

**STATE OF FLORIDA AUDITOR GENERAL**

**Financial and Federal Single Audit**

Report No. 2021-130  
February 2021

**INDIAN RIVER COUNTY  
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended  
June 30, 2020



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2019-20 fiscal year, Dr. David K. Moore served as Superintendent of the Indian River County Schools from December 20, 2019, Dr. Susan Moxley served as Superintendent before that date, and the following individuals served as School Board Members:

	<u>District No.</u>
Dr. Mara Schiff, Vice Chair from 11-12-19	1
Jacqueline Rosario	2
Laura Zorc, Chair	3
Teri L. Barenborg	4
Tiffany M. Justice, Vice Chair through 11-11-19	5

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Daria L. Ermakova, CPA, and the audit was supervised by Tim L. Tucker, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at [tedwaller@aud.state.fl.us](mailto:tedwaller@aud.state.fl.us) or by telephone at (850) 412-2887.

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# SUMMARY

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## SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of the Indian River County District School Board (District) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

## SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

## SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster was audited as a major Federal program. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on the Child Nutrition Cluster.

## AUDIT OBJECTIVES AND SCOPE

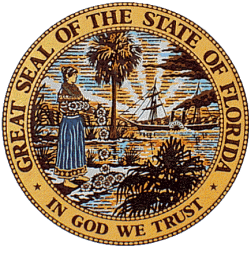
Our audit objectives were to determine whether the School Board and its officers with administrative and stewardship responsibilities for District operations:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal program; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal program.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2020. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

## AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.



Sherrill F. Norman, 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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board, as of and for the fiscal year ended June 30, 2020, 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 10 percent, 1 percent, 16 percent, 8 percent, and 8 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, 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 from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board, as of June 30, 2020, 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 Matter***

As discussed in Note II. to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which is a change in accounting principle that addresses accounting and financial reporting for fiduciary activities. This affects the comparability of amounts reported for the 2019-20 fiscal year with amounts reported for the 2018-19 fiscal year. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension 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 part of the basic financial statements, is required by the GASB 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**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying **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 accompanying **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 our report dated February 17, 2021, on our consideration of the District'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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 17, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the Indian River County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2020. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2019-20 fiscal year are as follows:

- In total, net position decreased \$8 million during the 2019-20 fiscal year.
- The assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources at June 30, 2020, by \$172.6 million. Of this amount, \$223.3 million represents investments in capital assets (net of related debt), a restricted net position of \$32.8 million and a deficit unrestricted net position of \$83.5 million.
- Program revenues account for \$12.4 million, or 6.1 percent, of total revenues, and general revenues account for \$190.7 million, or 93.9 percent.
- The governmental funds report combined fund balances of \$46.8 million, an increase of \$7 thousand in comparison to the prior fiscal year.
- At the end of the fiscal year, assigned and unassigned fund balance for the General Fund was \$13.5 million, or 8.9 percent of General Fund revenues.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic 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 and business-type activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, liabilities, and deferred inflows/outflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, which is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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 such as 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.
- Business-type activities – The District charges fees to cover the cost of certain services it provides. These activities are for its Extended Day Program.
- Component units – The District presents five separate legal entities that operate as charter schools as discussed in the notes to the basic financial statements. Although these are legally separate organizations, the component units’ activities are included in the financial statements since they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

The Indian River County School Board Leasing Corporation (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the District.

### **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 entitywide perspective contained in the government-wide statements. All of the District’s funds may be classified within one of the broad categories discussed below.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and 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 – Other Fund, Debt Service – Other Fund, Debt Service – ARRA Economic Stimulus Fund, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Other Fund. Data from the 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. Two types of proprietary funds are maintained:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its Extended Day Program.
- 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 the internal service fund to account for the health self-insurance program activities. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

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

The District uses a private-purpose trust fund to account for scholarship funds established by a private donor.

The District uses custodial 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.

### **Required Supplemental Information**

The District adopts an annual budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund and major Special Revenue Fund to demonstrate compliance with the budget. Additional required supplementary information is presented related to the District's other postemployment benefits and net pension liabilities and contributions.

### **Notes to Required Supplementary Information**

The notes provide additional information that is essential for a full understanding of the data provided in the required supplementary information.

<b>GOVERNMENT-WIDE FINANCIAL ANALYSIS</b>
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As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2020, compared to net position as of June 30, 2019:

**Net Position, End of Year  
(amounts expressed in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>6-30-20</b>	<b>6-30-19</b>	<b>6-30-20</b>	<b>6-30-19</b>	<b>6-30-20</b>	<b>6-30-19</b>
Current and Other Assets	\$ 68,649	\$ 71,098	\$ 1,512	\$ 1,321	\$ 70,161	\$ 72,419
Capital Assets	324,969	330,980	-	-	324,969	330,980
<b>Total Assets</b>	<b>393,618</b>	<b>402,078</b>	<b>1,512</b>	<b>1,321</b>	<b>395,130</b>	<b>403,399</b>
<b>Deferred Outflows of Resources</b>	<b>44,524</b>	<b>44,626</b>	<b>231</b>	<b>277</b>	<b>44,755</b>	<b>44,903</b>
Long Term Liabilities	239,520	233,594	670	604	240,190	234,198
Other Liabilities	14,941	18,674	1	16	14,942	18,690
<b>Total Liabilities</b>	<b>254,461</b>	<b>252,268</b>	<b>671</b>	<b>620</b>	<b>255,132</b>	<b>252,888</b>
<b>Deferred Inflows of Resources</b>	<b>12,084</b>	<b>14,765</b>	<b>67</b>	<b>85</b>	<b>12,151</b>	<b>14,850</b>
Net Position:						
Net Investment in Capital Assets	223,325	219,566	-	-	223,325	219,566
Restricted	32,840	31,609	-	-	32,840	31,609
Unrestricted (Deficit)	(84,568)	(71,504)	1,005	893	(83,563)	(70,611)
<b>Total Net Position</b>	<b>\$ 171,597</b>	<b>\$ 179,671</b>	<b>\$ 1,005</b>	<b>\$ 893</b>	<b>\$ 172,602</b>	<b>\$ 180,564</b>

The largest portion of the District's net position 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 represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was primarily the result, in part, of accruing \$12.1 million in compensated absences payable, \$25.4 million in other postemployment benefit obligations, and \$98.5 million in net pension liability.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2020, and June 30, 2019, are as follows:

**Operating Results for the Fiscal Year Ended  
(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	6-30-20	6-30-19	6-30-20	6-30-19	6-30-20	6-30-19
Program Revenues:						
Charges for Services	\$ 1,481	\$ 1,684	\$1,005	\$1,241	\$ 2,486	\$ 2,925
Operating Grants and Contributions	6,181	6,338	-	-	6,181	6,338
Capital Grants and Contributions	3,717	4,285	-	-	3,717	4,285
General Revenues:						
Property Taxes, Levied for Operational Purposes	98,087	95,407	-	-	98,087	95,407
Property Taxes, Levied for Capital Projects	28,313	27,740	-	-	28,313	27,740
Grants and Contributions Not Restricted to Specific Programs	60,009	60,468	-	-	60,009	60,468
Unrestricted Investment Earnings	1,414	1,653	25	30	1,439	1,683
Miscellaneous	2,900	3,859	-	-	2,900	3,859
<b>Total Revenues</b>	<b>202,102</b>	<b>201,434</b>	<b>1,030</b>	<b>1,271</b>	<b>203,132</b>	<b>202,705</b>
Functions/Program Expenses:						
Instruction	119,797	115,111	-	-	119,797	115,111
Student Support Services	6,064	5,666	-	-	6,064	5,666
Instructional Media Services	2,468	2,261	-	-	2,468	2,261
Instruction and Curriculum Development Services	8,067	7,316	-	-	8,067	7,316
Instructional Staff Training Services	2,819	2,726	-	-	2,819	2,726
Instruction-Related Technology	1,734	1,683	-	-	1,734	1,683
Board	1,016	930	-	-	1,016	930
General Administration	1,650	1,549	-	-	1,650	1,549
School Administration	11,317	10,219	-	-	11,317	10,219
Facilities Acquisition and Construction	6,176	6,024	-	-	6,176	6,024
Fiscal Services	1,623	1,348	-	-	1,623	1,348
Food Services	9,467	8,931	-	-	9,467	8,931
Central Services	2,977	2,455	-	-	2,977	2,455
Student Transportation Services	6,742	9,325	-	-	6,742	9,325
Operation of Plant	15,322	14,258	-	-	15,322	14,258
Maintenance of Plant	4,543	3,883	-	-	4,543	3,883
Administrative Technology Services	4,420	3,952	-	-	4,420	3,952
Community Services	228	400	-	-	228	400
Unallocated Interest on Long-Term Debt	3,746	3,909	-	-	3,746	3,909
Extended Day Program	-	-	918	991	918	991
<b>Total Functions/Program Expenses</b>	<b>210,176</b>	<b>201,946</b>	<b>918</b>	<b>991</b>	<b>211,094</b>	<b>202,937</b>
<b>Change in Net Position</b>	<b>(8,074)</b>	<b>(512)</b>	<b>112</b>	<b>280</b>	<b>(7,962)</b>	<b>(232)</b>
Net Position - Beginning	179,671	180,183	893	613	180,564	180,796
<b>Net Position - Ending</b>	<b>\$171,597</b>	<b>\$179,671</b>	<b>\$1,005</b>	<b>\$ 893</b>	<b>\$172,602</b>	<b>\$180,564</b>

Governmental activities general revenues increased by \$1.6 million primarily as a result of the following factors: Property taxes for operational purposes increased by \$2.7 million and property taxes for capital projects increased by \$0.6 million primarily due to an increase in the taxable assessed value of 5.9 percent. Governmental activities program revenues decreased by \$0.9 million primarily as a result of the \$0.7 million decrease in Capital and Operating grants and contributions due to a decrease in revenue from the food service program and capital grants.

Governmental activities expenses increased from the prior fiscal year by \$8.2 million. This was primarily due to an increase in salary and benefits resulting from union negotiations, an increase in pension expense, and COVID-19 expenditures for personal protective equipment and personnel, offset by a decrease in expenses for student transportation services.

**Business-Type Activities**

Extended Day Program business-type activities increased the District’s net position by \$0.1 million for the fiscal year ended June 30, 2020. Charges for services and other income totaled \$1 million, while Extended Day Program expenses totaled \$0.9 million.

**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 District’s governmental funds reported a combined fund balance of \$46.8 million, which is the same as the prior year. The following schedule indicates the fund balance and the total change in fund balance by major fund versus other governmental funds as reported in the basic financial statements for the fiscal years ended June 30, 2020, and June 30, 2019.

<u>Fund Balance (in thousands)</u>	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Fund	\$ 16,481	\$ 18,728	\$ (2,247)	-12.0%
Debt Service Funds:				
Other	-	149	(149)	-100.0%
ARRA Economic Stimulus	12,703	11,188	1,515	13.5%
Capital Projects Funds:				
Local Capital Improvement	10,629	10,250	379	3.7%
Other	6,677	4,930	1,747	35.4%
Other Governmental Funds	351	1,589	(1,238)	-77.9%
<b>Total</b>	<b>\$ 46,841</b>	<b>\$ 46,834</b>	<b>\$ 7</b>	<b>0.0%</b>

**Major Governmental Funds**

The General Fund is the District’s chief operating fund. As a measure of the General Fund’s liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 8.9 percent of the total General Fund revenues, while total fund balance represents 10.9 percent of total General Fund revenues.

Total fund balance decreased by \$2.2 million during the fiscal year. The table that follows illustrates the changes in revenues and net other financing sources and uses of the General Fund for the fiscal years ended June 30, 2020, and June 30, 2019.

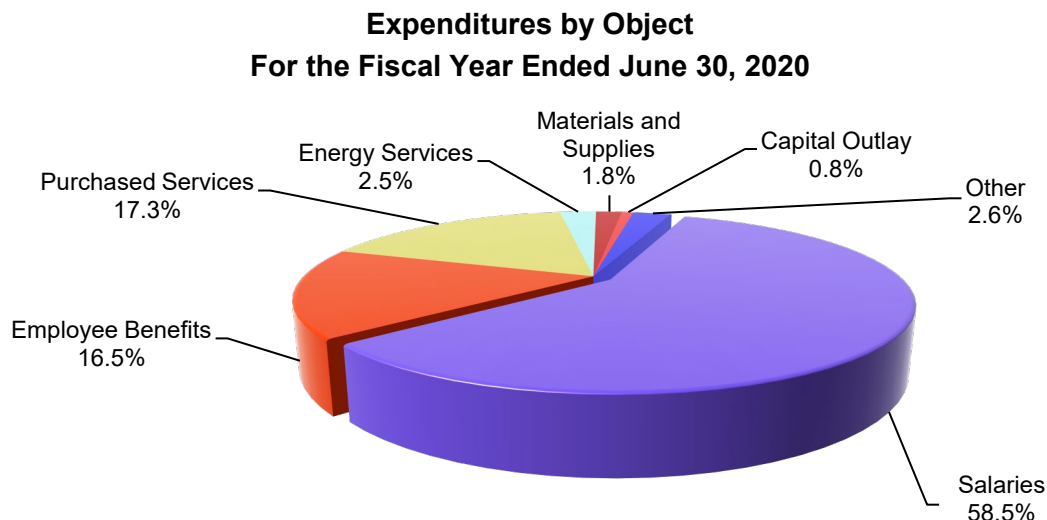


<b>Revenues and Net Other Financing Sources and Uses (in thousands)</b>	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Taxes	\$ 98,087	\$ 95,407	\$ 2,680	2.8%
Investment Earnings	553	611	(58)	-9.5%
State Revenues	47,935	47,156	779	1.7%
Other Revenues	5,086	5,019	67	1.3%
Net Other Financing Sources and Uses	4,103	6,566	(2,463)	-37.5%
<b>Total</b>	<b>\$ 155,764</b>	<b>\$ 154,759</b>	<b>\$ 1,005</b>	<b>0.6%</b>

- Property tax revenue increased by \$2.7 million. The taxable assessed value of property increased 5.9 percent over the previous year, partially offset by the decrease in the millage rates of approximately 4.7 percent as set by the Florida Legislature.
- State revenues increased by \$0.8 million primarily due to an increase in Florida Education Finance Program funding.
- Other financing sources and uses had a net decrease of \$2.5 million, primarily due to an increase in transfers to the Internal Service Fund and Food Service Fund.

