

**SCHOOL DISTRICT OF
INDIAN RIVER COUNTY**

**FINANCIAL STATEMENTS AND
FEDERAL SINGLE AUDIT**

As of and for the Year Ended June 30, 2022

And Report of Independent Auditor

SCHOOL DISTRICT OF INDIAN RIVER COUNTY INTRODUCTORY SECTION

BOARD MEMBERS AND SUPERINTENDENT

During the 2021-22 fiscal year, Dr. David K. Moore served as Superintendent of the School District of Indian River County. The following individuals served as School Board Members:

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

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Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Indian River County (the "District"), as of and for the year ended June 30, 2022, 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 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 District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the 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 12%, 18%, and 6%, respectively, of the assets, fund balance, and revenues of the aggregate remaining fund information, nor the financial statements of the discretely presented component units. Those statements 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 school internal funds and the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 generally accepted auditing standards 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 generally accepted auditing standards 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 the management's discussion and analysis and the required supplementary information as listed in the table of contents 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, and the 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*, are presented for additional analysis and are 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 auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the other supplementary information and schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2023 on our consideration of the District'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 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.

Cherry Bekaert LLP

Orlando, Florida
April 12, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

JUNE 30, 2022

The management of the Indian River County District School Board (the "District") has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2022. 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 2021-22 fiscal year are as follows:

- In total, net position increased by \$2.9 million during the 2021-2022 fiscal year.
- The assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources at June 30, 2022, by \$182.0 million. Of this amount, \$222.3 million represents investments in capital assets (net of related debt), a restricted net position of \$42.5 million and an unrestricted net position of negative \$82.8 million.
- Program revenues account for \$18.3 million, or 8.0%, of total revenues, and general revenues account for \$209.0 million, or 92.0%.
- The governmental funds report combined fund balances totals \$56.7 million, a decrease of \$3.2 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 \$13.7 million, or 9.0% 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.

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

JUNE 30, 2022

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

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

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

Fund Financial Statements

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

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

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

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

JUNE 30, 2022

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, for those enterprise funds determined to be major. The District's nonmajor enterprise fund is the business-type activities. Conversely, the internal service funds are combined into a single, aggregated column in the proprietary fund financial statements

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

The District uses private-purpose trust funds to account for scholarship funds established by private donors.

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

Notes to the Financial Statements

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

Required Supplementary Information

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

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

JUNE 30, 2022

Notes to the Required Supplementary Information

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

Other Supplementary Information

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

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, 2022, compared to net position as of June 30, 2021:

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 81,809	\$ 83,985	\$ 1,723	\$ 1,624	\$ 83,532	\$ 85,609
Capital assets	311,818	317,004	-	-	311,818	317,004
Total Assets	393,627	400,989	1,723	1,624	395,350	402,613
Deferred Outflows of Resources	51,622	57,392	213	264	51,835	57,656
Liabilities:						
Long-term liabilities	186,679	258,262	552	722	187,231	258,984
Other liabilities	17,302	15,411	28	41	17,330	15,452
Total Liabilities	203,981	273,673	580	763	204,561	274,436
Deferred Inflows of Resources	60,345	6,628	284	71	60,629	6,699
Net Position:						
Net investment in capital assets	222,253	217,735	-	-	222,253	217,735
Restricted	42,522	38,918	-	-	42,522	38,918
Unrestricted (deficit)	(83,852)	(78,573)	1,072	1,054	(82,780)	(77,519)
Total Net Position	\$ 180,923	\$ 178,080	\$ 1,072	\$ 1,054	\$ 181,995	\$ 179,134

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was the result, in part, of accruing \$11.7 million in compensated absences payable, \$41.8 million in other postemployment benefit obligations, and \$50.9 million in net pension liability.

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

JUNE 30, 2022

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2022 and 2021, are as follows.

(amounts expressed in thousands)

	Governmental		Business-Type		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for services	\$ 1,107	\$ 1,002	\$ 1,662	\$ 1,252	\$ 2,769	\$ 2,254
Operating grants and contributions	11,758	7,928	-	-	11,758	7,928
Capital grants and contributions	3,762	3,771	-	-	3,762	3,771
General Revenues:						
Property taxes, levied for operational purposes	101,010	98,586	-	-	101,010	98,586
Property taxes, levied for capital projects	31,777	30,203	-	-	31,777	30,203
Grants and contributions not restricted to specific programs	69,119	62,680	-	-	69,119	62,680
Unrestricted investment earnings	360	360	4	2	364	362
Miscellaneous	6,731	15,818	-	-	6,731	15,818
Transfers	-	202	-	(202)	-	-
Total Revenues	225,624	220,550	1,666	1,052	227,290	221,602
Functions/Program Expenses:						
Instruction	122,022	121,237	-	-	122,022	121,237
Student support services	8,551	8,408	-	-	8,551	8,408
Instruction media services	2,368	2,411	-	-	2,368	2,411
Instruction and curriculum development services	8,094	7,360	-	-	8,094	7,360
Instructional staff training services	3,810	2,649	-	-	3,810	2,649
Instruction-related technology	590	1,469	-	-	590	1,469
Board	765	1,065	-	-	765	1,065
General administration	2,194	1,675	-	-	2,194	1,675
School administration	10,963	11,131	-	-	10,963	11,131
Facilities acquisition and construction	12,671	7,856	-	-	12,671	7,856
Fiscal services	1,574	1,563	-	-	1,574	1,563
Food services	9,849	8,834	-	-	9,849	8,834
Central services	3,369	3,525	-	-	3,369	3,525
Student transportation services	7,268	6,473	-	-	7,268	6,473
Operation of plant	17,656	16,879	-	-	17,656	16,879
Maintenance of plant	4,211	3,648	-	-	4,211	3,648
Administrative technology services	3,984	4,540	-	-	3,984	4,540
Community services	4	119	-	-	4	119
Unallocated interest on long-term debt	2,838	3,225	-	-	2,838	3,225
Extended day program	-	-	1,607	1,044	1,607	1,044
Total Functions/Program Expenses	222,781	214,067	1,607	1,044	224,388	215,111
Change in net position	2,843	6,483	59	8	2,902	6,491
Net position, beginning of year	178,080	171,597	1,013	1,005	179,093	172,602
Net position, end of year	\$ 180,923	\$ 178,080	\$ 1,072	\$ 1,013	\$ 181,995	\$ 179,093

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

JUNE 30, 2022

Governmental revenues increased by \$5.7 million primarily as a result of the following factors: Capital and Operating grants and contributions increased by \$3.8 million, primarily due to an increase in revenue from the food service program, extended day programs and capital grants. Property taxes for operational purposes increased by \$2.4 million and property taxes for capital projects increased by \$1.6 million primarily due to an increase in the taxable assessed value of 5.3%. Revenue from unrestricted grants, interest and miscellaneous sources decreased by \$2.6 million.

Governmental activities expenses increased from the prior fiscal year by \$9.3 million. This was primarily due to an increase in implementation of eight-period day, additional supplements and additional staff, increase in salary and benefits resulting from union negotiations, increase in FRS contributions, additional student support services, and COVID-19 funds expenditures for PPE and personnel.

Business-Type Activities

Extended Day Program business-type activities increased the District’s net position by \$59 thousand for the fiscal year ended June 30, 2022. Charges for services and other income totaled \$1.66 million, while Extended Day Program expenses totaled \$1.61 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 \$56.7 million, which is a decrease 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, 2022 and 2021.

Fund Balance (in thousands)	2022	2021	Increase (Decrease)	Percentage Change
General Fund	\$ 18,490	\$ 24,513	\$ (6,023)	-24.6%
Federal Education Stabilization Fund	160	-	160	100.0%
Debt Service Funds:			-	0.0%
Other debt service	-	-	-	0.0%
ARRA economic stimulus	15,476	14,135	1,341	9.5%
Capital Projects Funds:				
Local capital improvement	12,874	12,684	190	1.5%
Other capital projects	8,761	8,280	481	5.8%
Other governmental funds	973	356	617	173.3%
Total	<u>\$ 56,734</u>	<u>\$ 59,968</u>	<u>\$ (3,234)</u>	<u>-5.4%</u>

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

JUNE 30, 2022

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 9.0% of the total General Fund revenues, while total fund balance represents 12.1% of total General Fund revenues.

Total General Fund fund balance decreased by \$6.0 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, 2022 and 2021.

Revenues and Net Other

Financing Sources and Uses

(in thousands)

	2022	2021	Increase (Decrease)	Percentage Change
Taxes	\$ 101,010	\$ 98,586	\$ 2,424	2.5%
Investment earnings	73	39	34	87.2%
State revenues	44,929	50,564	(5,635)	-11.1%
Other revenues	6,193	5,263	930	17.7%
Net other financing sources and uses	6,504	7,104	(600)	-8.4%
Total	<u>\$ 158,709</u>	<u>\$ 161,556</u>	<u>\$ (2,847)</u>	<u>-1.8%</u>

- Property tax revenue increased by \$2.4 million. The taxable assessed value of property increased 17.7% over the previous year, partially offset by the decrease in the millage rates of approximately 4.5% as set by the Florida Legislature.
- State revenues decreased by \$5.6 million, primarily due to a decrease in funding for the Florida Education Finance Program (FEFP).
- Other revenues had a net increase of \$930 thousand, primarily due to indirect cost, gifts, grants and bequests and other miscellaneous sources as compared to the fiscal year ended June 30, 2021.
- Other financing sources and uses had a net decrease of \$600 thousand, primarily due to a one-time transfer from the Food Service Fund to the General Fund in the prior year.

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

Expenditures by Object

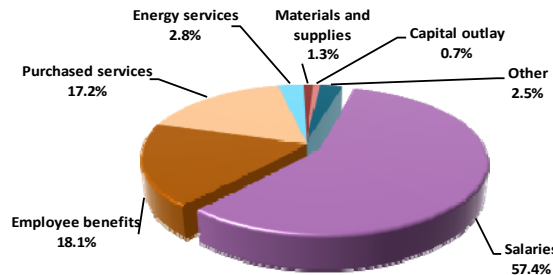
(in thousands)

	2022	2021	Increase (Decrease)	Percentage Change
Salaries	\$ 94,426	\$ 87,307	\$ 7,119	8.2%
Employee benefits	29,799	27,170	2,629	9.7%
Purchased services	28,345	27,910	435	1.6%
Energy services	4,615	4,061	554	13.6%
Materials and supplies	2,212	2,445	(233)	-9.5%
Capital outlay	1,175	885	290	32.8%
Other	4,159	3,745	414	11.1%
Total	<u>\$ 164,731</u>	<u>\$ 153,523</u>	<u>\$ 11,208</u>	<u>7.3%</u>

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

JUNE 30, 2022

**General Fund Expenditures by Object
Fiscal Year Ended June 30, 2022**



General fund expenditures increased \$11.2 million, or 7.3% from the prior fiscal year, primarily for the reasons discussed below:

- Salary expenditures increased by \$7.1 million, or 8.2%, primarily as a result of implementation of eight-period day teacher schedule and supplements at secondary schools, and additional teacher allocations to provide educational support to students to increase academic gains as result of COVID-19. There were increases in negotiated salaries.
- Employee benefits expenditures increased by \$2.6 million, or 9.7%, as a result of increased salaries expenditures, increase in health care benefits, and FRS rates.
- Purchased services expenditures increased by \$435,000, or 1.6%, primarily due to the first full year of school operations after COVID-19.
- Energy services expenditures increased from prior year by \$554,000 or 13.6%, primarily due to the first full year of school operations after COVID-19 resulting in more fuel costs for transportation and field trips.
- Materials and Supplies expenditures decreased from prior year by \$233,000 or 9.5%, primarily due to the utilization of ESSER/CARES grants to purchase textbooks.
- Capital Outlay increased by \$290,000, or 32.8%, primarily due to the utilization of Capital Funds and ESSER/CARES grants.

Fund Balance-Other Major Funds

The Debt Service – ARRA Economic Stimulus Fund balance increased by \$1.3 million and is restricted to 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 – Non-voted Capital Improvement Fund balance increased by \$190 thousand during the fiscal year. This was due to capital projects in process that were not complete at the end of the fiscal year. Fund balance totaled \$12.9 million, and these funds are reserved for specific projects.

The Federal Education Stabilization Fund balance increased by \$160 thousand. This fund generally does not accumulate a fund balance because most grant revenues are not recognized until expenditures are incurred. However, during fiscal year 2021-2022 the District received certain Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act Phase V grant funding which is considered fully earned when received, with the stipulation that funds be spent by September 30, 2023.

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

JUNE 30, 2022

The Capital Projects – Other Capital Projects Fund balance increased by \$481 thousand. This was due to capital projects in process that were not complete at the end of the fiscal year. Fund balance totaled \$8.8 million.

