

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2024-143
February 2024

INDIAN RIVER COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2023



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2022-23 fiscal year, Dr. David K. Moore served as Superintendent of the Indian River County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Dr. Gene A. Posca from 11-22-22	1
Dr. Mara Schiff through 11-21-22	1
Jacqueline Rosario	2
Dr. Peggy Jones, Chair from 11-22-22, Vice Chair through 11-21-22	3
Teri L. Barenborg, Vice Chair from 11-22-22, Chair through 11-21-22	4
Brian M. Barefoot	5

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

The team leader was Daria L. Ermakova, CPA, and the audit was supervised by Clare Waters, CPA.

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

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States; however, we noted a certain additional matter as summarized below.

Additional Matter

Finding AM 2023-001: District procedures did not always limit expenditures to budgeted amounts, contrary to State law, State Board of Education rules, and Board policies.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster and Education Stabilization Fund were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. Our audit objectives were also to obtain reasonable assurance about whether material noncompliance with applicable Federal awards requirements occurred, whether due to fraud or error, and to express an opinion on the District's compliance based on our audit. In doing so, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements and material noncompliance with Federal awards requirements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained an understanding of internal control relevant to the audit 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 District's internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and accompanying Schedule of Expenditures of Federal Awards.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.
- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.
- Determined whether corrective actions were taken for findings included in the previous audit report.

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying 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, 2023, 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.

We did not audit the financial statements of the school internal funds, which represent 10 percent, 1 percent, 13 percent, 6 percent, and 6 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information as of June 30, 2023. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2023. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the financial statements of the school internal funds and the aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information** be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
February 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Indian River County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2023. 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 2022-23 fiscal year are as follows:

- In total, net position increased by \$14.1 million during the 2022-2023 fiscal year.
- The assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources at June 30, 2023, by \$196.1 million. Of this amount, \$234.6 million represents investments in capital assets (net of related debt), a restricted net position of \$54 million and a deficit unrestricted net position of \$92.5 million.
- Program revenues account for \$15.7 million, or 6.3 percent, of total revenues, and general revenues account for \$235.4 million, or 93.7 percent.
- The governmental funds report combined fund balances of \$65.8 million, an increase of \$9.1 million in comparison to the prior fiscal year.
- At the end of the fiscal year, assigned and unassigned fund balance for the General Fund was \$19.6 million, or 11.8 percent of General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, liabilities, and deferred inflows/outflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, which is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

- Governmental activities – This represents most of the District’s services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State’s education finance program provide most of the resources that support these activities.
- Business-type activities – The District charges fees to cover the cost of certain services it provides. These activities are for its Extended Day Program.
- Component units – The District presents five separate legal entities that operate as charter schools as discussed in the notes to the basic financial statements. Although these are legally separate organizations, the component units’ activities are included in the financial statements since they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District’s most significant funds. The District’s major funds are the General Fund, Special Revenue – Federal Education Stabilization Fund, Debt

Service – Other Fund, Debt Service – ARRA Economic Stimulus Fund, and Capital Projects – Local Capital Improvement Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

Proprietary Funds: Proprietary funds may be established to account for activities in which a fee is charged for services. Two types of proprietary funds are maintained:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its Extended Day Program.
- Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses the internal service fund to account for the health self-insurance program activities. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

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

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

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

Notes to Financial Statements

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

Required Supplemental Information

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

Notes to Required Supplementary Information

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

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, 2023, compared to net position as of June 30, 2022:

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

	Governmental Activities		Business-Type Activities		Total	
	6-30-23	6-30-22	6-30-23	6-30-22	6-30-23	6-30-22
Current and Other Assets	\$ 91,094	\$ 81,809	\$ 1,078	\$ 1,723	\$ 92,172	\$ 83,532
Capital Assets	314,014	311,818	-	-	314,014	311,818
Total Assets	405,108	393,627	1,078	1,723	406,186	395,350
Deferred Outflows of Resources	54,476	51,622	458	213	54,934	51,835
Long-Term Liabilities	216,097	186,679	1,136	552	217,233	187,231
Other Liabilities	17,704	17,302	49	28	17,753	17,330
Total Liabilities	233,801	203,981	1,185	580	234,986	204,561
Deferred Inflows of Resources	29,953	60,345	127	284	30,080	60,629
Net Position:						
Net Investment in Capital Assets	234,592	222,253	-	-	234,592	222,253
Restricted	53,961	42,522	-	-	53,961	42,522
Unrestricted (Deficit)	(92,723)	(83,852)	224	1,072	(92,499)	(82,780)
Total Net Position	\$ 195,830	\$ 180,923	\$ 224	\$ 1,072	\$ 196,054	\$ 181,995

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was primarily the result, in part, of accruing \$13.2 million in compensated absences payable, \$18.4 million in other postemployment benefit obligations, and \$113.5 million in net pension liability.

Long-term liabilities increased and deferred inflows of resources decreased primarily due to the District recognizing its proportionate share of the Florida Retirement System's net pension liability and deferred inflows of resources.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2023, and June 30, 2022, are as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	6-30-23	6-30-22	6-30-23	6-30-22	6-30-23	6-30-22
Program Revenues:						
Charges for Services	\$ 2,652	\$ 1,107	\$ 1,918	\$ 1,662	\$ 4,570	\$ 2,769
Operating Grants and Contributions	7,772	11,758	-	-	7,772	11,758
Capital Grants and Contributions	3,329	3,762	-	-	3,329	3,762
General Revenues:						
Property Taxes, Levied for Operational Purposes	111,544	101,010	-	-	111,544	101,010
Property Taxes, Levied for Capital Projects	37,305	31,777	-	-	37,305	31,777
Grants and Contributions Not Restricted to Specific Programs	77,757	69,119	-	-	77,757	69,119
Unrestricted Investment Earnings	3,048	360	55	4	3,103	364
Miscellaneous	5,726	6,731	-	-	5,726	6,731
Total Revenues	249,133	225,624	1,973	1,666	251,106	227,290
Functions/Program Expenses:						
Instruction	129,497	122,022	-	-	129,497	122,022
Student Support Services	9,099	8,551	-	-	9,099	8,551
Instructional Media Services	2,440	2,368	-	-	2,440	2,368
Instruction and Curriculum Development Services	8,458	8,094	-	-	8,458	8,094
Instructional Staff Training Services	3,788	3,810	-	-	3,788	3,810
Instruction-Related Technology	862	590	-	-	862	590
Board	806	765	-	-	806	765
General Administration	3,085	2,194	-	-	3,085	2,194
School Administration	12,544	10,963	-	-	12,544	10,963
Facilities Acquisition and Construction	11,615	12,671	-	-	11,615	12,671
Fiscal Services	1,776	1,574	-	-	1,776	1,574
Food Services	9,743	9,849	-	-	9,743	9,849
Central Services	3,178	3,369	-	-	3,178	3,369
Student Transportation Services	7,437	7,268	-	-	7,437	7,268
Operation of Plant	19,405	17,656	-	-	19,405	17,656
Maintenance of Plant	4,440	4,211	-	-	4,440	4,211
Administrative Technology Services	3,528	3,984	-	-	3,528	3,984
Community Services	115	4	-	-	115	4
Unallocated Interest on Long-Term Debt	2,535	2,838	-	-	2,535	2,838
Extended Day Program	-	-	2,696	1,607	2,696	1,607
Total Functions/Program Expenses	234,351	222,781	2,696	1,607	237,047	224,388
Excess (Deficiency) Before Transfers	14,782	2,843	(723)	59	14,059	2,902
Transfers	125	-	(125)	-	-	-
Change in Net Position	14,907	2,843	(848)	59	14,059	2,902
Net Position - Beginning	180,923	178,080	1,072	1,013	181,995	179,093
Net Position - Ending	\$ 195,830	\$ 180,923	\$ 224	\$ 1,072	\$ 196,054	\$ 181,995

Governmental activities revenues increased by \$23.5 million primarily as a result of the following factors: Property taxes for operational purposes increased by \$10.5 million and property taxes for capital projects increased by \$5.5 million primarily due to an increase in the taxable assessed value of 17.4 percent. Governmental activities program revenues decreased by \$2.9 million primarily as a result of the \$4.4 million decrease in Capital and Operating grants and contributions due to a decrease in revenue from the food service program and capital grants offset by \$1.5 million increase in charges for services. Grants and contributions not restricted to specific programs revenues increased by \$8.6 million, or

12.5 percent, primarily due to an increase in Federal Education Stabilization Funds awarded in response to the COVID-19 pandemic, increases in Federal grants, and increases in State revenues.

Governmental activities expenses increased from the prior fiscal year by \$11.6 million. This was primarily due to an increase in salary and benefits resulting from union negotiations, and an increase in pension expense.

Business-Type Activities

Extended Day Program business-type activities decreased the District’s net position by \$0.8 million for the fiscal year ended June 30, 2023. Charges for services and other income totaled \$1.9 million, while Extended Day Program expenses totaled \$2.7 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 \$65.8 million, which is an increase 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, 2023, and June 30, 2022.

Fund Balance (in thousands)	2023	2022	Increase (Decrease)	Percentage Change
General Fund	\$ 26,506	\$ 18,490	\$ 8,016	43.4%
Special Revenue Funds:				
Federal Education Stabilization Fund	49	160	(111)	-69.4%
Debt Service Funds:				
Other	-	-	-	0.0%
ARRA Economic Stimulus	16,736	15,476	1,260	8.1%
Capital Projects Funds:				
Local Capital Improvement	16,682	12,874	3,808	29.6%
Other Governmental Funds	5,856	9,734	(3,878)	-39.8%
Total	\$ 65,829	\$ 56,734	\$ 9,095	16.0%

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 11.8 percent of the total General Fund revenues, while total fund balance represents 16 percent of total General Fund revenues.

Total fund balance increased by \$8 million. 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, 2023, and June 30, 2022.