As the table below illustrates, the largest portions of General Fund expenditures are for salaries and employee benefits. The District is a service entity, and as such, is labor intensive.

<b>Expenditures by Object (in thousands)</b>	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Salaries	\$ 92,515	\$ 88,131	\$ 4,384	5.0%
Employee Benefits	26,144	25,072	1,072	4.3%
Purchased Services	27,289	29,242	(1,953)	-6.7%
Energy Services	4,036	4,473	(437)	-9.8%
Materials and Supplies	2,780	4,278	(1,498)	-35.0%
Capital Outlay	1,194	1,079	115	10.7%
Other	4,053	2,411	1,642	68.1%
<b>Total</b>	<b>\$ 158,011</b>	<b>\$ 154,686</b>	<b>\$ 3,325</b>	<b>2.1%</b>



Expenditures increased \$3.3 million, or 2.1 percent from the prior fiscal year, primarily for the reasons discussed below:

Salary expenditures increased by \$4.4 million, or 5 percent, primarily due to compensation settlements with bargaining and non-bargaining employees resulting in salary increases of 3 percent and 2.5 percent for the 2018-19 and 2019-20 fiscal years.

Employee benefits expenditures increased by \$1.1 million, or 4.3 percent, resulting from the increase in salary expenditures.

Purchased services expenditures decreased by \$2 million, or 6.7 percent, primarily due to reclassification of Charter School Capital outlay payments and Charter School litigation settlement payments to other expenditures and a decrease in District operations as a result of COVID-19.

Energy services expenditures decreased by \$0.4 million, or 9.8 percent, primarily due to decreases in student transportation and school operations as a result of COVID-19.

Materials and supplies expenditures decreased by \$1.5 million, or 35 percent, primarily due to a decrease in District operations as a result of COVID-19.

Capital outlay increased by \$0.1 million, or 10.7 percent, primarily due to the purchase of student and District equipment for virtual learning capabilities as a result of COVID-19.

Other expenditures increased by \$1.6 million, or 68 percent, primarily due to the reclassification of Charter School Capital Outlay payments and Charter School litigation settlement payments from purchased services.

The Special Revenue – Other Fund has total revenues and expenditures of \$8,720,720.77 each and the funding was mainly used for instruction related costs. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Debt Service – Other Fund balance decreased by \$0.1 million primarily due to reducing the transfer from the Capital Projects Fund.

The Debt Service – ARRA Economic Stimulus Fund balance increased by \$1.5 million and is restricted for future payment of the 2010 Qualified School Construction Bonds. Each year the sinking fund balance increases in preparation of the future lump sum payment.

The Capital Projects – Local Capital Improvement Fund balance increased by \$0.4 million during the fiscal year. This was due to capital projects in process that were not complete at the end of the fiscal year. Fund balance totaled \$10.6 million and, of this amount, \$3.4 million has been encumbered for specific projects.

The Capital Projects – Other Fund balance increased by \$1.7 million during the fiscal year. This was due to capital projects in process that were not complete at the end of the fiscal year. Fund balance totaled \$6.7 million.

### **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 Business-Type Activities

Enterprise Fund increased \$0.1 million during the 2019-20 fiscal year to \$1 million at June 30, 2020. This increase occurred primarily because the charges for services were greater than expenses.

The Internal Service Fund unrestricted net position increased \$1.8 million during the 2019-20 fiscal year to \$6.5 million at June 30, 2020. This increase occurred primarily because of a \$1.4 million transfer from the General Fund.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with Florida Statutes and is based on the modified accrual basis of accounting, which is the same basis as used to account for actual transactions. The most significant budgeted fund is the General Fund. Final budgeted revenues and expenditures were in line with original budgeted amounts.

The District collected \$0.1 million more in revenue as compared to the final budget. This was largely due to an increase from property tax revenue offset by a decrease in miscellaneous local revenue and State sources.

The District amended its final budget for expenditures to reflect increases in salaries and other employee related costs as well as non-labor costs. Expenditures were originally budgeted at \$165.7 million, and actual expenditures were lower than the final budget by \$8.9 million due to the District's conservative spending and the impact from COVID-19.

### CAPITAL ASSETS AND LONG-TERM DEBT

#### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2020, is \$325 million (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Major capital asset events included the following:

- Construction in progress includes District security enhancements consisting of Beachland Elementary single point of entry and various access control projects, restroom renovations at Sebastian River High School, Kalwall replacement at Dodgertown Elementary and Gifford Middle School, locker room renovations at Vero Beach High School Freshman Learning Center.
- Projects completed and included in buildings and improvements include various access control projects, Beachland Elementary roofing, Citrus Elementary carpet to tile, Indian River Academy chiller replacement, Osceola Magnet roofing, Osceola Magnet chiller replacement, Osceola Magnet ice tank replacement, Oslo Middle School carpet to tile, Pelican Island Elementary School security fencing, Rosewood Magnet School roofing, Sebastian River Middle School restroom renovations, Sebastian River High School gym roof replacement and Vero Beach Elementary walkway cover.
- The total decrease in the District's investment in capital assets (net of accumulated depreciation) was approximately 2 percent.

Detailed information regarding capital asset activity is included in Notes I.F.4. and III.C. to the financial statements.

### **Long-Term Debt**

At June 30, 2020, the District has total long-term debt outstanding of \$104.2 million, composed of \$2.7 million of bonds payable, \$90.4 million of certificates of participation, \$10 million of other lease purchase agreements payable, and \$1.1 million of judgment payable. During the current fiscal year, retirement of debt was \$10.2 million.

Additional information on the District's long-term debt can be found in Notes III.H.1. through III.H.6. to the financial statements.

### OTHER MATTERS OF SIGNIFICANCE

Local property taxes are the District's primary source of revenue. The required local effort for the 2020-21 fiscal year is 3.648 mills (a decrease of 0.170 mills). The discretionary millage is 0.748 mills. Voted additional operation is 0.5 mills. Capital outlay millage is 1.5 mills. General Fund revenues and other financing sources are projected to be \$160.3 million, and expenditures and other uses are expected to be \$168.8 million. The difference in projected revenues and expenditures of \$8.5 million will be funded by beginning fund balance.

### REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the School Board of Indian River County, Florida, Attention: Chief Financial Officer, 6500 57th Street, Vero Beach, Florida 32967.

# BASIC FINANCIAL STATEMENTS

## Indian River County District School Board Statement of Net Position June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 43,408,616.72	\$ 1,511,705.63	\$ 44,920,322.35	\$ 11,358,206.00
Investments	8,561,763.33	-	8,561,763.33	17,030.00
Accounts Receivable	86,780.64	-	86,780.64	106,524.00
Due from Other Agencies	2,950,505.81	-	2,950,505.81	1,160,719.00
Due from Insurer	207,436.25	-	207,436.25	-
Prepaid Items	223,815.00	-	223,815.00	89,572.00
Inventories	507,173.58	-	507,173.58	-
Restricted Investments	12,703,465.03	-	12,703,465.03	-
Capital Assets:				
Nondepreciable Capital Assets	24,856,270.00	-	24,856,270.00	3,155,935.00
Depreciable Capital Assets, Net	300,112,669.82	-	300,112,669.82	12,549,477.00
<b>TOTAL ASSETS</b>	<b>393,618,496.18</b>	<b>1,511,705.63</b>	<b>395,130,201.81</b>	<b>28,437,463.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Other Postemployment Benefits	9,291,855.43	30,067.57	9,321,923.00	-
Pensions	33,791,495.97	201,251.02	33,992,746.99	-
Net Carrying Amount of Debt Refunding	1,440,192.77	-	1,440,192.77	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>44,523,544.17</b>	<b>231,318.59</b>	<b>44,754,862.76</b>	<b>-</b>
<b>LIABILITIES</b>				
Accrued Salaries and Benefits	400,201.75	1,058.85	401,260.60	550,579.00
Payroll Deductions and Withholdings	252.04	-	252.04	-
Accounts Payable	1,528,322.48	235.58	1,528,558.06	820,227.00
Sales Tax Payable	1.28	-	1.28	-
Due to Other Agencies	6,234.94	-	6,234.94	-
Matured Certificates of Participation Payable	6,935,000.00	-	6,935,000.00	-
Matured Interest Payable	1,564,000.00	-	1,564,000.00	-
Accrued Interest Payable	12,393.02	-	12,393.02	-
Unearned Revenue	1,366,136.42	-	1,366,136.42	117,144.00
Estimated Liability for Self-Insurance Program	3,128,756.55	-	3,128,756.55	-
Long-Term Liabilities:				
Portion Due Within 1 Year	12,935,345.04	8,850.37	12,944,195.41	808,395.00
Portion Due After 1 Year	226,584,285.40	661,063.19	227,245,348.59	4,401,481.00
<b>TOTAL LIABILITIES</b>	<b>254,460,928.92</b>	<b>671,207.99</b>	<b>255,132,136.91</b>	<b>6,697,826.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other Postemployment Benefits	2,769,319.32	14,146.68	2,783,466.00	-
Pensions	8,910,109.33	53,065.67	8,963,175.00	-
Deferred Revenue	404,351.58	-	404,351.58	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,083,780.23</b>	<b>67,212.35</b>	<b>12,150,992.58</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	223,325,323.29	-	223,325,323.29	9,818,584.00
Restricted for:				
State Required Carryover Programs	2,492,399.95	-	2,492,399.95	-
Debt Service	12,753,835.34	-	12,753,835.34	-
Capital Projects	17,427,077.01	-	17,427,077.01	-
Food Service	166,729.76	-	166,729.76	206,019.00
Other Purposes	-	-	-	165,539.00
Unrestricted (Deficit)	(84,568,034.15)	1,004,603.88	(83,563,430.27)	11,549,495.00
<b>TOTAL NET POSITION</b>	<b>\$ 171,597,331.20</b>	<b>\$ 1,004,603.88</b>	<b>\$ 172,601,935.08</b>	<b>\$ 21,739,637.00</b>

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

**Indian River County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 119,796,944.87	\$ 305,557.01	\$ -	\$ -
Student Support Services	6,063,916.60	-	-	-
Instructional Media Services	2,468,111.59	-	-	-
Instruction and Curriculum Development Services	8,067,066.83	-	-	-
Instructional Staff Training Services	2,819,214.36	-	-	-
Instruction-Related Technology Board	1,734,654.21	-	-	-
General Administration	1,016,250.95	-	-	-
School Administration	1,649,808.51	-	-	-
Facilities Acquisition and Construction	11,316,583.19	-	-	-
Fiscal Services	6,176,332.66	-	-	2,283,913.61
Food Services	1,622,739.44	-	-	-
Central Services	9,466,944.10	860,572.42	6,181,013.14	-
Student Transportation Services	2,977,344.43	-	-	-
Operation of Plant	6,742,058.67	112,557.51	-	-
Maintenance of Plant	15,322,273.46	-	-	-
Administrative Technology Services	4,542,491.37	-	-	-
Community Services	4,419,495.27	-	-	-
Unallocated Interest on Long-Term Debt	228,002.39	202,105.75	-	-
	3,745,505.76	-	-	1,433,272.86
<b>Total Governmental Activities</b>	<b>210,175,738.66</b>	<b>1,480,792.69</b>	<b>6,181,013.14</b>	<b>3,717,186.47</b>
<b>Business-Type Activities:</b>				
Extended Day Program	918,401.81	1,005,216.53	-	-
<b>Total Primary Government</b>	<b>\$ 211,094,140.47</b>	<b>\$ 2,486,009.22</b>	<b>\$ 6,181,013.14</b>	<b>\$ 3,717,186.47</b>
<b>Component Units</b>				
Charter Schools	\$ 20,004,536.00	\$ 367,143.00	\$ 978,944.00	\$ 849,119.00

