013, is $457,393,034.75 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; construction in progress; and audio visual and computer software. The total increase in capital assets for the current fiscal year was approximately 0.8 percent.

Major capital asset events included the following:

- As part of the hurricane recovery process, the District completed rebuilding projects with reconstruction of the warehouse and maintenance facilities.
- The first four phases to the Lemon Bay High School construction plans are complete, and the final phases are under construction.
- Under District policy, school buses are replaced every 13 years. The total cost of new buses for the current fiscal year totaled $595,508.

Additional information on the District's capital assets can be found in notes I.F.4, III.C, and III.F to the financial statements.

Long-term Debt

At June 30, 2013, the District has total long-term debt outstanding of $67,628,535.82, comprised of $5,000,000 of qualified zone academy bonds payable, $60,000,000 of qualified school construction bonds payable, and $2,628,535.82 of bonds payable. During the current fiscal year, retirement of debt was $449,130.60.

The District's bonds outstanding at June 30, 2013, totaling $2,628,535.82, are secured by the State Board of Education, which are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds.

Additional information on the District's long-term debt are in note III.I to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

The latest enrollment projections for the District indicate a decrease of 266 students during the 2013-14 fiscal year, which will decrease State revenue to some extent.

Employer contributions to the Florida Retirement System increased for regular employees from 5.18 to 6.95 percent of payroll for the 2013-14 fiscal year.

Housing prices are expected to increase the taxable assessed value for the 2013-14 fiscal year.

For the 2013-14 fiscal year, the District anticipates an overall increase in General Fund revenues of approximately $4.7 million, due mainly to increases in the FEFP calculation and increases in tax levies associated with higher assessed taxable property values.

REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Charlotte County Public Schools, Finance Department, 1445 Education Way, Port Charlotte, FL 33948.

BASIC FINANCIAL STATEMENTS

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and Cash Equivalents	$ 43,345,370.99	$ 104,380.00
Investments	607,002.14	
Accounts Receivable	144,539.76	9,275.00
Due from Other Agencies	3,335,705.61	
Prepaid Items	28,355.00	770,704.00
Inventories	505,202.79	7,300.00
Restricted Investments	12,250,223.03	
Capital Assets:		
Nondepreciable Capital Assets	19,059,613.09	
Depreciable Capital Assets, Net	438,333,421.66	
TOTAL ASSETS	517,609,434.07	891,659.00
LIABILITIES		
Salaries and Benefits Payable	668,800.40	
Payroll Deductions and Withholdings	820,323.43	
Accounts Payable	2,430,338.43	9,227.00
Construction Contracts Payable - Retainage	226,961.34	
Deposits Payable	114,908.72	
Unearned Revenue	1,000,278.45	
Accrued Interest Payable	146,523.00	
Long-Term Liabilities:		
Portion Due Within One Year	1,966,493.18	
Portion Due After One Year	79,005,551.36	
TOTAL LIABILITIES	86,380,178.31	9,227.00
NET POSITION		
Net Investment in Capital Assets	389,072,872.49	
Restricted for:		
State Required Carryover Programs	144,715.48	
Debt Service	12,177,225.12	
Capital Projects	17,612,358.31	
Food Service	1,848,380.76	
Other Purposes		881,246.00
Unrestricted	10,373,703.60	1,186.00
TOTAL NET POSITION	$ 431,229,255.76	$ 882,432.00

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

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CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities:				
Instruction	$ 75,457,847.00	$ 800,834.64	$	$
Pupil Personnel Services	7,146,115.43			
Instructional Media Services	1,266,247.57			
Instruction and Curriculum Development Services	5,354,171.51			
Instructional Staff Training Services	2,659,816.73			
Instruction Related Technology	787,579.33			
School Board	682,881.86			
General Administration	705,443.61			
School Administration	8,526,359.48			
Facilities Acquisition and Construction	2,274,925.48			
Fiscal Services	888,050.79			
Food Services	8,371,823.63	2,267,797.88	6,418,043.03	
Central Services	8,336.49			
Pupil Transportation Services	5,926,258.52	228,649.09		
Operation of Plant	11,274,406.35			
Maintenance of Plant	3,667,530.64			
Administrative Technology Services	1,419,974.28			
Community Services	105,243.79			
Unallocated Interest on Long-Term Debt	3,667,505.89			569,069.26
Unallocated Depreciation Expense*	14,474,775.89			
Total Primary Government	$ 154,665,294.27	$ 3,297,281.61	$ 6,418,043.03	$ 569,069.26
Component Unit				
Charlotte Local Education Foundation, Inc.	$ 250,761.00	$	$	$

General Revenues:
Taxes:
Property Taxes, Levied for Operational Purposes
Property Taxes, Levied for Capital Projects
Grants and Contributions Not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning
Adjustment to Beginning Net Position
Net Position - Beginning, Restated

Net Position - Ending

* This amount excludes the depreciation that is included in the direct expenses of the various functions.

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

Net (Expense) Revenue and Changes in Net Position	
Primary Government Governmental Activities	Component Unit
$ (74,657,012.36)	$
(7,146,115.43)	
(1,266,247.57)	
(5,354,171.51)	
(2,659,816.73)	
(787,579.33)	
(682,881.86)	
(705,443.61)	
(8,526,359.48)	
(2,274,925.48)	
(888,050.79)	
314,017.28	
(8,336.49)	
(5,697,609.43)	
(11,274,406.35)	
(3,667,530.64)	
(1,419,974.28)	
(105,243.79)	
(3,098,436.63)	
(14,474,775.89)	
(144,380,900.37)	
	(250,761.00)
73,883,996.40	
18,510,557.99	
49,385,682.87	293,359.00
418,609.94	174.00
3,449,412.13	
145,648,259.33	293,533.00
1,267,358.96	42,772.00
429,971,927.28	
(10,030.48)	
429,961,896.80	839,660.00
$ 431,229,255.76	$ 882,432.00

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Special Revenue - Federal Economic Stimulus Fund	Special Revenue - Other Federal Programs	Debt Service - Federal Economic Stimulus Fund
ASSETS				
Cash and Cash Equivalents	$ 9,447,282.43	$	$	$ 985.74
Investments	169,777.47			
Accounts Receivable	56,351.55			
Due from Other Funds	372,426.04			
Due from Other Agencies	2,230,886.28	9,807.53	478,902.17	
Prepaid Items	28,355.00			
Inventories	225,898.99			
Restricted Investments				10,617,958.78
TOTAL ASSETS	$ 12,530,977.76	$ 9,807.53	$ 478,902.17	$ 10,618,944.52
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries and Benefits Payable	$ 576,099.21	$ 1,325.79	$ 56,991.07	$
Payroll Deductions and Withholdings	678,953.01	4,697.44	95,327.88	
Accounts Payable	448,022.77	2,892.70	35,296.58	
Construction Contracts Payable - Retainage				
Due to Other Funds		891.60	291,286.64	
Deposits Payable				
Total Liabilities	1,703,074.99	9,807.53	478,902.17	
Fund Balances:				
Nonspendable:				
Inventories	225,898.99			
Prepaid Items	28,355.00			
Total Nonspendable Fund Balance	254,253.99			
Restricted for:				
State Required Carryover Programs	144,715.48			
Debt Service				10,618,944.52
Capital Projects				
Food Service				
Total Restricted Fund Balance	144,715.48			10,618,944.52
Assigned for Disaster Recovery				
Unassigned Fund Balance	10,428,933.30			
Total Fund Balances	10,827,902.77			10,618,944.52
TOTAL LIABILITIES AND FUND BALANCES	$ 12,530,977.76	$ 9,807.53	$ 478,902.17	$ 10,618,944.52

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

Capital Projects - Federal Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$	$ 18,151,142.24	$ 3,153,155.68	$ 30,752,566.09
	335,338.93	101,885.74	607,002.14
		7,940.41	64,291.96
		615,752.82	988,178.86
	544,563.88	71,545.75	3,335,705.61
			28,355.00
		279,303.80	505,202.79
		1,632,264.25	12,250,223.03
$	$ 19,031,045.05	$ 5,861,848.45	$ 48,531,525.48
$	$ 4,318.31	$ 28,333.54	$ 667,067.92
	8,102.42	28,501.85	815,582.60
	1,796,286.38	17,878.00	2,300,376.43
	226,961.34		226,961.34
			292,178.24
		81,703.99	81,703.99
	2,035,668.45	156,417.38	4,383,870.52
		279,303.80	505,202.79
			28,355.00
		279,303.80	533,557.79
			144,715.48
		1,704,803.60	12,323,748.12
	16,995,376.60	6,598.27	17,001,974.87
		1,569,076.96	1,569,076.96
	16,995,376.60	3,280,478.83	31,039,515.43
		2,145,648.44	2,145,648.44
			10,428,933.30
	16,995,376.60	5,705,431.07	44,147,654.96
$ 0.00	$ 19,031,045.05	$ 5,861,848.45	$ 48,531,525.48

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2013

Total Fund Balances - Governmental Funds		$ 44,147,654.96
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		457,393,034.75
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the government funds until due. This amount is the amount of accrued interest payable at fiscal year-end.		(146,523.00)
Architect fees are not recorded in the governmental funds because they will not be paid with current financial resources but are accrued and reported in the government-wide statements.		(81,243.00)
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.		9,539,710.28
Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at fiscal year-end consist of:		
Qualified Zone Academy Bonds Payable	$ 5,000,000.00	
Qualified School Construction Bonds Payable	60,000,000.00	
Bonds Payable	2,628,535.82	
Compensated Absences Payable	10,397,889.41	
Other Postemployment Benefits Payable	1,596,953.00	(79,623,378.23)
Net Position - Governmental Activities		$ 431,229,255.76

