

**SCHOOL DISTRICT OF  
INDIAN RIVER COUNTY**

**FINANCIAL STATEMENTS AND  
FEDERAL SINGLE AUDIT**

*As of and for the Year Ended June 30, 2021*

*And Report of Independent Auditor*

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## BOARD MEMBERS AND SUPERINTENDENT

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During the 2020-21 fiscal year, Dr. David K. Moore served as Superintendent of the School District of Indian River County from December 20, 2019 and Dr. Susan Moxley served as Superintendent before that date. The following individuals served as School Board Members:

	<u>District No.</u>
Brian M. Barefoot, Chair	5
Teri L. Barenborg, Vice Chair	4
Dr. Mara Schiff	1
Jacqueline Rosario	2
Dr. Peggy Jones	3

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## Report of Independent Auditor

To the Honorable Members of the School Board  
School District of Indian River County  
Vero Beach, Florida

### **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 School District of Indian River County (the "District"), as of and for the fiscal year ended June 30, 2021, 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 custodial fiduciary fund, which represents 100% of the transactions and account balances of the custodial funds column of the fiduciary funds financial statements. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100% of the transactions and account balances of the aggregate discretely presented component units columns. The financial statements of the custodial fiduciary fund 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 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, 2021 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 – Reissuance of Financial Statements**

As discussed in Note II.H.3.a to the financial statements, the disclosure of the interest portion of future lease payments was overstated in Note II.H.3 of the previously issued financial statements. Our opinions are 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 Schedules for the General, Other Federal Program and Federal Economic Stimulus 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other 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 combining fund statements and budgetary comparison schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining and individual fund statements and schedules and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, 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 Report of Independent Auditor 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.

*Chang Behart LLP*

Orlando, Florida

March 29, 2022, except for Note II.H.3.a, Revision to the Schedule of Future Lease Payments, as to which the date is May 25, 2022.

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

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# SCHOOL DISTRICT OF INDIAN RIVER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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The management of the School District of Indian River County has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2021. 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 2020-21 fiscal year are as follows:

- In total, net position increased \$6.5 million during the 2020-21 fiscal year.
- The assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources at June 30, 2021, by \$178.1 million. Of this amount, \$217.7 million represents investments in capital assets (net of related debt), a restricted net position of \$38.9 million and a deficit unrestricted net position of \$78.6 million.
- Program revenues account for \$14.0 million, or 6.3%, of total revenues, and general revenues account for \$207.6 million, or 93.7%.
- The governmental funds report combined fund balances of \$60.0 million, an increase of \$13.1 million in comparison to the prior fiscal year. The proprietary fund reports a fund balance of \$1.1 million, an increase of \$50.0 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 \$20.7 million, or 13.4% 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.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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- *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 entity-wide 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 Federal Programs Fund, Special Revenue – Federal Education Stabilization Fund, Debt Service – Other Debt Service Fund, Debt Service – ARRA Economic Stimulus Fund, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Other Capital Projects 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.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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**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 the 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 Supplementary 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 the Required Supplementary Information**

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

## **Other Supplementary Information**

The Other Supplementary Information section includes combining fund statements for non-major funds, and various other statements and schedules of interest to the reader.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

*JUNE 30, 2021*

**Government-Wide Financial Analysis**

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, 2021, compared to net position as of June 30, 2020:

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 83,985	\$ 68,649	\$ 1,624	\$ 1,512	\$ 85,609	\$ 70,161
Capital assets	317,004	324,969	-	-	317,004	324,969
<b>Total Assets</b>	<b>400,989</b>	<b>393,618</b>	<b>1,624</b>	<b>1,512</b>	<b>402,613</b>	<b>395,130</b>
<b>Deferred Outflows of Resources</b>	<b>57,392</b>	<b>44,524</b>	<b>264</b>	<b>231</b>	<b>57,656</b>	<b>44,755</b>
Liabilities:						
Long-term liabilities	258,262	239,520	722	670	258,984	240,190
Other liabilities	15,411	14,941	41	1	15,452	14,942
<b>Total Liabilities</b>	<b>273,673</b>	<b>254,461</b>	<b>763</b>	<b>671</b>	<b>274,436</b>	<b>255,132</b>
<b>Deferred Inflows of Resources</b>	<b>6,628</b>	<b>12,084</b>	<b>71</b>	<b>67</b>	<b>6,699</b>	<b>12,151</b>
Net Position:						
Net investment in capital assets	217,735	223,325	-	-	217,735	223,325
Restricted	38,918	32,840	-	-	38,918	32,840
Unrestricted (deficit)	(78,573)	(84,568)	1,054	1,005	(77,519)	(83,563)
<b>Total Net Position</b>	<b>\$ 178,080</b>	<b>\$ 171,597</b>	<b>\$ 1,054</b>	<b>\$ 1,005</b>	<b>\$ 179,134</b>	<b>\$ 172,602</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 the result, in part, of accruing \$10.7 million in compensated absences payable, \$37.7 million in other postemployment benefit obligations, and \$117.5 million in net pension liability.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

*JUNE 30, 2021*

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2021, and June 30, 2020, are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for services	\$ 1,002	\$ 1,481	\$ 1,252	\$ 1,005	\$ 2,254	\$ 2,486
Operating grants and contributions	7,928	6,181	-	-	7,928	6,181
Capital grants and contributions	3,771	3,717	-	-	3,771	3,717
General Revenues:						
Property taxes, levied for operational purposes	98,586	98,087	-	-	98,586	98,087
Property taxes, levied for capital projects	30,203	28,313	-	-	30,203	28,313
Grants and contributions not restricted to specific programs	62,680	60,009	-	-	62,680	60,009
Unrestricted investment earnings	360	1,414	2	25	362	1,439
Miscellaneous	15,818	2,900	-	-	15,818	2,900
Transfers	202	-	(202)	-	-	-
<b>Total Revenues</b>	<b>220,550</b>	<b>202,102</b>	<b>1,052</b>	<b>1,030</b>	<b>221,602</b>	<b>203,132</b>
Functions/Program Expenses:						
Instruction	121,237	119,797	-	-	121,237	119,797
Student support services	8,408	6,064	-	-	8,408	6,064
Instruction media services	2,411	2,468	-	-	2,411	2,468
Instruction and curriculum development services	7,360	8,067	-	-	7,360	8,067
Instructional staff training services	2,649	2,819	-	-	2,649	2,819
Instruction-related technology	1,469	1,734	-	-	1,469	1,734
Board	1,065	1,016	-	-	1,065	1,016
General administration	1,675	1,650	-	-	1,675	1,650
School administration	11,131	11,317	-	-	11,131	11,317
Facilities acquisition and construction	7,856	6,176	-	-	7,856	6,176
Fiscal services	1,563	1,623	-	-	1,563	1,623
Food services	8,834	9,467	-	-	8,834	9,467
Central services	3,525	2,977	-	-	3,525	2,977
Student transportation services	6,473	6,742	-	-	6,473	6,742
Operation of plant	16,879	15,322	-	-	16,879	15,322
Maintenance of plant	3,648	4,543	-	-	3,648	4,543
Administrative technology services	4,540	4,420	-	-	4,540	4,420
Community services	119	228	-	-	119	228
Unallocated interest on long-term debt	3,225	3,746	-	-	3,225	3,746
Extended day program	-	-	1,003	918	1,003	918
<b>Total Functions/Program Expenses</b>	<b>214,067</b>	<b>210,176</b>	<b>1,003</b>	<b>918</b>	<b>215,070</b>	<b>211,094</b>
Change in net position	6,483	(8,074)	49	112	6,532	(7,962)
Net position, beginning of year	171,597	179,671	1,005	893	172,602	180,564
<b>Net position, end of year</b>	<b>\$ 178,080</b>	<b>\$ 171,597</b>	<b>\$ 1,054</b>	<b>\$ 1,005</b>	<b>\$ 179,134</b>	<b>\$ 172,602</b>

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

District revenues increased by \$18.5 million primarily as a result of the following factors: Capital and Operating grants and contributions increased by \$1.8 million, primarily due to an increase in revenue from the food service program and other capital grants. Property taxes for operational purposes increased by \$0.500 million and property taxes for capital projects increased by \$1.9 million, primarily due to an increase in the taxable assessed value of 5.30 percent. Revenue from interest and miscellaneous grants increased by \$14.5 million.

District expenses increased from the prior fiscal year by \$6.5 million. This was primarily due to an increase in salary and benefits resulting from union negotiations, additional student support services, and COVID-19 expenditures for personal protective equipment and personnel.

## **Business-Type Activities**

Extended Day Program business-type activities increased the District's net position by \$8 thousand for the fiscal year ended June 30, 2021. Charges for services and other income totaled \$1.3 million, while Extended Day Program expenses totaled \$1 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 \$60.0 million, which is an increase of \$13.1 million from 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, 2021 and 2020.

<b>Fund Balance (in thousands)</b>	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
General Fund	\$ 24,513	\$ 16,481	\$ 8,032	48.7%
Debt Service Funds:				
Other debt service	-	-	-	0.0%
ARRA economic stimulus	14,135	12,703	1,432	11.3%
Capital Projects Funds:				
Local capital improvement	12,527	10,629	1,898	17.9%
Other capital projects	8,437	6,677	1,760	26.4%
Other governmental funds	356	351	5	1.4%
Total	<u>\$ 59,968</u>	<u>\$ 46,841</u>	<u>\$ 13,127</u>	<u>28.0%</u>



**SCHOOL DISTRICT OF INDIAN RIVER COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2021

**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 13.4% of the total General Fund revenues, while total fund balance represents 15.9% of total General Fund revenues.

Total fund balance increased by \$8 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, 2021 and 2020.

**Revenues and Net Other  
Financing Sources and Uses  
(in thousands)**

	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Taxes	\$ 98,586	\$ 98,087	\$ 499	0.5%
Investment earnings	39	553	(514)	-92.9%
State revenues	50,564	47,935	2,629	5.5%
Other revenues	5,263	5,086	177	3.5%
Net other financing sources and uses	7,104	4,103	3,001	73.1%
Total	<u>\$ 161,556</u>	<u>\$ 155,764</u>	<u>\$ 5,792</u>	<u>3.7%</u>

- Property tax revenue increased by \$0.500 million. The taxable assessed value of property increased 5.3% over the previous year, partially offset by the decrease in the millage rates of approximately 2% as set by the Florida Legislature.
- State revenues increased by \$2.6 million primarily due to an increase in Florida Education Finance Program funding.
- Other revenues had a net increase of \$0.177 million primarily due to a decrease in Medicaid revenue, in gifts, grants and bequests and in other miscellaneous sources as compared to the fiscal year ended June 30, 2020.
- Other financing sources and uses had a net increase of \$3.0 million, primarily due to an increase in transfers from the capital projects funds.

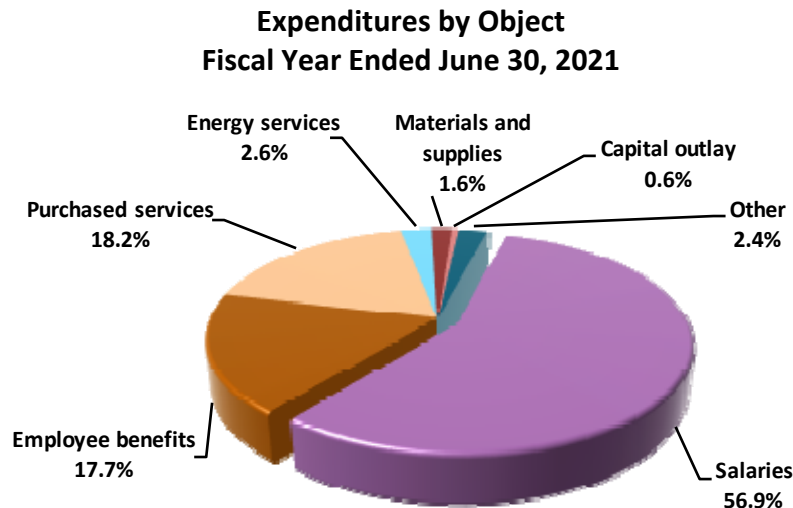
As the table below illustrates, the largest portions of General Fund expenditures are for salaries and employee benefits. The District is a service entity, and as such, is labor intensive. The decrease in salaries is due to the utilization of ESSER/CARES funding.