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

**Net Position - Ending**

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

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (119,491,387.86)	\$ -	\$ (119,491,387.86)	\$ -
(6,063,916.60)	-	(6,063,916.60)	-
(2,468,111.59)	-	(2,468,111.59)	-
(8,067,066.83)	-	(8,067,066.83)	-
(2,819,214.36)	-	(2,819,214.36)	-
(1,734,654.21)	-	(1,734,654.21)	-
(1,016,250.95)	-	(1,016,250.95)	-
(1,649,808.51)	-	(1,649,808.51)	-
(11,316,583.19)	-	(11,316,583.19)	-
(3,892,419.05)	-	(3,892,419.05)	-
(1,622,739.44)	-	(1,622,739.44)	-
(2,425,358.54)	-	(2,425,358.54)	-
(2,977,344.43)	-	(2,977,344.43)	-
(6,629,501.16)	-	(6,629,501.16)	-
(15,322,273.46)	-	(15,322,273.46)	-
(4,542,491.37)	-	(4,542,491.37)	-
(4,419,495.27)	-	(4,419,495.27)	-
(25,896.64)	-	(25,896.64)	-
(2,312,232.90)	-	(2,312,232.90)	-
(198,796,746.36)	-	(198,796,746.36)	-
-	86,814.72	86,814.72	-
(198,796,746.36)	86,814.72	(198,709,931.64)	-
-	-	-	(17,809,330.00)
98,086,874.28	-	98,086,874.28	11,227,058.00
28,312,810.89	-	28,312,810.89	354,415.00
60,009,046.77	-	60,009,046.77	6,878,276.00
1,413,694.47	24,466.62	1,438,161.09	81,805.00
2,900,882.95	-	2,900,882.95	441,873.00
190,723,309.36	24,466.62	190,747,775.98	18,983,427.00
(8,073,437.00)	111,281.34	(7,962,155.66)	1,174,097.00
179,670,768.20	893,322.54	180,564,090.74	20,565,540.00
\$ 171,597,331.20	\$ 1,004,603.88	\$ 172,601,935.08	\$ 21,739,637.00

**Indian River County District School Board  
Balance Sheet – Governmental Funds  
June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Debt Service - Other Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 14,324,257.47	\$ -	\$ -
Investments	-	-	8,499,000.00
Accounts Receivable	86,512.31	-	-
Due from Other Agencies	708,523.51	1,861,846.11	-
Due from Other Funds	2,569,133.62	-	-
Prepaid Items	125,000.00	-	-
Inventories	359,836.97	-	-
Restricted Investments	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 18,173,263.88</u>	<u>\$ 1,861,846.11</u>	<u>\$ 8,499,000.00</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accrued Salaries and Benefits	\$ 341,498.91	\$ 16,851.51	\$ -
Payroll Deductions and Withholdings	252.04	-	-
Accounts Payable	300,308.46	33,687.44	-
Sales Tax Payable	1.28	-	-
Due to Other Agencies	6,234.94	-	-
Due to Other Funds	639,925.97	1,798,780.74	-
Matured Certificates of Participation Payable	-	-	6,935,000.00
Matured Interest Payable	-	-	1,564,000.00
Accrued Interest Payable	-	-	-
Unearned Revenue	-	12,526.42	-
<b>Total Liabilities</b>	<u>1,288,221.60</u>	<u>1,861,846.11</u>	<u>8,499,000.00</u>
Deferred Inflows of Resources:			
Deferred Revenue	<u>404,351.58</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Prepaid Items	125,000.00	-	-
Inventories	359,836.97	-	-
Total Nonspendable Fund Balance	<u>484,836.97</u>	<u>-</u>	<u>-</u>
Restricted for:			
State Required Carryover Programs	2,492,399.95	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Total Restricted Fund Balance	<u>2,492,399.95</u>	<u>-</u>	<u>-</u>
Assigned for:			
Purchases on Order	757,092.32	-	-
Subsequent Year's Budget: Appropriation of Fund Balances	8,132,577.70	-	-
Total Assigned Fund Balance	<u>8,889,670.02</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	<u>4,613,783.76</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<u>16,480,690.70</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 18,173,263.88</u>	<u>\$ 1,861,846.11</u>	<u>\$ 8,499,000.00</u>

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



<u>Debt Service - ARRA Economic Stimulus Fund</u>	<u>Capital Projects - Local Capital Improvement Fund</u>	<u>Capital Projects - Other Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 11,711,345.20	\$ 6,655,954.22	\$ 135,292.80	\$ 32,826,849.69
-	-	-	62,763.33	8,561,763.33
-	247.53	-	-	86,759.84
-	4,834.96	88,912.70	286,388.53	2,950,505.81
-	-	-	639,925.97	3,209,059.59
-	-	-	-	125,000.00
-	-	-	147,336.61	507,173.58
12,703,465.03	-	-	-	12,703,465.03
<u>\$ 12,703,465.03</u>	<u>\$ 11,716,427.69</u>	<u>\$ 6,744,866.92</u>	<u>\$ 1,271,707.24</u>	<u>\$ 60,970,576.87</u>
\$ -	\$ -	\$ -	\$ 41,851.33	\$ 400,201.75
-	-	-	-	252.04
-	1,087,427.95	67,918.27	38,875.54	1,528,217.66
-	-	-	-	1.28
-	-	-	-	6,234.94
-	-	-	770,352.88	3,209,059.59
-	-	-	-	6,935,000.00
-	-	-	-	1,564,000.00
-	-	-	100.70	100.70
-	-	-	69,905.08	82,431.50
-	1,087,427.95	67,918.27	921,085.53	13,725,499.46
-	-	-	-	404,351.58
-	-	-	-	125,000.00
-	-	-	147,336.61	507,173.58
-	-	-	147,336.61	632,173.58
-	-	-	-	2,492,399.95
12,703,465.03	-	-	62,763.33	12,766,228.36
-	10,628,999.74	6,676,948.65	121,128.62	17,427,077.01
-	-	-	19,393.15	19,393.15
12,703,465.03	10,628,999.74	6,676,948.65	203,285.10	32,705,098.47
-	-	-	-	757,092.32
-	-	-	-	8,132,577.70
-	-	-	-	8,889,670.02
-	-	-	-	4,613,783.76
12,703,465.03	10,628,999.74	6,676,948.65	350,621.71	46,840,725.83
<u>\$ 12,703,465.03</u>	<u>\$ 11,716,427.69</u>	<u>\$ 6,744,866.92</u>	<u>\$ 1,271,707.24</u>	<u>\$ 60,970,576.87</u>

**Indian River County District School Board  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2020**

**Total Fund Balances - Governmental Funds** \$ 46,840,725.83

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. 324,968,939.82

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. 6,475,472.79

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. (12,292.32)

Deferred outflows of resources represent a consumption of net position that applies to a future period. This is the net difference between the carrying value of the refunded debt and its reacquisition price. 1,440,192.77

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 year end consist of:

Certificates of Participation Payable	\$ (90,389,591.64)	
Bonds Payable	(2,712,257.78)	
Other Lease-Purchase Agreements Payable	(9,984,542.88)	
Judgment Payable	(1,112,403.53)	
Compensated Absences Payable	(12,069,309.27)	
Other Postemployment Benefits Payable	(25,350,374.00)	
Net Pension Liability	<u>(97,901,151.34)</u>	(239,519,630.44)

The deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	\$ 33,791,495.97	
Deferred Inflows Related to Pensions	<u>(8,910,109.33)</u>	24,881,386.64

The deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to OPEB	\$ 9,291,855.43	
Deferred Inflows Related to OPEB	<u>(2,769,319.32)</u>	<u>6,522,536.11</u>

**Net Position - Governmental Activities** **\$ 171,597,331.20**

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

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**Indian River County District School Board  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Debt Service - Other Fund</u>
<b>Revenues</b>			
Intergovernmental:			
Federal Direct	\$ 152,284.65	\$ -	\$ -
Federal Through State and Local	1,588,982.50	8,720,021.31	-
State	47,934,630.81	-	-
Local:			
Property Taxes	98,086,874.28	-	-
Impact Fees	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	3,898,438.73	699.46	2,174.02
Total Local Revenues	<u>101,985,313.01</u>	<u>699.46</u>	<u>2,174.02</u>
<b>Total Revenues</b>	<u>151,661,210.97</u>	<u>8,720,720.77</u>	<u>2,174.02</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	100,014,288.79	4,423,896.28	-
Student Support Services	4,222,872.80	940,298.00	-
Instructional Media Services	2,085,581.79	-	-
Instruction and Curriculum Development Services	4,906,590.49	1,897,539.71	-
Instructional Staff Training Services	1,545,540.43	870,999.78	-
Instruction-Related Technology	1,554,082.00	-	-
Board	859,329.36	-	-
General Administration	908,046.71	339,461.22	-
School Administration	9,479,737.85	2,246.03	-
Facilities Acquisition and Construction	1,869,226.03	-	-
Fiscal Services	1,354,619.17	-	-
Food Services	23,423.36	10,930.00	-
Central Services	2,426,673.60	-	-
Student Transportation Services	5,125,945.87	7,262.84	-
Operation of Plant	13,529,510.64	67,571.25	-
Maintenance of Plant	3,817,470.24	-	-
Administrative Technology Services	3,810,133.26	-	-
Community Services	-	148,122.66	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	82,850.00	3,875.00	-
Other Capital Outlay	278,046.42	8,518.00	-
Debt Service:			
Principal	-	-	7,586,392.10
Interest and Fiscal Charges	117,519.33	-	3,407,705.87
Other Debt Service	-	-	-
<b>Total Expenditures</b>	<u>158,011,488.14</u>	<u>8,720,720.77</u>	<u>10,994,097.97</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(6,350,277.17)</u>	<u>-</u>	<u>(10,991,923.95)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	6,056,483.48	-	10,875,565.06
Issuance of Refunding Bonds	-	-	-
Premium on Refunding Bonds	-	-	-
Sale of Capital Assets	32,498.53	-	-
Loss Recoveries	8,822.56	-	-
Transfers Out	<u>(1,994,828.00)</u>	<u>-</u>	<u>(33,302.14)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>4,102,976.57</u>	<u>-</u>	<u>10,842,262.92</u>
<b>Net Change in Fund Balances</b>	<u>(2,247,300.60)</u>	<u>-</u>	<u>(149,661.03)</u>
Fund Balances, Beginning	<u>18,727,991.30</u>	<u>-</u>	<u>149,661.03</u>
<b>Fund Balances, Ending</b>	<u>\$ 16,480,690.70</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

<u>Debt Service - ARRA Economic Stimulus Fund</u>	<u>Capital Projects - Local Capital Improvement Fund</u>	<u>Capital Projects - Other Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,433,272.86	\$ -	\$ -	\$ -	\$ 1,585,557.51
-	-	-	6,099,307.14	16,408,310.95
-	-	1,623,232.70	766,882.77	50,324,746.28
-	28,312,810.89	-	-	126,399,685.17
-	-	1,589,714.00	-	1,589,714.00
-	-	-	860,572.42	860,572.42
340,574.42	296,437.64	106,520.54	19,093.73	4,663,938.54
<u>340,574.42</u>	<u>28,609,248.53</u>	<u>1,696,234.54</u>	<u>879,666.15</u>	<u>133,513,910.13</u>
<u>1,773,847.28</u>	<u>28,609,248.53</u>	<u>3,319,467.24</u>	<u>7,745,856.06</u>	<u>201,832,524.87</u>
-	-	-	-	104,438,185.07
-	-	-	-	5,163,170.80
-	-	-	-	2,085,581.79
-	-	-	-	6,804,130.20
-	-	-	-	2,416,540.21
-	-	-	-	1,554,082.00
-	-	-	-	859,329.36
-	-	-	-	1,247,507.93
-	-	-	-	9,481,983.88
-	3,819,711.64	6,526.20	250,104.52	5,945,568.39
-	-	-	-	1,354,619.17
-	-	-	8,338,883.99	8,373,237.35
-	-	-	-	2,426,673.60
-	-	-	-	5,133,208.71
-	-	-	-	13,597,081.89
-	-	-	-	3,817,470.24
-	-	-	-	3,810,133.26
-	-	-	-	148,122.66
-	6,343,523.35	263,802.90	21,136.85	6,715,188.10
-	1,204,104.95	-	458,356.32	1,949,025.69
-	-	-	410,000.00	7,996,392.10
1,555,406.42	-	-	145,924.90	5,226,556.52
<u>-</u>	<u>-</u>	<u>-</u>	<u>98,874.23</u>	<u>98,874.23</u>
<u>1,555,406.42</u>	<u>11,367,339.94</u>	<u>270,329.10</u>	<u>9,723,280.81</u>	<u>200,642,663.15</u>
<u>218,440.86</u>	<u>17,241,908.59</u>	<u>3,049,138.14</u>	<u>(1,977,424.75)</u>	<u>1,189,861.72</u>
1,297,214.11	35,213.84	-	639,925.97	18,904,402.46
-	-	-	83,000.00	83,000.00
-	-	-	16,257.78	16,257.78
-	-	-	-	32,498.53
-	31,016.32	-	-	39,838.88
-	(16,928,961.70)	(1,302,212.65)	-	(20,259,304.49)
<u>1,297,214.11</u>	<u>(16,862,731.54)</u>	<u>(1,302,212.65)</u>	<u>739,183.75</u>	<u>(1,183,306.84)</u>
1,515,654.97	379,177.05	1,746,925.49	(1,238,241.00)	6,554.88
<u>11,187,810.06</u>	<u>10,249,822.69</u>	<u>4,930,023.16</u>	<u>1,588,862.71</u>	<u>46,834,170.95</u>
<u>\$ 12,703,465.03</u>	<u>\$ 10,628,999.74</u>	<u>\$ 6,676,948.65</u>	<u>\$ 350,621.71</u>	<u>\$ 46,840,725.83</u>

**Indian River County District School Board  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020**

**Net Change in Fund Balances - Governmental Funds** \$ 6,554.88

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 depreciation expense and sale of capital assets in excess of capital outlays, donations, and adjustments in the current fiscal year.

