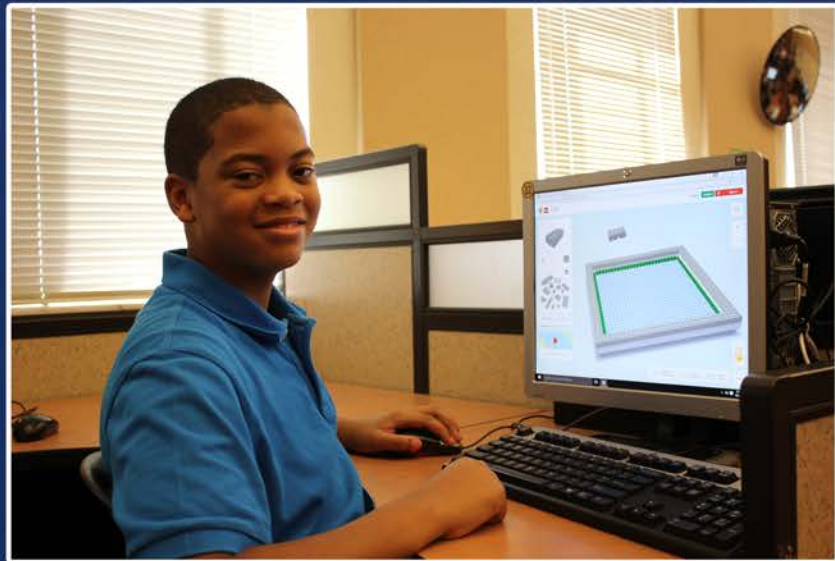


# *School Board of Indian River County*

*Vero Beach, Florida*

# Comprehensive Annual Financial Report



Dale Simchick, Chair | Shawn Frost, Vice Chair | Claudia Jimenez, Member

Matthew McCain, Member | Charles Searcy, Member | Dr. Mark J. Rendell, Superintendent

# Fiscal Year Ended June 30, 2016





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The School Board of Indian River County, Florida

Vero Beach, Florida

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by:  
Division of Finance & Operations

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**The School Board of Indian River County, Florida  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

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# Transmittal Letter



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# School District of Indian River County

6500 57<sup>th</sup> Street • Vero Beach, Florida 32960-3395 – Telephone: 772-564-3000 • Fax: 772-569-0424

**Mark J. Rendell, Ed.D.**  
**Superintendent**



December 9, 2016

Dear Chairman, Members of the Board, and the Citizens of Indian River County:

The Comprehensive Annual Financial Report of the School Board of Indian River County, Florida (the “School Board” or the “District”) for the fiscal year ended June 30, 2016, is hereby submitted. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the District as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the District’s financial affairs have been included. The responsibility for the preparation of the accompanying financial statements and other information contained in this report, based on the above standards, rests with the District’s management.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuses and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of Federal awards, schedule of findings and questioned costs, and the independent auditor’s report on compliance for each major Federal program and report on internal control over compliance, are included in the single audit section.

GAAP used in the United States of America also require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The report includes all funds of the District, the Indian River County School Board Leasing Corporation ("Leasing Corporation"), and the District's charter schools, which comprise the reporting entity. The Leasing Corporation was formed by the District to be the lessor in connection with financing the acquisition and/or construction of certain educational facilities. Charter schools are public schools operating under a performance contract with the School Board. The Leasing Corporation was identified as a component unit, requiring blended presentation of the financial statements, and the District's charter schools are included as discretely presented component units.

The District receives the majority of its operating funds through a State funding formula that is intended to equalize funding received from the State and local property taxes between Districts within the State. Charter schools operating through a contract with the District are provided with a proportionate share of these funds, based upon the number of full-time equivalent students enrolled at the charter school.

## **GENERAL INFORMATION**

The District and its governing board were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by the District school officials in accordance with Chapter 1001, Florida Statutes. The School Board consists of five elected officials responsible for the adoption of policies, which govern the operation of the District's public schools. The District is responsible for maintaining a uniform system of records and accounts, as prescribed by the State Board of Education.

The geographical boundaries of the District are those of Indian River County. During the 2015-16 fiscal year, the District operated 25 schools, including 13 elementary schools, 4 middle schools, 2 high schools, 5 special centers for students, and 1 separate Technical Center for Career and Adult Education. Additionally, the District sponsored 5 charter schools. The District reported 17,656 unweighted full-time equivalent students for all locations; and is projecting 17,373 unweighted full-time equivalent students for the 2016-17 fiscal year.

## **GENERAL DESCRIPTION AND LOCATION**

Indian River County (County) encompasses approximately 497 square miles of land along the Atlantic Ocean and is located in the middle of Florida's East Coast. In relation to other areas, the County is approximately 100 miles southeast of Orlando, 190 miles south of Jacksonville and 135 miles north of Miami. Brevard County borders to the north, St. Lucie County borders to the south, and Osceola and Okeechobee Counties form the western boundary. There are approximately 100 miles of waterfront land in the County, with 23 miles being the Atlantic beaches.

## **ECONOMIC CONDITIONS AND OUTLOOK**

The County is located in the middle of the state on the Atlantic Coast, is primarily supported by tourism and agriculture; mostly citrus, although other industries have grown in the past decade. Some stability is provided with top employers being governmental such as the District, the County, and the City of Vero Beach. The District's tax base will continue to improve given a rebound in the local economy, particularly in the services industry.

The District is coterminous with Indian River County, which is located in the middle of the state on the Atlantic coast. The local economy is largely focused on tourism and agriculture. In recent years, however, greater diversification has been achieved through the growth of other industries, including healthcare. The County's population has shown consistent and steady growth, increasing by 8.8 percent since 2010 to 147,017 in 2015.

The Atlantic beaches and the climate in the County provide the basis for a year-round tourist industry. There are numerous hotels and motels in the County as well as retail and service establishments geared to serving the tourist trade. Forty-six miles of riverfront on the Indian River, in addition to the 23 miles of Atlantic coastline, create an ideal setting for outdoor recreation. Residents and visitors have the opportunity to enjoy these resources at any of the 24 County parks or the Sebastian Inlet State Park. The County also has 7 public and 11 private golf courses as a source of outdoor recreation. Major private employers include Indian River Medical Center; Publix Supermarkets; Piper Aircraft, Inc.; Wal-Mart, Inc.; Sebastian River Medical Center; and John's Island, Inc.

## **LONG-TERM FINANCIAL PLANNING**

Providing adequate facilities to all students is fundamental to maintaining an effective education system. It speaks to a range of standards, including safety, class size and equity. The District's school building ages, including major additions, range from 1925 to 2016. The District has a facilities plan to rebuild, remodel, and renovate schools and sites, which shall take place over a number of years.

The District follows procedures established by Florida Statutes and the State Board of Education rules in establishing and adopting annual budgets for each of the governmental fund types. Budgets are prepared using the same modified accrual basis as is used to account for governmental funds. Appropriations are controlled at the object level (e.g. salaries, benefits, and purchased services) within each function activity (e.g. instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.

Unassigned and assigned fund balance in the General Fund (12.56 percent of total General Fund revenues) exceeds the District policy of 5 percent of revenues. During the initial planning for the budget, the District each year sets aside 5 percent of its revenues in order to ensure compliance with this policy.

## **MAJOR INITIATIVES**

### **ICE: The Institute of Coaching Excellence**

ICE, has been added to our program of support for students. ICE is a formal instructional coaching program that was created to provide support to those aspiring to instructionally coach peers, or formally coach others as a content area specialist. Utilizing a rigorous application process, candidates were required to submit videos of their teaching, references from others, etc. for review. The goal is to provide direct support to coaches on how best to work with teachers to support student achievement in their classrooms.

### **CEL – Center for Educational Leadership**

The District has contracted with the Center for Educational Leadership to provide a yearlong professional development opportunity to build capacity of our District Directors, Coordinators and Principals. Through this year long process, the goal is to learn how to monitor our schools and to work to eliminate the achievement gap for our students.

### **Continuation of the Moonshot Moment Initiative**

Indian River Schools in collaboration with the Learning Alliance offer numerous opportunities for growth for teachers and students. One opportunity is the Moonshot Academies for Students. This is a fun, engaging program for two hours after school designed to help catch students up. Along with the academies for students another initiative is a Moonshot Academy for Teachers. This is an extended learning opportunity for teachers which takes place in various locations including seminars at the Vero Beach Art Museum, embedded coaching in the classroom and after school professional development on school campuses.

To enhance standards based instruction in all our classrooms, the Curriculum and Instruction Department is working with the Learning Alliance to offer the “UP Campaign” which is an initiative to assist teams of teachers to create Unit Plans to support our K-12 classrooms. Moonshot Institutes also have been developed which are bringing the standards to life by integrating highly engaging, multisensory strategies into lesson design and delivery. These professional development opportunities are being shared with teachers and administrators throughout the year.

For behavioral support this partnership between the District and the Learning Alliance provided Conscious Discipline training to over 100 teachers during the summer. This is a model which builds teacher and student social and emotional capabilities.

### **Digital Literacy Integration**

The District continues to move forward with its Digital Literacy Implementation. This year the focus is on integrating one-on-one devices into our 5<sup>th</sup> grade classrooms District wide. This has been a huge initiative bringing the Instructional Technology and the Curriculum and Instruction Departments together to collaboratively work to educate 5<sup>th</sup> grade teachers in the use of the technology and how to learn to teach integrated units of study into their daily lessons and activities.

### **iReady**

The School District of Indian River entered into a contract with Curriculum Associates to purchase the digital platform iReady for Reading and Math. This program is being utilized in grades K-5 for both subjects. iReady is a proven program that helps to drive student success through diagnostic and growth monitoring assessments and highly engaging computer based lessons that start the student at their level of instruction and help to move them quickly to grade level or beyond.

### **Indian River Virtual**

The School District of Indian River County has enrolled full time virtual students into the District's IR Virtual School starting August 2016. The new virtual school is providing students the opportunity to enroll in a Virtual District school and earn credits in the School District. This opportunity will allow students to be provided services from the School District and, if they choose, complete their K–12 education on-line. In addition to being able to access services that the District provides, students will be able to participate in extracurricular activities through their home schools such as playing on sports teams, band and other activities.

### **Pre-Algebra Institute**

An exciting math initiative was developed by the Curriculum and Instruction Department in partnership with the Education Foundation of Indian River County. In an effort to assist Pre-Algebra teachers with instructional delivery to District Pre-Algebra students, a Pre-Algebra Institute was developed to introduce side-by-side coaching to our teachers. Pearson was selected to assist the District with this process. Pearson, along with District staff, collected classroom data to ensure that the Professional Development and coaching that was developed would meet the needs of the teachers. The Pre-Algebra Institute ran from August 2016 - May 2017.

### **Fine Arts, HOPE/PE and Career and Technical Education Instructional Materials Adoption**

The Curriculum and Instruction Department facilitated textbook adoptions for three subject areas. School District adoption teams were formed for each area of the adoption. District teachers, parents and community members were part of the teams that reviewed many textbooks and digital components of the instructional materials for each subject. The process began with asking for volunteers from each of the schools to serve on the committees as each adoption covered K-12, as well as parents and community members. A textbook extravaganza was held to showcase the instructional materials and publishing companies made presentations to the committees. The teams were excited and determined to select instructional materials that were aligned with the Florida Standards and would provide rigor for all students.

## **OTHER INFORMATION**

***Student Performance.*** Indian River County students continue to perform very favorably as compared with other students in Florida based on the Florida Standards Assessment (FSA). The FSA measures student progress toward mastery of benchmarks of the Florida Standards for all Florida public school students in grades 3 through 10. Through the state's 2015-16 grading system which measures, among other items, student performance on the FSA, five schools achieved an "A", four schools received a letter grade of "B", twelve schools received a letter

grade of "C", one school received a letter grade of "D", and one school received a letter grade of "F". The School District of Indian River County has earned a District grade of "B." Seventy-four students received a Perfect Score on Florida's statewide, standardized assessment.

In addition, Indian River was one of 425 school districts in the U.S. and Canada honored by the College Board with placement on the AP District Honor Roll for increasing access to Advanced Placement course work while maintaining or increasing the percentage of students passing AP exams. The District is proud that nine Indian River students earned the 2017 National Merit Scholarship Semifinalist award. Lastly, the district was awarded the Pacesetter Award for The Campaign for Grade Level Reading by making measurable progress towards eliminating barriers faced by children from low-income families on the path to becoming proficient readers.

## **INDEPENDENT AUDIT**

Section 218.39, Florida Statutes, requires an annual audit by the Auditor General or another independent certified public accountant. The Office of the Auditor General for the State of Florida conducted the audit for the fiscal year ended June 30, 2016. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act and Uniform Guidance. The auditor's report on the basic financial statements is included in the Financial Section of this report.

## **REPORTING ACHIEVEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the School Board of Indian River County for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The School Board of Indian River County also received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This award, valid for one year, certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO.

This was the ninth consecutive year that the District has received these prestigious awards. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program and the Certificate of Excellence Program requirements, and we are submitting it to both GFOA and ASBO, to determine its eligibility to receive these prestigious awards.

## ACKNOWLEDGEMENT

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Division of Finance and Operations, and of all the other departments, which provided valuable assistance and necessary support throughout the preparation of this report.

In closing, we would like to thank the members of the School Board for their leadership and support in planning and conducting the financial operations of the District.

Respectfully submitted,

*Mark J. Rendell*

Mark J. Rendell, Ed.D.  
Superintendent of Schools

*Carter Morrison*

Carter Morrison  
Assistant Superintendent for Finance / Operations

*Susanne Titus*

Susanne Titus  
Budget Analyst

*Stephanie Miller*

Stephanie Miller  
Senior Accountant

*Kim Copeman*

Kim Copeman  
Senior Accountant



**THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS – ELECTED**



**Mrs. Dale Simchick, Chair**  
Member from District 2  
Member since November 2013  
Current term expires November 2018



**Mr. Shawn R. Frost, Vice Chair**  
Member from District 1  
Member since November 2014  
Current term expires November 2018



**Mr. Matthew McCain**  
Member from District 3  
Member since November 2008  
Current term expires November 2016



**Mr. Charles G. Searcy**  
Member from District 4  
Member since November 2014  
Current term expires November 2018



**Mrs. Claudia Jimenez**  
Member from District 5  
Member since November 2008  
Current term expires November 2016



**THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS - APPOINTED**

Mark J. Rendell, Ed.D.	Superintendent
Pamela Dampier	Assistant Superintendent for Curriculum and Instruction
Carter Morrison	Assistant Superintendent for Finance & Operations
William “Bill” Fritz, Ph.D.	Assistant Superintendent for Human Resources/Risk Management
Bruce Green	Assistant Superintendent for Technology & Assessment
Edwina Suit, Ed.D.	Executive Director Human Resources
Heather Stanford	Executive Director Exceptional Student Education
Deborah Berg	Director Elementary Education
Deborah Taylor-Long, Ed.D.	Director Secondary Education
Christopher Taylor	Director Assessment & Accountability
Michael Arnett, Ed. D.	Director Career and Technical Education
Flynn Fidgeon	Public Information Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**School Board of Indian River County  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award  
is presented to**

**School Board of Indian River County**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



*Brenda Burkett*

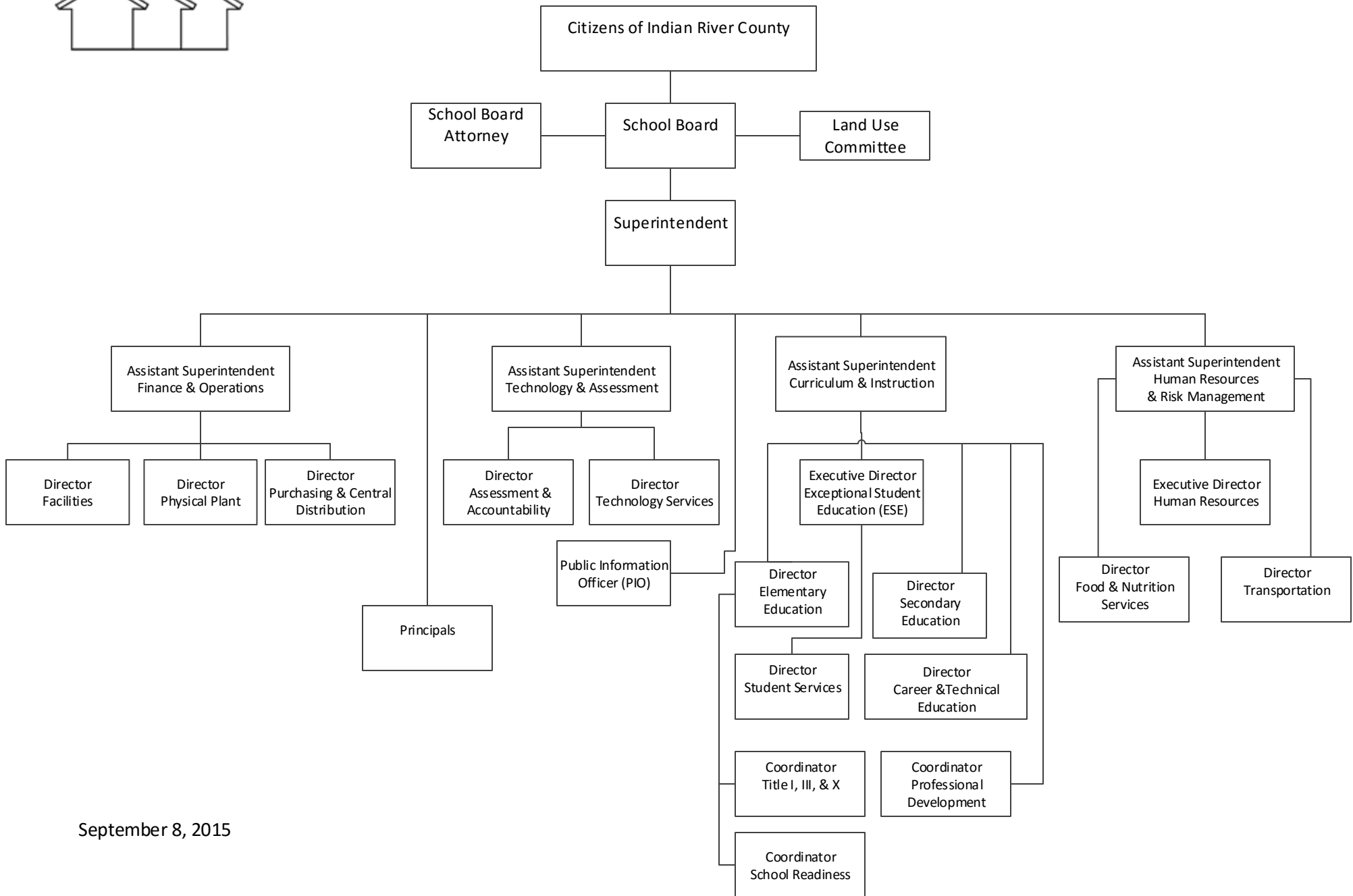
Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director



# School District of Indian River County Organizational Chart 2015-2016



September 8, 2015

Independent Auditor's Report on Financial  
Statements



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Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722  
Fax: (850) 488-6975

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 8 percent of the assets and 16 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. 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 aggregate discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, Schedule of Funding Progress – Other Postemployment Benefits Plan, Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan, Schedule of District Contributions – Florida Retirement System Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan, and Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and



schedules and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules, and the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
December 9, 2016  
Audit Report No. 2017-067



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## Management's Discussion and Analysis



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## Management's Discussion and Analysis

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This section of the School Board of Indian River County, Florida's (the District) Comprehensive Annual Financial Report represents our discussion and analysis of the financial performance of the District for the fiscal year ended June 30, 2016. This information should be read in conjunction with the financial statements included in this report.

### Financial Highlights

- ◆ The District's total net position decreased by \$4.1 million during the 2015-16 fiscal year.
- ◆ The assets and deferred outflows of resources of the District exceed its liabilities and deferred inflows of resources at June 30, 2016, by \$182.1 million. Of this amount, \$220.3 million represents investments in capital assets (net of related debt), and negative \$38.2 million represents restricted and unrestricted net position of \$25.4 million and negative \$63.6 million, respectively.
- ◆ Program revenues account for \$13.7 million or 7.3 percent of total revenues, and general revenues account for \$173.5 million or 92.7 percent.
- ◆ The governmental funds report combined fund balances of \$64.8 million, an increase of \$16.1 million in comparison to the prior fiscal year.
- ◆ At the end of the fiscal year, assigned plus unassigned fund balance for the General Fund was \$17.8 million, or 12.6 percent of General Fund revenues.

### Overview of the Financial Statements

This discussion and analysis, in conjunction with the financial statements, is intended to serve as an introduction to the District's basic financial statements. The statements are organized in such a manner that the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities. The basic financial statements consist of the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

### Reporting the District as a Whole

#### *The Statement of Net Position and Statement of Activities*

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in the manner that helps answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using an economic resources measurement focus and accrual basis of accounting similar to the accounting used in the private sector. All of the

current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall financial well-being of the District.

The government-wide financial statements present the District's activities in three 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 Care Program.
- ◆ Component units – The District presents five separate legal entities that operate as charter schools as discussed in the notes to the basic financial statements. Although these are legally separate organizations, the component units' activities are included in the financial statements since they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.
- ◆ The Indian River County School Board Leasing Corporation, although 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.

## **Reporting the District's Most Significant Funds**

### *Fund Financial Statements*

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and demonstrate compliance with various grant provisions. The District's three types of funds: governmental, proprietary, and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

### *Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the

Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

The District has several governmental fund types: the General Fund, the debt service funds, the special revenue funds (including the School Food Services Program), and the capital projects funds. Within these funds, the District maintains 12 individual funds. Of those funds, the General Fund, Debt Service – Other Fund, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Other Fund are considered to be major funds.

#### *Proprietary Funds*

Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary funds use the accrual basis of accounting, the same as on the entity-wide statements. Two types of proprietary funds are maintained:

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

#### *Fiduciary Funds*

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

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

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

#### *Notes to the Basic Financial Statements*

The notes to the financial statements contain additional information, which is essential to fully understand data provided within the government-wide and fund financial statements.

#### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information showing historical trend information about the funded status of the District's postemployment benefits plan and the District's portion of the net pension liability. The required supplementary information can be found immediately following the notes to the basic financial statements. The combining statements of the nonmajor governmental funds as well as the combining schedules of component units (charter schools) are presented immediately following the required supplementary information.

## Government-wide Financial Analysis

The School Board of Indian River County, Florida						
Condensed Statement of Net Position						
June 30, 2016 and 2015						
(amounts expressed in thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current assets	\$ 80,331	\$ 68,892	\$ 821	\$ 761	\$ 81,152	\$ 69,653
Capital assets, net	336,163	333,255	-	-	336,163	333,255
Total assets	416,494	402,147	821	761	417,315	402,908
Deferred outflows of resources	17,487	12,793	50	-	17,537	12,793
Current liabilities	18,521	18,346	34	31	18,555	18,377
Noncurrent liabilities	225,448	187,735	386	308	225,834	188,043
Total liabilities	243,969	206,081	420	339	244,389	206,420
Deferred inflows of resources	8,291	23,030	50	-	8,341	23,030
Net position :						
Net Investment in Capital Assets	220,360	214,667	-	-	220,360	214,667
Restricted	25,328	32,811	-	-	25,328	32,811
Unrestricted (Deficit)	(63,967)	(61,649)	401	422	(63,566)	(61,227)
Total net position	\$ 181,721	\$ 185,829	\$ 401	\$ 422	\$ 182,122	\$ 186,251

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$182.1 million at the end of the fiscal year. The largest portion of the District's net position, \$220.4 million, reflects its net investment in capital assets used to acquire those assets that is still outstanding.

The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$25.3 million, represents resources subject to external restrictions on how they may be used. The remaining balance of net position (\$22.6 million after exclusion of \$9.7 million in compensated absences payable, \$19.6 million in other postemployment benefits obligations and \$56.9 million in net pension liability) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. Restricted net position has decreased \$7.5 million from June 30, 2015 to June 30, 2016.

### *Governmental Activities*

Governmental activities decreased the District's net position by \$4.1 million for the fiscal year ended June 30, 2016. Key components of this decrease are as follows:



The School Board of Indian River County, Florida  
Condensed Statement of Activities and Changes in Net Position  
June 30, 2016 and 2015  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 2,023	\$ 2,130	\$ 809	\$ 794	\$ 2,832	\$ 2,924
Operating grants and contributions	6,858	6,575	-	-	6,858	6,575
Capital grants and contributions	3,975	3,592	-	-	3,975	3,592
General revenues:						
Property taxes, levied for operational purposes	96,034	89,942	-	-	96,034	89,942
Property taxes, levied for debt service	-	2	-	-	-	2
Property taxes, levied for capital projects	22,318	20,774	-	-	22,318	20,774
Grants and Contributions not restricted to specific programs	52,010	54,124	-	-	52,010	54,124
Unrestricted investment earnings	533	305	2	1	535	306
Miscellaneous	2,591	2,535	-	-	2,591	2,535
Total revenue	186,342	179,979	811	795	187,153	180,774
Expenses:						
Instruction	100,953	99,322	-	-	100,953	99,322
Student personnel services	5,242	4,913	-	-	5,242	4,913
Instructional media services	2,108	2,154	-	-	2,108	2,154
Instruction and curriculum development services	6,210	5,704	-	-	6,210	5,704
Instructional staff training services	2,476	2,345	-	-	2,476	2,345
Instruction related technology	4,728	2,817	-	-	4,728	2,817
School Board	1,040	969	-	-	1,040	969
General administration	1,084	1,565	-	-	1,084	1,565
School administration	9,526	8,739	-	-	9,526	8,739
Facility services - non-capitalized	11,406	4,915	-	-	11,406	4,915
Fiscal services	1,204	1,304	-	-	1,204	1,304
Food services	8,320	8,476	-	-	8,320	8,476
Central services	3,706	2,122	-	-	3,706	2,122
Student transportation services	6,049	6,351	-	-	6,049	6,351
Operation of plant	12,917	13,132	-	-	12,917	13,132
Maintenance of plant	3,544	3,392	-	-	3,544	3,392
Administrative technology services	4,014	4,088	-	-	4,014	4,088
Community services	205	-	-	-	205	-
Unallocated interest on long-term debt	5,718	5,743	-	-	5,718	5,743
Extended Day Care Program	-	-	832	751	832	751
Total expenses	190,450	178,051	832	751	191,282	178,802
Changes in net position	(4,108)	1,928	(21)	44	(4,129)	1,972
Net Position, beginning	185,829	238,627	422	618	186,251	239,245
Adjustment to Beginning Net Position	-	(54,726)	-	(240)	-	(54,966)
Net position, ending	\$ 181,721	\$ 185,829	\$ 401	\$ 422	\$ 182,122	\$ 186,251

- ◆ Property taxes for operational purposes and capital projects increased by \$6.1 million and \$1.5 million respectively, primarily due to an increase in the taxable assessed value of 6.7 percent. In addition, capital grants and contributions increased by \$383,000 due to the reinstatement of Public Education Capital Outlay funds from the State.
- ◆ Governmental activities expenses increased from the prior fiscal year by \$12.4 million. The increase was primarily due to an increase in instruction related technology expenses from the voter approved millage for technology and increases in facilities services – non-capitalized as a result of expenses related to the guaranteed energy savings performance contracts the District entered into in the 2015-16 fiscal year.
- ◆ The adjustment to beginning net position of a negative \$54.7 million, in the 2014-15 fiscal year, was due to recording the beginning balance of Net Pension Liability.

