



**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Annual Financial Report

June 30, 2019

(With Independent Auditors' Report Thereon)

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**Morgan • Jacoby • Thurn • Boyle  
& Associates, P.A.**

Certified Public Accountants

## **Independent Auditors' Report**

The Board of Directors  
Indian River Charter High School, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian River Charter High School, Inc., a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

(Continued)



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian River Charter High School, Inc., as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–10 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2019, on our consideration of the Indian River Charter High School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Indian River Charter High School, Inc.'s internal control over financial reporting and compliance.

*MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.*

September 19, 2019

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Management's Discussion and Analysis

This section of the Indian River Charter High School, Inc.'s (the School or IRCHS) annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the School's basic financial statements, which immediately follow this section.

### **Highlights**

The composition of the School's financial condition improved as a result of the School's continuing growth, sound management and expansion.

The School's net position increased by \$314,959 or 4.3% from the prior year. In comparison, the prior year experienced an increase of \$1,458,468. The change reflected in the past two years is primarily due to new local capital improvement funds received in the current year and revenue recognized as a result of the settlement of a complaint against the School District of Indian River County. Student enrollment for the 2018-2019 school year totaled six hundred fifty-nine, an increase from the six hundred forty-six students enrolled during the 2017-2018 school year.

At year end, the School accumulated a surplus of unrestricted net position of \$3,247,403, which was an increase of 571,672 for this fiscal year.

In addition to the above financial highlights, the School also achieved the following nonfinancial results:

- Scholastics Recognition:
  - IRCHS was rated an 'A' School for the tenth time in the past eleven years. IRCHS retains its designation as a 'School of Excellence' by the Florida Department of Education. The school continues to significantly exceed District and State pass rates on the FSA and EOC Assessments mandated by the State of Florida. The pass rate for the Geometry FSA Assessment increased twelve points from last year. This represents a tremendous gain, which resulted from the collaboration and hard work of teachers within the Mathematics Department.
  - In 2018-2019, a student at the School earned a spot on the Indian River County Academic Team and competed at the Commissioner's Academic Challenge in Disney World. This is the second time that this student has earned a spot on the County Team. The team made it to the semifinal round, and the IRCHS student contributed to this effort in the disciplines of Physics, Chemistry, Music, and Mathematics.
- The School's Visual and Performing Arts programs (VAPA) was recognized with a variety of regional and state-wide accolades including:
  - This year, the School celebrated its twentieth anniversary and hosted an interdisciplinary performance and dinner to mark the occasion. More than 600 students participated in this performance on two nights. Alumni and former faculty were invited back to share memories and speak to how the School had positively impacted their lives. This production was a stunning dinner show featuring choral, orchestral, dramatic, dance, and jazz students.

- In addition, the School put on encore performances of *All That American Jazz*, an original musical which focuses on the friendship between Waldo Sexton and Zora Neale Hurston. This was done at the request of the City Council as part of the city's 100<sup>th</sup> anniversary celebration.
- The Key Club of IRCHS successfully raised over \$12,000 to build a clean-water well in Swaziland, Africa as part of the Thirst Project. These efforts were spearheaded by the School's sponsor, Mrs. Jessica Kelly.
- Theatre
  - Florida Thespian One Act Festival:
    - *Horse Girls* received straight "Superiors" and was selected to represent our entire district at the State Festival.
    - *Horse Girls* received also the following Trophies: Best Tech Team, Best Supporting Actress, Best Deck Crew, and All Star Award.
  - Florida Thespian Mainstage:
    - *Jekyll and Hyde* was selected as a Mainstage to perform at Florida State Thespian Festival (the 6<sup>th</sup> Mainstage invite for IRCHS).
  - Florida Thespian State Festival:
    - 50 students competed
    - 60 Superior Medals
    - 26 Excellent Medals
    - 10<sup>th</sup> Anniversary Musical - *Joseph and the Amazing Technicolor Dreamcoat*
- Dance
  - The dance, *America*, from *West Side Story* received a "Best in Show" award at the Florida Thespian State Festival.
- Spanish Competition Team
  - 35 Superiors at the State-level competition.
- Jazz
  - The Wolves Band won Vero Beach's Battle of the Bands hosted by Walking Tree
  - Three students received scholarships from the Treasure Coast Jazz Society.
  - The IRCHS Wolves Jazz Ensemble were featured at many high-profile performances throughout the community this past year:
    - FL Special Olympics Opening Ceremony entertainment
    - St. Francis Manor Full Moon Concert Fundraiser- Helped raise over \$2,000 in one concert
    - Ft. Pierce Jazz and Blues Society- 3 seniors were each awarded \$1,000 scholarships by audition
    - Treasure Coast Jazz Society - 3 seniors were awarded 1st, 2nd and 3rd place for \$1,500 each
    - Sunrise Rotary Club Installation Gala event entertainment