Capital Outlay - Facilities Acquisition and Construction	\$	6,715,188.10	
Capital Outlay - Other Capital Outlay		1,949,025.69	
Capital Addition Not Utilizing Current Resources		10,151.00	
Other Adjustments		(17,476.84)	
Less: Depreciation Expense		<u>(14,668,408.35)</u>	(6,011,520.40)

Repayment of long-term debt is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. This is the amount of the repayment of debt principal in the current fiscal year.

Certificates of Participation	\$	6,935,000.00	
Bonds Payable		410,000.00	
Other Lease-Purchase Agreements		<u>651,392.10</u>	7,996,392.10

Current refunding of long-term debt is not recorded as activity in the government funds, but is included in the statement of net position.

Refunding Bonds Issued	\$	(83,000.00)	
Premium on Refunded Bonds Issued		(16,257.78)	
Refunded Bonds		<u>100,000.00</u>	742.22

Premiums and deferred loss on debt refundings are reported in the governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements. This is the net amount attributable to the amortization of premiums and deferred loss on refunding in the current fiscal year.

Premium Amortization	\$	1,478,239.91	
Deferred Loss on Refunding:			
Deferred Outflow at June 30, 2020		1,440,192.77	
Deferred Outflow at June 30, 2019		<u>(1,679,022.07)</u>	1,239,410.61

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but it is recognized as it accrues in the statement of activities. This is the difference between prior year and current year accrual. 1,685.07

Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through actuarial valuation, is reported as an OPEB expense.

Increase in OPEB liability	\$	(6,032,613.00)	
Increase in Deferred Outflow of Resources - OPEB		3,202,329.77	
Decrease in Deferred Inflow of Resources - OPEB		<u>411,460.84</u>	(2,418,822.39)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned (\$2,528,297.61) in excess of the amount paid (\$1,505,385.44) in the current period. (1,022,912.17)

Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

FRS Pension Contribution	\$	6,369,330.00	
HIS Pension Contribution		1,623,633.00	
FRS Pension Expense		(15,867,281.58)	
HIS Pension Expense		<u>(2,440,883.61)</u>	(10,315,202.19)

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. 1,844,468.54

Judgments payable are recorded on the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until due and payable with current financial resources. This is the decrease in judgments payable as a result of the settlement agreement. 605,766.73

**Change in Net Position - Governmental Activities** \$ (8,073,437.00)

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

**Indian River County District School Board  
Statement of Net Position – Proprietary Funds  
June 30, 2020**

	<b>Enterprise Fund</b>	
	<b>Extended Day Program</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,511,705.63	\$ 10,581,767.03
Accounts Receivable	-	20.80
Due from Insurer	-	207,436.25
Prepaid Items	-	98,815.00
<b>TOTAL ASSETS</b>	<b>1,511,705.63</b>	<b>10,888,039.08</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	30,067.57	-
Pensions	201,251.02	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>231,318.59</b>	<b>-</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued Salaries and Benefits	1,058.85	-
Accounts Payable	235.58	104.82
Unearned Revenue	-	1,283,704.92
Compensated Absences	5,031.01	-
Net Pension Liability	3,248.36	-
Other Postemployment Benefits Payable	571.00	-
Estimated Liability for Self-Insurance Program	-	3,128,756.55
<b>Total Current Liabilities</b>	<b>10,144.80</b>	<b>4,412,566.29</b>
Noncurrent Liabilities:		
Compensated Absences Payable	32,222.63	-
Net Pension Liability	584,223.56	-
Other Postemployment Benefits Payable	44,617.00	-
<b>Total Noncurrent Liabilities</b>	<b>661,063.19</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>671,207.99</b>	<b>4,412,566.29</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	14,146.68	-
Pensions	53,065.67	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>67,212.35</b>	<b>-</b>
<b>NET POSITION</b>		
Unrestricted	<b>\$ 1,004,603.88</b>	<b>\$ 6,475,472.79</b>

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

**Indian River County District School Board  
Statement of Revenues, Expenses, and Changes in Fund  
Net Position – Proprietary Funds  
For the Fiscal Year Ended June 30, 2020**

	<u>Enterprise Fund</u>	
	<u>Extended Day</u>	<u>Internal Service</u>
	<u>Program</u>	<u>Fund</u>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 1,005,216.53	\$ -
Premiums	-	20,596,233.30
Other	-	3,100,002.95
<b>Total Operating Revenues</b>	<u>1,005,216.53</u>	<u>23,696,236.25</u>
<b>OPERATING EXPENSES</b>		
Salaries	610,900.98	146,533.54
Employee Benefits	216,410.25	43,562.67
Insurance Premiums	-	3,231,947.10
Purchased Services	44,029.39	1,390,722.12
Energy Services	-	4,817.31
Materials and Supplies	42,997.83	26,212.85
Capital Outlay	3,963.36	1,563.35
Insurance Claims	-	18,566,076.03
Other	100.00	-
<b>Total Operating Expenses</b>	<u>918,401.81</u>	<u>23,411,434.97</u>
<b>Operating Income</b>	<u>86,814.72</u>	<u>284,801.28</u>
<b>NONOPERATING REVENUES</b>		
Investment Income	24,466.62	129,765.23
Other	-	75,000.00
<b>Total Nonoperating Revenues</b>	<u>24,466.62</u>	<u>204,765.23</u>
<b>Income Before Transfers</b>	111,281.34	489,566.51
Transfers In	-	1,354,902.03
<b>Change in Net Position</b>	111,281.34	1,844,468.54
Total Net Position - Beginning	<u>893,322.54</u>	<u>4,631,004.25</u>
<b>Total Net Position - Ending</b>	<u>\$ 1,004,603.88</u>	<u>\$ 6,475,472.79</u>

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



**Indian River County District School Board  
Statement of Cash Flows – Proprietary Funds  
For the Fiscal Year Ended June 30, 2020**

	<b>Enterprise Fund</b>	<b>Internal Service</b>
	<b>Extended Day Program</b>	<b>Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Services	\$ 1,010,241.27	\$ -
Cash Received from Premiums	-	21,879,938.22
Cash Received from Other Operating Revenues	-	3,013,860.21
Cash Payments for Insurance Premiums	-	(3,226,594.30)
Cash Payments to Employees for Services	(731,870.90)	(146,873.89)
Cash Payments to Suppliers for Goods and Services	(106,971.02)	-
Cash Payments for Insurance Claims	-	(18,920,395.87)
Cash Payments for Other Fees	-	(1,390,722.12)
Cash Payments for Other	-	(951,279.04)
	<u>171,399.35</u>	<u>257,933.21</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Subsidies from Operating Grants	-	75,000.00
Transfer from General Fund	-	1,354,902.03
	<u>-</u>	<u>1,429,902.03</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	24,466.62	129,765.23
	<u>24,466.62</u>	<u>129,765.23</u>
<b>Net Increase in Cash and Cash Equivalents</b>	195,865.97	1,817,600.47
Cash and Cash Equivalents, Beginning	1,315,839.66	8,764,166.56
	<u>1,315,839.66</u>	<u>8,764,166.56</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,511,705.63</u>	<u>\$ 10,581,767.03</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 86,814.72	\$ 284,801.28
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:		
Accounts Receivable	5,024.74	12,735.15
Due from Insurer	-	48,916.07
Prepaid Items	-	(98,815.00)
Deferred Outflows of Resources Related to OPEB	(16,587.23)	-
Deferred Outflows of Resources Related to Pensions	62,626.32	-
Accrued Salaries and Benefits	1,058.85	-
Payroll Deductions and Withholdings	-	(340.35)
Accounts Payable	(15,880.44)	(918,685.53)
Due to Other Agencies	-	(62.89)
Unearned Revenue	-	1,283,704.92
Estimated Liability for Self-Insurance Program	-	(354,320.44)
Compensated Absences Payable	7,679.04	-
Net Pension Liability	53,306.64	-
Other Postemployment Benefits Payable	5,311.00	-
Deferred Inflows of Resources Related to OPEB	4,952.84	-
Deferred Inflows of Resources Related to Pensions	(22,907.13)	-
	<u>84,584.63</u>	<u>(26,868.07)</u>
<b>Total Adjustments</b>	<u>84,584.63</u>	<u>(26,868.07)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 171,399.35</u>	<u>\$ 257,933.21</u>

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

**Indian River County District School Board  
Statement of Fiduciary Net Position – Fiduciary Funds  
June 30, 2020**

	<b>Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 54,262.31	\$ 1,390,845.00
Accounts Receivable	-	85,243.00
Inventory	-	41,574.00
<b>TOTAL ASSETS</b>	<b>54,262.31</b>	<b>1,517,662.00</b>
<b>LIABILITIES</b>		
Accounts Payable	-	68,144.00
<b>NET POSITION</b>		
Restricted for:		
Individuals and Organizations	-	1,449,518.00
Trust for Scholarships	54,262.31	-
<b>TOTAL NET POSITION</b>	<b>\$ 54,262.31</b>	<b>\$ 1,449,518.00</b>

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

**Indian River County District School Board  
Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
For the Fiscal Year Ended June 30, 2020**

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Student Group Collections	\$ -	\$ 2,773,746.00
Investment Income	939.12	-
<b>Total Additions</b>	<u>939.12</u>	<u>2,773,746.00</u>
<b>DEDUCTIONS</b>		
Student Group Disbursements	-	2,712,979.00
Other	3,500.00	-
<b>Total Deductions</b>	<u>3,500.00</u>	<u>2,712,979.00</u>
<b>Change in Net Position</b>	(2,560.88)	60,767.00
Net Position - Beginning	56,823.19	-
Adjustment to Beginning Net Position	-	1,388,751.00
Net Position - Beginning, as Restated	<u>56,823.19</u>	<u>1,388,751.00</u>
<b>Net Position - Ending</b>	<u>\$ 54,262.31</u>	<u>\$ 1,449,518.00</u>

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

# ***NOTES TO FINANCIAL STATEMENTS***

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## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separate 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 Indian River County School District's (District) governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation fleet is allocated to the appropriate functions of student transportation services, maintenance of plant, and food service operations while remaining depreciation expense is allocated proportionately to all functions based upon functional expenses as a percentage of total expenses.

### **B. Reporting Entity**

The Indian River County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), 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 Indian River County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any 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 the application of these criteria, the following component units are included within the District's reporting entity

**Blended Component Unit.** Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are

appropriately presented as funds of the District. The Indian River County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note to the financials. Due to the substantive economic relationship between the 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.

**Discretely Presented Component Units.** The component units columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District. Per Florida Statute, charter schools operate under charters approved by their sponsor. The charter schools listed below are sponsored by the Indian River County District School Board and are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for them and there is a potential for the charter schools to provide specific financial benefits to, or impose specific financial burdens on the District.

Except for Imagine Schools at South Vero, the charter schools listed below are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, The Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. Imagine Schools at South Indian River County, LLC, doing business as Imagine Schools at South Vero, is organized as a limited liability company pursuant to Chapter 605, Florida Statutes, the Florida Limited Liability Company Act, and Section 1002.33, Florida Statutes.

- Indian River Charter High School, Inc. was established to provide educational services to secondary school students in grades 9 through 12 who want or need a nontraditional structure and learning environment to successfully complete their high school academic and vocational preparation and earn their high school diploma.
- North County Charter School, Inc. was established to provide educational services to students in grades K through 5, to learn at high levels, through an academically rigorous and innovative curriculum that incorporates the development of good character.
- Sebastian Charter Junior High, Inc. was established to educate students in grades 6 through 8 in a challenging and wholesome environment which provides an educational environment where students have learning opportunities that set high expectations for academic growth, individual achievement, and character development.
- St. Peter's Academy, Inc. was established to provide educational services to students in grades K through 6, to demonstrate that students can learn at high levels, through academically rigorous and innovative curriculum that incorporates the development of good character.
- Imagine Schools at South Vero, LLC was established to provide students in grades K through 8, with a quality learning opportunity by maintaining a caring learning environment, working with parents and local communities to develop the intellect and character of the students who choose to attend the school; utilizing innovative teaching techniques delivered by a highly qualified faculty; and offering a challenging curriculum that prepares children for lives of leadership in a rapidly changing world.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2020. Audits of the charter schools

for the fiscal year ended June 30, 2020, were conducted by independent accounting firms and are on file at the District's Administrative Office at 6500 57th Street, Vero Beach, Florida 32967.

### **C. Basis of Presentation: Government-Wide Financial Statements**

Government-wide financial statements include the nonfiduciary financial activity of the primary government and its component units. The District does not have any major component units. The governmental activities column incorporates data from governmental funds and the internal service fund, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The effects of interfund activity have been eliminated from the government-wide financial statements except for interfund services provided and used.

