

**SCHOOL DISTRICT OF
INDIAN RIVER COUNTY**

FINANCIAL STATEMENTS AND
FEDERAL SINGLE AUDIT

As of and for the Year Ended June 30, 2025

And Reports of Independent Auditor

**SCHOOL DISTRICT OF INDIAN RIVER COUNTY
INTRODUCTORY SECTION**

BOARD MEMBERS AND SUPERINTENDENT

During the 2024-25 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>
Teri L. Barenborg, Chair	4
Dr. Peggy Jones, Vice Chair	3
Gene A. Posca	1
Jacqueline Rosario	2
David Dyer	5

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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, 2025, 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, 2025, 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 17.7%, 35.3%, and 5.5%, respectively, of the assets, net position/fund balance, and revenues of the aggregate remaining fund information, nor the financial statements of the charter schools, which represent 99.5%, 99.1%, and 99.6% of assets, net position and revenues of the aggregately discretely component units as of June 30, 2025. 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 twelve 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.

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 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 supplementary information 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 February 17, 2026 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
February 17, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

JUNE 30, 2025

The management of the School District of Indian River County (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, 2025. 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 2024-25 fiscal year are as follows:

- In total, net position increased by \$18.3 million during the 2024-2025 fiscal year.
- The assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources at June 30, 2025, by \$223.7 million. Of this amount, \$262.8 million represents investments in capital assets (net of related debt), a restricted net position of \$59.4 million and an unrestricted net position deficit of \$98.5 million.
- Program revenues account for \$17.1 million, or 6.5% of total revenues, and general revenues account for \$244.0 million, or 93.5%.
- The governmental funds report combined fund balances totals \$86.7 million, an increase of \$12.4 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 \$26.0 million, or 14.5% 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, 2025

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 six separate legal entities that operate as component units as discussed in the notes to the basic financial statements. Five of these component units operate as charter schools and one operates as a direct-support organization. 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, 2025

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 an 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 an 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.

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, 2025

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.

Supplementary Information

The Supplementary Information section includes combining fund statements for non-major funds.

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, 2025, compared to net position as of June 30, 2024:

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 111,553	\$ 101,931	\$ 1,842	\$ 1,295	\$ 113,395	\$ 103,226
Capital assets	320,556	322,289	-	-	320,556	322,289
Total Assets	432,109	424,220	1,842	1,295	433,951	425,515
Deferred Outflows of Resources	44,085	49,723	371	400	44,456	50,123
Liabilities:						
Long-term liabilities	201,154	228,540	1,186	1,238	202,340	229,778
Other liabilities	10,311	9,137	33	24	10,344	9,161
Total Liabilities	211,465	237,677	1,219	1,262	212,684	238,939
Deferred Inflows of Resources	41,728	31,129	313	165	42,041	31,294
Net Position:						
Net investment in capital assets	262,817	253,472	-	-	262,817	253,472
Restricted	59,399	50,285	-	-	59,399	50,285
Unrestricted (deficit) net position	(99,215)	(98,620)	681	268	(98,534)	(98,352)
Total Net Position	\$ 223,001	\$ 205,137	\$ 681	\$ 268	\$ 223,682	\$ 205,405

The largest portion of the District’s net position is investment in capital assets (e.g., land; land improvements; construction in progress; improvements other than buildings, buildings, and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software), 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 in the governmental activities 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 \$14.3 million in compensated absences payable, \$19.8 million in other postemployment benefit obligations, and \$109.0 million in net pension liability.

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

JUNE 30, 2025

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2025 and 2024, are as follows:

(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for services	\$ 2,325	\$ 2,301	\$ 2,233	\$ 2,226	\$ 4,558	\$ 4,527
Operating grants and contributions	9,321	16,527	-	-	9,321	16,527
Capital grants and contributions	3,192	3,654	-	-	3,192	3,654
General Revenues:						
Property taxes, levied for operational purposes	133,764	128,917	-	-	133,764	128,917
Property taxes, levied for capital projects	47,175	43,838	-	-	47,175	43,838
Grants and contributions not restricted to specific programs	53,611	56,939	-	-	53,611	56,939
Unrestricted investment earnings	4,579	4,439	71	60	4,650	4,499
Miscellaneous	4,831	5,237	-	-	4,831	5,237
Total Revenues	258,798	261,852	2,304	2,286	261,102	264,138
Functions/Program Expenses:						
Instruction	132,630	139,020	-	-	132,630	139,020
Student support services	9,155	10,819	-	-	9,155	10,819
Instruction media services	2,571	2,468	-	-	2,571	2,468
Instruction and curriculum development services	7,233	8,159	-	-	7,233	8,159
Instructional staff training services	2,131	3,280	-	-	2,131	3,280
Instruction-related technology	1,540	760	-	-	1,540	760
Board	717	937	-	-	717	937
General administration	2,485	2,056	-	-	2,485	2,056
School administration	13,743	13,884	-	-	13,743	13,884
Facilities acquisition and construction	12,370	12,710	-	-	12,370	12,710
Fiscal services	1,791	1,746	-	-	1,791	1,746
Food services	10,303	11,009	-	-	10,303	11,009
Central services	4,502	5,134	-	-	4,502	5,134
Student transportation services	7,653	8,019	-	-	7,653	8,019
Operation of plant	22,807	21,608	-	-	22,807	21,608
Maintenance of plant	4,477	4,679	-	-	4,477	4,679
Administrative technology services	3,121	3,904	-	-	3,121	3,904
Community services	-	227	-	-	-	227
Unallocated interest on long-term debt	1,705	2,126	-	-	1,705	2,126
Extended day program	-	-	1,891	2,242	1,891	2,242
Total Functions/Program Expenses	240,934	252,545	1,891	2,242	242,825	254,787
Change in net position	17,864	9,307	413	44	18,277	9,351
Net position, beginning of year	205,137	195,830	268	224	205,405	196,054
Net position, end of year	\$ 223,001	\$ 205,137	\$ 681	\$ 268	\$ 223,682	\$ 205,405

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

JUNE 30, 2025

Governmental Activities

Governmental activities revenues decreased by \$3.1 million primarily as a result of the following factors: Property taxes for operational purposes increased by \$4.8 million and property taxes for capital projects increased by \$3.3 million primarily due to an increase in the taxable assessed value of 6.1%. Capital and Operating grants and contributions decreased by a net of \$7.7 million, mainly because the funding for Federal Education Stabilization Funds awarded for the COVID-19 pandemic expired. Grants and contributions not restricted to specific programs declined this year by \$3.3 million, primarily due to reduced State funding allocations and decreased financial support for the Jimmy Graves Sports and Community Complex.

Governmental activities expenses decreased from the prior fiscal year by \$11.6 million. This was primarily due to a decrease in salary and benefits resulting from staff reductions and operational expense reductions to align with the decrease in revenue and grant collections from prior year.

Business-Type Activities

Extended Day Program business-type activities increased the District’s net position by \$413 thousand for the fiscal year ended June 30, 2025. Revenues from charges for services and other income totaled \$2.3 million, while Extended Day Program expenses totaled \$1.9 million.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Governmental Funds

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. Specifically, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as it represents the portion of fund balance that has not been limited to a particular purpose by an external party, the District, or a group or individual delegated authority by the Board to assign resources for particular purposes.

The District’s governmental funds reported a combined fund balance of \$86.7 million, which is an increase from the prior year. The following schedule indicates the fund balance and the total change in fund balance by major fund versus other governmental funds as reported in the basic financial statements for the fiscal years ended June 30, 2025 and 2024:

Fund Balance (in thousands)	2025	2024	Increase (Decrease)	Percentage Change
General Fund	\$ 31,270	\$ 31,751	\$ (481)	-1.5%
Federal Education Stabilization Fund	-	-	-	0.0%
Debt Service Funds:				
Other debt service	-	-	-	0.0%
ARRA economic stimulus	19,915	18,253	1,662	9.1%
Capital Projects Funds:				
Local capital improvement	29,359	17,997	11,362	63.1%
Other capital projects	5,806	5,998	(192)	-3.2%
Other governmental funds	364	324	40	12.3%
	\$ 86,714	\$ 74,323	\$ 12,391	16.7%

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

JUNE 30, 2025

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 14.5% of the total General Fund revenues, while total fund balance represents 17.5% of total General Fund revenues.

Total General Fund fund balance decreased by \$481 thousand. 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, 2025 and 2024.

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

	2025	2024	Increase (Decrease)	Percentage Change
Taxes	\$ 133,764	\$ 128,917	\$ 4,847	3.8%
State revenues	36,530	37,663	(1,133)	-3.0%
Other revenues	8,578	8,857	(279)	-3.2%
Net other financing sources and uses	7,312	5,003	2,309	46.2%
	<u>\$ 186,184</u>	<u>\$ 180,440</u>	<u>\$ 5,744</u>	<u>3.2%</u>

- Property tax revenue increased by \$4.8 million. The taxable assessed value of property increased 6.1% over the previous year.
- State revenues decreased by \$1.1 million, primarily due to an adjustment to Florida Education Finance Program ("FEFP") funding decreasing Family Empowerment Scholarships.
- Other revenues had a net decrease of \$279 thousand, due to a decrease in the ESSER reimbursements, indirect cost, gifts, grants, and bequests and other miscellaneous sources as compared to the fiscal year ended June 30, 2024.
- Other financing sources had a net increase of \$2.3 million, mainly because last year's transfer from the General Fund to Capital Funds for the Jimmy Graves Sports and Community Complex did not occur again.

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.