**Expenditures by Object  
(in thousands)**

	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Salaries	\$ 87,307	\$ 92,515	\$ (5,208)	-5.6%
Employee benefits	27,170	26,144	1,026	3.9%
Purchased services	27,910	27,289	621	2.3%
Energy services	4,061	4,036	25	0.6%
Materials and supplies	2,445	2,780	(335)	-12.1%
Capital outlay	885	1,194	(309)	-25.9%
Other	3,745	4,053	(308)	-7.6%
Total	<u>\$ 153,523</u>	<u>\$ 158,011</u>	<u>\$ (4,488)</u>	<u>-2.8%</u>

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021



Expenditures decreased \$4.5 million, or 2.8% from the prior fiscal year, primarily for the reasons discussed below:

- Salary expenditures decreased by \$5.2 million, or 5.6%, primarily as a result of utilization of ESSER/CARES grant funding in fiscal year 2021.
- Employee benefits expenditures increased by \$1.0 million, or 3.9%, resulting from the increase in healthcare costs and Florida Retirement System contribution rates.
- Purchased services expenditures increased by \$0.6 million, or 2.3%, primarily due to the reopening of schools and additional expenditures for school operations.
- Materials and supplies expenditures decreased by \$0.3 million, or 12.1%, primarily due the utilization of ESSER/CARES grant funding.
- Capital outlay decreased by \$0.3 million, or 25.9%, primarily due to the utilization of ESSER/CARES grant funds.
- Other expenditures decreased by \$0.3 million, or 7.6%, primarily due to a reduction in the use of substitute teachers as a result of the transitional educational models utilized by the District.

*The Special Revenue – Other Federal Programs Fund* has total revenues and expenditures of \$9.1 million, each, and the funding was mainly used for instruction related costs. Since grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

*The Special Revenue – Federal Education Stabilization Fund* has total revenues and expenditures of \$11.6 million, each, and the funding was mainly used for instruction and student support 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 Debt Service Fund* fund balance did not change, since transfers from other funds were exactly the amount need to make current year debt service payments of \$11.0 million.

*The Debt Service – ARRA Economic Stimulus Fund* fund balance increased by \$1.4 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.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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*The Capital Projects – Local Capital Improvement Fund* fund balance increased by \$1.9 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 \$12.5 million and, of this amount, \$8.9 million has been encumbered for specific projects.

*The Capital Projects – Other Capital Projects Fund* fund balance increased by \$1.8 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 \$8.4 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 \$50 thousand during the 2020-21 fiscal year to \$1.0 million at June 30, 2021. This increase occurred primarily because the charges for services were greater than expenses.

The Internal Service Fund unrestricted net position increased \$2.1 million during the 2020-21 fiscal year to \$8.6 million at June 30, 2021. This increase occurred primarily because charges for services and other revenue were greater than expenses.

## **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 \$0.8 million more in revenue as compared to the final budget. This was largely due to an increase from property tax revenue and increase in federal through state and local sources, offset by a decrease in state sources.

Actual expenditures were lower than the final budget by \$15.6 million due to the District's conservative budget.

## **Capital Assets and Long-Term Debt**

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2021, is \$317 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 for the School District of Indian River County include security enhancements consisting of various access control projects, Gifford Middle School Kwall replacement phase II, Fellsmere Elementary roof replacement, Osceola Magnet roof replacement, Beachland Elementary roof replacement, Glendale Elementary cafeteria expansion, Sebastian River Middle cafeteria expansion, Sebastian River Middle wing addition, Vero Beach High School fire alarm upgrade, and Vero Beach High School parking lot lighting upgrade.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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- Projects completed and included in buildings and improvements include various access control projects, district wide digital marquee signs, Beachland Elementary single point of entry, Kawall replacement at Dodgertown Elementary, Kawall replacement at Gifford Middle Phase I, Oslo Middle exterior painting, Oslo Middle chiller replacement, Oslo Middle carpet to tile, Sebastian River High exterior painting, Sebastian River High Performance Art Center roof replacement, Sebastian River High restroom renovation, Transportation Complex chiller replacement, and Vero Beach High School Freshman Learning Center locker room renovation.
- The total decrease in the District's investment in capital assets (net of accumulated depreciation) was approximately 2.5 percent.

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

### **Long-Term Debt**

At June 30, 2021, the District has total long-term debt outstanding of \$93.6 million, composed of \$2.3 million of bonds payable, \$81.6 million of certificates of participation, \$9.3 million of other lease purchase agreements payable, and \$0.4 million of judgment payable. During the current fiscal year, retirement of debt was \$10.6 million.

Additional information on the District's long-term debt can be found in Notes II.H.1. through II.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 fiscal year 2021-22 is 3.520 mills (a decrease of 0.128 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 million, and expenditures and other uses are expected to be \$177 million. The difference in projected revenues and expenditures of \$17 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**

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**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**STATEMENT OF NET POSITION**

JUNE 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 57,175,936	\$ 1,624,431	\$ 58,800,367	\$ 14,028,338
Investments	8,717,015	-	8,717,015	-
Accounts Receivable	575,189	-	575,189	467,585
Due from other agencies	2,908,227	-	2,908,227	721,685
Prepaid items	13,790	-	13,790	242,057
Inventories	459,636	-	459,636	-
Restricted investments	14,134,779	-	14,134,779	-
Capital Assets:				
Nondepreciable capital assets	25,468,781	-	25,468,781	-
Depreciable capital assets, net	291,535,396	-	291,535,396	21,464,333
<b>Total Assets</b>	<b>400,988,749</b>	<b>1,624,431</b>	<b>402,613,180</b>	<b>36,923,998</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Other postemployment benefits	17,748,919	62,503	17,811,422	-
Pensions	38,441,317	120,961	38,562,278	-
Net carrying amount of debt refunding	1,201,363	-	1,201,363	-
<b>Total deferred outflows of resources</b>	<b>57,391,599</b>	<b>183,464</b>	<b>57,575,063</b>	<b>-</b>
<b>LIABILITIES</b>				
Accrued salaries and benefits	533,905	24,583	558,488	708,918
Payroll deductions and withholdings	2,177	-	2,177	3,129
Accounts payable	1,526,881	16,268	1,543,149	153,866
Sales tax payable	744	-	744	-
Due to other agencies	14,946	-	14,946	-
Matured certificates of participation payable	7,275,000	-	7,275,000	-
Matured interest payable	1,390,625	-	1,390,625	-
Accrued interest payable	10,548	-	10,548	-
Unearned revenue	1,683,335	-	1,683,335	671,650
Estimated liability for self-insurance program	2,972,890	-	2,972,890	-
Long-Term Liabilities				
Portion due within 1 year	16,048,280	25,703	16,073,983	848,215
Portion due after 1 year	242,213,420	696,236	242,909,656	10,243,664
<b>Total Liabilities</b>	<b>273,672,751</b>	<b>762,790</b>	<b>274,435,541</b>	<b>12,629,442</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other postemployment benefits	2,207,097	18,199	2,225,296	-
Pensions	4,420,454	13,910	4,434,364	-
<b>Total Deferred Inflows of Resources</b>	<b>6,627,551</b>	<b>32,109</b>	<b>6,659,660</b>	<b>-</b>
<b>NET PENSION</b>				
Net investment in capital assets	217,734,993	-	217,734,993	10,367,441
Restricted for:				
State required carryover programs	3,462,794	-	3,462,794	-
Debt service	14,186,169	-	14,186,169	-
Capital projects	21,110,931	-	21,110,931	126,136
Food service	157,815	-	157,815	268,504
Other purposes	-	-	-	119,179
Unrestricted (deficit)	(78,572,656)	1,012,996	(77,559,660)	13,413,296
<b>Total Net Position</b>	<b>\$ 178,080,046</b>	<b>\$ 1,012,996</b>	<b>\$ 179,093,042</b>	<b>\$ 24,294,556</b>

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
Instruction	\$ 121,236,944	\$ 394,085	\$ -	\$ -
Student support services	8,408,307	-	-	-
Instructional media services	2,410,999	-	-	-
Instruction and curriculum development services	7,359,619	-	-	-
Instructional staff training services	2,648,440	-	-	-
Instruction-related technology	1,468,819	-	-	-
Board	1,064,841	-	-	-
General administration	1,675,070	-	-	-
School administration	11,130,727	-	-	-
Facilities acquisition and construction	7,856,173	-	-	1,795,608
Fiscal services	1,563,168	-	-	-
Food services	8,834,426	304,668	7,927,673	-
Central services	3,524,888	-	-	-
Student transportation services	6,473,078	101,030	-	-
Operation of plant	16,878,996	-	-	-
Maintenance of plant	3,648,195	-	-	-
Administrative technology services	4,540,234	-	-	-
Community services	119,386	202,083	-	-
Unallocated interest on long-term debt	3,225,048	-	-	1,975,546
<b>Total Governmental Activities</b>	<b>214,067,358</b>	<b>1,001,866</b>	<b>7,927,673</b>	<b>3,771,154</b>
Business-Type Activities:				
Extended day program	1,044,437	1,252,426	-	-
<b>Total Primary Government</b>	<b>\$ 215,111,795</b>	<b>\$ 2,254,292</b>	<b>\$ 7,927,673</b>	<b>\$ 3,771,154</b>
Component Units				
Charter schools	\$ 21,018,094	\$ 299,241	\$ 1,834,064	\$ 859,318
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				
Transfers				
Total General Revenues				
Change in net position				
Net position, beginning of year				
Adjustments to net position				
Net position, end of year				

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



<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (120,842,859)	\$ -	\$ (120,842,859)	\$ -
(8,408,307)	-	(8,408,307)	-
(2,410,999)	-	(2,410,999)	-
(7,359,619)	-	(7,359,619)	-
(2,648,440)	-	(2,648,440)	-
(1,468,819)	-	(1,468,819)	-
(1,064,841)	-	(1,064,841)	-
(1,675,070)	-	(1,675,070)	-
(11,130,727)	-	(11,130,727)	-
(6,060,565)	-	(6,060,565)	-
(1,563,168)	-	(1,563,168)	-
(602,085)	-	(602,085)	-
(3,524,888)	-	(3,524,888)	-
(6,372,048)	-	(6,372,048)	-
(16,878,996)	-	(16,878,996)	-
(3,648,195)	-	(3,648,195)	-
(4,540,234)	-	(4,540,234)	-
82,697	-	82,697	-
(1,249,502)	-	(1,249,502)	-
(201,366,665)	-	(201,366,665)	-
-	207,989	2,504,852	-
(201,366,665)	207,989	(198,861,813)	-
-	-	-	(18,025,471)
98,586,125	-	98,586,125	-
30,203,092	-	30,203,092	-
62,680,240	-	62,680,240	19,450,386
359,995	2,486	362,481	33,639
15,817,845	-	15,817,845	883,601
202,083	(202,083)	-	-
207,849,380	(199,597)	207,649,783	20,367,626
6,482,715	8,392	6,491,107	2,342,155
171,597,331	1,004,604	172,601,935	21,739,637
-	-	-	212,764
\$ 178,080,046	\$ 1,012,996	\$ 179,093,042	\$ 24,294,556