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

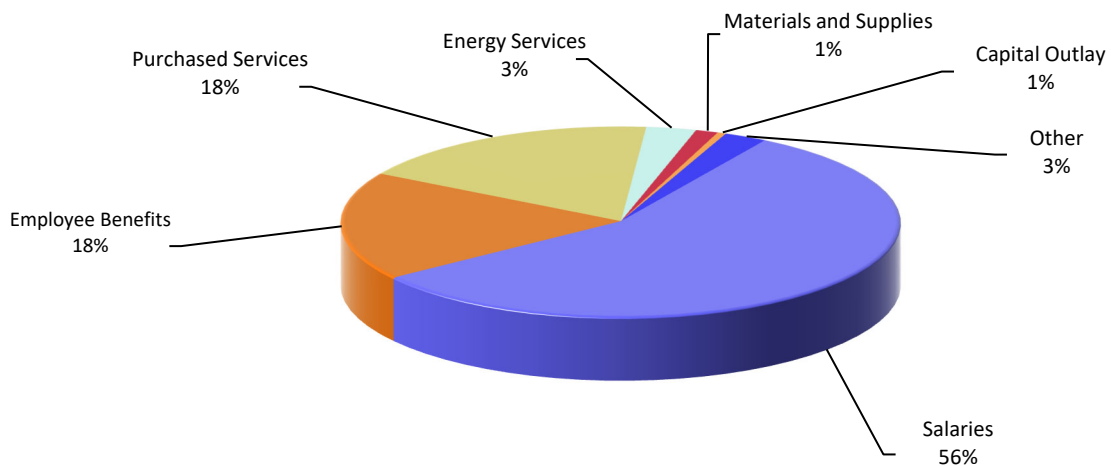
	2023	2022	Increase (Decrease)	Percentage Change
Taxes	\$ 111,544	\$ 101,010	\$ 10,534	10.4%
State Revenues	45,419	44,929	490	1.1%
Other Revenues	9,169	6,266	2,903	46.3%
Net Other Financing Sources and Uses	6,650	6,504	146	2.2%
Total	\$ 172,782	\$ 158,709	\$ 14,073	8.9%

- Property tax revenue increased by \$10.5 million. The taxable assessed value of property increased 17.4 percent over the previous year, partially offset by the decrease in the millage rates of approximately 5.9 percent.
- Other revenues had a net increase of \$2.9 million primarily due to an increase in interest earnings, indirect costs, gifts, and grants and bequests as compared to the fiscal year ended June 30, 2022.

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.

Expenditures by Object (in thousands)	2023	2022	Increase (Decrease)	Percentage Change
Salaries	\$ 92,084	\$ 94,426	\$ (2,342)	-2.5%
Employee Benefits	30,052	29,799	253	0.8%
Purchased Services	30,536	28,345	2,191	7.7%
Energy Services	4,837	4,615	222	4.8%
Materials and Supplies	2,358	2,212	146	6.6%
Capital Outlay	760	1,175	(415)	-35.3%
Other	4,139	4,159	(20)	-0.5%
Total	\$ 164,766	\$ 164,731	\$ 35	0.0%

**Expenditures by Object
For the Fiscal Year Ended June 30, 2023**



Fund Balance – Other Major Funds

The Special Revenue – Federal Education Stabilization Fund balance decreased by \$0.1 million.

The Debt Service – Other Fund balance did not change, since transfers from other funds were exactly the amount needed to make current year debt service payments of \$11.1 million.

The Debt Service – ARRA Economic Stimulus Fund balance increased by \$1.3 million and is restricted for future payment of the 2010 Qualified School Construction Bonds. Each year the sinking fund balance increases in preparation of the future lump sum payment.

The Capital Projects – Local Capital Improvement Fund balance increased by \$3.8 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 \$16.7 million and, of this amount, \$9 million has been encumbered for specific projects.

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 decreased by \$0.8 million during the 2022-23 fiscal year to \$0.2 million at June 30, 2023. This decrease occurred primarily because the expenses for services were greater due to inflation.

The Internal Service Fund unrestricted net position increased \$0.1 million during the 2022-23 fiscal year to \$7.6 million at June 30, 2023. This increase occurred primarily because of increase in premium revenue.

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 \$4.6 million more in revenue as compared to the final budget. This was largely due to an increase from property tax revenue and an increase in miscellaneous local revenue.

The District amended its final budget for expenditures to reflect decreases in salaries and other employee related costs as well as non-labor costs. Expenditures were originally budgeted at \$181.5 million, and actual expenditures were lower than the final budget by \$13.7 million due to the District's conservative spending and the impact from COVID-19.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities of June 30, 2023, is \$314 million (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Major capital asset events included the following:

- Construction in progress includes security enhancements consisting of various access control projects, Vero Beach High School football field and volleyball court, Gifford Middle lobby renovation, Sebastian River Middle cafeteria expansion and wing addition, and Treasure Coast Technical College culinary/kitchen renovation.
- Projects completed and included in buildings and improvements include districtwide access control projects, Fellsmere Elementary roof replacement, Glendale Elementary cafeteria expansion, and Gifford Middle skylights replacement.
- The total increase in the District's investment in capital assets (net of accumulated depreciation) was less than 1 percent.

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

Long-Term Debt.

At June 30, 2023, the District has total long-term debt outstanding of \$72.1 million, composed of \$1.3 million of bonds payable, \$63 million of certificates of participation, and \$7.8 million of other lease purchase agreements payable. During the current fiscal year, retirement of debt was \$10.8 million.

Additional information on the District's long-term debt can be found in Notes II.I.1. through II.I.5. 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 2023-24 fiscal year is 3.1630 mills (a decrease of 0.074 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 \$185.7 million, and expenditures and other uses are expected to be \$203.3 million. The difference in projected revenues and expenditures of \$17.6 million will be funded by beginning fund balance.

REQUESTS FOR INFORMATION

This 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.

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BASIC FINANCIAL STATEMENTS

Indian River County District School Board Statement of Net Position June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 59,950,319	\$ 1,077,813	\$ 61,028,132	\$ 15,688,648
Investments	9,072,847	-	9,072,847	-
Accounts Receivable	896,062	-	896,062	54,001
Due from Other Agencies	3,945,891	-	3,945,891	321,141
Due from Insurer	112,832	-	112,832	-
Deposits Receivable	-	-	-	4,139
Prepaid Items	7,784	-	7,784	129,037
Inventories	372,145	-	372,145	-
Restricted Investments	16,736,417	-	16,736,417	-
Capital Assets:				
Nondepreciable Capital Assets	34,827,409	-	34,827,409	2,224,620
Depreciable Capital Assets, Net	279,186,643	-	279,186,643	36,364,386
TOTAL ASSETS	405,108,349	1,077,813	406,186,162	54,785,972
DEFERRED OUTFLOWS OF RESOURCES				
Other Postemployment Benefits	12,885,023	35,671	12,920,694	-
Pensions	40,867,947	422,065	41,290,012	-
Net Carrying Amount of Debt Refunding	723,705	-	723,705	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	54,476,675	457,736	54,934,411	-
LIABILITIES				
Accrued Salaries and Benefits	400,891	32,358	433,249	600,970
Payroll Deductions and Withholdings	390,136	-	390,136	8,019
Accounts Payable	1,843,616	16,240	1,859,856	838,684
Sales Tax Payable	48	-	48	-
Construction Contracts Payable	47,349	-	47,349	158,941
Due to Other Agencies	84,372	250	84,622	872,549
Matured Certificates of Participation Payable	8,025,000	-	8,025,000	-
Matured Interest Payable	1,017,750	-	1,017,750	-
Accrued Interest Payable	9,643	-	9,643	16,314
Unearned Revenue	2,903,589	-	2,903,589	315,717
Estimated Liability for Self-Insurance Program	2,981,970	-	2,981,970	-
Long-Term Liabilities:				
Portion Due Within 1 Year	15,559,078	31,660	15,590,738	1,895,500
Portion Due After 1 Year	200,537,859	1,104,002	201,641,861	23,079,535
TOTAL LIABILITIES	233,801,301	1,184,510	234,985,811	27,786,229
DEFERRED INFLOWS OF RESOURCES				
Other Postemployment Benefits	24,120,216	66,774	24,186,990	-
Pensions	5,833,208	60,243	5,893,451	-
TOTAL DEFERRED INFLOWS OF RESOURCES	29,953,424	127,017	30,080,441	-
NET POSITION				
Net Investment in Capital Assets	234,592,043	-	234,592,043	13,438,716
Restricted for:				
State Required Carryover Programs	6,621,997	-	6,621,997	-
Debt Service	24,781,871	-	24,781,871	-
Capital Projects	21,754,063	-	21,754,063	-
Food Service	745,716	-	745,716	273,181
Other Purposes	57,113	-	57,113	12,030
Unrestricted (Deficit)	(92,722,504)	224,022	(92,498,482)	13,275,816
TOTAL NET POSITION	\$ 195,830,299	\$ 224,022	\$ 196,054,321	\$ 26,999,743

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

**Indian River County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 129,497,188	\$ 522,196	\$ -	\$ -
Student Support Services	9,099,176	-	-	-
Instructional Media Services	2,439,611	-	-	-
Instruction and Curriculum Development Services	8,457,183	-	-	-
Instructional Staff Training Services	3,788,240	-	-	-
Instruction-Related Technology Board	861,928	-	-	-
Board	806,197	-	-	-
General Administration	3,085,292	-	-	-
School Administration	12,544,212	-	-	-
Facilities Acquisition and Construction	11,614,879	-	-	1,348,360
Fiscal Services	1,775,960	-	-	-
Food Services	9,743,385	1,243,300	7,772,406	-
Central Services	3,178,101	-	-	-
Student Transportation Services	7,437,471	149,992	-	-
Operation of Plant	19,404,695	-	-	-
Maintenance of Plant	4,439,730	-	-	-
Administrative Technology Services	3,527,605	-	-	-
Community Services	115,075	736,971	-	-
Unallocated Interest on Long-Term Debt	2,535,319	-	-	1,980,475
Total Governmental Activities	234,351,247	2,652,459	7,772,406	3,328,835
Business-Type Activities:				
Extended Day Program	2,696,159	1,917,762	-	-
Total Primary Government	\$ 237,047,406	\$ 4,570,221	\$ 7,772,406	\$ 3,328,835
Component Units				
Charter Schools	\$ 25,135,253	\$ 524,424	\$ 2,657,620	\$ 694,129