Proprietary Funds

The District's proprietary funds provide the same type of information reported in the government-wide financial statements, but in more detail. Unrestricted net position of the Business Type Activities Enterprise Fund increased by \$59 thousand during the 2021-22 fiscal year to \$1.1 million at June 30, 2022. This increase occurred primarily because the charges for services were greater than expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The District collected \$723 thousand less in General Fund revenue as compared to the final budget. This was largely due to an increase from property tax revenue offset by decreases in Federal revenue through State and Local sources, and a decrease in miscellaneous revenue.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in total capital assets for its governmental activities as of June 30, 2022, is \$311.8 million (net of accumulated depreciation). This investment in capital assets includes land; non-depreciable improvements other than buildings; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and computer software.

Major capital asset events included the following:

- Construction in progress for the School District of Indian River County include security enhancements consisting of various access control projects, districtwide digital marquee signs, Citrus Elementary air handler replacement, Gifford Middle air handler replacement, Indian River Academy air handler replacement, Sebastian River Middle cafeteria expansion phase I, Sebastian River Middle wing addition phase II, Treasure Coast Technical College culinary/kitchen renovation, Treasure Coast Technical College surgery classroom, and Vero Beach High fire alarm upgrade.
- Projects completed and included in buildings and improvements include districtwide access control projects, district wide digital marquee signs, Beachland Elementary roof replacement, Fellsmere Elementary roof replacements, Glendale Elementary cafeteria expansion and parking improvements, Gifford Middle kalwall replacement phase II, and Osceola Magnet roof replacement and fire alarm replacement.
- The total decrease in the District's investment in capital assets (net of accumulated depreciation) was approximately 1.6%. Detailed information regarding capital asset activity is included in the notes to the financial statements (III, section C, Change in Capital Assets).

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

JUNE 30, 2022

Long-Term Debt

At June 30, 2022, the District has total long-term debt outstanding of \$82.9 million, composed of \$1.8 million of bonds payable, \$72.5 million of certificates of participation and \$8.6 million of other finance-purchase agreements payable. During the current fiscal year, retirement of debt was \$10.3 million.

Additional information on the District's long-term debt can be found in Notes III.H.1. through III.H.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 fiscal year 2022-23 is 3.2370 (a decrease of 0.283 mills). The discretionary millage is 0.7480. Voted additional operations is 0.5 mills. Capital Outlay millage is 1.5 mills. General Fund revenues and other financing sources are projected to be \$169 million, and expenditures and other uses are expected to be \$182 million. The difference in projected revenue and expenditures of \$12 million will be funded by beginning fund balance.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general financial overview of the School Board of Indian River County, Florida for all those interested in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Board of Indian River County, Florida, Attention: Chief Financial Officer, 6500 57th Street, Vero Beach, Florida 32967.

BASIC FINANCIAL STATEMENTS

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SCHOOL DISTRICT OF INDIAN RIVER COUNTY
STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 52,509,029	\$ 1,722,998	\$ 54,232,027	\$ 14,749,279
Investments	8,888,910	-	8,888,910	-
Accounts receivable	1,130,088	-	1,130,088	64,161
Due from other agencies	3,377,453	-	3,377,453	353,471
Prepaid items	-	-	-	145,723
Inventories	427,269	-	427,269	-
Restricted investments	15,476,312	-	15,476,312	-
Capital Assets:				
Nondepreciable capital assets	28,208,901	-	28,208,901	929,971
Depreciable capital assets, net	283,608,984	-	283,608,984	37,783,020
Total Assets	393,626,946	1,722,998	395,349,944	54,025,625
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	16,032,769	49,041	16,081,810	-
Pensions	34,626,737	164,349	34,791,086	-
Net carrying amount of debt refunding	962,534	-	962,534	-
Total deferred outflows of resources	51,622,040	213,390	51,835,430	-
LIABILITIES				
Accrued salaries and benefits	792,979	16,488	809,467	625,613
Payroll deductions and withholdings	253	-	253	5,676
Accounts payable	3,055,077	11,606	3,066,683	116,977
Sales tax payable	136	-	136	-
Due to other agencies	12,631	-	12,631	-
Matured certificates of participation payable	7,640,000	-	7,640,000	-
Matured interest payable	1,208,750	-	1,208,750	-
Accrued interest payable	9,642	-	9,642	-
Unearned revenue	1,312,308	-	1,312,308	615,516
Estimated liability for self-insurance program	3,270,265	-	3,270,265	-
Long-Term Liabilities:				
Portion due within 1 year	12,377,969	23,993	12,401,962	1,726,881
Portion due after 1 year	174,301,240	528,255	174,829,495	24,921,916
Total Liabilities	203,981,250	580,342	204,561,592	28,012,579
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	1,662,042	5,084	1,667,126	-
Pensions	58,682,900	278,527	58,961,427	-
Total Deferred Inflows of Resources	60,344,942	283,611	60,628,553	-
NET POSITION				
Net investment in capital assets	222,253,342	-	222,253,342	12,064,194
Restricted for:				
State required carryover programs	4,446,353	-	4,446,353	-
Debt service	15,516,472	-	15,516,472	-
Capital projects	21,776,039	-	21,776,039	-
Food service	782,889	-	782,889	429,110
Other purposes	-	-	-	114,023
Unrestricted (deficit)	(83,852,301)	1,072,435	(82,779,866)	13,405,719
Total Net Position	\$ 180,922,794	\$ 1,072,435	\$ 181,995,229	\$ 26,013,046

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
STATEMENT OF ACTIVITIES

JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 122,021,517	\$ 380,485	\$ -	\$ -
Student support services	8,551,018	-	-	-
Instructional media services	2,368,482	-	-	-
Instruction and curriculum development services	8,093,824	-	-	-
Instructional staff training services	3,809,769	-	-	-
Instruction-related technology	590,329	-	-	-
Board	765,183	-	-	-
General administration	2,194,401	-	-	-
School administration	10,962,995	-	-	-
Facilities acquisition and construction	12,670,851	8,351	2,413,666	1,785,160
Fiscal services	1,574,033	-	-	-
Food services	9,849,291	358,558	9,344,751	-
Central services	3,369,421	-	-	-
Student transportation services	7,267,847	125,911	-	-
Operation of plant	17,655,821	-	-	-
Maintenance of plant	4,210,800	-	-	-
Administrative technology services	3,984,290	-	-	-
Community services	4,019	233,850	-	-
Unallocated interest on long-term debt	2,837,923	-	-	1,976,781
Total Governmental Activities	222,781,814	1,107,155	11,758,417	3,761,941
Business-Type Activities:				
Extended day program	1,606,478	1,661,516	-	-
Total Primary Government	\$ 224,388,292	\$ 2,768,671	\$ 11,758,417	\$ 3,761,941
Component Units				
Charter schools	\$ 22,920,144	\$ 451,352	\$ 2,686,338	\$ 928,076
General Revenues:				
Taxes:				
Property taxes, levied for operational purposes				
Property taxes, levied for capital projects				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Total General Revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)

JUNE 30, 2022

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (121,641,032)	\$ -	\$ (121,641,032)	\$ -
(8,551,018)	-	(8,551,018)	-
(2,368,482)	-	(2,368,482)	-
(8,093,824)	-	(8,093,824)	-
(3,809,769)	-	(3,809,769)	-
(590,329)	-	(590,329)	-
(765,183)	-	(765,183)	-
(2,194,401)	-	(2,194,401)	-
(10,962,995)	-	(10,962,995)	-
(8,463,674)	-	(8,463,674)	-
(1,574,033)	-	(1,574,033)	-
(145,982)	-	(145,982)	-
(3,369,421)	-	(3,369,421)	-
(7,141,936)	-	(7,141,936)	-
(17,655,821)	-	(17,655,821)	-
(4,210,800)	-	(4,210,800)	-
(3,984,290)	-	(3,984,290)	-
229,831	-	229,831	-
(861,142)	-	(861,142)	-
(206,154,301)	-	(206,154,301)	-
-	55,038	3,323,032	-
(206,154,301)	55,038	(202,831,269)	-
-	-	-	(18,854,378)
101,010,285	-	101,010,285	10,737,941
31,776,582	-	31,776,582	399,820
69,119,176	-	69,119,176	8,489,426
359,579	4,401	363,980	2,991
6,731,427	-	6,731,427	942,690
208,997,049	4,401	209,001,450	20,572,868
2,842,748	59,439	2,902,187	1,718,490
178,080,046	1,012,996	179,093,042	24,294,556
\$ 180,922,794	\$ 1,072,435	\$ 181,995,229	\$ 26,013,046

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2022

	Special Revenue		Debt Service	
	General Fund	Federal Education Stabilization Fund	Other Debt Service Fund	ARRA Economic Stimulus Fund
ASSETS				
Cash and cash equivalents	\$ 18,313,367	\$ 161,116	\$ 4,310	\$ -
Investments	-	-	8,848,750	-
Accounts receivable	958,682	1,800	-	-
Due from other agencies	333,083	1,432,426	-	-
Due from other funds	1,907,808	-	-	-
Inventories	325,981	-	-	-
Restricted investments	-	-	-	15,476,312
Total Assets	\$ 21,838,921	\$ 1,595,342	\$ 8,853,060	\$ 15,476,312
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accrued salaries and benefits	\$ 713,395	\$ 310	\$ -	\$ -
Payroll deductions and withholdings	-	253	-	-
Accounts payable	646,586	4,341	4,310	-
Sales tax payable	136	-	-	-
Due to other agencies	11,237	15	-	-
Due to other funds	1,933,666	1,430,371	-	-
Matured certificates of participation payable	-	-	7,640,000	-
Matured interest payable	-	-	1,208,750	-
Unearned revenue	-	-	-	-
Total Liabilities	3,305,020	1,435,290	8,853,060	-
Deferred Inflows of Resources:				
Unavailable revenue	43,302	-	-	-
Total Deferred Inflows of Resources	43,302	-	-	-
Fund Balances:				
Nonspendable:				
Inventories	325,981	-	-	-
Total Nonspendable Fund Balance	325,981	-	-	-
Restricted for:				
State required carryover programs	4,446,353	-	-	-
Debt service	-	-	-	15,476,312
Capital projects	-	-	-	-
Food service	-	-	-	-
Grants	-	160,052	-	-
Total Restricted Fund Balance	4,446,353	160,052	-	15,476,312
Assigned for:				
Purchases on order	2,280,435	-	-	-
Special revenue	-	-	-	-
Subsequent Year's budget:				
Appropriation of fund balances	10,282,376	-	-	-
Total Assigned Fund Balance	12,562,811	-	-	-
Unassigned Fund Balance	1,155,454	-	-	-
Total Fund Balances	18,490,599	-	-	15,476,312
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,838,921	\$ 1,435,290	\$ 8,853,060	\$ 15,476,312

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2022

Capital Projects			
Local Capital Improvement Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 12,244,805	\$ 9,040,946	\$ 707,813	\$ 40,472,357
-	-	40,160	8,888,910
4,039	-	32,900	997,421
484,962	261,047	865,935	3,377,453
1,933,666	-	-	3,841,474
-	-	101,288	427,269
-	-	-	15,476,312
<u>\$ 14,667,472</u>	<u>\$ 9,301,993</u>	<u>\$ 1,748,096</u>	<u>\$ 73,481,196</u>
\$ -	\$ -	\$ 79,274	\$ 792,979
-	-	-	253
1,793,582	282,724	161,989	2,893,532
-	-	-	136
-	-	411	11,663
-	-	477,437	3,841,474
-	-	-	7,640,000
-	-	-	1,208,750
-	-	55,775	55,775
<u>1,793,582</u>	<u>282,724</u>	<u>774,886</u>	<u>16,444,562</u>
-	258,382	541	302,225
<u>-</u>	<u>258,382</u>	<u>541</u>	<u>302,225</u>
-	-	101,288	427,269
<u>-</u>	<u>-</u>	<u>101,288</u>	<u>427,269</u>
-	-	-	4,446,353
-	-	40,160	15,516,472
12,873,890	8,760,887	141,262	21,776,039
-	-	681,601	681,601
-	-	-	160,052
<u>12,873,890</u>	<u>8,760,887</u>	<u>863,023</u>	<u>42,420,465</u>
-	-	-	2,280,435
-	-	8,358	8,358
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,282,376</u>
<u>-</u>	<u>-</u>	<u>8,358</u>	<u>12,571,169</u>
-	-	-	1,155,454
<u>12,873,890</u>	<u>8,760,887</u>	<u>972,669</u>	<u>56,734,409</u>
<u>\$ 14,667,472</u>	<u>\$ 9,301,993</u>	<u>\$ 1,748,096</u>	<u>\$ 73,481,196</u>

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

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

JUNE 30, 2022

Total Fund Balances - Governmental Funds \$ 56,734,409

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. 311,817,885

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. 7,480,028

Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the government funds until due. (9,642)