- Art
  - Two students received “National Silver Medals for the Scholastic Arts and Writing”.
  - Two students received scholarships from the Sebastian River Art Club.
  - Students completed a historical mural downtown to celebrate the 100<sup>th</sup> anniversary of the town of Vero Beach.
  - Four students received scholarships for artistic merit from the Brackett foundation.
  - At the Vero Beach Museum of Art Juried Show students received:
    - “Best-In-Show” and also 1st Place in Ceramics
    - 2nd and 3rd Place in Drawing
    - 1st, 2nd, and 3<sup>rd</sup> Place in Photography
  - 100% pass rate on the AP Studio Art Exam
  
- Choir
  - Per invitation, the school’s choir program was performed in the 2019 Carnegie Hall Concert Series.
  - The Florida Vocal Association of District 13 awarded the choir an excellent rating.
  
- Orchestra
  - The orchestra received a consensus superior rating at District MPA for the third consecutive year.
  - All thirty-five orchestra members participated in District Solo & Ensemble, with the vast majority of these students receiving Superior ratings.
  - 87% of AP Music Theory students passed the AP exam.

## **Overview of the Financial Statements**

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are School-Wide financial statements that provide both short-term and long-term information about the School’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School’s operations in more detail than the School-Wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about activities that are operated like businesses. The School currently has no proprietary funds.
- Fiduciary funds statements provide information about the financial relationships in which the School acts solely as agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School’s budget for the year.

## School-Wide Statements

The School-Wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two School-Wide statements report the School's net position and how they have changed. Net position – the difference between the School's assets and liabilities – is one way to measure the School's financial health or position.

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the overall health of the School, consideration needs to be given to additional nonfinancial factors such as the grade assessed under the State of Florida's school grading system and the number of full-time equivalents of students attending the School.

In the School-Wide financial statements, the School's activities are divided into two categories:

- Governmental activities – The School's basic services are included here, such as regular and special education, transportation, and administration. Intergovernmental revenues from the Indian River County School Board (initially funded by property taxes) finance most of these activities.
- Business-type activities – These activities charge fees to help cover the costs of services provided. The School currently has no activities that would be classified as business-type.

## Fund Financial Statements

The fund financial statements provide more detailed information about the School's funds, focusing on its most significant or "major" funds – not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The School establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (like Federal grants).

There are three kinds of funds:

- Governmental funds – The School's basic services are included in governmental funds, which generally focus on how cash and other financial assets that can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the School-Wide statements, we provide additional information with the governmental funds statements that explains the relationship or differences between them.
- Proprietary funds – Services for which a fee is charged are generally reported in proprietary funds. Proprietary funds are reported in the same way as the School-Wide financial statements. The School currently has no funds that would be considered proprietary funds.



- Fiduciary funds – The School is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds and scholarship funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the School-Wide financial statements because the School cannot use these assets to finance its operations.

**Financial Analysis of the School as a Whole**

Net position of the School’s governmental position consisted of the following as of June 30, 2019 and 2018:

		<u>Net Position – Governmental Activities</u>	
		<u>2019</u>	<u>2018</u>
Current and other assets	\$	4,248,966	3,415,483
Capital assets, net		<u>4,059,468</u>	<u>4,510,093</u>
Total assets		<u>8,308,434</u>	<u>7,925,576</u>
Current liabilities		476,550	323,842
Long-term debt		<u>181,426</u>	<u>266,235</u>
Total liabilities		<u>657,976</u>	<u>590,077</u>
Net position:			
Invested in capital assets		3,878,042	4,243,858
Restricted		525,013	415,910
Unrestricted		<u>3,247,403</u>	<u>2,675,731</u>
Total net position	\$	<u>7,650,458</u>	<u>7,335,499</u>

The School’s net position increased by \$314,959, or 4.3%, from the prior year, resulting primarily from increased revenues for the year, as discussed in the following section.

The School had no business-type position as of June 30, 2019 and 2018. The following schedule compares revenues and expenses during the years ended June 30, 2019 and 2018:

		<u>Change in Net Position – Governmental Activities</u>	
		<u>2019</u>	<u>2018</u>
Revenues:			
General revenues:			
Intergovernmental	\$	5,317,291	5,908,891
Other		369,291	488,881
Operating grants and contributions		16,076	28,972
Contributions for capital expenditures		<u>5,000</u>	<u>21,234</u>
Total revenues		<u>5,707,658</u>	<u>6,447,978</u>
Expenses:			
Instruction related		3,248,744	3,007,768
School administration		729,983	683,131
Food service		1,672	2,981
Information and technology services		134,155	163,610
Transportation		1,298	1,927
Maintenance and operations of facilities and plant		750,064	633,058
Other		<u>526,783</u>	<u>497,035</u>
Total expenses		<u>5,392,699</u>	<u>4,989,510</u>
Change in net position	\$	<u>314,959</u>	<u>1,458,468</u>

Total revenues for the year decreased by \$740,320, or 11.5%, due principally to revenue recognized in the prior year as a result of the settlement of a complaint against the School District of Indian River County. Other revenues remained stable except for nonresident tuition, which decreased \$93,025.