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 and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (128,974,992)	\$ -	\$ (128,974,992)	\$ -
(9,099,176)	-	(9,099,176)	-
(2,439,611)	-	(2,439,611)	-
(8,457,183)	-	(8,457,183)	-
(3,788,240)	-	(3,788,240)	-
(861,928)	-	(861,928)	-
(806,197)	-	(806,197)	-
(3,085,292)	-	(3,085,292)	-
(12,544,212)	-	(12,544,212)	-
(10,266,519)	-	(10,266,519)	-
(1,775,960)	-	(1,775,960)	-
(727,679)	-	(727,679)	-
(3,178,101)	-	(3,178,101)	-
(7,287,479)	-	(7,287,479)	-
(19,404,695)	-	(19,404,695)	-
(4,439,730)	-	(4,439,730)	-
(3,527,605)	-	(3,527,605)	-
621,896	-	621,896	-
(554,844)	-	(554,844)	-
(220,597,547)	-	(220,597,547)	-
-	(778,397)	(778,397)	-
(220,597,547)	(778,397)	(221,375,944)	-
-	-	-	(21,259,080)
111,544,318	-	111,544,318	-
37,304,760	-	37,304,760	-
77,756,843	-	77,756,843	20,532,351
3,047,533	55,055	3,102,588	6,721
5,726,527	-	5,726,527	1,706,705
125,071	(125,071)	-	-
235,505,052	(70,016)	235,435,036	22,245,777
14,907,505	(848,413)	14,059,092	986,697
180,922,794	1,072,435	181,995,229	26,013,046
\$ 195,830,299	\$ 224,022	\$ 196,054,321	\$ 26,999,743

**Indian River County District School Board
Balance Sheet – Governmental Funds
June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>	<u>Debt Service - Other Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 24,898,571	\$ 63,732	\$ -
Investments	-	-	9,042,750
Accounts Receivable	852,813	-	-
Due from Other Agencies	642,894	2,233,399	-
Due from Other Funds	1,071,555	-	-
Inventories	239,876	-	-
Restricted Investments	-	-	-
TOTAL ASSETS	<u>\$ 27,705,709</u>	<u>\$ 2,297,131</u>	<u>\$ 9,042,750</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ 100,410	\$ 192,339	\$ -
Payroll Deductions and Withholdings	254,393	135,743	-
Accounts Payable	511,979	4,054	-
Sales Tax Payable	48	-	-
Construction Contracts Payable	-	-	-
Due to Other Agencies	21,972	46,994	-
Due to Other Funds	-	627,842	-
Matured Certificates of Participation Payable	-	-	8,025,000
Matured Interest Payable	-	-	1,017,750
Unearned Revenue	310,582	1,241,407	-
Total Liabilities	<u>1,199,384</u>	<u>2,248,379</u>	<u>9,042,750</u>
Fund Balances:			
Nonspendable:			
Inventories	239,876	-	-
Restricted for:			
Stare Required Carryover Programs	6,621,997	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Federal Programs	-	48,752	-
Total Restricted Fund Balance	<u>6,621,997</u>	<u>48,752</u>	<u>-</u>
Assigned for:			
Purchases on Order	473,935	-	-
Subsequent Year's Budget: Appropriation of Fund Balances	17,587,445	-	-
Total Assigned Fund Balance	<u>18,061,380</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	1,583,072	-	-
Total Fund Balances	<u>26,506,325</u>	<u>48,752</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 27,705,709</u>	<u>\$ 2,297,131</u>	<u>\$ 9,042,750</u>

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

Debt Service - ARRA Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 17,602,032	\$ 5,666,333	\$ 48,230,668
-	-	30,097	9,072,847
-	-	22,816	875,629
-	7,693	1,057,680	3,941,666
-	-	-	1,071,555
-	-	132,269	372,145
16,736,417	-	-	16,736,417
\$ 16,736,417	\$ 17,609,725	\$ 6,909,195	\$ 80,300,927
\$ -	\$ -	\$ 108,142	\$ 400,891
-	-	-	390,136
-	880,300	422,283	1,818,616
-	-	-	48
-	47,349	-	47,349
-	-	14,403	83,369
-	-	443,713	1,071,555
-	-	-	8,025,000
-	-	-	1,017,750
-	-	64,493	1,616,482
-	927,649	1,053,034	14,471,196
-	-	132,269	372,145
-	-	-	6,621,997
16,736,417	-	30,097	16,766,514
-	16,682,076	5,071,987	21,754,063
-	-	613,447	613,447
-	-	8,361	57,113
16,736,417	16,682,076	5,723,892	45,813,134
-	-	-	473,935
-	-	-	17,587,445
-	-	-	18,061,380
-	-	-	1,583,072
16,736,417	16,682,076	5,856,161	65,829,731
\$ 16,736,417	\$ 17,609,725	\$ 6,909,195	\$ 80,300,927

**Indian River County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023**

Total Fund Balances - Governmental Funds \$ 65,829,731

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. 314,014,052

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. 7,569,845

Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due. (9,643)

Deferred outflows and deferred inflows 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 requisition price. 723,705

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

Deferred Outflows Related to Pensions	\$ 40,867,947	
Deferred Outflows Related to OPEB	12,885,023	
Deferred Inflows Related to Pensions	(5,833,208)	
Deferred Inflows Related to OPEB	<u>(24,120,216)</u>	23,799,546

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:

Bonds Payable	\$ (1,347,000)	
Other Lease-Purchase Agreements Payable	(7,758,842)	
Certificates of Participation Payable	(63,014,871)	
Compensated Absences Payable	(13,051,744)	
Total OPEB Liability	(18,392,096)	
Net Pension Liability	<u>(112,532,384)</u>	<u>(216,096,937)</u>

Net Position - Governmental Activities **\$ 195,830,299**

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

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Indian River County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>	<u>Debt Service - Other Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 160,780	\$ 1,215,690	\$ -
Federal Through State and Local	692,782	17,564,709	-
State	45,418,634	-	-
Local:			
Property Taxes	111,544,318	-	-
Impact Fees	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	8,314,816	-	5,915
Total Local Revenues	<u>119,859,134</u>	<u>-</u>	<u>5,915</u>
Total Revenues	<u>166,131,330</u>	<u>18,780,399</u>	<u>5,915</u>
Expenditures			
Current - Education:			
Instruction	99,419,064	13,092,721	-
Student Support Services	3,803,673	3,215,262	-
Instructional Media Services	2,250,989	-	-
Instruction and Curriculum Development Services	5,407,311	20,396	-
Instructional Staff Training Services	1,906,348	249,215	-
Instruction-Related Technology	771,635	-	-
Board	734,884	-	-
General Administration	1,105,810	844,187	-
School Administration	11,006,167	43,739	-
Facilities Acquisition and Construction	2,346,154	1,217,318	-
Fiscal Services	1,593,381	-	-
Food Services	47,743	-	-
Central Services	2,858,752	-	-
Student Transportation Services	5,932,416	120,281	-
Operation of Plant	17,903,224	-	-
Maintenance of Plant	3,985,388	-	-
Administrative Technology Services	3,172,972	28,005	-
Community Services	1,056	56,985	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	107,942	-	-
Other Capital Outlay	292,215	3,590	-
Debt Service:			
Principal	-	-	8,814,122
Interest and Fiscal Charges	118,759	-	2,257,835
Total Expenditures	<u>164,765,883</u>	<u>18,891,699</u>	<u>11,071,957</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,365,447</u>	<u>(111,300)</u>	<u>(11,066,042)</u>
Other Financing Sources (Uses)			
Transfers In	6,898,646	-	11,066,042
Sale of Capital Assets	51,633	-	-
Transfers Out	(300,000)	-	-
Total Other Financing Sources (Uses)	<u>6,650,279</u>	<u>-</u>	<u>11,066,042</u>
Net Change in Fund Balances	8,015,726	(111,300)	-
Fund Balances, Beginning	18,490,599	160,052	-
Fund Balances, Ending	<u>\$ 26,506,325</u>	<u>\$ 48,752</u>	<u>\$ 0</u>

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

Debt Service - ARRA Economic Stimulus Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,436,319	\$ -	\$ -	\$ 2,812,789
-	-	18,822,617	37,080,108
-	-	2,643,177	48,061,811
-	37,304,760	-	148,849,078
-	-	1,205,605	1,205,605
-	-	1,243,300	1,243,300
93,894	938,123	282,504	9,635,252
<u>93,894</u>	<u>38,242,883</u>	<u>2,731,409</u>	<u>160,933,235</u>
<u>1,530,213</u>	<u>38,242,883</u>	<u>24,197,203</u>	<u>248,887,943</u>
-	-	5,302,879	117,814,664
-	-	1,203,085	8,222,020
-	-	-	2,250,989
-	-	2,140,966	7,568,673
-	-	1,224,460	3,380,023
-	-	-	771,635
-	-	-	734,884
-	-	546,790	2,496,787
-	-	-	11,049,906
-	6,630,206	471,112	10,664,790
-	-	-	1,593,381
-	-	8,927,541	8,975,284
-	-	-	2,858,752
-	-	50,081	6,102,778
-	-	-	17,903,224
-	-	-	3,985,388
-	-	-	3,200,977
-	-	-	58,041
-	7,678,351	6,142,312	13,928,605
-	2,288,442	522,595	3,106,842
-	-	474,000	9,288,122
<u>1,555,930</u>	<u>-</u>	<u>81,036</u>	<u>4,013,560</u>
<u>1,555,930</u>	<u>16,596,999</u>	<u>27,086,857</u>	<u>239,969,325</u>
<u>(25,717)</u>	<u>21,645,884</u>	<u>(2,889,654)</u>	<u>8,918,618</u>
1,285,822	-	300,000	19,550,510
-	-	-	51,633
-	(17,837,698)	(1,287,741)	(19,425,439)
<u>1,285,822</u>	<u>(17,837,698)</u>	<u>(987,741)</u>	<u>176,704</u>
1,260,105	3,808,186	(3,877,395)	9,095,322
15,476,312	12,873,890	9,733,556	56,734,409
<u>\$ 16,736,417</u>	<u>\$ 16,682,076</u>	<u>\$ 5,856,161</u>	<u>\$ 65,829,731</u>

**Indian River County District School Board
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ 9,095,322

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year.

