



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

Annual Financial Report

June 30, 2024

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian River Charter High School, Inc., a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2024, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–10 and 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 School's internal control over financial reporting and compliance.

Jacoby and Handcup, PLLC

September 19, 2024

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

Management's Discussion and Analysis

This section of the Indian River Charter High School, Inc.'s (the School or IRCHS) annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the School's basic financial statements, which immediately follow this section.

Highlights

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

The School's net position decreased by \$201,284 or 2.1% from the prior year. In comparison, the prior year experienced an increase of \$490,512. The change reflected in the past two years is primarily due to additional funding available as a result of the COVID-19 pandemic, which tapered off during the year ended June 30, 2024, and necessary capital improvements to School facilities. Student enrollment for the 2023-2024 school year totaled six hundred seventy-eight, an increase from the six hundred fifty-nine enrolled during the 2022-2023 school year.

At year end, the School accumulated a surplus of unrestricted net position of \$4,353,277, which was a decrease of \$391,966 for this fiscal year.

IRCHS continues to have success as determined by being rated an "A" school for the last two years of operation. Standardized test scores exceeded district and state averages. In particular, the US History EOC scores at IRCHS were 22% higher than the state average while the 9th and 10th grade FAST scores were respectively 19% and 24% higher than the state average. Beginning in 2024, the School will offer 17 advanced classes through the Cambridge International Education Program. The AICE or Advanced International Certificate of Education program can culminate after seven classes in an international diploma. The AICE diploma grants students the opportunity to claim the Florida Bright Future Scholarship at the Florida Academic Scholar level. The School is poised for continued success and further academic growth through dual enrollment at Indian River State College, AICE, AP, and honors-level courses. The School's Visual and Performing Arts programs (VAPA) were able to work creatively to engage students in the following activities:

- VAPA Overall:
 - This school year, the 25th anniversary of IRCHS, was celebrated by our 25th Anniversary VAPA Show *Come Back Home*. In addition to our current students, several alumni joined the company and performed in the production. The entire student population was involved in the production and the sit down dinner by providing talent, technicians, waitstaff for the actual event along with the design, setup and takedown of the myriad phases of the presentations. This included constructing two full size stages in The Dome, an 800 square foot mural displaying art, and a collection of photographs and memorabilia from our first 25 years. The Charter Hall was turned into an interactive art gallery with a wide spectrum of juried art. Also on display in the Charter Hall, were artistic installations of "Era themed Homebases" with artifacts dating back to the founding of the School. Many former students, faculty, board members, and administrators, including the first director of the School, attended this monumental event. *Come Back Home* celebrated our former students, our current students, and our accomplishments over the past 25 years as well as set standards for years forward.

- The VAPA program had a record number of students, approximately 60, who received an endorsement in their artistic fields. To receive an endorsement in the arts, students must take specific courses, have a high GPA, and awards/accomplishments in the arts. This endorsement program has been adopted by the State of Florida and in 2024-2025 school year will become known as a “Florida Seal of Fine Arts” and will be noted on both the student’s transcripts and their diploma.
- IRCHS was selected as the “Star School” and filmed the School of Choice video. This video was sent to every participating charter school in the nation. A professional video production team, working alongside our video production students, shot the promotional film in front of a custom backdrop, built by the Stagecraft students.
- VAPA Gives Back – Two teachers and two students, along with Kiwanis Club of Vero Beach, traveled to the Bahamas to work with the students and staff of Every Child Counts, a school for exceptional need students in Marsh Harbour, Abaco, Bahamas. This was an exploratory trip to lay the foundation of a collaboration between VAPA students and ECC students to create a robust performing arts program. A goal was set to take a group of dancers, seamstresses, actors, and technicians in 2025 to learn and produce a performance for Junkanoo, a Bahamian National Festival.
- Theater:
 - For the eighth time in nine years, IRCHS Theater was awarded the highest honor in high school theater by being selected as the Florida State Thespian Festival Mainstage. This year, IRCHS produced the Mainstage *Miracle Worker* in the TECO Theatre at the Straz Center for the Performing Arts to sold out audiences.
 - Students earned all “superior” awards in their performance categories at the district theatre festival totaling over 160 “superior” awards. At the festival, students earned eight “best in shows”, which means the piece of theater was the top piece in the category in our district out of 22 other schools.
 - For the second straight year, IRCHS Theater received all "superiors" at the state festival in Tampa including Top Honors (the top piece in the state) in Student Choreography and Costume Construction.
 - The Advanced Musical Theater Program collaborated with another high school, Lincoln Park Academy, to produce the “super-musical” *Aida*. This story, set in the thematic curriculum of Ancient Times, sold out every performance and featured over 150 actors, dancers, musicians, technicians, and artists, continuing the Charter tradition of collaboration in the Arts.
- Dance:
 - The Dance Program continued to instill an appreciation for the art of dance by developing students’ fundamental techniques, enhancing their performance skills, and giving each dancer the tools they need to be successful in the art after high school.
 - The Dance Program hosted a Student Choreography Showcase with entirely student-created work in the Dome and received great reviews.
 - A teacher took an international student to dance at the Youth America Grand Prix, where the student placed 16th overall.
 - The Dance department performed a ballet, *Peter and the Wolf*, in the Dome, and it was the featured performance at the Vero Beach Museum of Art Children’s Art Festival. The department plans on taking *Peter and the Wolf* on tour to local schools in the 2024-2025 school year.
 - Three teachers continue to collaborate with the Ukrainian Ballet, while one teacher spearheaded the auditions and training of the “youth ensemble” ballet program. IRCHS is partnering with St. Edwards School and the Ukrainian Ballet to produce *The Nutcracker* at the Waxlax Theater in 2025.
 - One teacher took dance students to the Regional High School Dance Festival in Virginia, where the students were exposed to many different dance styles, schools, and professional companies.