Total expenses increased \$403,189, or 8.1%, due primarily to the addition in staff, and an increase in salaries. Increases in payroll affect other payroll related expenses such as payroll taxes, retirement, and health insurance costs. The government mandated that the School hire a full-time security resource officer and a full-time mental health counselor. Furthermore, the Board of Directors authorized a retention bonus for returning employees as an incentive and thank you to the staff.

### Financial Analysis of the School's Funds

The School's general fund position increased \$749,549 during the year to \$2,843,073, resulting in an increase in its cash by \$930,809. The net increase in reserves was primarily attributable to an increase in FTE revenues of \$371,717 offset by a decrease in non-resident tuition of \$93,025 in addition to an increase in expenses of \$371,191. Supplemental funding of the capital projects fund of \$434,595 in the prior year was unnecessary in the current year.

The net increase of \$109,103 in the School's capital projects fund primarily reflects a \$209,124 decrease in revenues, offset by a \$705,147 decrease in expenditures. In the prior year, the capital projects fund was supported by \$266,235 in equipment loan financing, and supplemental funding of \$434,595 from general fund reserves, which was not necessary in the current year.

### Current Budget

Annually, the School's Board of Directors approves a general fund budget for the upcoming fiscal year prior to the beginning of that fiscal year. The following table presents the general fund budget, as approved, as compared to 2018-2019 actual results.

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Federal through state through local	\$ 74,294	162,684	162,684	-	
State through local	9,828	76,681	76,681	-	
Local	4,744,039	4,756,746	4,934,623	177,877	
Other	<u>182,521</u>	<u>377,961</u>	<u>378,477</u>	<u>516</u>	
Total revenues	<u>5,010,682</u>	<u>5,374,072</u>	<u>5,552,465</u>	<u>178,393</u>	
Expenditures:					
Current – education:					
Instruction related	3,167,775	3,243,522	3,248,744	(5,222)	
School administration	685,651	729,983	729,983	-	
Food service	3,000	1,672	1,672	-	
Information and technology services	129,860	134,155	134,155	-	
Transportation	700	1,298	1,298	-	
Maintenance and operations of facilities and plant	<u>687,007</u>	<u>687,064</u>	<u>687,064</u>	<u>-</u>	
Total expenditures	<u>4,673,993</u>	<u>4,797,694</u>	<u>4,802,916</u>	<u>(5,222)</u>	
Other financing sources (uses)	<u>(105,400)</u>	<u>(65,826)</u>	<u>-</u>	<u>65,826</u>	
Net change in fund balance	\$ <u>231,289</u>	<u>510,552</u>	<u>749,549</u>	<u>238,997</u>	

The School's net change in capital funding was favorably impacted due to the Department of Education increasing its Capital Funds budget allotment. This resulted in the School receiving an additional \$206,088 during the fiscal year, an increase of 179.1% from the prior fiscal year allotment. Additionally, the variance noted in the local revenue is the income of principal payments from the Indian River County School Board local discretionary tax levy lawsuit received during the fiscal year. This income was used for normal operations of the School. The amount received during the fiscal year from this source was \$177,877.

## Capital Asset and Debt Administration

### Capital Position

As of June 30, 2019, the School had invested \$4,059,468 in a variety of capital position, as reflected in the following schedule, which represents a net decrease (additions less disposals and depreciation) of \$(450,625) or 10% from the end of last year.

	<u>2019</u>	<u>2018</u>
Improvements other than buildings	\$ 119,771	156,202
Buildings and improvements	3,424,221	3,718,824
Furniture, fixtures, and equipment	512,623	630,269
Audio/visual equipment	—	—
Computer software	<u>2,853</u>	<u>4,798</u>
Governmental capital assets, net	\$ <u>4,059,468</u>	<u>4,510,093</u>

The decreases indicated above reflect the stabilizing of the School's expenditures in comparison to annual depreciation charges, after the School put into service its latest classroom addition in August 2012 and the new outdoor canopy theater added in 2013. The School has focused these past years on eliminating the debt for these prior two major improvements to the School. This debt was paid off in March 2018, during the prior fiscal year, and focus is now turning to fund needed new capital projects. Depreciation expense amounted to \$516,451 for the year ended June 30, 2019.

### Long-Term Debt

During the year ended June 30, 2018, the School purchased new computer equipment for the majority of the classrooms. The purchase was partially financed with long-term debt of \$266,235, which provides for monthly installments of \$7,928, including interest at 4.49%, until the debt is repaid on June 15, 2021. The outstanding balance at June 30, 2019 is \$181,426.