Capital Outlay - Facilities and Construction - Governmental Funds	\$ 13,928,605	
Capital Outlay - Other Capital Outlay - Governmental Funds	3,106,842	
Capital Addition Not Utilizing Current Resources	51,763	
Less: Depreciation Expense	<u>(14,891,043)</u>	2,196,167

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

Certificates of Participation	\$ 8,025,000	
Bonds Payable	474,000	
Other Lease-Purchase Agreements	<u>789,122</u>	9,288,122

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

Premium Amortization	\$ 1,478,240	
Deferred Loss on Refunding:		
Deferred Outflow at June 30, 2023	723,705	
Deferred Outflow at June 30, 2022	<u>(962,534)</u>	1,239,411

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned (\$4,902,146) in excess of amounts paid (\$3,409,959) in the current period. (1,492,187)

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 an actuarial valuation, is reported as an OPEB expense.

Decrease in Total OPEB Liability	\$ 23,261,566	
Decrease in Deferred Outflows of Resources - OPEB	(3,147,746)	
Increase in Deferred Inflows of Resources - OPEB	<u>(22,458,174)</u>	(2,344,354)

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.

Increase in Net Pension Liability	\$ (61,953,469)	
Increase in Deferred Outflows of Resources - Pensions	6,241,210	
Decrease in Deferred Inflows of Resources - Pensions	<u>52,849,692</u>	(2,862,567)

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. 89,817

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. (302,226)

Change in Net Position - Governmental Activities **\$ 14,907,505**

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

Indian River County District School Board
Statement of Net Position – Proprietary Funds
June 30, 2023

	Enterprise Fund	
	Extended Day Program	Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,077,813	\$ 11,719,651
Accounts Receivable	-	20,433
Due from Other Agencies	-	4,225
Due from Insurer	-	112,832
Prepaid Items	-	7,784
TOTAL ASSETS	1,077,813	11,864,925
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	35,671	-
Pensions	422,065	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	457,736	-
LIABILITIES		
Current Liabilities:		
Accrued Salaries and Benefits	32,358	-
Accounts Payable	16,240	25,000
Due to Other Agencies	250	1,003
Unearned Revenue	-	1,287,107
Compensated Absences	29,139	-
Total OPEB Liability	2,521	-
Estimated Liability for Self-Insurance Program	-	2,981,970
Total Current Liabilities	80,508	4,295,080
Noncurrent Liabilities:		
Compensated Absences Payable	83,206	-
Net Pension Liability	972,401	-
Total OPEB Liability	48,395	-
Total Noncurrent Liabilities	1,104,002	-
TOTAL LIABILITIES	1,184,510	4,295,080
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	66,774	-
Pensions	60,243	-
TOTAL DEFERRED INFLOWS OF RESOURCES	127,017	-
NET POSITION		
Unrestricted	\$ 224,022	\$ 7,569,845

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

**Indian River County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2023**

	<u>Enterprise Fund</u>	
	<u>Extended Day Program</u>	<u>Internal Service Fund</u>
OPERATING REVENUES		
Charges for Services	\$ 1,917,762	\$ -
Premiums	-	22,278,157
Other	-	3,637,911
Total Operating Revenues	<u>1,917,762</u>	<u>25,916,068</u>
OPERATING EXPENSES		
Salaries	1,166,473	140,139
Employee Benefits	463,689	49,390
Insurance Premiums	-	3,536,698
Purchased Services	87,926	1,390,366
Energy Services	-	6,474
Materials and Supplies	81,306	57,932
Capital Outlay	66,460	46,066
Insurance Claims	-	21,043,756
Other	830,305	-
Total Operating Expenses	<u>2,696,159</u>	<u>26,270,821</u>
Operating Loss	<u>(778,397)</u>	<u>(354,753)</u>
NONOPERATING REVENUES		
Investment Income	55,055	369,570
Miscellaneous	-	75,000
Total Nonoperating Revenues	<u>55,055</u>	<u>444,570</u>
Income (Loss) Before Transfers	<u>(723,342)</u>	<u>89,817</u>
Transfers Out	<u>(125,071)</u>	<u>-</u>
Change in Net Position	<u>(848,413)</u>	<u>89,817</u>
Total Net Position - Beginning	<u>1,072,435</u>	<u>7,480,028</u>
Total Net Position - Ending	<u>\$ 224,022</u>	<u>\$ 7,569,845</u>

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

**Indian River County District School Board
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2023**

	Enterprise Fund	Internal Service
	Extended Day Program	Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Services	\$ 1,917,762	\$ -
Cash Received from Premiums	-	22,304,506
Cash Received from Other Operating Revenues	-	3,623,434
Cash Payments for Insurance Premiums	-	(3,530,568)
Cash Payments to Employees for Services	(1,431,818)	(189,529)
Cash Payments to Suppliers for Goods and Services	(1,061,113)	-
Cash Payments for Insurance Claims	-	(21,332,051)
Cash Payments for Other Fees	-	(1,390,366)
Cash Payments for Other	-	(247,017)
	<u>(575,169)</u>	<u>(761,591)</u>
Net Cash Used by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Subsidies from Operating Grants	-	75,000
Transfer to General Fund	(125,071)	-
	<u>(125,071)</u>	<u>75,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	55,055	369,570
	<u>(645,185)</u>	<u>(317,021)</u>
Net Decrease in Cash and Cash Equivalents		
Cash and Cash Equivalents, Beginning	1,722,998	12,036,672
	<u>\$ 1,077,813</u>	<u>\$ 11,719,651</u>
Cash and Cash Equivalents, Ending		
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (778,397)	\$ (354,753)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Accounts Receivable	-	(6,728)
Due from Insurer	-	6,130
Due from Other Agencies	-	(4,225)
Prepaid Items	-	(7,784)
Deferred Outflows of Resources Related to OPEB	13,370	-
Deferred Outflows of Resources Related to Pensions	(257,716)	-
Accrued Salaries and Benefits	15,870	-
Accounts Payable	4,634	(136,545)
Due to Other Agencies	250	35
Unearned Revenue	-	30,574
Compensated Absences Payable	20,082	-
Estimated Liability for Self-Insurance Program	-	(288,295)
Net Pension Liability	639,826	-
Total OPEB Liability	(76,494)	-
Deferred Inflows of Resources Related to OPEB	61,690	-
Deferred Inflows of Resources Related to Pensions	(218,284)	-
	<u>203,228</u>	<u>(406,838)</u>
Total Adjustments		
Net Cash Used by Operating Activities	<u>\$ (575,169)</u>	<u>\$ (761,591)</u>

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

**Indian River County District School Board
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2023**

	Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 46,390	\$ 1,856,299
Accounts Receivable	-	144,414
Inventory	-	40,504
TOTAL ASSETS	46,390	2,041,217
LIABILITIES		
Accounts Payable	-	75,543
NET POSITION		
Restricted for:		
Individuals and Organizations	-	1,956,674
Trust for Scholarships	46,390	-
TOTAL NET POSITION	\$ 46,390	\$ 1,965,674

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

**Indian River County District School Board
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2023**

	Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Student Group Collections	\$ -	\$ 3,179,999
Investment Income	1,847	-
Total Additions	1,847	3,179,999
DEDUCTIONS		
Student Group Disbursements	-	3,125,189
Other	3,000	-
Total Deductions	3,000	3,125,189
Change in Net Position	(1,153)	54,810
Net Position - Beginning	47,543	1,910,864
Net Position - Ending	\$ 46,390	\$ 1,965,674

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Indian River County School District's (District) governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation fleet is allocated to the appropriate functions of student transportation services, maintenance of plant, and food service operations while remaining depreciation expense is allocated proportionately to all functions based upon functional expenses as a percentage of total expenses.

B. Reporting Entity

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

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading. Based on these criteria, the following component units are included within the District's reporting entity:

Blended Component Unit. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Indian River County School Board Leasing

Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note II.I.1. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

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

Except for Imagine Schools at South Vero, the charter schools listed below are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, The Florida Not For Profit Corporation Act, and Section 1002.33 Florida Statutes. Imagine Schools at South Indian River County, LLC, doing business as Imagine Schools at South Vero, is organized as a limited liability company pursuant to Chapter 605, Florida Statutes, the Florida Limited Liability Company Act, and Section 1002.23, 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, 2023. The audit reports are filed in the District's administrative offices at District Administrative Office at 6500 57th Street, Vero Beach, Florida 32967.

C. Basis of Presentation: Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and 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 and net residual amounts between governmental and business-type activities.

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 – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Debt Service – Other Fund – to account for financial resources generated for debt principal and interest for the 2014A, 2016A, and 2016B Certificates of Participation and other lease purchase agreements.
- Debt Service – ARRA Economic Stimulus Fund – to account for the financial resources generated for the principal sinking fund and interest for the Series 2010A Qualified School Construction Bonds – Certificate of Participation.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, equipment purchases, and motor vehicle purchases.

The District reports the following major enterprise fund:

- Enterprise – Extended Day Program – to account for the financial resources of the extended day program administered by the District.

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

- Internal Service Fund – to account for the District's individual self-insurance programs.
- 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.

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

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). Property taxes, fuel tax, salary reimbursements, insurance recoveries, rebates, and extended day revenues associated with the current fiscal period

are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

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

1. Cash and Cash Equivalents

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

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

2. Investments

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes, and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investment in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are 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 also reported at fair value, which is amortized cost.

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.

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.

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

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

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

5. Pensions

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

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

6. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds and certificates of participation payables 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 assets 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 OPEB are discussed in subsequent notes.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets 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. 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.

9. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted

fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District does not have a policy regarding the commitment of fund balance and, therefore, does not report any committed fund balance at June 30, 2023.

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

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues

rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

2. State Revenue Sources

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

The State provides financial assistance to administer certain educational programs. SBE rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following fiscal year to be expended for the same educational programs. The FDOE generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

The District received an allocation from the State under the School Hardening Grant program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

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 2022 tax levy on September 8, 2022. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1 and are delinquent on April 1 of the year following the year of assessment. State law provides for enforcement of collection of personal

property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

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

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

4. Educational Impact Fees

The District receives educational impact fees based on an ordinance adopted by the Indian River County Commissioners 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.