*Business-Type Activities*

Extended Day Program business-type activities decreased the District’s net position by \$21,000 for the fiscal year ended June 30, 2016. Charges for services and other income totaled \$811,000, while Extended Day Program expenses totaled \$832,000.

The adjustment to beginning net position of a negative \$240,000, in the 2014-15 fiscal year, was due to recording Net Pension Liability.

**Financial Analysis of the District’s Funds**

The District’s governmental funds reported a combined fund balance of \$64.8 million, which is an increase of \$16.1 million from last year’s total of \$48.7 million. 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, 2016, and 2015.

<i>Fund Balance (in thousands)</i>	2016	2015	Increase (Decrease)	Percentage Change
General Fund	\$ 26,054	\$ 23,926	\$ 2,128	8.9%
Debt Service Funds:				
Other	404	277	127	46.0%
Capital Projects Funds:				
Local Capital Improvement	6,949	11,061	(4,112)	(37.2)%
Other	19,901	4,042	15,859	392.4%
Other Governmental Funds	11,480	9,399	2,081	22.1%
Total	<u>\$ 64,788</u>	<u>\$ 48,705</u>	<u>\$ 16,083</u>	<u>33.0%</u>

*General Fund*

The District’s General Fund balance increased by \$2.1 million. The tables that follow illustrate the financial activities and balance of the General Fund.

<i>Revenues (in thousands)</i>	2016	2015	Increase (Decrease)	Percentage Change
Taxes	\$ 96,034	\$ 89,942	\$ 6,092	6.8%
Investment earnings	263	194	69	35.6%
State revenues	41,523	41,843	(320)	(0.8)%
Other revenues	3,624	3,972	(348)	(8.8)%
Net Other financing sources and (uses)	4,625	4,080	545	13.4%
<b>Total</b>	<b>\$ 146,069</b>	<b>\$ 140,031</b>	<b>\$ 6,038</b>	<b>4.3%</b>

Property tax revenue increased by \$6.1 million. The taxable assessed value of property increased 6.7 percent over the previous year, partially offset by the decrease in the millage rates of approximately 0.7 percent as set by the Florida Legislature.

State revenues decreased by \$320,000 primarily due to a decrease in funding from the Florida Education Finance Program (FEFP) funding formula.

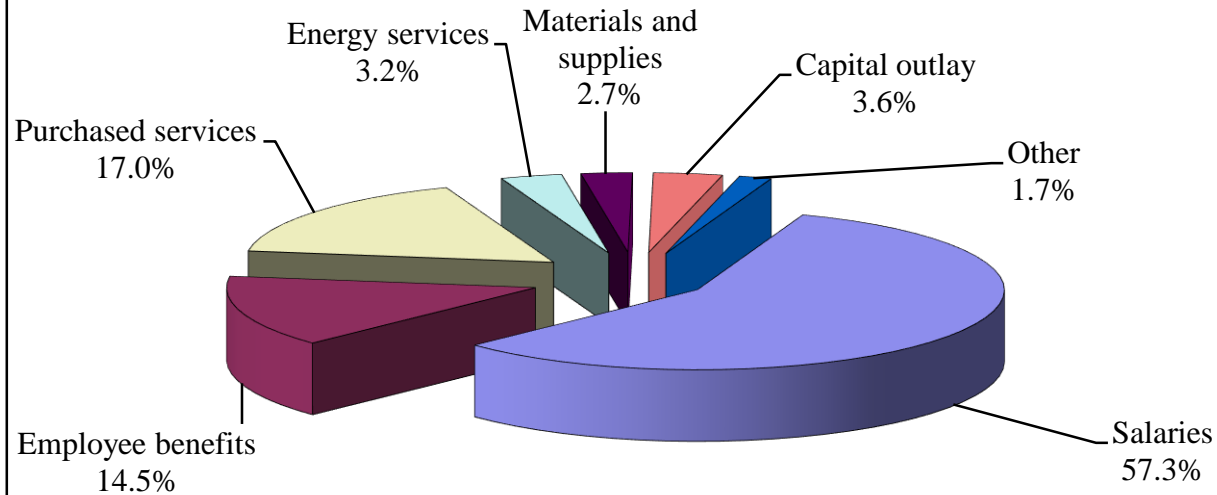
Other revenues decreased by \$348,000 primarily due to the decrease in the restricted indirect cost collected from Federal programs as compared to the fiscal year ended June 30, 2015.

Other financing sources and uses increased by \$545,000, primarily due to the insurance loss recoveries received from flooding at Vero Beach High School and lightening damage at Beachland Elementary.

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.

<i>Expenditures by Object (in thousands)</i>	2016	2015	Increase (Decrease)	Percentage Change
Salaries	\$ 82,408	\$ 78,774	\$ 3,634	4.6%
Employee benefits	20,840	20,033	807	4.0%
Purchased services	24,536	21,846	2,690	12.3%
Energy services	4,634	5,299	(665)	(12.5)%
Materials & supplies	3,867	4,482	(615)	(13.7)%
Capital outlay	5,203	3,689	1,514	41.0%
Other	2,453	2,506	(53)	(2.1)%
<b>Total</b>	<b>\$ 143,941</b>	<b>\$ 136,629</b>	<b>\$ 7,312</b>	<b>5.4%</b>

## Expenditures by Object



Expenditures increased \$7.3 million, or 5.4 percent from the prior fiscal year.

Salary expenditures increased by \$3.6 million or 4.6 percent, primarily due salary increases for all employees.

Employee benefits expenditures increased by \$807,000 or 4.0 percent, as a result of salary increases.

Purchased Services expenditures increased by \$2.7 million or 12.3 percent primarily due to the increase in expenditures attributed to the voter-approved millage for technology, increased consulting fees, school recognition, the Vero Beach High School flood and various other contracts which were initiated in fiscal year 2015-16.

Energy Services expenditures decreased over the prior year by \$665,000 or 12.5 percent primarily due to decreased fuel costs, and a decrease in Florida Power and Light rates.

Capital outlay increased by \$1.5 million or 41.0 percent largely due to technology purchases from the voter approved 0.6 millage.

### *Debt Service - Other Fund*

The Debt Service – Other Fund maintains a small fund balance, all of which is restricted for payment of debt service expenditures. The fund balance increased \$127,000 due to an increase in interest income and the refunding of the 2007 Certificates of Participation.

### *Capital Projects – Local Capital Improvement Fund*

The fund balance of the Capital Projects – Local Capital Improvement Fund decreased by \$4.1 million, or 37 percent during the fiscal year. This was due to the spend down of outstanding capital projects. Fund balance totaled \$6.9 million; of this amount, \$2.8 million has been encumbered for specific projects.

### *Capital Projects – Other Fund*

The fund balance of the Capital Projects – Other Fund increased by \$15.9 million, or 392.4 percent during the fiscal year. This was due to proceeds from the issuance of COP Series 2016B and the other lease-purchase agreements. Fund balance totaled \$19.9 million; of this amount, \$943,000 has been encumbered for specific projects.

### *Other Governmental Funds*

The fund balance of the Other Governmental Funds was \$11.4 million. The largest fund balances in the Other Governmental Funds comprises of the Food Service Fund and the ARRA Debt Service Fund which had fund balances of \$3.9 million and \$7.2 million, respectively.

## **General Fund Budget Information**

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

The District collected \$462,000 more in revenue as compared to the final budget. This was largely due to taxes collected for operational purposes exceeding the budgeted amounts.

The District amended its final budget for expenditures to reflect increases in salaries and other employee related costs as well as non-labor costs. Expenditures were originally budgeted at \$150.6 million, and actual expenditures were lower than the original budget by \$6.7 million due to the District's conservative spending.

## **Capital Assets**

The District investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$336.2 million (net of accumulated depreciation). This investment in capital assets includes: land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Major capital asset events during the current fiscal year included the following:

Construction in progress for the School District of Indian River County include Beachland Elementary classroom and cafeteria addition, Citrus Elementary classroom addition and Vero Beach High School Citrus Bowl Phase I renovations.

Projects completed and included in buildings and improvements include School District Administration Complex, Citrus Elementary Cafeteria Addition, Beachland drainage improvements and Fellsmere Elementary phase II classroom and cafeteria addition.

The total increase in the District's investment in capital assets (net of accumulated depreciation) was approximately 0.9 percent. Detailed information regarding capital asset activity is included in Notes IV.D. and IV.P. to the basic financial statements.

## **Long-Term Debt and Other Long-Term Liabilities**

At the end of the current fiscal year, the District has total long-term liabilities outstanding of \$226 million. Of this amount, \$4.3 million represents State bonds, \$122.4 million represents certificates of participation, \$12.9 million represents other lease-purchase agreements, \$9.7 million represents compensated absences payable, \$19.6 million represents other postemployment benefits payable and \$56.9 million represents net pension liability. During the 2015-2016 fiscal year, the District made principal payments of \$344,000 on State bonds and \$5.0 million on certificates of participation. The District increased compensated absences by \$444,000, increased other lease-purchase agreements by \$12.9 million, increased certificates of participation by \$8.5 million, increased other postemployment benefits payable by \$244,000 and increased net pension liability by \$16.1 million.

Detailed information regarding long-term debt activity is included in the notes to the basic financial statements, specifically Note IV.E., Certificates of Participation, Note IV.F., Bonds Payable, Note IV.G., Other Lease-Purchase Agreements, Note IV.H., Defeased Debt, and Note IV.I., Changes in Long-Term Liabilities.

## **Economic Factors and Next Year's Budgets and Rates**

Local property taxes are the District's primary source of revenue. The required local effort (RLE) for the 2016-17 fiscal year is 4.562 mills (a decrease of .0545 mills). The discretionary millage is 0.748 mills. Voted additional operating is 0.60 mills. Capital outlay millage is 1.50 mills. General Fund revenues and other financing sources are projected to be \$145.5 million, and expenditures and other uses are expected to be \$158.0 million.

## **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, Attn: Assistant Superintendent for Finance & Operations, 6500 57<sup>th</sup> St, Vero Beach, FL 32967.

# BASIC FINANCIAL STATEMENTS

The School Board of Indian River County, Florida  
Statement of Net Position  
June 30, 2016  
(amounts expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Charter Schools
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 13,253	\$ 821	\$ 14,074	\$ 4,898
Cash with Fiscal Agent	9,650	-	9,650	-
Investments	46,185	-	46,185	-
Accounts Receivable	179	-	179	153
Due From Other Agencies	2,453	-	2,453	116
Interest Receivable	44	-	44	-
Inventories	416	-	416	-
Prepaid Items	112	-	112	57
Notes Receivable	848	-	848	-
Restricted Investments	7,191	-	7,191	-
Capital Assets:				
Non-Depreciable	32,388	-	32,388	802
Depreciable (Net)	303,775	-	303,775	13,727
<b>Total Assets</b>	<b>416,494</b>	<b>821</b>	<b>417,315</b>	<b>19,753</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Net Carrying Amount of Debt Refinancing	2,396	-	2,396	-
Pensions	15,091	50	15,141	-
<b>Total Deferred Outflows of Resources</b>	<b>17,487</b>	<b>50</b>	<b>17,537</b>	<b>-</b>
<b>LIABILITIES</b>				
Accrued Salaries and Benefits	3,242	25	3,267	443
Accounts Payable	1,975	6	1,981	131
Construction Contracts Payable	1,417	-	1,417	-
Construction Contracts Payable - Retained Percentage	260	-	260	-
Due to Other Agencies	1,331	3	1,334	-
Matured Debt Payable	5,015	-	5,015	-
Matured Interest Payable	1,518	-	1,518	-
Unearned Revenue	628	-	628	324
Accrued Interest Payable	11	-	11	-
Estimated Insurance Claims Payable	3,124	-	3,124	-
Noncurrent Liabilities:				
Portion Due Within One Year	12,072	26	12,098	741
Portion Due In More Than One Year	213,376	360	213,736	5,778
<b>Total Liabilities</b>	<b>243,969</b>	<b>420</b>	<b>244,389</b>	<b>7,417</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	8,291	50	8,341	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	220,360	-	220,360	8,009
Restricted for:				
Special Revenue - Food Service	3,945	-	3,945	22
Capital Projects	5,674	-	5,674	78
Debt Service	7,730	-	7,730	-
State Required Carryover Programs, Adult Workforce, and Donations	7,979	-	7,979	-
Other Purposes	-	-	-	391
Unrestricted	(63,967)	401	(63,566)	3,836
<b>Total Net Position</b>	<b>\$ 181,721</b>	<b>\$ 401</b>	<b>\$ 182,122</b>	<b>\$ 12,336</b>

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



The School Board of Indian River County, Florida  
Statement of Activities  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units Charter Schools
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary Government:</b>								
Governmental Activities:								
Instruction	\$ 100,953	\$ 209	\$ -	\$ -	\$ (100,744)	\$ -	\$ (100,744)	
Student Support Services	5,242	-	-	-	(5,242)	-	(5,242)	
Instructional Media Services	2,108	-	-	-	(2,108)	-	(2,108)	
Instruction and Curriculum Development Services	6,210	-	-	-	(6,210)	-	(6,210)	
Instructional Staff Training Services	2,476	-	-	-	(2,476)	-	(2,476)	
Instruction Related Technology	4,728	-	-	-	(4,728)	-	(4,728)	
School Board	1,040	-	-	-	(1,040)	-	(1,040)	
General Administration	1,084	-	-	-	(1,084)	-	(1,084)	
School Administration	9,526	-	-	-	(9,526)	-	(9,526)	
Facilities Services - Non-Capitalized	11,406	-	-	1,999	(9,407)	-	(9,407)	
Fiscal Services	1,204	-	-	-	(1,204)	-	(1,204)	
Food Services	8,320	1,542	6,858	-	80	-	80	
Central Services	3,706	-	-	-	(3,706)	-	(3,706)	
Student Transportation Services	6,049	77	-	-	(5,972)	-	(5,972)	
Operation of Plant	12,917	-	-	-	(12,917)	-	(12,917)	
Maintenance of Plant	3,544	-	-	-	(3,544)	-	(3,544)	
Administrative Technology Services	4,014	-	-	-	(4,014)	-	(4,014)	
Community Services	205	195	-	-	(10)	-	(10)	
Unallocated Interest on Long-Term Debt	5,718	-	-	1,976	(3,742)	-	(3,742)	
<b>Total Governmental Activities</b>	<b>\$ 190,450</b>	<b>\$ 2,023</b>	<b>\$ 6,858</b>	<b>\$ 3,975</b>	<b>\$ (177,594)</b>	<b>\$ -</b>	<b>\$ (177,594)</b>	
Business-Type Activities:								
Extended Day Care Program	832	809	-	-	-	(23)	(23)	
<b>Total Primary Government</b>	<b>\$ 191,282</b>	<b>\$ 2,832</b>	<b>\$ 6,858</b>	<b>\$ 3,975</b>	<b>\$ (177,594)</b>	<b>\$ (23)</b>	<b>\$ (177,617)</b>	
<b>Component Units:</b>								
Charter Schools	\$ 17,097	\$ 399	\$ 776	\$ 318				(15,604)
General Revenues:								
Taxes:								
Property Taxes, Levied for Operational Purposes					96,034	-	96,034	-
Property Taxes, Levied for Capital Projects					22,318	-	22,318	-
Grants and Contributions not Restricted to Specific Programs					52,010	-	52,010	16,282
Unrestricted Investment Earnings					533	2	535	7
Miscellaneous					2,591	-	2,591	602
<b>Total General Revenues</b>					<b>173,486</b>	<b>2</b>	<b>173,488</b>	<b>16,891</b>
<b>Changes in Net Position</b>					<b>(4,108)</b>	<b>(21)</b>	<b>(4,129)</b>	<b>1,287</b>
Net Position - Beginning					185,829	422	186,251	11,110
Adjustments to Net Position					-	-	-	(61)
<b>Net Position - Ending</b>	<b>\$ 181,721</b>	<b>\$ 401</b>	<b>\$ 182,122</b>	<b>\$ 12,336</b>				

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

The School Board of Indian River County, Florida  
Balance Sheet - Governmental Funds  
June 30, 2016  
(amounts expressed in thousands)

	Debt Service		Capital Projects		Other Governmental Funds	Total Governmental Funds
	General Fund	Other Fund	Local Capital Improvement Fund	Other Fund		
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,054	\$ 194	\$ 6,527	\$ 1,073	\$ 4,064	\$ 12,912
Cash with Fiscal Agent	-	210	-	9,440	-	9,650
Investments	28,538	6,533	-	11,013	101	46,185
Accounts Receivable	174	-	-	-	1	175
Due from Other Agencies	988	-	2	14	1,330	2,334
Interest Receivable	44	-	-	-	-	44
Due from Budgetary Funds	-	-	1,110	-	-	1,110
Inventories	305	-	-	-	111	416
Notes Receivable	848	-	-	-	-	848
Restricted Investments	-	-	-	-	7,191	7,191
Total Assets	<u>\$ 31,951</u>	<u>\$ 6,937</u>	<u>\$ 7,639</u>	<u>\$ 21,540</u>	<u>\$ 12,798</u>	<u>\$ 80,865</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accrued Salaries and Benefits	\$ 2,666	\$ -	\$ -	\$ -	\$ 572	\$ 3,238
Accounts Payable	1,257	-	466	186	66	1,975
Construction Contracts Payable	-	-	-	1,417	-	1,417
Construction Contracts Payable - Retained Percentage	-	-	224	36	-	260
Due to Other Agencies	1,122	-	-	-	209	1,331
Due to Budgetary Funds	-	-	-	-	412	412
Matured Debt Payable	-	5,015	-	-	-	5,015
Matured Interest Payable	-	1,518	-	-	-	1,518
Unearned Revenue	4	-	-	-	54	58
Total Liabilities	<u>5,049</u>	<u>6,533</u>	<u>690</u>	<u>1,639</u>	<u>1,313</u>	<u>15,224</u>
Deferred Inflows:						
Note Receivable	848	-	-	-	-	848
Unavailable Revenue	-	-	-	-	5	5
Total Deferred Inflows of Resources	<u>848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>853</u>
Fund Balances:						
Nonspendable	305	-	-	-	111	416
Restricted	7,979	404	6,949	19,901	11,369	46,602
Assigned	13,468	-	-	-	-	13,468
Unassigned	4,302	-	-	-	-	4,302
Total Fund Balances	<u>26,054</u>	<u>404</u>	<u>6,949</u>	<u>19,901</u>	<u>11,480</u>	<u>64,788</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 31,951</u>	<u>\$ 6,937</u>	<u>\$ 7,639</u>	<u>\$ 21,540</u>	<u>\$ 12,798</u>	<u>\$ 80,865</u>

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

The School Board of Indian River County, Florida  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 June 30, 2016  
 (amounts expressed in thousands)

**Total Fund Balances - Governmental Funds** \$ 64,788

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. 336,163

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. (3,815)

Notes receivable are accrued as revenue in the government-wide statements because they are earned, but are considered unavailable revenue in the governmental funds because the repayments do not provide current financial resources and are not available to liquidate liabilities in the governmental funds. 848

Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due. (11)

Deferred outflows of resources represents a consumption of net position that applies to a future period. This is the net difference between the carrying value of the refunded debt and its reacquisition price. 2,396

The deferred outflows 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	\$	15,091	
Deferred inflows related to pensions		(8,291)	6,800
		56,563	

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

Certificates of Participation Payable	\$	122,398	
Other Lease-Purchase Agreements Payable		12,856	
Bonds Payable		4,320	
Compensated Absences Payable		9,691	
Other Postemployment Benefits Payable		19,620	
Net Pension Liability		56,563	(225,448)
Total long-term liabilities		56,563	

**Total Net Position - Governmental Activities** \$ 181,721

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

The School Board of Indian River County, Florida  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Debt Service</u>		<u>Capital Projects</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Other Fund</u>	<u>Local Capital Improvement Fund</u>	<u>Other Fund</u>		
<b>REVENUES</b>						
Federal Direct Sources:						
Reserve Officer Training Corps (ROTC)	\$ 138	\$ -	\$ -	\$ -	\$ -	\$ 138
Miscellaneous Federal Direct	-	-	-	3	1,420	1,423
<b>Total Federal Direct</b>	<b>138</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>1,420</b>	<b>1,561</b>
Federal Through State Sources:						
Food Service	-	-	-	-	6,758	6,758
Other Federal Through State Sources	326	-	-	-	9,317	9,643
<b>Total Federal through State</b>	<b>326</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,075</b>	<b>16,401</b>
State Sources:						
Florida Education Finance Program	19,156	-	-	-	-	19,156
Categorical - Class Size Reduction	19,103	-	-	-	-	19,103
Food Service	-	-	-	-	100	100
CO&DS Withheld for SBE/COBI Bond	10	-	-	-	551	561
CO&DS Distribution	-	-	-	-	129	129
Public Education Capital Outlay	-	-	-	-	321	321
Other State Sources	3,254	-	-	715	-	3,969
<b>Total State Sources</b>	<b>41,523</b>	<b>-</b>	<b>-</b>	<b>715</b>	<b>1,101</b>	<b>43,339</b>
Local Sources:						
Ad Valorem Taxes	96,034	-	22,318	-	-	118,352
Impact Fees	-	-	-	1,541	-	1,541
Food Service	-	-	-	-	1,542	1,542
Investment Income	263	89	29	9	137	527
Other Local Sources	3,160	-	3	93	43	3,299
<b>Total Local Sources</b>	<b>99,457</b>	<b>89</b>	<b>22,350</b>	<b>1,643</b>	<b>1,722</b>	<b>125,261</b>
<b>Total Revenues</b>	<b>\$ 141,444</b>	<b>\$ 89</b>	<b>\$ 22,350</b>	<b>\$ 2,361</b>	<b>\$ 20,318</b>	<b>\$ 186,562</b>

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

The School Board of Indian River County, Florida  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Debt Service		Capital Projects		Other Governmental Funds	Total Governmental Funds
	General Fund	Other Fund	Local Capital Improvement Fund	Other Fund		
<b>EXPENDITURES</b>						
Current:						
Instruction	\$ 88,553	\$ -	\$ -	\$ -	\$ 4,983	\$ 93,536
Student Support Services	3,674	-	-	-	1,167	4,841
Instructional Media Services	1,947	-	-	-	-	1,947
Instruction and Curriculum Development Services	3,798	-	-	-	1,942	5,740
Instructional Staff Training Services	1,674	-	-	-	626	2,300
Instruction Related Technology	4,354	-	-	-	1	4,355
School Board	985	-	-	-	-	985
General Administration	664	-	-	-	348	1,012
School Administration	8,745	-	-	-	-	8,745
Facilities Services - Non-Capitalized	867	-	4,155	4,306	378	9,706
Fiscal Services	1,098	-	-	-	-	1,098
Food Services	47	-	-	-	7,622	7,669
Central Services	2,131	-	-	-	-	2,131
Student Transportation Services	4,636	-	-	-	43	4,679
Operation of Plant	11,942	-	-	-	-	11,942
Maintenance of Plant	3,116	-	-	-	-	3,116
Administrative Technology Services	3,698	-	-	-	-	3,698
Community Services	18	-	-	-	202	220
Capital Outlay:						
Facilities Acquisition and Construction	1,513	-	6,961	6,494	2	14,970
Other Capital Outlay	481	-	1,891	44	67	2,483
Debt Service:						
Principal	-	5,015	-	-	344	5,359
Interest and Fiscal Charges	-	4,589	-	102	1,781	6,472
<b>Total Expenditures</b>	<b>143,941</b>	<b>9,604</b>	<b>13,007</b>	<b>10,946</b>	<b>19,506</b>	<b>197,004</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>						
	(2,497)	(9,515)	9,343	(8,585)	812	(10,442)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	3,962	8,847	-	39	1,307	14,155
Transfers Out	-	-	(13,455)	(662)	(38)	(14,155)
Issuance of Other Lease-Purchase Agreements	-	516	-	12,340	-	12,856
Issuance of Certificates of Participation	-	-	-	10,855	-	10,855
Premium on Issuance of Certificates of Participation	-	-	-	1,872	-	1,872
Issuance of Refunding Certificates of Participation	-	28,055	-	-	-	28,055
Premiums on Refunding Certificates of Participation	-	6,211	-	-	-	6,211
Payments to Refunding Escrow Agent	-	(33,987)	-	-	-	(33,987)
Sale of Capital Assets	83	-	-	-	-	83
Loss Recoveries	580	-	-	-	-	580
<b>Total Other Financing Sources (Uses)</b>	<b>4,625</b>	<b>9,642</b>	<b>(13,455)</b>	<b>24,444</b>	<b>1,269</b>	<b>26,525</b>
<b>Net Change in Fund Balances</b>	<b>2,128</b>	<b>127</b>	<b>(4,112)</b>	<b>15,859</b>	<b>2,081</b>	<b>16,083</b>
Fund Balances, Beginning	23,926	277	11,061	4,042	9,399	48,705
Fund Balances, Ending	<u>\$ 26,054</u>	<u>\$ 404</u>	<u>\$ 6,949</u>	<u>\$ 19,901</u>	<u>\$ 11,480</u>	<u>\$ 64,788</u>

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

The School Board of Indian River County, Florida  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

**Net Change in Fund Balances - Governmental Funds** \$ 16,083

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlays and donations in excess of depreciation/amortization expense and sale of capital assets in the current period.