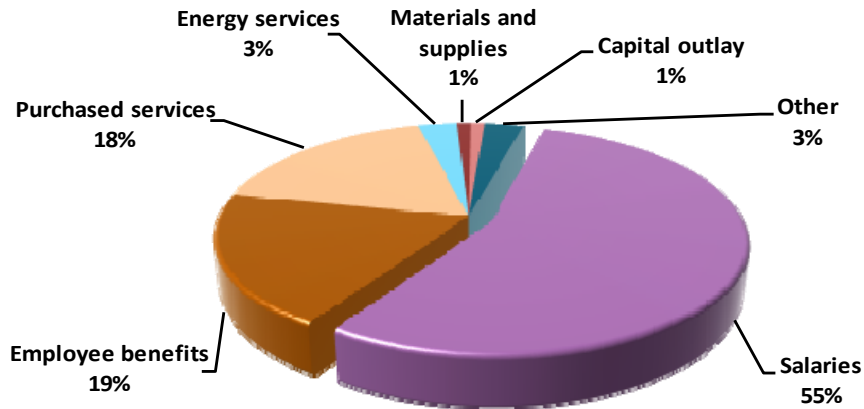
**Expenditures by Object
(in thousands)**

	2025	2024	Increase (Decrease)	Percentage Change
Salaries	\$ 102,868	\$ 96,442	\$ 6,426	6.7%
Employee benefits	35,163	33,302	1,861	5.6%
Purchased services	34,365	32,457	1,908	5.9%
Energy services	4,765	5,073	(308)	-6.1%
Materials and supplies	2,138	2,172	(34)	-1.6%
Capital outlay	2,384	1,051	1,333	126.8%
Other	4,981	4,700	281	6.0%
	<u>\$ 186,664</u>	<u>\$ 175,197</u>	<u>\$ 11,467</u>	<u>6.5%</u>

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

JUNE 30, 2025

**General Fund Expenditures by Object
Fiscal Year Ended June 30, 2025**



General Fund expenditures increased \$11.5 million, or 6.5% from the prior fiscal year, primarily for the reasons discussed below:

- Salary expenditures increased by \$6.4 million, or 6.7%, primarily as a result of negotiated increases with employee unions groups.
- Employee benefits expenditures increased by \$1.9 million, or 5.6%, as a result of an increase in salaries expenditures and by the increase in healthcare benefits and Florida Retirement System (“FRS”) rates.
- Purchased services expenditures increased by \$1.9 million, or 5.9%, primarily due to the second full year of school operations after COVID, a decrease in utilization of ESSER Grants and inflation.
- Energy services expenditures decreased from prior year by \$308 thousand, or 6.1%, primarily due to the decrease in fuel consumption offset by additional propane buses.
- Materials and supplies expenditures decreased from prior year by \$34 thousand, or 1.6%, primarily due to the right sizing expenditures to revenue and the continued utilization of ESSER grants for textbook purchases.
- Capital outlay increased by \$1.3 million, or 126.8%, primarily due to the purchase of additional equipment and the increase share allocation for charter schools.
- Other purchases increased by \$281 thousand, or 6.0%, for the indirect costs and guest educator funding.

Fund Balance – Other Major Funds

The Special Revenue – Federal Education Stabilization Fund balance remained the same.

The Debt Service – Other Fund balance decreased only slightly by \$2 hundred.

The Debt Service – ARRA Economic Stimulus Fund balance increased by \$1.7 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.

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

JUNE 30, 2025

The Capital Projects – Local Capital Improvement Fund balance increased by \$11.4 million during the fiscal year. This was due to more capital projects completed at the end of the fiscal year. Fund balance totaled \$18.0 million, and these funds are restricted for specific projects.

The Capital Projects – Other Fund balance decreased by \$193 thousand.

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 Enterprise Fund increased by \$413 thousand during the 2024-25 fiscal year to \$681 thousand at June 30, 2025. This increase occurred primarily because the reduction in expenses for the program participation.

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 less than original budgeted amounts primarily due to the District receiving less due to the Family Empowerment Scholarship allocation.

The District collected \$59 thousand less in revenue as compared to the final budget. This was largely due to a decrease in local sources.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in total capital assets for its governmental activities as of June 30, 2025, is \$320.6 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; audio visual materials; and computer software.

Major capital asset events included the following:

- Construction in progress for the School District of Indian River County include: security enhancements consisting of a single point of entry project, Osceola Magnet roof replacement, Sebastian River High School Auto Shop Renovations, Treasure Coas Elementary pick up/drop off improvement and windows and shutters replacement, Vero Beach High School roof replacement, and Jimmy Graves Sports Complex Track and Field.
- Projects completed and included in buildings and improvements include: security enhancements various single point of entry projects and security fencing, Citrus Elementary Chiller replacement; Gifford Middle walk in cooler replacement; Oslo Middle air handler replacement and fire alarm replacement; Sebastian River High School track and field resurfacing, practice field, walk in cooler replacement, and elevator modernization; Support Service Complex chiller replacement; and Vero Beach High School media center renovation.
- The total decrease in the District's investment in capital assets (net of accumulated depreciation) was approximately 0.5%. Detailed information regarding capital asset activity is included in the notes to the financial statements (III, section C, Changes in Capital Assets).

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

JUNE 30, 2025

Long-Term Debt

On June 30, 2025, the District has total long-term debt outstanding of \$58.0 million, composed of \$0.3 million of bonds payable, \$51.7 million of certificates of participation, and \$6.0 million energy savings performance contracts payable. During the current fiscal year, retirement of debt was \$11.3 million.

Additional information on the District’s long-term debt can be found in Notes III.I.1. through III.I.5. to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

Local property taxes are the District’s primary source of revenue. The required local effort for FY 2025-26 is 3.0050 mills the same from prior year 2024-25. The discretionary millage is 0.748 mills. Voted additional operation is 0.5 mills. Capital outlay millage is 1.5 mills. General Fund revenues and other financing sources for FY2025-2026 budgets are projected to be \$207.6 million, and expenditures and other uses are expected to be \$229.1 million. The difference in projected revenues and expenditures of \$21.5 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, 2025

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Charter Schools and The Indian River Education Fund, Inc.
ASSETS				
Cash and cash equivalents	\$ 76,083,632	\$ 1,830,920	\$ 77,914,552	\$ 11,017,115
Investments	9,463,588	-	9,463,588	-
Accounts receivable	807,110	30	807,140	401,218
Due from other agencies	4,222,866	10,775	4,233,641	470,669
Due from insurer	112,388	-	112,388	-
Prepaid items	639,794	-	639,794	143,371
Inventories	311,421	-	311,421	-
Restricted investments	19,912,548	-	19,912,548	-
Capital Assets:				
Nondepreciable capital assets	31,749,820	-	31,749,820	929,971
Depreciable capital assets, net	288,806,207	-	288,806,207	37,092,433
Total Assets	432,109,374	1,841,725	433,951,099	50,054,777
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	9,853,613	55,498	9,909,111	-
Pensions	33,985,464	315,529	34,300,993	-
Deferred loss on refunding of debt	246,046	-	246,046	-
Total Deferred Outflows of Resources	44,085,123	371,027	44,456,150	-
LIABILITIES				
Accrued salaries and benefits	363,232	25,027	388,259	1,118,226
Payroll deductions and withholdings	-	-	-	13,310
Accounts payable	3,643,026	7,851	3,650,877	98,021
Sales tax payable	236	-	236	-
Liability for compensated absences	-	-	-	48,603
Due to other agencies	6,216	-	6,216	-
Matured interest payable	606,625	-	606,625	-
Accrued interest payable	9,642	-	9,642	-
Unearned revenue	1,474,414	-	1,474,414	619,329
Estimated liability for self-insurance program	4,207,562	-	4,207,562	-
Long-Term Liabilities:				
Portion due within 1 year	10,898,796	3,041	10,901,837	2,128,057
Portion due after 1 year	190,255,708	1,183,394	191,439,102	18,637,910
Total Liabilities	211,465,457	1,219,313	212,684,770	22,663,456
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	20,485,459	115,379	20,600,838	-
Pensions	21,242,710	197,222	21,439,932	-
Total Deferred Inflows of Resources	41,728,169	312,601	42,040,770	-
NET POSITION				
Net investment in capital assets	262,817,153	-	262,817,153	17,262,638
Restricted for:				
State required carryover programs	3,799,797	-	3,799,797	-
Debt service	19,924,511	-	19,924,511	-
Capital projects	35,448,774	-	35,448,774	-
Food service	70,983	-	70,983	142,616
Other purposes	155,201	-	155,201	62,809
Unrestricted (deficit) net position	(99,215,548)	680,838	(98,534,710)	9,923,258
Total Net Position	\$ 223,000,871	\$ 680,838	\$ 223,681,709	\$ 27,391,321

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, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 132,629,699	\$ 624,399	\$ 1,837,361	\$ -
Student support services	9,154,482	-	-	-
Instructional media services	2,570,631	-	-	-
Instruction and curriculum development services	7,233,168	-	-	-
Instructional staff training services	2,131,281	-	-	-
Instruction-related technology	1,540,119	-	-	-
Board	716,641	-	-	-
General administration	2,485,076	-	-	-
School administration	13,743,322	-	-	-
Facilities acquisition and construction	12,369,735	-	-	1,188,336
Fiscal services	1,791,279	-	-	-
Food services	10,302,530	1,421,983	7,483,422	-
Central services	4,502,057	-	-	-
Student transportation services	7,653,311	165,732	-	-
Operation of plant	22,807,455	-	-	-
Maintenance of plant	4,477,350	-	-	10,493
Administrative technology services	3,121,200	-	-	-
Community services	-	112,851	-	-
Interest on Long-Term Debt	1,705,303	-	-	-
Unallocated interest on long-term debt	-	-	-	1,993,335
Total Governmental Activities	240,934,639	2,324,965	9,320,783	3,192,164
Business-Type Activities:				
Extended day program	1,891,032	2,233,355	-	-
Total Primary Government	\$ 242,825,671	\$ 4,558,320	\$ 9,320,783	\$ 3,192,164
Component Units:				
Charter Schools and The Indian River Education Fund, Inc.	\$ 27,531,817	\$ 508,095	\$ 995,262	\$ 990,265
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				
Adjustments to net position				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (130,167,939)	\$ -	\$ (130,167,939)	\$ -
(9,154,482)	-	(9,154,482)	-
(2,570,631)	-	(2,570,631)	-
(7,233,168)	-	(7,233,168)	-
(2,131,281)	-	(2,131,281)	-
(1,540,119)	-	(1,540,119)	-
(716,641)	-	(716,641)	-
(2,485,076)	-	(2,485,076)	-
(13,743,322)	-	(13,743,322)	-
(11,181,399)	-	(11,181,399)	-
(1,791,279)	-	(1,791,279)	-
(1,397,125)	-	(1,397,125)	-
(4,502,057)	-	(4,502,057)	-
(7,487,579)	-	(7,487,579)	-
(22,807,455)	-	(22,807,455)	-
(4,466,857)	-	(4,466,857)	-
(3,121,200)	-	(3,121,200)	-
112,851	-	112,851	-
(1,705,303)	-	(1,705,303)	-
1,993,335	-	1,993,335	-
(226,096,727)	-	(226,096,727)	-
-	342,323	342,323	-
(226,096,727)	342,323	(225,754,404)	-
-	-	-	(25,038,195)
133,763,853	-	133,763,853	8,719,228
47,175,526	-	47,175,526	415,430
53,610,760	-	53,610,760	15,344,838
4,579,502	70,752	4,650,254	109,842
4,831,374	-	4,831,374	1,039,352
243,961,015	70,752	244,031,767	25,628,690
17,864,288	413,075	18,277,363	590,495
205,136,583	267,763	205,404,346	26,865,288
-	-	-	(64,462)
\$ 223,000,871	\$ 680,838	\$ 223,681,709	\$ 27,391,321