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

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CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue - Federal Economic Stimulus Fund	Special Revenue - Other Federal Programs	Debt Service - Federal Economic Stimulus Fund
Revenues				
Intergovernmental:				
Federal Direct	$ 176,877.67	$	$ 2,074,682.80	$ 3,174,000.00
Federal Through State and Local	963,270.19	425,329.77	8,881,228.94	
State	33,570,414.93			
Local:				
Property Taxes	73,883,996.40			
Charges for Services - Food Service				
Miscellaneous	4,575,960.99			19,958.81
Total Local Revenues	78,459,957.39			19,958.81
Total Revenues	113,170,520.18	425,329.77	10,955,911.74	3,193,958.81
Expenditures				
Current - Education:				
Instruction	69,932,499.69	94,078.23	5,590,867.41	
Pupil Personnel Services	6,491,331.03		668,776.21	
Instructional Media Services	1,264,834.45			
Instruction and Curriculum Development Services	2,672,401.08	148,613.35	2,572,439.29	
Instructional Staff Training Services	1,248,131.63	65,912.71	1,359,943.11	
Instruction Related Technology	787,579.33			
School Board	682,183.11			
General Administration	308,342.83	12,909.75	395,569.04	
School Administration	8,500,802.86		137,304.61	
Facilities Acquisition and Construction				
Fiscal Services	891,688.10		25,420.95	
Food Services				
Central Services	2,910,970.40			
Pupil Transportation Services	5,933,801.70		4,958.18	
Operation of Plant	11,202,636.03		102,627.44	
Maintenance of Plant	3,713,391.16			
Administrative Technology Services	1,320,402.01	103,815.73		
Community Services	105,166.15			
Fixed Capital Outlay:				
Facilities Acquisition and Construction			66,875.19	
Other Capital Outlay	18,179.07		31,130.31	
Debt Service:				
Principal				
Interest and Fiscal Charges	74,686.86			3,420,700.00
Total Expenditures	118,059,027.49	425,329.77	10,955,911.74	3,420,700.00
Excess (Deficiency) of Revenues Over Expenditures	(4,888,507.31)			(226,741.19)
Other Financing Sources (Uses)				
Transfers In	6,936,130.28			3,776,111.76
Insurance Loss Recoveries	35,269.17			
Transfers Out				
Total Other Financing Sources (Uses)	6,971,399.45			3,776,111.76
Net Change in Fund Balances	2,082,892.14			3,549,370.57
Fund Balances, Beginning	8,745,010.63			7,069,573.95
Fund Balances, Ending	$ 10,827,902.77	$ 0.00	$ 0.00	$ 10,618,944.52

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

Capital Projects - Federal Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$	$	$	$ 5,425,560.47
		6,308,278.03	16,578,106.93
		798,712.83	34,369,127.76
	18,510,557.99		92,394,554.39
		2,267,797.88	2,267,797.88
5,599.09	175,195.00	78,639.52	4,855,353.41
5,599.09	18,685,752.99	2,346,437.40	99,517,705.68
5,599.09	18,685,752.99	9,453,428.26	155,890,500.84
			75,617,445.33
			7,160,107.24
			1,264,834.45
			5,393,453.72
			2,673,987.45
			787,579.33
			682,183.11
			716,821.62
			8,638,107.47
140,017.56	1,654,967.56	21,637.60	1,816,622.72
			917,109.05
		8,371,823.63	8,371,823.63
			2,910,970.40
			5,938,759.88
			11,305,263.47
			3,713,391.16
			1,424,217.74
			105,166.15
4,421,767.25	11,171,440.02	2,698,179.85	18,358,262.31
		1,015.20	50,324.58
		430,000.00	430,000.00
		155,101.63	3,650,488.49
4,561,784.81	12,826,407.58	11,677,757.91	161,926,919.30
(4,556,185.72)	5,859,345.41	(2,224,329.65)	(6,036,418.46)
		242,708.40	10,954,950.44
			35,269.17
	(8,926,787.81)	(2,000,000.00)	(10,926,787.81)
	(8,926,787.81)	(1,757,291.60)	63,431.80
(4,556,185.72)	(3,067,442.40)	(3,981,621.25)	(5,972,986.66)
4,556,185.72	20,062,819.00	9,687,052.32	50,120,641.62
$ 0.00	$ 16,995,376.60	$ 5,705,431.07	$ 44,147,654.96

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Governmental Funds	$ (5,972,986.66)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current fiscal year.	3,563,718.00
Certain accrued expenditures are not recorded in the governmental funds.	(81,243.00)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments in the current fiscal year.	449,130.60
Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrued in the statement of activities. This is the net change in accrued interest in the current period.	(36,148.00)
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences used in excess of the amount earned in the current fiscal year.	620,571.88
Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefits liability for the current fiscal year.	(189,985.00)
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.	2,914,301.14
Change in Net Position - Governmental Activities	$ 1,267,358.96

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

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY NET POSITION -
PROPRIETARY FUNDS
June 30, 2013

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 12,592,804.90
LIABILITIES	
Current Liabilities:	
Salaries and Benefits Payable	$ 1,732.48
Payroll Deductions and Withholdings	4,740.83
Accounts Payable	48,719.00
Due to Other Funds	615,752.82
Deposits Payable	33,204.73
Unearned Revenue	1,000,278.45
Total Current Liabilities	1,704,428.31
Noncurrent Liabilities:	
Estimated Insurance Claims Payable	1,348,666.31
Total Noncurrent Liabilities	1,348,666.31
Total Liabilities	3,053,094.62
NET POSITION	
Unrestricted	9,539,710.28
TOTAL LIABILITIES AND NET POSITION	$ 12,592,804.90

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

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

		Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Premium Revenues	$	19,813,779.17
OPERATING EXPENSES		
Salaries		124,169.01
Employee Benefits		35,236.93
Purchased Services		3,561,353.41
Materials and Supplies		1,853.28
Capital Outlay		450.00
Insurance Claims		13,148,169.23
Total Operating Expenses		16,871,231.86
Operating Income		2,942,547.31
NONOPERATING EXPENSES		
Interest Income, net		(83.54)
Transfers Out		(28,162.63)
Change in Net Position		2,914,301.14
Total Net Position - Beginning		6,625,409.14
Total Net Position - Ending	$	9,539,710.28

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

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2013

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	$ 18,280,590.54
Cash Payments for Insurance Claims	(12,916,682.98)
Cash Payments to Suppliers for Goods and Services	(1,946,999.06)
Cash Payments to Employees for Services	(166,926.31)
Net Cash Provided by Operating Activities	3,249,982.19
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to Other Funds	(28,162.63)
Net Cash Used by Noncapital Financing Activities	(28,162.63)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income, net	(83.54)
Net Cash Used by Investing Activities	(83.54)
Net Increase in Cash and Cash Equivalents	3,221,736.02
Cash and Cash Equivalents, Beginning	9,371,068.88
Cash and Cash Equivalents, Ending	$ 12,592,804.90

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	$ 2,942,547.31
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Due From Other Agencies	159.00
Salaries and Benefits Payable	(3,180.91)
Payroll Deductions and Withholdings	(4,339.46)
Accounts Payable	(7,439.05)
Deposits Payable	7,906.41
Unearned Revenue	(532,910.18)
Due to Other Funds	615,752.82
Estimated Insurance Claims Payable	231,486.25
Total Adjustments	307,434.88
Net Cash Provided by Operating Activities	$ 3,249,982.19

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

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS June 30, 2013

		Agency Funds
ASSETS		
Cash and Cash Equivalents	$	2,356,906.68
LIABILITIES		
Due to Other Funds	$	80,247.80
Internal Accounts Payable		2,276,658.88
TOTAL LIABILITIES	$	2,356,906.68

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

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statement

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separated component units for which the primary government is financial accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Charlotte County School District's (District) governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is reported as unallocated.

B. Reporting Entity

The Charlotte County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education, and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Charlotte County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading. Based on these criteria, no component units are included within the District's reporting entity. Based on the application of these criteria, the following component units are included within the District's reporting entity:

Blended Component Unit. A blended component unit, is in substance, part of the primary District's operations, even though it is a legally separate entity. Thus, the blended component unit is appropriately presented as part of the District. The Charlotte County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in note III.I. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

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Discretely Presented Component Unit. The component unit columns in the government-wide financial statements include the financial data of the District's other component unit. A separate column is used to emphasize that it is legally separate from the District.

The Charlotte Local Education Foundation, Inc. (Foundation), is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit.

C. Basis of Presentation: Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The effects of interfund activity have been eliminated from the government-wide financial statements except for interfund services provided and used.

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary, 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 nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA).
- Special Revenue – Other Federal Programs Fund – to account for certain Federal grant program resources.
- Debt Service – Federal Economic Stimulus Fund – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs on the District's qualified school construction bonds (QSCBs).
- Capital Projects – Federal Economic Stimulus Fund – to account for resources from the District's QSCB's to be used for educational capital outlay needs.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments.

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

- Internal Service Funds – to account for the District's Employee Benefits Program and the financing of the Special Projects Center Consortium, for which the District is the predominate participant and fiscal agent.
- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated in the preparation of the government-wide financial statements.

E. Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures,

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claims and judgments, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

The Charlotte Local Education Foundation, Inc., is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

F. **Assets, Liabilities, and Net Position/Fund Balance**

1. **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool, and money market funds, except that amounts held in escrow for long-term debt are not considered to be cash equivalents.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

2. **Investments**

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME and Fund B Surplus Funds Trust Fund (Fund B) investment pools created by Sections 218.405 and 218.417, Florida Statutes, and those made locally. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 1.11845939 at June 30, 2013. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at

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the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within Florida PRIME.

Investments made locally include money market funds and a Federal Home Loan Mortgage Corportaion (FHLMC) note, and are reported at fair value.

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

3. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost using the moving average pricing method, except that the United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. Interest costs incurred during construction of capital assets are not considered material and 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:

Description	Estimated Lives
Improvements Other Than Buildings	15 years
Buildings and Fixed Equipment	20 - 50 years
Furniture, Fixtures, and Equipment	7 years
Motor Vehicles	7 - 10 years
Audio Visual Materials and Computer Software	5 years

Current year information relative to changes in capital assets is described in a subsequent note.

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5. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums and discountsare deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

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

6. Net Position Flow Assumption

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District's policy to consider restricted - net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of an resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balance at June 30, 2013.

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Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Also classified as assigned are amounts that are constrained to be used for specific purposes based on actions of the Superintendent. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In addition, the District has adopted Board Policy 6233, which provides at least 3 percent of the current year's annual estimated General Fund revenues to be reserved for contingency purposes. In the event these reserves are needed, a majority vote of the Board is required before using these funds, and the Superintendent is required to provide a financial plan to the Board to restore the funds to the minimum 3 percent amount, along with a timeline for restoration.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. State Revenue Sources

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

The State provides financial assistance to administer certain educational programs. SBE rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward

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into the following year to be expended for the same educational programs. The Department generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

3. **District Property Taxes**

The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service.

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Charlotte County Property Appraiser, and property taxes are collected by the Charlotte County Tax Collector.

The Board adopted the 2012 tax levy on September 11, 2012. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Charlotte County Tax Collector at fiscal year-end but not yet remitted to the District.