Capital Outlay - Facilities and Construction - Governmental Funds	\$ 14,970	
Capital Outlay - Other Capital Outlay - Governmental Funds	2,483	
Donated Items	11	
Undepreciated Cost of Assets Sold	(99)	
Less: Depreciation/Amortization Expense	(14,456)	2,909

Repayment of debt principal is an expenditure in the governmental funds, but the 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	\$ 37,395	
Bonds Payable	344	37,739

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. These are the amounts attributable to debt issuances in the current fiscal year.

Certificates of Participation	\$ (38,910)	
Certificates of Participation - Premium	(8,083)	
Other Lease-Purchase Agreements	(12,856)	(59,849)

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	\$ 1,124	
Deferred Loss on Refunding		
June 30, 2016	2,396	
June 30, 2015	(1,158)	2,362

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as accrues in the statement of activities. This is the difference between prior year and current year accrual.

1

In the statement of activities, the cost of other postemployment benefits obligation is measured by actuarial estimations, while in the governmental funds expenditures are recognized based on the amounts actually paid for other postemployment benefits. This is the net increase of the postemployment benefits obligation for the current period.

(250)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned (\$2,303) in excess of the amount paid (\$1,847)

(456)

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.

FRS Pension Contributions	\$ 4,916	
HIS Pension Contributions	1,486	
FRS Pension Expense	(2,028)	
HIS Pension Expense	(2,201)	2,173

Notes receivable are accrued as revenue in the government-wide statements because they are earned, but are considered unavailable revenue in the governmental funds because the repayments do not provide current financial resources and are not available to liquidate liabilities in the government funds. This is the amount recognized in the current year in governmental funds, whereas the entire amount was recognized in the prior fiscal year in the government-wide statements.

(802)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net loss of internal service funds is reported with governmental activities.

(4,018)

**Change in Net Position - Governmental Activities** \$ (4,108)

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

The School Board of Indian River County, Florida  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Federal Direct Sources:				
Reserve Officer Training Corps (ROTC)	\$ 150	\$ 150	\$ 138	\$ (12)
Total Federal Direct	150	150	138	(12)
Federal Through State Sources:				
Other Federal Through State Sources	350	374	326	(48)
Total Federal through State	350	374	326	(48)
State Sources:				
Florida Education Finance Program	19,872	19,156	19,156	-
Categorical - Class Size Reduction	19,451	19,103	19,103	-
CO&DS Withheld for SBE/COBI Bond	10	10	10	-
Other State Sources	2,142	3,251	3,254	3
Total State Sources	41,475	41,520	41,523	3
Local Sources:				
Ad Valorem Taxes	95,469	95,469	96,034	565
Investment Income	138	210	263	53
Other Local Sources	2,765	3,259	3,160	(99)
Total Local Sources	98,372	98,938	99,457	519
Total Revenues	140,347	140,982	141,444	462
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Salaries	55,345	53,742	53,174	568
Employees Benefits	12,216	13,281	13,232	49
Purchased Services	17,054	18,263	17,255	1,008
Energy Services	9	-	-	-
Materials and Supplies	7,029	4,355	2,984	1,371
Capital Outlay	792	678	147	531
Other Expenditures	404	1,782	1,761	21
Total Instruction	92,849	92,101	88,553	3,548
Student Support Services:				
Salaries	2,672	2,895	2,892	3
Employees Benefits	664	714	713	1
Purchased Services	21	26	17	9
Energy Services	4	2	2	-
Materials and Supplies	33	33	31	2
Capital Outlay	1	1	-	1
Other Expenditures	13	20	19	1
Total Student Support Services	3,408	3,691	3,674	17
Instructional Media Services:				
Salaries	1,411	1,448	1,438	10
Employees Benefits	394	369	369	-
Purchased Services	8	7	6	1
Materials and Supplies	37	20	19	1
Capital Outlay	92	96	73	23
Other Expenditures	3	42	42	-
Total Instructional Media Services	1,945	1,982	1,947	35

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

Continued on next page.

The School Board of Indian River County, Florida  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
<b>EXPENDITURES</b>				
Current (continued)				
Instruction and Curriculum Development Services:				
Salaries	\$ 2,719	\$ 3,051	\$ 3,051	\$ -
Employees Benefits	600	717	717	-
Purchased Services	14	19	19	-
Materials and Supplies	6	7	7	-
Capital Outlay	4	3	-	3
Other Expenditures	-	4	4	-
<b>Total Instruction and Curriculum Development Services</b>	<b>3,343</b>	<b>3,801</b>	<b>3,798</b>	<b>3</b>
Instructional Staff Training Services:				
Salaries	853	993	991	2
Employees Benefits	189	218	218	-
Purchased Services	246	468	364	104
Materials and Supplies	12	14	11	3
Capital Outlay	7	5	-	5
Other Expenditures	142	137	90	47
<b>Total Instructional Staff Training Services</b>	<b>1,449</b>	<b>1,835</b>	<b>1,674</b>	<b>161</b>
Instruction Related Technology:				
Salaries	549	624	624	-
Employees Benefits	140	153	153	-
Purchased Services	634	1,206	943	263
Materials and Supplies	1	-	-	-
Capital Outlay	6,740	4,687	2,634	2,053
<b>Total Instruction Related Technology</b>	<b>8,064</b>	<b>6,670</b>	<b>4,354</b>	<b>2,316</b>
School Board:				
Salaries	381	215	215	-
Employees Benefits	142	123	120	3
Purchased Services	681	851	618	233
Materials and Supplies	1	2	1	1
Capital Outlay	1	1	-	1
Other Expenditures	34	36	31	5
<b>Total School Board</b>	<b>1,240</b>	<b>1,228</b>	<b>985</b>	<b>243</b>
General Administration:				
Salaries	287	290	290	-
Employees Benefits	89	89	89	-
Purchased Services	20	28	25	3
Energy Services	1	-	-	-
Materials and Supplies	14	11	10	1
Capital Outlay	1	1	1	-
Other Expenditures	222	249	249	-
<b>Total General Administration</b>	<b>634</b>	<b>668</b>	<b>664</b>	<b>4</b>
School Administration:				
Salaries	6,727	6,916	6,915	1
Employees Benefits	1,549	1,660	1,660	-
Purchased Services	96	85	72	13
Energy Services	1	1	1	-
Materials and Supplies	66	72	65	7
Capital Outlay	39	42	5	37
Other Expenditures	32	32	27	5
<b>Total School Administration</b>	<b>8,510</b>	<b>8,808</b>	<b>8,745</b>	<b>63</b>

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

Continued on next page.



The School Board of Indian River County, Florida  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
<b>EXPENDITURES</b>				
Current (continued)				
Facilities Services Non-Capitalized:				
Salaries	\$ 426	\$ 481	\$ 481	\$ -
Employees Benefits	110	113	113	-
Purchased Services	275	280	261	19
Energy Services	8	7	4	3
Materials and Supplies	5	3	2	1
Capital Outlay	1,179	338	6	332
<b>Total Facilities Services Non-Capitalized</b>	<b>2,003</b>	<b>1,222</b>	<b>867</b>	<b>355</b>
Fiscal Services:				
Salaries	742	808	808	-
Employees Benefits	196	212	212	-
Purchased Services	67	62	56	6
Materials and Supplies	4	4	4	-
Capital Outlay	27	-	-	-
Other Expenditures	11	23	18	5
<b>Total Fiscal Services</b>	<b>1,047</b>	<b>1,109</b>	<b>1,098</b>	<b>11</b>
Food Services:				
Salaries	-	44	44	-
Employees Benefits	-	3	3	-
<b>Total Food Services</b>	<b>-</b>	<b>47</b>	<b>47</b>	<b>-</b>
Central Services:				
Salaries	1,382	1,472	1,471	1
Employees Benefits	372	391	391	-
Purchased Services	439	391	253	138
Energy Services	11	11	6	5
Materials and Supplies	70	40	-	40
Capital Outlay	10	8	-	8
Other Expenditures	22	10	10	-
<b>Total Central Services</b>	<b>2,306</b>	<b>2,323</b>	<b>2,131</b>	<b>192</b>
Student Transportation Services:				
Salaries	2,629	2,721	2,713	8
Employees Benefits	870	873	873	-
Purchased Services	385	336	262	74
Energy Services	714	460	387	73
Materials and Supplies	191	210	199	11
Capital Outlay	-	1	-	1
Other Expenditures	102	215	202	13
<b>Total Student Transportation Services</b>	<b>4,891</b>	<b>4,816</b>	<b>4,636</b>	<b>180</b>
Operation of Plant:				
Salaries	3,274	3,471	3,469	2
Employees Benefits	1,008	1,016	1,016	-
Purchased Services	2,953	2,946	2,927	19
Energy Services	4,504	4,191	4,187	4
Materials and Supplies	362	354	343	11
Capital Outlay	7	8	-	8
Other Expenditures	8	2	-	2
<b>Total Operation of Plant</b>	<b>12,116</b>	<b>11,988</b>	<b>11,942</b>	<b>46</b>

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

Continued on next page.

The School Board of Indian River County, Florida  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
<b>EXPENDITURES</b>				
Current (continued)				
Maintenance of Plant:				
Salaries	\$ 1,917	\$ 1,899	\$ 1,899	\$ -
Employees Benefits	511	502	502	-
Purchased Services	349	627	478	149
Energy Services	67	44	44	-
Materials and Supplies	192	213	191	22
Capital Outlay	15	5	2	3
Total Maintenance of Plant	3,051	3,290	3,116	174
Administrative Technology Services:				
Salaries	1,702	1,918	1,918	-
Employees Benefits	420	457	457	-
Purchased Services	569	1,140	978	162
Energy Services	4	3	3	-
Materials and Supplies	2	2	2	-
Capital Outlay	1,066	911	340	571
Total Administrative Technology Services	3,763	4,431	3,698	733
Community Services:				
Salaries	-	16	16	-
Employees Benefits	-	2	2	-
Total Community Services	-	18	18	-
Capital Outlay:				
Facilities Acquisition and Construction	-	1,513	1,513	-
Other Capital Outlay	-	481	481	-
Total Capital Outlay:	-	1,994	1,994	-
Total Expenditures	150,619	152,022	143,941	8,081
<b>Deficiency of Revenues Over Expenditures</b>	(10,272)	(11,040)	(2,497)	8,543
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,147	3,962	3,962	-
Sale of Capital Assets	75	75	83	8
Loss Recoveries	-	533	580	47
Total Other Financing Sources (Uses)	4,222	4,570	4,625	55
<b>Net Change in Fund Balance</b>	(6,050)	(6,470)	2,128	8,598
Fund Balance, Beginning	23,926	23,926	23,926	-
Fund Balance, Ending	\$ 17,876	\$ 17,456	\$ 26,054	\$ 8,598

The School Board of Indian River County, Florida  
Statement of Net Position  
Proprietary Funds  
June 30, 2016  
(amounts expressed in thousands)

	Business-Type Activities Nonmajor Enterprise Fund Extended Day Care Program	Governmental Activities Internal Service Fund
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 821	\$ 341
Accounts Receivable	-	4
Due from Other Agencies	-	119
Prepaid Items	-	112
	821	576
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	50	-
	50	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued Salaries and Benefits Payable	25	4
Accounts Payable	6	-
Due to Other Agencies	3	-
Due to Budgetary Funds	-	698
Estimated Insurance Claims Payable	-	3,124
Unearned Revenues	-	565
	34	4,391
Total Current Liabilities		
	34	4,391
Long-Term Liabilities:		
Portion Due Within One Year		
Compensated Absences Payable	20	-
Net Pension Liability	6	-
Portion Due In More Than One Year		
Compensated Absences Payable	5	-
Other Postemployment Benefits Payable	28	-
Net Pension Liability	327	-
	386	-
Total Long-Term Liabilities		
	386	-
Total Liabilities		
	420	4,391
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	50	-
	50	-
<b>NET POSITION</b>		
Unrestricted (Deficit)	\$ 401	\$ (3,815)
	401	(3,815)

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

The School Board of Indian River County, Florida  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Fund	Internal Service Fund
	Extended Day Care Program	
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 809	\$ -
Premium Revenues	-	16,985
Other Operating Revenues	-	575
	809	17,560
<b>OPERATING EXPENSES</b>		
Salaries and Benefits	724	2,954
Professional and Technical Services	41	1,302
Energy Services	-	5
Materials and Supplies	64	-
Facilities Services - Non-Capitalized	3	8
Insurance Claims	-	17,315
	832	21,584
Operating Loss	(23)	(4,024)
<b>NONOPERATING REVENUES</b>		
Investment Earnings	2	6
Total Nonoperating Revenues	2	6
Change in Net Position	(21)	(4,018)
Total Net Position, Beginning	422	203
Total Net Position, Ending	\$ 401	\$ (3,815)

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

The School Board of Indian River County, Florida  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Fund	Internal Service Fund
	Extended Day Care Program	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received for Premiums	\$ -	\$ 16,878
Cash Received for Other Operating Revenues	809	709
Cash Payments for Insurance Premiums	-	(2,764)
Cash Payments to Employees for Services	(641)	(187)
Cash Payments for Fees	-	(1,300)
Cash Payments for Insurance Claims	-	(16,752)
Cash Payments for Other	(110)	(21)
	58	(3,437)
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash Received from Interfund Loan	-	698
	-	698
<b>Net Cash Provided by Noncapital Financing Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	2	6
	2	6
<b>Net Cash Provided by Investing Activities</b>		
Net Change in Cash and Cash Equivalents	60	(2,733)
Cash and Cash Equivalents, Beginning	761	3,074
Cash and Cash Equivalents, Ending	\$ 821	\$ 341
<b>Provided (Used) by Operating Activities:</b>		
Operating Loss	\$ (23)	\$ (4,024)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Decrease in Accounts Receivable	-	368
Decrease in Due From Other Agencies	-	654
Increase in Prepaid Items	-	(112)
Increase in Deferred Outflows of Resources	(50)	-
Increase in Accrued Salaries and Benefits Payable	5	3
Decrease in Accounts Payable	(3)	(5)
Increase (Decrease) in Due to Other Agencies	1	(122)
Increase in Estimated Insurance Claims Payable	-	562
Decrease in Unearned Revenue	-	(761)
Decrease in Compensated Absences Payable	(11)	-
Decrease in Other Postemployment Benefits Payable	(6)	-
Increase in Pension Liability	95	-
Increase in Deferred Inflows of Resources	50	-
Total Adjustments	81	587
Net Cash Provided (Used) by Operating Activities	\$ 58	\$ (3,437)

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

The School Board of Indian River County, Florida  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016  
(amounts expressed in thousands)

	Private-Purpose Trust Fund	
	Waldo Schraubstader Scholarship Fund	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 14	\$ 1,153
Investments	50	-
Inventory	-	49
	64	1,202
<b>LIABILITIES</b>		
Accounts Payable	-	3
Internal Accounts Payable	-	1,199
	-	\$ 1,202
<b>NET POSITION</b>		
Held in Trust for Scholarships and Other Purposes	\$ 64	

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

The School Board of Indian River County, Florida  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Fiduciary Fund</u> Private-Purpose Trust Fund <u>Waldo Schraubstader</u> <u>Scholarship Fund</u>
<b>ADDITIONS</b>	
<b>Investments Earnings:</b>	
Interest on Investments	\$ 1
Net Increase in Fair Value of Investments	<u>1</u>
Total Investment Earnings	<u>2</u>
<b>DEDUCTIONS</b>	
Scholarship Payments	<u>3</u>
Change in Net Position	(1)
Total Net Position, Beginning	<u>65</u>
Total Net Position, Ending	<u><u>\$ 64</u></u>

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



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**School Board of Indian River County, Florida**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

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**School Board of Indian River County, Florida**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

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# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of Government-wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Indian River County School District's (District) governmental activities and for the 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, maintenance of plant, and food service operations while the remaining depreciation expense is allocated proportionately to all functions based upon functional expenses as a percentage of total expenses.

#### B. Reporting Entity

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

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

- Blended Component Unit. The Indian River County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note to the financials. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financials statements. Separate financial statements for the Leasing Corporation are not published.

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

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

Except for Imagine Schools at South Vero, the charter schools listed below are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, The Florida Not-For-Profit Corporation Act, and Section 1002.33 Florida Statutes. Imagine Schools at South Indian River County, LLC, doing business as Imagine Schools at South Vero, is organized as a limited liability company pursuant to Chapter 608, Florida Statutes, the Florida Limited Liability Company Act, and Section 1002.23, Florida Statutes.

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

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2016. Audits of the charter schools for the fiscal year ended June 30, 2016, were conducted by independent accounting firms and are on file at the District Administrative Office at 6500 57<sup>th</sup> Street, Vero Beach, Florida 32967.

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

### C. **Basis of Presentation: Government-wide Financial Statements**

Government-wide financial statements include the non-fiduciary financial activity of the primary government and its component unit. The District does not have any major component units. These statements include a governmental activities column which incorporates data from governmental funds and internal service funds, while business-type activities are 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 that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### 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 unit. 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.
- ❖ **Debt Service – Other Fund** – to account for financial resources generated for debt principal and interest for the Series 2007, 2014A, 2016A, and 2016B Certificates of Participation and other lease purchase agreements.
- ❖ **Capital Projects – Local Capital Improvement Fund** – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects; motor vehicle purchases; equipment purchases; and costs of environmental compliance.

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

- ❖ Capital Projects – Other Fund – to account for other 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 District's Extended Day Program. This program provides before and after school care to students and is administered by the District.

The District reports the following fiduciary funds:

- ❖ Private-Purpose Trust Fund – to account for resources of the Estate of Waldo Schraubstader Scholarship Fund.
- ❖ Agency Funds – to account for and administer resources of the school internal funds which are custodial in nature and used for student activities such as athletics, classes, and clubs.

### **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 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 in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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 when they become 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. The District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. Revenues susceptible to accrual include ad valorem taxes, impact fees, and interest on investments. 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. 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

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary and private-purpose trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

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

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

#### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, amounts invested in the State Board of Administration (SBA) Florida PRIME, and short-term liquid investments with original maturities of 3 months or less from the date acquisition.

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

#### **2. Investments**

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

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

In the 2015-16 fiscal year, the District entered into an agreement with PFM Asset Management LLC., to serve as investment advisors and invest available funds. Investments made locally consist of United States Treasury Notes, Federal instrumentalities notes and bonds, commercial paper, and mutual funds and are reported at fair value.

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

#### **3. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are valued using a weighted average cost method, except that United States Department of Agriculture surplus 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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

Notes to the Basic Financial Statements

June 30, 2016

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

**4. Capital Assets**

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

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

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

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

**5. 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.

**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



# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

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. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position 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 second is the deferred amount on pension reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is the deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan except earnings, which are amortized over five years. The second item is unavailable revenue, which is reported only in the governmental funds balance sheet from a note receivable for State revenues available to the District in a prior period but which were loaned to another school district under an agreement with the State. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The remaining item is unavailable revenue. This item arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet.

### **8. Net Position Flow Assumption**

The District occasionally funds outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to be reported as restricted 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. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### **9. Fund Balance Flow Assumptions**

The District may fund outlays for a particular purpose from both restricted and unrestricted (the total of committed, assigned and unassigned fund balances). To calculate the amounts to report as restricted, committed, assigned or 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.

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

### **10. Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government'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 (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.

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

When unrestricted (assigned and unassigned) resources in the governmental funds are available for use, it is the District's policy to use unassigned resources as they are needed unless revenues previously assigned are available for use. The Board has adopted Policy 6233 (C), which provides that at least 5 percent of the current year's annual estimated General Fund revenues be reserved for contingency purposes. In the event these reserves are needed, a majority vote of the Board is required before using these funds, and the Superintendent is required to provide a financial plan to the Board to restore the funds to the minimum 5 percent amount along with a timeline for restoration.

### **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)

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

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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 for a period of 5 months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. 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 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 education program resources.

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

### **3. District Property Taxes**

The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Indian River County Property Appraiser, and property taxes are collected by the Indian River County Tax Collector. The Board adopted the 2015 tax levy on September 8, 2015. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment. Taxes become a lien on property as of 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 collection of essentially all taxes prior to June 30 of the year following the year of assessment. 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 2012, the voters of Indian River County approved a 0.6 mills school operating millage levy for 4 years effective January 2013 to fund instructional material and technology needs of the District. The collections began in the fiscal year 2013-14.

### **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 shall be used solely for the purpose of providing capital improvements to the public education 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

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

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authorized uses include, but are not limited to, site acquisition, facility design and construction, 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 that eligible expenditures have been incurred.

### **7. Compensated Absences**

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation and sick leave) are accrued as liabilities to the extent that the benefits are attributed to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or other means. Vacation benefits are accrued as earned and sick leave benefits are accrued using the vesting method. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive payments and for those employees for whom it is probable they will become eligible. The liability includes applicable related payments for Social Security, Medicare, and retirement contributions. 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.

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

### **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 funds' principal ongoing operations. The principal operating revenues of the District's internal service fund are charges for employee health and other insurance premiums. Operating expenses include insurance claims and excess coverage premiums. The principal operating revenues of the enterprise fund are fees for child care services. Operating expenses include salaries and benefits. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **II. ACCOUNTING CHANGES**

**Governmental Accounting Standards Board Statement No. 72.** The District implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which requires the District to use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value.

**GASB Statement No. 79.** The District implemented GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

### III. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The Board follows procedures established by State statutes and SBE rules in establishing budget balances for governmental funds, as described below:

A. 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 law and SBE rules.

B. Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student support services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.

C. Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

D. Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders and other contract commitments are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

### IV. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

#### A. Cash Deposits with Financial Institutions

Custodial Credit Risk-Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes. All earnings from cash deposits with financial institutions are allocated monthly to each fund based upon average ending balance in that fund.

#### B. Investments

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; Level 3 inputs are significant unobservable inputs.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

Notes to the Basic Financial Statements

June 30, 2016

The District's investments at June 30, 2016 are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
SBA Debt Service Accounts	\$ 101,290	\$ 101,290	\$ -	\$ -
U.S. Treasury Notes	25,607,874	25,607,874	-	-
Federal Instrumentalities	2,224,357	2,224,357	-	-
Commercial Paper	7,894,984	7,894,984	-	-
Mutual Funds:				
U.S. Government Securities Trust	49,849	49,849	-	-
Total investments by fair value level	<u>\$ 35,878,354</u>	<u>\$ 35,878,354</u>	<u>\$ -</u>	<u>\$ -</u>

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 fiscal year and at year-end were authorized by the District's Investment Policy.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to provide sufficient liquidity to pay obligations as they become due, the District's investment policy limits the length of investments as follows: (1) investments of current operating funds shall have maturities of no longer than twenty-four (24) months, and (2) investments of bond reserves, construction funds and other non-operating funds shall have a term appropriate to the need for the funds and in accordance with debt covenants, but in no event shall exceed five and one-half (5 ½) years.

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

For Florida PRIME, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board 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, the Investment Advisory Council, and the Participant Local Government 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 SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA**

**Notes to the Basic Financial Statements**

**June 30, 2016**

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, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment policy limits investments to the SBA’s Florida PRIME, United States government obligations, United States government agencies’ debt obligations, Federal instrumentalities’ debt obligations, interest bearing time deposit or savings accounts, repurchase agreements, commercial paper, bankers’ acceptances, state and/or local government taxable and/or tax-exempt debt, corporate debt obligations, agency backed securities, money market funds, intergovernmental investment pools and SBA’s Florida PRIME.

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.

The District’s Investments maturities and ratings at June 30, 2016 are as follows:

<b>Investments by fair value level</b>	<b>Amount</b>	<b>Maturities</b>	<b>Credit Rating</b>	
			<b>S &amp; P Rating</b>	<b>Moody's Rating</b>
<b>SBA</b>				
Florida PRIME (1)	\$ 854,131	39 Days	AAAm	n/a
Debt Service Accounts	101,290	6 Months	n/a	n/a
U.S. Treasury Note (2)	7,189,880	5 Months	n/a	AAA
U.S. Treasury Notes	18,417,994	8.4 Months	AA+	Aaa
Federal Instrumentalities	2,224,357	1.47 Years	AA+	Aaa
Commercial Paper	7,894,984	5.5 Months	A-1	P-1
<b>Mutual Funds</b>				
U.S. Government Securities Trust	49,849	6.18 Years	n/a	n/a
<b>Money Market Funds</b>				
TD Asset Mgmt US Govt Instl Svs (3)	9,650,054	3 Months	AAAm	n/a
First American Treasury (2)(4)	<u>17,547,015</u>	35 Days	AAAm	Aaa-mf
<b>Total investments measured at fair value</b>	<u>\$ 63,929,554</u>			

(1) This investment is considered cash and cash equivalents for financial statement reporting purposes.

(2) Represents \$7,191,031 (U.S. Treasury Note \$7,189,880 and First American Treasury \$1,151) sinking fund balance deposited in U.S. Bank to repay the 2010-A QSCB principal balance in fiscal year 2028-29.