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**

JUNE 30, 2021

	<b>Special Revenue</b>		
	<b>General Fund</b>	<b>Other Federal Programs Fund</b>	<b>Federal Education Stabilization Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 22,247,773	\$ 124,952	\$ 316,472
Investments	-	-	-
Accounts Receivable	554,336	10,956	-
Due from other agencies	331,060	1,290,815	-
Due from other funds	1,904,279	-	-
Inventories	351,633	-	-
Restricted investments	-	-	-
<b>Total Assets</b>	<b>\$ 25,389,081</b>	<b>\$ 1,426,723</b>	<b>\$ 316,472</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accrued salaries and benefits	\$ 370,609	\$ 124,952	\$ 2,053
Payroll deductions and withholdings	-	-	2,177
Accounts payable	446,416	250,924	52,361
Sales tax payable	744	-	-
Due to other agencies	14,796	135	15
Due to other funds	-	1,050,712	-
Matured certificates of participation payable	-	-	-
Matured interest payable	-	-	-
Unearned revenue	-	-	259,866
<b>Total Liabilities</b>	<b>832,565</b>	<b>1,426,723</b>	<b>316,472</b>
Deferred Inflows of Resources:			
Unavailable revenue	43,302	-	-
<b>Total Deferred Inflows of Resources</b>	<b>43,302</b>	<b>-</b>	<b>-</b>
Fund Balances:			
Nonspendable:			
Inventories	351,633	-	-
<b>Total Nonspendable Fund Balance</b>	<b>351,633</b>	<b>-</b>	<b>-</b>
Restricted for:			
State required carryover programs	3,462,794	-	-
Debt service	-	-	-
Capital projects	-	-	-
Food service	-	-	-
<b>Total Restricted Fund Balance</b>	<b>3,462,794</b>	<b>-</b>	<b>-</b>
Assigned for:			
Purchases on order	539,853	-	-
Subsequent year's budget:			
Appropriation of fund balances	17,240,795	-	-
<b>Total Assigned Fund Balance</b>	<b>17,780,648</b>	<b>-</b>	<b>-</b>
Unassigned Fund Balance	2,918,139	-	-
<b>Total Fund Balances</b>	<b>24,513,214</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 25,389,081</b>	<b>\$ 1,426,723</b>	<b>\$ 316,472</b>

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

Debt Service		Capital Projects		Other Governmental Funds	Total Governmental Funds
Other Debt Service Fund	ARRA Economic Stimulus Fund	Local Capital Improvement Fund	Other Capital Projects Fund		
\$ -	\$ -	\$ 13,236,771	\$ 8,171,675	\$ 188,932	\$ 44,286,575
8,665,625	-	-	-	51,390	8,717,015
-	-	507	-	-	565,799
-	-	3,160	265,265	1,017,927	2,908,227
-	-	-	-	-	1,904,279
-	-	-	-	108,003	459,636
-	14,134,779	-	-	-	14,134,779
<u>\$ 8,665,625</u>	<u>\$ 14,134,779</u>	<u>\$ 13,240,438</u>	<u>\$ 8,436,940</u>	<u>\$ 1,366,252</u>	<u>\$ 72,976,310</u>
\$ -	\$ -	\$ -	\$ -	\$ 36,291	\$ 533,905
-	-	-	-	-	2,177
-	-	713,246	390	63,544	1,526,881
-	-	-	-	-	744
-	-	-	-	-	14,946
-	-	-	-	853,567	1,904,279
7,275,000	-	-	-	-	7,275,000
1,390,625	-	-	-	-	1,390,625
-	-	-	-	56,456	316,322
<u>8,665,625</u>	<u>-</u>	<u>713,246</u>	<u>390</u>	<u>1,009,858</u>	<u>12,964,879</u>
-	-	-	-	-	43,302
-	-	-	-	-	43,302
-	-	-	-	108,003	459,636
-	-	-	-	108,003	459,636
-	-	-	-	-	3,462,794
-	14,134,779	-	-	51,390	14,186,169
-	-	12,527,192	8,436,550	147,189	21,110,931
-	-	-	-	49,812	49,812
-	14,134,779	12,527,192	8,436,550	248,391	38,809,706
-	-	-	-	-	539,853
-	-	-	-	-	17,240,795
-	-	-	-	-	17,780,648
-	-	-	-	-	2,918,139
-	14,134,779	12,527,192	8,436,550	356,394	59,968,129
<u>\$ 8,665,625</u>	<u>\$ 14,134,779</u>	<u>\$ 13,240,438</u>	<u>\$ 8,436,940</u>	<u>\$ 1,366,252</u>	<u>\$ 72,976,310</u>

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

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**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

*JUNE 30, 2021*

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Total Fund Balances - Governmental Funds \$ 59,968,129

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. 317,004,177

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. 8,572,638

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. (10,548)

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. 1,201,363

Earned revenues not received within the availability period are reported as unavailable revenues in the governmental funds, but are recorded as revenue in the government-wide statements. 43,302

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	\$	(81,636,351)	
Bonds payable		(2,270,000)	
Other lease-purchase agreements payable		(9,289,196)	
Judgment payable		(420,441)	
Compensated absences payable		(10,138,938)	
Other postemployment benefits payable		(37,666,332)	
Net pension liability		<u>(116,840,442)</u>	(258,261,700)

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	\$	38,441,317	
Deferred inflows related to pensions		<u>(4,420,454)</u>	34,020,863

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	\$	17,748,919	
Deferred inflows related to OPEB		<u>(2,207,097)</u>	<u>15,541,822</u>

Net Position - Governmental Activities \$ 178,080,046

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2021

	<b>Special Revenue</b>		
	<b>General Fund</b>	<b>Other Federal Programs Fund</b>	<b>Federal Education Stabilization Fund</b>
<b>Revenues</b>			
Federal direct	\$ 141,330	\$ -	\$ -
Federal through state and local	1,116,751	9,141,870	11,628,937
State	50,563,600	-	-
Local:			
Property taxes	98,586,125	-	-
Impact fees	-	-	-
Charges for services - food service	-	-	-
Miscellaneous	4,043,670	-	-
<b>Total Revenues</b>	<b>154,451,476</b>	<b>9,141,870</b>	<b>11,628,937</b>
<b>Expenditures</b>			
Current - Education:			
Instruction	95,652,158	4,748,906	7,146,850
Student support services	4,220,327	1,190,959	1,957,949
Instructional media services	2,061,768	-	1,264
Instruction and curriculum development services	4,631,881	1,780,020	54,158
Instructional staff training services	1,217,915	1,025,338	70,660
Instruction-related technology	585,318	-	748,827
Board	927,600	-	48
General administration	664,247	337,547	412,949
School administration	9,886,216	-	99,570
Facilities acquisition and construction	1,906,421	-	107,179
Fiscal services	1,381,937	-	872
Food services	-	-	6,685
Central services	2,933,978	-	89,620
Student transportation services	5,082,700	40,806	40,408
Operation of plant	15,009,959	-	449,570
Maintenance of plant	3,396,487	-	8,875
Administrative technology services	3,862,001	-	120,710
Community services	-	6,530	70,253
Fixed Capital Outlay:			
Facilities acquisition and construction	-	4,287	8,590
Other capital outlay	102,248	7,477	233,900
Debt Service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Other debt service	-	-	-
<b>Total Expenditures</b>	<b>153,523,161</b>	<b>9,141,870</b>	<b>11,628,937</b>
Excess (deficiency) of revenues over expenditures	928,315	-	-
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	26,851	-	-
Loss recoveries	112,886	-	-
Transfers in	6,964,471	-	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>7,104,208</b>	<b>-</b>	<b>-</b>
Net change in fund balances	8,032,523	-	-
Fund balances, beginning of year	16,480,691	-	-
Fund balances, end of year	<b>\$ 24,513,214</b>	<b>\$ -</b>	<b>\$ -</b>

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

Debt Service		Capital Projects			Other Governmental Funds	Total Governmental Funds
Other Debt Service Fund	ARRA Economic Stimulus Fund	Local Capital Improvement Fund	Other Capital Projects Fund			
\$ -	\$ 1,437,034	\$ -	\$ -	\$ -	\$ 1,578,364	
-	-	-	-	8,092,098	29,979,656	
-	-	-	1,482,187	754,992	52,800,779	
-	-	30,203,092	-	-	128,789,217	
-	-	-	1,649,218	-	1,649,218	
-	-	-	-	304,676	304,676	
10	264,082	60,522	11,370	18,222	4,397,876	
10	1,701,116	30,263,614	3,142,775	9,169,988	219,499,786	
-	-	-	-	-	107,547,914	
-	-	-	-	-	7,369,235	
-	-	-	-	-	2,063,032	
-	-	-	-	-	6,466,059	
-	-	-	-	-	2,313,913	
-	-	-	-	-	1,334,145	
-	-	-	-	-	927,648	
-	-	-	-	-	1,414,743	
-	-	-	-	-	9,985,786	
-	-	5,284,065	28,260	101,139	7,427,064	
-	-	-	-	-	1,382,809	
-	-	-	-	7,846,485	7,853,170	
-	-	-	-	-	3,023,598	
-	-	-	-	-	5,163,914	
-	-	-	-	-	15,459,529	
-	-	-	-	-	3,405,362	
-	-	-	-	-	3,982,711	
-	-	-	-	-	76,783	
-	-	5,904,860	111,755	8,488	6,037,980	
-	-	-	-	17,548	361,173	
7,970,347	-	-	-	426,000	8,396,347	
3,031,611	1,552,025	-	-	123,647	4,707,283	
9,592	3,431	-	-	983	14,006	
11,011,550	1,555,456	11,188,925	140,015	8,524,290	206,714,204	
(11,011,540)	145,660	19,074,689	3,002,760	645,698	12,785,582	
-	-	-	-	-	26,851	
-	-	-	-	-	112,886	
11,011,540	1,285,654	-	-	-	19,261,665	
-	-	(17,176,497)	(1,243,159)	(639,926)	(19,059,582)	
11,011,540	1,285,654	(17,176,497)	(1,243,159)	(639,926)	341,820	
-	1,431,314	1,898,192	1,759,601	5,772	13,127,402	
-	12,703,465	10,629,000	6,676,949	350,622	46,840,727	
\$ -	\$ 14,134,779	\$ 12,527,192	\$ 8,436,550	\$ 356,394	\$ 59,968,129	

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

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**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT ACTIVITIES**

*YEAR ENDED JUNE 30, 2021*

Net Change in Fund Balances - Governmental Funds	\$	13,127,402
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital outlay - Facilities acquisition and construction	\$ 6,037,980	
Capital outlay - Other capital outlay	361,173	
Capital addition not utilizing current resources	504,344	
Less depreciation expense	<u>(14,868,260)</u>	(7,964,763)
<p>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.</p>		
		2,097,165
<p>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.</p>		
		1,747
<p>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.</p>		
Certificates of participation	\$ 7,275,000	
Bonds payable	426,000	
Other lease-purchase agreements	<u>695,347</u>	8,396,347
<p>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.</p>		
Premium amortization	\$ 1,494,498	
Deferred loss on refunding:		
Deferred outflows at June 30, 2021	1,201,363	
Deferred outflows at June 30, 2020	<u>(1,440,193)</u>	1,255,668
<p>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.</p>		
		691,963
<p>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 paid in excess of the amount earned in the current period.</p>		
		1,930,371
<p>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.</p>		
Increase in total OPEB liability	\$ (12,315,958)	
Increase in deferred outflow of resources - OPEB	8,457,064	
Decrease in deferred inflow of resources - OPEB	<u>562,222</u>	(3,296,672)
<p>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.</p>		
Increase in net pension liability	\$ (18,939,291)	
Increase in deferred outflow of resources - pension	4,649,821	
Decrease in deferred inflow of resources - pension	<u>4,489,655</u>	(9,799,815)
<p>In the governmental funds, revenues cannot be recognized until they are available to pay liabilities of the current period. In the statement of activities, revenue is recognized as soon as it is earned regardless of its availability. This is the effect of timing differences between the two methods of revenue recognition.</p>		
		<u>43,302</u>
Change in Net Position - Governmental Activities	\$	<u><u>6,482,715</u></u>

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

*JUNE 30, 2021*

	<u>Enterprise Fund</u> <u>Extended</u> <u>Day Program</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,624,431	\$ 12,889,361
Accounts Receivable	-	9,390
Prepaid items	-	13,790
<b>Total Assets</b>	<u>1,624,431</u>	<u>12,912,541</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other postemployment benefits	62,503	-
Pensions	120,961	-
<b>Total Deferred Outflows of Resources</b>	<u>183,464</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued salaries and benefits	24,583	-
Accounts payable	16,268	-
Unearned revenue	-	1,367,013
Compensated absences	23,717	-
Net pension liability	1,986	-
Estimated liability for self-insurance program	-	2,972,890
<b>Total Current Liabilities</b>	<u>66,554</u>	<u>4,339,903</u>
Noncurrent Liabilities:		
Compensated absences payable	5,961	-
Net pension liability	645,087	-
Other postemployment benefits payable	45,188	-
<b>Total Noncurrent Liabilities</b>	<u>696,236</u>	<u>-</u>
<b>Total Liabilities</b>	<u>762,790</u>	<u>4,339,903</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other postemployment benefits	18,199	-
Pensions	13,910	-
<b>Total Deferred Inflows of Resources</b>	<u>32,109</u>	<u>-</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 1,012,996</u>	<u>\$ 8,572,638</u>