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

4. **Federal Revenue Sources**

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

5. **Compensated Absences**

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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6. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. ACCOUNTING CHANGES

A. Governmental Accounting Standards Board Statement No. 65.

The District elected to early implement Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. The District's early adoption requires the District to restate the beginning net position in the governmental activities in the amount of the deferred charges related to debt issuance costs of previously issued State Board of Education bonds. The District's beginning net position was decreased $10,030.48, restated to $429,961,896.80, and resulted in the removal of deferred charges, previously reported as an asset, from the governmental activities statement of net position. This reporting change affects the comparability of amounts reported for the 2012-13 fiscal year with amounts reported for the 2011-12 fiscal year.

B. Comparability of Major Funds.

Pursuant to the Florida Financial and Program Cost Accounting and Reporting for Florida Schools (Red Book), the Florida Department of Education requires that the District report the Debt Service – ARRA Economic Stimulus Fund and Capital Projects – ARRA Economic Stimulus Fund as major governmental funds for financial reporting transparency of ARRA debt service and capital projects transactions, respectively. In prior fiscal years, the District reported these transactions in the Debt Service - Other Debt Service and Capital Projects – Other Capital Projects Funds, both reported as nonmajor governmental funds in the 2011-12 fiscal year. These variations in reporting affect the comparability of amounts reported for the 2012-13 fiscal year with amounts reported for the 2011-12 fiscal year.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk-Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

Cash balances from all funds are combined and invested to extent available. Earnings are allocated monthly to each fund balance based on average daily balances.

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B. Investments

As of June 30, 2013, the District has the following investments and maturities:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1) (3)	40 Day Average	$ 40,120,107.76
Fund B	3.98 Year Average	534,462.79
Debt Service Accounts	6 Months	72,539.35
Bank of America - Money Market (1)	40 Day Average	95,008.48
Federal Home Loan Mortgage Corporation (FHLMC) Note (2)	October, 10 2013	1,632,264.25
Federated Prime Obligations	40 Day Average	271.72
Total Investments, Reporting Entity		$ 42,454,654.35

Notes: (1) These investments are considered cash equivalents for financial reporting purposes.

(2) This investment is held under a paying agent agreement in connection with the Qualified Zone Academy Bonds (QZAB). See Note III.I.

(3) A portion of this investment ($10,617,687.06) is held under a paying agent agreement in connection with the Qualified School Construction Bonds (QSCB) and is not considered a cash equivalent. See note III.I.

- Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Florida PRIME had a weighted average days to maturity (WAM) of 40 days at June 30, 2013. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB Statement No. 40 (i.e., specific identification, duration, weighted average maturity, segmented time distribution, or simulation model) is not available. An estimate of the weighted average life (WAL) is available. In the calculation of the WAL, the time at which an expected principal amount is to be received, measured in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL, based on expected future cash flows, of Fund B at June 30, 2013, is estimated at 3.98 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL.

The District's investment in the FHLMC discount note is authorized under a forward delivery agreement (FDA) with the QZAB paying agent. The FDA guarantees an interest rate of 3.19 percent. The Provider of the FDA bears the interest rate risk.

The District's investments in the State of Florida debt service accounts will be used for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk (and credit risk) for this account.

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- Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to ones considered to have low credit risks. Money market funds must be Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency. Investments in interest-bearing time deposits must be in qualified public depositories, as defined in Section 280.02, Florida Statutes. The District's investment policy does not further limit its investment choices.

As of June 30, 2013, the District's investment in Florida PRIME is rated AAAm by Standard & Poor's. Fund B is unrated.

The District's investment in the Bank of America Money Market Reserves Fund is rated Aaa by Moody's Investor Services and AAAm by Standard and Poor's.

The District's investment in the Federated Prime Obligations Fund is authorized under an agreement with the QSCB paying agent and is rated Aaa by Moody's Investor Services and AAAm by Standard & Poor's.

The FHLMC investments are rated AA+ by Standard & Poor's and Aaa by Moody's Investor Services.

- Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body 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 this State, 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 this State, 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. The District's investment policy does not address custodial credit risk.

The District's investment in the FHLMC discount note is held in a custodial account by the paying agent.

- Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a formal investment policy that limits the amount the District may invest in any one issuer. The FHLMC note comprises 33 percent of investments in the Other Governmental Funds.

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C. Changes in Capital Assets

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 12,814,823.30	$	$	$ 12,814,823.30
Construction in Progress	49,329,827.10	15,490,900.99	58,575,938.30	6,244,789.79
Total Capital Assets Not Being Depreciated	62,144,650.40	15,490,900.99	58,575,938.30	19,059,613.09
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	6,512,045.34	66,875.19		6,578,920.53
Buildings and Fixed Equipment	454,558,264.02	58,575,938.30		513,134,202.32
Furniture, Fixtures, and Equipment	26,029,039.87	1,665,774.60	1,526,090.19	26,168,724.28
Motor Vehicles	12,798,423.98	773,549.12	239,490.69	13,332,482.41
Audio Visual Materials and Computer Software	1,012,168.05	41,393.99	6,800.00	1,046,762.04
Total Capital Assets Being Depreciated	500,909,941.26	61,123,531.20	1,772,380.88	560,261,091.58
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	4,464,615.00	252,852.00		4,717,467.00
Buildings and Fixed Equipment	79,268,815.00	10,246,351.00		89,515,166.00
Furniture, Fixtures, and Equipment	16,919,636.44	2,714,182.78	1,526,090.19	18,107,729.03
Motor Vehicles	7,883,037.14	1,136,286.82	239,490.69	8,779,833.27
Audio Visual Materials and Computer Software	689,171.33	125,103.29	6,800.00	807,474.62
Total Accumulated Depreciation	109,225,274.91	14,474,775.89	1,772,380.88	121,927,669.92
Total Capital Assets Being Depreciated, Net	391,684,666.35	46,648,755.31		438,333,421.66
Governmental Activities Capital Assets, Net	$ 453,829,316.75	$ 62,139,656.30	$ 58,575,938.30	$ 457,393,034.75

The District's capital assets serve several functions; accordingly, depreciation expense, which totals $14,474,775.89, is not charged to functions but is shown as unallocated on the statement of activities.

D. Florida Retirement System

Essentially all regular employees of the District are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

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Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2012-13 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS, Regular	3.00	5.18
FRS, Elected County Officers	3.00	10.23
FRS, Senior Management Service	3.00	6.30
DROP - Applicable to Members from All of the Above Classes	0.00	5.44
FRS, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.

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

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The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions, including employee contributions, for the fiscal years ended June 30, 2011, June 30, 2012, and June 30, 2013, totaled \$7,722,141.30, \$4,663,722.20, and \$4,662,219.66, respectively, which were equal to the required contributions for each fiscal year.

There were 514 District participants in the Investment Plan during the 2012-13 fiscal year. The District's contributions including employee contributions to the Investment Plan totaled \$1,696,489.46, which was equal to the required contribution for the 2012-13 fiscal year.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

E. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB 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 OPEB Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity.

Funding Policy. Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2012-13 fiscal year, 64 retirees received other postemployment benefits. The District provided required contributions of \$242,698 toward the annual OPEB cost, net of retiree contributions totaling \$592,520, which represents 0.9 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a

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period not to exceed 30 years. The following table shows the District's annual OPEB cost for the fiscal year, the amount actually contributed to the OPEB Plan, and changes in the District's net OPEB obligation:

Description	Amount
Normal Cost (service cost for one year)	$ 200,593
Amortization of Unfunded Actuarial Accrued Liability	280,146
Annual Required Contribution	480,739
Interest on Net OPEB Obligation	63,314
Adjustment to Annual Required Contribution	(111,370)
Annual OPEB Cost (Expense)	432,683
Contribution Toward the OPEB Cost	(242,698)
Change in Net OPEB Obligation	189,985
Net OPEB Obligation, Beginning of Year	1,406,968
Net OPEB Obligation, End of Year	$ 1,596,953

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2013, and the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010-11	$ 784,862	61.2%	$1,237,741
2011-12	416,408	59.4%	1,406,968
2012-13	432,683	56.1%	1,596,953

Funded Status and Funding Progress. As of January 1, 2012, the most recent valuation date, the actuarial accrued liability for benefits was $3,328,950, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $3,328,950, and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $63,062,639, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.3 percent.

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new

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estimates are made about the future. The required schedule of funding progress immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's OPEB actuarial valuation as of January 1, 2012, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2013, and the frozen entry age normal cost actuarial method to estimate the District's 2012-13 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.5 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, projected salary increases of 4.5 percent to 9.5 percent, and an annual healthcare cost trend rate of 8.5 percent initially for the 2012-13 fiscal year, reduced to an ultimate rate of 5.465 percent after 8 years. The investment rate of return and projected salary rates include a general price inflation of 3 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a 15 year period. The remaining amortization period at June 30, 2013, was 12 years.

F. Construction and Other Significant Commitments

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2013:

Major Funds				
General	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
$ 139,920	$ 29,216	$15,140,309	$ 96,020	$ 15,405,465

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Construction Contracts. Encumbrances include the following major construction contract commitments at fiscal year-end:

Project	Contract Amount	Completed to Date	Balance Committed
Lemon Bay High School:			
Architect	$ 2,265,993.96	$ 1,569,733.74	$ 696,260.22
Contractor	14,294,981.50	2,042,652.01	12,252,329.49
Total	$ 16,560,975.46	$ 3,612,385.75	$ 12,948,589.71

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; third party injuries and/or property damage and natural disasters. The Charlotte County District School Board is a member of the South Central Educational Risk Management Program (SCERMP), a consortium under which eight district school boards have established a public entity risk sharing-pool for property, general liability, automobile liability, workers' compensation, government crime and other coverage deemed necessary by the members of the SCERMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The interlocal agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCERMP is self-sustaining through member contributions (premiums), and purchased insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCERMP is composed of superintendents/finance directors or an authorized representative of all participating districts. Employer's Mutual, Inc., serves as the third-party administrator, insurance broker, and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of $100,000 (except named wind and flood), respectively. The named wind/hurricane deductible is 5 percent of replacement cost value with a minimum of $100,000 per occurrence. The deductibles for all other wind events is $100,000. Special hazard flood area deductibles are $500,000 per building and $500,000 contents plus $100,000 time element per occurrence. The flood deductible outside a special flood hazard area is $100,000.

SCERMP's purchased excess property loss limit during the 2012-13 fiscal year was $100 million, except for flood/earthquake of $75 million.

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Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2012-13 fiscal year was $850,000. SCERMP purchases excess liability coverage through a commercial insurance carrier, which covers workers' compensation losses in excess of the self-insured retention. Employers liability is included subject to $2,000,000 per occurrence and$4,000,000 in the aggregate.

The District is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability of governmental entities for tort claims to $200,000 per claim and $300,000 per occurrence.