(3) This investment is considered cash with fiscal agent for financial statement reporting purposes.

(4) Held under a trust agreement for Certificates of Participation financing arrangements.

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C. Note Receivable

Pursuant to Section 1013.68(6), Florida Statutes, in March 2002, the District entered into an inter-local loan agreement to assign \$9,308,048 of its Classrooms First Program allocation from the State of Florida to the Osceola County District School Board. In return, the Osceola County District School Board agreed to repay the Indian River County School District the funds in 15 annual installments. The effective interest rate on the loan is 5.776 percent with annual loan principal and interest payments totaling \$897,039 through August 1, 2016. If an installment payment is not made when due, the State of Florida will make payment to the Board within 10 days of notification of nonpayment. As such, the District considers the receivable to be fully collectible and did not report an allowance for uncollectible amounts.

The note receivable at June 30, 2016, is \$848,053 as shown in the schedule below:

Fiscal Year Ending June 30	Total	Principal	Interest
2017	<u>\$ 897,039</u>	<u>\$ 848,053</u>	<u>\$ 48,986</u>



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**D. Changes in Capital Assets**

Changes in capital assets are presented in the table below:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 22,145,606	\$ -	\$ -	\$ 22,145,606
Improvements Other Than Buildings	182,686	-	-	182,686
Construction in Progress	6,661,276	6,424,241	3,027,272	10,058,245
<b>Total Capital Assets Not Being Depreciated</b>	<b>28,989,568</b>	<b>6,424,241</b>	<b>3,027,272</b>	<b>32,386,537</b>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	24,880,271	487,714	-	25,367,985
Buildings and Fixed Equipment	412,195,459	11,082,945	-	423,278,404
Furniture, Fixtures, and Equipment	20,758,006	1,182,921	968,561	20,972,366
Motor Vehicles	12,077,633	1,064,710	695,462	12,446,881
Audio Visual Materials and Computer Software	3,939,631	246,966	112,308	4,074,289
<b>Total Capital Assets Being Depreciated/Amortized</b>	<b>473,851,000</b>	<b>14,065,256</b>	<b>1,776,331</b>	<b>486,139,925</b>
Less Accumulated Depreciation/Amortization for:				
Improvements Other Than Buildings	15,009,622	1,239,822	-	16,249,444
Buildings and Fixed Equipment	128,744,034	10,709,738	-	139,453,772
Furniture, Fixtures, and Equipment	15,340,614	1,295,838	913,101	15,723,351
Motor Vehicles	6,834,511	1,020,855	651,661	7,203,705
Audio Visual Materials and Computer Software	3,656,932	190,075	112,308	3,734,699
<b>Total Accumulated Depreciation/Amortization</b>	<b>169,585,713</b>	<b>14,456,328</b>	<b>1,677,070</b>	<b>182,364,971</b>
<b>Total Capital Assets Being Depreciated/Amortized Net</b>	<b>304,265,287</b>	<b>(391,072)</b>	<b>99,261</b>	<b>303,774,954</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 333,254,855</b>	<b>\$ 6,033,169</b>	<b>\$ 3,126,533</b>	<b>\$ 336,161,491</b>

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

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Depreciation and amortization expense was charged to functions as follows:

Governmental Activities	Amount
<u>Function</u>	
Instruction	\$ 6,036,671
Student Support Services	315,896
Instructional Media Services	125,552
Instruction and Curriculum Development Services	370,326
Instructional Staff Training Services	148,352
Instruction Related Technology	341,646
School Board	63,515
General Administration	67,094
School Administration	567,052
Facility Services - Non-Capitalized	1,680,281
Fiscal Services	76,829
Food Services	521,100
Central Services	1,536,171
Student Transportation Services	1,243,186
Operation of Plant	770,027
Maintenance of Plant	335,587
Administrative Technology Services	257,043
Total Depreciation/Amortization Expense- Governmental Activities	<u>\$ 14,456,328</u>

**E. Certificates of Participation**

The District entered into a master financing arrangement on November 1, 2005 characterized as a lease-purchase agreement, with the Indian River 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 arrangements, the District has given a ground lease on District property to the Leasing Corporation with a rental fee of \$10 per year. The initial terms of the lease agreement for the Series 2007 was 20 years commencing on August 1, 2007. A portion of Series 2007 was refunded with the Series 2016A, Refunding. The remaining 2007 Certificates have a new term of one year commencing on April 28, 2016. The initial term of the Series 2014A, Refunding is 10 years commencing on November 20, 2014. The initial term of the Series 2016A, Refunding is 11 years commencing on April 28, 2016. The initial term of the Series 2016B is 9 years commencing on April 28, 2016. The Series 2010A-QSCB has a term of 18 years commencing on December 17, 2010. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease agreements and to provide for the rent payments through to term, the District may be required to surrender the sites

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

Notes to the Basic Financial Statements

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included under the Ground Lease Agreement for the benefit of the securers of the Certificates for the remaining terms of the lease agreements.

Certificates of Participation at June 30, 2016, are as follows:

Series	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to
Series 2007	\$ 45,020,000	\$ 1,505,000	4.125 - 4.20	2017
Series 2014A, Refunding	45,455,000	41,280,000	5.00	2025
Series 2016A, Refunding	28,055,000	28,055,000	5.00	2027
Series 2016B	10,855,000	10,855,000	2.00 - 5.00	2025
Series 2010A-QSCB	26,261,000	26,261,000	0.5044 net *(1)	2029
Total Certificates of Participation	<u>\$ 155,646,000</u>	<u>\$ 107,956,000</u>		

Note (1): The Series 2010A-Lease Certificate is designated as a "qualified school construction bond" as defined in Section 54F of the Internal Revenue Code, and pursuant to Section 6431 of the Code, the Board has elected to receive Federal subsidy payments on each interest payment date for the Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Certificates on such date or the amount of interest which would have been payable with respect to the Certificates if the interest were determined at the applicable tax credit rate for the Certificates pursuant to Section 54A(b)(3) of the Code. The interest rate is 5.91 percent with an allowable current Federal subsidy of 5.4056 percent.

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

Series 2007 and 2016A, Refunding Certificates of Participation

Storm Grove Middle School  
Support Services Complex

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

2016B Certificates of Participation

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

Series 2010A Qualified School Construction Bonds - Certificates of Participation

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

The lease payments for the 2007, 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

**THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA**

**Notes to the Basic Financial Statements**

**June 30, 2016**

June 1 and December 1. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

Fiscal Year Ending June 30	Certificates of Participation Outstanding		
	Total	Principal	Interest
2017	\$ 11,844,015	\$ 6,250,000	\$ 5,594,015
2018	11,609,275	6,285,000	5,324,275
2019	11,610,025	6,600,000	5,010,025
2020	11,615,025	6,935,000	4,680,025
2021	11,608,275	7,275,000	4,333,275
2022-2026	56,286,626	40,455,000	15,831,626
2027-2029	38,430,813	34,156,000	4,274,813
<b>Total Minimum Lease Payments</b>	<b>153,004,054</b>	<b>107,956,000</b>	<b>45,048,054</b>
<b>Plus: Unamortized Premium</b>	<b>14,441,927</b>	<b>14,441,927</b>	<b>-</b>
<b>Total Certificates of Participation</b>	<b>\$ 167,445,981</b>	<b>\$ 122,397,927</b>	<b>\$ 45,048,054</b>

The District issued Certificates of Participation (COPS) dated December 1, 2010, under the Qualified School Construction Bond (QSCB) Program pursuant to Section 54F of the United States Internal Revenue Code of 1986 as amended (the Code). The QSCB Program provides for an issuer interest rate subsidy on certain bonds or COPS. The District received an approved allocation of funds from the Florida Department of Education sufficient for the designation of the Series 2010A certificates as a QSCB under the Code. Pursuant to Section 6431 of the Code, the District has elected to receive Federal subsidy payments (the Issuer Subsidy) from the United States Treasury on each interest payment date for the 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate pursuant to Section 54A(b)(3) of the Code. The tax credit rate applicable to the Series 2010A Certificates is 5.4056 percent. The Series 2010A Certificates were issued in the amount of \$26,261,000. Interest payments are to be made to the holders of the Certificates on June 1 and December 1 of each year at the stated coupon rate of 5.91 percent with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on December 1, 2028. Beginning in 2012, the District was to deposit principal payments into a sinking fund annually on December 1. The accumulated amount in this fund is to be used to repay the principal amount of these certificates upon maturity. On June 11, 2015, the District entered into a forward delivery agreement (FDA) with Deutsche Bank related to the Series 2010A Certificates. A forward delivery agreement is a type of investment in which the investor purchases eligible securities on a periodic basis from the agreement provider at a fixed rate of return. The Board expects to purchase eligible securities, which consist of direct obligations of the US Treasury or obligations guaranteed by the US Treasury from Deutsche Bank on a semi-annual basis beginning June 11, 2015, through November 29, 2028. The Agreement will generate a guaranteed fixed rate of return of 1.985 percent. The interest earnings associated with the FDA will lower the amount of money that the District is required to deposit to the sinking fund each year on December 1. Assuming the FDA is not terminated

**THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA**

**Notes to the Basic Financial Statements**

June 30, 2016

prior to the maturity of the Series 2010A Certificates, the District anticipates total interest earnings of \$4,076,141.

**F. Bonds Payable**

Bonds payable at June 30, 2016, are as follows:

Bond Type	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:				
Series 2008A	\$ 1,210,000	\$ 885,000	4.25 - 5.00	2028
Series 2010A	160,000	130,000	3.50 - 5.00	2030
Series 2014A, Refunding	<u>3,603,000</u>	<u>3,305,000</u>	3.00 - 5.00	2025
Total Bonds Payable	<u>\$ 4,973,000</u>	<u>\$ 4,320,000</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. 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 the bonded debt outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2017	\$ 558,113	\$ 356,000	\$ 202,113
2018	568,322	381,000	187,322
2019	565,273	397,000	168,273
2020	571,523	423,000	148,523
2021	565,373	438,000	127,373
2022-2026	2,377,189	2,080,000	297,189
2027-2030	<u>263,400</u>	<u>245,000</u>	<u>18,400</u>
Total State School Bonds	<u>\$ 5,469,193</u>	<u>\$ 4,320,000</u>	<u>\$ 1,149,193</u>

**G. Other Lease - Purchase Agreements**

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

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

The District properties included in the agreements are:

FP&L

Vero Beach High School  
Oslo Middle School

ConEdison Solutions

Sebastian River High School  
Gifford Middle School

Agreement	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to
FP&L	\$ 7,904,534	\$ 7,904,534	2.50	2032
ConEdison Solutions	4,950,990	4,950,990	2.52	2030
Total Other Lease-Purchase Agreements	<u>\$ 12,855,524</u>	<u>\$ 12,855,524</u>		

The following is schedule of future lease payments as of June 30, 2016:

Fiscal Year Ending June 30	Other Lease-Purchase Agreements		
	Total	Principal	Interest
2017	\$ 1,247,562	\$ 1,041,296	\$ 206,266
2018	865,259	568,995	296,264
2019	891,287	609,298	281,989
2020	918,095	651,392	266,703
2021	945,708	695,347	250,361
2022-2026	5,172,600	4,206,259	966,341
2027-2031	5,074,263	4,693,206	381,057
2032	399,474	389,731	9,743
Total Other Lease Purchase Agreements	<u>\$ 15,514,248</u>	<u>\$ 12,855,524</u>	<u>\$ 2,658,724</u>

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Notes to the Basic Financial Statements

June 30, 2016

**H. Defeased Debt**

**Refunding Certificates of Participation, Series 2016A**

On April 28, 2016, the Board issued \$28,055,000 in Certificates of Participation, Series 2016A, with an average interest rate of 5.00 percent, to advance-refund a portion of the Series 2007 Certificates maturing on and after July 1, 2018, in the aggregate principal amount of \$32,380,000. The net proceeds of issuance, \$33,987,007 (including a premium at issuance of \$6,210,856 and after payment of \$278,849 in underwriting fees, insurance and other issuance costs) was placed in an irrevocable trust along with \$508,551 of accrued interest paid by the District to provide for the future debt service payments on the Certificates of Participation, Series 2007. As a result, the Certificates of Participation, Series 2007 are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements. The Certificates of Participation Series 2007 were refunded to reduce the District's total debt service payments over the next 11 years by approximately \$5,915,069 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,114,082.

**THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA**

**Notes to the Basic Financial Statements**

June 30, 2016

**I. Changes in Long Term Liabilities**

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

Description	Balance 7-1-15	Additions	Deductions	Balance 6-30-16	Due in One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of Participation Payable	\$ 106,441,000	\$ 38,910,000	\$ 37,395,000	\$ 107,956,000	\$ 6,250,000
Unamortized Premiums	7,482,171	8,083,396	1,123,640	14,441,927	1,503,615
Total Certificates of Participation Payable	<u>113,923,171</u>	<u>46,993,396</u>	<u>38,518,640</u>	<u>122,397,927</u>	<u>7,753,615</u>
Bonds Payable	4,664,000	-	344,000	4,320,000	356,000
Other Lease-Purchase Agreements Payable	-	12,855,524	-	12,855,524	1,041,296
Compensated Absences Payable	9,235,479	2,302,502	1,846,662	9,691,319	1,846,662
Other Postemployment Benefits Payable	19,370,228	1,106,189	855,999	19,620,418	-
Net Pension Liability	40,543,152	34,953,476	18,933,397	56,563,231	1,074,502
Total Governmental Activities	<u>\$ 187,736,030</u>	<u>\$ 98,211,087</u>	<u>\$ 60,498,698</u>	<u>\$ 225,448,419</u>	<u>\$ 12,072,075</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated Absences Payable	\$ 35,867	\$ 17,655	\$ 29,186	\$ 24,336	\$ 19,797
Other Postemployment Benefits Payable	34,099	20,861	26,638	28,322	-
Net Pension Liability	237,893	207,704	112,508	333,089	6,290
Total Business-Type Activities	<u>\$ 307,859</u>	<u>\$ 246,220</u>	<u>\$ 168,332</u>	<u>\$ 385,747</u>	<u>\$ 26,087</u>

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

**J. Interfund Receivables, Payables and Transfers**

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

Funds	Interfund	
	Receivables	Payables
Major:		
Capital Projects:		
Local Capital Improvement	\$ 1,109,891	\$ -
Nonmajor Governmental	-	412,108
Internal Service	-	697,783
Total	<u>\$ 1,109,891</u>	<u>\$ 1,109,891</u>

The balance shown as a receivable in the Capital Projects – Local Capital Improvement Fund represents a temporary loan to the Special Revenue Fund – Contracted Programs Fund and the Internal Service Fund. These loans are expected to be repaid within 1 year.



THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

Notes to the Basic Financial Statements

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 3,962,140	\$ -
Capital Projects		
Local Capital Improvement	-	13,454,754
Other	38,933	662,140
Debt Service - Other	8,847,307	-
Non Major		
Debt Service		
District Bonds	-	38,933
ARRA	1,307,447	-
Total	<u>\$ 14,155,827</u>	<u>\$ 14,155,827</u>

Interfund transfers represent permanent transfers between funds. The transfers out of the Capital Projects – Local Capital Improvement Fund were to provide for debt service payments in the Debt Service – Other Fund and the Debt Service – ARRA Fund and to the General Fund for maintenance and repair of educational plant and salaries for facilities and planning and construction. The transfers from Capital Projects – Other Fund were to the General Fund to provide for payments to charter schools for capital expenditures. The transfer from the Debt Service – District Bonds Fund was to transfer the balance of the paid off General Obligation Refunding Bond, Series 2002, to the Capital Projects – Other Fund to be used for the projects the Series 2002 bond originally financed, Sebastian River High School and Oslo Middle School.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

Notes to the Basic Financial Statements

June 30, 2016

**K. Fund Balance Reporting**

The following is a schedule of fund balances by category at June 30, 2016:

	<b>Major Funds</b>				Nonmajor Governmental Funds	Total Governmental Funds
	General	Debt Service - Other	Capital Projects - Local	Capital Projects - Other		
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Inventories	\$ 305,455	\$ -	\$ -	\$ -	\$ 110,689	\$ 416,144
<b>Restricted:</b>						
State Required Carryover	6,167,852	-	-	-	-	6,167,852
Adult Workforce	1,734,491	-	-	-	-	1,734,491
Donations	76,241	-	-	-	-	76,241
Debt Service	-	404,488	-	-	7,337,319	7,741,807
Capital Projects	-	-	6,949,474	19,900,814	197,806	27,048,094
Food Service	-	-	-	-	3,834,005	3,834,005
<b>Assigned:</b>						
Purchase Obligations	1,020,636	-	-	-	-	1,020,636
Next Year's Budget Deficit	12,447,106	-	-	-	-	12,447,106
<b>Unassigned</b>	4,302,179	-	-	-	-	4,302,179
<b>Total Fund Balance</b>	<u>\$26,053,960</u>	<u>\$ 404,488</u>	<u>\$ 6,949,474</u>	<u>\$ 19,900,814</u>	<u>\$ 11,479,819</u>	<u>\$ 64,788,555</u>

In addition to committed and assigned fund balance categories discussed in the Fund Balance Policies note disclosure, fund balances may also be classified as follows:

❖ **Nonspendable Fund Balance**

Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, and property acquired for resale. The District classifies as nonspendable those amounts reported as inventories.

❖ **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. In the General Fund, the District classifies as restricted any unspent State categorical funding as well as donations that are legally or otherwise restricted.

**THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA**

**Notes to the Basic Financial Statements**

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❖ **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.

At the end of the fiscal year, the unassigned General Fund balance was \$4,302,179 or 3.04 percent of General Fund total revenues.

**L. Schedule of State Revenue Sources**

Accounting policies relating to certain State revenue sources are described in Note I. The following is a schedule of the District's State revenue sources for the 2015-16 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 19,156,228
Categorical Educational Program - Class Size Reduction	19,103,361
Workforce Development Program	1,135,945
School Recognition	978,174
Motor Vehicle License Tax (Capital Outlay and Debt Service)	690,432
Charter School Capital Outlay	662,140
Voluntary Prekindergarten	511,475
Gross Receipts Tax (Public Education Capital Outlay)	321,107
Mobile Home License Tax	148,065
Food Service Supplement	100,218
Miscellaneous	531,625
<b>Total</b>	<b>\$ 43,338,770</b>

**M. Property Taxes**

The following is a summary of millages and taxes levied on the 2015 tax roll for the 2015-16 fiscal year:

GENERAL FUND	Millages	Taxes Levied
Nonvoted School Tax:		
Required Local Effort	5.0900	\$ 78,417,719
Prior Period Funding Adjustment Millage	0.0170	261,906
Basic Discretionary Local Effort	0.7480	11,523,861
Voted School Tax:		
Additional Operating	0.6000	9,243,739
<b>Total General Fund Taxes Levied</b>		<b>99,447,225</b>
 CAPITAL PROJECTS – LOCAL CAPITAL IMPROVEMENT FUND		
Nonvoted Tax:		
Local Capital Improvements	1.5000	23,109,347
<b>Total</b>	<b>7.9550</b>	<b>\$ 122,556,572</b>

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

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### N. Retirement Plans

#### 1. **Florida Retirement System (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 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 Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)). The District's pension expense totaled \$4,321,511 for the fiscal year ended June 30, 2016.

##### FRS Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – 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. Members of 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

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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.

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 employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

*Benefits Provided.* Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>Percent Value</b>
<b><i>Regular Class members initially enrolled before July 1, 2011</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class members initially enrolled on or after July 1, 2011</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	3.00
<b><i>Senior Management Service Class</i></b>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service

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credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

*Contributions.* The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

<u>Class</u>	<b>Percent of Gross Salary</b>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.26
FRS, Elected County Officers	3.00	42.27
FRS, Senior Management Service	3.00	21.43
DROP - Applicable to		
Members from All of the Above Classes	0.00	12.88
FRS, Reemployed Retiree	(2)	(2)
Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.		
(2) Contribution rates are dependent upon retirement class in which reemployed.		

The District's contributions to the Plan totaled \$4,915,555 for the fiscal year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2016, the District reported a liability of \$27,620,635 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.213842564 percent, which was a decrease of 0.00433846 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$2,074,418. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,915,921	\$ 655,077
Change of assumptions	1,833,274	-
Net difference between projected and actual earnings on FRS pension plan investments	-	6,595,345
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	890,670	569,395
District FRS contributions subsequent to the measurement date	4,915,555	-
<b>Total</b>	<b>\$ 10,555,420</b>	<b>\$ 7,819,817</b>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$4,915,555, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ending June 30</b>	<b>Amount</b>
2017	\$ (2,085,305)
2018	(2,085,305)
2019	(2,085,305)
2020	3,356,061
2021	587,080
Thereafter	132,822
<b>Total</b>	<b>\$ (2,179,952)</b>

*Actuarial Assumptions.* The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

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The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
<b>Total</b>	<b>100%</b>			

Assumed Inflation - Mean 2.6% 1.9%

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return

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 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	<b>1% Decrease (6.65%)</b>	<b>Current Discount Rate (7.65%)</b>	<b>1% Increase (8.65%)</b>
District's proportionate share of the net pension liability	\$71,571,313	\$27,620,635	(\$8,953,548)

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 Comprehensive Annual Financial Report.



# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

June 30, 2016

*Payables to the Pension Plan.* At June 30, 2016, the District reported a payable of \$792,862 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2016

### **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 Division of Retirement within the Florida Department of Management Services.

*Benefits Provided.* For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

*Contributions.* The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$1,485,871 for the fiscal year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2016, the District reported a net pension liability of \$29,275,685 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, and update procedures were used to determine liabilities as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.287060779 percent, which was a decrease of 0.006715442 from its proportionate share measured as of June 30, 2014.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

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June 30, 2016

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$2,247,093 related to the HIS Plan. 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 Inflows of Resources
Change of assumptions	\$ 2,303,232	\$ -
Net difference between projected and actual earnings on HIS pension plan investments	15,848	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	780,639	521,201
District contributions subsequent to the measurement date	1,485,871	-
<b>Total</b>	<b>\$ 4,585,590</b>	<b>\$ 521,201</b>

The deferred outflows of resources related to pensions, totaling \$1,485,871, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	\$ 467,161
2018	467,161
2019	467,161
2020	463,940
2021	462,394
Thereafter	250,701
Total	\$ 2,578,518

*Actuarial Assumptions.* The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.80 percent

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Mortality rates were based on the Generational RP-2000 with Projected Scale BB. While an experience study had not been completed for the plan, the FRS Actuarial Assumptions Conference reviewed the actuarial assumptions for the plan.

*Discount Rate.* The discount rate used to measure the total pension liability was 3.80 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

*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 3.80 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.80 percent) or 1 percentage-point higher (4.80 percent) than the current rate.

	<b>1% Decrease (2.80%)</b>	<b>Current Discount Rate (3.80%)</b>	<b>1% Increase (4.80)</b>
District's proportionate share of the net pension liability	\$33,358,279	\$29,275,685	\$25,871,412

*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 Comprehensive Annual Financial Report.

*Payables to the Pension Plan.* At June 30, 2016, the District reported a payable of \$287,689 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2016.

**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 of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Services retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution

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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 Class, 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 0.04 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; 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 \$1,189,175 for the fiscal year ended June 30, 2016.

**O. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description.** The District's Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the District may continue to participate in the District's self-funded health and hospitalization plan for the medical and prescription drug coverage, along with the fully-insured life insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plans at a reduced or blended group (implicitly subsidized) premium rates for both active and retired employees.

# THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

## Notes to the Basic Financial Statements

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These rates provide an implicit subsidy for the retirees because, on an actuarial basis, their current and future claims are expected to result in a higher cost to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or other entity.

**Funding Policy.** Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendation of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. As of the valuation date there were 330 retirees receiving postemployment health care benefits and 553 that received postemployment life insurance benefits. The District provided required contributions of \$882,637 toward annual OPEB costs, net of retiree contributions totaling \$2,321,577, which represents 2.73 percent of covered payroll.

**Annual OPEB Cost and Net OPEB Obligation.** The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), and amount actuarially determined in accordance with parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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The following table shows the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for 1 year)	\$ 656,474
Amortization of Unfunded Actuarial Accrued Liability	661,955
Interest on Normal Cost and Amortization	<u>11,485</u>
Annual Required Contribution	1,329,914
Interest on Net OPEB Obligation	679,151
Adjustment to Annual Required Contribution	<u>(882,015)</u>
Annual OPEB Cost (Expense)	1,127,050
Contribution Toward the OPEB Cost	<u>(882,637)</u>
Increase in Net OPEB Obligation	244,413
Net OPEB Obligation, Beginning of Year	<u>19,404,327</u>
Net OPEB Obligation, End of Year	<u><u>\$ 19,648,740</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2016, and the two preceding years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013-14	\$ 1,948,209	\$ 342,509	17.6%	\$ 18,943,574
2014-15	1,078,159	617,406	57.3%	19,404,327
2015-16	1,127,050	882,637	78.3%	19,648,740

**Funded Status and Funding Progress.** As of January 1, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$13,881,671 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$13,881,671 and a funded ratio of 0 percent. The covered payroll (annual payroll for active participating employees) was \$85,048,755 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 16.3 percent.

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

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new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to financial statements as required supplementary information, presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The District’s OPEB actuarial valuation as of January 1, 2015, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2016, and to estimate the District’s fiscal year 2015-16 ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.5 percent rate of return on invested assets, which is the District’s long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, and an annual healthcare cost trend rate of 7.0 percent initially for the 2015-16 fiscal year, grading down to an ultimate rate of 4.24 percent for the fiscal year ending June 30, 2040. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis over a 30-year period. The remaining amortization period at June 30, 2016, was 21 years.