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund Extended Day Program</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Charges for services	\$ 1,252,426	\$ -
Premiums	-	21,191,880
Other	-	2,952,077
Total Operating Revenues	<u>1,252,426</u>	<u>24,143,957</u>
Operating Expenses:		
Salaries	589,939	130,699
Employee benefits	202,656	66,148
Insurance premiums	-	3,371,122
Purchased services	53,668	1,521,172
Energy services	-	4,180
Materials and supplies	63,279	29,920
Capital outlay	107,399	1,207
Insurance claims	-	16,982,087
Other	27,496	6,932
Total operating expenses	<u>1,044,437</u>	<u>22,113,467</u>
Operating income	<u>207,989</u>	<u>2,030,490</u>
Nonoperating Revenues:		
Investment income	2,486	16,675
Other	-	50,000
Total Nonoperating Revenues	<u>2,486</u>	<u>66,675</u>
Income before transfers	<u>210,475</u>	<u>2,097,165</u>
Transfers:		
Transfers out	<u>(202,083)</u>	<u>-</u>
Total transfers	<u>(202,083)</u>	<u>-</u>
Change in net position	8,392	2,097,165
Net position, beginning of year	<u>1,004,604</u>	<u>6,475,473</u>
Net position, end of year	<u>\$ 1,012,996</u>	<u>\$ 8,572,638</u>

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

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**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Extended</u> <u>Day Program</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
<b>Cash flows from operating activities:</b>		
Cash received from services	\$ 1,252,426	\$ -
Cash received from premiums	-	21,309,469
Cash received from other operating revenues	-	3,116,311
Cash payments for insurance premiums	-	(3,371,622)
Cash payments to employees for services	(704,294)	(196,847)
Cash payments to suppliers for goods and services	(235,810)	(1,471,506)
Cash payments for insurance claims	-	(17,144,886)
Net cash flows from operating activities	<u>312,322</u>	<u>2,240,919</u>
<b>Cash flows from noncapital financing activities:</b>		
Subsidies from Operating Grants	-	50,000
Transfer to General Fund	(202,083)	-
Net cash flows from noncapital financing activities	<u>(202,083)</u>	<u>50,000</u>
<b>Cash flows from investing activities:</b>		
Investment income	<u>2,486</u>	<u>16,675</u>
Net cash flows from investing activities	<u>2,486</u>	<u>16,675</u>
Increase in cash and cash equivalents	112,725	2,307,594
Cash and cash equivalents, beginning of year	<u>1,511,706</u>	<u>10,581,767</u>
Cash and cash equivalents, end of year	<u>\$ 1,624,431</u>	<u>\$ 12,889,361</u>
<b>Reconciliation of operating income to net cash from operating activities:</b>		
Operating income	\$ 207,989	\$ 2,030,490
Adjustments to reconcile operating income to net cash flows from operating activities:		
Changes in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:		
Accounts receivable	-	(9,369)
Due from insurer	-	207,436
Prepaid items	-	85,025
Deferred outflows of resources related to OPEB	(32,435)	-
Deferred outflows of resources related to pensions	802,900	-
Accrued salaries and benefits	23,525	-
Accounts payable	16,032	(552)
Unearned revenue	-	83,756
Estimated liability for self-insurance program	-	(155,867)
Compensated absences payable	(7,576)	-
Net pension liability	59,601	-
Deferred inflows of resources related to OPEB	4,052	-
Deferred inflows of resources related to pensions	(39,156)	-
Net cash flows from operating activities	<u>\$ 1,034,932</u>	<u>\$ 2,240,919</u>

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**

*JUNE 30, 2021*

	<b>Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 50,881	\$ 1,477,156
Accounts Receivable	-	154,814
Inventory	-	49,703
<b>Total Assets</b>	<b>50,881</b>	<b>1,681,673</b>
<b>LIABILITIES</b>		
Accounts payable	-	22,141
<b>NET POSITION</b>		
Restricted for:		
Individuals and organizations	-	1,659,532
Trust for scholarships	50,881	-
<b>Total Net Position</b>	<b>\$ 50,881</b>	<b>\$ 1,659,532</b>

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FIDUCIARY FUNDS**

*YEAR ENDED JUNE 30, 2021*

	<b>Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
Additions:		
Student group collections	\$ -	\$ 2,429,622
Investment income	119	-
Total Additions	<u>119</u>	<u>2,429,622</u>
Deductions:		
Student group disbursements	-	2,219,608
Other	3,500	-
Total Deductions	<u>3,500</u>	<u>2,219,608</u>
Change in net position	(3,381)	210,014
Net position, beginning of year	<u>54,262</u>	<u>1,449,518</u>
Net position, end of year	<u>\$ 50,881</u>	<u>\$ 1,659,532</u>

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

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The School Board of Indian River County (the "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 Units.** 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 Board and, according to the Florida Department of Education, are fiscally dependent on the District to levy taxes for them and there is a potential for the charter schools to provide specific financial benefits to, or impose specific financial burdens on the District. The charter schools are considered to be component units of the District because it would be misleading to exclude them.



# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. Reporting Entity (continued)

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, 2021. Audits of the charter schools for the fiscal year ended June 30, 2021, were conducted by independent accounting firms and are on file at the District's Administrative Office at 6500 57th Street, Vero Beach, Florida 32967.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. 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 District's 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.

#### 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 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 only the net amount is included as transfers in the governmental activities column.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 Federal Programs Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources, specifically those related to the CARES Act, CRRSA Act, or ARP Act.
- Debt Service – Other Debt Service 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 Capital Projects 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.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 three 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 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, an investment pool that only invests in high quality money market instruments. Both of these investments are reported at amortized cost, which approximates fair value.

PFM Asset Management, LLC serves as investment advisor 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.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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, with a useful life greater than one year. 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.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2021*

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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 two items that qualify for reporting in this category on the statement of net position. The deferred inflows of resources related to pensions and OPEB 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.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 9. Fund Balance Flow Assumption

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, 2021.

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 may assign fund balance 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% 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% 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% amount.



# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 2020 tax levy on September 8, 2020. 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% for early payment.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### G. Revenues and Expenditures/Expenses (continued)

##### 3. District Property Taxes (continued)

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 expired on June 30, 2021. On August 18, 2020, the voters of Indian River County, approved a renewal of the additional operating millage, effective for fiscal years 2022 through 2025.

##### 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 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.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2021*

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Revenues and Expenditures/Expenses (continued)**

**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 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 and Medicare. 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. 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.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**B. Investments**

**Fair Value Measurements**

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, 2021, 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 Measured at Fair Value:</b>				
SBA Debt Service Accounts	\$ 51,390	\$ 51,390	\$ -	\$ -
United States Treasury Bill (1)	14,125,971	14,125,971	-	-
Total investments at fair value	14,177,361	\$ 14,177,361	\$ -	\$ -
<b>Investments Measured at Amortized Cost:</b>				
External Investment Pool:				
Florida Prime (2)	28,767,697			
FL PALM (2)	15,347,057			
First American Treasury (1) (3)	8,674,433			
Total investments at amortized cost	52,789,187			
Total investments	\$ 66,966,548			

- (1) Represents sinking fund deposits to repay the 2010-A QSCB principal balance in 2029 (U.S. Treasury Bill \$14,125,971 + First American Treasury \$8,808 = \$14,134,779).
- (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.

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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### II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

#### B. Investments (continued)

##### 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 5½ 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, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% 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 Annual Comprehensive Financial Report.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**B. Investments (continued)**

The District's investment maturities and ratings at June 30, 2021 are as follows.

<u>Investment</u>	<u>Amount</u>	<u>Weighted Average Maturities</u>	<u>Credit Rating</u>	
			<u>S &amp; P Rating</u>	<u>Moody's Rating</u>
SBA:				
Florida PRIME	\$ 28,767,697	50 Days	AAAm	n/a
Debt Service Accounts	51,390	6 Months	n/a	n/a
United States Treasury Bill	14,125,971	5 Months	A-1+	P-1
FL PALM	15,347,057	56 Days	AAAm	n/a
First American Treasury	8,674,433	28 Days	AAAm	Aaa-mf
Total investments	<u>\$ 66,966,548</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, 2021, the District's investment portfolios were held with a third party custodian as required by the District's investment policy.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**C. Changes in Capital Assets**

Changes in capital assets are presented in the following table:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated:				
Land	\$ 22,145,606	\$ 460,000	\$ -	\$ 22,605,606
Land improvements	182,686	-	-	182,686
Construction in progress	2,527,978	152,511	-	2,680,489
Total capital assets not being depreciated	<u>24,856,270</u>	<u>612,511</u>	<u>-</u>	<u>25,468,781</u>
Capital Assets Being Depreciated:				
Improvements other than buildings	28,211,945	1,028,827	-	29,240,772
Buildings and fixed equipment	469,175,186	4,227,771	-	473,402,957
Furniture, fixtures, and equipment	20,823,679	915,057	298,596	21,440,140
Motor Vehicles	13,012,638	119,332	1,064,365	12,067,605
Audio visual materials and computer software	3,003,767	-	6,651	2,997,116
Total capital assets being depreciated	<u>534,227,215</u>	<u>6,290,987</u>	<u>1,369,612</u>	<u>539,148,590</u>
Less Accumulated Depreciation for:				
Improvements other than buildings	21,044,347	1,127,601	-	22,171,948
Buildings and fixed equipment	184,837,640	11,642,749	-	196,480,389
Furniture, fixtures, and equipment	16,978,794	1,203,392	298,596	17,883,590
Motor Vehicles	8,520,881	803,330	1,064,365	8,259,846
Audio visual materials and computer software	2,732,884	91,188	6,651	2,817,421
Total accumulated depreciation	<u>234,114,546</u>	<u>14,868,260</u>	<u>1,369,612</u>	<u>247,613,194</u>
Total capital assets being depreciated, net	<u>300,112,669</u>	<u>(8,577,273)</u>	<u>-</u>	<u>291,535,396</u>
Governmental activities capital assets, net	<u>\$ 324,968,939</u>	<u>\$ (7,964,762)</u>	<u>\$ -</u>	<u>\$ 317,004,177</u>

Depreciation expense was charged to functions as follows:

<b>Function</b>	<b>Amount</b>
Instruction	\$ 8,297,288
Student support services	571,689
Instructional media services	158,984
Instruction and curriculum development services	498,298
Instructional staff training services	178,318
Instruction-related technology	105,409
Board	71,488
General administration	110,920
School administration	771,404
Facilities acquisition and construction	266,704
Fiscal services	106,564
Food services	625,055
Central services	240,708
Student transportation services	1,059,645
Operation of Plant	1,188,772
Maintenance of Plant	305,920
Administrative technology services	311,094
Total depreciation expense - governmental activities	<u>\$ 14,868,260</u>

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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### II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

#### 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 \$19,666,863 for the fiscal year ended June 30, 2021.

###### FRS Pension Plan

Plan Description. The FRS Pension Plan (the “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.