The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

Effective January 1, 2010, the District contracted an administrator to manage the health and hospitalization self-insurance program, including the processing, investigating, and payment of claims. The insurance administrator has been approved by the Florida Department of Financial Serviced, Office of Insurance Regulation. The District's liability for health and hospitalization coverage is limited by excess insurance to $225,000 per individual per plan year.

As of June 30, 2013, a liability in the amount of $1,348,666.31 was actuarially determined to cover estimated incurred but not reported insurance claims payable.

The following schedule represents the changes in claim liability for current and past fiscal year for the District's self-insurance fund:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimated Liability	Claims Payments	Balance at Fiscal Year End
2011-12	$ 1,196,300.00	$ 13,278,709.47	$ (13,357,829.41)	$ 1,117,180.06
2012-13	1,117,180.06	13,148,169.23	(12,916,682.98)	1,348,666.31

H. Changes in Short-Term Debt

The following is a schedule of changes in short-term debt:

	Beginning Balance	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Tax Anticipation Note	$ 0	$ 19,000,000	$ (19,000,000)	$ 0

On October 5, 2012, the Charlotte County District School Board issued Tax Anticipation Note, Series 2012, in the amount of $19 million. The note carried an interest rate of 2 percent and was repaid on March 31, 2013.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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I. Long-Term Liabilities

1. Qualified Zone Academy Bonds Payable

On November 27, 2006, the District entered into a financing arrangement, characterized as a lease-purchase agreement, with the Charlotte School Board Leasing Corporation (Leasing Corporation), whereby the District secured financing under the Qualified Zone Academy Bonds (QZAB) Program in the amount of $5,000,000. The QZAB Program provides no interest cost financing to purchase certain goods or services for schools located in eligible District areas (zones). The District received financing of $5,000,000 from a local bank on November 27, 2006. Interest on the debt is "paid" by the United States Government through the issuance of Federal income tax credits to the holder of the QZAB debt (the bank). The rate of return to the bank was established by the United States Government at the time of the sale. Repayment of the original $5,000,000 financing proceeds is due in full on November 27, 2022. In connection with the financing, the District entered into a forward delivery agreement requiring annual deposits of $242,708.40 into a sinking fund for 16 consecutive years, beginning November 27, 2007. The forward delivery agreement provides a guaranteed investment return of 3.25 percent per annum, whereby the required deposits, along with the accrued interest, will be sufficient to repay the debt at maturity. The invested assets accumulated pursuant to the forward delivery agreement are held under a custodial agreement until the debt matures. The financing proceeds were designated for technology upgrades/replacements, computer laptops, and instructional equipment/materials at the following schools: The Academy at Charlotte Tech Center, Charlotte Harbor Center School, Neil Armstrong Elementary School, Port Charlotte Middle School, and Port Charlotte High School. As of June 30, 2013, the paying agent held $1,632,264.25.

2. Qualified School Construction Bond Payable

In the 2009-10 fiscal year, the District established a master lease-purchase program for the lease-purchase financing of various current and future educational facilities and sites. The general terms of this program were determined pursuant to a Master Lease-Purchase Agreement and Master Trust Agreement between the District and the Leasing Corporation.

On May 28, 2010, the District entered into a financing arrangement with the Leasing Corporation under this program whereby the District secured financing under the Qualified School Construction Bonds (QSCB) in the amount of $60,000,000. The QSCB program was established by Section 1521 of the American Recovery and Reinvestment Act (ARRA) and codified in Section 54A and 54F of the Internal Revenue Code. Among other things, the program provides low interest cost financing to school districts to construct certain educational facilities. Interest on the debt is paid by the District, and reimbursed in part by the federal government.

The financing was accomplished through the issuance of a School Board of Charlotte County, Florida Master Lease Program – Master Lease Certificates, Series 2010A – Qualified School Construction Bond (QSCB) in the principal amount of $60,000,000. The certificate proceeds were from the lender (Bank of America) and designated for the replacement construction of two schools, Meadow Park Elementary

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School and Lemon Bay High School. Under terms of Lease Schedule 2010A to the Master Lease-Purchase Agreement, and other related agreements, the District provided a ground lease to the Leasing Corporation, then would construct, acquire, install and lease-purchase the projects from the Leasing Corporation.

Repayment of the original $60,000,000 financing proceeds is due in full on May 1, 2027. Interest payments are due semi-annually based on a 5.7 percent annual interest rate, and a federal interest subsidy reimbursement is available at an annual rate of 5.29 percent. Rent paid by the District to the Leasing Corporation corresponds to the annual debt service requirements on the bonds. Rents are paid from "Available Revenues" of the District, including capital outlay millage revenues. The lease term ends on the date the certificates are paid in full.

In connection with the financing and pursuant to a Series 2010A Supplemental Master Trust Agreement, the Leasing Corporation assigned its rights to the rent collections to a Trustee (Regions Bank), requiring the District to deposit the 17 annual "basic" rent payments of $3,529,412 (corresponding to the principal portion of the bond), beginning in 2011, into a sinking fund held by the Trustee, as security for the bond. These amounts will be sufficient to pay the $60 million principal balance at maturity. Investment income earned in the Sinking Fund can be used to reduce future annual rent payments. At June 30, 2013, the market value of the sinking fund account was $10,617,958.78.

3. Bonds Payable

Bonds payable at June 30, 2013, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 2005B, Refunding	$ 2,380,000.00	5.0	2018
Series 2009A, Refunding	160,000.00	5.0	2019
Subtotal	2,540,000.00		
Add: Unamortized Premium on Debt	185,051.00		
Less: Unamortized Difference Between Reacquisition Price and Net Carrying Amount of Old Debt	(96,515.18)		
Total Bonds Payable	$ 2,628,535.82		

The various bonds were issued to finance capital outlay projects of the District. These bonds are issued by the SBE on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2013, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2014	$ 582,000.00	$ 455,000.00	$ 127,000.00
2015	579,250.00	475,000.00	104,250.00
2016	580,500.00	500,000.00	80,500.00
2017	585,500.00	530,000.00	55,500.00
2018	589,000.00	560,000.00	29,000.00
2019	21,000.00	20,000.00	1,000.00
Total State School Bonds	2,937,250.00	2,540,000.00	397,250.00
Add: Unamortized Premium on Debt	185,051.00	185,051.00	
Less: Unamortized Difference Between Reacquisition Price and Net Carrying Amount of Old Debt	(96,515.18)	(96,515.18)	
Total	3,025,785.82	2,628,535.82	397,250.00

4. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Qualified Zone Academy Bonds Payable	$ 5,000,000.00	$	$	$ 5,000,000.00	$
Qualified School Construction Bonds Payable	60,000,000.00			60,000,000.00	
Bonds Payable	3,077,666.42		449,130.60	2,628,535.82	455,000.00
Estimated Insurance Claims Payable	1,117,180.06	13,148,169.23	12,916,682.98	1,348,666.31	
Compensated Absences Payable	11,018,461.29	776,383.57	1,396,955.45	10,397,889.41	1,511,493.18
Other Postemployment Benefits Payable	1,406,968.00	432,683.00	242,698.00	1,596,953.00	
Total Governmental Activities	$ 81,620,275.77	$ 14,357,235.80	$15,005,467.03	$ 80,972,044.54	$ 1,966,493.18

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with the resources of the internal service funds. Due to the nature of the liability there is no amount of other postemployment benefits due in one year.

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

J. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in the **Fund Balance Policies** note disclosure, fund balances maybe classified as follows:

- **Nonspendable Fund Balance**. Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.
- **Restricted Fund Balance**. Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- **Unassigned Fund Balance**. The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

K. Interfund Receivables and Payables

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

Funds	Interfund Receivables	Interfund Payables
Major:		
General	$ 372,426.04	$
Special Revenue:		
ARRA Economic Stimulus Programs		891.60
Other Federal Programs		291,286.64
Nonmajor Governmental	615,752.82	
Proprietary		615,752.82
Fiduciary		80,247.80
Total	$ 988,178.86	$ 988,178.86

Interfund receivables and payables are temporary loans of cash between funds for a period of less than 13 months. The temporary loans will be repaid in the next fiscal year.

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DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

L. Revenues and Expenditures/Expenses

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2012-13 fiscal year:

Source	Amount
Categorical Educational Program - Class Size Reduction	$ 17,277,770.00
Florida Education Finance Program	11,720,909.00
Workforce Development Program	2,572,245.00
School Recognition	981,157.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	676,517.70
Voluntary Prekindergarten Program	550,626.92
Discretionary Lottery Funds	44,182.00
Workforce Development Performance Incentive	43,330.00
Miscellaneous	502,390.14
Total	$ 34,369,127.76

Accounting policies relating to certain State revenue sources are described in note I.G.1.

2. Property Taxes

The following is a summary of millages and taxes levied on the 2012 tax roll for the 2012-13 fiscal year:

	Millages	Taxes Levied
GENERAL FUND		
Nonvoted School Tax:		
Required Local Effort	5.164	$ 66,187,033
Prior Period Funding Adjustment	0.079	1,012,544
Basic Discretionary Local Effort	0.748	9,587,123
CAPITAL PROJECTS FUNDS		
Nonvoted Tax:		
Local Capital Improvements	1.500	19,225,513
Total	7.491	$ 96,012,213

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

M. Interfund Transfers

The following is a summary of interfund transfers reported in the fund financial statements:

Funds	Interfund Transfers In	Interfund Transfers Out
Major:		
General	$ 6,936,130.28	$
Debt Service:		
Federal Economic Stimulus	3,776,111.76	
Capital Projects:		
Local Capital Improvement Fund		8,926,787.81
Nonmajor Governmental	242,708.40	2,000,000.00
Proprietary Funds		28,162.63
Total	$ 10,954,950.44	$ 10,954,950.44

Interfund transfers represent permanent transfers of money between funds. In general, funds are transferred to the General Fund from the Capital Projects Funds to finance various District maintenance projects and equipment purchases. The transfer to the Debt Service – Federal Economic Stimulus Fund is to fund required sinking fund payments.