Deferred outflows of resources represent a consumption of assets that applies to a future period. This is the net difference between the carrying value of the refunded debt and its reacquisition price. 962,534

Earned revenues not received within the availability period are reported as unavailable revenues in the governmental funds, but are recorded as revenue in the government-wide statements. 302,225

Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Certificates of participation payable	\$	(72,518,111)	
Bonds payable		(1,821,000)	
Other finance-purchase agreements payable		(8,547,964)	
Compensated absences payable		(11,559,557)	
Other postemployment benefits payable		(41,653,662)	
Net pension liability		<u>(50,578,915)</u>	(186,679,209)

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

Deferred outflows related to pensions	\$	34,626,737	
Deferred inflows related to pensions		<u>(58,682,900)</u>	(24,056,163)

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

Deferred outflows related to OPEB	\$	16,032,769	
Deferred inflows related to OPEB		<u>(1,662,042)</u>	<u>14,370,727</u>

Net Position - Governmental Activities \$ 180,922,794

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

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

JUNE 30, 2022

	Special Revenue		Debt Service	
	General Fund	Federal Education Stabilization Fund	Other Debt Service Fund	ARRA Economic Stimulus Fund
Revenues				
Federal direct	\$ 665,601	\$ -	\$ -	\$ 1,436,319
Federal through state and local	217,073	14,560,242	-	-
State	44,928,734	-	-	-
Local:				
Property taxes	101,010,285	-	-	-
Impact fees	-	-	-	-
Charges for services - food service	-	-	-	-
Miscellaneous	5,382,721	-	15	174,196
Total Revenues	152,204,414	14,560,242	15	1,610,515
Expenditures				
Current - Education:				
Instruction	103,082,588	7,876,972	-	-
Student support services	3,579,861	3,231,844	-	-
Instructional media services	2,233,983	20,811	-	-
Instruction and curriculum development services	5,428,438	114,775	-	-
Instructional staff training services	1,673,821	1,068,828	-	-
Instruction-related technology	575,034	121,525	-	-
Board	753,605	1,096	-	-
General administration	658,813	668,668	-	-
School administration	10,168,705	77,767	-	-
Facilities acquisition and construction	2,002,337	7,668	-	-
Fiscal services	1,456,076	15,334	-	-
Food services	-	167,572	-	-
Central services	2,964,898	37,242	-	-
Student transportation services	6,090,432	132,166	-	-
Operation of plant	16,388,152	134,108	-	-
Maintenance of plant	3,678,361	50,384	-	-
Administrative technology services	3,795,466	628,380	-	-
Community services	-	4,381	-	-
Fixed Capital Outlay:				
Facilities acquisition and construction	83,320	5,775	-	-
Other capital outlay	117,300	34,894	-	-
Debt Service:				
Principal	-	-	8,381,232	-
Interest and fiscal charges	-	-	2,650,416	1,552,024
Other debt service	-	-	7,680	3,494
Total Expenditures	164,731,190	14,400,190	11,039,328	1,555,518
Excess (deficiency) of revenues over expenditures	(12,526,776)	160,052	(11,039,313)	54,997
Other Financing Sources (Uses)				
Sale of capital assets	100,471	-	-	-
Loss recoveries	1,793	-	-	-
Transfers in	6,401,897	-	11,039,313	1,286,536
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	6,504,161	-	11,039,313	1,286,536
Net change in fund balances	(6,022,615)	160,052	-	1,341,533
Fund balances, beginning of year	24,513,214	-	-	14,134,779
Fund balances, end of year	\$ 18,490,599	\$ 160,052	\$ -	\$ 15,476,312

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2022

Capital Projects			
Local Capital Improvement Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,413,666	\$ -	\$ -	\$ 4,515,586
-	-	18,367,641	33,144,956
-	1,286,091	747,927	46,962,752
31,776,582	-	-	132,786,867
-	1,647,104	-	1,647,104
-	-	358,567	358,567
61,126	24,016	11,452	5,653,526
<u>34,251,374</u>	<u>2,957,211</u>	<u>19,485,587</u>	<u>225,069,358</u>
-	-	4,244,290	115,203,850
-	-	1,240,714	8,052,419
-	-	-	2,254,794
-	-	-	-
-	-	1,967,604	7,510,817
-	-	828,170	3,570,819
-	-	-	696,559
-	-	-	754,701
-	-	492,642	1,820,123
-	-	-	10,246,472
8,490,199	-	250,775	10,750,979
-	-	-	1,471,410
-	-	9,074,770	9,242,342
-	-	-	3,002,140
-	-	41,573	6,264,171
-	-	-	16,522,260
-	-	-	3,728,745
-	-	-	4,423,846
-	-	-	4,381
-	-	-	-
8,119,638	1,199,941	133,194	9,541,868
-	-	43,127	195,321
-	-	-	-
-	-	449,000	8,830,232
-	-	102,490	4,304,930
-	-	963	12,137
<u>16,609,837</u>	<u>1,199,941</u>	<u>18,869,312</u>	<u>228,405,316</u>
<u>17,641,537</u>	<u>1,757,270</u>	<u>616,275</u>	<u>(3,335,958)</u>
-	-	-	100,471
-	-	-	1,793
-	-	-	18,727,746
(17,451,980)	(1,275,766)	-	(18,727,746)
<u>(17,451,980)</u>	<u>(1,275,766)</u>	<u>-</u>	<u>102,264</u>
189,557	481,504	616,275	(3,233,694)
12,684,333	8,279,383	356,394	59,968,103
<u>\$ 12,873,890</u>	<u>\$ 8,760,887</u>	<u>\$ 972,669</u>	<u>\$ 56,734,409</u>

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

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

YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Governmental Funds	\$	(3,233,694)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense and sale of capital assets in excess of capital outlays, donations, and adjustments in the current fiscal year.</p>		
Capital outlay - Facilities acquisition and construction	\$ 9,541,868	
Capital outlay - Other capital outlay	195,321	
Other adjustments	(66,444)	
Less depreciation expense	<u>(14,857,063)</u>	(5,186,318)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities.		(1,092,610)
Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but it is recognized as it accrues in the statement of activities. This is the difference between prior year and current year accrual.		906
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	\$ 7,640,000	
Bonds payable	449,000	
Other finance-purchase agreements	<u>741,232</u>	8,830,232
Premiums and deferred loss on debt refundings are reported in the governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements. This is the net amount attributable to the amortization of premiums and deferred loss on refunding in the current fiscal year.		
Premium amortization	\$ 1,478,240	
Deferred loss on refunding:		
Deferred outflows at June 30, 2022	962,534	
Deferred outflows at June 30, 2021	<u>(1,201,363)</u>	1,239,411
Judgments payable are recorded on the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until due and payable with current financial resources. This is the decrease in judgments payable as a result of the settlement agreement.		420,441
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences paid in excess of the amount earned in the current period.		(1,420,619)
Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through actuarial valuation, is reported as an OPEB expense.		
Increase in total OPEB liability	\$ (3,987,330)	
Decrease in deferred outflow of resources - OPEB	(1,716,150)	
Decrease in deferred inflow of resources - OPEB	<u>545,055</u>	(5,158,425)
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	\$ 66,261,527	
Increase in deferred outflow of resources - pension	(3,814,580)	
Decrease in deferred inflow of resources - pension	<u>(54,262,446)</u>	8,184,501
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.		258,923
Change in Net Position - Governmental Activities	<u>\$</u>	<u>2,842,748</u>

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

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

JUNE 30, 2022

	<u>Enterprise Fund</u> <u>Extended</u> <u>Day Program</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,722,998	\$ 12,036,672
Accounts Receivable	-	132,667
Total Assets	<u>1,722,998</u>	<u>12,169,339</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other postemployment benefits	49,041	-
Pensions	164,349	-
Total Deferred Outflows of Resources	<u>213,390</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accrued salaries and benefits	16,488	-
Accounts payable	11,606	161,545
Due to other agencies	-	968
Unearned revenue	-	1,256,533
Compensated absences	22,839	-
Net pension liability	1,154	-
Estimated liability for self-insurance program	-	3,270,265
Total Current Liabilities	<u>52,087</u>	<u>4,689,311</u>
Noncurrent Liabilities:		
Compensated absences payable	69,424	-
Net pension liability	331,421	-
Other postemployment benefits payable	127,410	-
Total Noncurrent Liabilities	<u>528,255</u>	<u>-</u>
Total Liabilities	<u>580,342</u>	<u>4,689,311</u>
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	5,084	-
Pensions	278,527	-
Total Deferred Inflows of Resources	<u>283,611</u>	<u>-</u>
NET POSITION		
Unrestricted	<u>\$ 1,072,435</u>	<u>\$ 7,480,028</u>

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

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

JUNE 30, 2022

	<u>Enterprise Fund Extended Day Program</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Charges for services	\$ 1,661,516	\$ -
Premiums	-	21,742,413
Other	-	3,167,746
Total Operating Revenues	<u>1,661,516</u>	<u>24,910,159</u>
Operating Expenses:		
Salaries	905,073	147,012
Employee benefits	214,983	114,730
Insurance premiums	-	3,564,586
Purchased services	76,474	1,520,947
Energy services	-	5,030
Materials and supplies	95,100	30,472
Capital outlay	20,086	-
Insurance claims	-	20,743,272
Other	294,762	7,018
Total Operating Expenses	<u>1,606,478</u>	<u>26,133,067</u>
Operating Income (Loss)	<u>55,038</u>	<u>(1,222,908)</u>
Nonoperating Revenues:		
Investment income	4,401	30,298
Grants	-	100,000
Total Nonoperating Revenues	<u>4,401</u>	<u>130,298</u>
Change in net position	59,439	(1,092,610)
Net position, beginning of year	<u>1,012,996</u>	<u>8,572,638</u>
Net position, end of year	<u>\$ 1,072,435</u>	<u>\$ 7,480,028</u>

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

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

JUNE 30, 2022

	<u>Enterprise Fund</u> <u>Extended</u> <u>Day Program</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
Cash flows from operating activities:		
Cash received from services	\$ 1,661,516	\$ -
Cash received from premiums	-	21,742,413
Cash received from other operating revenues	-	2,933,989
Cash payments for insurance premiums	-	(3,267,211)
Cash payments to employees for services	(1,076,266)	(261,742)
Cash payments to suppliers for goods and services	(491,084)	(1,381,114)
Cash payments for insurance claims	-	(20,743,272)
Cash payments for other	-	(6,050)
Net cash flows from operating activities	<u>94,166</u>	<u>(982,987)</u>
Cash flows from noncapital financing activities:		
Subsidies from Operating Grants	-	100,000
Net cash flows from noncapital financing activities	<u>-</u>	<u>100,000</u>
Cash flows from investing activities:		
Investment income	4,401	30,298
Net cash flows from investing activities	<u>4,401</u>	<u>30,298</u>
Increase (decrease) in cash and cash equivalents	98,567	(852,689)
Cash and cash equivalents, beginning of year	1,624,431	12,889,361
Cash and cash equivalents, end of year	<u>\$ 1,722,998</u>	<u>\$ 12,036,672</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ 55,038	\$ (1,222,908)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Changes in assets, liabilities, deferred outflows of resources and deferred inflows of resources:		
Accounts receivable	-	(4,315)
Due from insurer	-	(118,962)
Prepaid items	-	13,790
Deferred outflows of resources related to OPEB	13,462	-
Deferred outflows of resources related to pensions	(43,388)	-
Accrued salaries and benefits	(8,095)	-
Other postemployment benefits payable	82,223	-
Accounts payable	(4,662)	161,545
Due to other agencies	-	968
Unearned revenue	-	(110,480)
Estimated liability for self-insurance program	-	297,375
Compensated absences payable	62,584	-
Net pension liability	(314,498)	-
Deferred inflows of resources related to OPEB	(13,115)	-
Deferred inflows of resources related to pensions	264,617	-
Net cash flows from operating activities	<u>\$ 94,166</u>	<u>\$ (982,987)</u>

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

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

JUNE 30, 2022

	Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 47,543	\$ 1,663,016
Accounts receivable	-	238,724
Inventory	-	44,473
Total Assets	<u>47,543</u>	<u>1,946,213</u>
LIABILITIES		
Accounts payable	-	<u>35,349</u>
NET POSITION		
Restricted for:		
Individuals and organizations	-	1,910,864
Trust for scholarships	<u>47,543</u>	
Total Net Position	<u>\$ 47,543</u>	<u>\$ 1,910,864</u>

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2022

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
Additions:		
Student group collections	\$ -	\$ 2,953,708
Investment income	162	1,715
Total Additions	<u>162</u>	<u>2,955,423</u>
Deductions:		
Student group disbursements	-	2,704,091
Other	3,500	-
Total Deductions	<u>3,500</u>	<u>2,704,091</u>
Change in net position	(3,338)	251,332
Net position, beginning of year	<u>50,881</u>	<u>1,659,532</u>
Net position, end of year	<u>\$ 47,543</u>	<u>\$ 1,910,864</u>

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Based on the application of these criteria, the following component units are included within the District's reporting entity:

Blended Component Units. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Indian River County School Board Leasing Corporation ("Leasing Corporation") was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note to the financials. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying financial statements. Separate financial statements for the Leasing Corporation are not published.