5. Voted Additional Millage

On August 18, 2020, the voters of Indian River County approved the renewal of an additional operating millage, at a rate of 0.5 mills, to provide high-quality educational opportunities for all students, recruit and retain high-quality educators, create technology-rich classrooms, and expand supports for school safety and mental health. The operating millage is effective July 1, 2021, and expires on June 30, 2025.

6. Federal Revenue Sources

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

7. Compensated Absences

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in

the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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. In the case of deposits, this is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes. All earnings from cash deposits with financial institutions are allocated monthly to each fund based upon ending balance in that fund.

B. Investments

Fair Value Measurement

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

Investments by Fair Value Level	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)
SBA Debt Service Accounts	\$ 30,097	\$ 30,097	\$ -	\$ -
United States Treasury Bill (1)	16,720,708	16,720,708	-	-
Total Investments by Fair Value Level	16,750,805	\$ 16,750,805	\$ 0	\$ 0
Investments Measured at the Net Asset Value (NAV)				
External Investment Pool				
Florida PRIME (2)	29,221,718			
FL PALM (2)	24,751,099			
Money Market Funds:				
First American Treasury (1) (3)	9,058,459			
Total Investments Measured at NAV	63,031,276			
Total Investments Measured at Fair Value	\$ 79,782,081			

- (1) Represents sinking fund balance deposited in U.S. Bank to repay the 2010-A QSCB principal balance in 2029 (U.S. Treasury Bill \$16,720,708 + First American Treasury \$15,709 = \$16,736,417).
- (2) This investment is considered cash and cash equivalents for financial statement reporting purposes.
- (3) Held under a trust agreement for Certificates of Participation financing arrangements.

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

Interest Rate Risk

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

Florida PRIME and FL PALM use a weighted average day 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, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Credit Risk

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

The District’s investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State’s Annual Comprehensive Financial Report.

The District’s investment maturities and ratings at June 30, 2023, are as follows:

<u>Investment</u>	<u>Amount</u>	<u>Weighted Average Maturities</u>	<u>Credit Rating</u>	
			<u>S & P Rating</u>	<u>Moody’s Rating</u>
FL PALM	\$ 24,751,099	28 Days	AAAm	N/A
SBA:				
Florida PRIME	29,221,718	37 Days	AAAm	N/A
Debt Service Accounts	30,097	6 Months	N/A	N/A
US Bank:				
United States Treasury Bill	16,720,708	5 Months	A-1	P-1
First American Treasury Obligation	<u>9,058,459</u>	25 Days	AAAm	Aaa-mf
Total Investments	<u>\$ 79,782,081</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. The District's investments in obligations of the United States Government agencies and instrumentalities and corporate debt securities are held by the safekeeping agent, in the name of the District. As of June 30, 2023, the District's investment portfolios were held with a third-party custodian as required by the District's investment policy.

C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 22,605,606	\$ -	\$ -	\$ 22,605,606
Land Improvements	182,686	-	-	182,686
Construction in Progress	5,420,609	13,928,603	7,310,095	12,039,117
Total Capital Assets Not Being Depreciated	<u>28,208,901</u>	<u>13,928,603</u>	<u>7,310,095</u>	<u>34,827,409</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	29,566,562	155,147	3,098	29,718,611
Buildings and Fixed Equipment	478,975,061	7,154,948	-	486,130,009
Furniture, Fixtures, and Equipment	21,634,123	2,075,967	1,280,128	22,429,962
Motor Vehicles	12,122,943	1,082,640	34,000	13,171,583
Audio Visual Materials and Computer Software	1,682,014	-	38,903	1,643,111
Total Capital Assets Being Depreciated	<u>543,980,703</u>	<u>10,468,702</u>	<u>1,356,129</u>	<u>553,093,276</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	23,200,865	989,469	3,098	24,187,236
Buildings and Fixed Equipment	208,140,114	12,440,442	-	220,580,556
Furniture, Fixtures, and Equipment	18,394,119	555,468	1,280,128	17,669,459
Motor Vehicles	9,044,455	815,816	34,000	9,826,271
Audio Visual Materials and Computer Software	1,592,166	89,848	38,903	1,643,111
Total Accumulated Depreciation	<u>260,371,719</u>	<u>14,891,043</u>	<u>1,356,129</u>	<u>273,906,633</u>
Total Capital Assets Being Depreciated, Net	<u>283,608,984</u>	<u>(4,422,341)</u>	<u>-</u>	<u>279,186,643</u>
Governmental Activities Capital Assets, Net	<u>\$ 311,817,885</u>	<u>\$ 9,506,262</u>	<u>\$ 7,310,095</u>	<u>\$ 314,014,052</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 7,892,651
Student Support Services	550,809
Instructional Media Services	150,713
Instruction and Curriculum Development Services	506,752
Instructional Staff Training Services	226,306
Instruction-Related Technology	51,664
Board	49,203
General Administration	167,326
School Administration	742,515
Facilities Acquisition and Construction	883,922
Fiscal Services	106,683
Food Services	612,162
Central Services	191,743
Student Transportation Services	1,051,195
Operation of Plant	1,198,691
Maintenance of Plant	290,328
Administrative Technology Services	214,494
Community Services	3,886
Total Depreciation Expense – Governmental Activities	<u>\$ 14,891,043</u>

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive 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).

The District's FRS and HIS pension expense totaled \$14,471,932 for the fiscal year ended June 30, 2023.

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Members Initially Enrolled Before July 1, 2011	
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
Regular Members Initially Enrolled On or After July 1, 2011	
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 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	11.91
FRS, Elected County Officers	3.00	57.00
FRS, Senior Management Service	3.00	31.57
DROP – Applicable to Members from All of the Above Classes	0.00	18.60
FRS, Reemployed Retiree	(2)	(2)

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

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

The District's contributions to the Plan totaled \$9,622,913 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a liability of \$82,069,207 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions

relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was 0.220568499 percent, which was an increase of 0.008105806 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized the Plan pension expense of \$12,673,637. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,897,813	\$ -
Change of Assumptions	10,107,166	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	5,419,019	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	6,105,142	508,239
District FRS Contributions Subsequent to the Measurement Date	9,622,913	-
Total	\$ 35,152,053	\$ 508,239

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$9,622,913, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ 6,055,756
2025	3,167,383
2026	(146,301)
2027	15,003,766
2028	940,297
Total	\$ 25,020,901

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	<u>100%</u>			
Assumed inflation - Mean			2.4%	1.3%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate changed from 6.8 percent to 6.7 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.7 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.7 percent) or 1 percentage point higher (7.7 percent) than the current rate:

	<u>1% Decrease (5.7%)</u>	<u>Current Discount Rate (6.7%)</u>	<u>1% Increase (7.7%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 141,933,050	\$ 82,069,207	\$ 32,015,911

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.

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, 2023, 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, 2023, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$1,822,626 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a net pension liability of \$31,435,578 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was 0.296797331 percent, which was an increase of 0.012589629 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized the HIS Plan pension expense of \$1,798,295. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 954,144	\$ 138,319
Change of Assumptions	1,801,908	4,863,064
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	45,512	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	1,513,769	383,829
District HIS Contributions Subsequent to the Measurement Date	1,822,626	-
Total	\$ 6,137,959	\$ 5,385,212

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,822,626, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (367,511)
2025	(55,210)
2026	78,460
2027	(74,758)
2028	(436,345)
Thereafter	(214,515)
Total	\$ (1,069,879)

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.54 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation

20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 2.16 percent to 3.54 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
District's Proportionate Share of the Net Pension Liability	\$ 35,964,882	\$ 31,435,578	\$ 27,687,672

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.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	9.30
FRS, Elected County Officers	14.34
FRS, Senior Management Service	10.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$3,768,462 for the fiscal year ended June 30, 2023.

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. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. 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 soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare and life insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Employees Covered by Benefit Terms. At January 1, 2023, the following employees were covered by the benefit terms:

	Health Care Participants	Life Insurance Participants
Inactive Employees or Beneficiaries Currently Receiving Benefits	191	501
Active Employees	1,558	2,045
Total	<u>1,749</u>	<u>2,546</u>

Total OPEB Liability. The District's total OPEB liability of \$18,443,012 was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2023.

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	3.72 percent
20-Year Municipal Bond Rate	3.72 percent
Municipal Bond Rate Basis	Bond Buyer GO 20-Bond Municipal Bond Index
Salary Increases	3.4 to 7.8 percent
General Inflation	2.50 percent
Mortality Rates - Healthy	PUB-2010 Headcount-Weighted Teachers and Healthy Annuitants Mortality Table with Generational Improvements from 2010 using Scale MP-2021
Mortality Rates - Disabled	PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2021
Healthcare Cost Trend Rates	7.35 percent for 2023-24, decreasing an average of 0.32 percent per year to a rate of 4.5 percent in 2032-33
Retirement Age: Pre-65	
Retirement Age: Post-65	7.68 percent for 2023-24, decreasing an average of 0.35 percent per year to a rate of 4.5 percent in 2032-33
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	\$941 Non-Medicare and \$702 Medicare
Spouse Premium Contributions	\$594 Non-Medicare and \$614 Medicare
Administrative Expenses	Per-capita administrative costs are based on actual 2023 administrative fees

The District selected the economic, demographic, and health care claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75. The actuary provided guidance with respect to the economic assumptions. The demographic assumptions were based on those employed in the July 1, 2019, Pension Actuarial Valuation of the FRS, which were developed by 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 FRS uses.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2022	\$ 41,781,072
Changes for the year:	
Service Cost	3,150,951
Interest	916,241
Differences Between Expected and Actual Experience	(21,824,013)
Changes of Assumptions or Other Inputs	(4,667,931)
Benefit Payments	(913,308)
Net Changes	<u>(23,338,060)</u>
Balance at June 30, 2023	<u>\$ 18,443,012</u>

Changes of assumptions or other inputs reflect the following changes:

- The discount rate increased from 2.06 percent as of January 1, 2022, to 3.72 percent as of January 1, 2023, to reflect changes in the Bond Buyer GO 20-Bond Municipal Bond Index.
- The healthcare trend rates were updated.