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, 2025

	General Fund	Special Revenue	Debt Service	
		Federal Education Stabilization Fund	Other Debt Service Fund	ARRA Economic Stimulus Fund
ASSETS				
Cash and cash equivalents	\$ 30,733,148	\$ -	\$ -	\$ -
Investments	-	-	9,451,670	2,794
Accounts receivable	774,550	-	-	-
Due from other agencies	1,458,244	-	-	-
Due from other funds	281,756	-	-	-
Prepaid items	639,794	-	-	-
Inventories	249,186	-	-	-
Restricted investments	-	-	-	19,912,548
Total Assets	\$ 34,136,678	\$ -	\$ 9,451,670	\$ 19,915,342
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accrued salaries and benefits	\$ 320,883	\$ -	\$ -	\$ -
Accounts payable	1,482,653	-	-	-
Sales tax payable	236	-	-	-
Due to other agencies	5,127	-	-	-
Due to other funds	-	-	-	-
Matured certificates of participation payable	-	-	8,845,000	-
Matured interest payable	-	-	606,625	-
Unearned revenue	-	-	-	-
Total Liabilities	1,808,899	-	9,451,625	-
Deferred Inflows of Resources:				
Unavailable revenue	1,057,914	-	-	-
Fund Balances:				
Nonspendable	888,980	-	-	-
Restricted for:				
State required carryover programs	3,799,797	-	-	-
Debt service	-	-	45	19,915,342
Capital projects	-	-	-	-
Food service	-	-	-	-
Grants	581,532	-	-	-
Total Restricted Fund Balance	4,381,329	-	45	19,915,342
Assigned for:				
Purchases on order	1,101,307	-	-	-
Subsequent Year's Budget:				
Appropriation of fund balances	15,761,248	-	-	-
Total Assigned Fund Balance	16,862,555	-	-	-
Unassigned Fund Balance	9,137,001	-	-	-
Total Fund Balances	31,269,865	-	45	19,915,342
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 34,136,678	\$ -	\$ 9,451,670	\$ 19,915,342

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

Capital Projects			
Local Capital Improvement Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 31,093,603	\$ 5,030,693	\$ 116,612	\$ 66,974,056
-	-	9,124	9,463,588
-	315	18,999	793,864
5,615	2,104,933	654,074	4,222,866
-	-	-	281,756
-	-	-	639,794
-	-	62,235	311,421
-	-	-	19,912,548
<u>\$ 31,099,218</u>	<u>\$ 7,135,941</u>	<u>\$ 861,044</u>	<u>\$ 102,599,893</u>
\$ -	\$ -	\$ 42,349	\$ 363,232
1,740,479	112,120	103,171	3,438,423
-	-	-	236
-	-	1,089	6,216
-	-	281,756	281,756
-	-	-	8,845,000
-	-	-	606,625
-	-	68,112	68,112
<u>1,740,479</u>	<u>112,120</u>	<u>496,477</u>	<u>13,609,600</u>
-	1,218,246	-	2,276,160
-	-	62,235	951,215
-	-	-	3,799,797
-	-	9,124	19,924,511
29,358,739	5,805,575	284,460	35,448,774
-	-	8,748	8,748
-	-	-	581,532
<u>29,358,739</u>	<u>5,805,575</u>	<u>302,332</u>	<u>59,763,362</u>
-	-	-	1,101,307
-	-	-	15,761,248
-	-	-	16,862,555
-	-	-	9,137,001
<u>29,358,739</u>	<u>5,805,575</u>	<u>364,567</u>	<u>86,714,133</u>
<u>\$ 31,099,218</u>	<u>\$ 7,135,941</u>	<u>\$ 861,044</u>	<u>\$ 102,599,893</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, 2025

Total Fund Balances - Governmental Funds \$ 86,714,133

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. 320,556,027

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. 3,416,743

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. 246,046

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. 2,276,160

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	(42,793,392)	
Bonds payable	(318,000)	
Energy saving performance contracts	(6,028,528)	
Compensated absences payable	(14,346,409)	
Other postemployment benefits payable	(19,842,749)	
Net pension liability	<u>(108,980,426)</u>	(192,309,504)

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

Deferred outflows related to pensions	33,985,464	
Deferred inflows related to pensions	<u>(21,242,710)</u>	12,742,754

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

Deferred outflows related to OPEB	9,853,613	
Deferred inflows related to OPEB	<u>(20,485,459)</u>	<u>(10,631,846)</u>
Net Position - Governmental Activities		<u><u>\$ 223,000,871</u></u>

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, 2025

	<u>Special Revenue</u>		<u>Debt Service</u>	
	<u>General Fund</u>	<u>Federal Education Stabilization Fund</u>	<u>Other Debt Service Fund</u>	<u>ARRA Economic Stimulus Fund</u>
Revenues:				
Federal direct	\$ 180,545	\$ -	\$ -	\$ 1,443,259
Federal through state and local	664,866	1,801,813	-	-
State	36,530,389	-	-	-
Local:				
Property taxes	133,763,853	-	-	-
Impact fees	-	-	-	-
Charges for services - food service	-	-	-	-
Miscellaneous	7,732,438	-	18,137	497,683
Total Revenues	<u>178,872,091</u>	<u>1,801,813</u>	<u>18,137</u>	<u>1,940,942</u>
Expenditures:				
Current - Education:				
Instruction	112,822,768	1,099,520	-	-
Student support services	5,846,863	691,507	-	-
Instructional media services	2,270,419	-	-	-
Instruction and curriculum development services	4,682,663	-	-	-
Instructional staff training services	748,440	288	-	-
Instruction-related technology	1,322,714	-	-	-
Board	656,940	-	-	-
General administration	1,251,988	6,401	-	-
School administration	12,059,502	-	-	-
Facilities acquisition and construction	3,970,099	-	-	-
Fiscal services	1,650,757	-	-	-
Food services	74,838	-	-	-
Central services	4,038,237	-	-	-
Student transportation services	6,530,877	4,097	-	-
Operation of plant	20,963,865	-	-	-
Maintenance of plant	4,038,082	-	-	-
Administrative technology services	2,842,182	-	-	-
Fixed Capital Outlay:				
Facilities acquisition and construction	36,993	-	-	-
Charter school local capital improvement	-	-	-	-
Other capital outlay	654,168	-	-	-
Debt Service:				
Principal	-	-	9,736,221	-
Interest and fiscal charges	202,104	-	1,392,567	1,556,446
Total Expenditures	<u>186,664,499</u>	<u>1,801,813</u>	<u>11,128,788</u>	<u>1,556,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,792,408)</u>	<u>-</u>	<u>(11,110,651)</u>	<u>384,496</u>
Other Financing Sources (Uses):				
Sale of capital assets	21,615	-	-	-
Transfers in	7,795,021	-	11,110,419	1,278,321
Transfers out	(505,000)	-	-	-
Total Other Financing Sources (Uses)	<u>7,311,636</u>	<u>-</u>	<u>11,110,419</u>	<u>1,278,321</u>
Net change in fund balances	(480,772)	-	(232)	1,662,817
Fund balances, beginning of year	31,750,637	-	277	18,252,525
Fund balances, end of year	<u>\$ 31,269,865</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 19,915,342</u>

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

Capital Projects			
Local Capital Improvement Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,623,804
-	-	20,169,508	22,636,187
-	3,094,969	791,554	40,416,912
47,175,526	-	-	180,939,379
-	1,020,466	-	1,020,466
-	-	1,421,983	1,421,983
1,297,402	212,816	9,297	9,767,773
<u>48,472,928</u>	<u>4,328,251</u>	<u>22,392,342</u>	<u>257,826,504</u>
-	-	6,921,336	120,843,624
-	-	1,691,040	8,229,410
-	-	-	2,270,419
-	-	1,835,710	6,518,373
-	-	1,169,268	1,917,996
-	-	-	1,322,714
-	-	-	656,940
-	-	737,346	1,995,735
-	-	-	12,059,502
6,153,751	5,690	75,812	10,205,352
-	-	772	1,651,529
-	-	9,523,479	9,598,317
-	-	-	4,038,237
-	-	19,396	6,554,370
-	-	-	20,963,865
-	-	-	4,038,082
-	-	29,880	2,872,062
9,607,926	2,948,624	-	12,593,543
1,411,521	-	-	1,411,521
1,191,578	129,650	293,378	2,268,774
-	-	528,000	10,264,221
-	-	31,655	3,182,772
<u>18,364,776</u>	<u>3,083,964</u>	<u>22,857,072</u>	<u>245,457,358</u>
<u>30,108,152</u>	<u>1,244,287</u>	<u>(464,730)</u>	<u>12,369,146</u>
-	-	-	21,615
-	-	505,000	20,688,761
<u>(18,746,697)</u>	<u>(1,437,064)</u>	<u>-</u>	<u>(20,688,761)</u>
<u>(18,746,697)</u>	<u>(1,437,064)</u>	<u>505,000</u>	<u>21,615</u>
11,361,455	(192,777)	40,270	12,390,761
17,997,284	5,998,352	324,297	74,323,372
<u>\$ 29,358,739</u>	<u>\$ 5,805,575</u>	<u>\$ 364,567</u>	<u>\$ 86,714,133</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, 2025

Net Change in Fund Balances - Governmental Funds	\$	12,390,761
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense and sale of capital assets in excess of capital outlays, donations, and adjustments in the current fiscal year.		
Capital outlay - Facilities acquisition and construction	\$	12,593,543
Capital outlay - Other capital outlay		2,268,774
Other adjustments		30,833
Less depreciation expense		<u>(16,626,262)</u>
		(1,733,112)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The change in net position of internal service funds is reported with governmental activities.		
		(4,792,837)
Repayment of long-term debt is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. This is the amount of the repayment of debt principal in the current fiscal year.		
Certificates of participation		8,845,000
Bonds payable		528,000
Energy saving performance contracts		<u>891,221</u>
		10,264,221
Premiums and deferred loss on debt refundings are reported in the governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements. This is the net amount attributable to the amortization of premiums and deferred loss on refunding in the current fiscal year.		
Premium amortization		1,478,239
Decrease in deferred outflow of resources - deferred loss on refunding		<u>(238,830)</u>
		1,239,409
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 change in accrued compensated absences.		
		(1,413,323)
Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB (expense) benefit.		
Decrease in total OPEB liability		3,826,890
Decrease in deferred outflow of resources - OPEB		(3,663,196)
Increase in deferred inflow of resources - OPEB		<u>(265,757)</u>
		(102,063)
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) benefit.		
Decrease in net pension liability		13,654,111
Decrease in deferred outflow of resources - pension		(1,735,378)
Increase in deferred inflow of resources - pension		<u>(10,333,832)</u>
		1,584,901
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.		
		<u>426,331</u>
Change in Net Position - Governmental Activities	\$	<u><u>17,864,288</u></u>