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

### **D. Basis of Presentation: Fund Financial Statements**

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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 – Other Fund – to account for certain Federal grant program resources.
- Debt Service – Other Fund – to account for financial resources generated for debt principal and interest for the 2014A, 2016A, and 2016B Certificates of Participation and other lease purchase agreements.
- Debt Service – ARRA Economic Stimulus Fund – to account for the financial resources generated for the principal sinking fund and interest for the Series 2010A Qualified School Construction Bonds - Certificate of Participation.

- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, motor vehicle purchases, equipment purchases; and costs of environmental compliance.
- Capital Projects – Other Fund – to account for various financial resources generated by the Series 2016B Certificates of Participation, other lease purchase agreements, and impact fees to be used for capital projects.

The District reports the following proprietary funds:

- Internal Service Fund – to account for the District’s individual health self-insurance program.
- Enterprise Fund – Extended Day Program – to account for the financial resources of the extended day program administered by the District.

Additionally, the District reports the following fiduciary fund types:

- Private-Purpose Trust Fund – to account for resources of the Estate of Waldo Schraubstader Scholarship Trust Fund.
- Custodial 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.

## **E. Measurement Focus and 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 as soon as all eligibility requirements imposed by the provider have been met.

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 as soon as they are both 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. For this purpose, the District considers revenues to be available if they are collected within 90 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 90 days of year end). Revenues susceptible to accrual include ad valorem taxes, impact fees, and interest on investments. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal

and interest on long-term debt, claims and judgments, pensions and other postemployment benefits, and compensated absences, which are recognized when 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 and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

## **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, amounts invested in the State Board of Administration (SBA) Florida PRIME, Florida Public Assets for Liquidity Management (FL PALM), and short-term liquid investments with original maturities of 3 months or less from the date of acquisition.

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 investment pool created by Section 218.405, Florida Statutes, and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investment in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, is similar to money market funds in which shares are owned in the fund rather than the underlying investments. The District also invests in the FL PALM Portfolio a SEC 2a-7 like external investment pool. This investment pool only invests in high quality money market instruments. Both of these investments are reported at fair value, which is amortized cost.

PFM Asset Management, LLC serves as investment advisors to the District to invest available funds. Investments made locally consist of a United States Treasury Bill, which is reported at fair value, and money market funds, which are reported at amortized cost.

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 valued using a weighted average cost method, except that 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 acquisition value at the date of donation. Interest costs associated with the construction of capital assets are not material and are not capitalized.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	7 - 35 years
Buildings and Fixed Equipment	8 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	10 years
Audio Visual Materials and Computer Software	5 - 7 years

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

### 5. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The District's retirement plans and related amounts are described in a subsequent note.

## **6. Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Premiums and discounts on debt issuance are deferred and amortized using a straight-line method over the life of the related debt. Bonds and other long-term debt payables such as certificates of participation are reported net of the applicable premium or discount.

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

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

## **7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has three items that qualify for reporting in this category. The first is the net carrying amount of debt refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and other postemployment benefits (OPEB) are discussed in subsequent notes.

In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category on the statement of net position. The first item is deferred revenue, which is also reported on the governmental funds balance sheet. The remaining items consists of deferred inflows of resources related to pensions and OPEB which are discussed in subsequent notes.

## **8. 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.

## **9. 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.

## **10. 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 a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District does not have a policy regarding the commitment of fund balances and, therefore, does not report any committed fund balance at June 30, 2020.

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 Board has, by approval of the annual financial report, authorized the assignment of fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. 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.

When unrestricted (assigned and unassigned) resources in the governmental funds are available for use, it is the District's policy to use unassigned resources as they are needed unless revenues previously assigned are available for use. The Board has adopted Policy 6233 (C), which provides that at least 5 percent of the current year's annual estimated General Fund revenues be reserved for contingency purposes. In the event the contingency reserve decreases to less than 5 percent of the District's General Fund budget, the Superintendent is required to prepare for Board approval a financial plan and timeline to restore the unreserved fund balance to the minimum 5 percent amount.

## **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 or business segment is self-financing or draws from the general revenues of the District.

### **2. State Revenue Sources**

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE 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 FDOE. The FDOE 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 during specified time periods following the date of the original reporting. The FDOE 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 fiscal 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 into the following fiscal year to be expended for the same educational programs. The FDOE 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.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

### **3. District Property Taxes**

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

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

The Board adopted the 2019 tax levy on September 10, 2019. 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 Indian River County Tax Collector at fiscal year end but not yet remitted to the District.

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

#### **4. Additional Operating Millage**

On August 30, 2016, the voters of Indian River County, approved the renewal of an additional operating millage, at a rate of 0.5 mills, to retain highly qualified teachers, purchase and upgrade technology and supporting infrastructure, and implement and maintain career and technical programs. The additional operating millage is effective July 1, 2017, and expires on June 30, 2021. It is expected to generate \$9 million per annum.

#### **5. Educational Impact Fees**

The District receives educational impact fees based on an ordinance adopted by the Indian River County Commission on May 17, 2005. The educational impact fees are collected by the County for most new residential construction. The fees are to be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development and are not to be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition; facility design and construction costs; site development, necessary off-site improvements, and furniture and equipment.

#### **6. Federal Revenue Sources**

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. The FDOE may require adjustments to subsequent fiscal period expenditures and related revenues based upon an audit of the District's compliance with applicable Federal awards requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

## 7. 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 the benefits are attributed to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or other means. Vacation benefits are accrued as earned and sick leave benefits are accrued using the vesting method. The liability is based on the sick leave accumulated at year end by those employees who are currently eligible to receive payments and for those employees for who it is probable they will become eligible. The liability includes applicable related payments for Social Security, Medicare, and retirement contributions. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

## 8. 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 fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. The principal operating revenues of the enterprise fund are fees for child care services. Operating expenses include salaries and benefits. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## II. ACCOUNTING CHANGE

**Governmental Accounting Standards Board Statement No. 84.** The District implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The District considers the school internal funds to meet the criteria for reporting as fiduciary activities in the custodial funds. As such, the beginning net position of the custodial funds was increased by \$1,388,751.

## 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 the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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. All earnings from cash deposits with financial institutions are allocated monthly to each fund based upon ending balance in that fund.

## B. Investments

### Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District's investments at June 30, 2020, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
SBA Debt Service Accounts	\$ 62,763	\$ 62,763	\$ -	\$ -
United States Treasury Bill (1)	12,695,361	12,695,361	-	-
Total Investments by Fair Value Level	12,758,124	\$ 12,758,124	\$ 0	\$ 0
<b>Investments Measured at the Net Asset Value (NAV)</b>				
External Investment Pool:				
Florida Prime (2)	16,809,272			
FL PALM (2)	21,323,867			
Money Market Funds:				
First American Treasury (1) (3)	8,507,104			
Total Investments Measured at NAV	46,640,243			
<b>Total Investments Measured at Fair Value</b>	<u>\$ 59,398,367</u>			

- (1) Represents sinking fund balance deposited in U.S. Bank to repay the 2010-A QSCB principal balance in 2029 (US Treasury Bill \$12,695,361 + First American Treasury \$8,104 = \$12,703,465).
- (2) This investment is considered cash and cash equivalents for financial statement reporting purposes.
- (3) Held under a trust agreement for Certificates of Participation financing arrangements.

Section 218.415, Florida Statutes, limits the types of investments in which a District can invest unless specifically authorized in District policy. All investments during the first year and at year end were authorized by the District's Investment Policy.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to provide sufficient liquidity to pay obligations as they become due, the District's investment policy limits the length of investments as follows: (1) investments of current operating funds shall have maturities of no longer than 24 months and (2) investments of bond reserves, construction funds and other nonoperating funds shall have a term appropriate to the need for the funds and in accordance with debt covenants, but in no event shall exceed 5 1/2 years.

Florida PRIME and FL PALM use a weighted average days to maturity (WAM). 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.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2020, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy limits investments to the SBA's Florida PRIME, Local Government Investment Pools (FL PALM), money market funds, repurchase agreements, banker's acceptances, commercial paper, certificates of deposit and savings accounts, agency mortgage backed securities, municipal obligations, corporate debt obligations, United States Government obligations, United States Government agencies' debt obligations, and Federal instrumentalities' debt obligations.

The District's investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE 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. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

The District's investment maturities and ratings at June 30, 2020, are as follows.



<u>Investment</u>	<u>Amount</u>	<u>Weighted Average Maturities</u>	<u>Credit Rating S &amp; P Rating</u>	<u>Moody's Rating</u>
SBA:				
Florida PRIME	\$ 16,809,272	53 Days	AAAm	n/a
Debt Service Accounts	62,763	6 Months	n/a	n/a
United States Treasury Bill	12,695,361	5 Months	A-1+	P-1
FL PALM	21,323,867	53 Days	AAAm	n/a
First American Treasury	8,507,104	43 Days	AAAm	Aaa-mf
Total Investments	<u>\$ 59,398,367</u>			

### **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, the investment must be immediately placed for safekeeping in a secured vault. As of June 30, 2020, the District's investment portfolios were held with a third-party custodian as required by the District's investment policy.

## C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	<u>Beginning Balance</u>	<u>Adjustments (1)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES					
Capital Assets Not Being Depreciated:					
Land	\$ 22,145,606	\$ -	\$ -	\$ -	\$ 22,145,606
Land Improvements	182,686	-	-	-	182,686
Construction in Progress	2,622,545	-	2,494,734	2,589,301	2,527,978
Total Capital Assets Not Being Depreciated	<u>24,950,837</u>	<u>-</u>	<u>2,494,734</u>	<u>2,589,301</u>	<u>24,856,270</u>
Capital Assets Being Depreciated:					
Improvements Other Than Buildings	27,894,526	(28,510)	357,074	11,145	28,211,945
Buildings and Fixed Equipment	463,392,629	(564,110)	6,346,667	-	469,175,186
Furniture, Fixtures, and Equipment	19,915,960	648,778	1,015,684	756,743	20,823,679
Motor Vehicles	11,996,621	-	1,049,506	33,489	13,012,638
Audio Visual Materials and Computer Software	3,076,968	(56,158)	-	17,043	3,003,767
Total Capital Assets Being Depreciated	<u>526,276,704</u>	<u>-</u>	<u>8,768,931</u>	<u>818,420</u>	<u>534,227,215</u>
Less Accumulated Depreciation for:					
Improvements Other Than Buildings	19,920,753	(6,073)	1,140,812	11,145	21,044,347
Buildings and Fixed Equipment	173,525,228	(136,139)	11,448,551	-	184,837,640
Furniture, Fixtures, and Equipment	16,347,364	208,598	1,179,575	756,743	16,978,794
Motor Vehicles	7,744,803	3,349	806,218	33,489	8,520,881
Audio Visual Materials and Computer Software	2,708,933	(52,258)	93,252	17,043	2,732,884
Total Accumulated Depreciation	<u>220,247,081</u>	<u>17,477</u>	<u>14,668,408</u>	<u>818,420</u>	<u>234,114,546</u>
Total Capital Assets Being Depreciated, Net	<u>306,029,623</u>	<u>(17,477)</u>	<u>(5,899,477)</u>	<u>-</u>	<u>300,112,669</u>
Governmental Activities Capital Assets, Net	<u>\$ 330,980,460</u>	<u>\$ (17,477)</u>	<u>\$ (3,404,743)</u>	<u>\$ 2,589,301</u>	<u>\$ 324,968,939</u>

(1) Capital assets and related accumulated depreciation include adjustments to correct errors in the subsidiary records.

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 8,265,879
Student Support Services	412,260
Instructional Media Services	164,992
Instruction and Curriculum Development Services	537,649
Instructional Staff Training Services	191,175
Instruction-Related Technology	122,945
Board	67,982
General Administration	100,590
School Administration	752,840
Facilities Acquisition and Construction	151,065
Fiscal Services	107,165
Food Services	681,243
Central Services	201,191
Student Transportation Services	1,173,994
Operation of Plant	1,075,677
Maintenance of Plant	356,157
Administrative Technology Services	305,604
Total Depreciation Expense – Governmental Activities	<u>\$ 14,668,408</u>

## D. Retirement Plans

### 1. FRS – Defined Benefit Pension Plans

#### **General Information about the FRS**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered 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. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of 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 Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's FRS and HIS pension expense totaled \$18,401,191 for the fiscal year ended June 30, 2020.

#### **FRS Pension Plan**

*Plan Description.* The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are:

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Senior Management Service* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 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. Employees enrolled in the Plan 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 to eligible participants.