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 (2.72 percent) or 1 percentage point higher (4.72 percent) than the current rate:

	<u>1% Decrease (2.72%)</u>	<u>Current Discount Rate (3.72%)</u>	<u>1% Increase (4.72%)</u>
Total OPEB Liability	\$ 21,761,441	\$ 18,443,012	\$ 15,816,822

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 15,502,717	\$ 18,443,012	\$ 22,292,355

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$3,256,228. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 6,821,250	\$ 19,237,881
Changes of Assumptions or Other Inputs	6,099,444	4,949,109
Total	\$ 12,920,694	\$ 24,186,990

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (770,759)
2025	(650,210)
2026	(714,336)
2027	(1,184,599)
2028	(2,078,108)
Thereafter	(5,868,284)
Total	\$ (11,266,296)

F. Construction and Other Significant Commitments

Construction Contracts. The following is a schedule of major construction contract commitments at June 30, 2023:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Sebastian River Middle School - Cafeteria Building	\$ 6,128,372	\$ 4,685,110	\$ 1,443,262
Sebastian River Middle School - Classroom Building	3,548,374	2,041,843	1,506,531
Vero Beach High School - Football & Volleyball	2,591,701	1,531,824	1,059,877
Dodgertown Elementary School - Security	219,428	26,493	192,935
Gifford Middle School - Lobby	121,402	20,855	100,547
Treasure Coast Technical College - Kitchen	1,418,482	489,566	928,916
Total	\$ 14,027,759	\$ 8,795,691	\$ 5,232,068

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, 2023:

<u>Major Funds</u>				
<u>General</u>	<u>Special Revenue - Federal Education Stabilization</u>	<u>Capital Projects - Local Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,037,824	\$ 10,204	\$ 8,971,125	\$ 2,561,028	\$ 12,580,181

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. SCERMP is self-sustaining through member contributions (premiums) and purchases insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCERMP is composed of superintendents, finance directors, or an authorized representative of all participating districts. Relation Insurance Services serves as the third-party administrator, insurance broker, and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except named wind and flood). The named windstorm and hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence and a maximum of \$25 million per occurrence. The deductibles for all other windstorm and hail events are \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000-time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000. The SCERMP's purchased excess property loss limit during the 2022-23 fiscal year was \$100 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2022-23 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. Employer's 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 \$250,000 per insured per year. Premiums received for, and claims (and other expenses) paid on behalf of, Indian River County School Board employees and their dependents are reported in the District's Internal Service Fund.

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

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2021-22	\$ 2,972,889	\$ 23,238,022	\$ (22,940,646)	\$ 3,270,265
2022-23	3,270,265	21,043,756	(21,332,051)	2,981,970

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

H. Changes in Short-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Tax Anticipation Note	\$ 0	\$ 17,000,000	\$ 17,000,000	\$ 0

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

I. Long-Term Liabilities

1. 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, 2023, are as follows:

<u>Series</u>	<u>Issued Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity to</u>
Series 2014A, Refunding	\$ 45,455,000	\$ 10,800,000	5	2025
Series 2016A, Refunding	28,055,000	19,055,000	5	2027
Series 2016B	10,855,000	2,830,000	5	2025
Series 2010A-QSCB	26,261,000	26,261,000	0.4406 net (1)	2029
Total Certificates of Participation	\$ 110,626,000	\$ 58,946,000		

Note: (1) The Series 2010A-Lease Certificate is designated as a “qualified school construction bond” as defined in Section 54F of the Internal Revenue Code, and pursuant to Section 6431 of the Code, the Board has elected to receive Federal subsidy payments on each interest payment date for the Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Certificates on such date or the amount of interest which would have been payable with respect to the Certificates if the interest were determined at the applicable tax credit rate for the Certificates pursuant to Section 54A(b)(3) of the Code. The interest rate on the bonds is 5.91 percent with an allowable current Federal subsidy of 5.4694.

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

Series 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

Series 2016A, Refunding Certificate of Participation

Storm Grove Middle School
 Support Services Complex

Series 2016B Certificates of Participation

Beachland Elementary School Classroom and Cafeteria Replacement and Expansion
 Vero Beach High School Citrus Bowl Refurbishment

Series 2010A-QSCB 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:

Fiscal Year Ending June 30	Total	Other Certificates of Participation		Certificates of Participation from Direct Placements	
		Principal	Interest	Principal	Interest
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	9,841,775	7,895,000	394,750	-	1,552,025
2028	1,552,025	-	-	-	1,552,025
2029	27,037,013	-	-	26,261,000	776,013
Total Minimum Lease Payments	71,495,388	32,685,000	4,013,250	26,261,000	8,536,138
Plus: Unamortized Premium	4,068,871	4,068,871	-	-	-
Total Certificates of Participation	\$75,564,259	\$36,753,871	\$4,013,250	\$26,261,000	\$8,536,138

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 5.4694 percent. The Series 2010A Certificates were issued in the amount of \$26,261,000. Interest payments are to be made to the holders of the Certificates on June 1 and December 1 of each year at the stated coupon rate of 5.91 percent with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on December 1, 2028. Beginning in 2012, the District was to deposit principal payments into a sinking fund annually on December 1. The accumulated amount in this fund is to be used to repay the principal amount of these certificates upon maturity. On June 11, 2015, the District entered into a forward delivery agreement (FDA) with Deutsche Bank related to the Series 2010A Certificates. A forward delivery agreement is a type of investment in which the investor purchases eligible securities on a periodic basis from the agreement provider at a fixed rate of return. The Board expects to purchase eligible securities, which consist of direct obligations of the U.S. Treasury or obligations guaranteed by the U.S. Treasury from Deutsche Bank on a semi-annual basis beginning June 11, 2015, through November 29, 2028. The Agreement will generate a guaranteed fixed rate of return of 1.985 percent. The interest earnings associated with the FDA will lower the amount of money that the District is required to deposit to the sinking fund each year on December 1. Assuming the FDA is not terminated prior to the maturity of the Series 2010A Certificates, the District anticipates total interest earnings of \$4,076,141.

2. Other Lease-Purchase Agreements

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

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

The District properties included in the agreements are:

FP&L

Vero Beach High School
Oslo Middle School

ConEdison Solutions

Sebastian River High School
Gifford Middle School

<u>Performance 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	\$ 5,002,910	2.50	2032
ConEdison Solutions	4,950,990	2,755,932	2.52	2030
Total Other Lease-Purchase Agreements	\$ 12,855,524	\$ 7,758,842		

The lease payments for the FP&L Performance Contract are payable by the District annually, on April 15. The ConEdison Solutions Performance Contract is payable annually on October 15. The following is a schedule of future lease payments as of June 30, 2023:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	1,121,462	994,073	127,389
2028	1,155,422	1,052,972	102,450
2029-2032	3,196,854	3,035,893	160,961
Total Minimum Lease-Purchase Payments	\$ 8,668,747	\$ 7,758,842	\$ 909,905

3. Bonds Payable

Bonds payable at June 30, 2023, are as follows:

Bond Type	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:				
Series 2014A, Refunding	\$ 3,603,000	\$ 863,000	3 - 5	2025
Series 2017A, Refunding	704,000	422,000	3 - 5	2028
Series 2020A, Refunding	83,000	62,000	2 - 5	2030
Total Bonds Payable	\$ 4,390,000	\$ 1,347,000		

The various bonds were issued to finance capital outlay projects of the District. These bonds are issued by the SBE on behalf of the District. The bonds mature serially and are secured by a pledge of the District's portion of the State assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Total Outstanding	Principal	Interest
State School Bonds:			
2024	\$ 557,550	\$ 501,000	\$ 56,550
2025	559,500	528,000	31,500
2026	105,940	92,000	13,940
2027	108,340	99,000	9,340
2028	111,390	107,000	4,390
2029-2030	21,500	20,000	1,500
Total Minimum Bond Payments	\$ 1,464,220	\$ 1,347,000	\$ 117,220

4. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Certificates of Participation Payable	\$ 66,971,000	\$ -	\$ 8,025,000	\$ 58,946,000	\$ 8,420,000
Unamortized Premiums	5,547,111	-	1,478,240	4,068,871	1,478,240
Total Certificates of Participation Payable	72,518,111	-	9,503,240	63,014,871	9,898,240
Bonds Payable	1,821,000	-	474,000	1,347,000	501,000
Other Lease-Purchase Agreements Payable	8,547,964	-	789,122	7,758,842	839,092
Compensated Absences Payable	11,559,557	4,902,146	3,409,959	13,051,744	3,409,959
Total OPEB Liability	41,653,662	4,053,861	27,315,427	18,392,096	910,787
Net Pension Liability	50,578,915	100,849,316	38,895,847	112,532,384	-
Total Governmental Activities	\$ 186,679,209	\$ 109,805,323	\$ 80,387,595	\$ 216,096,937	\$ 15,559,078
BUSINESS-TYPE ACTIVITIES					
Compensated Absences Payable	\$ 92,263	\$ 49,222	\$ 29,140	\$ 112,345	\$ 29,139
Total OPEB Liability	127,410	13,331	89,825	50,916	2,521
Net Pension Liability	332,575	1,041,525	401,699	972,401	-
Total Business-Type Activities	\$ 552,248	\$ 1,104,078	\$ 520,664	\$ 1,135,662	\$ 31,660

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

J. Fund Balance Reporting

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

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

K. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 1,071,555	\$ -
Special Revenue:		
Federal Education Stabilization	-	627,842
Nonmajor Governmental	-	443,713
Total	\$ 1,071,555	\$ 1,071,555

The interfund receivables and payables represent temporary loans between funds to cover expenditures incurred prior to reimbursement from outside parties. All balances are expected to be repaid within 1 year.

L. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2022-23 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 23,767,300
Categorical Educational Program - Class Size Reduction	17,175,570
Charter School Capital Outlay	1,234,725
School Recognition and Lottery	1,150,860
Workforce Development Program	1,082,978
Motor Vehicle License Tax (Capital Outlay and Debt Service)	686,911
Voluntary Prekindergarten Program	487,208
Mobile Home License Tax	159,512
Food Service Supplement	79,558
Miscellaneous	2,237,189
Total	\$ 48,061,811

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 2022 tax roll for the 2022-23 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>General Fund</u>		
Nonvoted School Tax:		
Required Local Effort	3.237	\$ 83,563,100
Basic Discretionary Local Effort	0.748	19,309,608
Voted School Tax:		
Additional Operating	0.500	12,907,492
Total General Fund Taxes Levied		<u>115,780,200</u>
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	38,722,480
Total	<u>5.985</u>	<u>\$ 154,502,680</u>

M. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 6,898,646	\$ 300,000
Debt Service:		
Other	11,066,042	-
ARRA Economic Stimulus	1,285,822	-
Capital Projects:		
Local Capital Improvement	-	17,837,698
Nonmajor Governmental	300,000	1,287,741
Enterprise	-	125,071
Total	\$ 19,550,510	\$ 19,550,510

Interfund transfers represent permanent transfers between funds. 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 to the General Fund were to provide for payments to charter schools for capital expenditures and school hardening grant. The Enterprise Fund transfer to the General Fund was for Intensive Interventions for afterschool student instruction.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2023

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 125,000	\$ 125,000	\$ 160,780	\$ 35,780
Federal Through State and Local	300,000	300,000	692,782	392,782
State	47,423,745	45,241,221	45,418,634	177,413
Local:				
Property Taxes	111,116,446	111,116,446	111,544,318	427,872
Miscellaneous	3,449,811	4,716,991	8,314,816	3,597,825
Total Local Revenues	<u>114,566,257</u>	<u>115,833,437</u>	<u>119,859,134</u>	<u>4,025,697</u>
Total Revenues	<u>162,415,002</u>	<u>161,499,658</u>	<u>166,131,330</u>	<u>4,631,672</u>
Expenditures				
Current - Education:				
Instruction	115,725,471	110,093,829	99,419,064	10,674,765
Student Support Services	4,032,311	3,877,908	3,803,673	74,235
Instructional Media Services	2,190,325	2,324,475	2,250,989	73,486
Instruction and Curriculum Development Services	5,245,027	5,398,058	5,407,311	(9,253)
Instructional Staff Training Services	2,946,857	2,864,059	1,906,348	957,711
Instruction-Related Technology	761,315	866,178	771,635	94,543
Board	958,513	1,026,771	734,884	291,887
General Administration	649,884	1,108,982	1,105,810	3,172
School Administration	10,867,590	10,814,580	11,006,167	(191,587)
Facilities Acquisition and Construction	2,017,098	2,045,482	2,346,154	(300,672)
Fiscal Services	1,487,499	1,640,737	1,593,381	47,356
Food Services	-	47,743	47,743	-
Central Services	3,386,796	3,159,512	2,858,752	300,760
Student Transportation Services	5,876,678	6,614,299	5,932,416	681,883
Operation of Plant	18,124,781	18,335,994	17,903,224	432,770
Maintenance of Plant	3,749,560	4,016,383	3,985,388	30,995
Administrative Technology Services	3,508,286	3,738,237	3,172,972	565,265
Community Services	-	1,056	1,056	-
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	107,942	107,942	-
Other Capital Outlay	-	292,215	292,215	-
Debt Service:				
Interest and Fiscal Charges	-	118,759	118,759	-
Total Expenditures	<u>181,527,991</u>	<u>178,493,199</u>	<u>164,765,883</u>	<u>13,727,316</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,112,989)</u>	<u>(16,993,541)</u>	<u>1,365,447</u>	<u>18,358,988</u>
Other Financing Sources (Uses)				
Transfers In	6,784,590	6,898,728	6,898,646	(82)
Sale of Capital Assets	25,000	25,000	51,633	26,633
Transfers Out	-	(300,000)	(300,000)	-
Total Other Financing Sources (Uses)	<u>6,809,590</u>	<u>6,623,728</u>	<u>6,650,279</u>	<u>26,551</u>
Net Change in Fund Balances	<u>(12,303,399)</u>	<u>(10,369,813)</u>	<u>8,015,726</u>	<u>18,385,539</u>
Fund Balances, Beginning	20,424,126	18,490,598	18,490,599	1
Fund Balances, Ending	<u>\$ 8,120,727</u>	<u>\$ 8,120,785</u>	<u>\$ 26,506,325</u>	<u>\$ 18,385,540</u>

Special Revenue - Federal Education Stabilization Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
\$ -	\$ 1,215,690	\$ 1,215,690	\$ -
25,263,428	28,595,479	17,564,709	(11,030,770)
-	-	-	-
-	-	-	-
-	-	-	-
<u>25,263,428</u>	<u>29,811,169</u>	<u>18,780,399</u>	<u>(11,030,770)</u>
13,585,766	20,375,923	13,092,721	7,283,202
6,861,480	6,375,108	3,215,262	3,159,846
2,056	4,386	-	4,386
8,345	20,396	20,396	-
533,521	401,874	249,215	152,659
1,599,494	-	-	-
108	-	-	-
878,812	971,079	844,187	126,892
35,530	100,046	43,739	56,307
1,715,951	1,217,318	1,217,318	-
320	-	-	-
15,351	39,222	-	39,222
2,475	-	-	-
35,184	348,416	120,281	228,135
16,811	-	-	-
4,977	-	-	-
33,009	28,005	28,005	-
86,291	85,858	56,985	28,873
-	-	-	-
-	3,590	3,590	-
-	-	-	-
<u>25,415,481</u>	<u>29,971,221</u>	<u>18,891,699</u>	<u>11,079,522</u>
<u>(152,053)</u>	<u>(160,052)</u>	<u>(111,300)</u>	<u>48,752</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>(152,053)</u>	<u>(160,052)</u>	<u>(111,300)</u>	<u>48,752</u>
<u>165,750</u>	<u>160,052</u>	<u>160,052</u>	<u>-</u>
<u>\$ 13,697</u>	<u>\$ 0</u>	<u>\$ 48,752</u>	<u>\$ 48,752</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Cost	\$ 3,150,951	\$ 2,952,334	\$ 1,373,073	\$ 965,957	\$ 630,072
Interest	916,241	850,047	716,905	826,686	574,368
Differences Between Expected and Actual Experience	(21,824,013)	737,400	6,306,325	(151,662)	6,526,321
Changes of Assumptions or Other Inputs	(4,667,931)	694,104	5,159,818	4,717,965	(2,315,335)
Benefit Payments	<u>(913,308)</u>	<u>(1,187,862)</u>	<u>(1,216,634)</u>	<u>(321,022)</u>	<u>(538,505)</u>
Net Change in Total OPEB Liability	<u>(23,338,060)</u>	<u>4,046,023</u>	<u>12,339,487</u>	<u>6,037,924</u>	<u>4,876,921</u>
Total OPEB Liability - Beginning	<u>41,781,072</u>	<u>37,735,049</u>	<u>25,395,562</u>	<u>19,357,638</u>	<u>14,480,717</u>
Total OPEB Liability - Ending	<u>\$ 18,443,012</u>	<u>\$ 41,781,072</u>	<u>\$ 37,735,049</u>	<u>\$ 25,395,562</u>	<u>\$ 19,357,638</u>
Covered-Employee Payroll	\$ 98,308,966	\$ 87,166,847	\$ 87,166,847	\$ 82,623,549	\$ 82,623,549
Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.76%	47.93%	43.29%	30.74%	23.43%

	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$ 624,473	\$ 656,474
Interest	540,484	517,126
Differences Between Expected and Actual Experience	154,400	(1,587,718)
Changes of Assumptions or Other Inputs	(277,154)	482,410
Benefit Payments	<u>(471,084)</u>	<u>(554,486)</u>
Net Change in Total OPEB Liability	<u>571,119</u>	<u>(486,194)</u>
Total OPEB Liability - Beginning	<u>13,909,598</u>	<u>14,395,792</u>
Total OPEB Liability - Ending	<u>\$ 14,480,717</u>	<u>\$ 13,909,598</u>
Covered-Employee Payroll	\$ 86,980,239	\$ 86,980,239
Total OPEB Liability as a Percentage of Covered-Employee Payroll	16.65%	15.99%

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

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.210600558%	\$ 36,253,729	\$ 79,693,279	45.49%	88.54%
2014	0.218181024%	13,312,251	85,329,180	15.60%	96.09%
2015	0.213842564%	27,620,635	87,157,724	31.69%	92.00%
2016	0.201567929%	50,896,060	89,522,279	56.85%	84.88%
2017	0.194596568%	57,580,116	90,176,700	63.85%	83.89%
2018	0.196454202%	59,173,024	93,602,178	63.22%	84.26%
2019	0.193340585%	66,581,987	95,447,789	69.76%	82.61%
2020	0.191699666%	83,085,460	97,827,608	84.93%	78.85%
2021	0.212462693%	16,049,142	100,645,937	15.95%	96.40%
2022	0.220568499%	82,069,207	108,246,964	75.82%	82.89%

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

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

Fiscal Year Ending June 30	Contractually Required FRS Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage of Covered Payroll
2014	\$ 4,779,090	\$ (4,779,090)	\$ -	\$ 85,329,180	5.60%
2015	5,213,663	(5,213,663)	-	87,157,724	5.98%
2016	4,915,555	(4,915,555)	-	89,522,279	5.49%
2017	5,065,828	(5,065,828)	-	90,176,700	5.62%
2018	5,598,787	(5,598,787)	-	93,602,178	5.98%
2019	5,994,953	(5,994,953)	-	95,447,629	6.28%
2020	6,369,330	(6,369,330)	-	97,827,609	6.51%
2021	8,093,911	(8,093,911)	-	100,645,936	8.04%
2022	9,412,059	(9,412,059)	-	108,246,964	8.69%
2023	9,622,913	(9,622,913)	-	109,839,550	8.76%