## Factors Bearing on the School's Future

At the time these financial statements were prepared and audited, the School was aware of the following circumstances that could significantly affect its financial health in the future:

- The School completed the final payment of the VAPA building \$4,000,000 construction mortgage in March 2018. The completion of this debt allowed IRCHS to begin planning and designing new construction projects. The first phase of new construction includes the removal of portable classrooms to be replaced by permanent structures. There is a strong possibility that construction of a new classroom building will begin on campus later this year. We are excited to enter a new phase and provide the best facilities possible for our students.

- The School continues to expand its partnership with international student exchange companies. The School partnered with two companies from the 2017-2018 school year: International Experience and International Cultural Exchange Series; and a third new company from the 2018-2019 school year: Lingua Academy. All companies have submitted applications for the 2019-2020 school year. The reputation of the School's academic, visual and performing arts, and golf programs has created a strong interest among international students. There has been an increase in enrollment for the 2019-2020 school year. A total of 31 students are currently attending IRCHS for the fall semester.
- The School has entered into an agreement with the architectural firm of Donadio and Associates to design a 16 classroom, two-story structure and a multipurpose room. The project cost including construction is estimated at approximately seven million dollars and financing is being explored. The first phase of new construction includes the removal of all portable classrooms to be replaced by the permanent structures. It is anticipated that construction will begin in January 2020 and will be completed within ten to eleven months. We are excited to enter a new phase and provide the best facilities possible for our students.

### **Contacting the School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Indian River Charter High School, Inc., 6055 College Lane, Vero Beach, FL 32966.

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Statement of Net Position

June 30, 2019

		<u>Total Governmental Activities</u>
Assets:		
Cash	\$	3,475,032
Due from primary government (note 2)		596,761
Other receivables		152,942
Prepaid expenses		24,231
Capital assets, net of accumulated depreciation of \$5,008,800 (note 3)		<u>4,059,468</u>
Total assets		<u>8,308,434</u>
Liabilities:		
Accounts payable		13,440
Accrued expenses		216,690
Deferred revenue		246,420
Long-term debt (note 4):		
Due within one year		88,694
Due after one year		<u>92,732</u>
Total liabilities		<u>657,976</u>
Net Position:		
Invested in capital assets, net of related debt		3,878,042
Restricted for capital projects		425,013
Restricted for scholarships		100,000
Unrestricted		<u>3,247,403</u>
Total net position	\$	<u>7,650,458</u>

See accompanying notes to basic financial statements.

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Statement of Activities

Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenues – Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position – Governmental Activities</u>
Governmental activities:			
Instruction	\$ 2,879,860	110,294	(2,769,566)
Student and instructional support services	292,532	–	(292,532)
Instructional media services	76,352	–	(76,352)
School administration	729,983	–	(729,983)
Facilities acquisition and construction	104,945	–	(104,945)
Food service	1,672	–	(1,672)
Information services	53,088	–	(53,088)
Student transportation services	1,298	–	(1,298)
Operation of plant	628,190	–	(628,190)
Maintenance of plant	16,929	–	(16,929)
Administrative technology services	81,067	–	(81,067)
Interest on long-term debt	10,332	–	(10,332)
Unallocated depreciation expense	<u>516,451</u>	<u>–</u>	<u>(516,451)</u>
Total governmental activities	\$ <u>5,392,699</u>	<u>110,294</u>	<u>(5,282,405)</u>
General revenues:			
Intergovernmental:			
Local for operational purposes			4,756,746
State through local for operational purposes			76,681
State through local for capital projects			321,180
Federal through state through local for operational purposes			162,684
Investment earnings			51,142
Miscellaneous			<u>228,931</u>
Total general revenues			<u>5,597,364</u>
Change in net position			314,959
Net position, beginning of year			<u>7,335,499</u>
Net position, end of year		\$	<u>7,650,458</u>

See accompanying notes to basic financial statements.

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Balance Sheet  
Governmental Funds

June 30, 2019

<u>Assets</u>	General Fund	Capital Projects Fund	Total Governmental Funds
Cash	\$ 2,953,559	521,473	3,475,032
Due from primary government (note 2)	66,047	26,384	92,431
Other receivables	152,942	—	152,942
Due from other fund (note 2)	122,346	—	122,346
Prepaid expenses	<u>24,231</u>	<u>—</u>	<u>24,231</u>
	\$ <u>3,319,125</u>	<u>547,857</u>	<u>3,866,982</u>

**Liabilities and Fund Balances**

Liabilities:

Accounts payable	13,440	—	13,440
Accrued expenses	216,192	498	216,690
Due to other fund (note 2)	—	122,346	122,346
Deferred revenue	<u>246,420</u>	<u>—</u>	<u>246,420</u>
Total liabilities	<u>476,052</u>	<u>122,844</u>	<u>598,896</u>

Fund Balances:

Nonspendable	124,231	—	124,231
Restricted	—	425,013	425,013
Committed	265,000	—	265,000
Assigned	—	—	—
Unassigned	<u>2,453,842</u>	<u>—</u>	<u>2,453,842</u>
Total fund balances	<u>2,843,073</u>	<u>425,013</u>	<u>3,268,086</u>

\$ 3,319,125      547,857

Reconciliation of governmental fund balances to entity-wide government activities net position:

Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$9,068,268 and the accumulated depreciation is \$5,008,800.	4,059,468	
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	504,330	
Long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.		<u>(181,426)</u>

Total net position – governmental activities      \$ 7,650,458

See accompanying notes to basic financial statements.