**P. Construction and Other Significant Commitments**

**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 year’s appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2016:

<b>Major Funds</b>				
General	Capital Projects - Local Capital Improvement	Capital Projects - Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$3,028,589	\$ 2,816,696	\$ 943,473	\$ 283,680	\$ 7,072,438

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

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**Construction Contracts.** Encumbrances include the following major construction contract commitments at fiscal year-end:

Project	Contract Amount	Completed to Date	Balance Committed
Citrus Elementary Classroom Addition			
Architect	\$ 588,722	\$ 532,461	\$ 56,261
Contractor	4,319,353	3,204,035	1,115,318
Glendale Elementary Single Point of Entry			
Architect	19,000	15,422	3,578
Contractor	123,800	49,891	73,909
Vero Beach Citrus Bowl Renovation Demolition	1,550,354	1,550,354	-
Beachland Classroom & Cafeteria Planning/Demolition	438,048	438,048	-
Seb. River High & Gifford Mid. Performance Contracting			
Contractor	4,778,775	2,805,672	1,973,103
Vero Beach High & Olso Mid. Performance Contracting			
Contractor	<u>7,560,664</u>	<u>1,512,066</u>	<u>6,048,598</u>
<b>Total</b>	<b><u>\$19,378,716</u></b>	<b><u>\$10,107,949</u></b>	<b><u>\$9,270,767</u></b>

**Q. RISK MANAGEMENT PROGRAMS**

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



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The Board of Directors for SCERMP is composed of superintendents/finance directors or an authorized representative of all participating districts. Employers’ Mutual, Inc., d.b.a. Ascension Benefits and Insurance Solutions of Florida serves as the third-party administrator, insurance broker and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except wind/hail/flood), respectively. The named wind/hail/hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence and a maximum of \$25,000,000 per occurrence. The deductibles for all other wind events is \$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 2015-16 fiscal year was \$100 million.

Workers’ compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2015-16 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 \$2,000,000 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 health care 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 \$175,000 per insured per year. Premiums received for, and claims (and other expenses) paid on behalf of, Indian River County School Board employees and their dependents are reported in the District’s Internal Service Fund.

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

Fiscal Year	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2014-15	\$ 3,561,692	\$ 16,624,963	\$ (17,624,449)	\$ 2,562,206
2015-16	2,562,206	17,314,703	(16,752,266)	3,124,643

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

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**R. LITIGATION**

The District is a defendant in various lawsuits arising in the normal course of business, including claims for property damage, personal injuries, etc. In the opinion of management, the ultimate outcome of the lawsuits, most of which are covered by insurance, will not have a material effect on the District's financial position.

**S. SUBSEQUENT EVENTS**

On July 26, 2016, the Board approved a contract, in the amount of \$7 million, for the construction of a new cafetorium and a classroom building at Beachland Elementary.

On September 29, 2016, the School Board of Indian River County issued a Tax Anticipation Note in the amount of \$7.8 million. The note proceeds will provide the District with interim funds for the payment of operating expenditures for the 2016-17 fiscal year in anticipation of the receipt of ad valorem taxes levied and collected for the same year. The note was issued at an interest rate of 0.98 percent with a maturity date of January 31, 2017.

On August 30, 2016, the voters of Indian River County, approved the renewal of an additional operating millage, at a rate of 0.50 mills. The additional operating millage is effective July 1, 2017 and expires on June 30, 2021. It is expected to generate \$9 million per annum. The additional operating millage, approved in August 2012, at a rate of 0.60 mills, expires on June 30, 2017.

## REQUIRED SUPPLEMENTARY INFORMATION

- ❖ Schedule of funding progress – Other Postemployment Benefits Plan
- ❖ Schedule of the District's proportionate share of the net pension liability – Florida Retirement System Pension Plan
- ❖ Schedule of the District's Contributions – Florida Retirement System Pension Plan
- ❖ Schedule of the District's Proportionate share of the net pension liability – Health Insurance Subsidy Pension Plan
- ❖ Schedule of the District's contributions – Health Insurance Subsidy Pension Plan

**THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2012	\$0	\$16,667,576	\$16,667,576	0%	\$79,693,279	20.9%
7/1/2013	\$0	\$16,185,989	\$16,185,989	0%	\$85,329,180	19.0%
1/1/2015	\$0	\$13,881,671 (2)	\$13,881,671	0%	\$85,048,755	16.3%

- (1) The District's OPEB actuarial valuation used the entry age normal cost actuarial method to estimate the actuarial accrued liability.
- (2) The unfunded accrued liability decreased from \$16,185,989 at June 30, 2013, to \$13,881,671 at January 1, 2015. This decrease in liability of \$2,304,318 was due to changes in certain assumptions used as follows:
- (a) Increases in Premiums for Post-65 age coverage: Premiums for coverage for Medicare-eligible retirees under a Blue Wrap option increased by 15.5 percent effective January 1, 2015, substantially more than anticipated increase of 7.5 percent. This is a continuation of District's effort to minimize and eventually eliminate liability attributable to this group of retirees. This premium increase had a significant decreasing effect on the costs and liabilities.
- (b) Initial Cost of Coverage: The average cost of coverage increased to \$693 per employee per month for year ending June 30, 2015, from an estimated \$641 per employee (based on premium certification for June 30, 2013). This growth appears to be slower than assumed in the prior valuation and as such had an effect of slowing down increases in costs and liabilities.
- (c) Medical Trend Assumption: Revisions were made in the assumed Medical/RX cost increases. In previous valuations, the assumed trends for costs and premiums is 9.5 percent beginning June 30, 2015; whereas revised trend rates for costs and premiums is 6 percent higher. Also, trend rates based on forecasting model used and sponsored by the Society of Actuaries were updated. This change had a decreasing effect on the costs and liabilities.
- (d) Reflecting Provisions of the Affordable Care Act: The District's Plan is not projected to be assessed the excise tax on high-cost employer until it becomes effective. Absent Plan changes, increases in cost of coverage (0.19 percent) and medical trend increases (4.84 percent) are assumed for plan year 2030 and subsequent years. This change had an increasing effect on Plan costs and liabilities.

**THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION**

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
District's proportion of the FRS net Pension Liability	0.213842564%	0.218181024%	0.210600558%
District proportionate share of the FRS net pension liability	\$ 27,620,635	\$ 13,312,251	\$ 36,253,729
District's covered employee payroll	\$ 75,704,841	\$ 75,427,460	\$ 73,085,296
District's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	36.48%	17.65%	49.60%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	88.54%

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

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required FRS contribution	\$ 4,915,555	\$ 5,213,663	\$ 4,779,090
FRS contributions in relation to the contractually required contribution	\$ 4,915,555	\$ 5,213,663	\$ 4,779,090
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 74,719,181	\$ 75,704,841	\$ 75,427,460
FRS contributions as a percentage of covered-employee payroll	6.58%	6.89%	6.34%

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

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
District's proportion of the HIS net pension liability	0.287060779%	0.293776221%	0.281361277%
District's proportionate share of the HIS net pension liability	\$ 29,275,685	\$ 27,468,794	\$ 24,496,199
District's covered-employee payroll	\$ 86,485,842	\$ 87,280,659	\$ 81,686,100
District's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	33.85%	31.47%	29.99%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	1.78%

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

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required HIS contribution	\$ 1,485,871	\$ 1,097,325	\$ 1,089,722
HIS contributions in relation to the contractually required HIS contribution	\$ 1,485,871	\$ 1,097,325	\$ 1,089,722
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 89,448,775	\$ 86,485,842	\$ 87,280,659
HIS contributions as a percentage of covered-employee payroll	1.66%	1.27%	1.25%

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**1. Schedule of Net Pension Liability And Schedule Of Contributions –  
Health Insurance Subsidy Pension Plan**

*Changes in Assumptions.* The municipal rate used to determine total pension liability decreased from 4.29 percent to 3.8 percent from the June 30, 2014 measurement date to the June 30, 2015 measurement date causing an increase in the liability.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Food Services Fund**—To account for the activities of the District’s food services function. These activities are funded primarily through local charges and Federal awards.

**Contracted Programs Fund**-To account for programs funded by Federal and State sources, requiring separate accountability because of legal or regulatory restrictions.

**Federal Economic Stimulus Programs**- To account for programs funded by the Federal Race-to-the-Top program.

### **Debt Service Funds**

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**SBE/COBI Bonds Fund**—To account for the payment of principal, interest and related costs on the state school bonds issued by the State Board of Education on behalf of the District. These bonds are payable from the District’s portion of the state-assessed motor vehicle license tax.

**District Bonds Fund**—To account for the payment of principal, interest and fiscal charges on the General Obligation Refunding Bonds, Series 2002, which is payable from the District’s millage levy that was originally voted on by the District’s electorate.

**ARRA Debt Service Fund**—To account for the payment of principal, interest and fiscal charges on the Certificates of Participation, Series 2010A, issued under the Qualified School Construction Bond (QSCB) Program. Federal interest subsidy payments are received for each interest payment date. Annual deposits are made to a sinking fund to pay the principal balance off in one lump sum on December 1, 2028.

### **Capital Projects Funds**

Capital project funds are used to account for the financial resources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects.

**Public Education Capital Outlay Fund**—To account for capital project activity funded through the state Public Education Capital Outlay program

**Capital Outlay and Debt Service Fund**—To account for capital project activity funded by the District’s portion of the state Capital Outlay and Debt Service program.

The School Board of Indian River County, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<b>Special Revenue</b>			
	<b>Food Services</b>	<b>Contracted Programs</b>	<b>Federal Economic Stimulus Programs</b>	<b>Total Nonmajor Special Revenue</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,807	\$ 1	\$ 10	\$ 3,818
Investments	-	-	-	-
Accounts Receivable	1	-	-	1
Due from Other Agencies	259	1,066	-	1,325
Inventories	111	-	-	111
Restricted Investments	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,178</b>	<b>\$ 1,067</b>	<b>\$ 10</b>	<b>\$ 5,255</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accrued Salaries and Benefits	\$ 116	\$ 456	\$ -	\$ 572
Accounts Payable	25	38	-	63
Due to Other Agencies	67	142	-	209
Due to Budgetary Funds	-	412	-	412
Unearned Revenue	25	19	10	54
<b>Total Liabilities</b>	<b>233</b>	<b>1,067</b>	<b>10</b>	<b>1,310</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
Fund Balances:				
Nonspendable	111	-	-	111
Restricted	3,834	-	-	3,834
<b>Total Fund Balances</b>	<b>3,945</b>	<b>-</b>	<b>-</b>	<b>3,945</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,178</b>	<b>\$ 1,067</b>	<b>\$ 10</b>	<b>\$ 5,255</b>

Debt Service				Capital Projects			Total Nonmajor Governmental Funds
SBE / COBI Bonds	District Bonds	ARRA Debt Service	Total Nonmajor Debt Service	Public Education Capital Outlay	Capital Outlay and Debt Service	Total Nonmajor Capital Projects	
\$ -	\$ -	\$ 45	\$ 45	\$ 11	\$ 190	\$ 201	\$ 4,064
101	-	-	101	-	-	-	101
-	-	-	-	-	-	-	1
-	-	-	-	-	5	5	1,330
-	-	-	-	-	-	-	111
-	-	7,191	7,191	-	-	-	7,191
<u>\$ 101</u>	<u>\$ -</u>	<u>\$ 7,236</u>	<u>\$ 7,337</u>	<u>\$ 11</u>	<u>\$ 195</u>	<u>\$ 206</u>	<u>\$ 12,798</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 572
-	-	-	-	3	-	3	66
-	-	-	-	-	-	-	209
-	-	-	-	-	-	-	412
-	-	-	-	-	-	-	54
-	-	-	-	3	-	3	1,313
-	-	-	-	-	5	5	5
-	-	-	-	-	-	-	111
101	-	7,236	7,337	8	190	198	11,369
<u>101</u>	<u>-</u>	<u>7,236</u>	<u>7,337</u>	<u>8</u>	<u>190</u>	<u>198</u>	<u>11,480</u>
<u>\$ 101</u>	<u>\$ -</u>	<u>\$ 7,236</u>	<u>\$ 7,337</u>	<u>\$ 11</u>	<u>\$ 195</u>	<u>\$ 206</u>	<u>\$ 12,798</u>

The School Board of Indian River County, Florida  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Special Revenue</u>			<u>Total Nonmajor Special Revenue</u>
	<u>Food Services</u>	<u>Contracted Programs</u>	<u>Federal Economic Stimulus Program</u>	
Revenues:				
Federal Sources:				
Federal Direct	\$ -	\$ -	\$ -	\$ -
Food Service	6,758	-	-	6,758
Other Federal Through State Sources	-	9,317	-	9,317
Total Federal Sources	<u>6,758</u>	<u>9,317</u>	<u>-</u>	<u>16,075</u>
State Sources:				
Public Education Capital Outlay	-	-	-	-
Food Service	100	-	-	100
CO&DS Withheld for SBE/COBI Bond	-	-	-	-
CO&DS Distribution	-	-	-	-
Total State Sources	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
Local Sources:				
Food Service	1,542	-	-	1,542
Investment Income	7	-	-	7
Other Local Sources	42	1	-	43
Total Local Sources	<u>1,591</u>	<u>1</u>	<u>-</u>	<u>1,592</u>
Total Revenues	<u>8,449</u>	<u>9,318</u>	<u>-</u>	<u>17,767</u>

SBE / COBI Bonds	Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	District Bonds	ARRA Debt Service	Total Nonmajor Debt Service	Public Education Capital Outlay	Capital Outlay and Debt Service	Total Nonmajor Capital Projects	
\$ -	\$ -	\$ 1,420	\$ 1,420	\$ -	\$ -	\$ -	\$ 1,420
-	-	-	-	-	-	-	6,758
-	-	-	-	-	-	-	9,317
-	-	1,420	1,420	-	-	-	17,495
-	-	-	-	321	-	321	321
-	-	-	-	-	-	-	100
551	-	-	551	-	-	-	551
-	-	-	-	-	129	129	129
551	-	-	551	321	129	450	1,101
-	-	-	-	-	-	-	1,542
-	-	130	130	-	-	-	137
-	-	-	-	-	-	-	43
-	-	130	130	-	-	-	1,722
551	-	1,550	2,101	321	129	450	20,318

Continued on next page.

The School Board of Indian River County, Florida  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Special Revenue</u>			<u>Total Nonmajor Special Revenue</u>
	<u>Food Services</u>	<u>Contracted Programs</u>	<u>Federal Economic Stimulus Program</u>	
Expenditures:				
Current:				
Instruction	\$ -	\$ 4,983	\$ -	\$ 4,983
Student Support Services	-	1,167	-	1,167
Instruction and Curriculum Development Services	-	1,942	-	1,942
Instructional Staff Training Services	-	626	-	626
Instruction Related Technology	-	1	-	1
General Administration	-	348	-	348
Facilities Services - Non-Capitalized	-	-	-	-
Food Services	7,622	-	-	7,622
Student Transportation Services	-	43	-	43
Community Services	-	202	-	202
Capital Outlay:				
Facilities Acquisition & Construction	2	-	-	2
Other Capital Outlay	61	6	-	67
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>7,685</u>	<u>9,318</u>	<u>-</u>	<u>17,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>764</u>	<u>-</u>	<u>-</u>	<u>764</u>
Other Financing Sources:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>764</u>	<u>-</u>	<u>-</u>	<u>764</u>
Fund Balances, Beginning	3,181	-	-	3,181
Fund Balances, Ending	<u>\$ 3,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,945</u>

SBE / COBI Bonds	Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	District Bonds	ARRA Debt Service	Total Nonmajor Debt Service	Public Education Capital Outlay	Capital Outlay and Debt Service	Total Nonmajor Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,983
-	-	-	-	-	-	-	1,167
-	-	-	-	-	-	-	1,942
-	-	-	-	-	-	-	626
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	348
-	-	-	-	313	65	378	378
-	-	-	-	-	-	-	7,622
-	-	-	-	-	-	-	43
-	-	-	-	-	-	-	202
-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	67
344	-	-	344	-	-	-	344
214	-	1,566	1,780	-	1	1	1,781
558	-	1,566	2,124	313	66	379	19,506
(7)	-	(16)	(23)	8	63	71	812
-	-	1,307	1,307	-	-	-	1,307
-	(38)	-	(38)	-	-	-	(38)
-	(38)	1,307	1,269	-	-	-	1,269
(7)	(38)	1,291	1,246	8	63	71	2,081
108	38	5,945	6,091	-	127	127	9,399
\$ 101	\$ -	\$ 7,236	\$ 7,337	\$ 8	\$ 190	\$ 198	\$ 11,480

The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Debt Service - Other Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Local Sources:				
Investment Income	\$ 8	\$ 93	\$ 89	\$ (4)
Total Local Sources	8	93	89	(4)
Total Revenues	8	93	89	(4)
Expenditures:				
Principal	5,015	5,015	5,015	-
Interest and Fiscal Charges	3,937	4,597	4,589	8
Total Expenditures	8,952	9,612	9,604	8
Excess (Deficiency) of Revenues Over Expenditures	(8,944)	(9,519)	(9,515)	4
Other Financing Sources:				
Transfers In	8,944	9,112	8,847	(265)
Transfers Out	-	(265)	-	265
Issuance of Other Lease-Purchase Agreements	-	516	516	-
Issuance of Refunding Certificates of Participation	-	28,055	28,055	-
Premium on Refunding Certificates of Participation	-	6,211	6,211	-
Payment to Refunding Escrow Agent	-	(33,987)	(33,987)	-
Total Other Financing Sources	8,944	9,642	9,642	-
Net Change in Fund Balance	\$ -	\$ 123	127	\$ 4
Fund Balance, Beginning			277	
Fund Balance, Ending			\$ 404	



The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Capital Projects - Local Capital Improvement Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Local Sources:				
Ad Valorem Taxes	\$ 22,185	\$ 22,318	\$ 22,318	\$ -
Investment Income	12	29	29	-
Other Local Sources	-	3	3	-
Total Revenues	<u>22,197</u>	<u>22,350</u>	<u>22,350</u>	<u>-</u>
Expenditures:				
Facilities Services - Non-Capitalized	7,433	7,932	4,155	3,777
Capital Outlay				
Facilities Acquisition and Construction	9,673	9,812	6,961	2,851
Other Capital Outlay	2,569	2,212	1,891	321
Total expenditures	<u>19,675</u>	<u>19,956</u>	<u>13,007</u>	<u>6,949</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,522</u>	<u>2,394</u>	<u>9,343</u>	<u>6,949</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(13,552)</u>	<u>(13,455)</u>	<u>(13,455)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(13,552)</u>	<u>(13,455)</u>	<u>(13,455)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (11,030)</u>	<u>\$ (11,061)</u>	(4,112)	<u>\$ 6,949</u>
Fund Balance, Beginning			11,061	
Fund Balance, Ending			<u>\$ 6,949</u>	

The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Capital Projects - Other Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources:				
Other Federal Sources	\$ -	\$ 3	\$ 3	\$ -
Total Federal Sources	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
State Sources:				
Charter School Capital Outlay	\$ 847	\$ 662	662	-
Other State Sources	20	53	53	-
Total State Sources	<u>867</u>	<u>715</u>	<u>715</u>	<u>-</u>
Local Sources:				
Impact Fees	-	1,686	1,541	(145)
Investment Income	-	9	9	-
Other Local Sources	-	93	93	-
Total Local Sources	<u>-</u>	<u>1,788</u>	<u>1,643</u>	<u>(145)</u>
Total Revenues	<u>867</u>	<u>2,506</u>	<u>2,361</u>	<u>(145)</u>
Expenditures:				
Facilities Services - Non-Capitalized	472	12,466	4,306	8,160
Debt Service - Interest and Fiscal Charges	-	103	102	1
Capital Outlay				
Facilities Acquisition & Construction	3,494	18,332	6,494	11,838
Other Capital Outlay	94	91	44	47
Total Expenditures	<u>4,060</u>	<u>30,992</u>	<u>10,946</u>	<u>20,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,193)</u>	<u>(28,486)</u>	<u>(8,585)</u>	<u>19,901</u>
Other Financing Sources (Uses):				
Issuance of Other Lease-Purchase Agreements	-	12,340	12,340	-
Issuance of Certificates of Participation	-	10,855	10,855	-
Premium on Issuance of Certificates of Participation	-	1,872	1,872	-
Transfers In	-	39	39	-
Transfers Out	(847)	(662)	(662)	-
Total Other Financing Sources (Uses)	<u>(847)</u>	<u>24,444</u>	<u>24,444</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (4,040)</u>	<u>\$ (4,042)</u>	15,859	<u>\$ 19,901</u>
Fund Balance, Beginning			4,042	
Fund Balance, Ending			<u>\$ 19,901</u>	

The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Special Revenue - Food Services Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources:				
Food Service	\$ 6,145	\$ 6,145	\$ 6,758	\$ 613
Total Federal Sources	<u>6,145</u>	<u>6,145</u>	<u>6,758</u>	<u>613</u>
State Sources:				
Food Service	117	100	100	-
Total State Sources	<u>117</u>	<u>100</u>	<u>100</u>	<u>-</u>
Local Sources:				
Food Service	1,464	1,464	1,542	78
Investment Income	2	2	7	5
Other Local Sources	23	23	42	19
Total Local Sources	<u>1,466</u>	<u>1,489</u>	<u>1,591</u>	<u>102</u>
Total Revenues	<u>7,728</u>	<u>7,734</u>	<u>8,449</u>	<u>715</u>
Expenditures:				
Food Services:				
Salaries	2,697	2,576	2,523	53
Employee Benefits	1,031	847	792	55
Purchased Services	150	148	117	31
Energy Services	233	285	275	10
Materials and Supplies	3,434	3,685	3,598	87
Capital Outlay	44	12	11	1
Other Expenditures	276	313	306	7
Total Food Service	<u>7,865</u>	<u>7,866</u>	<u>7,622</u>	<u>244</u>
Capital Outlay:				
Facilities Acquisition and Construction	-	2	2	-
Other Capital Outlay	128	232	61	171
Total Expenditures	<u>7,993</u>	<u>8,100</u>	<u>7,685</u>	<u>415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(265)</u>	<u>(366)</u>	<u>764</u>	<u>1,130</u>
Net Change in Fund Balance	<u>\$ (265)</u>	<u>\$ (366)</u>	<u>764</u>	<u>\$ 1,130</u>
Fund Balance, Beginning			<u>3,181</u>	
Fund Balance, Ending			<u>\$ 3,945</u>	

The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Special Revenue - Contracted Programs Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources:				
Other Federal Through State Sources	\$ 11,240	\$ 10,211	\$ 9,317	\$ (894)
Total Federal Sources	<u>11,240</u>	<u>10,211</u>	<u>9,317</u>	<u>(894)</u>
Local Sources:				
Other Local Sources	-	1	1	-
Total Local Sources	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total Revenues	<u>11,240</u>	<u>10,212</u>	<u>9,318</u>	<u>(894)</u>
Expenditures:				
Instruction:				
Salaries	3,932	3,570	3,490	80
Employee Benefits	1,235	1,067	984	83
Purchased Services	126	273	264	9
Materials and Supplies	298	155	144	11
Capital Outlay	101	50	-	50
Other Expenditures	31	109	101	8
Total Instruction	<u>5,723</u>	<u>5,224</u>	<u>4,983</u>	<u>241</u>
Student Support Services:				
Salaries	867	903	900	3
Employee Benefits	212	215	215	-
Purchased Services	24	18	13	5
Materials and Supplies	95	73	39	34
Other Expenditures	3	-	-	-
Total Student Support Services	<u>1,201</u>	<u>1,209</u>	<u>1,167</u>	<u>42</u>
Instruction and Curriculum Development Services:				
Salaries	1,569	1,641	1,534	107
Employee Benefits	421	403	363	40
Purchased Services	74	56	37	19
Materials and Supplies	10	7	1	6
Capital Outlay	42	23	6	17
Other Expenditures	4	3	1	2
Total Instruction and Curriculum Development Services	<u>2,120</u>	<u>2,133</u>	<u>1,942</u>	<u>191</u>
Instructional Staff Training Services:				
Salaries	603	445	325	120
Employee Benefits	109	75	73	2
Purchased Services	269	323	182	141
Materials and Supplies	62	57	10	47
Capital Outlay	12	-	-	-
Other Expenditures	93	57	36	21
Total Instructional Staff Training Services	<u>1,148</u>	<u>957</u>	<u>626</u>	<u>331</u>

The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Special Revenue - Contracted Programs Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued):				
Instructional Related Technology:				
Other Expenditures	-	1	1	-
Total Instructional Related Technology	-	1	1	-
General Administration:				
Other Expenditures	623	360	348	12
Total General Administration	623	360	348	12
Student Transportation Services:				
Salaries	4	4	-	4
Benefits	1	1	-	1
Purchased Services	1	2	-	2
Other Expenditures	142	51	43	8
Total Student Transportation Services	148	58	43	15
Community Services:				
Salaries	219	211	152	59
Employee Benefits	38	28	27	1
Purchased Services	4	3	2	1
Materials and Supplies	16	22	21	1
Total Community Services	277	264	202	62
Capital Outlay:				
Other Capital Outlay	-	6	6	-
Total Expenditures	11,240	10,212	9,318	894
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning			-	
Fund Balance, Ending			<u>\$ -</u>	

The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Debt Service - SBE / COBI Bonds Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
State Sources:				
CO&DS Withheld for SBE/COBI Bond	\$ 557	\$ 551	\$ 551	\$ -
Total State Sources	<u>557</u>	<u>551</u>	<u>551</u>	<u>-</u>
Total Revenues	<u>557</u>	<u>551</u>	<u>551</u>	<u>-</u>
Expenditures:				
Principal	344	344	344	-
Interest and Fiscal Charges	<u>213</u>	<u>214</u>	<u>214</u>	<u>-</u>
Total Expenditures	<u>557</u>	<u>558</u>	<u>558</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (7)</u>	(7)	<u>\$ -</u>
Fund Balance, Beginning			<u>108</u>	
Fund Balance, Ending			<u>\$ 101</u>	