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

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

Fiscal Year Ending June 30	District's Proportion of the HIS Net Pension Liability	District's Proportionate Share of the HIS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.281361277%	\$ 24,496,199	\$ 79,693,279	30.74%	1.78%
2014	0.293776221%	27,468,794	85,329,180	32.19%	0.99%
2015	0.287060779%	29,275,684	87,157,724	33.59%	0.50%
2016	0.289889947%	33,785,472	89,522,279	37.74%	0.97%
2017	0.282856426%	30,244,314	90,176,700	33.54%	1.64%
2018	0.286388946%	30,311,728	93,602,178	32.38%	2.15%
2019	0.285144480%	31,904,814	95,447,629	33.43%	2.63%
2020	0.281756871%	34,402,055	97,827,608	35.17%	3.00%
2021	0.284207702%	34,862,348	100,645,937	34.64%	3.56%
2022	0.296797331%	31,435,578	108,246,964	29.04%	4.81%

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

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

Fiscal Year Ending June 30	Contractually Required HIS Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	District's Covered Payroll	HIS Contributions as a Percentage of Covered Payroll
2014	\$ 1,006,379	\$ (1,006,379)	\$ -	\$ 85,329,180	1.18%
2015	1,097,325	(1,097,325)	-	87,157,724	1.26%
2016	1,485,871	(1,485,871)	-	89,522,279	1.66%
2017	1,496,958	(1,496,958)	-	90,176,700	1.66%
2018	1,553,094	(1,553,094)	-	93,602,178	1.66%
2019	1,583,380	(1,583,380)	-	95,447,629	1.66%
2020	1,623,633	(1,623,633)	-	97,827,609	1.66%
2021	1,670,575	(1,670,575)	-	100,645,936	1.66%
2022	1,795,874	(1,795,874)	-	108,246,964	1.66%
2023	1,822,626	(1,822,626)	-	109,839,550	1.66%

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

1. Budgetary Basis of Accounting

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

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

2. Excess of Expenditures Over Appropriations in the General Fund.

For the fiscal year ended June 30, 2023, expenditures exceeded appropriations by function for the General Fund as follows:

Fund/Activity	Expenditures		
	Budget	Actual	Variance
General:			
Current - Education:			
Instruction and Curriculum Development Services	\$ 5,398,058	\$ 5,407,311	\$ (9,253)
School Administration	10,814,580	11,006,167	(191,587)
Facilities Acquisition and Construction	2,045,482	2,346,154	(300,672)

The District will implement new procedures, including a detailed year-end review of the budget-to-actual expenditures, to detect and prevent budgetary overexpenditures going forward.

3. 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, 2023, total OPEB liability decreased from the prior fiscal year as a result of changes to assumptions as discussed below:

- The discount rate was changed from 2.06 percent as of January 1, 2022, to 3.72 percent as of January 1, 2023, to reflect changes in the Bond Buyer GO 20-Bond Municipal Bond Index.
- The healthcare trend rates were updated.

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

Changes of Assumptions. In 2022, the long-term expected rate of return was decreased from 6.8 percent to 6.7 percent.

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

Changes of Assumptions. In 2022, the municipal bond rate used to determine total pension liability was increased from 2.16 percent to 3.54 percent and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

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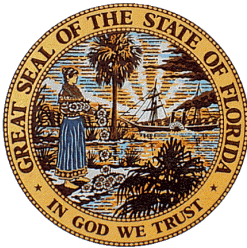
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Indian River County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	23002	\$ -	\$ 1,305,200.72
National School Lunch Program	10.555	23001, 23003	-	5,388,070.12
COVID-19 National School Lunch Program	COVID-19, 10.555	22020	-	811,086.20
Total National School Lunch Program	10.555		-	6,199,156.32
Summer Food Service Program for Children	10.559	22006, 22007, 23006, 23007	-	188,490.72
Total Child Nutrition Cluster			-	7,692,847.76
Student Financial Assistance Cluster				
United States Department of Education:				
Federal Pell Grant Program	84.063	N/A	-	235,330.19
Special Education Cluster				
United States Department of Education:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	329,111.25	4,267,029.30
COVID-19 Special Education - Grants to States	COVID-19, 84.027	263	20,282.45	738,884.04
St. Lucie County District School Board:				
Special Education - Grants to States	84.027	None	-	800.00
Total Special Education - Grants to States			349,393.70	5,006,713.34
Florida Department of Education:				
Special Education - Preschool Grants	84.173	267	-	126,464.63
COVID-19 Special Education - Preschool Grants	COVID-19, 84.173	267	-	39,551.88
Total Special Education - Preschool Grants			-	166,016.51
Total Special Education Cluster			349,393.70	5,172,729.85
Child Care and Development Fund Cluster				
United States Department of Health and Human Services:				
Early Learning Coalition of Indian River, Martin, and Okeechobee Counties:				
Child Care and Development Block Grant	COVID-19, 93.575	None	-	110,794.01
Not Clustered				
United States Department of Defense				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	147,466.50
United States Federal Communications Commission				
Emergency Connectivity Fund Program	COVID-19, 32.009	N/A	-	1,215,690.25
United States Department of Education				
Education Stabilization Fund:				
Higher Education Emergency Relief Fund - Student Aid Portion	84.425		-	3,354.74
COVID-19, 84.425E	COVID-19, 84.425E	N/A	-	-
Florida Department of Education:				
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	29,572.09	945,832.11
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	3,506,082.97	15,624,963.49
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth Fund	COVID-19, 84.425W	122	-	212,628.98
Total Education Stabilization Fund	84.425		3,535,655.06	16,786,779.32
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191	-	244,714.33
Title I Grants to Local Educational Agencies	84.010	212	121,852.54	4,705,756.86
Migrant Education - State Grant Program	84.011	217	-	1,993.99
Education for Homeless Children and Youth	84.196	127	-	94,770.29
Twenty-First Century Community Learning Centers	84.287	244	-	10,815.02
English Language Acquisition State Grants	84.365	102	8,051.66	233,512.55
Supporting Effective Instruction State Grants	84.367	224	27,639.01	624,652.49
Student Support and Academic Enrichment Program	84.424	241	-	337,610.85
Career and Technical Education - Basic Grants to States:				
Florida Department of Education	84.048	161	-	447,386.26
Indian River State College	84.048	None	-	35,059.00
Total Career and Technical Education - Basic Grants to States	84.048		-	482,445.26
Total United States Department of Education			3,693,198.27	23,523,050.96
Total Expenditures of Federal Awards			\$ 4,042,591.97	\$ 38,097,909.52

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Indian River County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$323,858 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

We identified a certain additional matter which is described as Finding AM 2023-001 on page 82.

District's Response to Finding

The District's response to the additional matter identified in our audit is included as the District Response on page 83 in Finding AM 2023-001. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

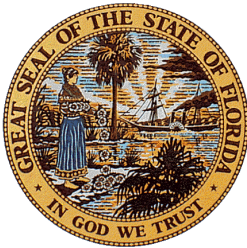
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large, sweeping flourish at the end.

Sherrill F. Norman, CPA
Tallahassee, Florida
February 28, 2024



Sherrill F. Norman, CPA
Auditor General

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Indian River County District School Board's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2023. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

major Federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The District's basic financial statements include the operations of Indian River Charter High School and Imagine Schools of South Vero (Charter Schools) as part of the reported aggregate discretely presented component units on the accompanying basic financial statements. The Charter Schools expended \$2,448,237 in Federal awards, which is not included in the District's **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** during the fiscal year ended June 30, 2023. Our compliance audit, described in the ***Opinion on Each Major Federal Program*** section of our report, did not include the operations of these Charter Schools because the Charter Schools engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the ***Auditor's Responsibilities for the Audit of Compliance*** section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
February 28, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal programs:	
Assistance Listing Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$1,142,937
Auditee qualified as low risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

ADDITIONAL MATTER

BUDGETARY CONTROLS

Finding Number	AM 2023-001
Opinion Unit	Major Fund: General Fund
Financial Statements Account Titles	Not Applicable
Fund Name	General Fund
Adjustment Amounts	Not Applicable
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable

Finding District procedures did not always limit expenditures to budgeted amounts, contrary to State law, State Board of Education (SBE) rules, and Board policies.

Criteria Section 1011.05, Florida Statutes, provides that the official budget shall not be altered, amended, or exceeded except as authorized. In addition, SBE Rule 6A-1.007(2), Florida Administrative Code, provides that no expenditure shall be authorized or obligation incurred that is in excess of budgetary appropriation and requires that the Board approve amendments to the budget whenever the function amounts are changed from the original budget. Also, pursuant to Section 1011.06(2), Florida Statutes, Board Policy 6233 allows end-of-year expenditures to exceed budgeted amounts provided the Board approves the expenditures and amends the budget no later than September 10th following the fiscal year end.

The process for adopting and amending the budget provides the District a mechanism to plan a level of expenditures to meet obligations and remain within available financial resources.

Condition District records show that expenditures were not always limited to budgeted amounts. As of June 30, 2023, General Fund expenditures exceeded the budgeted amounts in three functional categories by \$9,253 to \$300,672, or a total of \$501,512, and the Board did not amend the budget by September 10th to authorize the over-expended amounts.

Cause District personnel indicated that, due to oversights, certain budget amounts were not increased during the preparation of the budget schedule for the 2022-23 fiscal year annual financial report. In addition, separate budget amendments to cover the over-expended amounts were not presented to the Board for approval.

Effect The District assigned and unassigned fund balance for the General Fund totaled \$19,644,452; however, without properly monitoring and amending the budget to meet changing financial circumstances, the District's ability to meet future financial obligations could be hindered.

Recommendation District personnel should enhance budgetary procedures by closely monitoring financial activities to ensure that expenditures are limited to budgeted amounts as required by State law, SBE rules, and Board policies.

District Response

We concur with this finding. After reviewing this finding we determined that the overages occurred during our year end close out process. We will take the necessary steps to ensure a thorough review at year end and submit the final budget amendments, so that no function amounts are overspent as of September 10th.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS



School District of Indian River County

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David K. Moore, Ed.D. - Superintendent

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
Cherry Bekaert, LLP (2022-001)	Recognition of Unavailable Revenue at the Fund Level	The District's reporting procedures did not always include a review of fund financial statements to determine whether receivables were collected within 90 days of year end for the purpose of reporting deferred inflows as appropriate.	Fully Corrected	The District has updated internal procedures to reevaluate revenue not collected within 90 days of year end and the recording of deferred inflows.

Gene A. Posca, M.D. • 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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