**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Retirement Plans (continued)**

**1. FRS – Defined Benefit Pension Plans (continued)**

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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
<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
Elected County Officers	3.00
Senior Management Service	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% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Retirement Plans (continued)**

**1. FRS – Defined Benefit Pension Plans (continued)**

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00	10.00
FRS, Elected County Officers	3.00	49.18
FRS, Senior Management Service	3.00	27.29
DROP – Applicable to Members from All of the Above Classes	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

- (1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% 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 \$8,093,911 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a liability of \$83,085,460 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was .191699666%, which was a decrease of .001640919% from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the Plan pension expense of \$16,847,304. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 3,179,850	\$ -
Change of assumptions	15,041,112	-
Net difference between projected and actual earnings on FRS pension plan investments	4,946,988	-
Changes in proportion and differences between district FRS contributions and proportionate share of contributions	175,968	1,594,048
District FRS contributions subsequent to the measurement date	8,093,911	-
	<u>\$ 31,437,829</u>	<u>\$ 1,594,048</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Retirement Plans (continued)**

**1. FRS – Defined Benefit Pension Plans (continued)**

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$8,093,911, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. 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>Year Ending June 30,</u>	
2022	\$ 4,186,042
2023	7,041,786
2024	6,135,740
2025	3,630,182
2026	756,120
	<u>\$ 21,749,870</u>

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	6.80%, 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, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Retirement Plans (continued)**

**1. FRS – Defined Benefit Pension Plans (continued)**

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:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
	100%			
Assumed inflation - mean			2.4%	1.7%

**Discount Rate.** The discount rate used to measure the total pension liability was 6.8%. 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 2020 valuation was updated from 6.9% to 6.8%.

**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 6.8%, 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 (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	<b>1% Decrease (5.8%)</b>	<b>Current Discount Rate (6.8%)</b>	<b>1% Increase (7.8%)</b>
District’s proportionate share of the net pension liability	\$ 132,673,517	\$ 83,085,460	\$ 41,669,300

**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 Annual Comprehensive Financial Report.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Retirement Plans (continued)**

**1. FRS – Defined Benefit Pension Plans (continued)**

**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, 2021, 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, 2021, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100% of its statutorily required contributions for the current and preceding three 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 \$1,670,575 for the fiscal year ended June 30, 2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2021, the District reported a net pension liability of \$34,402,055 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 one 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was .281756871%, which was a decrease of .003387609% from its proportionate share measured as of June 30, 2019.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Retirement Plans (continued)**

**1. FRS – Defined Benefit Pension Plans (continued)**

For the fiscal year ended June 30, 2021, the District recognized the HIS Plan pension expense of \$2,819,559. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,407,253	\$ 26,539
Change of assumptions	3,699,201	2,000,345
Net difference between projected and actual earnings on HIS pension plan investments	27,467	-
Changes in proportion and differences between district HIS contributions and proportionate share of contributions	319,953	813,432
District HIS contributions subsequent to the measurement date	1,670,575	-
	\$ 7,124,449	\$ 2,840,316

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,670,575, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. 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>Year Ending June 30,</u>	
2022	\$ 728,092
2023	543,276
2024	67,014
2025	367,014
2026	492,871
Thereafter	415,291
	\$ 2,613,558

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	2.21%

Mortality rates were based on the PUB-2010 base table, which varies by member category and gender, and projected generationally with Scale MP-2018.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Retirement Plans (continued)**

**1. FRS – Defined Benefit Pension Plans (continued)**

The actuarial assumptions used in the July 1, 2020, valuation was based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

*Discount Rate.* The discount rate used to measure the total pension liability was 2.21%. 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 3.5% to 2.1%.

*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 2.21%, 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 (1.21%) or 1 percentage point higher (3.21%) than the current rate:

	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
District's proportionate share of the net pension liability	\$ 39,767,240	\$ 34,402,055	\$ 30,010,667

*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 Annual Comprehensive 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 Annual Comprehensive Financial Report.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2021*

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Retirement Plans (continued)**

**2. FRS – Defined Contribution Pension Plan (continued)**

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% of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 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 one 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 five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes 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 \$2,444,721 for the fiscal year ended June 30, 2021.



**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**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 OPEB liability. No assets are accumulated in an irrevocable trust. The January 1, 2021, Census Data results were used. As of the valuation date, January 1, 2021, there were 1,567 active participants and 165 inactive participants (retirees plus surviving spouses) receiving postemployment healthcare benefits, and 1,936 active participants and 495 inactive participants that received postemployment life insurance benefits. The District provided contributions of \$1,216,634 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 \$1,673,248. Required contributions are based on projected pay-as-you-go financing.

Total OPEB Liability. The District’s total OPEB liability of \$37,735,049 was measured as of June 30, 2021 and was determined by an actuarial valuation as of January 1, 2021.

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	2.12%
20-Year Municipal Bond Rate	2.12%
Municipal Bond Rate Basis	Bond Buyer GO 20-Bond Municipal Bond Index
Salary Increases	4.60% for males and 4.50 for females
General Inflation	2.50%
Mortality Rates – Healthy	PUB-2010 Headcount-Weighted Teachers and Healthy Annuitants Mortality Table with Generational Improvements from 2010 using Scale MP-2020
Mortality Rates – Disabled	PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2020

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**E. Other Postemployment Benefit Obligations (continued)**

Healthcare Cost Trend Rates:	
Retirement Age: Pre-65	6.53% for 2021-22, decreasing an average of 0.22% per year to a rate of 4.50% in 2030-31
Retirement Age: Post-65	7.32% for 2021-22, decreasing an average of 0.31% per year to a rate of 4.50% in 2030-31
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	\$807 Non-Medicare and \$602 Medicare
Spouse Premium Contributions	\$509 Non-Medicare and \$526 Medicare
Administration Expenses	Per-capita administrative costs are based on actual 2021 administrative fees

The District selected the economic and demographic assumptions used in the January 1, 2021, 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, 2019, 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, 2020	<u>\$ 25,395,562</u>
Changes for the year:	
Service cost	1,373,073
Interest on the total OPEB liability	716,905
Differences between expected and actual experience	6,306,325
Changes of assumptions or other inputs	5,159,818
Benefit payments	<u>(1,216,634)</u>
Net changes	<u>12,339,487</u>
Balance at June 30, 2021	<u><u>\$ 37,735,049</u></u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**E. Other Postemployment Benefit Obligations (continued)**

Changes of assumptions or other inputs reflect the following changes:

- The discount rate decreased from 2.74% as of January 1, 2020, to 2.12% as of January 1, 2021, 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 2020 administration fee.
- The healthy and disabled mortality tables assumptions were updated.
- The disabled mortality table assumption has been changed from PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2019 as of January 1, 2020, to the PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2020 as of January 1, 2021.
- The healthcare trend rates were updated as of January 1, 2021, to reflect the most recent national average information for a variety of sources.

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 (1.12%) or 1 percentage point higher (3.12%) than the current rate:

	<b>1% Decrease (1.12%)</b>	<b>Current Discount Rate (2.12%)</b>	<b>1% Increase (3.12%)</b>
Total OPEB liability	\$ 46,556,517	\$ 37,735,049	\$ 30,920,735

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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB liability	\$ 30,153,111	\$ 37,735,049	\$ 48,066,316

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**E. Other Postemployment Benefit Obligations (continued)**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$4,508,452. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 9,600,360	\$ (674,715)
Change of assumptions or other inputs	8,211,062	(1,550,581)
	\$ 17,811,422	\$ (2,225,296)

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

<b>Year Ending June 30,</b>	
2022	\$ 2,418,474
2023	2,418,474
2024	2,458,679
2025	2,579,228
2026	2,495,320
Thereafter	3,215,951
	\$ 15,586,126

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**F. Construction and Other Significant Commitments**

**Construction Contracts.** Encumbrances include the following major construction contract commitments at June 30, 2021:

Project	Contract Amount	Completed to Date	Balance Committed
Dodgertown Elementary - Kalwall Replacement for Admin Corridor and Building H	\$ 349,000	\$ 21,209	\$ 327,792
Gilford Middle School - Kalwall Replacement for Building 100, 200, 300, 400, 600 & 1300	2,355,500	536,400	1,819,100
Total	\$ 2,704,500	\$ 557,609	\$ 2,146,892

**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, 2021:

Major Funds					
General	Capital Projects - Local Capital Improvement	Other Capital Projects	Other Federal Programs	Nonmajor Governmental Funds	Total Governmental Funds
\$ 539,853	\$ 8,898,703	\$ 28,994	\$ -	\$ 102,627	\$ 9,570,177

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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### II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

#### 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 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 representatives 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% 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 2020-21 fiscal year was \$100 million per occurrence (subject to applicable sublimit).

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2020-21 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.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2021*

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**G. Risk Management Programs (continued)**

The following schedule represents the changes in claims liability for the past two 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>
2019-2020	\$ 3,483,077	\$ 18,566,076	\$ (18,920,396)	\$ 3,128,757
2020-2021	3,128,757	16,989,019	(17,144,886)	2,972,890

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

**H. Long-Term Liabilities**

**1. Judgements 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% 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% over a four-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, with the remainder to be paid as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
2022	\$ 427,718	\$ 420,441	\$ 7,277

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**H. Long-Term Liabilities (continued)**

**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, 2021 are as follows:

<b>Series</b>	<b>Issued Amount</b>	<b>Amount Outstanding</b>	<b>Interest Rates (Percent)</b>	<b>Annual Maturity to</b>
<b>Certificates of participation - other</b>				
Series 2014A, Refunding	\$ 45,455,000	\$ 20,600,000	5	2025
Series 2016A, Refunding	28,055,000	22,350,000	5	2027
Series 2016B	10,855,000	5,400,000	5	2025
Subtotal	84,365,000	48,350,000		
<b>Certificates of participation - direct debt</b>				
Series 2010A-QSCB	26,261,000	26,261,000	0.4522 net (1)	2029
Total certificates of participation	<u>\$ 110,626,000</u>	<u>\$ 74,611,000</u>		

(1) The Series 2010A-Lease Certificate is designated as a “qualified school construction bond” as defined in Section 54F of the Internal Revenue Code (the “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% with an allowable current Federal subsidy of 5.478.



**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**H. Long-Term Liabilities (continued)**

**2. Certificates of Participation (continued)**

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>Years 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>
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	9,848,025	7,525,000	771,000	-	1,552,025
2027-2029	38,430,813	7,895,000	394,750	26,261,000	3,880,063
Total minimum lease payments	94,717,438	48,350,000	8,466,250	26,261,000	11,640,188
Plus unamortized premium	7,025,351	7,025,351	-	-	-
Total certificates of participation	<u>\$ 101,742,789</u>	<u>\$ 55,375,351</u>	<u>\$ 8,466,250</u>	<u>\$ 26,261,000</u>	<u>\$ 11,640,188</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2021*

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**H. Long-Term Liabilities (continued)**

**2. Certificates of Participation (continued)**

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%. 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% 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%. The interest earnings associated with the FDA will lower the amount of money 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.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**H. Long-Term Liabilities (continued)**

**3. Other Lease-Purchase Agreements**

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	\$ 5,859,587	2.50	2032
ConEdison Solutions	4,950,990	3,429,609	2.52	2030
Total other lease-purchase agreements	<u>\$ 12,855,524</u>	<u>\$ 9,289,196</u>		

**a. Revision to the schedule of future lease payments**

It was discovered subsequent to March 29, 2022 that the interest portion of the future lease payments had been overstated. The schedule below contains the corrected information.