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Federal through state through local	\$ 162,684	—	162,684
State through local	76,681	321,180	397,861
Local (note 5)	4,934,623	—	4,934,623
Contributions	16,076	5,000	21,076
Non-resident tuition	203,300	—	203,300
Student fees	110,294	—	110,294
Other	48,807	6,890	55,697
Total revenues	<u>5,552,465</u>	<u>333,070</u>	<u>5,885,535</u>
Expenditures:			
Current – education:			
Instruction	2,879,860	—	2,879,860
Student and instructional support services	292,532	—	292,532
Instructional media services	76,352	—	76,352
School administration	729,983	—	729,983
Facilities acquisition and construction	41,945	63,000	104,945
Food service	1,672	—	1,672
Information services	53,088	—	53,088
Student transportation services	1,298	—	1,298
Operation of plant	628,190	—	628,190
Maintenance of plant	16,929	—	16,929
Administrative technology services	81,067	—	81,067
Debt service:			
Principal	—	84,809	84,809
Interest	—	10,332	10,332
Capital outlay:			
Facilities acquisition and construction	—	65,826	65,826
Total expenditures	<u>4,802,916</u>	<u>223,967</u>	<u>5,026,883</u>
Other financing sources (uses):			
Transfers in	—	—	—
Transfers out	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	749,549	109,103	858,652
Fund balances, beginning of year	<u>2,093,524</u>	<u>315,910</u>	<u>2,409,434</u>
Fund balances, end of year	\$ <u>2,843,073</u>	<u>425,013</u>	<u>3,268,086</u>

See accompanying notes to basic financial statements.

(Continued)



**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds (Continued)

Year Ended June 30, 2019

	<u>Total Governmental Funds</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities:	
Net change in fund balances – total governmental funds	\$ 858,652
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$(65,826) is less than depreciation expense \$(516,451).	(450,625)
Revenues providing current financial resources to governmental funds, but not reported in the statement of activities as such amounts were reported in prior years. This is the amount of repayments received on the settlement receivable (note 2 and 5)	(177,877)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term debt in the statement of net position and does not affect the statement of activities.	<u>84,809</u>
Change in net position of governmental activities	\$ <u>314,959</u>

See accompanying notes to basic financial statements.

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Statement of Fiduciary Net Position  
Agency Funds

June 30, 2019

	Total Agency Funds
Assets:	
Cash	\$ <u>189,565</u>
Total assets	\$ <u>189,565</u>
Liabilities:	
Amounts held for others	<u>189,565</u>
Total liabilities	\$ <u>189,565</u>

See accompanying notes to basic financial statements.

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

June 30, 2019

**(1) *Organization and Summary of Significant Accounting Policies***

Indian River Charter High School, Inc. (the School) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 228.056, Florida Statutes. The School was incorporated on March 27, 1998 and is governed by a Board of Directors.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the Indian River County District School Board (the District). The current charter was renewed on May 22, 2018 and is effective until June 30, 2033. The charter may be renewed by mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

The accounting policies of the School conform to accounting principles generally accepted in the United States of America applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The following is a summary of the more significant policies.

**(a) *Reporting Entity***

The reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the organization; or (c) is obligated in some manner for the debt of the organization. There are no component units of the School.

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

**(b) *Basic Financial Statements***

The basic financial statements include both School-Wide (based on the School as a whole) and fund financial statements. Both the School-Wide and fund financial statements categorize primary activities as either governmental or business type. In the School-Wide statement of net position, governmental and business-type activities are presented separately and are reflected on a full accrual, economic resource basis, which incorporates long-term assets as well as long-term debt. As of and for the year ended June 30, 2019, the School had no activities that would be considered business-type.

The School-Wide statement of activities reflects both the gross and net costs per functional category (instruction, administration, maintenance, etc.), which are otherwise being supported by general government revenues, such as property taxes and intergovernmental revenues. The statement of activities reduces gross expenses, including depreciation, by related program revenues such as discretionary grants that can be used for either operating or capital purposes. The net cost by function is normally covered by general revenues.

This School-Wide focus is more on the sustainability of the School as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The governmental funds in the fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and the source and use of liquid resources. Revenues are recognized when they become measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Generally, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the School-Wide statements, reconciliations are presented on each of the fund financial statements, which briefly explain the adjustments necessary to transform the fund based financial statements into the total governmental column of the School-Wide presentation.