- The Dance Department held their end-of-the-year dance show, at the Vero Beach High School Performing Arts Center which showcased major dance pieces performed throughout the year.
- Instrumental/Jazz:
 - Students provided music for the Special Olympics of Florida State Aquatic Championships opening ceremony.
 - The Jazz Ensemble performed at the St. Francis Manor Full Moon Concert which helped raise over \$2,000 in one concert for elderly and disabled residents of the Manor.
 - Students provided special entertainment for the Florida Charter School Conference Opening Ceremony in Orlando, Florida.
 - The School's Hypersound Big Band was featured in a benefit concert with the 20th Street Jazz Band.
 - Students participated in a special performance at the Jazz Education Network Conference in Orlando Florida.
 - Students performed in Gifford's Martin Luther King Day Celebration Parade.
 - Several students were featured artists at the Ft. Pierce Jazz and Blues Society.
 - Students performed a rock show at Imagine Schools at South Vero for their pretesting week pep rally.
 - Students performed at a pep rally at Rosewood Magnet Elementary School.
 - Students provided entertainment at the Vero Beach Museum of Art Children's Art Festival.
 - Four seniors auditioned for and were each awarded \$1,000 scholarships by Ft. Pierce Jazz and Blues Society.
 - Three seniors were each awarded \$1,500 scholarships, sweeping 1st, 2nd, and 3rd places at the Treasure Coast Jazz Society.
 - Two students were featured monthly, entertaining at The Literacy Coalition's Art Walk.
 - Three Jazz Ensembles were featured entertainment at Waldo's Restaurant for VAPA day.
 - Students participated in a special performance with the Treasure Coast Chorale.
 - Five student musicians were accepted in the Indian River State College Honors Band.
 - Graduating seniors were accepted into Berklee College of Music, University of Central Florida, University of Florida, and IRSC, among others.
- Fine Arts:
 - Student work was displayed at The Raw Space Art Gallery (Downtown Vero Beach), the Senior Hallway Shows, and Charter Hall Gallery.
 - Multiple students volunteered at the Vero Beach Art Club Under the Oaks art show.
 - Students placed 1st in the Congressional Art Competition.
 - A student's art piece placed 1st overall at the St Lucie County Fair.
- Digital Arts:
 - The program continued to create digital art and designs using the computer built by students over the previous summer.
 - Students produced several short films that were screened in Charter Hall at the first ever IRCHS Film Festival.
 - IRCHS began a partnership with the Vero Beach Film Festival with the intention of starting an after-school film club that will produce multiple films for submission into the festival.
- Choir:
 - Students were selected to perform at the opening ceremonies of the Florida Charter School Conference.
 - The Show Choir sold out Fall and Spring Charter Dome concerts.
 - Seasonal Concerts were performed on campus and at local churches.

- Two students were selected for the National Honor Choir, ACDA in Cincinnati.
 - Students earned straight “superiors” at the district Music Performance Assessment.
 - One student was selected and participated in the FMEA All-State Choir.
- Orchestra:
 - One student received a “Superior” at the District Solo and Ensemble competitions.
 - The Chamber Orchestra was an integral part in the musical, *Aida*.