The 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 participating 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. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided.** Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>Percent Value</u></b>
<b>Regular Members Initially Enrolled Before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b>Regular Members Initially Enrolled On or After July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b>Elected County Officers</b>	3.00
<b>Senior Management Service</b>	2.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at

retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2019-20 fiscal year were as follows:

<b><u>Class</u></b>	<b><u>Percent of Gross Salary</u></b>	
	<b><u>Employee</u></b>	<b><u>Employer (1)</u></b>
FRS, Regular	3.00	8.47
FRS, Elected County Officers	3.00	48.82
FRS, Senior Management Service	3.00	25.41
DROP – Applicable to Members from All of the Above Classes	0.00	14.60
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The District's contributions to the Plan totaled \$6,369,330 for the fiscal year ended June 30, 2020.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2020, the District reported a liability of \$66,583,809 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was 0.193340585 percent, which was a decrease of 0.003113617 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized the Plan pension expense of \$15,915,655. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Description</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences Between Expected and Actual Experience	\$ 3,949,276	\$ 41,321
Change of Assumptions	17,101,586	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	3,683,764
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	289,864	1,891,271
District FRS Contributions Subsequent to the Measurement Date	6,369,330	-
<b>Total</b>	<b>\$ 27,710,056</b>	<b>\$ 5,616,356</b>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$6,369,330, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 5,752,837
2022	1,378,040
2023	4,256,565
2024	3,340,971
2025	813,654
Thereafter	182,303
<b>Total</b>	<b><u>\$ 15,724,370</u></b>

Actuarial Assumptions. The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	6.90 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.3%	3.3%	1.2%
Fixed Income	18%	4.1%	4.1%	3.5%
Global Equity	54%	8.0%	6.8%	16.5%
Real Estate (Property)	10%	6.7%	6.1%	11.7%
Private Equity	11%	11.2%	8.4%	25.8%
Strategic Investments	6%	5.9%	5.7%	6.7%
<b>Total</b>	<u>100%</u>			
Assumed inflation – Mean			2.6%	1.7%

(1) As outlined in the Plan's investment policy.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.9 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2019 valuation was updated from 7 percent to 6.9 percent.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.9 percent) or 1 percentage point higher (7.9 percent) than the current rate:

	<u>1% Decrease (5.9%)</u>	<u>Current Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 115,101,228	\$ 66,583,809	\$ 26,063,552

**Pension Plan Fiduciary Net Position.** Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

### **HIS Pension Plan**

**Plan Description.** The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Benefits Provided.** For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per

month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$1,623,633 for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the District reported a net pension liability of \$31,904,814 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, and update procedures were used to determine the net pension liability as of June 30, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was 0.28514448 percent, which was a decrease of 0.001244466 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized the HIS Plan pension expense of \$2,485,536. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 387,520	\$ 39,066
Change of Assumptions	3,694,272	2,607,639
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	20,588	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	556,678	700,114
District HIS Contributions Subsequent to the Measurement Date	1,623,633	-
<b>Total</b>	<b>\$ 6,282,691</b>	<b>\$ 3,346,819</b>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,623,633, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 658,894
2022	414,930
2023	227,445
2024	(254,391)
2025	48,380
Thereafter	216,981
<b>Total</b>	<b>\$ 1,312,239</b>

Actuarial Assumptions. The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.50 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.5 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal

to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.87 percent to 3.5 percent.

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current rate:

	<b>1% Decrease (2.5)</b>	<b>Current Discount Rate (3.5%)</b>	<b>1% Increase (4.5%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 36,420,981	\$ 31,904,814	\$ 28,143,358

*Pension Plan Fiduciary Net Position.* Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**2. FRS – Defined Contribution Pension Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Comprehensive Annual Financial Report.

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 the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2019-20 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$1,889,767 for the fiscal year ended June 30, 2020.

## **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 Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the District are eligible to participate in the District's self-funded health and hospitalization plan for medical and prescription drug coverage along with the fully-insured life insurance coverage. Such provisions may be amended at any time by further action from the Florida Legislature. 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 retiree healthcare costs are generally greater than active employee healthcare costs. The District does not offer any explicit subsidies for retiree coverage. Medicare eligible retirees are required to enroll in the Federal Medicare program for their primary coverage as they are eligible. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

**Benefit Terms and Employees Covered.** Plan contribution requirements and benefit terms of the District and OPEB Plan members are established and may be amended through recommendation of the Insurance Committee and action from the Board. The District has not advanced, funded, or established a funding methodology for the annual OPEB costs or the net OPEB obligation. The January 1, 2019, Census Data, with results rolled forward to January 1, 2020, results were used. As of the measurement date, June 30, 2020, there were 1,551 active participants and 199 inactive participants (retirees plus surviving spouses) receiving postemployment healthcare benefits and 1,943 active participants and 501 inactive participants that received postemployment life insurance benefits. The District provided contributions of \$321,022 toward annual OPEB costs, comprised of benefit payments made on behalf of the retirees for claims expense, retention costs, and net of retiree contributions totaling \$1,821,538. Required contributions are based on projected pay-as-you-go financing.

**Total OPEB Liability.** The District's total OPEB liability of \$25,395,562 was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2019, and update procedures were used to determine the total OPEB liability as of January 1, 2020.

**Actuarial Assumptions and Other Inputs.** The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.74 percent
20-Year Municipal Bond Rate	2.74 percent
Municipal Bond Rate Basis	Bond Buyer GO 20-Bond Municipal Bond Index
Salary Increases	3.7 to 7.8 percent
General Inflation	2.5 percent
Mortality Rates - Healthy	PUB-2010 Headcount-Weighted Teachers and Healthy Annuitants Mortality Table with Generational Improvements from 2010 using Scale MP-2019
Mortality Rates - Disabled	PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2019
Healthcare Cost Trend Rates	
Retirement Age: Pre-65	6.73 percent for 2020-21, decreasing an average of 0.30 percent per year to a rate of 4.5 percent in 2028-29
Retirement Age: Post-65	7.59 percent for 2020-21, decreasing an average of 0.41 percent per year to a rate of 4.5 percent in 2028-29
Current Retirees	All current retirees are assumed to continue coverage
Projected Retiree Healthcare Contributions	The BlueOptions 5770 Plan has been used for Non-Medicare participants since a significant portion chose this Plan. The BlueChoice 0117 Plan is the only Plan available for Medicare participants.
Retiree Premium Contributions	\$759 Non-Medicare and \$570 Medicare
Spouse Premium Contributions	\$497 Non-Medicare and \$499 Medicare
Administrative Expenses	Per-capita administrative costs are based on actual 2019 administrative fees

The District selected the economic and demographic assumptions used in the January 1, 2019, valuation. The current actuary provided guidance with respect to the economic assumptions. The prior actuary provided guidance with respect to the health care participation rate assumption and the spouse coverage election rate assumption. The demographic assumptions were based on those employed in the July 1, 2018, Pension Actuarial Valuation of the FRS, which were developed by the FRS from an Actuarial Experience Study. These include assumed rates of future termination, disability, and retirement. In addition, salary increase assumptions for development of the pattern of the normal cost increases were the same as those used by the FRS.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2019	\$ 19,357,638
Changes for the year:	
Service Cost	965,957
Interest on the Total OPEB Liability	826,686
Differences Between Expected and Actual Experience	(151,662)
Changes of Assumptions or Other Inputs	4,717,965
Benefit Payments	<u>(321,022)</u>
Net Changes	<u>6,037,924</u>
Balance at June 30, 2020	<u>\$ 25,395,562</u>

Changes of assumptions or other inputs reflect the following changes:

- The discount rate decreased from 4.1 percent as of January 1, 2019, to 2.74 percent as of January 1, 2020, to reflect changes in the Bond Buyer GO 20-Bond Municipal Bond Index.
- The administrative expenses are now using per-capita administrative cost based on actual 2019 administration fee.
- The healthy and disabled mortality tables assumptions were updated.
- The health care trend rates were updated as of January 1, 2020, to remove the Health Care Reform excise tax adjustment.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74 percent) or 1 percentage point higher (3.74 percent) than the current rate:

	<u>1% Decrease (1.74%)</u>	<u>Current Discount Rate (2.74%)</u>	<u>1% Increase (3.74%)</u>
Total OPEB Liability	\$ 31,415,813	\$ 25,395,562	\$ 20,801,718

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<b>Healthcare Cost Trend Rates</b>	<u>1% Increase</u>
Total OPEB Liability	\$ 20,447,334	\$ 25,395,562	\$ 32,140,628

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$2,733,521. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,957,263	\$ 898,952
Changes of Assumptions or Other Inputs	4,364,660	1,884,514
<b>Total</b>	<u>\$ 9,321,923</u>	<u>\$ 2,783,466</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 940,878
2022	940,878
2023	940,878
2024	981,083
2025	1,101,632
Thereafter	1,633,108
<b>Total</b>	<u>\$ 6,538,457</u>

## F. Construction and Other Significant Commitments

Construction Contracts. Encumbrances include the following major construction contract commitments at June 30, 2020:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Sebastian River Middle - Restroom Renovations Contractor	<u>\$ 95,022</u>	<u>\$ 15,545</u>	<u>\$ 79,477</u>

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 fiscal year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2020:

<b>Major Funds</b>			
<b>General</b>	<b>Capital Projects - Local Capital Improvement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 757,092	\$ 3,397,053	\$ 53,406	\$ 4,207,551

## **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 District is a member of the South Central Educational Risk Management Program (SCERMP), a consortium under which seven district school boards have established a public entity risk sharing pool for property, general liability, automobile liability, workers' compensation, governmental crime, and other coverage deemed necessary by the members of the SCERMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The inter-local agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. The SCERMP is self-sustaining through member assessments (premiums) and purchases insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for the SCERMP is composed of superintendents, finance directors, or authorized representative of all participating districts. Relation Insurance Services, serves as 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). The named windstorm and hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence and a maximum of \$25 million per occurrence. The deductibles for all other windstorm and hail events are \$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. The SCERMP's purchased excess property loss limit during the 2019-20 fiscal year was \$100 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2019-20 fiscal year was \$1 million. The 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 million per occurrence.

The District is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, as it is now written, as it may be amended by the Legislature at future dates, which

effectively limits the amount of liability of governmental entities for tort claims to \$200,000 per claim and \$300,000 per occurrence.

The District self-insures its healthcare coverage for employees and retired former employees. Florida Blue acts as the third-party administrator for the health insurance program. The program includes excess coverage of claim amounts above \$225,000 per insured per year. Premiums received for, and claims (and other expenses) paid on behalf of, Indian River County School Board employees and their dependents are reported in the District's Internal Service Fund.

The following schedule represents the changes in claims liability for the past 2 fiscal years for the District's health self-insurance program:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2018-19	\$ 2,027,998	\$ 17,381,505	\$ (15,926,426)	\$ 3,483,077
2019-20	3,483,077	18,566,076	(18,920,396)	3,128,757

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

## H. Changes in Short-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Tax Anticipation Note	\$ 0	\$ 14,890,000	\$ 14,890,000	\$ 0

Proceeds from the tax anticipation note were used as working capital reserves in the General Fund as permitted under State and Federal tax laws.

## I. Long-Term Liabilities

### 1. Judgments Payable

In February 2017, five District-sponsored charter schools sued the Board, and in June 2017, a court decision ruled that the charter schools should share in the additional local millage based on the FTE of each charter school rather than on the 5 percent allocated and disbursed by the District. The District negotiated a settlement in September 2017 to repay the five charter schools a total of \$2,573,022 plus interest at 5.17 percent over a 4-year period with monthly payments starting in February 2018 and ending in calendar year 2022. As a result, a liability for a judgment payable was recorded in the government-wide financial statements.



<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
2021	\$ 733,230	\$ 691,963	\$ 41,267
2022	427,718	420,441	7,277
<b>Total</b>	<b>\$ 1,160,948</b>	<b>\$ 1,112,404</b>	<b>\$ 48,544</b>

## 2. Certificates of Participation

The District entered into a master financing arrangement on November 1, 2005, which was characterized as a lease-purchase agreement, with the Indian River County School Board Leasing Corporation (Leasing Corporation) whereby the District secured financing for construction of educational facilities and the purchase of land.

The financing was accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$10 per year. The initial term of the Series 2014A, Refunding is 10 years commencing on November 20, 2014. The initial term of the Series 2016A, Refunding is 11 years commencing on April 28, 2016. The initial term of the Series 2016B is 9 years commencing on April 28, 2016. The Series 2010A-QSCB has a term of 18 years commencing on December 17, 2010. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease agreements and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the certificates for the remaining terms of the lease agreements.

Certificates of Participation at June 30, 2020, are as follows:

<u>Series</u>	<u>Issued Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity to</u>
Series 2014A, Refunding	\$ 45,455,000	\$ 25,150,000	5	2025
Series 2016A, Refunding	28,055,000	23,885,000	5	2027
Series 2016B	10,855,000	6,590,000	5	2025
Series 2010A-QSCB	26,261,000	26,261,000	0.4522 net (1)	2029
<b>Total Certificates of Participation</b>	<b>\$ 110,626,000</b>	<b>\$ 81,886,000</b>		

- (1) The Series 2010A-Lease Certificate is designated as a "qualified school construction bond" as defined in Section 54F of the Internal Revenue Code, and pursuant to Section 6431 of the Code, the Board has elected to receive Federal subsidy payments on each interest payment date for the Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Certificates on such date or the amount of interest which would have been payable with respect to the Certificates if the interest were determined at the applicable tax credit rate for the Certificates pursuant to Section 54A(b)(3) of the Code. The interest rate on the bonds is 5.91 percent with an allowable current Federal subsidy of 5.478.