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

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

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

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2022. Audits of the charter schools for the fiscal year ended June 30, 2022, were conducted by independent accounting firms and are on file at the District's Administrative Office at 6500 57th Street, Vero Beach, Florida 32967.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Government-Wide Financial Statements

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

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

C. Basis of Presentation: Government-Wide Financial Statements

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation: Fund Financial Statements

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources, specifically those related to the CARES Act, CRRSA Act, or ARP Act.
- Debt Service – Other Debt Service Fund – to account for financial resources generated for debt principal and interest for the 2014A, 2016A, and 2016B Certificates of Participation and other lease purchase agreements.
- Debt Service – ARRA Economic Stimulus Fund – to account for the financial resources generated for the principal sinking fund and interest for the Series 2010A Qualified School Construction Bonds – Certificate of Participation.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, motor vehicle purchases, equipment purchases; and costs of environmental compliance.
- Capital Projects – Other Capital Projects Fund – to account for various financial resources generated by the Series 2016B Certificates of Participation, other lease purchase agreements, and impact fees to be used for capital projects.

The District reports the following proprietary funds:

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

Additionally, the District reports the following fiduciary fund types:

- Private-Purpose Trust Fund – to account for resources of the Estate of Waldo Schraubstader Scholarship Trust Fund.
- Custodial Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). Revenues susceptible to accrual include ad valorem taxes, impact fees, and interest on investments. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, pensions and other postemployment benefits, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

The District's investment in Florida PRIME is similar to money market funds in which shares are owned in the fund rather than the underlying investments. The District also invests in the FL PALM Portfolio, an investment pool that only invests in high quality money market instruments. Both of these investments are reported at amortized cost, which approximates fair value.

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

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

3. Inventories and Prepaid Items

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000, with a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements other than buildings	7-35 years
Buildings and fixed equipment	8-50 years
Furniture, fixtures, and equipment	5-15 years
Motor vehicles	10 years
Audio visual materials and computer software	5-7 years

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

5. Pensions

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Long-Term Liabilities

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 other postemployment benefits ("OPEB") are discussed in subsequent notes.

In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 on the statement of net position. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes.

8. Net Position Flow Assumption

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Fund Balance Flow Assumption

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

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District does not have a policy regarding the commitment of fund balances and, therefore, does not report any committed fund balance at June 30, 2022.

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

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

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

3. District Property Taxes

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

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

The Board adopted the 2022 tax levy on September 9, 2021. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4% for early payment.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenues and Expenditures/Expenses (continued)

3. District Property Taxes (continued)

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

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

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

4. Additional Operating Millage

On August 18, 2021, the voters of Indian River County, approved the renewal of an additional operating millage, at a rate of 0.5 mills, for essential operating needs 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 for fiscal years 2022 through 2025 and expires on June 30, 2025.

5. Educational Impact Fees

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

6. Federal Revenue Sources

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenues and Expenditures/Expenses (continued)

7. Compensated Absences

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

8. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

B. Investments

Fair Value Measurements

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

The District's total investments and demand deposits at June 30, 2022, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at Fair Value:				
SBA Debt Service Accounts	\$ 40,160	\$ 40,160	\$ -	\$ -
United States Treasury Bill ⁽¹⁾	15,476,312	15,476,312	-	-
Total investments at fair value	15,516,472	\$ 15,516,472	\$ -	\$ -
Investments Measured at Amortized Cost:				
External Investment Pool:				
Florida Prime ⁽²⁾	20,862,587			
FL PALM ⁽²⁾	22,406,072			
First American Treasury ⁽³⁾	8,848,750			
Total investments at amortized cost	52,117,409			
Demand deposits	12,626,384			
Total investments and demand deposits ⁽⁴⁾	\$ 80,260,265			

(1) Represents sinking fund deposits to repay the 2010-A QSCB principal balance in 2029 (U.S. Treasury Bill \$15,467,691 + First American Treasury \$8,424 + accrued interest \$197 = \$15,476,312).

(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.

(4) Total investments and demand deposits are the total of cash and cash equivalents, investments, and restricted investments for the primary government and custodial funds.

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

IV. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

B. Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to provide sufficient liquidity to pay obligations as they become due, the District's investment policy limits the length of investments as follows: (1) investments of current operating funds shall have maturities of no longer than 24 months and (2) investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate to the need for the funds and in accordance with debt covenants, but in no event shall exceed 5½ years.

Florida PRIME and FL PALM use a weighted average days to maturity ("WAM"). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure 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, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Credit Risk

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

B. Investments (continued)

The District's investment maturities and ratings at June 30, 2022 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>
Demand deposits	\$ 12,626,384	N/A	N/A	N/A
FL PALM	22,406,072	25 Days	AAA _m	n/a
SBA:				
Florida PRIME	20,862,587	28 Days	AAA _m	n/a
SBE/COBI:				
Debt Service Accounts	40,160	6 Months	n/a	n/a
US Bank:				
United States Treasury Bill (1)	15,476,312	5 Months	n/a	P-1
First American Treasury	8,848,750	16 Days	AAA _m	Aaa-mf
Total investments and deposits	\$ 80,260,265			

Note: (1) Represents sinking fund balance deposited in US Bank to repay the 2010-A QSCB principal balance in 2029.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; (2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a secured vault. As of June 30, 2022, the District's investment portfolios were held with a third party custodian as required by the District's investment policy.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

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	2,680,489	4,839,368	2,099,248	5,420,609
Total capital assets not being depreciated	<u>25,468,781</u>	<u>4,839,368</u>	<u>2,099,248</u>	<u>28,208,901</u>
Capital Assets Being Depreciated/Amortized:				
Improvements other than buildings	29,240,772	395,747	69,957	29,566,562
Buildings and fixed equipment	473,402,957	5,572,104	-	478,975,061
Furniture, fixtures, and equipment	21,440,140	973,880	779,897	21,634,123
Motor vehicles	12,067,605	55,338	-	12,122,943
Audio visual materials and computer software	2,997,116	-	1,315,102	1,682,014
Total capital assets being depreciated/amortized	<u>539,148,590</u>	<u>6,997,069</u>	<u>2,164,956</u>	<u>543,980,703</u>
Less Accumulated Depreciation for:				
Improvements other than buildings	22,171,948	1,032,457	3,540	23,200,865
Buildings and fixed equipment	196,480,389	11,659,725	-	208,140,114
Furniture, fixtures, and equipment	17,883,590	1,293,751	783,222	18,394,119
Motor vehicles	8,259,846	784,609	-	9,044,455
Audio visual materials and computer software	2,817,421	86,521	1,311,776	1,592,166
Total accumulated depreciation	<u>247,613,194</u>	<u>14,857,063</u>	<u>2,098,538</u>	<u>260,371,719</u>
Total capital assets being depreciated, net	<u>291,535,396</u>	<u>(7,859,994)</u>	<u>66,418</u>	<u>283,608,984</u>
Governmental activities capital assets, net	<u>\$ 317,004,177</u>	<u>\$ (3,020,626)</u>	<u>\$ 2,165,666</u>	<u>\$ 311,817,885</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 7,922,412
Student support services	556,756
Instructional media services	154,982
Instruction and curriculum development services	516,253
Instructional staff training services	245,439
Instruction-related technology	47,878
Board	51,874
General administration	126,744
School administration	706,627
Facilities acquisition and construction	843,721
Fiscal services	101,137
Food services	651,535
Central services	210,869
Student transportation services	995,133
Operation of Plant	1,135,650
Maintenance of Plant	282,219
Administrative technology services	307,533
Community service	301
Total depreciation expense - governmental activities	<u>\$ 14,857,063</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

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

The District’s FRS and HIS pension expense totaled \$2,930,162 for the fiscal year ended June 30, 2022.

FRS Pension Plan

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

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

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

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00	10.82
FRS, Elected County Officers	3.00	51.42
FRS, Senior Management Service	3.00	29.01
DROP – Applicable to Members from All of the Above Classes	0.00	18.34
FRS, Reemployed Retiree	(2)	(2)

- (1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.
 (2) Contribution rates are dependent upon retirement class in which reemployed.

The District's contributions to the Plan totaled \$9,412,059 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District reported a liability of \$16,049,142 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the District's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was 0.212462693%, which was an increase of 0.020763026% from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized the Plan pension expense of \$545,048. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,750,849	
Change of assumptions	10,981,618	
Net difference between projected and actual earnings on FRS pension plan investments		\$ 55,991,421
Changes in proportion and differences between district FRS contributions and proportionate share of contributions	5,475,350	953,982
District FRS contributions subsequent to the measurement date	9,412,059	
	<u>\$ 28,619,876</u>	<u>\$ 56,945,403</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$9,412,059, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2023	\$ (6,698,312)
2024	(7,725,166)
2025	(10,506,052)
2026	(13,696,298)
2027	888,242
Thereafter	-
	<u><u>\$ (37,737,586)</u></u>

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
	<u>100%</u>			
Assumed inflation - mean			2.4%	1.2%

Discount Rate. The discount rate used to measure the total pension liability was 6.8%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2021 valuation was 6.8% as well.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
District's proportionate share of the net pension liability (asset)	\$ 71,722,837	\$ 16,049,142	\$ (30,529,620)

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2022, 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, 2022, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District’s contributions to the HIS Plan totaled \$1,795,874 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District reported a net pension liability of \$34,862,348 for its proportionate share of the HIS Plan’s net pension liability. The current portion of the net pension liability is the District’s proportionate share of benefit payments expected to be paid within one year, net of the District’s proportionate share of the HIS Plan’s fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District’s proportionate share of the net pension liability was based on the District’s 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the District’s proportionate share was 0.284207702%, which was an increase of 0.002450831% from its proportionate share measured as of June 30, 2020.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

For the fiscal year ended June 30, 2022, the District recognized the HIS Plan pension expense of \$2,385,114. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,166,583	\$ 14,602
Change of assumptions	2,739,400	1,436,417
Net difference between projected and actual earnings on HIS pension plan investments	36,343	-
Changes in proportion and differences between district HIS contributions and proportionate share of contributions	433,010	565,005
District HIS contributions subsequent to the measurement date	1,795,874	
	\$ 6,171,210	\$ 2,016,024

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,795,874 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,

2023	\$ 634,149
2024	153,854
2025	455,859
2026	582,989
2027	436,456
Thereafter	96,005
	\$ 2,359,312

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

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	2.16%

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

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

Discount Rate. The discount rate used to measure the total pension liability was 2.16%. 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 2.21% to 2.16%, reflecting the change in the Bond Buyer General Obligation 20- Bond Municipal Bond Index as of June 30,2021.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
District's proportionate share of the net pension liability	\$ 40,304,251	\$ 34,862,348	\$ 30,403,925

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

2. FRS – Defined Contribution Pension Plan

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Retirement Plans (continued)

2. FRS – Defined Contribution Pension Plan (continued)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2021-22 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes these amounts, if any, would be immaterial to the District.

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

The District’s Investment Plan pension expense totaled \$2,998,765 for the fiscal year ended June 30, 2022.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (“OPEB Plan”) is a single-employer, defined benefit plan administered by the District. Pursuant to Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the District are eligible to participate in the District’s self-funded health and hospitalization plan for medical and prescription drug coverage along with the fully-insured life insurance coverage. Such provisions may be amended at any time by further action from the Florida Legislature. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The District does not offer any explicit subsidies for retiree coverage. Medicare eligible retirees are required to enroll in the Federal Medicare program for their primary coverage as they are eligible. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefit Terms and Employees Covered. Plan contribution requirements and benefit terms of the District and OPEB Plan members are established and may be amended through recommendation of the Insurance Committee and action from the Board. The District has not advanced, funded, or established a funding methodology for the annual OPEB costs or the OPEB liability. No assets are accumulated in an irrevocable trust. The January 1, 2021, Census Data results were used. As of the valuation date, January 1, 2021, there were 1,567 active participants and 165 inactive participants (retirees plus surviving spouses) receiving postemployment healthcare benefits, and 1,936 active participants and 495 inactive participants that received postemployment life insurance benefits. The District provided contributions of \$1,187,862 toward annual OPEB costs, comprised of benefit payments made on behalf of the retirees for claims expense, retention costs, and net of retiree contributions totaling \$1,436,041. Required contributions are based on projected pay-as-you-go financing.