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

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

JUNE 30, 2025

	<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	\$ 1,830,920	\$ 9,109,576
Accounts receivable	30	13,246
Due from other agencies	10,775	-
Due from insurer	-	112,388
Total Assets	<u>1,841,725</u>	<u>9,235,210</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other postemployment benefits	55,498	-
Pensions	315,529	-
Total Deferred Outflows of Resources	<u>371,027</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accrued salaries and benefits	25,027	-
Accounts payable	7,851	204,603
Due to other agencies	-	-
Unearned revenue	-	1,406,302
Compensated absences payable	1,859	-
Net pension liability	1,182	-
Estimated liability for self-insurance program	-	4,207,562
Total Current Liabilities	<u>35,919</u>	<u>5,818,467</u>
Noncurrent Liabilities:		
Compensated absences payable	124,288	-
Net pension liability	947,347	-
Other postemployment benefits payable	111,759	-
Total Noncurrent Liabilities	<u>1,183,394</u>	<u>-</u>
Total Liabilities	<u>1,219,313</u>	<u>5,818,467</u>
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	115,379	-
Pensions	197,222	-
Total Deferred Inflows of Resources	<u>312,601</u>	<u>-</u>
NET POSITION		
Unrestricted	<u>\$ 680,838</u>	<u>\$ 3,416,743</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, 2025

	<u>Enterprise Fund</u> <u>Extended</u> <u>Day Program</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
Operating Revenues:		
Charges for services	\$ 2,233,355	\$ -
Premiums	-	23,875,746
Other	-	5,500,068
Total Operating Revenues	<u>2,233,355</u>	<u>29,375,814</u>
Operating Expenses:		
Salaries	1,181,423	173,543
Employee benefits	440,198	51,994
Insurance premiums	-	3,398,113
Purchased services	57,210	1,639,985
Energy services	-	6,783
Materials and supplies	24,322	24,913
Insurance claims	-	29,388,578
Other	187,879	-
Total Operating Expenses	<u>1,891,032</u>	<u>34,683,909</u>
Operating Income (Loss)	<u>342,323</u>	<u>(5,308,095)</u>
Nonoperating Revenues:		
Investment income	70,752	405,353
Other miscellaneous local sources	-	109,905
Total Nonoperating Revenues	<u>70,752</u>	<u>515,258</u>
Change in net position	413,075	(4,792,837)
Net position, beginning of year	<u>267,763</u>	<u>8,209,580</u>
Net position, end of year	<u>\$ 680,838</u>	<u>\$ 3,416,743</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, 2025

	<u>Enterprise Fund</u>	<u>Internal</u>
	<u>Extended</u>	<u>Service</u>
	<u>Day Program</u>	<u>Fund</u>
Cash flows from operating activities:		
Cash received from services	\$ 2,222,550	\$ -
Cash received from premiums	-	23,966,372
Cash received from other operating revenues	-	5,509,927
Cash payments for insurance premiums	-	(3,398,113)
Cash payments to employees for services	(1,495,083)	(225,921)
Cash payments to suppliers for goods and services	(74,592)	(1,760,466)
Cash payments for insurance claims	-	(28,449,069)
Cash payments for other	(187,879)	-
Net cash flows from operating activities	<u>464,996</u>	<u>(4,357,270)</u>
Cash flows from noncapital financing activities:		
Cash received from operating grants	-	109,905
Cash flows from investing activities:		
Investment income	70,752	405,353
Net change in cash and cash equivalents	535,748	(3,842,012)
Cash and cash equivalents, beginning of year	1,295,172	12,951,588
Cash and cash equivalents, end of year	<u>\$ 1,830,920</u>	<u>\$ 9,109,576</u>
Reconciliation of operating income (loss)		
to net cash flows from operating activities:		
Operating income (loss)	\$ 342,323	\$ (5,308,095)
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	(30)	9,859
Due from insurer	-	3,188
Due from other agencies	(10,775)	(1,003)
Deferred outflows of resources related to OPEB	(19,216)	-
Deferred outflows of resources related to pensions	48,303	-
Accrued salaries and benefits	1,828	(384)
Accounts payable	6,940	(87,783)
Unearned revenue	-	87,438
Estimated liability for self-insurance program	-	939,510
Compensated absences payable	26,951	-
Net pension liability	(126,768)	-
Other postemployment benefits payable	48,224	-
Deferred inflows of resources related to OPEB	61,106	-
Deferred inflows of resources related to pensions	86,110	-
Net cash flows from operating activities	<u>\$ 464,996</u>	<u>\$ (4,357,270)</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, 2025

	Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 45,188	\$ 1,821,018
Accounts receivable	-	311,815
Inventory	-	52,352
Total Assets	<u>45,188</u>	<u>2,185,185</u>
LIABILITIES		
Accounts payable	-	99,204
NET POSITION		
Restricted for:		
Individuals and organizations	-	2,085,981
Trust for scholarships	45,188	-
Total Net Position	<u>\$ 45,188</u>	<u>\$ 2,085,981</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, 2025

	Private-Purpose Trust Fund	Custodial Funds
Additions:		
Student group collections	\$ -	\$ 3,069,410
Investment income	2,018	-
Total Additions	<u>2,018</u>	<u>3,069,410</u>
Deductions:		
Student group disbursements	-	3,052,340
Other	3,000	-
Total Deductions	<u>3,000</u>	<u>3,052,340</u>
Change in net position	(982)	17,070
Net position, beginning of year	<u>46,170</u>	<u>2,068,911</u>
Net position, end of year	<u>\$ 45,188</u>	<u>\$ 2,085,981</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, 2025

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 Unit. Blended component unit is, in substance, part of the District’s operations, even though it is a legally separate entity. Thus, the blended component unit is 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 they are legally separate from the District.

The Indian River Education Fund, Inc. (“Foundation”), is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit.

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.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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 Foundation's and the charter schools' audited financial statements for the fiscal year ended June 30, 2025. The audit reports of the charter schools and the Foundation for the fiscal year ended June 30, 2025, 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, 2025

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, 2025

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 Coronavirus Aid, Relief, and Economic Security Act, CRRSA Act, or ARP Act.
- Debt Service – Other Debt Service Fund – to account for financial resources generated for the payment of 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, new and replacement equipment, motor vehicle purchases, and debt service payments related to the Series 2010A Qualified School Construction Bonds Certificate of Participation, the 2014A, 2016A, and 2016B Certificates of Participation, and other lease purchase agreements.
- 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, 2025

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 60 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 provided the payment is received within the period of availability. 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 60 days of year-end). Revenues susceptible to accrual include ad valorem taxes, grants and contributions, 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 Indian River Education Fund, Inc. is accounted for using the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. 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, 2025

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 ("FL 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. Both FL PRIME and FL PALM are reported at amortized cost.

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 and those made locally.

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. Accounts Receivable and Due from Other Agencies

Most receivables are due from other agencies. Amounts due to the District by other agencies relate to grants or programs for which the services have been provided to students of the District. All receivables are deemed collectable by the District. Therefore, the District does not report an allowance for doubtful accounts.

4. 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, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. 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. 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.

6. 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.

7. Other Postemployment Benefits

Other Postemployment Benefits ("OPEB") is reported in the government-wide financial statements. The District subsidizes the premium rates paid by Non-Medicare eligible retirees by allowing them to participate in the health plan at the blended group premium rates for both active and retired employees. OPEB is recorded by the District for the implicit subsidy for Non-Medicare eligible retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the District than those of active employees. The District funds OPEB on a pay-as-you-go basis.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. 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.

9. 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 deferred loss on debt refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are discussed in subsequent notes.

In addition to liabilities, the statement of net position 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. The District has one type of item, unavailable revenue, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. 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, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Fund Balance Flow Assumption (continued)

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.

11. 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, 2025.

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 available for contingency purposes. In the event the assigned and unassigned fund balance decreases to less than 5% of the District's General Fund budget, the Superintendent is to prepare for Board approval a financial plan and timeline to restore the assigned and unassigned fund balance to the minimum 5% amount.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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.

The District received an allocation from the State under the School Hardening Grant program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. Accordingly, the District recognizes the allocation of these funds as unearned revenue until such time as an encumbrance authorization is received. Once the District receives the encumbrance authorization, these funds are moved from unearned revenue to unavailable revenue until the requirements are met to recognize the revenue.

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.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenues and Expenditures/Expenses (continued)

3. District Property Taxes (continued)

The Board adopted the 2024 tax levy on September 9, 2024. 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.

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

In August 2021, the voters of Indian River County approved the renewal of a one-half mill ad valorem tax increase in the County, effective for fiscal years 2022 through 2025 expiring on June 30, 2025, to pay for essential operating expenses in accordance with Section 1011.71(9), Florida Statutes. In August 2024, the voters approved the renewal effective July 1, 2025 through June 30, 2029, for a 4-year term. Revenues will be used to fund school safety and security for all schools, mental health programs, recruiting and retaining highly qualified teachers, professional development for teachers and staff, academic initiatives, and sustaining technologies.

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, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenues and Expenditures/Expenses (continued)

7. Compensated Absences

A compensated absence is leave (e.g., employee vacation leave and sick leave) for which employees may receive one or more: (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. In the government-wide financial statements, compensated absences are estimated and accrued as liabilities to the extent it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

8. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the District's Internal Service Fund are charges for employee health insurance premiums. Operating expenses include insurance claims and excess coverage premiums. The principal operating revenues of the Enterprise Fund are fees for childcare services. Operating expenses include salaries and benefits. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. ACCOUNTING CHANGES

Change in Accounting Principles

A. GASB Implementation

The District implemented GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for: (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

GASB Statement No. 102, *Certain Risk Disclosures*, was also implemented by the District. This statement requires governments to provide enhanced qualitative disclosures regarding exposures to certain risks, including concentrations and constraints that could significantly impact financial position or operations. The District has evaluated the requirements of GASB 102 and determined that implementation of this standard had no impact on the financial statements for the current reporting period.

GASB has also issued GASB Statement No. 103, *Financial Reporting Model Improvements*, GASB Statement No. 104, *Disclosure of Certain Capital Assets*, and GASB Statement No. 105, *Subsequent Events*, which will be implemented by the District in future periods. Management is currently evaluating the impact these standards will have on the District's financial statements.

B. Availability Period Revenue Recognition

Effective for the fiscal year ended June 30, 2025, the District changed its revenue recognition policy related to the availability period for revenues under the modified accrual basis of accounting. Previously, revenues were considered available if collected within 90 days after year-end. Under the revised policy, revenues are considered available if collected within 60 days after year-end. This change was adopted as the 60 day period of availability better aligns with the District's closing schedule and reporting deadlines.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

C. 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. 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.

D. 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, 2025, 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	\$ 9,124	\$ 9,124	\$ -	\$ -
United States Treasury Bill ⁽¹⁾	19,870,453	19,870,453	-	-
Total investments at fair value	19,879,577	\$ 19,879,577	\$ -	\$ -
Investments Measured at Amortized Cost:				
External Investment Pool:				
FIL Prime ⁽²⁾	12,151,937			
FL PALM ⁽²⁾	62,588,583			
First American Treasury ⁽¹⁾⁽³⁾	9,496,559			
Total investments at amortized cost	84,237,079			
Demand deposits	\$ 5,040,238			
Total investments and demand deposits ⁽⁴⁾	\$ 109,156,894			

(1) Represents sinking fund deposits to repay the 2010-A QSCB principal balance in 2029 (U.S. Treasury Bill \$19,870,453 + First American Treasury \$42,095= \$19,912,548).