Overview of the Financial Statements

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

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

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

School-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

There are three kinds of funds:

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

Financial Analysis of the School as a Whole

Net position of the School's governmental position consisted of the following as of June 30, 2024 and 2023:

	<u>Net Position – Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 5,218,029	5,583,699
Capital assets, net	<u>12,441,757</u>	<u>12,926,947</u>
Total assets	<u>17,659,786</u>	<u>18,510,646</u>
Current liabilities	1,345,174	1,508,272
Long-term liabilities	<u>7,029,026</u>	<u>7,515,504</u>
Total liabilities	<u>8,374,200</u>	<u>9,023,776</u>
Net position:		
Invested in capital assets	4,897,448	4,729,597
Restricted	34,861	12,030
Unrestricted	<u>4,353,277</u>	<u>4,745,243</u>
Total net position	<u>\$ 9,285,586</u>	<u>9,486,870</u>

The School's net position decreased by \$201,284, or 2.1%, from the prior year, resulting primarily from decreased revenues and increased expenses for the year, as discussed in the following section.

The School had no business-type position as of June 30, 2024 and 2023. The following schedule compares revenues and expenses during the years ended June 30, 2024 and 2023:

	<u>Change in Net Position – Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Revenues:		
General revenues:		
Intergovernmental	\$ 6,793,520	6,834,677
Other	874,453	989,594
Operating grants and contributions	37,948	81,429
Contributions for capital expenditures	30,000	15,000
Total revenues	<u>7,735,921</u>	<u>7,920,700</u>
Expenses:		
Instruction related	3,936,820	3,789,941
School administration	966,534	1,010,783
Food service	4,468	934
Information and technology services	262,388	250,472
Transportation	876	2,514
Maintenance and operations of facilities and plant	1,322,280	890,890
Other	<u>1,443,839</u>	<u>1,484,654</u>
Total expenses	<u>7,937,205</u>	<u>7,430,188</u>
Change in net position	\$ <u>(201,284)</u>	<u>490,512</u>

Total revenues for the year decreased by \$184,779, or 2.3%, primarily due to increased FTE funding allocations, offset by the ending of COVID related funding during the year ended June 30, 2024.

Total expenses increased \$507,017 or 6.8%, due substantially to the demolition of the School's former facility and to increased salaries as the School met the state's new required salary minimums, and increased maintenance, interest and depreciation expense related to asset additions funded by COVID-19 related grants.

Financial Analysis of the School's Funds

The School's general fund position increased \$397,077 during the year to \$6,130,207, resulting in an increase in its due from capital fund by \$770,037, as the general fund advanced money to the capital fund to meet its funding shortfall during the year ended June 30, 2024. The net increase in reserves was primarily attributable to general fund revenues outpacing expenses as the School remains mindful of capital fund shortfalls as the School anticipates being able to repay the general fund for its advances to the capital fund in upcoming years as a result of §1013.62 being enacted into law and effective July 1, 2023. This statute changes the amount of capital outlay allocation received by the School. The new process is to divide the state appropriation for charter school capital outlay by the total FTE for all eligible charter schools to determine the base charter school per FTE allocation amount. The base charter school per FTE allocation amount is then multiplied by the FTE of each charter school to determine each charter school's capital outlay allocation. The school district's adjusted discretionary millage revenue is divided by the district's total capital outlay full-time equivalent membership and the total number of full-time equivalent students of each eligible charter school to determine a capital outlay allocation per full-time equivalent student. The capital outlay allocation per full-time equivalent student is multiplied by the total number of full-time equivalent students of each eligible charter school to determine the capital outlay allocation for each charter school. Then the discretionary millage by the state fund is reduced to determine calculated capital outlay.

The amount of capital outlay funds a school district must distribute to charter schools under the above paragraph shall be phased in as follows:

- For fiscal year 2023-2024, 20 percent of the amount calculated.
- For fiscal year 2024-2025, 40 percent of the amount calculated.
- For fiscal year 2025-2026, 60 percent of the amount calculated.
- For fiscal year 2026-2027, 80 percent of the amount calculated.
- For fiscal year 2027-2028, and each fiscal year thereafter, 100 percent of the amount calculated.

The School received its first allocation resulting from the legislation during fiscal year 2023-2024, which totaled \$178,194.

The School's net decrease in the capital projects fund of \$620,440 reflects a \$533,984 decrease in revenues, and a \$1,101,819 decrease in expenditures. The decrease in revenues relates to a previous year increase of \$746,607 in additional funding available from the Department of Education as a result of the American Rescue Plan through the Elementary and Secondary School Emergency Relief Fund (ESSER Fund). The School allocated the majority of ESSER Funds received during the previous year to capital purposes. The decrease in expenditures relates to the School expending the additional ESSER funds in the previous year.

Current Budget

Annually, the School's Board of Directors approves a general fund budget for the upcoming fiscal year prior to the beginning of that fiscal year. The following table presents the general fund budget, as approved, as compared to 2023-2024 actual results.