The following is a schedule of future lease payments as of June 30, 2021:

<u>Years Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	1,096,703	945,591	151,112
2027-2031	5,074,263	4,693,206	381,057
2032	399,475	389,732	9,743
Total other lease-purchase agreements	<u>\$ 10,646,337</u>	<u>\$ 9,289,196</u>	<u>\$ 1,357,141</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**H. Long-Term Liabilities (continued)**

**4. Bonds Payable**

Bonds payable at June 30, 2021, are as follows:

<u>Series</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	\$ 1,645,000	3 - 5	2025
Series 2017A, Refunding	704,000	549,000	3 - 5	2028
Series 2020A, Refunding	83,000	76,000	2 - 5	2030
Total bond payable	<u>\$ 4,390,000</u>	<u>\$ 2,270,000</u>		

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 and are not considered direct borrowings or direct placements of debt. 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>Years Ending June 30,</u>	<u>Total Outstanding</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
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	105,940	92,000	13,940
2027-2031	241,230	226,000	15,230
Total state school bonds payable	<u>\$ 2,569,750</u>	<u>\$ 2,270,000</u>	<u>\$ 299,750</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**H. Long-Term Liabilities (continued)**

**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 2022 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:

	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of participation payable	\$ 81,886,000	\$ -	\$ 7,275,000	\$ 74,611,000	\$ 7,640,000
Unamortized premiums	8,503,591	-	1,478,240	7,025,351	1,478,240
Total certificates of participation payable	90,389,591	-	8,753,240	81,636,351	9,118,240
Bonds payable	2,696,000	-	426,000	2,270,000	449,000
Unamortized premiums	16,258	-	16,258	-	-
Total bonds payable	2,712,258	-	442,258	2,270,000	449,000
Other lease-purchase agreements payable	9,984,543	-	695,347	9,289,196	741,232
Judgment payable	1,112,404	-	691,963	420,441	420,441
Compensated absences payable	12,069,309	3,032,340	4,962,711	10,138,938	4,962,711
Total OPEB liability	25,350,374	13,530,272	1,214,314	37,666,332	-
Net pension liability	97,901,151	56,260,817	37,321,526	116,840,442	356,656
Total governmental activities	<u>\$ 239,519,630</u>	<u>\$ 72,823,429</u>	<u>\$ 54,081,359</u>	<u>\$ 258,261,700</u>	<u>\$ 16,048,280</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated absences payable	\$ 37,254	\$ 16,141	\$ 23,717	\$ 29,678	\$ 23,717
Total OPEB liability	45,188	25,849	2,320	68,717	-
Net pension liability	587,472	177,033	117,432	647,073	1,986
Total business-type activities	<u>\$ 669,914</u>	<u>\$ 219,023</u>	<u>\$ 143,469</u>	<u>\$ 745,468</u>	<u>\$ 25,703</u>

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.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2021*

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**I. 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.

**J. 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	\$ 1,904,279	\$ -
Special revenue:		
Other federal programs	-	1,050,712
Nonmajor governmental	-	853,567
	<u>\$ 1,904,279</u>	<u>\$ 1,904,279</u>

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 one year.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**K. Revenues**

**1. Schedule of State Revenue Sources**

The following is a schedule of the District's State revenue sources for the 2020-21 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 29,778,623
Categorical Educational Program - Class Size Reduction	19,205,378
Charter School Capital Outlay	1,208,414
Workforce Development Program	1,062,631
Motor Vehicle License Tax (Capital Outlay and Debt Service)	684,901
Voluntary Prekindergarten Program	356,539
Mobile Home License Tax	150,324
Food Service Supplement	80,190
Miscellaneous	273,779
	<u>\$ 52,800,779</u>

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 2020 tax roll for the 2020-21 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<b><u>General Fund</u></b>		
Nonvoted School Tax:		
Required local effort	3.520	\$ 74,111,244
Basic discretionary local effort	0.748	15,748,640
Voted School Tax:		
Additional operating	0.500	<u>10,527,166</u>
Total general fund taxes levied		100,387,050
<b><u>Capital Projects - Local Capital Improvement Fund</u></b>		
Nonvoted Tax:		
Local capital improvements	1.500	31,581,496
	<u>6.268</u>	<u>\$ 131,968,546</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2021

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**L. 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	\$ 6,762,388	\$ -
Debt service:		
Other debt service	11,011,540	-
ARRA economic stimulus	1,285,654	-
Capital projects:		
Local capital improvement	-	17,176,497
Other	-	1,243,159
Nonmajor governmental	-	639,926
	<u>\$ 19,059,582</u>	<u>\$ 19,059,582</u>

Interfund transfers represent permanent transfers between funds. The transfers out of the Food Service Fund to the General Fund were to reimburse from PY transfer that eliminated a negative fund balance. 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 Capital Projects – Other Fund were to the General Fund to provide for payments to charter schools for capital expenditures and school hardening grant, and to the general fund for the debt service payments on the two Guaranteed Energy Savings Performance Contracts.



**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

YEAR ENDED JUNE 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
Federal direct	\$ 125,000	\$ 125,000	\$ 141,330	\$ 16,330
Federal through state and local	350,000	350,000	1,116,751	766,751
State	52,240,286	51,147,262	50,563,600	(583,662)
Local:				
Property taxes	97,892,238	97,913,916	98,586,125	672,209
Miscellaneous	3,548,766	4,134,931	4,043,670	(91,261)
Total Revenues	<u>154,156,290</u>	<u>153,671,109</u>	<u>154,451,476</u>	<u>780,367</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	112,680,508	108,376,366	95,652,158	12,724,208
Student support services	3,927,181	4,441,537	4,220,327	221,210
Instructional media services	2,109,634	2,160,436	2,061,768	98,668
Instruction and curriculum development services	4,479,359	4,673,531	4,631,881	41,650
Instructional staff training services	1,263,134	1,392,734	1,217,915	174,819
Instruction-related technology	772,027	638,990	585,318	53,672
Board	808,674	978,799	927,600	51,199
General administration	491,069	666,498	664,247	2,251
School administration	9,315,305	9,930,625	9,886,216	44,409
Facilities acquisition and construction	1,871,137	1,917,109	1,906,421	10,688
Fiscal services	1,377,170	1,407,916	1,381,937	25,979
Central services	3,213,576	3,347,645	2,933,978	413,667
Student transportation services	4,954,081	5,495,503	5,082,700	412,803
Operation of plant	15,155,216	15,320,927	15,009,959	310,968
Maintenance of plant	3,580,841	3,524,573	3,396,487	128,086
Administrative technology services	3,405,208	4,813,559	3,862,001	951,558
Fixed Capital Outlay:				
Other capital outlay	-	-	102,248	(102,248)
Total Expenditures	<u>169,404,120</u>	<u>169,086,748</u>	<u>153,523,161</u>	<u>15,563,587</u>
Excess (deficiency) of revenues over expenditures	<u>(15,247,830)</u>	<u>(15,415,639)</u>	<u>928,315</u>	<u>16,343,954</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	50,000	50,000	26,851	(23,149)
Loss recoveries	-	93,604	112,886	19,282
Transfers in	6,784,793	6,858,910	6,964,471	105,561
Total Other Financing Sources (Uses)	<u>6,834,793</u>	<u>7,002,514</u>	<u>7,104,208</u>	<u>101,694</u>
Net change in fund balances	(8,413,037)	(8,413,125)	8,032,523	16,445,648
Fund balances, beginning of year	16,480,691	16,480,691	16,480,691	-
Fund balances, end of year	<u>\$ 8,067,654</u>	<u>\$ 8,067,566</u>	<u>\$ 24,513,214</u>	<u>\$ 16,445,648</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**OTHER FEDERAL PROGRAMS FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
Federal through state and local	\$ 10,846,377	\$ 9,148,897	\$ 9,141,870	\$ (7,027)
Local:				
Charges for services - food service	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>10,846,377</u>	<u>9,148,897</u>	<u>9,141,870</u>	<u>(7,027)</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	5,741,182	4,765,797	4,748,906	16,891
Student support services	1,206,652	1,190,959	1,190,959	-
Instruction and curriculum development services	2,008,010	1,781,926	1,780,020	1,906
Instructional staff training services	1,291,784	1,025,332	1,025,338	(6)
General administration	446,771	337,547	337,547	-
School administration	10,240	-	-	-
Student transportation services	122,094	40,806	40,806	-
Community services	19,644	6,530	6,530	-
Fixed Capital Outlay:				
Facilities acquisition and construction	-	-	4,287	(4,287)
Other capital outlay	-	-	7,477	(7,477)
Total Expenditures	<u>10,846,377</u>	<u>9,148,897</u>	<u>9,141,870</u>	<u>7,027</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**FEDERAL EDUCATION STABILIZATION FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
Federal through state and local	\$ 3,811,004	\$ 11,628,937	\$ 11,628,937	\$ -
Total Revenues	<u>3,811,004</u>	<u>11,628,937</u>	<u>11,628,937</u>	<u>-</u>
<b>Expenditures</b>				
Current - Education:				
Instruction	1,288,852	7,389,349	7,146,850	242,499
Student support services	1,192,307	1,957,949	1,957,949	-
Instructional media services	-	1,264	1,264	-
Instruction and curriculum development services	-	54,158	54,158	-
Instructional staff training services	82,519	70,660	70,660	-
Instruction-related technology	797,963	748,824	748,827	(3)
Board	-	48	48	-
General administration	142,678	412,947	412,949	(2)
School administration	60,671	99,570	99,570	-
Facilities acquisition and construction	-	107,179	107,179	-
Fiscal services	-	872	872	-
Food services	-	6,685	6,685	-
Central services	-	89,620	89,620	-
Student transportation services	70,000	40,408	40,408	-
Operation of plant	104,854	449,570	449,570	-
Maintenance of plant	-	8,875	8,875	-
Administrative technology services	71,160	120,710	120,710	-
Community services	-	70,249	70,253	(4)
Fixed Capital Outlay:				
Facilities acquisition and construction	-	-	8,590	(8,590)
Other capital outlay	-	-	233,900	(233,900)
Total Expenditures	<u>3,811,004</u>	<u>11,628,937</u>	<u>11,628,937</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S**  
**TOTAL OPEB LIABILITY AND RELATED RATIOS**

*FIVE YEARS ENDED*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 1,373,073	\$ 965,957	\$ 630,072	\$ 624,473	\$ 656,474
Interest	716,905	826,686	574,368	540,484	517,126
Differences between expected and actual experience	6,306,325	(151,662)	6,526,321	154,400	(1,587,718)
Changes in assumptions or other inputs	5,159,818	4,717,965	(2,315,335)	(277,154)	482,410
Benefit payments	<u>(1,216,634)</u>	<u>(321,022)</u>	<u>(538,505)</u>	<u>(471,084)</u>	<u>(554,486)</u>
Net Change in Total OPEB Liability	12,339,487	6,037,924	4,876,921	571,119	(486,194)
Total OPEB liability, beginning of year	<u>25,395,562</u>	<u>19,357,638</u>	<u>14,480,717</u>	<u>13,909,598</u>	<u>14,395,792</u>
Total OPEB liability, end of year	<u><u>\$ 37,735,049</u></u>	<u><u>\$ 25,395,562</u></u>	<u><u>\$ 19,357,638</u></u>	<u><u>\$ 14,480,717</u></u>	<u><u>\$ 13,909,598</u></u>
 Covered-employee payroll	 \$ 87,166,847	 \$ 82,623,549	 \$ 82,623,549	 \$ 86,980,239	 \$ 86,980,239
 Total OPEB Liability as a percentage of covered-employee payroll	 43.29%	 30.74%	 23.43%	 16.65%	 15.99%

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)**

*TEN YEARS ENDED*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
District's proportion of the FRS net pension liability	0.191699666%	0.193340585%	0.196454202%	0.194596568%	0.201567929%	0.213842564%	0.218181024%	0.210600558%
District's proportionate share of the FRS net pension liability	\$ 83,085,460	\$ 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	\$ 97,827,608	\$ 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	84.93%	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	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

Note: Data was unavailable prior to 2013.

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)**

*TEN YEARS ENDED*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contributions	\$ 8,093,911	\$ 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	<u>(8,093,911)</u>	<u>(6,369,330)</u>	<u>(5,994,953)</u>	<u>(5,598,787)</u>	<u>(5,065,828)</u>	<u>(4,915,555)</u>	<u>(5,213,663)</u>	<u>(4,779,090)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 100,645,936	\$ 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	8.04%	6.51%	6.28%	5.98%	5.62%	5.49%	5.98%	5.60%

Note: Data was unavailable prior to 2014.

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN (1)**

*TEN YEARS ENDED*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
District's proportion of the HIS net pension liability	0.281756871%	0.285144480%	0.286388946%	0.282856426%	0.289889947%	0.287060779%	0.293762210%	0.281361277%
District's proportionate share of the HIS net pension liability	\$ 34,402,055	\$ 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	\$ 97,827,608	\$ 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	35.17%	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	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	99.00%	1.78%

Note: Data was unavailable prior to 2013.