The School Board of Indian River County, Florida  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 Debt Service - District Bonds Fund  
 For the Fiscal Year Ended June 30, 2016  
 (amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers Out	-	(38)	(38)	-
Total Other Financing Uses	-	(38)	(38)	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (38)</u>	\$ (38)	<u>\$ -</u>
Fund Balance, Beginning			<u>38</u>	
Fund Balance, Ending			<u>\$ -</u>	

The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Debt Service - ARRA Debt Service Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources:				
Miscellaneous Federal Direct	\$ 1,412	\$ 1,412	\$ 1,420	\$ 8
Local Sources:				
Investment Income	4	4	130	126
Total Revenues	<u>1,416</u>	<u>1,416</u>	<u>1,550</u>	<u>134</u>
Expenditures:				
Interest and Fiscal Charges	1,564	1,566	1,566	-
Total Expenditures	<u>1,564</u>	<u>1,566</u>	<u>1,566</u>	<u>-</u>
Other Financing Sources				
Transfers In	1,307	1,307	1,307	-
Total Other Financing Sources	<u>1,307</u>	<u>1,307</u>	<u>1,307</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,159</u>	<u>\$ 1,157</u>	1,291	<u>\$ 134</u>
Fund Balance, Beginning			<u>5,945</u>	
Fund Balance, Ending			<u>\$ 7,236</u>	



The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Capital Projects - Public Education Capital Outlay  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State Sources:				
Public Education Capital Outlay	\$ 321	\$ 321	\$ 321	\$ -
Total Revenues	<u>321</u>	<u>321</u>	<u>321</u>	<u>-</u>
Expenditures:				
Facilities Services - Non-Capitalized	321	321	313	8
Total Expenditures	<u>321</u>	<u>321</u>	<u>313</u>	<u>8</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	8	<u>\$ 8</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ 8</u>	

The School Board of Indian River County, Florida  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Capital Projects - Capital Outlay and Debt Service Fund  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State Sources:				
CO&DS Distribution	\$ 69	\$ 129	\$ 129	\$ -
Total Revenues	<u>69</u>	<u>129</u>	<u>129</u>	<u>-</u>
Expenditures:				
Facilities Services - Non-Capitalized	111	227	65	162
Facilities Acquisitions & Construction	85	28	-	28
Interest and Fiscal Charges	-	1	1	-
Total Expenditures	<u>196</u>	<u>256</u>	<u>66</u>	<u>190</u>
Net Change in Fund Balance	<u>\$ (127)</u>	<u>\$ (127)</u>	63	<u>\$ 190</u>
Fund Balance, Beginning			<u>127</u>	
Fund Balance, Ending			<u>\$ 190</u>	

The School Board of Indian River County, Florida  
Statement of Changes in Assets and Liabilities  
Fiduciary Funds - Agency Funds  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,247	\$ 3,090	\$ 3,184	\$ 1,153
Accounts Receivable	2	-	2	-
Inventory	54	42	47	49
	<u>54</u>	<u>42</u>	<u>47</u>	<u>49</u>
Total Assets	<u>\$ 1,303</u>	<u>\$ 3,132</u>	<u>\$ 3,233</u>	<u>\$ 1,202</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 26	\$ 3	\$ 26	\$ 3
Internal Accounts Payable	1,277	3,136	3,214	1,199
	<u>1,277</u>	<u>3,136</u>	<u>3,214</u>	<u>1,199</u>
Total Liabilities	<u>\$ 1,303</u>	<u>\$ 3,139</u>	<u>\$ 3,240</u>	<u>\$ 1,202</u>

The School Board of Indian River County, Florida  
Combining Statement of Net Position  
Nonmajor Component Units  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

	<b>Indian River Charter High School, Inc.</b>	<b>Sebastian Charter Junior High, Inc.</b>	<b>St. Peter's Academy, Inc.</b>	<b>North County Charter School, Inc.</b>	<b>Imagine Schools at South Vero, LLC</b>	<b>Total Charter Schools</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,826	\$ 388	\$ 225	\$ 1,349	\$ 1,110	\$ 4,898
Accounts Receivable	144	-	-	-	9	153
Due from Other Agencies	66	10	22	1	17	116
Prepaid Items	10	10	-	-	37	57
Capital Assets (Net of Accumulated Depreciation):						
Land	-	181	-	599	-	780
Construction in Progress	-	-	-	22	-	22
Improvements Other than Buildings	229	-	2	54	-	285
Buildings and Fixed Equipment	4,245	2,929	1,271	4,235	136	12,816
Furniture, Fixtures and Equipment	268	91	18	97	129	603
Motor Vehicles	-	-	10	-	-	10
Audio Visual Materials	-	-	-	-	5	5
Computer Software	6	-	-	2	-	8
<b>Total Assets</b>	<b>6,794</b>	<b>3,609</b>	<b>1,548</b>	<b>6,359</b>	<b>1,443</b>	<b>19,753</b>
<b>LIABILITIES</b>						
Accrued Salaries and Benefits	181	-	-	-	262	443
Accounts Payable	25	85	9	-	12	131
Unearned Revenue	309	-	-	-	15	324
Long-Term Liabilities:						
Portion Due Within One Year:						
Notes Payable	347	155	28	204	-	734
Obligations Under Capital Leases	-	7	-	-	-	7
Portion Due After One Year:						
Notes Payable	297	2,306	311	2,863	-	5,777
Obligations Under Capital Leases	-	1	-	-	-	1
<b>Total Liabilities</b>	<b>1,159</b>	<b>2,554</b>	<b>348</b>	<b>3,067</b>	<b>289</b>	<b>7,417</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	4,105	732	960	1,942	270	8,009
Restricted for:						
Professional/Technical Services	-	40	-	-	-	40
Food Service	-	-	22	-	-	22
Capital Projects	2	32	-	44	-	78
Scholarships	100	-	-	-	-	100
Governmental Activities	-	251	-	-	-	251
Unrestricted	1,428	-	218	1,306	884	3,836
<b>Total Net Position</b>	<b>\$ 5,635</b>	<b>\$ 1,055</b>	<b>\$ 1,200</b>	<b>\$ 3,292</b>	<b>\$ 1,154</b>	<b>\$ 12,336</b>

The School Board of Indian River County, Florida  
Combining Statement of Activities  
Nonmajor Component Units  
For the Fiscal Year Ended June 30, 2016  
(amounts expressed in thousands)

<b>Functions/Programs</b>	<b>Indian River Charter High School, Inc.</b>	<b>Sebastian Charter Junior High, Inc.</b>	<b>St. Peter's Academy, Inc.</b>	<b>North County Charter School, Inc.</b>	<b>Imagine at South Vero, LLC</b>	<b>Total Charter Schools</b>
<b>Expenses:</b>						
Instruction	\$ 2,601	\$ 1,056	\$ 624	\$ 1,197	\$ 3,271	\$ 8,749
Student Support Services	276	-	-	-	34	310
Instructional Media Services	65	-	-	-	-	65
Instruction and Curriculum Development Services	-	-	-	-	55	55
Instructional Staff Training Services	49	3	-	-	-	52
School Board	-	12	-	18	41	71
General Administration	-	-	19	-	-	19
School Administration	622	408	292	305	1,315	2,942
Facilities Services - Non-Capitalized	91	-	-	-	-	91
Fiscal Services	-	39	-	13	-	52
Food Services	-	114	68	160	296	638
Central Services	-	-	-	-	1	1
Student Transportation Services	2	55	11	25	-	93
Operation of Plant	485	107	163	166	1,769	2,690
Maintenance of Plant	50	11	-	9	1	71
Administrative Technology	119	-	-	-	-	119
Community Services	-	-	-	-	115	115
Unallocated Interest on Long-Term Debt	25	97	17	121	-	260
Depreciation/Amortization - Unallocated	452	67	-	107	78	704
Total Expenses	<u>4,837</u>	<u>1,969</u>	<u>1,194</u>	<u>2,121</u>	<u>6,976</u>	<u>17,097</u>
<b>Program Revenues:</b>						
Charges for Services	-	-	-	98	301	399
Operating Grants and Contributions	87	146	189	194	160	776
Capital Grants and Contributions	-	79	42	67	130	318
Total Program Revenues	<u>87</u>	<u>225</u>	<u>231</u>	<u>359</u>	<u>591</u>	<u>1,493</u>
Net Program Expense	<u>(4,750)</u>	<u>(1,744)</u>	<u>(963)</u>	<u>(1,762)</u>	<u>(6,385)</u>	<u>(15,604)</u>
<b>General Revenues:</b>						
Grants and Contributions not Restricted to Specific Programs	4,657	1,874	1,063	2,295	6,393	16,282
Unrestricted Investment Earnings	4	-	-	3	-	7
Miscellaneous	489	71	-	42	-	602
Total General Revenues	<u>5,150</u>	<u>1,945</u>	<u>1,063</u>	<u>2,340</u>	<u>6,393</u>	<u>16,891</u>
Changes in Net Position	400	201	100	578	8	1,287
Net Position - Beginning	<u>5,235</u>	<u>915</u>	<u>1,100</u>	<u>2,714</u>	<u>1,146</u>	<u>11,110</u>
Adjustments to Net Position	-	(61)	-	-	-	(61)
Net Position - Ending	<u>\$ 5,635</u>	<u>\$ 1,055</u>	<u>\$ 1,200</u>	<u>\$ 3,292</u>	<u>\$ 1,154</u>	<u>\$ 12,336</u>



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## STATISTICAL SECTION

This part of the School Board of Indian River County, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b>Contents</b>	<b>Table</b>
<u><i>Financial Trends Information</i></u>	1
These tables contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<u><i>Revenue Capacity Information</i></u>	6
These tables contain information to help the reader assess the District's most significant local revenue sources, the property tax.	
<u><i>Debt Capacity Information</i></u>	10
These tables present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<u><i>Demographic and Economic Information</i></u>	15
These tables offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<u><i>Operating Information</i></u>	17
These tables contain service data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it perform	

The School Board of Indian River County, Florida  
 Net Position by Component - Government-Wide  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (amounts expressed in thousands)  
 (Unaudited)

	Fiscal Year Ending									
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 168,013	\$ 178,107	\$ 192,693	\$ 194,967	\$ 204,036	\$ 212,594	\$ 209,060	\$ 208,351	\$ 214,667	\$ 220,360
Restricted	51,577	56,935	53,202	54,814	44,120	33,743	37,900	38,435	32,811	25,328
Unrestricted	8,125	2,731	(2,812)	(11,162)	(909)	(2,175)	(6,262)	(8,159)	(61,649)	(63,967)
Total Governmental Activities Net Position	<u>\$ 227,715</u>	<u>\$ 237,773</u>	<u>\$ 243,083</u>	<u>\$ 238,619</u>	<u>\$ 247,247</u>	<u>\$ 244,162</u>	<u>\$ 240,698</u>	<u>\$ 238,627</u>	<u>\$ 185,829</u>	<u>\$ 181,721</u>
<b>Business-Type Activities:</b>										
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 339</u>	<u>\$ 401</u>	<u>\$ 520</u>	<u>\$ 566</u>	<u>\$ 618</u>	<u>\$ 422</u>	<u>\$ 401</u>
<b>Primary Government:</b>										
Net Investment in Capital Assets	\$ 168,013	\$ 178,107	\$ 192,693	\$ 194,967	\$ 204,036	\$ 212,594	\$ 209,060	\$ 208,351	\$ 214,667	\$ 220,360
Restricted	51,577	56,935	53,202	54,814	44,120	33,743	37,900	38,435	32,811	25,328
Unrestricted	8,125	2,731	(2,559)	(10,823)	(508)	(1,655)	(5,696)	(7,541)	(61,227)	(63,566)
Total Primary Government Net Position	<u>\$ 227,715</u>	<u>\$ 237,773</u>	<u>\$ 243,336</u>	<u>\$ 238,958</u>	<u>\$ 247,648</u>	<u>\$ 244,682</u>	<u>\$ 241,264</u>	<u>\$ 239,245</u>	<u>\$ 186,251</u>	<u>\$ 182,122</u>

Note: (a) Net Position has increased significantly over the past nine years due primarily to an increase in property tax in fiscal years 2006 through 2009 used to acquire and construct capital assets that depreciate in future years. Net position decreased in 2015 due to the implementation of GASB 68.

Source: District Records



The School Board of Indian River County, Florida  
 Changes in Net Position - Government-Wide  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (amounts expressed in thousands)  
 (Unaudited)

	Fiscal Year Ending									
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
Instruction	\$ 82,995	\$ 91,695	\$ 100,824	\$ 101,193	\$ 97,419	\$ 93,440	\$ 93,379	\$ 100,814	\$ 99,322	\$ 100,953
Student Support Services	5,146	5,344	5,858	5,604	4,784	4,714	4,604	5,012	4,913	5,242
Instructional Media Services	2,082	2,116	2,461	2,512	2,172	2,048	2,079	2,174	2,154	2,108
Instruction and Curriculum										
Development Services	6,342	6,854	6,712	5,632	4,862	4,569	5,351	5,580	5,704	6,210
Instructional Staff Training Services	1,217	1,186	1,000	2,452	2,235	2,226	1,970	2,530	2,345	2,476
Instruction Related Technology	599	955	952	1,062	1,006	1,375	941	1,255	2,817	4,728
School Board	911	978	1,103	1,195	1,031	835	797	945	969	1,040
General Administration	848	705	870	804	843	922	1,030	901	1,565	1,084
School Administration	9,214	9,529	9,777	9,353	8,425	7,875	8,632	8,747	8,739	9,526
Facilities Services - Non-Capitalized	12,240	13,352	11,227	12,690	14,809	5,785	6,775	4,015	4,915	11,406
Fiscal Services	1,324	1,257	1,298	1,301	1,429	1,220	1,586	1,312	1,304	1,204
Food Services	7,890	8,315	8,848	8,754	8,102	9,257	8,725	8,608	8,476	8,320
Central Services	2,438	2,666	2,638	2,631	2,138	2,154	2,167	2,506	2,122	3,706
Student Transportation Services	5,162	6,689	6,599	6,354	6,106	6,361	6,425	6,683	6,351	6,049
Operation of Plant	14,087	14,906	13,883	12,341	11,634	13,080	13,418	13,430	13,132	12,917
Maintenance of Plant	3,864	3,638	3,804	97	412	3,218	3,455	3,427	3,392	3,544
Administrative Technology Services (a)	1,927	2,352	2,752	2,515	2,496	2,042	2,357	3,756	4,088	4,014
Community Services	1,010	1,030	48	281	281	255	250	251	-	205
Unallocated Interest on Long-Term Debt	5,062	6,575	7,081	6,852	7,339	7,344	6,840	6,281	5,743	5,718
Depreciation - Unallocated	10,088	9,688	-	-	-	-	-	-	-	-
Loss on Disposal of Capital Assets	327	-	-	-	-	2,367	2,091	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>174,773</b>	<b>189,830</b>	<b>187,735</b>	<b>183,623</b>	<b>177,523</b>	<b>171,087</b>	<b>172,872</b>	<b>178,227</b>	<b>178,051</b>	<b>190,450</b>
<b>Business-Type Activities:</b>										
Extended Day Program	-	-	827	717	709	650	663	663	751	832
<b>Total Business-Type Activities Expenses</b>	<b>-</b>	<b>-</b>	<b>827</b>	<b>717</b>	<b>709</b>	<b>650</b>	<b>663</b>	<b>663</b>	<b>751</b>	<b>832</b>
<b>Total Primary Government Expenses</b>	<b>174,773</b>	<b>189,830</b>	<b>188,562</b>	<b>184,340</b>	<b>178,232</b>	<b>171,737</b>	<b>173,535</b>	<b>178,890</b>	<b>178,802</b>	<b>191,282</b>

Source: District Records

(Continued)

The School Board of Indian River County, Florida  
 Changes in Net Position - Government-Wide  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (amounts expressed in thousands)  
 (Unaudited)

	Fiscal Year Ending									
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services										
Instruction	\$ 1,454	\$ 1,461	\$ 475	\$ 496	\$ 285	\$ 345	\$ 334	\$ 304	\$ 225	\$ 209
Food Services	2,951	3,138	3,025	2,953	2,842	2,491	2,087	1,722	1,639	1,542
Student Transportation Services	10	11	29	31	22	33	44	57	75	77
Community	-	-	-	-	183	182	170	173	191	195
Operating Grants and Contributions	8,012	8,442	9,320	5,834	5,765	6,331	6,354	6,493	6,575	6,858
Capital Grants and Contributions	11,940	4,342	7,984	1,246	2,523	2,212	2,853	3,068	3,592	3,975
<b>Total Government Activities Program Revenues</b>	<b>24,367</b>	<b>17,394</b>	<b>20,833</b>	<b>10,560</b>	<b>11,620</b>	<b>11,594</b>	<b>11,842</b>	<b>11,817</b>	<b>12,297</b>	<b>12,856</b>
<b>Business Type Activities:</b>										
Extended Day Care Program - Charges for Services	-	-	872	802	769	767	708	714	794	809
<b>Total Primary Government Program Revenues</b>	<b>24,367</b>	<b>17,394</b>	<b>21,705</b>	<b>11,362</b>	<b>12,389</b>	<b>12,361</b>	<b>12,550</b>	<b>12,531</b>	<b>13,091</b>	<b>13,665</b>
<b>Net (Expenses) / Revenues</b>										
Governmental Activities	(150,406)	(172,436)	(166,902)	(173,063)	(165,903)	(159,493)	(161,030)	(166,410)	(165,754)	(177,594)
Business-Type Activities	-	-	45	85	60	117	45	51	43	(23)
<b>Total Primary Government Net (Expenses) / Revenues</b>	<b>(150,406)</b>	<b>(172,436)</b>	<b>(166,857)</b>	<b>(172,978)</b>	<b>(165,843)</b>	<b>(159,376)</b>	<b>(160,985)</b>	<b>(166,359)</b>	<b>(165,711)</b>	<b>(177,617)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Revenues:</b>										
<b>Governmental Activities:</b>										
Property Taxes:										
Levied for Operational Purposes	89,194	94,914	88,841	93,743	93,342	86,569	83,819	87,941	89,942	96,034
Levied for Debt Service	4,828	4,861	4,954	4,850	4,794	4,727	5,085	19	2	-
Levied for Capital Projects	34,531	36,012	31,012	24,275	21,816	20,509	19,583	19,887	20,774	22,318
Grants and Contributions										
Not Restricted to Specific Programs	37,796	37,938	37,706	42,236	51,432	41,342	46,746	53,933	54,124	52,010
Restricted Investment Earnings	-	-	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	7,537	5,158	(767)	1,877	1,309	931	1,063	294	305	533
Miscellaneous	3,034	3,611	10,672	1,618	1,838	2,330	2,432	2,265	2,535	2,591
<b>Total Governmental Activities General Revenues</b>	<b>176,920</b>	<b>182,494</b>	<b>172,418</b>	<b>168,599</b>	<b>174,531</b>	<b>156,408</b>	<b>158,728</b>	<b>164,339</b>	<b>167,682</b>	<b>173,486</b>
<b>Business-Type Activities:</b>										
Extended Day Care Program - Investment Earnings	-	-	2	1	2	2	1	1	1	2
<b>Total Business-Type Activities Revenues</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<b>176,920</b>	<b>182,494</b>	<b>172,420</b>	<b>168,600</b>	<b>174,533</b>	<b>156,410</b>	<b>158,729</b>	<b>164,340</b>	<b>167,683</b>	<b>173,488</b>
<b>Changes in Net Position</b>										
Governmental Activities	26,514	10,058	5,516	(4,464)	8,628	(3,085)	(2,302)	(2,071)	1,928	(4,108)
Business-Type Activities	-	-	47	86	62	119	46	52	44	(21)
<b>Total Primary Government</b>	<b>\$ 26,514</b>	<b>\$ 10,058</b>	<b>\$ 5,563</b>	<b>\$ (4,378)</b>	<b>\$ 8,690</b>	<b>\$ (2,966)</b>	<b>\$ (2,256)</b>	<b>\$ (2,019)</b>	<b>\$ 1,972</b>	<b>\$ (4,129)</b>

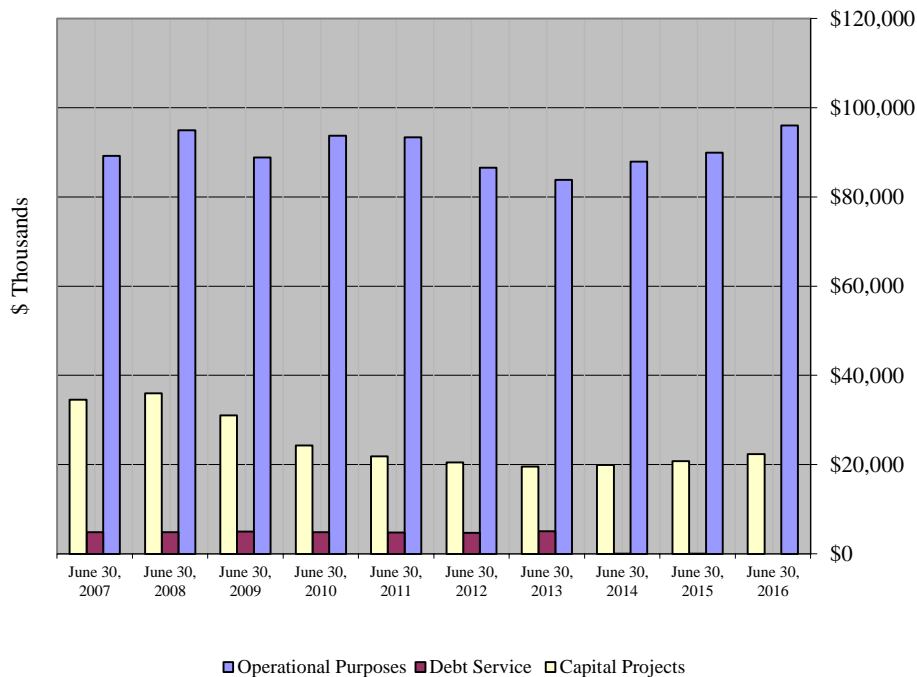
Source: District Records

The School Board of Indian River County, Florida  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (amounts expressed in thousands)  
 (Unaudited)

Fiscal Year Ending	Property Tax			Total
	Operational Purposes	Debt Service	Capital Projects	
June 30, 2016	\$ 96,034	\$ -	\$ 22,318	\$ 118,352
June 30, 2015	89,942	2	20,774	110,718
June 30, 2014	87,941	19	19,887	107,847
June 30, 2013	83,819	5,085	19,583	108,487
June 30, 2012	86,569	4,727	20,509	111,805
June 30, 2011	93,342	4,794	21,816	119,952
June 30, 2010	93,743	4,850	24,275	122,868
June 30, 2009	88,841	4,954	31,012	124,807
June 30, 2008	94,914	4,861	36,012	135,787
June 30, 2007	89,194	4,828	34,531	128,553

Source: District Records

**Governmental Activities Tax Revenues by Source**



The School Board of Indian River County, Florida  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(amounts expressed in thousands)  
(Unaudited)

	Fiscal Year Ending									
	Restated (1) June 30, 2007	Restated (1) June 30, 2008	Restated (1) June 30, 2009	Restated (1) June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
<b>General Fund</b>										
Nonspendable	\$ 397	\$ 474	\$ 429	\$ 335	\$ 330	\$ 916	\$ 685	\$ 417	\$ 310	\$ 305
Restricted	1,259	193	-	582	2,208	2,754	4,303	6,520	8,032	7,979
Assigned	511	551	355	258	6,539	3,489	2,783	6,070	8,002	13,468
Unassigned	9,207	8,663	4,061	1,362	5,495	9,129	9,191	7,517	7,582	4,302
<b>Total General Fund</b>	<u>\$ 11,374</u>	<u>\$ 9,881</u>	<u>\$ 4,845</u>	<u>\$ 2,537</u>	<u>\$ 14,572</u>	<u>\$ 16,288</u>	<u>\$ 16,962</u>	<u>\$ 20,524</u>	<u>\$ 23,926</u>	<u>\$ 26,054</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 150	\$ 208	\$ 1,802	\$ 1,028	\$ 318	\$ 89	\$ 111
Restricted	95,394	113,922	78,490	67,578	73,408	45,153	39,827	31,653	24,690	38,623
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned: (2)										
Special Revenue Fund	(336)	(849)	(501)	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 95,058</u>	<u>\$ 113,073</u>	<u>\$ 77,989</u>	<u>\$ 67,728</u>	<u>\$ 73,616</u>	<u>\$ 46,955</u>	<u>\$ 40,855</u>	<u>\$ 31,971</u>	<u>\$ 24,779</u>	<u>\$ 38,734</u>

## Notes:

(1) The District implemented GASB 54 for the fiscal year ended June 30, 2011. The fund balances from the prior fiscal years were restated for comparison purposes.

(2) The District reported a negative unassigned fund balance for the All Other Governmental Funds for fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009, due to negative ending fund balances in the Special Revenue Fund - Food Service Fund.