(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 fiduciary 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, 2025

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

D. 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.

FL 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 FL 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, 2025, 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 investment policy permits for investments in the following investments, which are limited to credit quality ratings from a Nationally Recognized Statistical Rating Organization ("NRSRO") as follows:

- U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a domestic corporation ("corporates"), financial institution, non-profit, or other entity shall be rated the highest short-term ("ST") or three highest long-term ("LT") rating categories of A-1/P-1, A-,A3, or equivalent.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

D. Investments (continued)

Credit Risk (continued)

- Municipal obligations shall be rated the highest ST or three highest LT rating categories of SP-1/MIG 1, A-,A3, or equivalent.
- Commercial paper of any United States company shall be rated highest ST rating category of A-1/P-1 or equivalent
- For repurchase agreements the counterparty (or if the counterparty is not rated by a NRSRO then the counterparty's parent) must be rated in the highest ST rating category of A-1/P-1 or equivalent. If the counterparty is a Federal reserve bank, no rating is required.
- Money market funds shall have the highest fund rating by all NSROs who rate the fund (AAAm/Aaa-mf or equivalent).
- The FL PRIME shall have the highest fund rating by all NSROs who rate the fund (AAAm/Aaa-mf or equivalent).

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

The District's investment maturities and ratings at June 30, 2025 are as follows.

Investment	Amount	Weighted Average Maturities	Credit Rating	
			S & P Rating	Moody's Rating
Demand deposits	\$ 5,040,238	n/a	n/a	n/a
FL PALM	62,588,583	44 Days	AAAm	n/a
SBA:				
FL PRIME	12,151,937	47 Days	AAAm	n/a
SBE/COBI:				
Debt Service Accounts	9,124	6 Months	n/a	n/a
US Bank:				
United States Treasury Bill ⁽¹⁾	19,870,453	5 Months	n/a	P-1
First American Treasury	9,496,559	42 Days	AAAm	Aaa-mf
Total investments and deposits	\$ 109,156,894			

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

D. Investments (continued)

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, 2025, the District's investment portfolios were held with a third party custodian as required by the District's investment policy

Concentrations of Credit Risk

Concentration of credit risk refers to the potential for loss arising from significant investments in a single issuer. The District's investment policy mitigates this risk by limiting exposure to any individual issuer. The composition of the investment portfolio is governed by District policy as outlined below.

- A. Direct Obligations of the U. S Treasury – 100%
- B. Government National Mortgage Association – 100%
- C. Other U.S. Government Guaranteed (e.g., AID, GTC) – 100%
- D. Federal Agency /Government Sponsored Enterprise ("GSE"), including FNMA, FHLMC, FHLB, FFCB – 75%
- E. Federal Agency/GSE other than those above – 75%
- F. Corporates – 25%
- G. Municipal obligations – 25%
- H. Agency Mortgage-Backed Securities – 25%
- I. Non-Negotiable Collateralized Bank Deposits or Savings Accounts – 50%
- J. Commercial Paper – 50%
- K. Bankers' Acceptances – 10%
- L. Repurchase Agreements – 40%
- M. Money Market Funds – 75%
- N. Intergovernmental Pools – 75%
- O. Florida Local Government Surplus Funds Trust Funds (Florida Prime) – 50%

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

E. 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	3,113,692	5,847,836	-	8,961,528
Total capital assets not being depreciated	<u>25,901,984</u>	<u>5,847,836</u>	<u>-</u>	<u>31,749,820</u>
Capital assets being depreciated:				
Improvements other than buildings	35,510,173	1,270,517	-	36,780,690
Buildings and fixed equipment	507,261,654	5,475,193	-	512,736,847
Furniture, fixtures, and equipment	23,783,857	1,766,098	855,068	24,694,887
Motor vehicles	14,027,185	533,505	2,471,933	12,088,757
Audio visual materials and computer software	1,387,038	-	132,647	1,254,391
Total capital assets being depreciated	<u>581,969,907</u>	<u>9,045,313</u>	<u>3,459,648</u>	<u>587,555,572</u>
Less accumulated depreciation for:				
Improvements other than buildings	25,191,198	1,208,628	-	26,399,826
Buildings and fixed equipment	232,319,607	12,937,736	-	245,257,343
Furniture, fixtures, and equipment	17,210,184	1,637,403	855,068	17,992,519
Motor vehicles	9,541,207	826,349	2,471,933	7,895,623
Audio visual materials and computer software	1,320,555	16,146	132,647	1,204,054
Total accumulated depreciation	<u>285,582,751</u>	<u>16,626,262</u>	<u>3,459,648</u>	<u>298,749,365</u>
Total capital assets being depreciated, net	<u>296,387,156</u>	<u>(7,580,949)</u>	<u>-</u>	<u>288,806,207</u>
Governmental activities capital assets, net	<u>\$ 322,289,140</u>	<u>\$ (1,733,113)</u>	<u>\$ -</u>	<u>\$ 320,556,027</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 9,089,454
Student support services	634,029
Instructional media services	176,735
Instruction and curriculum development services	488,708
Instructional staff training services	143,392
Instruction related technology	102,513
Board	48,923
General administration	168,684
School administration	915,694
Facilities acquisition and construction	726,160
Fiscal services	122,902
Food services	713,635
Central services	306,897
Student transportation services	900,791
Operation of plant	1,556,147
Maintenance of plant	321,041
Administrative technology services	210,557
Total depreciation expense - governmental activities	<u>\$ 16,626,262</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

F. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

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

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

The District’s FRS and HIS pension expense totaled \$11,023,574 for the fiscal year ended June 30, 2025.

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, 2025

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

F. 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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 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
Special Risk	3.00

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, 2025

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

F. 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 2024-25 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer⁽¹⁾
FRS, Regular	3.00	13.63
FRS, Elected County Officers	3.00	58.68
FRS, Senior Management Service	3.00	34.52
FRS, Special Risk	3.00	32.79
FRS, Special Risk Administrative	3.00	39.82
DROP – Applicable to Members from All of the Above Classes	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

- (1) Employer rates include 2% 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 \$10,351,117 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a liability of \$70,576,483 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was 0.182440287%, which was an decrease of 0.017593535% from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized the Plan pension expense of \$9,936,261. 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	\$ 7,130,120	\$ -
Change of assumptions	9,673,152	-
Net difference between projected and actual earnings on FRS pension plan investments	-	4,690,880
Changes in proportion and differences between district FRS contributions and proportionate share of contributions	2,946,677	8,279,743
District FRS contributions subsequent to the measurement date	10,351,117	-
	<u>\$ 30,101,066</u>	<u>\$ 12,970,623</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

F. 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 \$10,351,117, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. 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>Years Ending June 30,</u>	
2026	\$ (1,790,370)
2027	10,699,562
2028	(1,105,574)
2029	(1,347,006)
2030	<u>322,714</u>
	<u>\$ 6,779,326</u>

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

F. 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%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
	<u>100.0%</u>			
Assumed inflation - mean			2.4%	1.5%

Discount Rate. The discount rate used to measure the total pension liability was 6.7%. 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 2024 valuation was unchanged from the previous valuation.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.7%, 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 one percentage point lower (5.7%) or one percentage point higher (7.7%) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
District’s proportionate share of the net pension liability	\$ 124,141,562	\$ 70,576,483	\$ 25,704,368

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, 2025

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

F. 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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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, 2025, the contribution rate was 2% 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 \$2,249,699 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the District reported a net pension liability of \$39,352,472 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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was 0.262332731%, which was an decrease of 0.014738915% from its proportionate share measured as of June 30, 2023.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

F. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

For the fiscal year ended June 30, 2025, the District recognized the HIS Plan pension expense of \$1,087,313. 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	\$ 379,975	\$ 75,563
Change of assumptions	696,446	4,658,828
Net difference between projected and actual earnings on HIS pension plan investments	-	14,232
Changes in proportion and differences between district HIS contributions and proportionate share of contributions	873,807	3,720,686
District HIS contributions subsequent to the measurement date	2,249,699	-
	\$ 4,199,927	\$ 8,469,309

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$2,249,699 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. 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,

2026	\$ (1,131,455)
2027	(1,266,368)
2028	(1,583,847)
2029	(1,403,122)
2030	(903,603)
Thereafter	(230,686)
	\$ (6,519,081)

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50%, average, including inflation
Municipal Bond Rate	3.93%

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

F. Retirement Plans (continued)

1. FRS – Defined Benefit Pension Plans (continued)

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

Discount Rate. The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.65% to 3.93%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.93%, 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 one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
District's proportionate share of the net pension liability	\$ 44,797,732	\$ 39,352,472	\$ 34,832,026

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, 2025

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

F. 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 2024-25 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	11.30
FRS, Elected County Officers	16.34
FRS, Senior Management Service	12.67

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, 2025, 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 \$5,259,200 for the fiscal year ended June 30, 2025.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

G. 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.

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

Employees Covered by Benefit Terms. At January 1, 2024, the following employees were covered by the benefit terms:

	<u>Healthcare Participants</u>	<u>Life Insurance Participants</u>
Inactive employees or beneficiaries currently receiving benefits	176	563
Active employees	1,529	2,014
	<u>1,705</u>	<u>2,577</u>

Total OPEB Liability. The District’s total OPEB liability of \$19,954,508 was measured as of January 1, 2025 and was determined by an actuarial valuation as of January 1, 2025.

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	4.08%
20-Year Municipal Bond Rate	4.08%
Municipal Bond Rate Basis	Bond Buyer GO 20-Bond Municipal Bond Index
Salary Increases	Unisex – 4.79% average
General Inflation	2.50%
Mortality Rates – Healthy	PUB-2016 Headcount-Weighted Teachers and Healthy Annuitants Mortality Table with Generational Improvements from 2016 using Scale MP-2021
Mortality Rates – Disabled	PUB-2016 Headcount-Weighted Teachers Disabled Retirement Mortality Table with Generational Improvements from 2016 using Scale MP-2021

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

JUNE 30, 2025

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

G. Other Postemployment Benefit Obligations (continued)

Healthcare Cost Trend Rates:	
Retirement Age: Pre-65	8.59% for 2025-26, decreasing an average of 0.409% per year to a rate of 4.50% in 2035-36
Retirement Age: Post-65	10.35% for 2025-26, decreasing an average of 0.585% per year to a rate of 4.50% in 2035-36
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	\$1,009 Non-Medicare and \$751 Medicare
Spouse Premium Contributions	\$616 Non-Medicare and \$1,408 Medicare
Administration Expenses	Per-capita administrative costs are based on actual 2025 administrative fees:
Actuarial Cost Method	Entry Age Normal cost method
Measurement Date	January 1, 2025
Measurement Period	January 1, 2024 to January 1, 2025
Valuation Date	January 1, 2025
Census Data	January 1, 2025

The District selected the economic, demographic, and healthcare claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75. The current actuary provided guidance with respect to the economic assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience. The demographic assumptions used in this valuation were basically the same as those first employed in the July 1, 2024, Pension Actuarial Valuation of the Florida Retirement System (“FRS”). These demographic assumptions were developed by FRS from an Actuarial Experience Study and, therefore, are appropriate for use in this valuation. These include assumed rates of future termination, disability, and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as FRS uses.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

G. Other Postemployment Benefit Obligations (continued)

Changes in the Total OPEB Liability.