The District properties included in the ground lease under this arrangement include:

2014A, Refunding Certificates of Participation  
 Vero Beach High School Renovations  
 Alternative Education Center  
 Sebastian River Middle School Music Addition  
 152 acres of land for future educational facilities

2016A, Refunding Certificates of Participation  
 Storm Grove Middle School  
 Support Services Complex

2016B Certificates of Participation  
 Beachland Elementary School Classroom and Cafeteria Replacement and Expansion  
 Vero Beach High School Citrus Bowl Refurbishment

Series 2010A Qualified School Construction Bonds – Certificates of Participation  
 Vero Beach Elementary School Replacement  
 Fellsmere Elementary School Expansion  
 Treasure Coast Elementary School Expansion

The lease payments for the 2014A, 2016A, and 2016B Series Certificates are payable by the District semiannually, on July 1 and January 1. The 2010 Series QSCB is payable semiannually on June 1 and December 1. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Other Certificates of Participation</u>		<u>Certificates of Participation from Direct Placements</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 11,608,275	\$ 7,275,000	\$ 2,781,250	\$ -	\$ 1,552,025
2022	11,609,525	7,640,000	2,417,500	-	1,552,025
2023	11,612,525	8,025,000	2,035,500	-	1,552,025
2024	11,606,275	8,420,000	1,634,250	-	1,552,025
2025	11,610,275	8,845,000	1,213,250	-	1,552,025
2026-2029	48,278,838	15,420,000	1,165,750	26,261,000	5,432,088
Total Minimum Lease Payments	106,325,713	55,625,000	11,247,500	26,261,000	13,192,213
Plus: Unamortized Premium	8,503,591	8,503,591	-	-	-
<b>Total Certificates of Participation</b>	<b>\$ 114,829,304</b>	<b>\$ 64,128,591</b>	<b>\$ 11,247,500</b>	<b>\$26,261,000</b>	<b>\$13,192,213</b>

The District issued Certificates of Participation dated December 1, 2010, under the Qualified School Construction Bond (QSCB) Program pursuant to Section 54F of the United States Internal Revenue Code of 1986 as amended (the Code). The QSCB Program provides for an issuer interest rate subsidy on certain bonds or Certificates of Participation. The District received an approved allocation of funds from the Florida Department of Education sufficient for the designation of the Series 2010A certificates as a QSCB under the Code. Pursuant to Section 6431 of the Code, the District has elected to receive Federal subsidy payments (the Issuer Subsidy) from the United States Treasury on each interest payment date for the 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate pursuant

to Section 54A(b)(3) of the Code. The tax credit rate applicable to the Series 2010A Certificates is 5.4578 percent. The Series 2010A Certificates were issued in the amount of \$26,261,000. Interest payments are to be made to the holders of the Certificates on June 1 and December 1 of each year at the stated coupon rate of 5.91 percent with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on December 1, 2028. Beginning in 2012, the District was to deposit principal payments into a sinking fund annually on December 1. The accumulated amount in this fund is to be used to repay the principal amount of these certificates upon maturity. On June 11, 2015, the District entered into a forward delivery agreement (FDA) with Deutsche Bank related to the Series 2010A Certificates. A forward delivery agreement is a type of investment in which the investor purchases eligible securities on a periodic basis from the agreement provider at a fixed rate of return. The Board expects to purchase eligible securities, which consist of direct obligations of the U.S. Treasury or obligations guaranteed by the U.S. Treasury from Deutsche Bank on a semi-annual basis beginning June 11, 2015, through November 29, 2028. The Agreement will generate a guaranteed fixed rate of return of 1.985 percent. The interest earnings associated with the FDA will lower the amount of money that the District is required to deposit to the sinking fund each year on December 1. Assuming the FDA is not terminated prior to the maturity of the Series 2010A Certificates, the District anticipates total interest earnings of \$4,076,141.

### **3. Other Lease-Purchase Agreements**

On October 15, 2015, the District entered into two Guaranteed Energy Savings Performance Contracts with Florida Power & Light Energy Services, Inc. (FP&L) and ConEdison Solutions, LLC with financing provided by TD Equipment Finance.

These arrangements are to fund the purchase, acquisition, and construction of energy saving capital improvements and equipment at four schools in the District. Energy savings in the General Fund will be used for the annual payments due on these leases. Pursuant to Section 1013.23(3)(g), Florida Statutes, the contracts do not constitute a debt, liability, or obligation of the District. However, the District has elected to disclose these amounts as Other Lease-Purchase Agreements and include them in long-term liabilities.

The District properties included in the agreements are:

#### FP&L

Vero Beach High School  
Oslo Middle School

#### ConEdison Solutions

Sebastian River High School  
Gifford Middle School

<u>Agreement</u>	<u>Issued Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity to</u>
FP&L	\$ 7,904,534	\$ 6,248,586	2.50	2032
ConEdison Solutions	4,950,990	3,735,957	2.52	2030
<b>Total Other Lease-Purchase Agreements</b>	<b>\$12,855,524</b>	<b>\$ 9,984,543</b>		

The following is a schedule of future lease payments as of June 30, 2020:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 945,708	\$ 695,347	\$ 250,361
2022	974,148	741,232	232,916
2023	1,003,442	789,122	214,320
2024	1,033,614	839,092	194,522
2025	1,064,692	891,221	173,471
2026-2030	5,449,109	4,944,052	505,057
2031-2032	1,121,332	1,084,477	36,855
<b>Total Minimum Lease-Purchase Payments</b>	<b>\$ 11,592,045</b>	<b>\$ 9,984,543</b>	<b>\$ 1,607,502</b>

#### 4. Bonds Payable

Bonds payable at June 30, 2020, are as follows:

<u>Bond Type</u>	<u>Issued Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:				
Series 2014A, Refunding	\$ 3,603,000	\$ 2,008,000	3 - 5	2025
Series 2017A, Refunding	704,000	605,000	3 - 5	2028
Series 2020A, Refunding	83,000	83,000	2 - 5	2030
<b>Total Bonds Payable</b>	<b>\$ 4,390,000</b>	<b>\$ 2,696,000</b>		

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 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.

<u>Fiscal Year Ending June 30</u>	<u>Total Outstanding</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2021	\$ 549,647	\$ 426,000	\$ 123,647
2022	551,490	449,000	102,490
2023	554,040	474,000	80,040
2024	557,550	501,000	56,550
2025	559,500	528,000	31,500
2026-2030	347,170	318,000	29,170
Total Minimum Bond Payments	3,119,397	2,696,000	423,397
Add: Unamortized Premium	16,258	16,258	-
<b>Total Bonds Payable</b>	<b>\$ 3,135,655</b>	<b>\$ 2,712,258</b>	<b>\$ 423,397</b>

## 5. Defeased Debt

The State Board of Education issued Capital Outlay Refunding Bonds, Series 2020A, on January 14, 2020, on a current basis. The proceeds derived from the sale of the 2020A Bonds, were used to refund the State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2010 Series A, maturing in the years 2021 through 2030. This refunding was effectuated to achieve debt service savings.

The District's portion of the Series 2020A Bonds totaled \$83,000 and was used to refund, on a current basis, \$100,000 of the District's portion of the Series 2010A Bonds. The District's pro rata share of the net proceeds of the Series 2020A Bonds totaled \$98,874 (including a premium of \$16,258 after deduction of \$485 by the Department for the District's pro rata share of underwriting fees, insurance, and other issuance cost plus an additional \$101 of the District's portion of the sinking funds available) and was placed in an irrevocable trust fund to refund the Series 2010A Bonds. The refunded Series 2010A Bonds were called for redemption on January 15, 2020, immediately following the date of delivery. As a result, \$100,000 of the Series 2010A Bonds are legally and economically defeased and have been removed from the government-wide financial statements.

The District's portion of the Series 2020A Bonds resulted in a reduction in total debt service of \$17,000 over the next 10 years.

## 6. 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
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of Participation Payable	\$ 88,821,000	\$ -	\$ 6,935,000	\$ 81,886,000	\$ 7,275,000
Unamortized Premiums	9,981,831	-	1,478,240	8,503,591	1,478,240
Total Certificates of Participation Payable	98,802,831	-	8,413,240	90,389,591	8,753,240
Bonds Payable	3,123,000	83,000	510,000	2,696,000	426,000
Unamortized Premiums	-	16,258	-	16,258	1,626
Total Bonds Payable	3,123,000	99,258	510,000	2,712,258	427,626
Other Lease-Purchase Agreements Payable	10,635,935	-	651,392	9,984,543	695,347
Judgment Payable	1,718,171	-	605,767	1,112,404	691,963
Compensated Absences Payable	11,046,397	2,528,297	1,505,385	12,069,309	1,505,385
Other Postemployment Benefits Payable	19,317,761	6,504,881	472,268	25,350,374	320,451
Net Pension Liability	88,950,589	53,452,366	44,501,804	97,901,151	541,333
<b>Total Governmental Activities</b>	<b>\$ 233,594,684</b>	<b>\$ 62,584,802</b>	<b>\$ 56,659,856</b>	<b>\$ 239,519,630</b>	<b>\$ 12,935,345</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated Absences Payable	\$ 29,574	\$ 12,711	\$ 5,031	\$ 37,254	\$ 5,031
Other Postemployment Benefits Payable	39,877	5,727	416	45,188	571
Net Pension Liability	534,165	318,345	265,038	587,472	3,248
<b>Total Business-Type Activities</b>	<b>\$ 603,616</b>	<b>\$ 336,783</b>	<b>\$ 270,485</b>	<b>\$ 669,914</b>	<b>\$ 8,850</b>

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund. Compensated absences, other postemployment benefits, and pensions for business-type activities are generally liquidated with the enterprise fund.

## J. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in Note I.F.10., fund balances may be 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:

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 2,569,134	\$ 639,926
Special Revenue:		
Other	-	1,798,781
Nonmajor Governmental	639,926	770,353
<b>Total</b>	<b>\$ 3,209,060</b>	<b>\$ 3,209,060</b>

The interfund amounts primarily represent loans to cover temporary cash deficits in pooled accounts and expenditures incurred prior to reimbursements from outside parties. These amounts are expected to be repaid within 1 year.

## L. Revenues

### 1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2019-20 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 26,214,008
Categorical Educational Program - Class Size Reduction	19,247,224
Charter School Capital Outlay	1,169,042
Workforce Development Program	1,063,510
Motor Vehicle License Tax (Capital Outlay and Debt Service)	695,281
School Recognition and Lottery	693,963
Voluntary Prekindergarten Program	464,938
Mobile Home License Tax	147,396
Food Service Supplement	81,706
Miscellaneous	547,678
<b>Total</b>	<b>\$ 50,324,746</b>

Accounting policies relating to certain State revenue sources are described in Note I.G.2.

### 2. Property Taxes

The following is a summary of millages and taxes levied on the 2019 tax roll for the 2019-20 fiscal year:

<u>General Fund</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	3.818	\$ 76,027,595
Prior Period Funding Adjustment Millage	0.003	59,739
Basic Discretionary Local Effort	0.748	14,894,877
Voted School Tax:		
Additional Operating	0.500	9,956,469
Total General Fund Taxes Levied		<u>100,938,680</u>
<b><u>Capital Projects - Local Capital Improvement Fund</u></b>		
Nonvoted Tax:		
Local Capital Improvements	1.500	29,869,406
<b>Total</b>	<u>6.569</u>	<u>\$ 130,808,086</u>

## M. Interfund Transfers

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 6,056,483	\$ 1,994,828
Debt Service:		
Other	10,875,565	33,302
ARRA Economic Stimulus	1,297,214	-
Capital Projects:		
Local Capital Improvement	35,214	16,928,962
Other	-	1,302,212
Nonmajor Governmental	639,926	-
Internal Service Fund	1,354,902	-
<b>Total</b>	<u>\$ 20,259,304</u>	<u>\$ 20,259,304</u>

Interfund transfers represent permanent transfers between funds. The transfers out of the General Fund to the Internal Service Fund were to cover the costs of health insurance premiums increases included in the negotiated bargaining agreement. The transfers out of the Capital Projects – Local Capital Improvement Fund were to provide for debt service payments in the Debt Service – Other Fund and the Debt Service – ARRA Economic Stimulus Fund and to the General Fund for maintenance and repair of educational plant and salaries for facilities and planning and construction and property casualty insurance premium. The transfers from the Capital Projects – Other Fund to the General Fund were to provide for payments to charter schools for capital expenditures.