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

IV. INTERNAL SERVICE FUNDS

The following is a summary of financial information as reported in the internal service funds for the 2012-13 fiscal year:

	Total	Employee Benefit Insurance	Special Projects Center
Total Assets	$ 12,592,804.90	$ 12,592,804.90	$
Liabilities and Net Position:			
Salaries and Benefits Payable	$ 1,732.48	$ 1,732.48	$
Payroll Deductions and Withholdings	4,740.83	4,740.83	
Accounts Payable	48,719.00	48,719.00	
Due to Other Funds	615,752.82	615,752.82	
Deposits Payable	33,204.73	1,033,483.18	
Unearned Revenue	1,000,278.45		
Estimated Insurance Claims Payable	1,348,666.31	1,348,666.31	
Net Position:			
Unrestricted Net Position	9,539,710.28	9,539,710.28	
Total Liabilities and Net Position	$ 12,592,804.90	$ 12,592,804.90	$
Revenues:			
Premium Contributions	$ 19,813,779.17	$ 19,813,779.17	$
Total Revenues	19,813,779.17	19,813,779.17	
Total Expenses	(16,871,315.40)	(16,871,315.40)	
Transfers Out	(28,162.63)		(28,162.63)
Change in Net Position	$ 2,914,301.14	$ 2,942,463.77	$ (28,162.63)

V. CONSORTIUMS

The District was a member, and fiscal agent of, the Special Projects Center Consortium (Center), a four-district consortium formed to provide educational media to support the educational schools served by the Center. The Center dissolved effective June 30, 2012, and the District's share of Center resources was transferred out during the 2012-13 fiscal year to close out the Special Projects Center Fund. The District is a member of both the Small School District Council Consortium and the Greater Florida Consortium of School Boards. These consortiums are organized to provide educational information, interpretation, and consultation assistance to the affected Districts.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

VI. NON-FEDERAL SHARE FOR HEAD START PROGRAMS

For the Head Start and Early Head Start grants, the District is required to provide 20 percent of the total amount expended using non-Federal funds and donated goods and services. Local funds expended were for facilities, equipment and district support staff, such as therapists, psychologists and teachers. Donated goods and services were provided by the community and were used for the benefit of the program. During this fiscal year, for grant number 04CH3161/46 with a period ending October 31, 2012, the required amount of non-Federal share is $184,021.87. For grant number 04CH3161/47 the required amount of non-Federal share during the period November 1, 2012, through June 30, 2013, is $334,648.83.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	$ 157,000.00	$ 157,000.00	$ 176,877.67	$ 19,877.67
Federal Through State and Local	931,473.00	931,473.00	963,270.19	31,797.19
State	35,338,165.00	33,481,327.00	33,570,414.93	89,087.93
Local:				
Property Taxes	73,695,929.00	73,870,929.00	73,883,996.40	13,067.40
Miscellaneous	3,470,304.00	3,937,783.00	4,575,960.99	638,177.99
Total Local Revenues	77,166,233.00	77,808,712.00	78,459,957.39	651,245.39
Total Revenues	113,592,871.00	112,378,512.00	113,170,520.18	792,008.18
Expenditures				
Current - Education:				
Instruction	71,833,811.00	71,072,774.73	69,932,499.69	1,140,275.04
Pupil Personnel Services	6,892,286.00	6,691,112.00	6,491,331.03	199,780.97
Instructional Media Services	1,359,888.00	1,357,087.67	1,264,834.45	92,253.22
Instruction and Curriculum Development Services	2,761,622.00	2,814,121.00	2,672,401.08	141,719.92
Instructional Staff Training Services	1,268,703.00	1,286,528.00	1,248,131.63	38,396.37
Instruction Related Technology	489,635.00	795,335.00	787,579.33	7,755.67
School Board	842,913.00	692,613.00	682,183.11	10,429.89
General Administration	318,605.00	321,605.00	308,342.83	13,262.17
School Administration	8,352,767.00	8,539,745.00	8,500,802.86	38,942.14
Facilities Acquisition and Construction				
Fiscal Services	924,424.00	925,424.00	891,688.10	33,735.90
Central Services	2,943,447.00	2,966,227.00	2,910,970.40	55,256.60
Pupil Transportation Services	6,609,991.00	6,367,854.00	5,933,801.70	434,052.30
Operation of Plant	11,792,127.00	11,570,208.00	11,202,636.03	367,571.97
Maintenance of Plant	3,728,297.00	3,735,297.00	3,713,391.16	21,905.84
Administrative Technology Services	1,332,004.00	1,460,844.00	1,320,402.01	140,441.99
Community Services	125,066.00	125,266.00	105,166.15	20,099.85
Fixed Capital Outlay:				
Facilities Acquisition and Construction				
Other Capital Outlay		18,179.07	18,179.07	
Debt Service:				
Interest and Fiscal Charges	100,000.00	85,000.00	74,686.86	10,313.14
Total Expenditures	121,675,586.00	120,825,220.47	118,059,027.49	2,766,192.98
Excess (Deficiency) of Revenues Over Expenditures	(8,082,715.00)	(8,446,708.47)	(4,888,507.31)	3,558,201.16
Other Financing Sources				
Transfers In	6,925,000.00	6,953,163.00	6,936,130.28	(17,032.72)
Insurance Loss Recoveries			35,269.17	35,269.17
Total Other Financing Sources	6,925,000.00	6,953,163.00	6,971,399.45	18,236.45
Net Change in Fund Balances	(1,157,715.00)	(1,493,545.47)	2,082,892.14	3,576,437.61
Fund Balances, Beginning	8,745,010.63	8,745,010.63	8,745,010.63	
Fund Balances, Ending	$ 7,587,295.63	$ 7,251,465.16	$ 10,827,902.77	$ 3,576,437.61

Special Revenue - Federal Economic Stimulus Fund				Special Revenue - Other Federal Programs			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
$	$	$	$	$ 2,173,670.00	$ 2,107,713.44	$ 2,074,682.80	$ (33,030.64)
649,561.00	425,329.77	425,329.77		10,611,953.00	11,347,920.81	8,881,228.94	(2,466,691.87)
649,561.00	425,329.77	425,329.77		12,785,623.00	13,455,634.25	10,955,911.74	(2,499,722.51)
132,448.00	94,078.23	94,078.23		5,994,267.00	6,724,620.58	5,590,867.41	1,133,753.17
				768,403.00	862,249.10	668,776.21	193,472.89
298,449.00	148,613.35	148,613.35		3,722,552.00	3,422,589.53	2,572,439.29	850,150.24
87,330.00	65,912.71	65,912.71		1,406,941.00	1,520,668.13	1,359,943.11	160,725.02
11,900.00							
15,018.00	12,909.75	12,909.75		512,135.00	524,300.64	395,569.04	128,731.60
				160,026.00	141,627.48	137,304.61	4,322.87
				94,578.00	21.81		21.81
				25,526.00	25,424.66	25,420.95	3.71
				28,034.00	25,684.64	4,958.18	20,726.46
				73,161.00	110,442.18	102,627.44	7,814.74
104,416.00	103,815.73	103,815.73					
					66,875.19	66,875.19	
					31,130.31	31,130.31	
649,561.00	425,329.77	425,329.77		12,785,623.00	13,455,634.25	10,955,911.74	2,499,722.51
$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - (1) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
July 1, 2007	$ 0	$ 4,981,327	$ 4,981,327	0.0%	$ 93,787,311	5.3%
January 1, 2010	0	6,042,832	6,042,832	0.0%	64,612,372	9.4%
January 1, 2012	0	3,328,950	3,328,950	0.0%	63,062,639	5.3%

Note: (1) The District's OPEB actuarial valuation used the entry age actuarial cost method to estimate the actuarial accrued liability.

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

I. BUDGETARY BASIS OF ACCOUNTING

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

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

II. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

The January 1, 2012, projected unfunded actuarial accrued liability of $3,328,950 was significantly lower than the January 1, 2010, liability of $6,042,832 as a result of benefit changes and other changes in liabilities and costs as discussed below:

- *Initial cost of Coverage and Retiree Contributions* – In the previous valuation, the cost of coverage was expected to increase from $776 to $909 per employee per month; however, the cost actually decreased to $706 per employee per month for the year beginning January 1, 2012. At the same time, monthly contributions required from retirees increased from $538 to $539 for single coverage. These changes decreased the cost and liability.
- *Population Changes* – The number of enrolled retirees receiving post-employment health-care benefits decreased from 77 in the previous valuation to 64 in the latest valuation. At the same time, the number of active employees eligible for future post-employment health-care benefits decreased from 1,653 to 1,605. This change decreased the cost and liability.
- *Medical Trend Assumption* – The actuary revised the rate of coverage acceptance from 20 percent in the prior valuation to 25 percent in the latest valuation, based upon updated data. This change increased the cost and liability.
- *Medicare Offset Assumptions* – The actuary changed an assumption pertaining to the cost of coverage for retirees eligible for Medicare. In the prior valuation, the employer’s costs for claims incurred by Medicare eligible retirees was assumed to be 35 percent lower than the cost of the same claim incurred by a retiree who is not eligible for Medicare benefits. In the latest valuation, the percentage rate increased to 45 percent, decreasing the cost and liability.
- *Demographic Assumptions* – The actuary also revised assumed retirement rates to reflect changes made by the Florida Retirement System for its July 1, 2011, actuarial valuation, modestly decreasing the cost and liability.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Florida Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	321	$ 1,263,024.74
National School Lunch Program	10.555 (2)	300	4,721,781.36
Summer Food Service Program for Children	10.559	323	189,534.27
Total Child Nutrition Cluster			6,174,340.37
Fresh Fruit and Vegetable Program	10.582	None	184,997.78
Total United States Department of Agriculture			6,359,338.15
United States Department of Education:			
Direct:			
Student Finance Assistance Cluster:			
Federal Supplemental Education Opportunity Grants	84.007	N/A	8,105.00
Federal Pell Grant Program	84.063	N/A	617,223.60
Total Direct			625,328.60
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027 (4)	263	3,814,525.33
Special Education - Preschool Grants	84.173	267	123,946.05
Sarasota County District School Board:			
Special Education - Grants to States	84.027 (4)	None	90,679.22
Total Special Education Cluster			4,029,150.60
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191, 193	315,235.73
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226	3,796,715.35
Career and Technical Education - Basic Grants to States	84.048	161	179,602.76
Education for Homeless Children and Youth	84.196	127	42,405.86
English Language Acquisition Grants	84.365	102	18,794.13
Improving Teacher Quality State Grants	84.367	224	590,003.73
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RL111,RG311,RL111	425,329.77
Total Indirect			9,397,237.93
Total United States Department of Education			10,022,566.53
United States Department of Health and Human Services:			
Direct:			
Head Start	93.600 (3)	N/A	2,074,682.80
United States Department of Defense:			
Direct:			
Army Junior Reserve Officers Training Corps	None	N/A	176,877.67
Total Expenditures of Federal Awards			$ 18,633,465.15

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance - National School Lunch Program. Includes $379,043.20 of donated food received during the fiscal year. Donated foods are valued at fair values as determined at the time of donation.