The School's fiduciary funds are presented in the fund financial statements and since, by definition, these assets are being held for the benefit of others and cannot be used to address activities or obligations of the School, these funds are not incorporated into the School-Wide financial statements.

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

(c) ***Basis of Presentation***

The financial transactions of the School are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that records cash and other financial resources, liabilities, reserves, fund equity, revenues, and expenditures.

**Governmental Funds**

The School defines governmental funds in accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The School has determined all of its funds to be major funds, as described below.

General Fund

The General Fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

Capital projects funds are used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for educational capital outlay needs, including new construction or renovation and remodeling projects and other capital assets. During the year ended June 30, 2019, the School used the capital projects fund to account for capital outlays funded by capital outlay revenues and long-term debt.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses. As of and for the year ended June 30, 2019, the School had no activities which would be accounted for in a proprietary fund.

**Fiduciary Funds – Agency Funds**

The School accounts for the scholarship funds and the student activities funds in the agency fund.

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

**(d) *Basis of Accounting***

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The School-Wide financial statements are presented on an accrual basis of accounting, while the governmental funds in the fund financial statements are presented on a modified accrual basis.

Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized when they are susceptible to accrual; when they become measurable and available to finance the School's operations. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recorded when the liabilities are incurred.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the School may recognize receivables and revenue when the applicable eligibility requirements including time requirements have been met. Revenues for certain grants are recognized when the expenditures are made when grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources. Resources provided before eligibility requirements are met are reported as deferred revenues.

**(e) *Budgets and Budgetary Accounting***

The School annually adopts a budget for all governmental funds. Budgets are presented on the modified accrual basis of accounting. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget, which has been adjusted for authorized revisions during the year.

**(f) *Deposits in Financial Institutions***

The School's cash is held in demand deposit accounts with financial institutions, which are insured by Federal depository insurance. As of June 30, 2019, the School's demand deposit accounts exceeded the Federal deposit insurance limits by approximately \$103,000, and accordingly were uninsured.

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
 (A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

**(g) Capital Assets**

Property and equipment purchased are reported at historical cost, net of accumulated depreciation, in the School-Wide financial statements but are not reported in the governmental fund financial statements. Contributed property and equipment are recorded at the fair market value at the time received. Expenditures for capital assets are reported in the governmental fund that financed the acquisition or construction. The School's capitalization level is \$1,000. Other costs incurred for repair and maintenance are expensed as incurred.

Depreciation on all assets is recorded in the School-Wide financial statements only and is provided on a straight-line basis over the following estimated useful lives:

	Years
Improvements other than buildings	10 – 20
Buildings and improvements	10 – 25
Furniture, fixtures, and equipment	5 – 10
Audio/visual equipment	7
Computer software	5

**(h) Compensated Absences**

Compensated absences for vacation, sick, and other personal leave are provided for all regular, full-time employees. An employee may accrue leave based on School policy which differs between full time instructional staff and full time year-round administrative staff. However, employees are not entitled to cash payment in lieu of taking leave or upon termination. Compensated absences are recorded as expenditures when leave is used and no liability for compensated absences is reflected in the financial statements.

**(i) Long-Term Debt**

Long-term obligations that will be financed by resources to be received in the future are reported in the School-Wide financial statements, but not in the governmental fund financial statements.

**(j) Fund Balance Reporting**

The School classifies fund balances in accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established fund balance classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of resources in governmental funds, as summarized below (in order of spending).

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

Nonspendable

Nonspendable fund balance represents resources that are not in spendable form or are legally required to be maintained intact. The School's nonspendable fund balance consists of prepaid expenses and assets permanently restricted for scholarships as of June 30, 2019.

Restricted

Restricted fund balance represents resources that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The School's restricted fund balances consist of resources held for capital projects as of June 30, 2019.

Committed

Committed fund balance represents resources that can be spent only for the specific purposes established by the School's Board of Directors (the School's highest level of decision-making authority). The School's committed fund balances consist of resources set aside by the board for payment of insurance deductibles in the case of a catastrophic storm and budgeted amounts from the capital fund in excess of available funding.

Assigned

Assigned fund balance represents resources that are intended to be spent for specific purposes, but do not meet the definition of restricted or committed fund balances. The School's Board of Directors, committees of the Board of Directors and School management have the ability to assign fund balances.

Unassigned

Unassigned fund balance represents resources that do not have any constraints upon spending.

**(k) Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 228.056(13), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under provisions of Section 236.081, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

(Continued)



**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

**(l) Income Taxes**

The School is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In accordance with the Internal Revenue Code, the School is not considered a private foundation.

The School's income tax filings are subject to audit by various taxing authorities. The School's open audit periods are 2016-2019.