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# OTHER REQUIRED SUPPLEMENTARY INFORMATION

## Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 125,000.00	\$ 125,000.00	\$ 152,284.65	\$ 27,284.65
Federal Through State and Local	712,014.00	1,707,330.26	1,588,982.50	(118,347.76)
State	48,513,396.62	48,082,523.62	47,934,630.81	(147,892.81)
Local:				
Property Taxes	97,239,298.00	97,239,298.00	98,086,874.28	847,576.28
Miscellaneous	3,842,398.30	4,374,916.79	3,898,438.73	(476,478.06)
Total Local Revenues	101,081,696.30	101,614,214.79	101,985,313.01	371,098.22
<b>Total Revenues</b>	150,432,106.92	151,529,068.67	151,661,210.97	132,142.30
<b>Expenditures</b>				
Current - Education:				
Instruction	110,206,680.57	106,040,717.05	100,014,288.79	6,026,428.26
Student Support Services	4,165,933.38	4,353,256.27	4,222,872.80	130,383.47
Instructional Media Services	1,983,147.37	2,119,341.66	2,085,581.79	33,759.87
Instruction and Curriculum Development Services	4,582,294.05	4,937,956.70	4,906,590.49	31,366.21
Instructional Staff Training Services	1,721,053.75	1,783,559.37	1,545,540.43	238,018.94
Instruction-Related Technology	1,605,094.87	1,661,092.94	1,554,082.00	107,010.94
Board	1,052,514.05	1,122,705.85	859,329.36	263,376.49
General Administration	867,872.94	908,046.71	908,046.71	-
School Administration	9,045,330.36	9,540,344.34	9,479,737.85	60,606.49
Facilities Acquisition and Construction	681,766.78	1,871,613.66	1,869,226.03	2,387.63
Fiscal Services	1,117,317.17	1,412,935.35	1,354,619.17	58,316.18
Food Services	-	34,353.36	23,423.36	10,930.00
Central Services	2,072,714.96	2,623,467.27	2,426,673.60	196,793.67
Student Transportation Services	5,075,399.56	5,614,070.71	5,125,945.87	488,124.84
Operation of Plant	13,443,043.17	14,453,937.13	13,529,510.64	924,426.49
Maintenance of Plant	3,273,598.71	3,946,528.58	3,817,470.24	129,058.34
Administrative Technology Services	4,798,086.04	3,889,039.98	3,810,133.26	78,906.72
Community Services	-	-	-	-
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	82,850.00	82,850.00	-
Other Capital Outlay	-	278,046.42	278,046.42	-
Debt Service:				
Interest and Fiscal Charges	-	224,280.63	117,519.33	106,761.30
<b>Total Expenditures</b>	165,691,847.73	166,898,143.98	158,011,488.14	8,886,655.84
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(15,259,740.81)	(15,369,075.31)	(6,350,277.17)	9,018,798.14
<b>Other Financing Sources (Uses)</b>				
Transfers In	6,067,027.51	6,056,483.48	6,056,483.48	-
Sale of Capital Assets	50,000.00	50,000.00	32,498.53	(17,501.47)
Loss Recoveries	-	50.00	8,822.56	8,772.56
Transfers Out	-	(1,354,902.03)	(1,994,828.00)	(639,925.97)
<b>Total Other Financing Sources (Uses)</b>	6,117,027.51	4,751,631.45	4,102,976.57	(648,654.88)
<b>Net Change in Fund Balances</b>	(9,142,713.30)	(10,617,443.86)	(2,247,300.60)	8,370,143.26
Fund Balances, Beginning	17,031,851.00	18,727,991.30	18,727,991.30	-
<b>Fund Balances, Ending</b>	\$ 7,889,137.70	\$ 8,110,547.44	\$ 16,480,690.70	\$ 8,370,143.26

**Special Revenue - Other Fund**

<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
\$ -	\$ -	\$ -	\$ -
12,049,356.00	8,720,021.31	8,720,021.31	-
-	-	-	-
-	-	-	-
-	699.46	699.46	-
-	699.46	699.46	-
12,049,356.00	8,720,720.77	8,720,720.77	-
6,127,269.50	4,423,896.28	4,423,896.28	-
1,383,171.00	940,298.00	940,298.00	-
5,262.00	-	-	-
2,151,527.00	1,897,539.71	1,897,539.71	-
1,556,004.50	870,999.78	870,999.78	-
-	-	-	-
-	-	-	-
483,238.00	339,461.22	339,461.22	-
-	2,246.03	2,246.03	-
-	-	-	-
-	-	-	-
-	10,930.00	10,930.00	-
16,400.00	-	-	-
248,307.00	7,262.84	7,262.84	-
-	67,571.25	67,571.25	-
-	-	-	-
-	-	-	-
78,177.00	148,122.66	148,122.66	-
-	3,875.00	3,875.00	-
-	8,518.00	8,518.00	-
-	-	-	-
12,049,356.00	8,720,720.77	8,720,720.77	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
48,216.00	-	-	-
\$ 48,216.00	\$ 0.00	\$ 0.00	\$ 0.00

**Schedule of Changes in the District's  
Total OPEB Liability and Related Ratios**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 965,957	\$ 630,072	\$ 624,473	\$ 656,474
Interest	826,686	574,368	540,484	517,126
Differences Between Expected and Actual Experience	(151,662)	6,526,321	154,400	(1,587,718)
Changes of Assumptions or Other Inputs	4,717,965	(2,315,335)	(277,154)	482,410
Benefit Payments	(321,022)	(538,505)	(471,084)	(554,486)
<b>Net Change in Total OPEB Liability</b>	<u>6,037,924</u>	<u>4,876,921</u>	<u>571,119</u>	<u>(486,194)</u>
Total OPEB Liability - Beginning	<u>19,357,638</u>	<u>14,480,717</u>	<u>13,909,598</u>	<u>14,395,792</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 25,395,562</u>	<u>\$ 19,357,638</u>	<u>\$ 14,480,717</u>	<u>\$ 13,909,598</u>
Covered-Employee Payroll	\$ 82,623,549	\$ 82,623,549	\$ 86,980,239	\$ 86,980,239
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	30.74%	23.43%	16.65%	15.99%

**Schedule of the District's Proportionate Share  
of the Net Pension Liability –  
Florida Retirement System Pension Plan (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the FRS Net Pension Liability	0.193340585%	0.196454202%	0.194596568%	0.201567929%	0.213842564%	0.218181024%	0.210600558%
District's Proportionate Share of the FRS Net Pension Liability	\$ 66,583,809	\$ 59,173,026	\$ 57,560,361	\$ 50,896,060	\$ 27,620,635	\$ 13,312,251	\$ 36,253,729
District's Covered Payroll	\$ 95,447,629	\$ 93,602,178	\$ 90,176,700	\$ 89,522,279	\$ 87,157,724	\$ 85,329,180	\$ 79,693,279
District's Proportionate Share of the FRS Net Pension Liability as a Percentage of Its Covered Payroll	69.76%	63.22%	63.83%	56.85%	31.69%	15.60%	45.49%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

(1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of District Contributions –  
Florida Retirement System Pension Plan (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required FRS Contribution	\$ 6,369,330	\$ 5,994,953	\$ 5,598,787	\$ 5,065,828	\$ 4,915,555	\$ 5,213,663	\$ 4,779,090
FRS Contributions in Relation to the Contractually Required Contribution	(6,369,330)	(5,994,953)	(5,598,787)	(5,065,828)	(4,915,555)	(5,213,663)	(4,779,090)
FRS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 97,827,609	\$ 95,447,629	\$ 93,602,178	\$ 90,176,700	\$ 89,522,279	\$ 87,157,724	\$ 85,329,180
FRS Contributions as a Percentage of Covered Payroll	6.51%	6.28%	5.98%	5.62%	5.49%	5.98%	5.60%

(1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of the District's Proportionate Share  
of the Net Pension Liability –  
Health Insurance Subsidy Pension Plan (1)**

	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the HIS Net Pension Liability	0.285144480%	0.286388946%	0.282856426%	0.289889947%	0.287060779%	0.293776221%	0.281361277%
District's Proportionate Share of the HIS Net Pension Liability	\$ 31,904,814	\$ 30,311,728	\$ 30,244,314	\$ 33,785,472	\$ 29,275,684	\$ 27,468,794	\$ 24,496,199
District's Covered Payroll	\$ 95,447,629	\$ 93,602,178	\$ 90,176,700	\$ 89,522,279	\$ 87,157,724	\$ 85,329,180	\$ 79,693,279
District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	33.43%	32.38%	33.54%	37.74%	33.59%	32.19%	30.74%
HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

(1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of District Contributions –  
Health Insurance Subsidy Pension Plan (1)**

	2020	2019	2018	2017	2016	2015	2014
Contractually Required HIS Contribution	\$ 1,623,633	\$ 1,583,380	\$ 1,553,094	\$ 1,496,958	\$ 1,485,871	\$ 1,097,325	\$ 1,006,379
HIS Contributions in Relation to the Contractually Required Contribution	(1,623,633)	(1,583,380)	(1,553,094)	(1,496,958)	(1,485,871)	(1,097,325)	(1,006,379)
HIS Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$97,827,609	\$95,447,629	\$93,602,178	\$90,176,700	\$89,522,279	\$87,157,724	\$85,329,180
HIS Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.18%

(1) The amounts presented for each fiscal year were determined as of June 30.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. Budgetary Basis of Accounting**

The Board follows procedures established by State law 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 State 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, student transportation 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.

## **2. Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios**

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The June 30, 2020, total OPEB liability increased from the prior fiscal year as a result of changes to assumptions as discussed below:

- The discount rate decreased from 4.1 percent as of January 1, 2019, to 2.74 percent as of January 1, 2020, to reflect changes in the Bond Buyer GO 20-Bond Municipal Bond Index.
- The administrative expenses are now using per-capital administrative cost based on actual 2019 administration fee.
- The healthy and disabled mortality tables assumptions were updated.
- The health care trend rates were updated as of January 1, 2020, to remove the Health Care Reform excise tax adjustment.

## **3. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan**

*Changes of Assumptions.* In 2019, the long-term expected rate of return was decreased from 7 percent to 6.9 percent, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

## **4. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan**

*Changes of Assumptions.* In 2019, the municipal bond rate used to determine total pension liability was decreased from 3.87 percent to 3.5 percent.

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# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

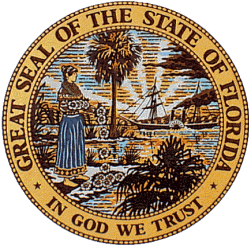
## Indian River County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
<b>Clustered</b>				
<b>Child Nutrition Cluster</b>				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	20002	\$ -	\$ 894,797.67
National School Lunch Program	10.555	20001, 20003	-	3,761,200.86
Summer Food Service Program for Children	10.559	19006, 19007, 20006, 20007	-	1,443,308.60
<b>Total Child Nutrition Cluster</b>			<u>-</u>	<u>6,099,307.13</u>
<b>Student Financial Assistance Cluster</b>				
United States Department of Education:				
Federal Pell Grant Program	84.063	N/A	-	239,880.95
<b>Special Education Cluster</b>				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	297,196.56	3,502,845.11
St. Lucie County District School Board		None	436.03	34,146.08
Total Special Education - Grants to States	84.027		<u>297,632.59</u>	<u>3,536,991.19</u>
Special Education - Preschool Grants:				
Florida Department of Education	84.173	266, 267	-	106,047.61
<b>Total Special Education Cluster</b>			<u>297,632.59</u>	<u>3,643,038.80</u>
<b>Not Clustered</b>				
<b>United States Department of Defense</b>				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	152,284.65
<b>United States Department of Education</b>				
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:				
Higher Education Emergency Relief Fund Student Aid Portion	84.425E	N/A	-	26,958.00
Higher Education Emergency Relief Fund Institutional Portion	84.425F	N/A	-	26,957.00
Florida Department of Education:				
Governor's Emergency Education Relief Fund	84.425C	123	-	14,430.59
Elementary and Secondary School Emergency Relief Fund	84.425D	124	-	74,287.19
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425		<u>-</u>	<u>142,632.78</u>
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191	-	149,810.00
Title I Grants to Local Educational Agencies	84.010	212, 226	91,449.90	3,409,407.64
Migrant Education - State Grant Program	84.011	217	-	13,841.49
Career and Technical Education - Basic Grants to States	84.048	161	-	198,560.69
Twenty-First Century Community Learning Centers	84.287	244	-	203,828.38
English Language Acquisition State Grants	84.365	102	5,111.61	182,785.30
Supporting Effective Instruction State Grants	84.367	224	16,098.00	505,321.74
Student Support and Academic Enrichment Program	84.424	241	-	317,563.96
Hurricane Education Recovery	84.938	107	-	7,844.99
<b>Total United States Department of Education</b>			<u>112,659.51</u>	<u>5,131,596.97</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 410,292.10</u>	<u>\$ 15,266,108.50</u>

The accompanying notes are an integral part of this Schedule.



- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Indian River County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$549,159 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Hurricane Education Recovery. The District incurred \$7,844.99 in expenditures for the Hurricane Education Recovery grant in the 2018-19 fiscal year.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 17, 2021, 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 aggregate discretely presented component units, as described in our report on the District'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) as a basis for designing 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 a

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 from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

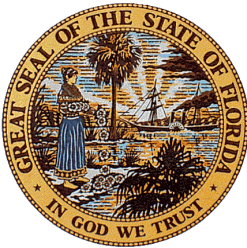
### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 17, 2021



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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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 COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### Report on Compliance for the Major Federal Program

We have audited the Indian River County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major Federal program for the fiscal year ended June 30, 2020. The District's major Federal program is identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

### *Management's Responsibility*

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for the District's major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the fiscal year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 17, 2021

# **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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## **SECTION I – SUMMARY OF AUDITOR’S RESULTS**

### **Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

### **Federal Awards**

Internal control over the major Federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for the major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of the major Federal program:	
CFDA Numbers: 10.553, 10.555, and 10.559	Name of Federal Program or Cluster: Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters are reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters are reported.

## ***PRIOR AUDIT FOLLOW-UP***

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There were no prior financial statement or Federal award findings requiring follow-up.

## ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

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The District did not have prior audit findings required to be reported under 2 CFR 200.511.