Total OPEB Liability. The District’s total OPEB liability of \$41,781,072 was measured as of June 30, 2022 and was determined by an actuarial valuation as of January 1, 2021, rolled forward to January 1, 2022 using standard methodology.

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

Discount Rate	2.06%
20-Year Municipal Bond Rate	2.06%
Municipal Bond Rate Basis	Bond Buyer GO 20-Bond Municipal Bond Index
Salary Increases	4.60% for males and 4.50 for females
General Inflation	2.50%
Mortality Rates – Healthy	PUB-2010 Headcount-Weighted Teachers and Healthy Annuitants Mortality Table with Generational Improvements from 2010 using Scale MP-2021
Mortality Rates – Disabled	PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2021

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Other Postemployment Benefit Obligations (continued)

Healthcare Cost Trend Rates:	
Retirement Age: Pre-65	6.26% for 2022-23, decreasing an average of 0.22% per year to a rate of 4.50% in 2030-31
Retirement Age: Post-65	6.95% for 2022-23, decreasing an average of 0.31% per year to a rate of 4.50% in 2030-31
Current Retirees	All current retirees are assumed to continue coverage
Projected Retiree Healthcare Contributions	The BlueOptions 5770 Plan has been used for Non-Medicare participants since a significant portion chose this Plan. The BlueChoice 0117 Plan is the only Plan available for Medicare participants.
Retiree Premium Contributions	\$807 Non-Medicare and \$602 Medicare
Spouse Premium Contributions	\$509 Non-Medicare and \$526 Medicare
Administration Expenses	Per-capita administrative costs are based on actual 2021 administrative fees

The District selected the economic and demographic assumptions used in the January 1, 2021, valuation. The current actuary provided guidance with respect to the economic assumptions. The prior actuary provided guidance with respect to the health care participation rate assumption and the spouse coverage election rate assumption. The demographic assumptions were based on those employed in the July 1, 2019, Pension Actuarial Valuation of the FRS, which were developed by the FRS from an Actuarial Experience Study. These include assumed rates of future termination, disability, and retirement. In addition, salary increase assumptions for development of the pattern of the normal cost increases were the same as those used by the FRS.

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2021	\$ 37,735,049
Changes for the year:	
Service cost	2,952,334
Interest on the total OPEB liability	850,047
Differences between expected and actual experience	737,400
Changes of assumptions or other inputs	694,104
Benefit payments	<u>(1,187,862)</u>
Net changes	<u>4,046,023</u>
Balance at June 30, 2022	<u>\$ 41,781,072</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Other Postemployment Benefit Obligations (continued)

Changes of assumptions or other inputs reflect the following changes:

- The discount rate decreased from 2.12% as of January 1, 2021, to 2.06% as of January 1, 2022, to reflect changes in the Bond Buyer GO 20-Bond Municipal Bond Index.
- The administrative expenses are now using per-capita administrative costs based on actual 2021 administrative fees.
- The healthy and disabled mortality tables assumptions were updated.
- The disabled mortality table assumption has been changed from PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2019 as of January 1, 2021, to the PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2021 as of January 1, 2022.
- The healthcare trend rates were updated as of January 1, 2022, to reflect the most recent national average information from a variety of sources.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.06%) or 1 percentage point higher (3.06%) than the current rate:

	1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ 51,556,593	\$ 41,781,072	\$ 34,235,194

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 33,146,803	\$ 41,781,072	\$ 53,601,048

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Other Postemployment Benefit Obligations (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$6,405,327. At June 30, 2022, 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 Outflows of Resources</u>
Differences between expected and actual experience	\$ 8,579,505	\$ 450,478
Change of assumptions or other inputs	7,502,305	1,216,648
	<u>\$ 16,081,810</u>	<u>\$ 1,667,126</u>

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

Years Ending June 30.

2023	\$ 2,602,946
2024	2,643,151
2025	2,763,700
2026	2,699,574
2027	2,229,311
Thereafter	1,476,002
	<u>\$ 14,414,684</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Construction and Other Significant Commitments

Construction Contracts. Encumbrances include the following major construction contract commitments at June 30, 2022:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Sebastian River Middle School - Café Expansion - Classroom Building	\$ 4,458,808	\$ 296,160	\$ 4,162,648
Gifford Middle School - Skylights	2,355,500	1,896,367	459,133
Glendale Elementary - Cafeteria	2,504,740	910,994	1,593,746
Sebastian River Middle School - Cafeteria Expansion - & Classroom Building Addition	54,828	49,466	5,362
Fellsmere Elementary - Roof	168,068	19,832	148,236
Total	<u>\$ 9,541,944</u>	<u>\$ 3,172,819</u>	<u>\$ 6,369,125</u>

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

The following is a schedule of construction contract encumbrances at June 30, 2022:

<u>Major Funds</u>				
<u>General</u>	<u>Capital Projects - Local Capital Improvement</u>	<u>Capital Projects - Other Capital Projects</u>	<u>Special Revenue - Federal Educ. Stabilization</u>	<u>Total Governmental Funds</u>
<u>\$ 2,280,435</u>	<u>\$ 7,257,144</u>	<u>\$ 4,561,807</u>	<u>\$ 32,766</u>	<u>\$ 14,132,152</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

G. Risk Management Programs

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

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

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except named wind and flood). The named windstorm and hurricane deductible is 5% of replacement cost value with a minimum of \$100,000 per occurrence and a maximum of \$25 million per occurrence. The deductibles for all other windstorm and hail events are \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000-time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000. The SCERMP's purchased excess property loss limit during the 2021-22 fiscal year was \$100 million per occurrence (subject to applicable sublimit).

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2021-22 fiscal year was \$1 million. The SCERMP purchases excess liability coverage through a commercial insurance carrier which covers workers' compensation losses in excess of the self-insured retention. Employers liability is included subject to \$2 million per occurrence.

The District is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, as it is now written, as it may be amended by the Legislature at future dates, which effectively limits the amount of liability of governmental entities for tort claims to \$200,000 per claim and \$300,000 per occurrence.

The District self-insures its healthcare coverage for employees and retired former employees. Florida Blue acts as the third party administrator for the health insurance program. The program includes excess coverage of claim amounts above \$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.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

G. Risk Management Programs (continued)

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

<u>Fiscal Years</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2020-2021	\$ 3,128,756	16,989,019	(17,144,886)	\$ 2,972,889
2021-2022	2,972,889	23,238,022	(22,940,646)	3,270,265

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

H. Long-Term Liabilities

1. Judgements Payable

In February 2017, five District-sponsored charter schools sued the Board, and in June 2017, a court decision ruled that the charter schools should share in the additional local millage based on the FTE of each charter school, rather than on the 5% allocated and disbursed by the District. The District negotiated a settlement in September 2017 to repay the five charter schools a total of \$2,573,022 plus interest at 5.17% over a four-year period with monthly payments starting in February 2018 and ending in calendar year 2022. The final payment was paid in January 2022, resulting in no liability for a judgement payable in the government-wide financial statements.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Long-Term Liabilities (continued)

2. Certificates of Participation

The District entered into a master financing arrangement on November 1, 2005, which was characterized as a finance-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 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 agreements.

Certificates of Participation at June 30, 2022 are as follows:

Series	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to
Certificates of participation - other				
Series 2014A, Refunding	\$ 45,455,000	\$ 15,820,000	5	2025
Series 2016A, Refunding	28,055,000	20,745,000	5	2027
Series 2016B	10,855,000	4,145,000	5	2025
Subtotal	84,365,000	40,710,000		
Certificates of participation - direct debt				
Series 2010A-QSCB	26,261,000	26,261,000	0.4406 net ^{*(1)}	2030
Total certificates of participation	\$ 110,626,000	\$ 66,971,000		

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Long-Term Liabilities (continued)

2. Certificates of Participation (continued)

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

2014A, Refunding Certificates of Participation

Vero Beach High School Renovations
 Alternative Education Center
 Sebastian River Middle School Music Addition
 152 acres of land for future educational facilities

2016A, Refunding Certificates of Participation

Storm Grove Middle School
 Support Services Complex

2016B Certificates of Participation

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

Series 2010A Qualified School Construction Bonds – Certificates of Participation

Vero Beach Elementary School Replacement
 Fellsmere Elementary School Expansion
 Treasure Coast Elementary School Expansion

The 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 payments under the agreement together with the present value of minimum payments as of June 30:

<u>Years Ending June 30,</u>	<u>Total</u>	<u>Other Certificates of Participation</u>		<u>Certificates of Participation from Direct Placements</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 11,612,525	\$ 8,025,000	\$ 2,035,500	\$ -	\$ 1,552,025
2024	11,606,275	8,420,000	1,634,250	-	1,552,025
2025	11,610,275	8,845,000	1,213,250	-	1,552,025
2026	9,848,025	7,525,000	771,000	-	1,552,025
2027	9,841,775	7,895,000	394,750	-	1,552,025
2028-2029	28,589,038	-	-	26,261,000	2,328,038
Total minimum payments	83,107,913	40,710,000	6,048,750	26,261,000	10,088,163
Plus unamortized premium	5,547,112	5,547,112	-	-	-
Total certificates of participation	<u>\$ 88,655,025</u>	<u>\$ 46,257,112</u>	<u>\$ 6,048,750</u>	<u>\$ 26,261,000</u>	<u>\$ 10,088,163</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Long-Term Liabilities (continued)

2. Certificates of Participation (continued)

The District issued Certificates of Participation dated December 1, 2010, under the Qualified School Construction Bond ("QSCB") Program pursuant to Section 54F of the United States Internal Revenue Code of 1986 as amended (the "Code"). The QSCB Program provides for an issuer interest rate subsidy on certain bonds or Certificates of Participation. The District received an approved allocation of funds from the Florida Department of Education sufficient for the designation of the Series 2010A certificates as a QSCB under the Code. Pursuant to Section 6431 of the Code, the District has elected to receive Federal subsidy payments (the "Issuer Subsidy") from the United States Treasury on each interest payment date for the 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate pursuant to Section 54A(b)(3) of the Code. The tax credit rate applicable to the Series 2010A Certificates is 5.4578%. The Series 2010A Certificates were issued in the amount of \$26,261,000. Interest payments are to be made to the holders of the Certificates on June 1 and December 1 of each year at the stated coupon rate of 5.91% with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on December 1, 2028. Beginning in 2012, the District was to deposit principal payments into a sinking fund annually on December 1. The accumulated amount in this fund is to be used to repay the principal amount of these certificates upon maturity. On June 11, 2015, the District entered into a forward delivery agreement ("FDA") with Deutsche Bank related to the Series 2010A Certificates. A forward delivery agreement is a type of investment in which the investor purchases eligible securities on a periodic basis from the agreement provider at a fixed rate of return. The Board expects to purchase eligible securities, which consist of direct obligations of the U.S. Treasury or obligations guaranteed by the U.S. Treasury from Deutsche Bank on a semi-annual basis beginning June 11, 2015, through November 29, 2028. The Agreement will generate a guaranteed fixed rate of return of 1.985%. The interest earnings associated with the FDA will lower the amount of money the District is required to deposit to the sinking fund each year on December 1. Assuming the FDA is not terminated prior to the maturity of the Series 2010A Certificates, the District anticipates total interest earnings of \$4,076,141.

3. Guaranteed Energy Savings Performance Contracts

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 contracts.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Long-Term Liabilities (continued)

3. Guaranteed Energy Savings Performance Contracts (continued)

The District properties included in the agreements are:

FP&L

Vero Beach High School
 Oslo Middle School

ConEdison Solutions

Sebastian River High School
 Gifford Middle School

<u>Agreement</u>	<u>Issued Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity to</u>
FP&L	\$ 7,904,534	\$ 5,444,739	2.50	2032
ConEdison Solutions	4,950,990	3,103,225	2.52	2030
Total energy savings contracts	<u>\$ 12,855,524</u>	<u>\$ 8,547,964</u>		

The following is a schedule of future lease payments as of June 30, 2022:

<u>Years Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,003,442	\$ 789,122	\$ 214,320
2024	1,033,614	839,092	194,522
2025	1,064,692	891,221	173,471
2026	1,096,703	945,591	151,112
2027	1,121,462	994,073	127,389
2028-2032	4,352,276	4,088,865	263,411
Total energy savings contracts	<u>\$ 9,672,189</u>	<u>\$ 8,547,964</u>	<u>\$ 1,124,225</u>

4. Bonds Payable

Bonds payable at June 30, 2022, are as follows:

<u>Series</u>	<u>Issued Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity to</u>
State School Bonds:				
Series 2014A, Refunding	\$ 3,603,000	\$ 1,264,000	3 - 5	2025
Series 2017A, Refunding	704,000	488,000	3 - 5	2028
Series 2020A, Refunding	83,000	69,000	2 - 5	2030
Total bond payable	<u>\$ 4,390,000</u>	<u>\$ 1,821,000</u>		

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Long-Term Liabilities (continued)

4. Bonds Payable (continued)

The various bonds were issued to finance capital outlay projects of the District. These bonds are issued by the SBE on behalf of the District and are not considered direct borrowings or direct placements of debt. The bonds mature serially and are secured by a pledge of the District's portion of the State assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

<u>Years Ending June 30,</u>	<u>Total</u>		
	<u>Outstanding</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2023	\$ 554,040	\$ 474,000	\$ 80,040
2024	557,550	501,000	56,550
2025	559,500	528,000	31,500
2026	105,940	92,000	13,940
2027	108,340	99,000	9,340
2028-2030	132,890	127,000	5,890
Total state school bonds payable	<u>\$ 2,018,260</u>	<u>\$ 1,821,000</u>	<u>\$ 197,260</u>

5. Defeased Debt

The State Board of Education issued Capital Outlay Refunding Bonds, Series 2020A, on January 14, 2020, on a current basis. The proceeds derived from the sale of the 2020A Bonds, were used to refund the State of Florida, full faith and credit, State Board of Education Capital Outlay Bonds, 2010 Series A, maturing in the years 2022 through 2030. This refunding was effectuated to achieve debt service savings.