	<u>Amount</u>
Balance at June 30, 2024	\$ 23,733,173
Changes for the year:	
Service cost	1,662,680
Interest	802,346
Differences between expected and actual experience	(1,666,987)
Changes of assumptions or other inputs	(2,995,987)
Benefit payments	(1,580,717)
Net changes	<u>(3,778,665)</u>
Balance at June 30, 2025	<u>\$ 19,954,508</u>

Changes of assumptions or other inputs reflect the following changes:

- The discount rate increased from 3.26% as of January 1, 2024, to 4.08% as of January 1, 2025, to reflect changes in the Bond Buyer GO 20-Bond Municipal Bond Index.
- The healthcare trend rates were updated as of July 1, 2025, to reflect the most recent national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, and vendor Rx reports.
- Retirement, termination, and disability rates were updated in accordance with the 2024 FRS Experience Study.

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 one percentage point lower (3.08%) or one percentage point higher (5.08%) than the current rate:

	<u>1% Decrease (3.08%)</u>	<u>Current Discount Rate (4.08%)</u>	<u>1% Increase (5.08%)</u>
Total OPEB liability	\$ 23,501,772	\$ 19,954,508	\$ 17,141,491

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 one percentage point lower and one percentage point higher than the current healthcare cost trend rates:

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

G. Other Postemployment Benefit Obligations (continued)

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 16,800,195	\$ 19,954,508	\$ 24,064,033

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$1,772,891. At June 30, 2025, 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	\$ 3,817,327	\$ 14,874,596
Change of assumptions or other inputs	6,091,784	5,726,242
	<u>\$ 9,909,111</u>	<u>\$ 20,600,838</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,

2026	\$ (756,259)
2027	(1,226,522)
2028	(2,120,031)
2029	(3,315,633)
2030	(2,636,497)
Thereafter	(636,785)
	<u>\$ (10,691,727)</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

H. Construction and Other Significant Commitments

Construction Contracts. Encumbrances include the following major construction contract commitments at June 30, 2025:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Vero Beach High School - Jimmy Graves Sports Complex	\$ 3,428,736	\$ 1,071,530	\$ 2,357,206
Sebastian River High School - Auto Shop	1,246,989	387,906	859,083
Sebastian River High School - Point of Entry	667,580	106,466	561,114
Sebastian River High School - Sod	559,390	529,390	30,000
Osceola Magnet - Campus Roof Replacement	2,400,970	2,073,565	327,405
Oslo Middle School - Point of Entry	430,970	418,856	12,114
Vero Beach High School - Roof Replacement	793,505	707,864	85,641
Vero Beach High School - Point of Entry	379,256	97,953	281,303
Treasure Coast Elementary - Pick Up/Drop Off Improvement	473,322	232,993	240,329
Treasure Coast Elementary - Windows & Shutters	528,194	379,333	148,861
	<u>\$ 10,908,912</u>	<u>\$ 6,005,856</u>	<u>\$ 4,903,056</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, 2025:

<u>Major Funds</u>				
<u>General</u>	<u>Capital Projects - Local Capital Improvement</u>	<u>Capital Projects - Other Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>\$ 1,099,148</u>	<u>\$ 10,276,061</u>	<u>\$ 2,450,382</u>	<u>\$ 102,898</u>	<u>\$ 13,928,489</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

I. 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. 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. SCERMP's purchased excess property loss limit during the 2024-25 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 2024-25 fiscal year was \$1 million. 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, 2025

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

I. 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>
2023-2024	\$ 2,981,971	25,546,541	(25,260,460)	\$ 3,268,052
2024-2025	3,268,052	29,388,578	(28,449,068)	4,207,562

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

J. Changes in Short-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Tax anticipation note	\$ -	\$ 15,000,000	\$ 15,000,000	\$ -

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

K. Long-Term Liabilities

1. 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.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

K. Long-Term Liabilities (continued)

2. Certificates of Participation (continued)

Certificates of Participation at June 30, 2025 are as follows:

<u>Series</u>	<u>Issued Amount</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity to</u>
Certificates of participation - other				
Series 2014A, Refunding	\$ 45,455,000	\$ 5,530,000	5	2026
Series 2016A, Refunding	28,055,000	17,285,000	5	2028
Series 2016B	10,855,000	1,450,000	5	2026
Subtotal	84,365,000	24,265,000		
Certificates of participation - direct borrowing				
Series 2010A-QSCB	26,261,000	26,261,000	0.4406 net ^{*(1)}	2029
Total certificates of participation	<u>\$ 110,626,000</u>	<u>\$ 50,526,000</u>		

(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 (“IRC”), and pursuant to IRC Section 6431, 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 IRC. The interest rate on the bonds is 5.91% with an allowable current Federal subsidy of 5.5241% for a net rate of 0.3859% for the district.

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

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

K. Long-Term Liabilities (continued)

2. Certificates of Participation (continued)

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>
2026	\$ 13,162,300	\$ 8,845,000	\$ 2,765,275	\$ -	\$ 1,552,025
2027	11,400,050	7,525,000	2,323,025	-	1,552,025
2028	11,393,800	7,895,000	1,946,775	-	1,552,025
2029	<u>27,037,013</u>	-	-	<u>26,261,000</u>	<u>776,013</u>
Total minimum payments	62,993,163	24,265,000	7,035,075	26,261,000	5,432,088
Plus unamortized premium	<u>1,112,392</u>	<u>1,112,392</u>	-	-	-
Total certificates of participation	<u>\$ 64,105,555</u>	<u>\$ 25,377,392</u>	<u>\$ 7,035,075</u>	<u>\$ 26,261,000</u>	<u>\$ 5,432,088</u>

The District issued Certificates of Participation dated December 1, 2010, under the Qualified School Construction Bond (“QSCB”) Program pursuant to Section 54F of IRC. 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 IRC. Pursuant to IRC Section 6431, 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.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

K. Long-Term Liabilities (continued)

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.

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	\$ 4,033,577	2.50	2030
ConEdison Solutions	4,950,990	1,994,951	2.52	2032
Total energy savings contracts	<u>\$ 12,855,524</u>	<u>\$ 6,028,528</u>		

The payments for the FP&L Performance Contract are payable by the District annually, on April 15. The ConEdison Solutions Performance Contract is payable annually on October 15. The following is a schedule of future minimum payments as of June 30, 2025:

<u>Years Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,096,703	\$ 945,591	\$ 151,112
2027	1,121,462	994,073	127,389
2028	1,155,421	1,052,972	102,449
2029	1,190,400	1,114,368	76,032
2030	885,122	837,048	48,074
2031-2032	1,121,331	1,084,476	36,855
Total energy savings contracts	<u>\$ 6,570,439</u>	<u>\$ 6,028,528</u>	<u>\$ 541,911</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

K. Long-Term Liabilities (continued)

4. Bonds Payable

Bonds payable at June 30, 2025, 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 2017A, Refunding	\$ 704,000	\$ 272,000	3 - 5	2028
Series 2020A, Refunding	83,000	46,000	2 - 5	2030
Total bond payable	<u>\$ 787,000</u>	<u>\$ 318,000</u>		

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

Annual requirements to amortize all bonded debt outstanding as of June 30, 2025, are as follows:

<u>Years Ending June 30,</u>	<u>Total Outstanding</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2026	\$ 105,940	\$ 92,000	\$ 13,940
2027	108,340	99,000	9,340
2028	111,390	107,000	4,390
2029	11,000	10,000	1,000
2030	10,500	10,000	500
Total state school bonds payable	<u>\$ 347,170</u>	<u>\$ 318,000</u>	<u>\$ 29,170</u>

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

K. Long-Term Liabilities (continued)

5. 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	\$ 58,946,000	\$ -	\$ 8,420,000	\$ 50,526,000	\$ 8,845,000
Unamortized premiums	2,590,632	-	1,478,240	1,112,392	556,196
Total certificates of participation payable	<u>61,536,632</u>	<u>-</u>	<u>9,898,240</u>	<u>51,638,392</u>	<u>9,401,196</u>
Bonds payable	846,000	-	528,000	318,000	92,000
Energy savings performance contracts	6,919,749	-	891,221	6,028,528	945,591
Compensated absences payable	12,933,086	1,413,323	-	14,346,409	324,223
Other Postemployment Benefit Payable	23,669,639	2,496,484	6,323,374	19,842,749	-
Net pension liability	122,634,537	37,693,307	51,347,418	108,980,426	135,786
Total governmental activities	<u>\$ 228,539,643</u>	<u>\$ 41,603,114</u>	<u>\$ 68,988,253</u>	<u>\$ 201,154,504</u>	<u>\$ 10,898,796</u>
BUSINESS-TYPE ACTIVITIES					
Compensated absences payable	\$ 99,196	\$ 26,951	\$ -	\$ 126,147	\$ 1,859
Total OPEB liability	63,534	79,684	31,459	111,759	-
Net pension liability	1,075,296	349,954	476,721	948,529	1,182
Total business-type activities	<u>\$ 1,238,026</u>	<u>\$ 456,589</u>	<u>\$ 508,180</u>	<u>\$ 1,186,435</u>	<u>\$ 3,041</u>

For the governmental activities, pensions and other postemployment benefits are generally liquidated with resources of the General Fund. Other postemployment benefits and pensions for business-type activities are generally liquidated with the Enterprise Fund.