**(m) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(2) Receivables**

In 2016, the School, together with four other charter schools in Indian River County, filed a complaint seeking tax revenues for general operating expenses generated by a local discretionary tax levy and retained by the School District of Indian River County (the District). The complaint alleged that the District shared significantly less than the pro rata amount required by Florida law. On June 13, 2017, the court entered an order agreeing with the charter schools position regarding pro rata sharing and a hearing was scheduled for August 30, 2017 to determine entitlement of revenues.

During August 2017, the District and the charter schools entered into a settlement agreement regarding the complaint, which was completed on September 7, 2017. In accordance with the settlement agreement, the School will receive a total of \$731,738, plus interest of 5.17% per annum, in monthly payments of \$17,377 over four years beginning February 2018 and ending January 2022. As of June 30, 2019, the remaining amount due from the District totaled \$504,330. The receivable is not included in the government funds presentation in accordance with the susceptible to accrual accounting policy discussed in note 1(d).

In addition, as of June 30, 2019, the School maintained amounts due from the District of \$66,047 for general operations and \$26,384 for capital projects.

As of June 30, 2019, the School's general fund was due \$122,346 from the capital projects fund for capital expenditures funded by the general fund.

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

(3) *General Capital Assets*

The following is a summary of the changes in the School's governmental capital assets for the year ended June 30, 2019:

	Balance <u>2018</u>	<u>Additions</u>	Retirements and <u>Transfers</u>	Balance <u>2019</u>
Improvements other than buildings	\$ 647,502	—	—	647,502
Buildings and improvements	7,193,467	19,075	(1,120)	7,211,422
Furniture, fixtures, and equipment	1,245,437	46,751	(112,918)	1,179,270
Audio/visual equipment	9,709	—	—	9,709
Computer software	<u>20,365</u>	<u>—</u>	<u>—</u>	<u>20,365</u>
Total capital assets	<u>9,116,480</u>	<u>65,826</u>	<u>(114,038)</u>	<u>9,068,268</u>
Less accumulated depreciation for:				
Improvements other than buildings	491,300	36,431	—	527,731
Buildings and improvements	3,474,643	313,678	(1,120)	3,787,201
Furniture, fixtures, and equipment	615,168	164,397	(112,918)	666,647
Audio/visual equipment	9,709	—	—	9,709
Computer software	<u>15,567</u>	<u>1,945</u>	<u>—</u>	<u>17,512</u>
Total accumulated depreciation	<u>4,606,387</u>	<u>516,451</u>	<u>(114,038)</u>	<u>5,008,800</u>
Governmental capital assets, net	\$ <u>4,510,093</u>	<u>(450,625)</u>	<u>—</u>	<u>4,059,468</u>

In an effort to further extend the benefits of the Indian River Charter High School to a larger school population, the School completed construction of a physical addition to the school facilities during the year ended June 30, 2005. The total cost of the construction was \$4,335,230, a portion of which was funded by a \$3,800,000 mortgage note payable. The mortgage note payable was paid off during the year ended June 30, 2018. In addition, a new 8 classroom building was constructed and placed in service in 2012 and an outdoor canopy theater was constructed and placed in service in 2013.

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

**(4) Long-Term Debt from Direct Borrowings**

The following is a summary of the changes in the School's long-term debt associated with direct borrowings for the year ended June 30, 2019:

	<u>Balance</u> <u>2018</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>2019</u>
Installment note payable due in monthly installments of \$7,928, including interest at 4.49%, beginning July 15, 2018 through June 15, 2021, secured by certain equipment.	\$ <u>266,235</u>	<u>—</u>	<u>84,809</u>	<u>181,426</u>

The School's installment note payable from direct borrowings is collateralized by certain equipment purchased with the borrowings and contain provisions that in an event of default, the interest rate is increased to 18% and all amounts outstanding are due immediately.

The future maturities of long-term debt as of June 30, 2019 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 88,694	6,447	95,141
2021	<u>92,732</u>	<u>2,309</u>	<u>95,041</u>
	<u>\$ 181,426</u>	<u>8,756</u>	<u>190,182</u>

During the year ended June 30, 2019, interest expense totaled \$10,332.

**(5) Schedule of Local Revenue Sources**

The following is a schedule of local revenue sources and amounts:

<u>Sources</u>	<u>Amount</u>
Indian River County District School Board:	
Florida Education Finance Program	\$ 3,922,922
Class size	596,558
School academic improvement	146,236
Instructional materials and teacher training	49,754
Safe schools	41,276
Charter millage settlement repayment (note 2)	<u>177,877</u>
Total	<u>\$ 4,934,623</u>

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

The School’s charter contract provides for a discretionary District administrative fee of up to 5% of the revenues received on a per-student basis. During the 2018-2019 school year, and in consideration of the School’s classification as a “high performing charter school,” the state of Florida provided for the administrative fee to be assessed on the first 250 students at a rate of 2%. In accordance with this provision, the District withheld \$35,018 from the School’s revenues for the year ended June 30, 2019, which was included in school administration expenses in the accompanying statement of activities and statement of revenues, expenditures, and changes in fund balances.