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Long-Term Liabilities (continued)

6. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Certificates of participation payable	\$ 74,611,000	\$ -	\$ 7,640,000	\$ 66,971,000	\$ 8,025,000
Unamortized premiums	7,025,351	-	1,478,240	5,547,111	1,478,240
Total certificates of participation payable	<u>81,636,351</u>	<u>-</u>	<u>9,118,240</u>	<u>72,518,111</u>	<u>9,503,240</u>
Bonds payable	2,270,000	-	449,000	1,821,000	474,000
Total bonds payable	<u>2,270,000</u>	<u>-</u>	<u>449,000</u>	<u>1,821,000</u>	<u>474,000</u>
Energy savings contracts	9,289,196	-	741,232	8,547,964	789,122
Judgment payable	420,441	-	420,441	-	-
Compensated absences payable	10,138,938	4,336,142	2,915,523	11,559,557	2,915,523
Total OPEB liability	<u>37,666,332</u>	<u>5,157,960</u>	<u>1,170,630</u>	<u>41,653,662</u>	<u>-</u>
Net pension liability	116,840,442	30,307,908	96,569,435	50,578,915	175,478
Total governmental activities	<u>\$ 258,261,700</u>	<u>\$ 39,802,010</u>	<u>\$ 111,384,501</u>	<u>\$ 186,679,209</u>	<u>\$ 13,857,363</u>
BUSINESS-TYPE ACTIVITIES					
Compensated absences payable	\$ 29,678	\$ 85,424	\$ 22,839	\$ 92,263	\$ 22,839
Total OPEB liability	<u>68,717</u>	<u>75,925</u>	<u>17,232</u>	<u>127,410</u>	<u>-</u>
Net pension liability	647,073	143,850	458,348	332,575	1,986
Total business-type activities	<u>\$ 745,468</u>	<u>\$ 305,199</u>	<u>\$ 498,419</u>	<u>\$ 552,248</u>	<u>\$ 24,825</u>

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

I. Fund Balance Reporting

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Interfund Receivables and Payables

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 1,907,808	\$ 1,933,666
Special revenue:		
Federal Education Stabilization	-	1,430,371
Local Capital Improvement	1,933,666	-
Nonmajor governmental		
Special revenue:		
Other Federal Programs	-	477,437
	<u>\$ 3,841,474</u>	<u>\$ 3,841,474</u>

The interfund amounts primarily represent loans to cover temporary cash deficits in pooled accounts and expenditures incurred prior to reimbursements from outside parties. Interfund amounts also include Emergency Connectivity grant revenue recorded in the General Fund which was due to the Local Capital Improvement fund. These amounts are expected to be repaid within one year.

K. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2021-22 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 25,668,728
Categorical Educational Program - Class Size Reduction	17,083,348
Workforce Development Program	1,079,631
Motor Vehicle License Tax (Capital Outlay and Debt Service)	678,518
Voluntary Prekindergarten Program	638,557
Charter School Capital Outlay	1,275,766
Mobile Home License Tax	162,462
Food Service Supplement	79,511
Miscellaneous	296,231
	<u>\$ 46,962,752</u>

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

L. Revenues

2. Property Taxes

The following is a summary of millages and taxes levied on the 2021 tax roll for the 2021-22 fiscal year:

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

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	\$ 6,401,897	\$ -
Debt service:		
Other debt service	11,039,313	-
ARRA economic stimulus	1,286,536	-
Capital projects:		
Local capital improvement	-	17,451,980
Other	-	1,275,766
	\$ 18,727,746	\$ 18,727,746

Interfund transfers represent permanent transfers between funds. The transfers out of the Food Service Fund to the General Fund were to reimburse from prior year transfers that eliminated a negative fund balance. The transfers out of the Capital Projects – Local Capital Improvement Fund were to provide for debt service payments in the Debt Service – Other Fund and the Debt Service – ARRA Economic Stimulus Fund and to the General Fund for maintenance and repair of educational plant and salaries for facilities and planning and construction and property casualty insurance premium. The transfers from Capital Projects – Other Fund were to the General Fund to provide for payments to charter schools for capital expenditures and school hardening grant, and to the general fund for the debt service payments on the two Guaranteed Energy Savings Performance Contracts.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Federal direct	\$ 125,000	\$ 644,059	\$ 665,601	\$ 21,542
Federal through state and local	350,000	483,268	217,073	(266,195)
State	49,629,932	45,053,378	44,928,734	(124,644)
Local:				
Property taxes	100,387,048	100,589,333	101,010,285	420,952
Miscellaneous	3,379,677	6,157,254	5,382,721	(774,533)
Total Revenues	<u>153,871,657</u>	<u>152,927,292</u>	<u>152,204,414</u>	<u>(722,878)</u>
Expenditures				
Current - Education:				
Instruction	112,526,322	111,032,738	103,082,588	7,950,150
Student support services	5,457,614	5,084,116	3,579,861	1,504,255
Instructional media services	2,212,768	2,329,454	2,233,983	95,471
Instruction and curriculum development services	5,039,268	5,571,269	5,428,438	142,831
Instructional staff training services	2,678,942	1,952,744	1,673,821	278,923
Instruction-related technology	744,939	641,540	575,034	66,506
Board	924,225	830,174	753,605	76,569
General administration	497,153	668,316	658,813	9,503
School administration	10,083,108	10,235,207	10,168,705	66,502
Facilities acquisition and construction	1,936,011	2,290,175	2,002,337	287,838
Fiscal services	1,606,404	1,497,345	1,456,076	41,269
Central services	3,645,920	3,219,472	2,964,898	254,574
Student transportation services	5,733,785	6,470,234	6,090,432	379,802
Operation of plant	16,215,324	16,663,713	16,388,152	275,561
Maintenance of plant	3,652,413	3,732,036	3,678,361	53,675
Administrative technology services	4,096,633	4,040,636	3,795,466	245,170
Fixed Capital Outlay:				
Facilities acquisition and construction	-	-	83,320	(83,320)
Other capital outlay	-	-	117,300	(117,300)
Total Expenditures	<u>177,050,829</u>	<u>176,259,169</u>	<u>164,731,190</u>	<u>11,527,979</u>
Excess (deficiency) of revenues over expenditures	<u>(23,179,172)</u>	<u>(23,331,877)</u>	<u>(12,526,776)</u>	<u>10,805,101</u>
Other Financing Sources (Uses)				
Sale of capital assets	25,000	92,896	100,471	7,575
Loss recoveries	-	1,453	1,793	340
Transfers in	6,334,541	6,401,896	6,401,897	1
Total Other Financing Sources (Uses)	<u>6,359,541</u>	<u>6,496,245</u>	<u>6,504,161</u>	<u>7,916</u>
Net change in fund balances	(16,819,631)	(16,835,632)	(6,022,615)	10,813,017
Fund balances, beginning of year	24,513,213	24,513,213	24,513,214	1
Fund balances, end of year	<u>\$ 7,693,582</u>	<u>\$ 7,677,581</u>	<u>\$ 18,490,599</u>	<u>\$ 10,813,018</u>

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

JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Federal through state and local	\$ 3,853,569	\$ 38,870,643	\$ 14,560,242	\$ (24,310,401)
Total Revenues	<u>3,853,569</u>	<u>38,870,643</u>	<u>14,560,242</u>	<u>(97,241,604)</u>
Expenditures				
Current - Education:				
Instruction	1,252,463	20,750,076	7,876,972	12,873,104
Student support services	5,397	10,053,009	3,231,844	6,821,165
Instructional media services	2,314,223	22,867	20,811	2,056
Instruction and curriculum development services	34,926	123,119	114,775	8,344
Instructional staff training services	79,774	1,479,956	1,068,828	411,128
Instruction-related technology	19	1,721,019	121,525	1,599,494
Board	-	1,203	1,096	107
General administration	16,028	1,510,498	668,668	841,830
School administration	90	121,296	77,767	43,529
Facilities acquisition and construction	-	1,723,619	7,668	1,715,951
Fiscal services	-	15,654	15,334	320
Food services	-	182,923	167,572	15,351
Central services	-	39,716	37,242	2,474
Student transportation services	5,558	167,349	132,166	35,183
Operation of plant	145,091	150,917	134,108	16,809
Maintenance of plant	-	55,361	50,384	4,977
Administrative technology services	-	661,389	628,380	33,009
Community services	-	90,672	4,381	86,291
Fixed Capital Outlay:				
Facilities acquisition and construction	-	-	5,775	(5,775)
Other capital outlay	-	-	34,894	(34,894)
Total Expenditures	<u>3,853,569</u>	<u>38,870,643</u>	<u>14,400,190</u>	<u>24,470,453</u>
Net change in fund balances	-	-	160,052	160,052
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,052</u>	<u>\$ 160,052</u>

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

FIVE YEARS ENDED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service Cost	\$ 2,952,334	\$ 1,373,073	\$ 965,957	\$ 630,072	\$ 624,473	\$ 656,474
Interest	850,047	716,905	826,686	574,368	540,484	517,126
Differences between expected and actual experience	737,400	6,306,325	(151,662)	6,526,321	154,400	(1,587,718)
Changes in assumptions or other inputs	694,104	5,159,818	4,717,965	(2,315,335)	(277,154)	482,410
Benefit payments	<u>(1,187,862)</u>	<u>(1,216,634)</u>	<u>(321,022)</u>	<u>(538,505)</u>	<u>(471,084)</u>	<u>(554,486)</u>
Net Change in Total OPEB Liability	4,046,023	12,339,487	6,037,924	4,876,921	571,119	(486,194)
Total OPEB liability, beginning of year	<u>37,735,049</u>	<u>25,395,562</u>	<u>19,357,638</u>	<u>14,480,717</u>	<u>13,909,598</u>	<u>14,395,792</u>
Total OPEB liability, end of year	<u>\$ 41,781,072</u>	<u>\$ 37,735,049</u>	<u>\$ 25,395,562</u>	<u>\$ 19,357,638</u>	<u>\$ 14,480,717</u>	<u>\$ 13,909,598</u>
Covered-employee payroll	\$ 87,166,847	\$ 87,166,847	\$ 82,623,549	\$ 82,623,549	\$ 86,980,239	\$ 86,980,239
Total OPEB Liability as a percentage of covered-employee payroll	47.93%	43.29%	30.74%	23.43%	16.65%	15.99%

The District implemented GASB 75 in fiscal year 2017. Information for prior years is not available.

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

TEN YEARS ENDED

	2021	2020 ⁽²⁾	2019	2018	2017 ⁽³⁾	2016	2015	2014	2013
District's proportion of the FRS net pension liability	0.212462693%	0.191699666%	0.193340585%	0.196454202%	0.194596568%	0.201567929%	0.213842564%	0.218181024%	0.210600558%
District's proportionate share of the FRS net pension liability	\$ 16,049,142	\$ 83,085,460	\$ 66,581,987	\$ 59,173,024	\$ 57,580,116	\$ 50,896,060	\$ 27,620,635	\$ 13,312,251	\$ 36,253,729
District's Covered Payroll	\$ 100,645,937	\$ 97,827,608	\$ 95,447,789	\$ 93,602,178	\$ 90,176,700	\$ 89,448,775	\$ 86,485,842	\$ 87,280,659	\$ 79,693,279
District's Proportionate Share of the FRS net pension liability as a percentage of its covered payroll	15.95%	84.93%	69.76%	63.22%	63.85%	56.90%	31.94%	15.25%	45.49%
FRS plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

Note: Data was unavailable prior to 2013.