L. Fund Balance Reporting

In addition to committed and assigned fund balance categories, fund balances may be classified as follows:

- **Non-spendable Fund Balance.** Non-spendable 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, 2025

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

M. 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	\$ 281,756	\$ -
Special revenue:		
Food Service	-	30,805
Others	-	250,951
	<u>\$ 281,756</u>	<u>\$ 281,756</u>

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

N. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2024-25 fiscal year:

<u>Source</u>	<u>Amount</u>
Categorical Educational Program - Class Size Reduction	\$ 16,070,171
Florida Education Finance Program	15,146,329
School Recognition	1,703,866
Workforce Development Program	1,468,787
Charter School Capital Outlay	1,420,915
Motor Vehicle License Tax (Capital Outlay and Debt Service)	728,439
Voluntary Prekindergarten Program	647,647
Mobile Home License Tax	159,266
Food Service Supplement	73,606
Miscellaneous	2,997,886
	<u>\$ 40,416,912</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, 2025

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

N. Revenues (continued)

2. Property Taxes

The following is a summary of millages and taxes levied on the 2024 tax roll for the 2024-25 fiscal year:

	Millages	Taxes Levied
<u>General Fund</u>		
Nonvoted School Tax:		
Required local effort	3.005	\$ 98,156,518
Basic discretionary local effort	0.748	24,432,970
Voted School Tax:		
Additional operating	0.500	16,332,199
Total general fund taxes levied		138,921,687
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local capital improvements	1.500	48,996,598
	5.753	\$ 187,918,285

O. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General:	\$ 7,795,021	\$ 505,000
Debt service:		
Other	11,110,419	-
ARRA Economic Stimulus	1,278,321	-
Capital Projects:		
Local Capital Improvement	-	18,746,697
Other	-	1,437,064
Nonmajor Governmental Funds	505,000	-
	\$ 20,688,761	\$ 20,688,761

Interfund transfers represent permanent transfers between funds. The General Fund transfers to Food Nutritional Services were to provide additional funds for maintenance and repair, supplies and salary. The transfers out of the Capital Projects – Local Capital Improvement Fund were to provide for debt service payments in the Debt Service Fund – Other Fund and ARRA Economic Stimulus Fund and to the General Fund for maintenance and repair of educational plant, 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.

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

B. Other Loss Contingencies

The District received financial assistance from Federal and State agencies in the form of grants and appropriations. The disbursement of funds received under these programs generally requires compliance with specified terms and conditions and is subject to final determination by the applicable Federal and State agencies. Any disallowed claims should become a liability of the General Fund or other applicable funds. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although District management anticipates such amounts, if any, will be immaterial.

V. SUBSEQUENT EVENTS

The Board authorized the issuance of a tax anticipation note ("Note") in the amount of \$15,000,000. The proceeds will be used for operating expenses for the fiscal year ending June 30, 2026. The closing of the Note took place on September 12, 2025 and the Note was to mature on December 18, 2025. The stated interest rate is 3.93%.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF INDIAN RIVER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Federal direct	\$ 125,000	\$ 180,291	\$ 180,545	\$ 254
Federal through state and local	350,000	664,866	664,866	-
State	51,610,765	36,524,193	36,530,389	6,196
Local:				
Property taxes	133,364,820	133,763,853	133,763,853	-
Miscellaneous	4,690,005	7,798,234	7,732,438	(65,796)
Total Revenues	190,140,590	178,931,437	178,872,091	(59,346)
Expenditures				
Current - Education:				
Instruction	148,928,919	128,798,206	112,822,768	15,975,438
Student support services	5,140,939	6,368,885	5,846,863	522,022
Instructional media services	2,457,331	2,396,631	2,270,419	126,212
Instruction and curriculum development services	4,543,759	4,729,088	4,682,663	46,425
Instructional staff training services	2,103,941	1,674,117	748,440	925,677
Instruction-related technology	1,440,747	3,275,721	1,322,714	1,953,007
Board	898,068	972,165	656,940	315,225
General administration	1,146,018	1,342,536	1,251,988	90,548
School administration	12,808,262	12,867,131	12,059,502	807,629
Facilities acquisition and construction	3,558,441	1,598,004	3,970,099	(2,372,095)
Fiscal services	1,707,841	1,657,673	1,650,757	6,916
Food services	-	74,835	74,838	(3)
Central services	4,294,732	4,213,609	4,038,237	175,372
Student transportation services	6,170,867	7,219,167	6,530,877	688,290
Operation of plant	21,415,757	22,792,872	20,963,865	1,829,007
Maintenance of plant	3,915,088	4,120,754	4,038,082	82,672
Administrative technology services	3,779,948	3,169,495	2,842,182	327,313
Community services	155,000	-	-	-
Fixed Capital Outlay:				
Facilities acquisition and construction	-	36,993	36,993	-
Other capital outlay	-	654,168	654,168	-
Debt Service:				
Interest and fiscal charges	-	202,104	202,104	-
Total Expenditures	224,465,658	208,164,154	186,664,499	21,499,655
Excess (Deficiency) of Revenues Over Expenditures	(34,325,068)	(29,232,717)	(7,792,408)	21,440,309
Other Financing Sources (Uses)				
Sale of capital assets	25,000	21,615	21,615	-
Transfers in	12,056,463	10,695,021	7,795,021	(2,900,000)
Transfers out	-	(505,000)	(505,000)	-
Total Other Financing Sources (Uses)	12,081,463	10,211,636	7,311,636	(2,900,000)
Net change in fund balances	(22,243,605)	(19,021,081)	(480,772)	18,540,309
Fund balances, beginning of year	31,750,637	31,750,637	31,750,637	-
Fund balances, end of year	\$ 9,507,032	\$ 12,729,556	\$ 31,269,865	\$ 18,540,309

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

JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Federal through state and local	\$ 1,868,192	\$ 1,801,813	\$ 1,801,813	\$ -
Total Revenues	<u>1,868,192</u>	<u>1,801,813</u>	<u>1,801,813</u>	<u>-</u>
Expenditures				
Current - Education:				
Instruction	1,518,669	1,099,520	1,099,520	-
Student support services	154,455	691,507	691,507	-
Instructional staff training services	139,811	288	288	-
General administration	8,947	6,401	6,401	-
Student transportation services	46,310	4,097	4,097	-
Total Expenditures	<u>1,868,192</u>	<u>1,801,813</u>	<u>1,801,813</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NINE YEARS ENDED

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability					
Service cost	\$ 1,662,680	\$ 1,289,636	\$ 3,150,951	\$ 2,952,334	\$ 1,373,073
Interest	802,346	714,584	916,241	850,047	716,905
Differences between expected and actual experience	(1,666,987)	661,055	(21,824,013)	737,400	6,306,325
Changes in assumptions or other inputs	(2,995,987)	3,681,212	(4,667,931)	694,104	5,159,818
Benefit payments	<u>(1,580,717)</u>	<u>(1,056,326)</u>	<u>(913,308)</u>	<u>(1,187,862)</u>	<u>(1,216,634)</u>
Net Change in Total OPEB Liability	(3,778,665)	5,290,161	(23,338,060)	4,046,023	12,339,487
Total OPEB liability, beginning of year	<u>23,733,173</u>	<u>18,443,012</u>	<u>41,781,072</u>	<u>37,735,049</u>	<u>25,395,562</u>
Total OPEB liability, end of year	<u>\$ 19,954,508</u>	<u>\$ 23,733,173</u>	<u>\$ 18,443,012</u>	<u>\$ 41,781,072</u>	<u>\$ 37,735,049</u>
Covered-employee payroll	\$ 105,134,856	\$ 104,408,832	\$ 98,308,966	\$ 87,166,847	\$ 87,166,847
Total OPEB Liability as a percentage of covered-employee payroll	18.98%	22.73%	18.76%	47.93%	43.29%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Total OPEB Liability					
Service cost	\$ 965,957	\$ 630,072	\$ 624,473	\$ 656,474	
Interest	826,686	574,368	540,484	517,126	
Differences between expected and actual experience	(151,662)	6,526,321	154,400	(1,587,718)	
Changes in assumptions or other inputs	4,717,965	(2,315,335)	(277,154)	482,410	
Benefit payments	<u>(321,022)</u>	<u>(538,505)</u>	<u>(471,084)</u>	<u>(554,486)</u>	
Net Change in Total OPEB Liability	6,037,924	4,876,921	571,119	(486,194)	
Total OPEB liability, beginning of year	<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>\$ 25,395,562</u>	<u>\$ 19,357,638</u>	<u>\$ 14,480,717</u>	<u>\$ 13,909,598</u>	
Covered-employee payroll	\$ 82,623,549	\$ 86,623,549	\$ 86,980,239	\$ 86,980,239	
Total OPEB Liability as a percentage of covered-employee payroll	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

	2024	2023	2022 ⁽²⁾	2021	2020 ⁽²⁾	2019	2018	2017 ⁽³⁾	2016	2015
District's proportion of the FRS net pension liability	0.182440287%	0.200033821%	0.220568499%	0.212462693%	0.191699666%	0.193340585%	0.196454202%	0.194596568%	0.201567929%	0.213842564%
District's proportionate share of the FRS net pension liability	\$ 70,576,483	\$ 79,707,147	\$ 82,069,207	\$ 16,049,142	\$ 83,085,460	\$ 66,581,987	\$ 59,173,024	\$ 57,580,116	\$ 50,896,060	\$ 27,620,635
District's Covered Payroll	\$ 111,101,814	\$ 109,839,550	\$ 108,246,964	\$ 100,645,937	\$ 97,827,608	\$ 95,447,789	\$ 93,602,178	\$ 90,176,700	\$ 89,448,775	\$ 86,485,842
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	63.52%	72.57%	75.82%	15.95%	84.93%	69.76%	63.22%	63.85%	56.90%	31.94%
FRS plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

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

⁽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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required FRS contributions	\$ 10,351,117	\$ 10,330,924	\$ 9,622,913	\$ 9,412,059	\$ 8,093,911	\$ 6,369,330	\$ 5,994,953	\$ 5,598,787	\$ 5,065,828	\$ 4,915,555
FRS contributions in relation to the contractually required contribution	<u>(10,351,117)</u>	<u>(10,330,924)</u>	<u>(9,622,913)</u>	<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>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 112,845,783	\$ 111,101,814	\$ 109,839,550	\$ 108,246,964	\$ 100,645,936	\$ 97,827,608	\$ 95,448,789	\$ 93,602,178	\$ 90,176,700	\$ 89,522,279
FRS contributions as a percentage of covered payroll	9.17%	9.30%	8.76%	8.69%	8.04%	6.51%	6.28%	5.98%	5.62%	5.49%

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

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

TEN YEARS ENDED

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the HIS net pension liability	0.262332731%	0.277071646%	0.296897331%	0.284207702%	0.281756871%	0.285144480%	0.286388946%	0.282856426%	0.289889947%	0.287060779%
District's proportionate share of the HIS net pension liability	\$ 39,352,472	\$ 44,002,686	\$ 31,435,578	\$ 34,862,348	\$ 34,402,055	\$ 31,904,814	\$ 30,311,728	\$ 30,244,314	\$ 33,785,472	\$ 29,275,684
District's covered payroll	\$ 111,101,814	\$ 109,839,550	\$ 108,246,964	\$ 100,645,937	\$ 97,827,608	\$ 95,448,789	\$ 93,602,178	\$ 90,176,700	\$ 89,522,279	\$ 87,157,724
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.42%	40.06%	29.04%	34.64%	35.17%	33.43%	32.38%	33.54%	37.74%	33.59%
HIS plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

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

TEN YEARS ENDED

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required HIS contributions	\$ 2,249,699	\$ 2,220,986	\$ 1,822,626	\$ 1,795,874	\$ 1,670,575	\$ 1,623,633	\$ 1,583,380	\$ 1,553,094	\$ 1,496,958	\$ 1,485,871
HIS contributions in relation to the contractually required contribution	<u>(2,249,699)</u>	<u>(2,220,986)</u>	<u>(1,822,626)</u>	<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>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 112,845,783	\$ 111,101,814	\$ 109,839,550	\$ 108,246,964	\$ 100,645,936	\$ 97,827,608	\$ 95,448,789	\$ 93,602,178	\$ 90,176,700	\$ 89,448,775
HIS contributions as a percentage of covered payroll	1.99%	2.00%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

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

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

JUNE 30, 2025

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 meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions. In 2025, the discount rate was changed from 3.26% to 4.08% and the medical claims cost and premiums were updated based on actual premium information provided for the valuation.