Source: District Records

The School Board of Indian River County, Florida  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)  
 (amounts expressed in thousands)  
 (Unaudited)

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
<b>Revenues:</b>										
<b>Federal Direct Sources:</b>										
Reserve Officers Training Corps (ROTC)	\$ 92	\$ 116	\$ 121	\$ 133	\$ 101	\$ 167	\$ 146	\$ 152	\$ 153	\$ 138
Other Federal Direct Sources	128	291	62	-	694	1,523	1,457	1,451	1,450	1,423
Total Federal Direct	220	407	183	133	795	1,690	1,603	1,603	1,603	1,561
<b>Federal Through State Sources:</b>										
Food Service	3,734	4,343	5,202	5,694	5,645	6,215	6,243	6,384	6,469	6,758
Donated Foods	145	-	-	-	-	-	-	-	-	-
Other Federal Through State Grants	7,993	7,866	7,987	18,178	22,254	9,607	9,766	10,805	11,255	9,643
Total Federal Through State Sources:	11,872	12,209	13,189	23,872	27,899	15,822	16,009	17,189	17,724	16,401
<b>Federal Through Local Sources:</b>										
Other Federal Through Local Grants	48	-	-	-	-	-	-	-	-	-
Total Federal Through Local Sources:	48	-	-	-	-	-	-	-	-	-
<b>State Sources:</b>										
Florida Education Finance Program (FEFP)	8,326	4,575	5,732	1,726	6,164	8,141	13,252	20,125	20,302	19,156
Categorical Programs - Class Size Reduction	19,652	23,096	25,476	18,851	19,449	19,742	19,806	19,323	19,310	19,103
District Discretionary Lottery Funds	672	831	425	49	66	58	-	175	64	-
CO&DS Distribution	100	193	96	83	72	69	79	75	97	129
CO&DS Withheld for SBE/COBI Bonds	565	489	592	590	601	603	603	602	575	561
Public Education Capital Outlay	3,082	3,660	1,829	295	825	-	-	-	321	321
Food Service	171	126	113	140	122	119	115	109	106	100
Other State Sources	12,144	4,239	7,084	3,279	3,397	3,228	3,771	3,350	3,040	3,969
Total State Sources	44,712	37,209	41,347	25,013	30,696	31,960	37,626	43,759	43,815	43,339
<b>Local Sources:</b>										
Ad Valorem Taxes	128,553	135,787	124,807	122,868	119,952	111,805	108,487	107,847	110,718	118,352
Impact Fees	1,055	1,186	291	279	332	409	713	940	1,149	1,541
Food Service	2,466	2,775	3,025	2,953	2,842	2,491	2,087	1,722	1,639	1,542
Investment Income	6,995	4,776	(739)	1,741	1,228	729	875	283	294	527
Other Local Sources	3,932	4,442	2,801	2,610	2,632	3,259	3,607	3,065	3,657	3,299
Total Local Sources	143,001	148,966	130,185	130,451	126,986	118,693	115,769	113,857	117,457	125,261
Total Revenues	\$ 199,853	\$ 198,791	\$ 184,904	\$ 179,469	\$ 186,376	\$ 168,165	\$ 171,007	\$ 176,408	\$ 180,599	\$ 186,562

Source: District Records

(Continued)

Table 5

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
<b>Expenditures:</b>										
<b>Current:</b>										
Instruction	\$ 82,218	\$ 89,240	\$ 90,317	\$ 90,005	\$ 89,556	\$ 84,976	\$ 84,134	\$ 90,852	\$ 91,382	\$ 93,536
Student Support Services	5,089	5,179	5,124	4,971	4,447	4,238	4,149	4,469	4,531	4,841
Instructional Media Services	2,065	2,060	2,173	2,238	1,991	1,841	1,851	1,951	1,975	1,947
Instruction and Curriculum										
Development Services	6,202	6,664	5,852	5,186	4,627	4,183	4,716	5,022	5,262	5,740
Instructional Staff Training Services	1,197	1,161	955	2,115	2,040	1,958	1,821	2,274	2,160	2,300
Instruction Related Technology (a)	591	934	832	949	921	1,246	830	1,176	2,587	4,355
School Board	1,060	1,040	1,013	1,078	954	763	724	866	911	985
General Administration	826	686	816	729	795	717	944	806	1,451	1,012
School Administration	8,851	9,275	9,060	8,270	7,868	7,185	7,835	7,809	7,989	8,745
Facilities Services-Non-Capitalized	12,222	13,372	10,530	11,732	13,677	5,360	6,207	3,712	4,847	9,706
Fiscal Services	1,307	1,218	1,141	1,147	1,318	1,097	1,427	1,181	1,209	1,098
Food Service	7,896	8,158	8,056	7,859	7,446	8,440	7,915	7,796	7,758	7,669
Central Services	2,571	2,519	2,080	2,085	2,024	1,942	2,005	2,253	1,936	2,131
Student Transportation Services	5,175	6,060	5,468	5,208	4,958	5,048	5,011	5,202	4,939	4,679
Operation of Plant	14,030	14,726	12,721	11,175	10,766	11,953	12,217	12,217	12,046	11,942
Maintenance of Plant	3,827	3,428	3,323	-	299	2,800	3,006	2,932	2,996	3,116
Administrative Technology Services (a)	1,908	2,318	2,473	2,237	2,506	1,845	2,137	3,359	3,760	3,698
Community Services	1,012	1,006	46	278	277	248	233	245	15	220
<b>Capital Outlay:</b>										
Facilities Acquisition and Construction	25,642	42,802	43,701	14,720	20,710	28,062	10,570	17,988	9,588	14,970
Other Capital Outlay	3,750	2,990	5,400	4,106	1,034	2,166	2,170	3,035	1,859	2,483
<b>Debt Service:</b>										
Principal	6,947	8,089	8,475	9,128	9,429	9,898	10,338	5,712	6,249	5,359
Interest and Fiscal Charges	5,085	7,273	7,100	6,882	7,376	7,387	6,976	6,344	6,637	6,472
<b>Total Expenditures</b>	<b>199,471</b>	<b>230,198</b>	<b>226,656</b>	<b>192,098</b>	<b>195,019</b>	<b>193,353</b>	<b>177,216</b>	<b>187,201</b>	<b>182,087</b>	<b>197,004</b>
Excess of Revenues over (under) Expenditures	382	(31,407)	(41,752)	(12,629)	(8,643)	(25,188)	(6,209)	(10,793)	(1,488)	(10,442)
<b>Other Financing Sources (Uses)</b>										
Transfers In	9,403	14,692	16,303	13,375	10,846	15,649	12,795	16,490	13,895	14,155
Transfers Out	(9,403)	(14,692)	(16,303)	(13,375)	(10,846)	(15,649)	(12,795)	(16,490)	(13,895)	(14,155)
Sale of Capital Assets	24	13	99	57	88	68	291	1,063	244	83
Loss Recoveries	538	1,134	16	3	43	175	492	250	9	580
Issuance of Other Lease-Purchase Agreements	-	1,210	-	-	160	-	-	-	-	12,856
Issuance of Refunding Debt	-	-	-	-	-	-	-	3,603	45,455	-
Certificates of Participation	-	45,020	-	-	26,261	-	-	-	-	38,910
Premiums on Issuance of Long-Term Debt	-	552	-	-	14	-	-	555	7,178	8,083
Payment to Refunding Escrow Agent	-	-	-	-	-	-	-	-	(55,188)	(33,987)
Capital Lease Inception	-	-	1,766	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>562</b>	<b>47,929</b>	<b>1,881</b>	<b>60</b>	<b>26,566</b>	<b>243</b>	<b>783</b>	<b>5,471</b>	<b>(2,302)</b>	<b>26,525</b>
<b>Net Change in Fund Balances</b>	<b>\$ 944</b>	<b>\$ 16,522</b>	<b>\$ (39,871)</b>	<b>\$ (12,569)</b>	<b>\$ 17,923</b>	<b>\$ (24,945)</b>	<b>\$ (5,426)</b>	<b>\$ (5,322)</b>	<b>\$ (3,790)</b>	<b>\$ 16,083</b>
Debt Service as a percentage of non-capital expenditures	7.07%	8.33%	8.77%	9.24%	9.70%	10.60%	10.53%	7.25%	7.55%	6.59%

Source: District Records

The School Board of Indian River County, Florida  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)  
 (Unaudited)

Fiscal Year	Real Property Just Value	Personal Property Just Value	Total Just Value (1)		*Total Taxable Value	Percent of Total Taxable Value To Total Just Value	Total Direct Rate
2015-16	\$ 19,923,022	\$ 698,630	\$ 20,640,096		14,301,405	69.3%	7.955
2014-15	17,837,771	696,659	18,552,320	(2)	13,402,059	72.2%	7.995
2013-14	16,819,746	697,295	17,530,475		12,860,457	73.4%	8.116
2012-13	16,551,936	635,119	17,199,280		12,701,808	73.9%	8.313
2011-12	17,279,268	644,206	17,937,953		13,205,943	73.6%	8.244
2010-11	17,312,036	652,541	17,979,056		14,146,619	78.7%	8.250
2009-10	21,257,277	761,011	22,033,451		16,698,857	75.8%	7.596
2008-09	24,122,081	739,468	24,881,556		18,328,612	73.7%	7.040
2007-08	25,141,885	782,529	25,938,182		18,620,780	71.8%	7.538
2006-07	25,447,211	755,187	26,214,228		17,885,105	68.2%	7.443

## Note:

(1) Includes Centrally Assessed Property

(2) 2014-15 Total Just Value restated in 2015-16.

\* Total Taxable Value Revised 2009-10 to 2015-16

Source: Florida Department of Revenue, Florida Property Valuations and Tax Data Book, 2006-15

The School Board of Indian River County, Florida  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(per \$1,000 Assessed Valuation)  
(Unaudited)

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
District School Board:										
Local Required Effort	4.5510	4.6570	4.4100	5.0480	5.4220	5.3960	5.4250	5.2680	5.1470	5.1070
Discretionary Local	0.5100	0.5100	0.4980	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480
Supplemental Discretionary	0.1020	0.1010	0.1020	-	-	-	-	-	-	-
Critical Operating Needs	-	-	-	-	0.2500	0.2500	0.2500	0.6000	0.6000	0.6000
Debt Service	0.2800	0.2700	0.2800	0.3000	0.3300	0.3500	0.3900	-	-	-
Capital Improvement	2.0000	2.0000	1.7500	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
<b>Total District School Board</b>	<b>7.4430</b>	<b>7.5380</b>	<b>7.0400</b>	<b>7.5960</b>	<b>8.2500</b>	<b>8.2440</b>	<b>8.3130</b>	<b>8.1160</b>	<b>7.9950</b>	<b>7.9550</b>
Other County-Wide:										
Board of County Commissioners	4.3250	4.1037	4.1493	4.1666	4.1625	4.1625	4.1625	5.2419	5.3174	5.6153
St. John River Water Management	0.4620	0.4158	0.4158	0.4158	0.4158	0.3313	0.3313	0.3164	0.3164	0.3023
<b>Total County-Wide</b>	<b>12.2300</b>	<b>12.0575</b>	<b>11.6051</b>	<b>12.1784</b>	<b>12.8283</b>	<b>12.7378</b>	<b>12.8068</b>	<b>13.6743</b>	<b>13.6288</b>	<b>13.8726</b>
Municipalities:										
Fellsmere	5.7500	4.4301	4.4300	4.4300	4.4300	5.2455	5.4999	5.6190	5.5309	5.2756
Indian River Shores	1.4730	1.3923	1.3923	1.3923	1.4105	1.4731	1.4731	1.4731	1.6786	1.6786
Sebastian	3.0519	2.9917	3.3456	3.3456	3.3041	3.3041	3.7166	3.7166	3.8556	3.8556
Orchid	0.4525	0.4494	0.4550	0.4550	0.4550	0.4550	0.5000	0.4864	0.5188	0.7000
Vero Beach	2.1425	1.9367	1.9367	1.9367	1.9367	2.0336	2.0336	2.0336	2.0336	2.3800

Source: Indian River County Tax Collector



Table 8

The School Board of Indian River County, Florida  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Taxpayer	Type of Business	Rank	Fiscal Year	
			2015-2016	
			Taxable Assessed Value	Percentage of Total Assessed Value
Florida Power & Light	Electrical Utility	1	\$ 112,933,476	0.79%
Disney Vacation Dev., Inc.	Resort	2	77,340,700	0.54%
Windsor Properties	Land Development	3	40,149,993	0.28%
John's Island Club, Inc.	Land Development	4	39,786,080	0.28%
Adult Community Services, Inc.	Retirement Community	5	37,143,645	0.26%
AT&T	Telephone Utility	6	36,518,283	0.26%
Well's Fargo	Banking	7	28,977,860	0.20%
Piper	Manufacturing	8	23,356,342	0.16%
MHC Village Green	Mobile Home Community	9	22,358,570	0.16%
Walmart	Retail	10	21,562,877	0.15%
Total			\$ 440,127,826	3.08%
Total County Taxable Valuation			\$ 14,301,405,000	

Taxpayer	Type of Business	Rank	Fiscal Year	
			2006-2007	
			Taxable Assessed Value	Percentage of Total Assessed Value
Florida Power & Light	Electric Utility	1	\$ 107,980,290	0.60%
Disney Vacation Dev., Inc.	Resort	2	80,826,709	0.45%
Bellsouth Telecommunications, Inc.	Telephone Utility	3	63,599,672	0.36%
IR Mall Associates LTD	Retail	4	56,688,230	0.32%
ARC/DRCM Vero Beach FL LLC	Distribution Center	5	52,391,770	0.29%
Windsor Properties	Land Development	6	42,937,258	0.24%
John's Island Club, Inc.	Land Development	7	40,563,212	0.23%
Adult Community Total Services	Retirement Community	8	37,534,750	0.21%
Wal-Mart Stores, Inc.	Retail	9	34,620,231	0.19%
Fellsmere Joint Venture	Agricultural	10	30,287,490	0.17%
Total			\$ 547,429,612	3.06%
Total County Taxable Valuation			\$ 17,885,105,000	

Source: Indian River County Property Appraiser

Table 9

The School Board of Indian River County, Florida  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)

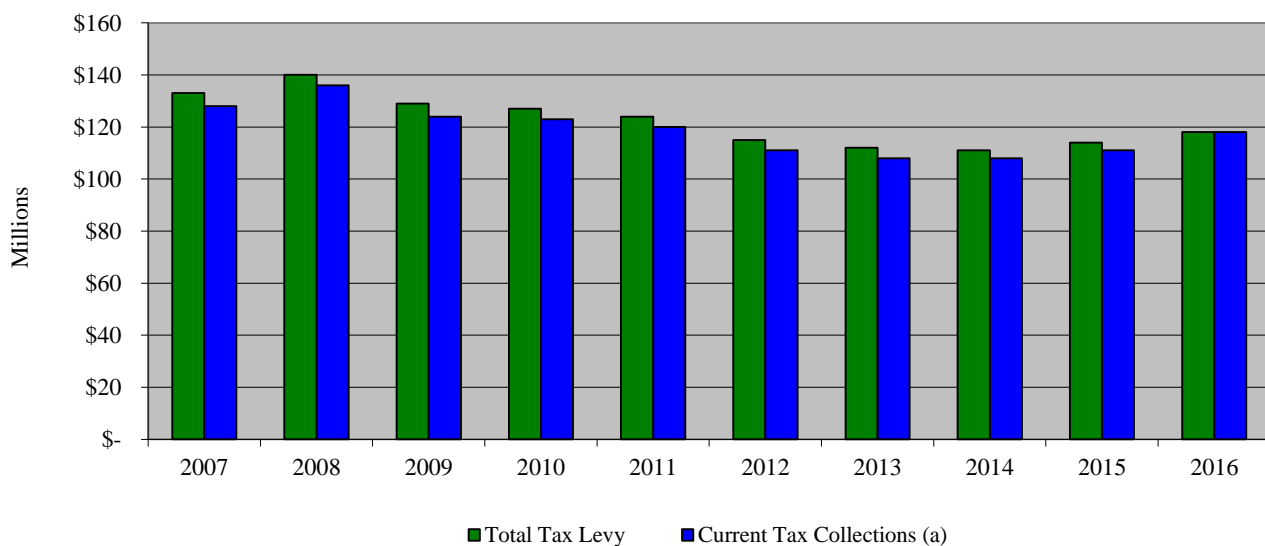
Fiscal Year	Total Tax Levy	Collected to End of Tax Year		Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections (a)	Percent of Levy		Amount	Percent of Levy
2015-16	\$ 122,556,572	\$ 118,303,730	96.53%	\$ -	\$ 118,303,730	96.53%
2014-15	114,246,507	110,659,129	96.86%	47,694	110,706,823	96.90%
2013-14	111,086,921	107,716,313	96.97%	58,478	107,774,791	97.02%
2012-13	112,162,883	108,355,535	96.61%	130,937	108,486,472	96.72%
2011-12	115,490,776	111,658,599	96.68%	129,465	111,788,064	96.79%
2010-11	123,732,637	119,596,795	96.66%	147,355	119,744,150	96.78%
2009-10	126,867,058	122,523,901	96.58%	354,944	122,878,845	96.86%
2008-09	129,610,986	124,807,833	96.29%	344,273	125,152,106	96.56%
2007-08	140,360,409	135,787,419	96.74%	123,000	135,910,419	96.83%
2006-07	133,125,836	127,641,674	95.88%	12,803	127,654,477	95.89%

Note:

(a) Net of allowable discounts

Source: Indian River County Tax Collector and District Records

Property Tax Levies and Collections



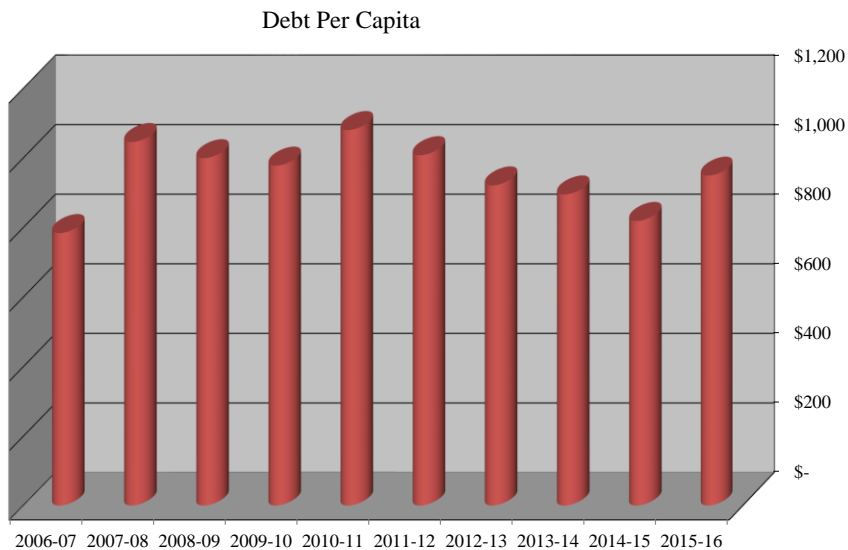
The School Board of Indian River County, Florida  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Governmental Activities <sup>(1)</sup>						Total Primary Government	Percentage of Personal Income (a)	Per Capita (b)
	General Obligation Bonds	State Board of Education Bonds	Certificates Of Participation <sup>(2)</sup>	Other Lease-Purchase Agreements	Capital Leases				
2015-16	\$ -	\$ 4,320,000	\$ 122,397,927	\$ 12,855,524	\$ -	\$ 139,573,451	1.862%	949	
2014-15	-	4,664,000	113,923,171	-	-	118,587,171	1.297%	819	
2013-14	-	9,573,011	117,552,599	-	-	127,125,610	1.694%	895	
2012-13	-	5,760,000	122,688,585	-	301,547	128,750,132	1.807%	921	
2011-12	4,750,000	6,090,000	127,629,571	-	689,849	139,159,420	1.791%	1,008	
2010-11	9,270,000	6,405,000	132,390,557	-	1,062,988	149,128,545	3.273%	1,080	
2009-10	13,520,000	6,545,000	110,720,543	-	1,421,555	132,207,098	1.914%	978	
2008-09	17,580,000	6,825,000	115,151,530	-	1,849,599	141,406,129	1.858%	1,000	
2007-08	21,505,000	7,090,000	119,427,516	-	163,043	148,185,559	1.932%	1,046	
2006-07	25,310,000	6,090,000	77,970,996	-	237,974	109,608,970	1.403%	784	

Note: The primary government does not have any outstanding debt for business-type activities.

<sup>(1)</sup> Source: District Records  
 (a) "Total Primary Government Debt" divided by "Personal Income" from Table 15.  
 (b) "Total Primary Government Debt" divided by "Population" from Table 15.

<sup>(2)</sup> Source: District Records  
 Restatement of Certificate of Participation balances to include premiums and discounts



The School Board of Indian River County, Florida  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(Unaudited)

<b>Fiscal Year</b>	<b>Estimated Population (a)</b>	<b>Total Taxable Assessed Value (b)</b>	<b>Gross Bonded Debt (c)</b>	<b>Less Debt Service Funds (d)</b>	<b>Net Bonded Debt</b>	<b>Percentage of Net General Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2015-16	147,017	\$ 14,301,405	\$ -	\$ -	\$ -	0.000%	\$ -
2014-15	144,755	13,402,059	-	-	-	0.000%	-
2013-14	141,994	12,860,457	-	-	-	0.000%	-
2012-13	139,760	12,701,808	-	-	-	0.000%	-
2011-12	138,028	13,205,943	4,750,000	419,786	4,330,214	0.033%	31
2010-11	138,028	14,146,619	9,270,000	776,002	8,493,998	0.060%	62
2009-10	135,167	16,698,857	13,520,000	964,606	12,555,394	0.075%	93
2008-09	141,475	18,328,612	17,580,000	1,081,591	16,498,409	0.090%	117
2007-08	141,667	18,620,780	21,505,000	1,093,205	20,411,795	0.110%	144
2006-07	139,757	17,855,105	25,310,000	1,159,579	24,150,421	0.135%	173

## Notes:

(a) Source: Population was obtained from the United States Department of Commerce, Bureau of Economic Analysis, the University of Florida, Bureau of Economic and Business Research, Indian River Chamber of Commerce & the US Census Bureau

(b) Net Taxable Assessed Values are expressed in thousands.

(c) Includes General Obligation Bonds only.

(d) Restricted for Debt Service - General Obligation Bonds only.

The School Board of Indian River County, Florida  
Direct and Overlapping Governmental Activities Debt  
June 30, 2016  
(Unaudited)

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Other Debt Outstanding</u>	<u>Direct Debt</u>		<u>Direct and Overlapping Debt <sup>(3)(4)</sup></u>	
			<u>Percentage Applicable to This Governmental Unit</u>	<u>Amount Applicable to This Governmental Unit</u>	<u>Percentage Applicable to Indian River County</u>	<u>Amount Applicable to Indian River County</u>
Indian River County Board of County Commissioners <sup>(1)</sup>						
Series 2001-Revenue Bonds	\$ 7,230,000	\$ -	0%	\$ -	100%	\$ 7,230,000
Series 2006-Limited GO Bonds	<u>23,594,000</u>	-	0%	-	100%	<u>23,594,000</u>
Subtotal, Overlapping Debt	<u>\$ 30,824,000</u>					<u>\$ 30,824,000</u>
School Board of Indian River County <sup>(2)</sup>						
Series 2008A State School Bonds	-	\$ 885,000	100%	\$ 885,000	100%	\$ 885,000
Series 2010A State School Bonds	-	130,000	100%	130,000	100%	130,000
Series 2014A State School Bonds	-	3,305,000	100%	3,305,000	100%	3,305,000
2007 Certificates of Participation	(a) -	1,530,375	100%	1,530,375	100%	1,530,375
2014A Certificates of Participation	(a) -	47,739,901	100%	47,739,901	100%	47,739,901
2016A Certificates of Participation	(a) -	34,173,157	100%	34,173,157	100%	34,173,157
2016B Certificates of Participation	(a) -	12,693,494	100%	12,693,494	100%	12,693,494
2010 Certificates of Participation	(a)(b) -	26,261,000	100%	26,261,000	100%	26,261,000
Other Lease-Purchase Agreements	-	12,855,524	100%	12,855,524	100%	12,855,524
Indian River School Board Direct Debt	<u>-</u>	<u>139,573,451</u>		<u>139,573,451</u>		<u>139,573,451</u>
Total Direct and Overlapping Debt	<u>\$ 30,824,000</u>	<u>\$ 139,573,451</u>		<u>\$ 139,573,451</u>		<u>\$ 170,397,451</u>
Total Direct Debt of the School Board				<u>\$ 139,573,451</u>		
Total Direct and Overlapping Debt						<u>\$ 170,397,451</u>

## Notes:

- (1) Source: Indian River County, Florida Comprehensive Annual Financial Report dated September 30, 2015.
- (2) Source: District Records
  - (a) Payments appropriated annually by millage allowed under Florida Statutes, Section 1011.71, for facilities.
  - (b) Qualified School Construction Bond- \$7,191,031 available in sinking fund for repayment of outstanding debt.
- (3) Overlapping debt is borne by all property owners within the County boundaries.
- (4) Because the County and the School District coincide, the percentage of the overlap is 100%.

The School Board of Indian River County, Florida  
Ratios of Annual Debt Service Expenditures  
For General Obligation Bonded Debt  
To Total Governmental Expenditures  
Last Ten Fiscal Years  
(Unaudited)

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service (c)</b>	<b>Total General Governmental Non-Capital Expenditures (a) (b)</b>	<b>Ratio of Debt Service to General Governmental Non-Capital Expenditures</b>
2015-16	\$ -	\$ -	\$ -	\$ -	0.000
2014-15	-	-	-	-	0.000
2013-14	-	-	-	-	0.000
2012-13	4,750,000	261,250	5,011,250	164,476	0.030
2011-12	4,520,000	487,250	5,007,250	163,125	0.031
2010-11	4,250,000	643,948	4,893,948	173,275	0.028
2009-10	4,060,000	821,223	4,881,223	173,272	0.028
2008-09	3,925,000	952,898	4,877,898	177,555	0.027
2007-08	3,805,000	1,072,560	4,877,560	184,406	0.026
2006-07	3,675,000	1,187,810	4,862,810	157,857	0.031

## Notes:

(a) Includes general, special revenue, debt service, and capital projects funds of the primary government, excluding capital expenditures.

(b) Amounts expressed in thousands.

(c) General obligation bonds were paid off during the 2012-13 fiscal year.