(3) Head Start. Expenditures include $736,087.49 for grant number/program year 04CH3161/46 and $1,338,595.31 for grant number/program year 04CH3161/47.

(4) Special Education - Grants to States. Total CFDA 84.027 expenditures: $3,905,204.55.

AUDITOR GENERAL
STATE OF FLORIDA

DAVID W. MARTIN, CPA
AUDITOR GENERAL

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

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

Report on the Financial Statements

We have 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charlotte County District School Board as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2014, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the discretely presented component unit, as described in our report on the Charlotte County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that are discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report.

Management's Response

Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included in Exhibit A. We did not audit management's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

David W. Martin, CPA
Tallahassee, Florida
March 18, 2014

APPENDIX C

FORM OF RESOLUTION

A RESOLUTION OF THE SCHOOL BOARD OF CHARLOTTE COUNTY, FLORIDA AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $16,000,000 TAX ANTICIPATION NOTES, SERIES 2014 OF THE SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA, TO PROVIDE INTERIM FUNDS FOR THE PAYMENT OF OPERATING EXPENSES OF THE DISTRICT; PLEDGING CERTAIN TAX RECEIPTS TO THE PAYMENT OF THE NOTES; AUTHORIZING CERTAIN REMEDIES TO THE HOLDERS OF THE NOTES AND MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING THE FORM, MATURITY DATE, AND CERTAIN PARAMETERS WITH RESPECT TO THE OTHER TERMS AND DETAILS OF THE NOTES; AUTHORIZING THE AWARDING OF SAID NOTES PURSUANT TO A PUBLIC BID; DELEGATING CERTAIN AUTHORITY TO THE SUPERINTENDENT FOR THE AWARD OF THE NOTES AND APPROVAL OF THE TERMS OF THE NOTES; APPOINTING THE PAYING AGENT AND NOTE REGISTRAR FOR SAID NOTES; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING CERTAIN OFFICIALS OF THE BOARD TO TAKE ALL ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID NOTES; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE SCHOOL BOARD OF CHARLOTTE COUNTY, FLORIDA, ACTING AS THE GOVERNING BODY OF THE SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA:

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

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

"Act" means Chapter 1011, Florida Statutes.

"Board" means the School Board of Charlotte County, Florida, the governing body of the District.

"Chairman" means the Chairman of the Board, and in his or her absence or unavailability, the Vice-Chairman of the Board and such other persons who may be duly authorized to act on the Chairman's behalf.

"Chief Financial Officer" means the chief financial officer of the District or his duly appointed designee.

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

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

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

"County" means Charlotte County, Florida, a political subdivision of the State of Florida.

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

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

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

"Current Fiscal Year" means the fiscal year of the District which commenced July 1, 2014 and ends June 30, 2015.

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

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

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

"Maturity Date" means the maturity date of the Notes as is determined by the Chief Financial Officer prior to the issuance of the Notes, which date shall be no later than one year from the date of issuance of the Notes.

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

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

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

"Note Payment Fund" means the School District of Charlotte County, Florida Tax Anticipation Notes, Series 2014 Note Payment Fund created by this Resolution.

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

"Official Notice of Sale" means the Official Notice of Sale relating to the competitive sale of the Notes, which Official Notice of Sale shall be substantially in the form attached hereto as Exhibit B.

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

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

"Paying Agent" or **"Note Registrar"** means the Chief Financial Officer of the District.

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

"Pledged Revenues" means (a) receipts of ad valorem taxes collected by the Tax Collector of the County for the benefit of the District during the Current Fiscal Year, but only to the extent such tax receipts are levied or legally available for payment of operating expenses of the District and (b) amounts on deposit in the Note Payment Fund. "Pledged Revenues" shall not include ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statues, or to pay the principal of and interest on any obligations issued by the Board pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes.

"Preliminary Official Statement" shall mean the Preliminary Official Statement "deemed final," except as for permitted omissions, in accordance with Rule 15c2-12 of the Securities and Exchange Commission and Section 16 of this Resolution, the form of which is attached hereto as Exhibit C, with such modifications as shall be approved by the Chairman upon the advice of Note Counsel to the District, approval of such changes to be presumed by the execution thereof by the Chairman.

"Principal Amount" shall mean the aggregate principal amount of Notes issued hereunder, which principal amount shall not exceed $16,000,000.

"Purchaser" shall mean the underwriter or underwriters that submit(s) the Official Bid Proposal accepted by the District in accordance with the terms hereof. The Purchaser shall be the initial purchaser and underwriter of the Series 2014 Notes.

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

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

"State" means the State of Florida.

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

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

"Tentative Budget" means the proposed budget considered by the Board for the Current Fiscal Year prior to adoption of the Operating Budget.

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

(A) Pursuant to Section 1011.13, Florida Statutes and other applicable provisions of law, the school board of any school district in the State of Florida is authorized to negotiate a current loan at any time the current school funds on hand are estimated to be insufficient to pay obligations created by such school board, in accordance with the applicable budget of such school district.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Q) It is necessary and appropriate that the Board determine the parameters for the terms and details of the Notes and to delegate certain authority to the Superintendent for the award of the Notes and the approval of the terms of the Notes in accordance with the provisions hereof.

(R) In the event Note Counsel shall determine that the Notes have not been awarded competitively in accordance with the provisions of Section 218.385, Florida Statutes, the Board shall adopt such resolutions and make such findings as shall be necessary to authorize and ratify a negotiated sale of the Notes in accordance with said Section 218.385, Florida Statutes.

SECTION 4. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Notes authorized to be issued hereunder, this

Resolution shall be deemed to be and shall constitute a contract between the District, the Board and the Holders of any Notes. The covenants and agreement herein set forth to be performed by the District and the Board shall be for the equal benefit, protection and security of the Holder of each such Note, all of which shall be of equal rank and without preference, priority or distinction of any of such Notes over any other thereof, except as expressly provided therein and herein.

SECTION 5. AUTHORIZATION, DESCRIPTION AND BOOK-ENTRY PROVISIONS OF THE NOTES. For the purpose of financing the cost of obligations incurred in the ordinary operations of the District in the Current Fiscal Year there are hereby authorized to be issued "School District of Charlotte County, Florida Tax Anticipation Notes, Series 2014," in the aggregate principal amount not to exceed $16,000,000. The exact aggregate principal amount of Notes to be issued pursuant to this Resolution shall be determined by the Superintendent in accordance with the terms of this Resolution; provided such amount shall not exceed $16,000,000. The date of issuance of the Notes shall be determined by the Superintendent.

The Notes may be issued in one or more installments. The Notes shall be dated, shall be in denominations of $5,000 or integral multiples thereof, as agreed to between the District and the Purchaser, shall be in fully-registered form, shall mature at such time and shall bear interest from their date until maturity, calculated on a 360-day year basis (consisting of twelve 30-day months), payable at maturity at a rate not to exceed the maximum rate allowed by law, all as provided in the Official Bid Proposal. The Notes shall not be redeemable prior to maturity.

The Notes shall initially be issued in book-entry only form. The Notes shall be registered to Cede & Co., as nominee for The Depository Trust Company ("DTC"). All payments for the principal of and interest on the Notes shall be paid in lawful money of the United States of America, by check, draft or wire transfer to DTC.

To the extent permitted by the provisions of the DTC Blanket Issuer Letter of Representations previously executed by the District and delivered to DTC (the "DTC Blanket Letter of Representations"), the District shall issue Notes directly to beneficial owners of Notes other than DTC, or its nominee, in the event that:

(i) DTC determines not to continue to act as the securities depository for the Notes; or

(ii) The Board has advised DTC of its determination that DTC is incapable of discharging its duties; or

(iii) The Board, upon compliance with applicable DTC policies and procedures, determines that it is in the best interest of the District not to continue the book-entry system or that the interest of the beneficial owners of the Notes might be adversely affected if the book-entry system is continued.

Upon occurrence of either of the events described in clauses (i) or (iii) above (the Board undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Board to make any such determination) or if the Board fails to locate another qualified securities depository to replace DTC upon occurrence of either of the events described in clauses (i) or (ii) above, the Board shall mail a notice to DTC for distribution to the beneficial owners of the Notes stating that DTC will no longer serve as securities depository, whether a new securities depository will or can be appointed, the procedures for obtaining authenticated replacement Notes and the provisions which govern the Notes including, but not limited to, provisions regarding authorized denominations, transfer and exchange, principal and interest payments and other related matters. The DTC Blanket Letter of Representations previously executed and delivered by the District shall apply with respect to the Notes.

SECTION 6. EXECUTION AND AUTHENTICATION OF NOTES. The Notes shall be executed in the name of the District by the Chairman of the Board, and attested and countersigned by the Superintendent, as ex-officio Secretary of the Board, and the corporate seal of the District or a facsimile thereof shall be affixed thereto or reproduced thereon. The Notes may be signed and sealed on behalf of the District by any person who at the actual time of the execution of such Notes shall hold such offices in the District, although at the date of such Notes such person may not have been so authorized. The Notes may be executed by the facsimile signatures of the Chairman or Superintendent so long as the Notes bear one manual signature.

There shall be a Certificate of Authentication of the Note Registrar on the Notes, and no Note shall be valid or obligatory for any purpose or be entitled to any security or benefit under the provisions of this Resolution unless such certificate shall have been duly executed on such Notes. The authorized signature for the Note Registrar shall be either manual or in facsimile, provided, however, that at least one of the above signatures, including that of the authorized signature for the Note Registrar, appearing on the Notes shall be a manual signature.

SECTION 7. NOTES MUTILATED, DESTROYED, STOLEN OR LOST. In case any Note shall be mutilated, destroyed, stolen or lost, upon the Holder furnishing the District proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may prescribe and paying such expenses as the District may incur, the District shall issue and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Note, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Note, upon surrender of such mutilated Note, if any, to the District and the cancellation thereof; provided however, if the Note shall have matured or be about to mature, instead of issuing a substitute Note, the District may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof. Any Note surrendered under the terms of this Section 7 shall be cancelled by the Superintendent.

Any such duplicate Note issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the District whether or not, as to duplicate Notes, the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the special funds, as hereinafter pledged, to the same extent as the other Notes issued hereunder.

SECTION 8. REGISTRATION AND TRANSFER OF NOTES. The following Section is subject to the provisions of the DTC Blanket Letter of Representations.

All Notes shall be and shall have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and each successive Holder, in accepting any of the Notes, shall be conclusively deemed to have agreed that such Notes shall be and have all of said qualities and incidents of such negotiable instruments.