⁽¹⁾ The amounts presented for each fiscal year were determined as of June 30. GASB 68, paragraph 81a(1) requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

⁽²⁾ The net pension liability for the FRS Pension Plan at July 1, 2019, has been decreased by \$940,602 due to an increase to beginning net position for an interfund receivable amount. The District's proportionate share of the net pension liability reflects that restatement.

⁽³⁾ The net pension liability for the FRS Pension Plan at July 1, 2017, has been increased by \$10,152,810 due to the restatement of the fund's beginning net position as a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The District's proportionate share of the net pension liability reflects that restatement.

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

TEN YEARS ENDED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contributions	\$ 9,412,059	\$ 8,093,911	\$ 6,369,330	\$ 5,994,953	\$ 5,598,787	\$ 5,065,828	\$ 4,915,555	\$ 5,213,663	\$ 4,779,090
FRS contributions in relation to the contractually required contribution	<u>(9,412,059)</u>	<u>(8,093,911)</u>	<u>(6,369,330)</u>	<u>(5,994,953)</u>	<u>(5,598,787)</u>	<u>(5,065,828)</u>	<u>(4,915,555)</u>	<u>(5,213,663)</u>	<u>(4,779,090)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 108,246,964	\$ 100,645,936	\$ 97,827,608	\$ 95,448,789	\$ 93,602,178	\$ 90,176,700	\$ 89,448,775	\$ 86,485,842	\$ 87,280,659
FRS contributions as a percentage of covered payroll	8.69%	8.04%	6.51%	6.28%	5.98%	5.62%	5.50%	6.03%	5.48%

Note: Data was unavailable prior to 2014.

⁽¹⁾ The amounts presented for each fiscal year were determined as of June 30. GASB 68, paragraph 81b requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

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

TEN YEARS ENDED

	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the HIS net pension liability	0.284207702%	0.281756871%	0.285144480%	0.286388946%	0.282856426%	0.289889947%	0.287060779%	0.293776221%	0.281361277%
District's proportionate share of the HIS net pension liability	\$ 34,862,348	\$ 34,402,055	\$ 31,904,814	\$ 30,311,728	\$ 30,244,314	\$ 33,785,472	\$ 29,275,684	\$ 27,468,794	\$ 24,496,199
District's covered payroll	\$ 100,645,937	\$ 97,827,608	\$ 95,448,789	\$ 93,602,178	\$ 90,176,700	\$ 89,448,775	\$ 86,485,842	\$ 87,280,659	\$ 79,693,279
District's Proportionate Share of the HIS net pension liability as a percentage of its covered payroll	34.64%	35.17%	33.43%	32.38%	33.54%	37.77%	33.85%	31.47%	30.74%
HIS plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

Note: Data was unavailable prior to 2013.

⁽¹⁾ The amounts presented for each fiscal year were determined as of June 30. GASB 68, paragraph 81a(1) requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

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

TEN YEARS ENDED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contributions	\$ 1,795,874	\$ 1,670,575	\$ 1,623,633	\$ 1,583,380	\$ 1,553,094	\$ 1,496,958	\$ 1,485,871	\$ 1,097,325	\$ 1,006,379
HIS contributions in relation to the contractually required contribution	<u>(1,795,874)</u>	<u>(1,670,575)</u>	<u>(1,623,633)</u>	<u>(1,583,380)</u>	<u>(1,553,094)</u>	<u>(1,496,958)</u>	<u>(1,485,871)</u>	<u>(1,097,325)</u>	<u>(1,006,379)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 108,246,964	\$ 100,645,936	\$ 97,827,608	\$ 95,448,789	\$ 93,602,178	\$ 90,176,700	\$ 89,448,775	\$ 86,485,842	\$ 87,280,659
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.27%	1.15%

Note: Data was unavailable prior to 2014.

⁽¹⁾ The amounts presented for each fiscal year were determined as of June 30. GASB 68, paragraph 81b requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

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

JUNE 30, 2022

I. Budgetary Basis of Accounting

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

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

II. Schedule of Changes in the District’s Total Other Postemployment Benefits Liability and Related Ratios

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The June 30, 2022, total OPEB liability increased from the prior fiscal year as a result of changes to assumptions as discussed below:

- The discount rate decreased from 2.12% as of January 1, 2021, to 2.06% as of January 1, 2022, to reflect changes in the Bond Buyer GO 20-Bond Municipal Bond Index.
- The administrative expenses are now using per-capita administrative costs based on actual 2021 administrative fees.
- The healthy and disabled mortality tables assumptions were updated.
- The disabled mortality table assumption has been changed from PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2019 as of January 1, 2021, to the PUB-2010 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2010 using Scale MP-2021 as of January 1, 2022.
- The healthcare trend rates were updated as of January 1, 2022, to reflect the most recent national average information from a variety of sources.

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

JUNE 30, 2022

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

Assumptions. In 2022, the long-term expected rate of return was 6.80%.

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

Assumptions. In 2022, the long-term expected rate of return was 2.16%.

OTHER SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2022

	Special Revenue		Debt Service	Capital Projects	Total Other Governmental Funds
	Food Service Fund	Other Federal Programs Fund	SBE/COBI Bonds Fund	Capital Outlay and Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ 691,826	\$ -	\$ -	\$ 15,987	\$ 707,813
Investments	-	-	40,160	-	40,160
Accounts Receivable	34	32,866	-	-	32,900
Due from other agencies	160,330	577,875	-	127,730	865,935
Inventories	101,288	-	-	-	101,288
Total Assets	\$ 953,478	\$ 610,741	\$ 40,160	\$ 143,717	\$ 1,748,096
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued salaries and benefits	\$ 25,751	\$ 53,523	\$ -	\$ -	\$ 79,274
Accounts payable	89,123	70,952	-	1,914	161,989
Due to other agencies	-	411	-	-	411
Due to other funds	-	477,437	-	-	477,437
Unearned revenue	55,715	60	-	-	55,775
Total Liabilities	170,589	602,383	-	1,914	774,886
Deferred Inflows of Resources:					
Deferred revenue	-	-	-	541	541
Total Deferred Inflows of Resources	-	-	-	541	541
Fund Balances:					
Nonspendable:					
Inventories	101,288	-	-	-	101,288
Total Nonspendable Fund Balance	101,288	-	-	-	101,288
Restricted for:					
Debt service	-	-	40,160	-	40,160
Capital projects	-	-	-	141,262	141,262
Food service	681,601	-	-	-	681,601
Total Restricted Fund Balance	681,601	-	40,160	141,262	863,023
Assigned for:					
Special Revenue	-	8,358	-	-	8,358
Total Assigned Fund Balance	-	8,358	-	-	8,358
Unassigned Fund Balance					
Total Fund Balances	782,889	8,358	40,160	141,262	972,669
Total Liabilities and Fund Balances	\$ 953,478	\$ 610,741	\$ 40,160	\$ 143,717	\$ 1,748,096

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

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

YEAR ENDED JUNE 30, 2022

	Special Revenue		Debt Service	Capital Projects	Total Other Governmental Funds
	Food Service Fund	Other Federal Programs Fund	SBE/COBI Bonds Fund	Capital Outlay and Debt Service Fund	
Revenues					
Federal through state and local	\$ 9,265,229	\$ 9,102,412	\$ -	\$ -	\$ 18,367,641
State	79,514	-	540,461	127,952	747,927
Local:					
Charges for services - food service	358,567	-	-	-	358,567
Miscellaneous	11,004	371	-	77	11,452
Total Revenues	<u>9,714,314</u>	<u>9,102,783</u>	<u>540,461</u>	<u>128,029</u>	<u>19,485,587</u>
Expenditures					
Current - Education:					
Instruction	-	4,244,290	-	-	4,244,290
Student support services	-	1,240,714	-	-	1,240,714
Instruction and curriculum development services	-	1,967,604	-	-	1,967,604
Instructional staff training services	-	828,170	-	-	828,170
General administration	-	492,642	-	-	492,642
Facilities acquisition and construction	-	250,775	-	-	250,775
Food services	9,074,770	-	-	-	9,074,770
Student transportation services	-	41,573	-	-	41,573
Fixed Capital Outlay:					
Facilities acquisition and construction	-	-	-	133,194	133,194
Other capital outlay	14,470	28,657	-	-	43,127
Debt Service:					
Principal	-	-	449,000	-	449,000
Interest and fiscal charges	-	-	102,490	-	102,490
Other debt service	-	-	201	762	963
Total Expenditures	<u>9,089,240</u>	<u>9,094,425</u>	<u>551,691</u>	<u>133,956</u>	<u>18,869,312</u>
Excess (deficiency) of revenues over expenditures	<u>625,074</u>	<u>8,358</u>	<u>(11,230)</u>	<u>(5,927)</u>	<u>616,275</u>
Net change in fund balances	625,074	8,358	(11,230)	(5,927)	616,275
Fund balances, beginning of year	157,815	-	51,390	147,189	356,394
Fund balances, end of year	<u>\$ 782,889</u>	<u>\$ 8,358</u>	<u>\$ 40,160</u>	<u>\$ 141,262</u>	<u>\$ 972,669</u>

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

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

YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues				
Federal through state and local	\$ 7,050,000	\$ 8,349,581	\$ 9,265,229	\$ 915,648
State	98,306	98,306	79,514	(18,792)
Local:				
Charges for services - food service	630,309	650,309	358,567	(291,742)
Miscellaneous	20,000	-	11,004	11,004
Total Revenues	<u>7,798,615</u>	<u>9,098,196</u>	<u>9,714,314</u>	<u>616,118</u>
Expenditures				
Current - Education:				
Food services	7,468,514	8,768,095	9,074,770	(306,675)
Fixed Capital Outlay:				
Other capital outlay	-	-	14,470	(14,470)
Total Expenditures	<u>7,468,514</u>	<u>8,768,095</u>	<u>9,089,240</u>	<u>(321,145)</u>
Excess (deficiency) of revenues over expenditures	<u>330,101</u>	<u>330,101</u>	<u>625,074</u>	<u>294,973</u>
Net change in fund balances	330,101	330,101	625,074	294,973
Fund balances, beginning of year	157,815	157,815	157,815	-
Fund balances, end of year	<u>\$ 487,916</u>	<u>\$ 487,916</u>	<u>\$ 782,889</u>	<u>\$ 294,973</u>

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

YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Federal through state and local	\$ 11,342,352	\$ 13,630,869	\$ 9,102,412	\$ (4,528,457)
Local:				
Miscellaneous	-	-	371	371
Total Revenues	<u>11,342,352</u>	<u>13,630,869</u>	<u>9,102,783</u>	<u>(4,528,086)</u>
Expenditures				
Current - Education:				
Instruction	5,799,059	6,883,296	4,244,290	2,639,006
Student support services	1,186,553	1,488,384	1,240,714	247,670
Instruction and curriculum development services	2,291,576	2,825,011	1,967,604	857,407
Instructional staff training services	1,334,162	1,606,781	828,170	778,611
Board	-	680,970	-	680,970
General administration	627,696	-	492,642	(492,642)
Facilities acquisition and construction	-	-	250,775	(250,775)
Central services	11,953	14,097	-	14,097
Student transportation services	91,353	132,330	41,573	90,757
Fixed Capital Outlay:				
Other capital outlay	-	-	28,657	(28,657)
Total Expenditures	<u>11,342,352</u>	<u>13,630,869</u>	<u>9,094,425</u>	<u>4,536,444</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>8,358</u>	<u>8,358</u>
Net change in fund balances	-	-	8,358	8,358
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,358</u>	<u>\$ 8,358</u>

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

YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Local:				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 15	\$ 2,985
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>15</u>	<u>2,985</u>
Expenditures				
Debt Service:				
Principal	8,381,232	8,381,232	8,381,232	-
Interest and fiscal charges	2,650,416	2,650,416	2,650,416	-
Other debt service	10,650	10,650	7,680	2,970
Total Expenditures	<u>11,042,298</u>	<u>11,042,298</u>	<u>11,039,328</u>	<u>2,970</u>
Excess (deficiency) of revenues over expenditures	<u>(11,039,298)</u>	<u>(11,039,298)</u>	<u>(11,039,313)</u>	<u>(15)</u>
Other Financing Sources (Uses)				
Transfers in	<u>11,039,298</u>	<u>11,039,298</u>	<u>11,039,313</u>	<u>15</u>
Total Other Financing Sources (Uses)	<u>11,039,298</u>	<u>11,039,298</u>	<u>11,039,313</u>	<u>15</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues				
Federal direct	\$ 1,436,319	\$ 1,436,319	\$ 1,436,319	\$ -
Local:				
Miscellaneous	117,020	120,000	174,196	54,196
Total Revenues	<u>1,553,339</u>	<u>1,556,319</u>	<u>1,610,515</u>	<u>54,196</u>
Expenditures				
Debt Service:				
Interest and fiscal charges	1,552,025	1,552,025	1,552,024	1
Other debt service	3,381	3,490	3,494	(4)
Total Expenditures	<u>1,555,406</u>	<u>1,555,515</u>	<u>1,555,518</u>	<u>(3)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,067)</u>	<u>804</u>	<u>54,997</u>	<u>54,193</u>
Other Financing Sources (Uses)				
Transfers in	<u>1,286,656</u>	<u>2,842,885</u>	<u>1,286,536</u>	<u>(1,556,349)</u>
Total Other Financing Sources (Uses)	<u>1,286,656</u>	<u>2,842,885</u>	<u>1,286,536</u>	<u>(1,556,349)</u>
Net change in fund balances	1,284,589	2,843,689	1,341,533	(1,502,156)
Fund balances, beginning of year	<u>14,134,779</u>	<u>14,134,779</u>	<u>14,134,779</u>	<u>-</u>
Fund balances, end of year	<u>\$ 15,419,368</u>	<u>\$ 16,978,468</u>	<u>\$ 15,476,312</u>	<u>\$ (1,502,156)</u>