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



**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN (1)**

*TEN YEARS ENDED*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contributions	\$ 1,670,575	\$ 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	<u>(1,670,575)</u>	<u>(1,623,633)</u>	<u>(1,583,380)</u>	<u>(1,553,094)</u>	<u>(1,496,958)</u>	<u>(1,485,871)</u>	<u>(1,097,325)</u>	<u>(1,006,379)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 100,645,936	\$ 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%	1.66%	1.26%	1.18%

Note: Data was unavailable prior to 2014.

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

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

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### I. 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.

### II. 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, 2021, total OPEB liability increased from the prior fiscal year as a result of changes to assumptions as discussed below:

- The discount rate decreased from 2.74% as of January 1, 2020, to 2.12% as of January 1, 2021, 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 2020 administration fee.
- The healthy and disabled mortality tables assumptions were updated.
- The disabled mortality table assumption has been changed from PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2019 as of Jan 1, 2020, to the PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2020 as of January 1, 2021.
- The healthcare trend rates were updated as of January 1, 2021, to reflect the most recent national average information for a variety of sources.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

*JUNE 30, 2021*

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

*Changes of Assumptions.* In 2020, the long-term expected rate of return was decreased from 6.9% to 6.8%.

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

*Changes of Assumptions.* In 2020, the municipal bond rate used to determine total pension liability was decreased from 3.5% to 2.21%.

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**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**COMBINING BALANCE SHEET – OTHER GOVERNMENTAL FUNDS**

JUNE 30, 2021

	Special Revenue	Debt Service	Capital Projects		Total Other Governmental Funds
	Food Service Fund	SBE/COBI Bonds Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 36,780	\$ -	\$ 3,458	\$ 148,694	\$ 188,932
Investments	-	51,390	-	-	51,390
Due from other agencies	1,017,927	-	-	-	1,017,927
Inventories	108,003	-	-	-	108,003
<b>Total Assets</b>	<b>\$ 1,162,710</b>	<b>\$ 51,390</b>	<b>\$ 3,458</b>	<b>\$ 148,694</b>	<b>\$ 1,366,252</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accrued salaries and benefits	\$ 36,291	\$ -	\$ -	\$ -	\$ 36,291
Accounts payable	58,581	-	3,458	1,505	63,544
Due to other funds	853,567	-	-	-	853,567
Unearned revenue	56,456	-	-	-	56,456
<b>Total Liabilities</b>	<b>1,004,895</b>	<b>-</b>	<b>3,458</b>	<b>1,505</b>	<b>1,009,858</b>
Fund Balances:					
Nonspendable:					
Inventories	108,003	-	-	-	108,003
<b>Total Nonspendable Fund Balance</b>	<b>108,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,003</b>
Restricted for:					
Debt service	-	51,390	-	-	51,390
Capital projects	-	-	-	147,189	147,189
Food service	49,812	-	-	-	49,812
<b>Total Restricted Fund Balance</b>	<b>49,812</b>	<b>51,390</b>	<b>-</b>	<b>147,189</b>	<b>248,391</b>
<b>Total Fund Balances</b>	<b>157,815</b>	<b>51,390</b>	<b>-</b>	<b>147,189</b>	<b>356,394</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,162,710</b>	<b>\$ 51,390</b>	<b>\$ 3,458</b>	<b>\$ 148,694</b>	<b>\$ 1,366,252</b>

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Total Other Governmental Funds</u>
	<u>Food Service Fund</u>	<u>SBE/COBI Bonds Fund</u>	<u>Public Education Capital Outlay Fund</u>	<u>Capital Outlay and Debt Service Fund</u>	
<b>Revenues</b>					
Federal through state and local	\$ 8,092,098	\$ -	\$ -	\$ -	\$ 8,092,098
State	80,193	538,512	-	136,287	754,992
Local:					
Charges for services - food service	304,676	-	-	-	304,676
Miscellaneous	18,077	-	-	145	18,222
<b>Total Revenues</b>	<b>8,495,044</b>	<b>538,512</b>	<b>-</b>	<b>136,432</b>	<b>9,169,988</b>
<b>Expenditures</b>					
Current - Education:					
Facilities acquisition and construction	-	-	7,449	93,690	101,139
Food services	7,846,485	-	-	-	7,846,485
Fixed Capital Outlay:					
Facilities acquisition and construction	-	-	-	8,488	8,488
Other capital outlay	17,548	-	-	-	17,548
Debt Service:					
Principal	-	426,000	-	-	426,000
Interest and fiscal charges	-	123,647	-	-	123,647
Other debt service	-	238	-	745	983
<b>Total Expenditures</b>	<b>7,864,033</b>	<b>549,885</b>	<b>7,449</b>	<b>102,923</b>	<b>8,524,290</b>
Excess (deficiency) of revenues over expenditures	631,011	(11,373)	(7,449)	33,509	645,698
<b>Other Financing Sources (Uses)</b>					
Transfers out	(639,926)	-	-	-	(639,926)
<b>Total Other Financing Sources (Uses)</b>	<b>(639,926)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(639,926)</b>
Net change in fund balances	(8,915)	(11,373)	(7,449)	33,509	5,772
Fund balances, beginning of year	166,730	62,763	7,449	113,680	350,622
Fund balances, end of year	\$ 157,815	\$ 51,390	\$ -	\$ 147,189	\$ 356,394

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

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE FUND**

YEAR ENDED JUNE 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
Federal through state and local	\$ 7,192,575	\$ 7,288,719	\$ 8,092,098	\$ 803,379
State	98,306	98,306	80,193	(18,113)
Local:				
Charges for services - food service	1,607,899	1,627,899	304,676	(1,323,223)
Miscellaneous	20,000	-	18,077	18,077
<b>Total Revenues</b>	<b>8,918,780</b>	<b>9,014,924</b>	<b>8,495,044</b>	<b>(519,880)</b>
<b>Expenditures</b>				
Current - Education:				
Food services	8,237,815	8,235,520	7,846,485	389,035
Fixed Capital Outlay:				
Other capital outlay	-	-	17,548	(17,548)
<b>Total Expenditures</b>	<b>8,237,815</b>	<b>8,235,520</b>	<b>7,864,033</b>	<b>371,487</b>
Excess (deficiency) of revenues over expenditures	680,965	779,404	631,011	(148,393)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(639,926)	(639,926)	(639,926)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(639,926)</b>	<b>(639,926)</b>	<b>(639,926)</b>	<b>-</b>
Net change in fund balances	41,039	139,478	(8,915)	(148,393)
Fund balances, beginning of year	166,730	166,730	166,730	-
Fund balances, end of year	<b>\$ 207,769</b>	<b>\$ 306,208</b>	<b>\$ 157,815</b>	<b>\$ (148,393)</b>



**SCHOOL DISTRICT OF INDIAN RIVER COUNTY D**  
**BUDGETARY COMPARISON SCHEDULE**  
**OTHER DEBT SERVICE FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
Local:				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 10	\$ -
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>10</u>	<u>-</u>
<b>Expenditures</b>				
Debt Service:				
Principal	7,970,347	7,970,347	7,970,347	-
Interest and fiscal charges	3,031,611	3,031,611	3,031,611	-
Other debt service	10,592	10,592	9,592	1,000
Total Expenditures	<u>11,012,550</u>	<u>11,012,550</u>	<u>11,011,550</u>	<u>1,000</u>
Excess (deficiency) of revenues over expenditures	<u>(11,010,050)</u>	<u>(11,010,050)</u>	<u>(11,011,540)</u>	<u>(1,490)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	11,010,050	11,010,050	11,011,540	1,490
Total Other Financing Sources (Uses)	<u>11,010,050</u>	<u>11,010,050</u>	<u>11,011,540</u>	<u>1,490</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**ARRA ECONOMIC STIMULUS FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
Federal direct	\$ 1,433,273	\$ 1,433,273	\$ 1,437,034	\$ 3,761
Local:				
Miscellaneous	120,000	124,899	264,082	139,183
Total Revenues	<u>1,553,273</u>	<u>1,558,172</u>	<u>1,701,116</u>	<u>142,944</u>
<b>Expenditures</b>				
Debt Service:				
Interest and fiscal charges	1,552,025	1,552,025	1,552,025	-
Other debt service	<u>3,381</u>	<u>8,280</u>	<u>3,431</u>	<u>4,849</u>
Total Expenditures	<u>1,555,406</u>	<u>1,560,305</u>	<u>1,555,456</u>	<u>4,849</u>
Excess (deficiency) of revenues over expenditures	<u>(2,133)</u>	<u>(2,133)</u>	<u>145,660</u>	<u>147,793</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>1,289,504</u>	<u>1,289,504</u>	<u>1,285,654</u>	<u>(3,850)</u>
Total Other Financing Sources (Uses)	<u>1,289,504</u>	<u>1,289,504</u>	<u>1,285,654</u>	<u>(3,850)</u>
Net change in fund balances	1,287,371	1,287,371	1,431,314	143,943
Fund balances, beginning of year	<u>12,703,465</u>	<u>12,703,465</u>	<u>12,703,465</u>	<u>-</u>
Fund balances, end of year	<u>\$ 13,990,836</u>	<u>\$ 13,990,836</u>	<u>\$ 14,134,779</u>	<u>\$ 143,943</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**SBE/COBI BONDS FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
State	\$ 553,000	\$ 553,000	\$ 538,512	\$ (14,488)
Total Revenues	<u>553,000</u>	<u>553,000</u>	<u>538,512</u>	<u>(14,488)</u>
<b>Expenditures</b>				
Debt Service:				
Principal	429,000	429,000	426,000	3,000
Interest and fiscal charges	124,000	124,000	123,647	353
Other debt service	-	-	238	(238)
Total Expenditures	<u>553,000</u>	<u>553,000</u>	<u>549,885</u>	<u>3,115</u>
Net change in fund balances	-	-	(11,373)	(11,373)
Fund balances, beginning of year	62,763	62,763	62,763	-
Fund balances, end of year	<u>\$ 62,763</u>	<u>\$ 62,763</u>	<u>\$ 51,390</u>	<u>\$ (11,373)</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOCAL CAPITAL IMPROVEMENT FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
Local:				
Property taxes	\$ 29,991,494	\$ 30,200,063	\$ 30,203,092	\$ 3,029
Miscellaneous	32,158	60,390	60,522	132
Total Revenues	<u>30,023,652</u>	<u>30,260,453</u>	<u>30,263,614</u>	<u>3,161</u>
<b>Expenditures</b>				
Current - Education:				
Facilities acquisition and construction	22,876,241	23,760,193	5,284,065	18,476,128
Fixed Capital Outlay:				
Facilities acquisition and construction	-	-	5,904,860	(5,904,860)
Total Expenditures	<u>22,876,241</u>	<u>23,760,193</u>	<u>11,188,925</u>	<u>12,571,268</u>
Excess (deficiency) of revenues over expenditures	<u>7,147,411</u>	<u>6,500,260</u>	<u>19,074,689</u>	<u>12,574,429</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(17,275,379)</u>	<u>(17,275,379)</u>	<u>(17,176,497)</u>	<u>98,882</u>
Total Other Financing Sources (Uses)	<u>(17,275,379)</u>	<u>(17,275,379)</u>	<u>(17,176,497)</u>	<u>98,882</u>
Net change in fund balances	(10,127,968)	(10,775,119)	1,898,192	12,673,311
Fund balances, beginning of year	10,629,000	10,629,000	10,629,000	-
Fund balances, end of year	<u>\$ 501,032</u>	<u>\$ (146,119)</u>	<u>\$ 12,527,192</u>	<u>\$ 12,673,311</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**OTHER CAPITAL PROJECTS FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
State	\$ 1,178,047	\$ 1,482,186	\$ 1,482,187	\$ 1
Local:				
Impact fees	1,300,000	1,649,218	1,649,218	-
Miscellaneous	-	11,370	11,370	-
Total Revenues	<u>2,478,047</u>	<u>3,142,774</u>	<u>3,142,775</u>	<u>1</u>
<b>Expenditures</b>				
Current - Education:				
Facilities acquisition and construction	7,979,168	8,430,445	28,260	8,402,185
Fixed Capital Outlay:				
Facilities acquisition and construction	-	-	111,755	(111,755)
Total Expenditures	<u>7,979,168</u>	<u>8,430,445</u>	<u>140,015</u>	<u>8,290,430</u>
Excess (deficiency) of revenues over expenditures	<u>(5,501,121)</u>	<u>(5,287,671)</u>	<u>3,002,760</u>	<u>8,290,431</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(1,169,042)</u>	<u>(1,243,159)</u>	<u>(1,243,159)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,169,042)</u>	<u>(1,243,159)</u>	<u>(1,243,159)</u>	<u>-</u>
Net change in fund balances	(6,670,163)	(6,530,830)	1,759,601	8,290,431
Fund balances, beginning of year	6,676,949	6,676,949	6,676,949	-
Fund balances, end of year	<u>\$ 6,786</u>	<u>\$ 146,119</u>	<u>\$ 8,436,550</u>	<u>\$ 8,290,431</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**PUBLIC EDUCATION CAPITAL OUTLAY FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Expenditures</b>				
Current - Education:				
Facilities acquisition and construction	\$ 7,449	\$ 7,449	\$ 7,449	\$ -
Total Expenditures	<u>7,449</u>	<u>7,449</u>	<u>7,449</u>	<u>-</u>
Net change in fund balances	(7,449)	(7,449)	(7,449)	-
Fund balances, beginning of year	<u>7,449</u>	<u>7,449</u>	<u>7,449</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL OUTLAY AND DEBT SERVICE FUND**