There shall be a Note Registrar with respect to each series or installment of Notes, which shall be the District or a bank or trust company located within or without the State of Florida with corporate trust powers. The Note Registrar initially shall be the Chief Financial Officer of the District. The Note Registrar shall be responsible for maintaining the books for the registration of the transfer and exchange of the Notes.

All Notes presented for transfer, exchange, redemption or payment (if so required by the District or the Note Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the District or the Note Registrar, as the case may be, duly executed by the Holder or by his duly authorized attorney.

Upon surrender to the Note Registrar for transfer or exchange of any Note accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Holder or his attorney duly authorized in writing, the Note Registrar shall deliver in the name of the Holder or the transferee or transferees, as the case may be, a new fully registered Note or Notes of authorized denominations and of the same maturity and interest rate for the aggregate principal amount which the Holder is entitled to receive.

The District and the Note Registrar may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the delivery of such Notes. The Note Registrar or the District may also require payment from the Holder or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Note shall be delivered.

New Notes delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same debt as the Notes surrendered, shall be secured under this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Notes surrendered.

The District and the Note Registrar may treat the Holder of any Note as the absolute owner thereof for all purposes, whether or not such Notes shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any Note is registered shall be deemed the Holder thereof by the District and the Note Registrar, and any notice to the contrary shall not be binding upon the District or the Note Registrar.

Whenever any Note shall be delivered to the Note Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Note shall be cancelled and destroyed by the Note Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the District.

SECTION 9. FORM OF NOTES. The text of the Notes shall be in substantially the form of Exhibit A hereto, with such variations, deletions and insertions as may be necessary and desirable, and as may be authorized or permitted by this Resolution.

SECTION 10. SECURITY FOR NOTES; SPECIAL OBLIGATIONS OF DISTRICT. To the extent necessary to pay when due the principal of and the interest on the Notes, the Pledged Revenues are irrevocably pledged to the payment of the Notes. The Notes and the interest thereon do not constitute a general obligation or indebtedness of, or a pledge of the faith and credit of, the Board, the District, the County, the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation but shall be payable from and secured solely by a lien upon and pledge of the Pledged Revenues in the manner provided herein and therein. If necessary, Notes are additionally payable from, but are not secured by, the Non-Ad Valorem Funds of the District. The Notes and the obligations evidenced thereby shall not constitute a lien upon any property of or in the District other than the Pledged Revenues in the manner provided in this Resolution. No Holder of the Notes shall ever have the right to compel the exercise of the ad valorem taxing power of the Board, the District, the County or the State or any political subdivision or agency thereof, other than the levy, collection and application of the Pledged Revenues, for the payment of the principal of or interest on the Notes in the manner herein and in the Notes provided.

SECTION 11. NOTE PAYMENT FUND. (a) There is hereby established the "School District of Charlotte County, Florida Tax Anticipation Notes, Series 2014 Note Payment Fund" (the "Note Payment Fund") to be held by the District as a separate special fund for the benefit of the Noteholders; provided that the cash required to be accounted for therein may be pooled with other funds of the District so long as adequate accounting records are maintained to reflect and control the restricted purposes of such Note Payment Fund moneys. The Note Payment Fund shall be held in trust by the District for the sole benefit of the Holders, and the Holders are granted an express lien on the moneys and/or investments held in the Note Payment Fund. The holders of the Notes shall have no lien upon all or any portion of the Non-Ad Valorem Funds unless and until any such funds are deposited into the Note Payment Fund. The District covenants that it shall deposit sufficient monies or Permitted Investments into the Note Payment Fund on or before January 15, 2015, February 15, 2015 and March 15, 2015, each in an amount not less than an amount equal to one-third (1/3) of the principal of and interest on the Notes due on the Maturity Date, such that not later than March 15, 2015, or the first business day thereafter, the balance on deposit therein will equal the amount of principal and interest becoming due on the Notes on the Maturity Date. If, on March 15, 2015, or the first business day thereafter, and continuously thereafter, there is not on deposit in the Note Payment Fund an amount (including Permitted Investments and the income or earnings to be received thereon) equal to all principal of and interest on the Notes at maturity, the Board shall designate the Note Payment Fund as its depository for the receipt of Pledged Revenues and continue such designation until such time as the amount in the Note Payment Fund, together with the earnings to be received thereon, is equal to all principal of and interest on the Notes at maturity.

(b) All investments held in the Note Payment Fund shall mature on or prior to the Maturity Date. All such investments shall be valued for the purpose of this Section 11 at their principal amount, and interest income or earnings to be received on or prior to the date of maturity of the Notes shall be included in the Note Payment Fund balance for purposes of determining whether the requirements of this Section 11 have been met.

(c) Funds in the Note Payment Fund may be invested only in Permitted Investments. Earnings on investments held in the Note Payment Fund shall be retained and reinvested in the Note Payment Fund until the amount on deposit in the Note Payment Fund, together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law except as provided in Subsection 11(d) hereof.

(d) Amounts in the Note Payment Fund, other than earnings permitted to be withdrawn by the District pursuant to Subsection 11(c) hereof, shall be applied solely to the payment of the principal of and interest on the Notes. After all such principal and interest shall have been paid, or at such time as provision for payment thereof shall have been made pursuant to Section 15 hereof, any amounts remaining in the Note Payment Fund may be used in the District's discretion as provided by law.

(e) On or prior to March 31, 2015, the District shall, if necessary, adjust the amount on deposit in the Note Payment Fund in order to ensure that sufficient funds are on deposit therein on the Maturity Date to pay the principal of and interest on the Notes in full.

SECTION 12. APPLICATION OF NOTE PROCEEDS. The proceeds of the sale of the Notes shall first be applied by the District to pay the costs of preparation and issuance of the Notes. The remaining proceeds from the sale of the Notes shall be used by the District to pay the lawful expenses of the District as the Board shall direct. The Holders of the Notes issued hereunder shall have no responsibility for the use of the proceeds of said Notes, and the use of such Note proceeds by the District shall in no way affect the rights of such Noteholders.

SECTION 13. COVENANTS OF DISTRICT AND BOARD. The Board covenants on its behalf and on behalf of the District with the Holders so long as any of the Notes are outstanding and unpaid as follows:

(a) to comply promptly with the Act and other applicable statutes in regard to (i) adoption of the Operating Budget, (ii) determination of the amounts necessary to be raised for current operating purposes for the Current Fiscal Year, (iii) determination of millage necessary to be levied for current operating purposes for the Current Fiscal Year, (iv) certification of such millage to the County Property Appraiser, (v) ordering the County Property Appraiser to assess such millage, and (vi) collecting the taxes paid and due to the Board from the County Tax Collector;

(b) in preparing, approving and adopting its Operating Budget and in controlling or providing for the expenditures of its funds, so long as any principal of or interest on the Notes are outstanding and unpaid, to appropriate, allot and approve, in the manner required by law from funds of the District derived from sources other than ad valorem taxes and legally available therefor, amounts sufficient to pay the principal of and interest on the Notes;

(c) not to issue any (i) indebtedness of any kind payable from the Pledged Revenues which indebtedness is secured by a lien upon the Pledged Revenues superior to that of the Notes, (ii) obligations (other than additional installments of Notes) payable from or secured by a lien on the moneys on deposit in the Note Payment Fund, and (iii) additional obligations having an equal lien upon the Pledged Revenues if the issuance of such additional indebtedness would violate the provisions of Section 1011.13(1), Florida Statutes. Subject to the foregoing limits, the Board may issue additional obligations (including additional installments of Notes) payable from and secured by a lien upon the Pledged Revenues on a parity with the Notes, and may issue obligations having a first lien upon moneys of the District other than the Pledged Revenues and the moneys on deposit in the Note Payment Fund;

(d) except as otherwise expressly provided herein, not to enter into any contract or other agreement and not to take any action by which the rights of any Holder might be impaired or diminished; and

(e) not to modify or amend this Resolution or any resolution amendatory hereof or supplemental hereto, unless such modification or amendment would not, in the opinion of Note Counsel, have a material adverse effect on the interest of the Holders, without the consent in writing of Holders of fifty-one percent (51%) or more in principal amount of the Notes then outstanding, provided that no modification or amendment shall permit, without the consent of all the Holders, a change (i) in the maturity of the Notes or a reduction in the rate of interest thereon, (ii) in the amount of the principal obligation evidenced by the Notes, (iii) that would affect the unconditional promise of the District to collect the ad valorem tax revenues and to make the deposits to the Note Payment Fund required herein, (iv) that would reduce the percentage of Holders required above, for modifications or amendments hereto, (v) that would affect the tax covenants of the District contained in Section 14 hereof, or (vi) that would impair the obligation of the District to pay the principal of and interest on the Notes at maturity or the remedies granted herein for the enforcement of such obligation. For the purpose of Holders' voting rights or consents, the Notes owned by or held for the account of the District, directly or indirectly, shall not be counted.

Any rating agency providing a rating for the Notes shall be notified, in writing, and supplied with a copy, of any modification, amendment or supplement to this Resolution so long as the rating assigned by such rating service is in effect.

SECTION 14. TAX COMPLIANCE. Neither the Board, the District nor any third party over whom the Board or the District has control, will make any use of the proceeds of the Notes or the Pledged Revenues at any time during the term hereof and thereof which would cause the Notes to be "private activity bonds" within the meaning of Section 103(b)(1) of the Code or "arbitrage bonds" within the meaning of Section 103(b)(2) of the Code. The Board, on behalf of the District, covenants throughout the term of the Notes, to comply with the requirements of the Code and the Regulations, as such may be amended from time to time.

SECTION 15. DEFEASANCE. If, at any time the Board shall have paid, or shall have made provision for payment of the principal of and interest on the Notes then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the holders of the Notes shall be no longer in effect and the Notes shall no longer be deemed to be outstanding and unpaid for the purposes of this Resolution. For purposes of the preceding sentence, deposit of Permitted Investments in irrevocable trust or pursuant to an irrevocable letter of instruction with the State Board of Administration of the State of

Florida or with a bank or trust company with corporate trust powers for the sole benefit of the Noteholders, the principal of which, together with the earnings to be received thereon, will be sufficient to make timely payment of the principal of and interest on the Notes, shall constitute provision for payment.

SECTION 16. OFFICIAL STATEMENT; SUMMARY NOTICE OF SALE AND OFFICIAL NOTICE OF SALE; SALE AND AWARD OF NOTES. (a) The form of, and the distribution and delivery by the District of, the Preliminary Official Statement for the Notes, in substantially the form attached hereto as Exhibit C, and the distribution and delivery to the Purchaser of the final Official Statement, substantially in the form of the Preliminary Official Statement with such changes, insertions and modifications as shall be necessary to reflect the final terms and details of the Notes, are hereby authorized and approved. The Superintendent, on behalf of the District, is hereby authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission.