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

Assumptions. In 2025, the long-term expected rate of return remained the same at 6.70%.

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

Changes of Assumptions. In 2024, the municipal bond rate used to determine total pension liability was increased from 3.65% to 3.93% and the level of monthly benefits was \$7.50, with a minimum of \$45 and maximum of \$225.

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2025

	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	\$ -	\$ -	\$ -	\$ 116,612	\$ 116,612
Investments	-	-	9,124	-	9,124
Accounts receivable	1,493	17,506	-	-	18,999
Due from other agencies	185,409	300,817	-	167,848	654,074
Inventories	62,235	-	-	-	62,235
Total Assets	\$ 249,137	\$ 318,323	\$ 9,124	\$ 284,460	\$ 861,044
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued salaries and benefits	\$ 29,615	\$ 12,734	\$ -	\$ -	\$ 42,349
Accounts payable	57,983	45,188	-	-	103,171
Due to other agencies	-	1,089	-	-	1,089
Due to other funds	30,805	250,951	-	-	281,756
Unearned revenue	68,112	-	-	-	68,112
Total Liabilities	186,515	309,962	-	-	496,477
Fund Balances:					
Nonspendable:					
Inventories	62,235	-	-	-	62,235
Total Nonspendable Fund Balance	62,235	-	-	-	62,235
Restricted for:					
Debt service	-	-	9,124	-	9,124
Capital projects	-	-	-	284,460	284,460
Food service	387	8,361	-	-	8,748
Total Restricted Fund Balance	387	8,361	9,124	284,460	302,332
Total Fund Balances	62,622	8,361	9,124	284,460	364,567
Total Liabilities and Fund Balances	\$ 249,137	\$ 318,323	\$ 9,124	\$ 284,460	\$ 861,044

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, 2025

	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	\$ 7,409,808	\$ 12,759,700	\$ -	\$ -	\$ 20,169,508
State	73,608	-	550,076	167,870	791,554
Local:					
Charges for services - food service	1,421,983	-	-	-	1,421,983
Miscellaneous	3,453	543	-	5,301	9,297
Total Revenues	8,908,852	12,760,243	550,076	173,171	22,392,342
Expenditures					
Current - Education:					
Instruction	-	6,921,336	-	-	6,921,336
Student support services	-	1,691,040	-	-	1,691,040
Instruction and curriculum development services	-	1,835,710	-	-	1,835,710
Instructional staff training services	-	1,169,268	-	-	1,169,268
General administration	-	737,346	-	-	737,346
Facilities acquisition and construction	-	69,154	-	6,658	75,812
Fiscal services	-	-	-	772	772
Food services	9,523,479	-	-	-	9,523,479
Student transportation services	-	19,396	-	-	19,396
Administrative technology services	-	29,880	-	-	29,880
Fixed Capital Outlay:					
Other capital outlay	6,265	287,113	-	-	293,378
Debt Service:					
Principal	-	-	528,000	-	528,000
Interest and fiscal charges	-	-	31,655	-	31,655
Total Expenditures	9,529,744	12,760,243	559,655	7,430	22,857,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	(620,892)	-	(9,579)	165,741	(464,730)
Other Financing Sources					
Transfers in	505,000	-	-	-	505,000
Total Other Financing Sources	505,000	-	-	-	505,000
Net change in fund balances	(115,892)	-	(9,579)	165,741	40,270
Fund balances, beginning of year	178,514	8,361	18,703	118,719	324,297
Fund balances, end of year	\$ 62,622	\$ 8,361	\$ 9,124	\$ 284,460	\$ 364,567

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

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 School District of Indian River County (the “District”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 17, 2026. Our report includes a reference to other auditors who audited the discretely presented component units and the school internal accounts, 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 internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Orlando, Florida
February 17, 2026

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 School District of Indian River County's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. 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, 2025.

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
February 17, 2026

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

YEAR ENDED JUNE 30, 2025

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	17002	\$ -	\$ 1,379,276
National School Lunch Program	10.555	17001, 17003	-	5,472,058
Summer Food Service Program for Children	10.559	17006, 17007	-	282,458
Total Child Nutrition Cluster			<u>-</u>	<u>7,133,792</u>
Total United States Department of Agriculture			<u>-</u>	<u>7,133,792</u>
Special Education Cluster				
United States Department of Education:				
Florida Department of Education:				
Special Education- Grants to States	84.027	267	245,871	4,010,343
Florida Department of Education:				
Special Education - Preschool Grants	84.173	263	-	142,233
Total Special Education Cluster			<u>245,871</u>	<u>4,152,576</u>
Student Financial Assistance Programs Cluster				
United States Department of Education:				
Federal Pell Grant Program	84.063	N/A	-	300,653
Not Clustered				
United States Department of Homeland Security				
Disaster Grants- Public Assistance (Presidentially Declared Disaster)				
Hurricane Milton	97.036	N/A	-	171,209
Hurricane Ian	97.036	N/A	-	39,300
Hurricane Dorian	97.036	N/A	-	692
Total United States Department of Homeland Security			<u>-</u>	<u>211,201</u>
United States Department of Defense				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	179,538
United States Department of Education				
Florida Department of Education:				
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:				
Emergency Relief Fund	84.425U	121	182,793	1,801,510
American Rescue Plan: Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	122	-	303
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			<u>182,793</u>	<u>1,801,813</u>
Adult Education - Basic Grants to States	84.002	191	-	231,873
Title I Grants to Local Educational Agencies	84.010	212, 222, 226, 228	158,629	5,746,235
Title IX Education of Homeless Children and Youth	84.196	127	-	88,904
Career and Technical Education - Basic Grants to States	84.048	161	2,868	290,559
English Language Acquisition State Grants	84.365	102	4,920	124,137
Supporting Effective Instruction State Grants	84.367	291	29,935	679,880
Florida Comprehensive Literacy State Development Program	84.371	N/A	-	809,993
Student Support and Academic Enrichment Program	84.424	241	11,697	636,086
Total United States Department of Education			<u>636,713</u>	<u>14,862,709</u>
Total Expenditures of Federal Awards			<u>\$ 636,713</u>	<u>\$ 22,387,240</u>

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

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

JUNE 30, 2025

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, 2025. 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 15% de minimis cost rate allowed under the Uniform Guidance.

IV. Noncash Assistance – Child Nutrition Cluster

The Child Nutrition Cluster includes \$282,458 of donated food used during the fiscal year. Donated food is valued at acquisition value as determined at the time of donation.

V. Grant Contingency

The grant revenue amounts received are subject to audit and adjustments. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the District. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreement and applicable Federal and State laws and regulations.

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

YEAR ENDED JUNE 30, 2025

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 2025-001: Recognition of Revenue at the Fund Level

Material Weakness

Statement of Condition: An amount of approximately \$870 thousand for the Other Capital Projects Fund was not recognized as revenue in fiscal year 2025, despite meeting the criteria for recognition under the modified accrual basis of accounting. The revenue was both measurable and available, as the funds were collected within 60 days following fiscal year-end.

Criteria: Amounts collected for governmental funds should be recognized as revenue when they are both measurable and available. The District has defined their period of availability for revenue recognition under the modified accrual basis of accounting as 60 days.

Cause of Condition: The District did not perform a review of revenue transactions at year-end at a level of precision sufficient to identify all revenue transactions that met the availability criteria established by District policy.

Effect of Condition: The Other Capital Projects Fund revenue was understated, necessitating an audit adjustment in order for revenues to be reported accurately in accordance with the modified accrual basis of accounting.

Recommendation: The District should implement enhanced year-end review procedures to ensure all revenues meeting the criteria under the modified accrual basis of accounting are properly recognized. Specifically, management should verify that amounts which are both measurable and available, such as those collected within the 60 day availability period, are recorded in the correct fiscal year.

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, 2025

Finding 2024-001: Preparation of an Accurate Schedule of Expenditures of Federal Awards
Material Weakness

Statement of Condition: During our audit, we observed that the schedule of expenditures of federal awards (the "Schedule") preparation, analysis, and review was not occurring regularly during the fiscal year. This resulted in multiple adjustments to the Schedule identified by the auditor. As a result, the Schedule total changed by approximately \$500 thousand, which was comprised of a \$1.7 million increase for subrecipient amounts not properly included in total expenditures and an adjustment for amounts not updated for current year activity resulting in a net decrease of \$1.2 million.

Status: This condition was not observed in the 2025 fiscal year.



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

February 5, 2026

Management's Corrective Action Plan

For the Fiscal Year Ending June 30, 2025

Finding Number: 2025-001

Planned Corrective Action: The District will implement enhanced year-end review procedures to ensure all revenues meeting the criteria under the modified accrual basis of accounting are properly recognized.

Anticipated Completion Date: June 30, 2026

Responsible Contact Person: Kim Copeman, Director of Finance

Gene A. Posca, M.D. • Jacqueline Rosario • Dr. Peggy Jones • Teri L. Barenborg • David Dyer
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 School District of Indian River County (the "District") as of and for the year ended June 30, 2025, and have issued our report thereon dated February 17, 2026. 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; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance With Local Government Investment Policies on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315. Disclosures in those reports and schedule, which are dated February 17, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

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

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

Section 10.804(1)(f)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Section 10.804(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 that 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 fraud, waste, 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 had no such findings.

Purpose of this Letter

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

Cherry Bekaert LLP

Orlando, Florida
February 17, 2026

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 School District of Indian River County's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2025. 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, 2025.

This report is intended solely for the information and use of the Florida Auditor General, the District Board members, and applicable management and is not intended to be, and should not be, used by anyone other than the specified parties.

Cherry Bekaert LLP

Orlando, Florida
February 17, 2026