YEAR ENDED JUNE 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
State	\$ 110,013	\$ 135,540	\$ 136,287	\$ 747
Local:				
Miscellaneous	-	145	145	-
Total Revenues	<u>110,013</u>	<u>135,685</u>	<u>136,432</u>	<u>747</u>
<b>Expenditures</b>				
Current - Education:				
Facilities acquisition and construction	222,461	248,133	93,690	154,443
Fixed Capital Outlay:				
Facilities acquisition and construction	-	-	8,488	(8,488)
Debt Service:				
Other debt service	-	-	745	(745)
Total Expenditures	<u>222,461</u>	<u>248,133</u>	<u>102,923</u>	<u>145,210</u>
Net change in fund balances	(112,448)	(112,448)	33,509	145,957
Fund balances, beginning of year	113,680	113,680	113,680	-
Fund balances, end of year	<u>\$ 1,232</u>	<u>\$ 1,232</u>	<u>\$ 147,189</u>	<u>\$ 145,957</u>

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## **COMPLIANCE SECTION**

**Report of Independent Auditor on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Members of the School Board  
School District of Indian River County  
Vero Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2022. Our report includes a reference to other auditors who audited the financial statements of the fiduciary funds and the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

### **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, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Handwritten signature of Cheryl Behrman in cursive script.

Orlando, Florida  
March 29, 2022

## **Report of Independent Auditor on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Members of the School Board  
School District of Indian River County  
Vero Beach, Florida

### **Report on Compliance for Each Major Federal Program**

We have audited the Indian River County School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section 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 each of the District's major federal programs 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 our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each 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 each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

Management of the District 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 combination of deficiencies, in internal control over compliance, such that there is 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.



Orlando, Florida  
March 29, 2022

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal ALN	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	\$ -	\$ 1,789,026
National School Lunch Program	10.555	20001, 20003	-	5,427,366
Summer Food Service Program for Children	10.559	19006, 19007, 20006, 20007	-	1,931
<b>Total Child Nutrition Cluster</b>			-	7,218,323
<b>Special Education Cluster</b>				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	297,216	3,252,100
St. Lucie County District School Board	84.027	None	-	53,781
<b>Total Special Education - Grants to States</b>			297,216	3,305,881
Special Education - Preschool Grants:				
Florida Department of Education	84.173	266, 267	-	107,040
<b>Total Special Education Cluster</b>			297,216	3,412,921
<b>Not Clustered</b>				
<b>United States Department of the Treasury:</b>				
Indian River County Board of County Commissioners:				
COVID-19: Coronavirus Relief Fund	21.019	N/A	-	1,026,690
<b>United States Department of Defense</b>				
Army Junior Reserve Officers Training Corps	12.U01	N/A	-	141,330
<b>United States Department of Education</b>				
Florida Department of Education:				
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:				
COVID-19: Governor's Emergency Education Relief Fund	84.425			
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425C	123	83,343	688,484
COVID-19: Fund for the Improvement of Postsecondary Education Formula Grant	84.425D	124	1,233,877	9,461,066
COVID-19: Fund for the Improvement of Postsecondary Education Formula Grant	84.425N	124	-	452,697
<b>Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act</b>	84.425		1,317,220	10,602,247
Adult Education - Basic Grants to States	84.002	191	-	100,447
Title I Grants to Local Educational Agencies	84.010	212, 226	92,460	4,117,396
Migrant Education - State Grant Program	84.011	217	-	7,402
Career and Technical Education - Basic Grants to States	84.048	161	-	237,482
Twenty-First Century Community Learning Centers	84.287	244	-	131,326
English Language Acquisition State Grants	84.365	102	8,296	148,392
Supporting Effective Instruction State Grants	84.367	224	19,193	696,266
Student Support and Academic Enrichment Program	84.424	241	-	297,266
<b>Total United States Department of Education</b>			1,437,169	16,338,224
<b>Total Expenditures of Federal Awards</b>			\$ 1,734,385	\$ 28,137,488

The accompanying notes to the expenditures of federal awards are an integral part of this statement.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*JUNE 30, 2021*

---

**I. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the Federal award activity of the School District of Indian River County under programs of the Federal Government for the fiscal year ended June 30, 2021. 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.

**II. 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.

**III. Indirect Cost Rate**

The District has not elected to use the 10% de minimis cost rate allowed under the Uniform Guidance.

**IV. Noncash Assistance – National School Lunch Program**

Includes \$629,160 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED JUNE 30, 2021

**Part I - Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes      x   no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

  x   yes    \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      x   no

**Federal Awards Section**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes      x   no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

\_\_\_\_\_ yes      x   none reported

Type of auditor's report on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

\_\_\_\_\_ yes      x   no

Identification of major programs:

Name of Program or Cluster

Assistance Listing Number

Title I Grants to Local Educational Agencies

84.010

Education Stabilization Fund

84.425

Coronavirus Relief Fund

21.019

Dollar threshold used to determine Type A programs:

Federal

\$ 844,125

Auditee qualified as low-risk auditee for federal purposes?

  x   yes    \_\_\_\_\_ no



**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE YEAR ENDED JUNE 30, 2021*

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**Part II - Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2021-001 is considered a significant deficiency required to be reported in accordance with *Government Auditing Standards*. This finding is provided in Attachment A to this schedule.

**Part III - Federal Award Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**ATTACHMENT A**

*FOR THE YEAR ENDED JUNE 30, 2021*

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**FINDING 2021 - 001**

**Preparation of the Schedule of Expenditures of Federal Awards - *Significant Deficiency***

*Statement of condition:* The District combined expenditures of federal awards for grants with two different Assistance Listing Numbers in the Schedule of Expenditures of Federal Awards, rather than separately identifying expenditures related to each grant.

*Criteria:* Expenditures of Federal awards should be identified on the Schedule of Expenditures of Federal Awards by Assistance Listing Number.

*Cause of condition:* Two grants with different Assistance Listing Numbers were accounted for in the same general ledger account. As a result, the two grants were not distinguishable when the amounts were transcribed onto the Schedule of Expenditures of Federal Awards.

*Effect of condition:* Without detection, the Schedule of Expenditures of Federal Awards would have been improperly completed and a major grant would not have been subjected to testing during the external audit. This would have resulted in a deficient audit and scrutiny by federal agencies.

*Recommendation:* We recommend grants with different Assistance Listing Numbers be segregated in the accounting records and on the Schedule of Expenditures of Federal Awards.

*Views of responsible officials:* District management agrees with the finding and will review and update internal procedures regarding financial reporting of expenditures for federal awards.

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY**  
**SUMMARY OF PRIOR YEAR FINDINGS**

*FOR THE YEAR ENDED JUNE 30, 2021*

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**Summary of Prior Year Findings**

There were no findings reported in the prior year; therefore, a summary of prior year findings is not required.

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# School District of Indian River County

6500 57<sup>th</sup> Street • Vero Beach, Florida, 32967 • Telephone: 772-564-3000 • Fax: 772-564-3054

David K. Moore, Ed.D. - Superintendent

---

March 29, 2022

## Management's Corrective Action Plan

For the Fiscal Year Ended June 30, 2021

Finding Number: 2021-001

Planned Corrective Action:

The District will review and update internal procedures regarding financial reporting of expenditures for federal awarded grants to ensure expenditures disclose all required information including Assistance Listing Numbers on the Schedule of Expenditures of Federal Awards.

Anticipation Completion Date: April 30, 2022

Responsible Contact Person: Ronald A. Fagan, Chief Financial Officer

Dr. Mara Schiff • Jacqueline Rosario • Dr. Peggy Jones • Teri L. Barenborg • Brian M. Barefoot  
District 1                      District 2                      District 3                      District 4                      District 5

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## Independent Auditor's Management Letter

To the Honorable Members of the School Board  
School District of Indian River County  
Vero Beach, Florida

### Report of the Financial Statements

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County School District (the "District") as of and for the year ended June 30, 2021, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2022. We did not audit the financial statements of the discretely presented component units nor the fiduciary funds; those financial statements were audited by other auditors.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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"); and Chapter 10.800, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Report of Independent Auditor 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*; Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance; Report of Independent Accountant on Compliance with Local Government Investment Policies; and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 29, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such recommendations in the prior year report.

### Financial Condition and Management

Section 10.804(1)(f)2., Rules of the Auditor General, requires us to communicate whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, the results of our tests did not indicate the District met any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.804(1)(f)5.a. and 10.805(7), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Our recommendations can be found in Appendix A of this report. We did not audit management's responses to the recommendations, which are also provided in Appendix A and, accordingly, we express no opinion on them.

**Transparency**

Section 10.804(1)(f)6., Rules of the Auditor General, requires that we communicate the results of our determination as to whether the District maintains on its website the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined the District maintained on its website the information specified in Section 1011.035, Florida Statutes.

**Additional Matters**

Section 10.804(1)(f)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.800, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

Handwritten signature of Cheryl Behrman in cursive script.

Orlando, Florida  
March 29, 2022

# SCHOOL DISTRICT OF INDIAN RIVER COUNTY

## MANAGEMENT LETTER – APPENDIX A

JUNE 30, 2021

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### **Depreciation of Fixed Assets**

*Statement of Condition 2021-A:* Depreciation was not calculated for certain depreciable assets on the District's capital asset depreciation software use for recording depreciation.

*Criteria:* Depreciation expense should be recorded for depreciable fixed assets in accordance with accounting principles generally accepted in the United States of America.

*Effect of Condition:* Capital assets depreciation expense was understated approximately \$123,000 for the year ended June 30, 2021, and accumulated depreciation was understated approximately \$272,000 at June 30, 2021.

*Cause of Condition:* During the conversion process from a legacy accounting system to the current system, data was input incorrectly for certain capital assets causing them to no longer be depreciated.

*Recommendation:* We recommend the District review its capital asset depreciation for potential errors and that measures be taken to correct such errors.

*View of Responsible Officials:* District management agrees with the comment and will implement corrective procedures for future financial reporting.

### **Information Technology Procedure Documentation**

*Statement of Condition 2021-B:* Information technology procedures are not always documented in writing.

*Criteria:* Information technology procedures should be documented in writing and reviewed periodically.

*Effect of Condition:* Without written procedures there may be inconsistencies in the application, difficulties in the training of new staff, and difficulties in determining if procedures had been correctly performed.

*Cause of Condition:* As the District grew and the information technology requirements evolved, not all procedures have been documented in writing.

*Recommendation:* We recommend the District enhance the documentation of information technology procedures to more thoroughly represent the procedures currently in place.

*View of Responsible Officials:* District management agrees with the comment and will implement corrective procedures for future financial reporting.



**Report of Independent Accountant on Compliance  
With Local Government Investment Policies**

To the Honorable Members of the School Board  
School District of Indian River County  
Vero Beach, Florida

We have examined the Indian River County School District's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2021. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2021.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.



Orlando, Florida  
March 29, 2022