Source: District Records

The School Board of Indian River County, Florida  
 Anticipated Capital Outlay Millage Levy  
 Required to Cover Certificates of Participation Payments  
 Last Ten Fiscal Years  
 (Unaudited)

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Taxable Assessed Valuation (5)</b>	<b>Principal Payments (2)(3)</b>	<b>Interest Payments (4)</b>	<b>Total Annual Lease Payments</b>	<b>Millage Levy to Provide 1.00x Coverage (1)</b>
2015-16	2015	\$ 14,301,405,000	\$ 6,182,370	\$ 4,123,288	\$ 10,305,658	0.751 mills
2014-15	2014	13,402,059,000	7,338,944	4,603,696	(6) 11,942,640	0.928 mills
2013-14	2013	12,860,457,000	6,523,944	4,602,166	11,126,110	0.901 mills
2012-13	2012	12,701,808,000	6,328,944	4,755,046	11,083,990	0.909 mills
2011-12	2011	13,205,943,000	6,148,944	4,869,490	11,018,434	0.869 mills
2010-11	2010	14,146,619,000	4,520,000	5,024,572	9,544,572	0.703 mills
2009-10	2009	16,698,857,000	4,360,000	5,169,738	9,529,738	0.601 mills
2008-09	2008	18,328,612,000	4,205,000	5,322,413	9,527,413	0.547 mills
2007-08	2007	18,620,780,000	4,000,000	5,167,744	9,167,744	0.518 mills
2006-07	2006	17,885,105,000	2,900,000	3,494,286	6,394,286	0.376 mills

## Notes:

- (1) Millage rate calculated using 95% of the taxable assessed valuation; 96% beginning in fiscal year 2010-11.
- (2) The District first issued COPs in November 2005, with the first payment due during the 2006-07 fiscal year.
- (3) Includes \$1,167,370 payment to the Qualified School Construction Bond sinking fund for repayment of outstanding debt.
- (4) Interest amounts are net of Qualified School Construction Bond Federal interest subsidy.
- (5) See Assessed and Estimated Actual Value of Taxable Property Table 6.
- (6) 2014-2015 Interest Payment restated in 2015-2016.

Capital lease arrangements financed by Certificates of Participation are not considered general obligation debt as no specific property tax levy has been pledged

Source: District Records

The School Board of Indian River County, Florida  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Population (1)(2)(5)	Personal Income (1)(2)(4)	Per Capita Personal Income (1)(2)(5)	Median Age (1)(5)	Unemployment Rate (3)(5)	Education Level (5)			School Enrollment (6)	Government-Wide Governmental Activities Expenses (4)	Cost per Student
						High School	Bachelors	Graduate			
2015-16	147,017	\$ 7,494,486 *	\$ 50,977	50.3	5.9%	86.3%	26.7%	9.8%	17,656	\$ 190,450	\$ 10,786
2014-15	144,755	9,139,902	63,140	49.7	8.7%	79.6%	30.6%	16.0%	17,658	178,051	10,083
2013-14	141,994	7,505,093 *	52,855	49.1	7.1%	80.1%	26.5%	9.6%	17,614	178,227	10,118
2012-13	139,760	7,124,545 *	50,977	48.6	9.7%	86.3%	26.7%	9.8%	17,790	172,872	9,717
2011-12	138,028	7,771,390 *	56,303	49.1	12.5%	n/a	n/a	n/a	17,722	171,087	9,654
2010-11	138,028	4,556,856 *	33,014	49.4	13.7%	n/a	n/a	n/a	17,561	177,523	10,109
2009-10	135,167	6,908,274	49,963	n/a	14.4%	87.6%	26.5%	9.6%	17,516	183,623	10,483
2008-09	141,475	7,610,327	56,303	48.9	13.0%	86.4%	26.5%	9.6%	17,398	187,735	10,791
2007-08	141,667	7,669,062	57,107	48.4	8.0%	86.7%	26.7%	9.6%	17,481	189,830	10,859
2006-07	139,757	7,810,408	59,419	n/a	5.8%	n/a	n/a	n/a	17,365	174,773	10,065

## Sources:

(1) University of Florida, Bureau of Economic and Business Research, Indian River Chamber of Commerce, US Census Bureau

(2) US Department of Commerce, Bureau of Economic Analysis, University of Florida

(3) Florida Agency for Workforce Innovation

(4) Amounts Expressed in Thousands

(5) Indian River County Chamber of Commerce

(6) District Records

'n/a' = not available.

\* District calculated total income from available per capita income and population



The School Board of Indian River County, Florida  
Principal Employers  
Vero Beach - Sebastian - Fellsmere Metropolitan Statistical Area (MSA)  
Current Year and Nine Years Ago  
(Unaudited)

<b>Fiscal Year</b>			
<b>2015-2016</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total MSA Employment</b>
School District of Indian River County	2,113	1	3.47%
Indian River Medical Center	1,753	2	2.88%
Indian River County	1,328	3	2.18%
Publix Supermarkets	1,250	4	2.05%
Sebastian River Medical Center	698	5	1.15%
Wal-Mart	693	6	1.14%
Piper Aircraft, Inc.	650	7	1.07%
John's Island	526	8	0.86%
City of Vero Beach	424	9	0.70%
Visiting Nurse Association	399	10	0.65%
	<hr/>		<hr/>
	<b>9,834</b>		<b>16.13%</b>
	<hr/> <hr/>		<hr/> <hr/>
Total MSA Workforce	<b>60,952</b>		
	<hr/> <hr/>		
<b>Fiscal Year</b>			
<b>2006-2007</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total MSA Employment</b>
School District of Indian River County	2,186	1	3.74%
Indian River Medical Center	1,300	2	2.23%
Piper Aircraft, Inc.	1,029	3	1.76%
Indian River County	984	4	1.68%
City of Vero Beach	600	5	1.03%
Sebastian River Medical Center	530	6	0.91%
Sheriff Department	527	7	0.90%
Wal-Mart	449	8	0.77%
John's Island	446	9	0.76%
Indian River Estates	442	10	0.76%
	<hr/>		<hr/>
	<b>8,493</b>		<b>14.54%</b>
	<hr/> <hr/>		<hr/> <hr/>
Total MSA Workforce	<b>58,407</b>		

Source: Indian River County Chamber of Commerce, Florida Research and Economic Database

The School Board of Indian River County, Florida  
 School Building Information & Full-Time Equivalent Enrollment Data  
 Last Ten Fiscal Years  
 (Unaudited)

	Placed in Service (1)	Square Footage (2)	Portables	Capacity	Full-Time Equivalent Enrollment Data									
					2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 <sup>(d)</sup>	2014-15	2015-16
<b>Elementary Schools</b>														
Beachland Elementary	1957	81,896	3	601	540	561	564	584	575	598	612	588	519	463
Citrus Elementary	1967	101,483	15	826	560	633	602	577	659	691	675	673	709	730
Dodgertown Elementary	1967	117,689	-	584	654	584	495	490	488	431	441	433	477	437
Fellsmere Elementary	1982	105,345	-	787	568	525	563	599	621	667	668	679	668	621
Glendale Elementary	1987	76,089	5	691	652	600	466	487	562	502	513	491	541	552
Highlands Elem/Indian River Academy	1987	65,867	-	619	535	562	457	429	444	467	465	465	483	491
Liberty Magnet Elementary	2002 <sup>(a)</sup>	105,793	-	666	542	538	541	534	542	549	549	545	546	549
Osceola Magnet Elementary <sup>(c)</sup>	1958	-	-	-	546	537	526	535	535	563	-	-	-	-
Pelican Island Elementary	1981	70,492	1	591	453	491	467	452	428	514	503	482	456	398
Rosewood Magnet Elementary	1957	84,042	-	543	548	539	526	538	556	553	547	547	552	548
Sebastian Elementary	1984	85,825	-	637	639	545	554	562	509	516	505	534	501	519
J.A. Thompson Elementary/Osceola <sup>(b)</sup>	1982	82,017	-	557	422	436	355	322	35	40	530	533	534	530
Treasure Coast Elementary	2006 <sup>(a)</sup>	108,516	-	799	673	783	706	622	645	637	636	648	647	668
Vero Beach Elementary	1971	110,460	-	796	556	506	517	547	576	598	662	693	706	705
Total Elementary				<u>8,697</u>	<u>7,888</u>	<u>7,840</u>	<u>7,339</u>	<u>7,278</u>	<u>7,175</u>	<u>7,326</u>	<u>7,306</u>	<u>7,311</u>	<u>7,339</u>	<u>7,211</u>
<b>Middle Schools</b>														
Gifford Middle	1951	135,033	-	1,136	1,298	1,268	1,326	970	1,033	951	884	862	814	812
Oslo Middle	1994	152,045	-	1,140	1,140	1,142	1,076	961	921	899	915	909	878	814
Sebastian River Middle	1977	170,368	7	1,261	1,367	1,393	1,415	969	992	963	919	847	876	955
Storm Grove	2009	167,794	-	1,382	-	-	-	883	819	815	876	918	912	897
Total Middle Schools				<u>4,919</u>	<u>3,805</u>	<u>3,803</u>	<u>3,817</u>	<u>3,783</u>	<u>3,765</u>	<u>3,628</u>	<u>3,594</u>	<u>3,536</u>	<u>3,480</u>	<u>3,478</u>

Source: District Records

(Continued)

## Notes:

<sup>(a)</sup> Liberty Magnet Elementary School was constructed and placed in service on August 8, 2002. Subsequently a new school was constructed and placed in service on August 16, 2006 and the former school was renamed to Treasure Coast Elementary School and placed in service on August 16, 2006.

<sup>(b)</sup> Thompson Elementary was closed as of June 30, 2010. The building was repurposed and renamed Thompson Lifelong Learning Center, effective July 1, 2010. The Thompson building was repurposed to Osceola Magnet, effective July 2013.

<sup>(c)</sup> Osceola Magnet Elementary relocated to the Thompson Elementary site effective July 2013, and the old Osceola Magnet was demolished.

<sup>(d)</sup> The Department of Education instituted "Recalibrated FTE" in the 2013-14 fiscal year for all school districts.

The School Board of Indian River County, Florida  
 School Building Information & Full-Time Equivalent Enrollment Data  
 Last Ten Fiscal Years  
 (Unaudited)

	Place in Service (1)	Square Footage (2)	Portables	Capacity	Full-Time Equivalent Enrollment Data									
					2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (3)	2014-15	2015-16
<b>High Schools</b>														
Sebastian River High School	1993	352,996	-	2,440	1,925	2,014	1,939	1,933	1,882	1,850	1,863	1,809	1,771	1,779
Vero Beach Senior High School	1964	508,419	-	3,072	2,637	2,652	2,632	2,646	2,678	2,753	2,767	2,653	2,711	2,737
Total High Schools				5,512	4,562	4,666	4,571	4,579	4,560	4,603	4,630	4,462	4,482	4,516
<b>Specialty Schools</b>														
Adult Education	1951	9,074	-	-	-	-	-	-	-	-	-	-	-	-
Alternative Education	2005	44,430	-	328	116	150	155	127	96	64	52	49	45	38
Exceptional Student Education	n/a	n/a	-	-	-	-	24	48	49	58	60	61	39	99
Teen Parent	n/a	n/a	-	-	17	17	42	19	25	25	13	14	9	6
Wabasso	1925	37,739	1	81	62	55	56	55	48	45	46	46	53	54
Florida Virtual	n/a	n/a	-	-	-	-	-	15	14	20	40	44	50	1
Total Specialty Schools				409	195	222	277	264	232	212	211	214	196	198
<b>Charter Schools</b>														
Imagine School at South Vero, LLC	n/a	n/a	n/a	-	-	-	434	577	742	813	854	895	903	883
Indian River Academy	n/a	n/a	n/a	-	-	-	-	-	-	-	-	-	-	-
Indian River Charter High School, Inc.	n/a	n/a	n/a	-	576	620	621	635	634	624	653	617	606	638
North County Charter High School, Inc.	n/a	n/a	n/a	-	102	100	94	135	149	201	225	256	272	319
Sebastian Charter Junior High, Inc.	n/a	n/a	n/a	-	131	131	132	141	156	176	185	202	260	284
St. Peters Academy, Inc.	n/a	n/a	n/a	-	106	99	113	124	148	139	132	121	120	129
Total Charter Schools				-	915	950	1,394	1,612	1,829	1,953	2,049	2,091	2,161	2,253
<b>Departments</b>														
Administrative Building	1989	31,817	-	-	-	-	-	-	-	-	-	-	-	-
Support Service Complex	2012	68,478	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	1951	25,610	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Sites				-	-	-	-	-	-	-	-	-	-	-
Total District				19,537	17,365	17,481	17,398	17,516	17,561	17,722	17,790	17,614	17,658	17,656

Notes:

- (1) Original date that the school was placed in service. This date does not reflect additions, renovations, replacements or remodeling.
- (2) Square footage is current, but does not include portables.
- (3) The Department of Education instituted "Recalibrated FTE" in the 2013-14 fiscal year for all school districts.

Source: District Records

Table 18

The School Board of Indian River County, Florida  
 Number of Personnel  
 Last Ten Fiscal Years  
 (Unaudited)

<b>Fiscal Year</b>	<b>(a) Instructional</b>	<b>(b) Administrative</b>	<b>(c) Support Services</b>	<b>(d) Total</b>	<b>(e) Ratio of Students to Instructional Personnel</b>	<b>Ratio of Instructional Personnel to School Administrators</b>
2015-16	1,112	73	879	2,064	15.88	15.23
2014-15	1,102	73	879	2,054	16.02	15.10
2013-14	1,106	73	921	2,100	15.93	15.15
2012-13	1,098	71	874	2,043	16.20	15.46
2011-12	1,074	66	845	1,985	16.50	16.27
2010-11	1,092	65	838	1,995	16.08	16.80
2009-10	1,094	77	871	2,042	16.01	14.21
2008-09	1,086	82	897	2,065	16.02	13.24
2007-08	1,112	86	976	2,174	15.72	12.93
2006-07	1,072	98	958	2,128	16.20	10.94

Notes:

(a) Includes all positions on an Instructional Salary Schedule.

(b) Includes all positions on an Administrative Salary Schedule.

(c) Includes all positions on a Professional Support Staff, Confidential / Managerial, and Professional / Technical Salary Schedule.

(d) Includes all full and part-time positions

(e) Student enrollment information is located on Table 15.

Source: District Records - Position Control

Number of Personnel - Last Ten Fiscal Years

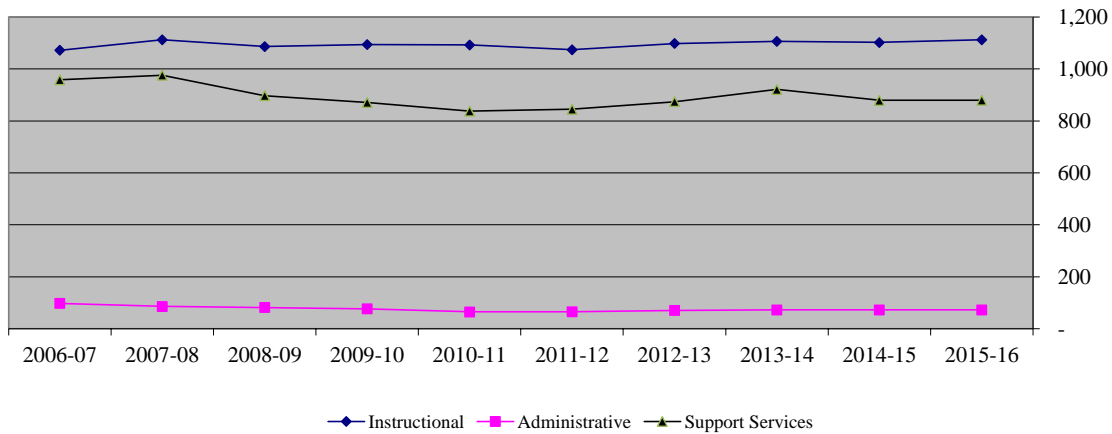


Table 19

The School Board of Indian River County, Florida  
 Teacher Base Salaries  
 Last Ten Fiscal Years  
 (Unaudited)

<u>Fiscal Year</u>	<u>Minimum Salary</u> <sup>(1)</sup>	<u>Maximum Salary</u> <sup>(1)</sup>	<u>Indian River Average Salary</u> <sup>(2)</sup>	<u>Statewide Average Salary</u> <sup>(2)</sup>
2015-16	38,900	63,800	46,898	48,179
2014-15	38,000	60,200	46,473	47,950
2013-14	38,000	60,200	44,750	47,780
2012-13	35,500	61,974	44,824	46,583
2011-12	35,500	61,974	45,653	46,479
2010-11	35,500	61,974	45,449	45,723
2009-10	35,500	61,009	46,356	46,696
2008-09	35,500	61,009	45,030	46,938
2007-08	35,500	61,009	43,427	46,922
2006-07	34,240	59,258	43,162	45,296

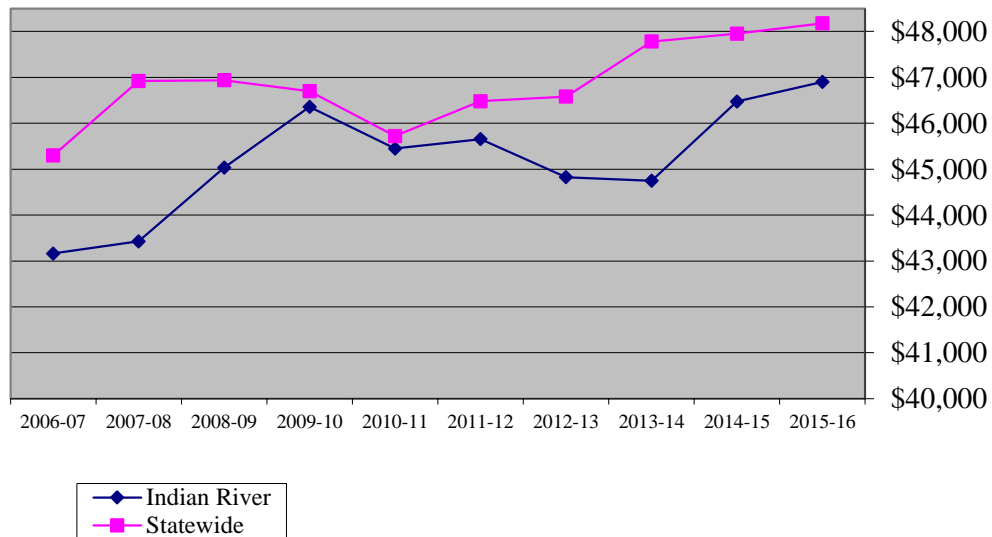
10 Month Teachers

Sources:

<sup>(1)</sup> District Records

<sup>(2)</sup> Florida Department of Education Bureau of Education Information & Accountability Services. Survey 3 Data

Average Teacher Salary



The School Board of Indian River County, Florida  
Food Service Operating Data  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year Ending									
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Days Meals were Served	180	180	179 (a)	180	180	180	180	180	180	180
Average Number of Free and Reduced Meals Served Daily	8,623	9,326	10,005	11,109	11,357	11,579	11,207	11,350	11,114	11,418
Number of Free and Reduced Meals Served	1,552,215	1,678,680	1,790,833	1,999,609	2,044,233	2,084,236	2,017,348	2,042,955	2,000,510	2,055,201
Average Daily Subsidy Received	\$ 21,549	\$ 24,126	\$ 29,063	\$ 31,635	\$ 32,035	\$ 35,186	\$ 35,319	\$ 35,468	\$ 36,525	\$ 38,100
Total Subsidy Received	\$ 3,878,876	\$ 4,342,612	\$ 5,202,288	\$ 5,694,339	\$ 5,766,294	\$ 6,333,543	\$ 6,357,397	\$ 6,384,216	\$ 6,574,513	\$ 6,857,953
Average Number of Meals Served Daily	13,648	13,952	13,630	14,183	14,113	14,463	13,018	13,105	12,595	12,774
Number of Meals Served	2,456,569	2,511,415	2,439,791	2,552,938	2,540,300	2,603,325	2,343,159	2,358,973	2,267,052	2,299,314
Percentage of Free and Reduced Meals Served to Total Meals Served	0.63	0.67	73%	78%	80%	80%	86%	87%	88%	89%
Average Daily Revenues	\$ 38,914	\$ 42,261	\$ 46,636	\$ 48,997	\$ 47,905	\$ 49,084	\$ 46,987	\$ 45,700	\$ 45,720	\$ 46,939
Total Revenues	\$ 7,004,535	\$ 7,606,961	\$ 8,347,783	\$ 8,819,402	\$ 8,622,822	\$ 8,835,068	\$ 8,457,652	\$ 8,226,006	\$ 8,229,575	\$ 8,449,044
Average Daily Costs	\$ 43,720	\$ 45,112	\$ 44,689	\$ 43,476	\$ 41,329	\$ 47,743	\$ 43,769	\$ 43,909	\$ 43,714	\$ 42,694
Total Costs	\$ 7,869,558	\$ 8,120,103	\$ 7,999,364	\$ 7,825,667	\$ 7,439,183	\$ 8,593,734	\$ 7,878,425	\$ 7,903,586	\$ 7,868,543	\$ 7,684,977

Source: District Records

(a) Serving days reduced due to impact of Tropical Storm Fay

# Federal Reports and Schedules

- Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings – Federal Awards

**DISTRICT SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass - Through Grantor Number</u>	<u>Amount of Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<b>United States Department of Agriculture:</b>				
Indirect:				
Florida Department of Agriculture and Consumer Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	15002	\$ 1,318,358.17	\$ -
National School Lunch Program	10.555	15001, 15003	4,953,296.31	-
Summer Food Service Program for Children	10.559	15006	224,101.33	-
<b>Total Child Nutrition Cluster</b>			<u>6,495,755.81</u>	<u>-</u>
Fresh Fruit and Vegetable Program	10.582	15004	55,685.90	
Florida Department of Health:				
Child and Adult Care Food Program	10.558	302	210,966.00	-
<b>Total United States Department of Agriculture</b>			<u>6,762,407.71</u>	<u>-</u>
<b>United States Department of Education:</b>				
Indirect:				
Special Education Cluster:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	3,872,702.88	147,726.63
St. Lucie County District School Board		None	22,458.00	-
University of South Florida		None	1,835.04	-
Total Special Education - Grants to States	84.027		<u>3,896,995.92</u>	<u>147,726.63</u>
Florida Department of Education:				
Special Education - Preschool Grants	84.173	267	107,610.95	-
<b>Total Special Education Cluster</b>			<u>4,004,606.87</u>	<u>147,726.63</u>
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191	162,870.50	-
Title I Grants to Local Educational Agencies	84.010	212, 226	4,055,411.98	55,180.39
Migrant Education State Grant Program	84.011	217	40,787.13	-
Career and Technical Education - Basic Grants to States	84.048	161	202,571.40	-
Twenty-First Century Community Learning Centers	84.287	244	242,844.50	-
English Language Acquisition State Grants	84.365	102, 104	149,436.45	3,455.45
Improving Teacher Quality State Grants	84.367	224	459,496.56	1,720.02
<b>Total Indirect</b>			<u>9,318,025.39</u>	<u>208,082.49</u>
<b>Total United States Department of Education</b>			<u>9,318,025.39</u>	<u>208,082.49</u>
<b>United States Department of Defense:</b>				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	138,106.59	-
<b>Total Expenditures of Federal Awards</b>			<u>\$ 16,218,539.69</u>	<u>\$ 208,082.49</u>

The accompanying notes are an integral part of this schedule.



The School Board of Indian River County, Florida  
Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2016

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Indian River County District School Board under programs of the Federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Account Policies. Expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance: National School Lunch Program. - Includes \$520,066.19 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.



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Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722  
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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2016, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **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) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

### **Compliance and Other Matters**

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

The results of our operational audit of the District will be presented in a separate report.

### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
December 9, 2016  
Audit Report No. 2017-067



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

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

### Report on Compliance for the Major Federal Program

We have audited the Indian River County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major Federal program for the fiscal year ended June 30, 2016. The District's major Federal program is identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

### *Management's Responsibility*

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for the District's major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the fiscal year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
December 9, 2016  
Audit Report No. 2017-067

# **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

## **SUMMARY OF AUDITOR'S RESULTS**

### **Financial Statements**

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

### **Federal Awards**

Internal control over major Federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for the major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal program:	
CFDA Numbers:	Name of Federal Program or Cluster:
84.027 and 84.173	Special Education Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes



## ***PRIOR AUDIT FOLLOW-UP***

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There were no prior audit findings requiring follow-up.

## ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

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The District did not have prior audit findings required to be reported under 2 CFR 200.511.

NONDISCRIMINATION NOTICE

It is the policy of the School Board of Indian River County to offer the opportunity to all **students** to participate in appropriate programs and activities without regard to race, color, gender, religion, national origin, disability, marital status, or age, except as otherwise provided by Federal law or Florida state law

A **student** having a grievance concerning discrimination may contact:

Dr. Mark J. Rendell Superintendent Indian River County Public Schools	Mrs. Pamela Dampier Assistant Superintendent Curriculum and Instruction	Dr. Edwina Suit Executive Director Human Resources	Dr. Lillian Torrez- Martinez Executive Director Exceptional Student Education/Student Services
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School District of Indian River County

6500, 57<sup>th</sup> Street Vero Beach, Florida

32967-3395

(772) 564-3000

It is the policy of the School Board of Indian River County not to discriminate against **employees** or **applicants** for employment on the basis of race, color, religion, sex, national origin, participation and membership in professional or political organizations, marital status, age or disability. Sexual harassment is a form of employee misconduct which undermines the integrity of the employment relationship, and is prohibited. This policy shall apply to recruitment, employment, transfers, compensation, and other terms and conditions of employment.

An **employee** or **applicant** having a grievance concerning employment may contact:

Dr. Edwina Suit

Executive Director

Division of Human Resources

School District of Indian River County

6500, 57<sup>th</sup> Street

Vero Beach, Florida 32967-3395

(772) 564-3000

This Publication or portions of this publication can be made available to persons with disabilities in a variety of formats, including large print, or audiotape. Telephone or written request should include your name, address, and telephone number. Requests should be made to Mrs. Peggy Poysell, Executive Assistant to the Superintendent, (772) 564-3150 at least two (2) weeks prior to the time you need the publication.