(b) The forms of the Summary Notice of Sale and Official Notice of Sale attached hereto as Exhibits B and E, respectively, and the terms and provisions thereof are hereby authorized and approved. The Superintendent, on behalf of the District, is hereby authorized to make such changes, insertions, deletions and modifications as he shall deem necessary prior to the dissemination of such Summary Notice of Sale and Official Notice of Sale. The Superintendent is hereby authorized to advertise and publish the Summary Notice of Sale and Official Notice of Sale at such time as he shall deem necessary and appropriate, upon the advice of the Financial Advisor, to accomplish the competitive sale of the Notes.

(c) The Superintendent, on behalf of the District and only in accordance with the terms hereof, shall award the Notes to the underwriter or underwriters that submit the bid which complies in all material respects with the Official Notice of Sale and offers to purchase the Notes at the lowest net interest cost to the District, as calculated by the Financial Advisor in accordance with the terms and provisions of the Official Notice of Sale.

SECTION 17. EXECUTION OF DOCUMENTS. The Chairman, Vice Chairman, Superintendent, ex-officio Secretary of the Board, any Assistant Superintendent and their designee(s) are hereby authorized to execute and deliver such documents and certificates, including the Official Statement and the Notes, in addition to those expressly authorized by this Resolution, and to take such further actions as they shall deem reasonably necessary or appropriate to effect the issuance of the Notes and the other transactions contemplated by this Resolution.

Those officers are further authorized to make or effect any election, selection, choice, consent, approval, or waiver on behalf of the District with respect to the Notes as the District is permitted or required to make or give under the federal income tax laws, for the purpose of assuring, enhancing or protecting favorable tax treatment or characterization of the Notes or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties thereon, or making payments in lieu thereof, or obviating such amounts or payments, as determined by such officer. Any such action of such officer shall be in writing and signed by the officer.

SECTION 18. NOTE REGISTRAR AND PAYING AGENT AND AGREEMENT THEREFOR. The District, through its Chief Financial Officer, shall act as Note Registrar and Paying Agent hereunder. The Chief Financial Officer shall perform such duties as are more fully described herein and in the Notes.

The Chief Financial Officer shall fulfill the functions of Note Registrar and Paying Agent with respect to the Notes until a qualified successor shall have been designated by the District and accepted such duties, such designation to be subject to written notice to the Note Registrar and Paying Agent, or until the Notes have been paid in full pursuant to the terms hereof and of the Notes.

SECTION 19. SECONDARY MARKET DISCLOSURE. The District hereby covenants and agrees that, in order to provide for compliance by the District with the secondary market disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the District and dated the date of delivery of the Notes, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form attached hereto as Exhibit D with such changes, amendments, modifications, deletions and additions as shall be approved by the Superintendent who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of this Resolution or the Trust Agreement, failure of the District to comply with such Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; provided, however, to the extent allowed by law, any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 19 and the Continuing Disclosure Certificate.

SECTION 20. REMEDIES. Any Holder may sue to protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida or the United States of America or granted and contained in this Resolution, and to enforce and compel the performance of all duties required by this Resolution or by any applicable laws to be performed by the District, the Board or by any officer thereof, and may take all steps to enforce this Resolution to the full extent permitted or authorized by the laws of the State of Florida or the United States of America.

SECTION 21. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution and shall in no way affect the validity of all other provisions of this Resolution or of the Notes issued hereunder.

SECTION 22. REPEALING CLAUSE. All resolutions or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 23. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

Passed and Adopted at a regular meeting this 12th day of August, 2014.

SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA

(SEAL)

By:____________________________________
Chairman, School Board of Charlotte County, Florida

ATTEST:

____
Superintendent, ex-officio Secretary,
School Board of Charlotte County, Florida

EXHIBIT A

FORM OF NOTES

EXHIBIT B

FORM OF OFFICIAL NOTICE OF SALE

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

EXHIBIT D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT E

FORM OF SUMMARY NOTICE OF SALE

APPENDIX D

FORM OF LEGAL OPINION

APPENDIX D

FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A., WITH RESPECT TO THE NOTES

Upon delivery of the Notes in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel, proposes to render its opinion with respect to such Notes in substantially the following form:

(Date of Delivery)

School Board of Charlotte
County, Florida
Port Charlotte, Florida

Board Members:

We have examined a record of proceedings relating to the issuance of $_______________ Tax Anticipation Notes, Series 2014 (the "Notes") of the School District of Charlotte County, Florida (the "District").

The Notes are issued under and pursuant to the Laws of the State of Florida, including, particularly, Chapter 1011, Florida Statutes, and pursuant to a resolution adopted by the School Board of Charlotte County, Florida, as the governing body of the District (the "Board"), on August 12, 2014 (the "Resolution").

The Notes are dated and shall bear interest from their date of delivery. The Notes will mature on March 31, 2015 and will bear interest at the rate per annum as set forth thereon. Interest shall be payable at maturity. The Notes are not subject to redemption prior to maturity. The Notes are in the form of fully registered Notes in the denomination of $5,000 or any integral multiple thereof.

The Notes are issued for the principal purpose of providing interim funds for the payment of the District's operating expenses as more particularly described in the Resolution.

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 and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Resolution. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Notes, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, 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, and the Resolution has been duly and lawfully adopted by the Board, is in full force and effect in accordance with its terms and is valid and binding upon the Board and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Revenues (as defined in the Resolution). To the extent necessary, the Notes are additionally payable from, but are not secured by a lien upon or pledge of, legally available funds of the District derived from sources other than ad valorem taxation.

3. The District is duly authorized and entitled to issue the Notes, and the Notes have been duly and validly authorized and issued by the District in accordance with the Constitution and Laws of the State of Florida and the Resolution. The Notes constitute valid and binding obligations of the District as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws pursuant to which they are issued.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Notes (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 in this paragraph 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 Notes 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 Notes to be so included in gross income retroactive to the date of issuance of the Notes. The Board has covenanted in the Resolution to comply with all such requirements. Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Notes.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Notes, respectively, may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

We have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Notes and we express no opinion relating thereto.

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 Notes and, in our opinion, the form of the Notes is regular and proper.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School District of Charlotte County, Florida (the "Issuer") in connection with the issuance of its $_________ Tax Anticipation Notes, Series 2014 (the "Notes"). The Notes are being issued pursuant to the Issuer's note resolution adopted on August 12, 2014. The Issuer covenants and agrees as follows:

SECTION 1.PURPOSE OF DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and in order to assist the original underwriters of the Notes in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

SECTION 2. REPORTING SIGNIFICANT EVENTS. The Issuer shall provide to the MSRB and to the SID, if any, on a timely basis not in excess of 10 business days after the occurrence of the event, notice of any of the following events, if such event is material with respect to the Notes or the Issuer's ability to satisfy its payment obligations with respect to the Notes; provided, however, to the extent the Issuer has provided notice of any such event to a dissemination agent pursuant to any other undertaking executed by the Issuer in accordance with the Rule, the Issuer's obligations as set forth in this Section 2 shall be deemed to be satisfied:

(A) Principal and interest payment delinquencies;

(B) Non-payment related defaults;

(C) Unscheduled draws on debt service reserves reflecting financial difficulties;

(D) Unscheduled draws on credit enhancement reflecting financial difficulties;

(E) Substitution of credit or liquidity providers, or their failure to perform;

(F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue or other material notices or determinations with respect to the tax status of the Notes, or other material or events affecting the tax status of the Notes;

(G) Modifications to rights of Noteholders;

(H) Calls on the Notes;

(I) Tender offers with respect to the Notes;

(J) Defeasance of the Notes;

(K) Release, substitution, or sale of property securing repayment of the Notes;

(L) Rating changes;

(M) Bankruptcy, insolvency, receivership or similar event of the Issuer (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, 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 Issuer);

(N) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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; and

(O) Appointment of a successor or additional trustee or the change of name of a trustee.

The Issuer may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 2, if, in the judgment of the Issuer, such other events are material with respect to the Notes, but the Issuer does not specifically undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above.

Whenever the Issuer obtains knowledge of the occurrence of a significant event described in this Section 2, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities law to holders of Notes, <u>provided</u>, that any event under clauses (A), (C), (D), (E), (F), (I), (J), (L) or (M) above will always be deemed to be material.

SECTION 3. SUBMISSION OF INFORMATION TO THE MSRB. The information required to be disclosed pursuant to Section 2 of this Disclosure Certificate shall be submitted to the MSRB through its Electronic Municipal Market Access system ("EMMA"). Subject to future changes in submission rules and regulations, such submissions shall be provided to the MSRB, through EMMA, in portable document format ("PDF") files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. Such PDF files shall be wordsearchable (allowing the user to search for specific terms used within the document through a search or find function available in a software package).

Subject to future changes in submission rules and regulations, at the time that such information is submitted through EMMA, the Issuer, or any dissemination agent engaged by the Issuer pursuant to Section 6 hereof, shall also provide to the MSRB information necessary to accurately identify, as applicable:

(A) the category of information being provided;

(B) the issues or specific securities to which such submission is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);

(C) the name of any Obligated Person other than the Issuer;

(D) the name and date of the document being submitted; and

(E) contact information for the submitter.

SECTION 4. NO EVENT OF DEFAULT. Notwithstanding any other provision in the Resolution to the contrary, failure of the Issuer to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Resolution. To the extent permitted by law, the sole and exclusive remedy of any Noteholder for the enforcement of the provisions hereof shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations hereunder. For purposes of this Disclosure Certificate, "Noteholder" 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 Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Note for federal income tax purposes.

SECTION 5. INCORPORATION BY REFERENCE. Any or all of the information required herein to be disclosed may be incorporated by reference from other documents, including official statements or debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each document incorporated by reference.

SECTION 6. DISSEMINATION AGENTS. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

SECTION 7. TERMINATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon (A) the legal defeasance, or payment in full of all of the Notes, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 8. AMENDMENTS. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision may be waived, if such amendment or waiver is supported by an opinion of counsel that is nationally recognized in the area of federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any notices of the occurrence of significant events other than those events set forth in Section 2, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to provide notice of the occurrence of a significant event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in its future annual information or notice of occurrence of a significant event.

SECTION 10. OBLIGATED PERSONS. If any person, other than the Issuer, becomes an Obligated Person (as defined in the Rule) relating to the Notes, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

September __, 2014

SCHOOL DISTRICT OF CHARLOTTE COUNTY, FLORIDA

By:___________________________________

Chairman, School Board of Charlotte County, Florida