**(6) Leases**

The School leases land and certain buildings under a lease agreement with Indian River State College through March 31, 2033. The lease provides for payments of \$5,250 per month for each of the five years ending March 31, 2023; \$5,500 per month for each of the five years ending March 31, 2028; and \$5,750 per month for each of the five years ending March 31, 2033. The lease has an option to be renewed for ten additional years.

The School leases their copying equipment under an agreement that provided for monthly payments of \$1,368 during the year ended June 30, 2019, which was to expire in June 2020. The lease has been modified to provide for monthly payments of \$1,164 through June 30, 2022.

Total rent expense incurred during the year ended June 30, 2019 amounted to \$79,415.

The future lease commitments as of June 30, 2019 follow:

	2020	\$	76,974
	2021		76,974
	2022		76,974
	2023		63,750
	2024		66,000
	Thereafter		<u>592,500</u>
		\$	<u>953,172</u>

**(7) Risk Management**

The School maintains general liability, professional liability, automobile liability, and workers’ compensation coverages through purchased commercial insurance with minimal or no deductibles for each line of coverage. The School also maintains property coverage with a deductible of \$5,000 for all perils except wind or hail. For these perils, the deductible is 5%, with a minimum of \$50,000. During each of the three years ended June 30, 2019, 2018, and 2017, the school experienced no settlements in excess of insurance coverage.

(Continued)

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Notes to Basic Financial Statements

**(8) Pension Plan**

The School's employees participate in a salary deferral plan under Internal Revenue Code 403(b). The School currently contributes on a discretionary basis 15% of all full-time employees' salaries and matches the first \$500 in employee contributions on a dollar-for-dollar basis. The employees vest in all employer contributions evenly over a three-year period of service. Employees hired after September 1, 2008 vest in all employer contributions evenly over a five-year period of service. During the year ended June 30, 2019, the School provided for contributions approximating \$392,000.

**INDIAN RIVER CHARTER HIGH SCHOOL, INC.**  
(A Component Unit of the Indian River County District School Board)

Statement of Revenues, Expenditures and  
Changes in Fund Balances – Budget and Actual  
General Fund

Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Favorable (Unfavorable) Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal through state through local	\$ 74,294	162,684	162,684	–
State through local	9,828	76,681	76,681	–
Local	4,744,039	4,756,746	4,934,623	177,877
Non-resident tuition	100,000	197,400	203,300	5,900
Other	<u>82,521</u>	<u>180,561</u>	<u>175,177</u>	<u>(5,384)</u>
Total revenues	<u>5,010,682</u>	<u>5,374,072</u>	<u>5,552,465</u>	<u>178,393</u>
Expenditures:				
Current – education:				
Instruction	2,862,211	2,874,638	2,879,860	(5,222)
Student and instructional support services	235,338	292,532	292,532	–
Instructional media services	70,226	76,352	76,352	–
School administration	685,651	729,983	729,983	–
Facilities acquisition and construction	36,985	41,945	41,945	–
Food service	3,000	1,672	1,672	–
Information services	58,195	53,088	53,088	–
Student transportation services	700	1,298	1,298	–
Operation of plant	618,022	628,190	628,190	–
Maintenance of plant	32,000	16,929	16,929	–
Administrative technology services	<u>71,665</u>	<u>81,067</u>	<u>81,067</u>	<u>–</u>
Total expenditures	<u>4,673,993</u>	<u>4,797,694</u>	<u>4,802,916</u>	<u>(5,222)</u>
Other financing sources (uses)	<u>(105,400)</u>	<u>(65,826)</u>	<u>–</u>	<u>65,826</u>
Net change in fund balance	231,289	510,552	749,549	238,997
Fund balance, beginning of year	<u>2,093,524</u>	<u>2,093,524</u>	<u>2,093,524</u>	<u>–</u>
Fund balance, end of year	\$ <u>2,324,813</u>	<u>2,604,076</u>	<u>2,843,073</u>	<u>238,997</u>



**Independent Auditors' 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 Board of Directors  
Indian River Charter High School, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian River Charter High School, Inc., a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 19, 2019.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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



**Purpose of this Report**

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

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

September 19, 2019





## **Management Letter**

The Board of Directors  
Indian River Charter High School, Inc.:

### **Report on the Financial Statements**

We have audited the financial statements of Indian River Charter High School, Inc., (the School) as of and for the year ended June 30, 2019, and have issued our report thereon dated September 19, 2019.

### **Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, Chapter 10.850, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 19, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. In connection with our preceding annual financial audit, we did not have any such recommendations.

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title for the charter school and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the School is Indian River Charter High School, Inc. and the school code is 315001.

### **Financial Condition and Management**

Section 10.854(1)(e)2. And 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.



Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Transparency**

Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Indian River County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.*

September 19, 2019