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

YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues				
Federal direct	\$ -	\$ -	\$ 2,413,666	\$ 2,413,666
Local:				
Property taxes	31,581,496	32,003,053	31,776,582	(226,471)
Miscellaneous	32,158	61,128	61,126	(2)
Total Revenues	<u>31,613,654</u>	<u>32,064,181</u>	<u>36,665,040</u>	<u>4,600,859</u>
Expenditures				
Current - Education:				
Facilities acquisition and construction	26,688,762	27,264,104	8,490,199	18,773,905
Fixed Capital Outlay:				
Facilities acquisition and construction	-	-	8,119,638	(8,119,638)
Total Expenditures	<u>26,688,762</u>	<u>27,264,104</u>	<u>24,729,475</u>	<u>2,534,629</u>
Excess (deficiency) of revenues over expenditures	<u>4,924,892</u>	<u>4,800,077</u>	<u>11,935,565</u>	<u>7,135,488</u>
Other Financing Sources (Uses)				
Transfers out	(17,452,084)	(17,451,980)	(17,451,980)	-
Total Other Financing Sources (Uses)	<u>(17,452,084)</u>	<u>(17,451,980)</u>	<u>(17,451,980)</u>	<u>-</u>
Net change in fund balances	(12,527,192)	(12,651,903)	(5,516,415)	7,135,488
Fund balances, beginning of year	12,684,333	12,684,333	12,684,333	-
Fund balances, end of year	<u>\$ 157,141</u>	<u>\$ 32,430</u>	<u>\$ 7,167,918</u>	<u>\$ 7,135,488</u>

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

YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues				
State	\$ 9,005	\$ 1,286,093	\$ 1,286,091	\$ (2)
Local:				
Property taxes		940	-	(940)
Impact fees	1,300,000	1,647,104	1,647,104	-
Miscellaneous	1,208,411	24,019	24,016	(3)
Total Revenues	<u>2,517,416</u>	<u>2,958,156</u>	<u>2,957,211</u>	<u>(945)</u>
Expenditures				
Current - Education:				
Facilities acquisition and construction	9,745,556	10,194,635	-	10,194,635
Total Expenditures	<u>9,745,556</u>	<u>10,194,635</u>	<u>1,199,941</u>	<u>8,994,694</u>
Excess (deficiency) of revenues over expenditures	<u>(7,228,140)</u>	<u>(7,236,479)</u>	<u>1,757,270</u>	<u>8,993,749</u>
Other Financing Sources (Uses)				
Transfers out	(1,208,411)	(1,312,361)	(1,275,766)	36,595
Total Other Financing Sources (Uses)	<u>(1,208,411)</u>	<u>(1,312,361)</u>	<u>(1,275,766)</u>	<u>36,595</u>
Net change in fund balances	(8,436,551)	(8,548,840)	481,504	9,030,344
Fund balances, beginning of year	8,279,383	8,279,383	8,279,383	-
Fund balances, end of year	<u>\$ (157,168)</u>	<u>\$ (269,457)</u>	<u>\$ 8,760,887</u>	<u>\$ 9,030,344</u>

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

YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
State	\$ 551,490	\$ 551,490	\$ 540,461	\$ (11,029)
Total Revenues	<u>551,490</u>	<u>551,490</u>	<u>540,461</u>	<u>(11,029)</u>
Expenditures				
Debt Service:				
Principal	449,000	449,000	449,000	-
Interest and fiscal charges	102,490	102,490	102,490	-
Other debt service			201	(201)
Total Expenditures	<u>551,490</u>	<u>551,490</u>	<u>551,691</u>	<u>(201)</u>
Net change in fund balances	-	-	(11,230)	(11,230)
Fund balances, beginning of year	51,390	51,390	51,390	-
Fund balances, end of year	<u>\$ 51,390</u>	<u>\$ 51,390</u>	<u>\$ 40,160</u>	<u>\$ (11,230)</u>

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

YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
State	\$ 110,013	\$ 128,029	\$ 127,952	\$ (77)
Local:				
Miscellaneous		77	77	-
Total Revenues	<u>110,013</u>	<u>128,106</u>	<u>128,029</u>	<u>(77)</u>
Expenditures				
Current - Education:				
Facilities acquisition and construction	257,202	273,223	-	273,223
Federal Capital Outlay:				
Instruction	-	-	133,194	(133,194)
Student support services				
services	-	762	762	-
Instruction-related technology	<u>257,202</u>	<u>273,985</u>	<u>267,912</u>	<u>6,073</u>
Board				
General administration	<u>(147,189)</u>	<u>(145,879)</u>	<u>(139,883)</u>	<u>5,996</u>
School administration				
Net change in fund balances	(147,189)	(145,879)	(139,883)	5,996
Fund balances, beginning of year	<u>147,189</u>	<u>147,189</u>	<u>147,189</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,310</u>	<u>\$ 7,306</u>	<u>\$ 5,996</u>

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County School District (the “District”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated April 12, 2023. Our report includes a reference to other auditors who audited the financial statements of the school internal accounts and the discretely presented component units, as described in our report on the District’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

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, 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*.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 the response.

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.

Cherry Bekaert LLP

Orlando, Florida
April 12, 2023

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Indian River County School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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 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.

Responsibility 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 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 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 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.

Cherry Bekaert LLP

Orlando, Florida
April 12, 2023

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

YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal ALN	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	22002	\$ -	\$1,808,951
National School Lunch Program	10.555	22002, 22003	-	6,710,170
Summer Food Service Program for Children	10.559	21006, 21007, 22006, 22007	-	746,119
Total Child Nutrition Cluster			<u>-</u>	<u>9,265,240</u>
Student Financial Assistance Cluster				
United States Department of Education:				
Federal Pell Grant Program	84.063	N/A	-	244,137
Special Education Cluster				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	326,019	3,503,513
St. Lucie County District School Board	84.027	None	-	6,199
Total Special Education - Grants to States			<u>326,019</u>	<u>3,509,712</u>
Special Education - Preschool Grants:				
Florida Department of Education	84.173	267	-	113,478
Total Special Education Cluster			<u>326,019</u>	<u>3,623,190</u>
Not Clustered				
United States Department of Defense				
Army Junior Reserve Officers Training Corps	12.U01	N/A	-	146,542
Federal Communications Commission:				
Emergency Connectivity Fund Program	32.009	N/A	-	2,413,666
United States Department of Education				
Florida Department of Education:				
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:				
COVID-19: Governor's Emergency Education Relief Fund	84.425C	123	-	62,543
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425D	124	913,768	7,506,877
COVID19:Higher Education Emergency Relief Fund Institutional Aid Portion	84.425F	N/A	-	121,618
American Rescue Plan: Higher Education Emergency Relief Fund	84.425T	N/A	-	122,246
American Rescue Plan: Elementary and Secondary School Emergency Relief Fund	84.425U	121	-	6,574,574
American Rescue Plan: Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	122	-	12,331
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			<u>913,768</u>	<u>14,400,189</u>
Adult Education - Basic Grants to States	84.002	191	-	129,693
Title I Grants to Local Educational Agencies	84.010	212, 226	89,245	3,899,659
Migrant Education - State Grant Program	84.011	217	-	7,328
Title IX Education of Homeless Children and Youth	84.196	127	-	61,051
Career and Technical Education - Basic Grants to States	84.048	161	-	266,694
Twenty-First Century Community Learning Centers	84.287	244	-	132,122
English Language Acquisition State Grants	84.365	102	6,984	160,489
Supporting Effective Instruction State Grants	84.367	224	24,565	510,430
Student Support and Academic Enrichment Program	84.424	241	-	303,770
Total United States Department of Education			<u>1,034,562</u>	<u>19,871,425</u>
Total Expenditures of Federal Awards			<u>\$ 1,360,581</u>	<u>\$ 35,564,200</u>

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

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

JUNE 30, 2022

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) includes the Federal award activity of the School District of Indian River County under programs of the Federal Government for the fiscal year ended June 30, 2022. The information in (the “District”) Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District.

II. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

III. Indirect Cost Rate

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

IV. Noncash Assistance – National School Lunch Program

The District received \$746,119 of donated food during the fiscal year. National School Lunch Program expenditures during the fiscal year include donated food expenditures of \$769,608. Donated food is valued at fair value as determined at the time of donation.

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

YEAR ENDED JUNE 30, 2022

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? x yes no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes x none reported

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

Unmodified

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

 yes x no

Identification of major programs:

Name of Program or Cluster	Assistance Listing Number
Special Education Cluster (IDEA)	84.027-CL
Education Stabilization Fund	84.425
Emergency Connectivity Fund	32.009

Dollar threshold used to determine Type A programs:

Federal \$ 1,066,926

Auditee qualified as low-risk auditee for federal purposes?

 x yes no

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

Part II - Schedule of Financial Statement Findings

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

Finding 2022-001:

Recognition of Unavailable Revenue at the Fund Level - Material Weakness

Statement of Condition: Other Capital Projects Fund grant revenue of approximately \$262,000 had been recognized in fiscal 2022, prior to audit adjustment, even though the amount had not yet been collected as of the date these financial statements were available to be issued.

Criteria: Amounts not collected for governmental funds within the 90 day availability period prescribed by the District should be recorded as deferred inflow, rather than recognized as revenue.

Cause of Condition: The grant amount was recorded as receivable and revenue when expended, but revenue recognition was not reevaluated for this receivable when not collected within 90 days of year end.

Effect of Condition: Other Capital Projects Fund revenue was overstated prior to audit adjustment.

Recommendation: Governmental Fund receivables not collected within 90 days of year-end should be reevaluated for proper revenue recognition and recording of deferred inflows.

Views of Responsible Officials: We concur with the finding and recommendation.

Part III - Federal Award Findings and Questioned Costs

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

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
SUMMARY OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2022

Summary of Prior Year Findings

Audit Report Date: June 30, 2021

Federal Awards Finding Number: 2021-001

Program/Area: Preparation of the Schedule of Expenditures of Federal Awards

Brief Description: The District combined expenditures of federal awards for grants with two different Assistance Listing Numbers in the Schedule of Expenditures of Federal Awards, rather than separately identifying expenditures related to each grant. This was due to both grants being posted in the same general ledger account.

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

Status: Corrected.

Comments: District management agreed with the finding. Management updated internal procedures regarding preparation of the Schedule of Expenditures of Federal Awards. Management revised financial reporting by segregating each grant into a separate general ledger account.



School District of Indian River County

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

David K. Moore, Ed.D. - Superintendent

April 12, 2023

Management's Corrective Action Plan

For the Fiscal Year Ended June 30, 2022

Finding Number: 2022-001

Planned Corrective Action: The District will review and update internal procedures regarding reevaluating for revenue not collected within 90 days of year end and recording in deferred inflows.

Anticipated Completion Date: April 30, 2023

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

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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Independent Auditor's Management Letter

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

Report of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County School District (the "District") as of and for the year ended June 30, 2022, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 12, 2023. We did not audit the financial statements of the discretely presented component units nor the school internal accounts; those financial statements were audited by other auditors.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.800, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance; Report of Independent Accountant on Compliance with Local Government Investment Policies; and the Schedules of Findings and Questioned Costs and Prior Year Audit Findings. Disclosures in the schedules and those reports, which are dated April 12, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. As noted on the Schedule of Prior Year Audit Findings, prior year comments were appropriately addressed.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Our recommendations can be found in the Schedule of Findings and Questioned Costs, as addressed in our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Cherry Bekaert LLP

Orlando, Florida
April 12, 2023

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

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

We have examined the Indian River County School District's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2022. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the District complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2022.

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

Cherry Bekaert LLP

Orlando, Florida
April 12, 2023