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal through state through local	\$ 88,838	88,838	182,716	93,878
State through local	—	—	126,735	126,735
Local	5,828,362	5,828,362	5,864,598	36,236
Other	<u>363,600</u>	<u>363,600</u>	<u>909,987</u>	<u>546,387</u>
Total revenues	<u>6,280,800</u>	<u>6,280,800</u>	<u>7,084,036</u>	<u>803,236</u>
Expenditures:				
Current – education:				
Instruction related	3,767,319	3,767,319	3,936,800	(169,501)
School administration	849,188	849,188	966,534	(117,346)
Food service	1,500	1,500	4,468	(2,968)
Information and technology services	259,024	259,024	262,388	(3,364)
Transportation	300	300	876	(576)
Maintenance and operations of facilities and plant	1,025,291	1,025,291	1,322,280	(296,989)
Proprietary and fiduciary expenses	—	—	193,593	(193,593)
Total expenditures	<u>5,902,622</u>	<u>5,902,622</u>	<u>6,686,959</u>	<u>(784,337)</u>
Net change in fund balance	\$ <u>378,178</u>	<u>378,178</u>	<u>397,077</u>	<u>18,899</u>

The School's favorable increase in local funding was due in part to additional funding of approximately \$50,000 available from the Department of Education for teacher salary increases. The School's favorable increase in other revenues includes approximately \$140,000 of non-resident tuition generated in excess of budget as well as approximately \$340,000 of revenue from student activity funds and interest income.

Capital Asset and Debt Administration

Capital Position

As of June 30, 2024, the School had invested \$12,441,757 in a variety of capital assets, as reflected in the following schedule, which represents a net decrease (additions less disposals and depreciation) of \$485,190 or 3.8% from the end of last year.

	<u>2024</u>	<u>2023</u>
Improvements other than buildings	\$ 890,366	251,356
Buildings and improvements	8,948,959	9,262,172
Construction in progress	21,571	813,168
Furniture, fixtures, and equipment	1,269,896	1,188,907
Audio/visual equipment	29,628	42,607
Computer software	1,452	7,871
Right-of-use asset	<u>1,279,885</u>	<u>1,360,866</u>
Governmental capital assets, net	\$ <u>12,441,757</u>	<u>12,926,947</u>

Long-Term Debt

Since 2020, the School has maintained a mortgage note providing for total borrowings of \$7,500,000 to fund new School building construction. The mortgage note agreement provides for monthly payments, which began in June 2021, of \$51,369 including interest at 2.84% through May 29, 2036. The outstanding balance at June 30, 2024 is \$6,209,185.

Leases

The School leases land and certain buildings under a lease agreement with Indian River State College, which was modified in November 2019 to extend through October 31, 2039. The lease provides for monthly payments which are currently \$5,500. The lease has an option to be renewed for ten additional years.

Factors Bearing on the School's Future

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

- The School has determined it is necessary to adopt new security enhancements in order to comply with the latest legislation (FL HB 1473 and Chapter 2024-155) related to school safety. The School has installed additional and updated camera systems that will be interconnected with a Genetec system for door access control. The access control project will consist of three phases: Phase 1 being common areas of entry, Phase 2 securing the homebases, and Phase 3 including all classrooms and access points. Phases 1 and 2 are currently being completed with a project end date of October 2024. Phase 3 was on pause as the School awaited confirmation of the U.S. Department of Juvenile Justice Community Oriented Policing Services (COPS) grant to assist the School with the total cost. The School received notification in September 2024 that it had been awarded a \$500,000 grant and will proceed with Phase 3 as soon as practicable.

- The School continues to be a leader in global education. The international exchange program draws students from around the world who spend either one semester or a full year participating in all academic, visual and performing arts, and golf classes offered at the School. The reputation of our program speaks for itself as more and more students apply to attend IRCHS. The School currently partners with 11 international exchange companies that have referred 62 students thus far for the 2024/2025 school year. The School continues to forecast stability in the program with annual recruiting trips to recruit new companies and students to participate.
- Growth in visual and performing arts enrollment and decline in the facilities and spaces for the arts have found the School in need of expanding the campus to include additional classrooms and buildings. In 2023, the School engaged with a non-profit fundraising consultant to lead a new capital project to fundraise for a new visual, applied, and performing arts facility. The School has also engaged with an architectural firm to create renderings and rudimentary floor plans to aid in identifying potential capital sources.
- Capital outlay funding is continuing to increase due to §1013.62 regarding proportional sharing passed in the 2023 legislative session. Beginning in fiscal year (FY) 2023-24, the District has begun to share a portion of accrued revenue funds. In 2024-2025, we anticipate 40%, with continued growth at portions of 60% in FY 2025-26; a portion of 80% in FY 2026-27, and 100% beginning in FY 2027-28.

Contacting the School's Financial Management

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

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

Statement of Net Position

June 30, 2024

		<u>Total Governmental Activities</u>
Assets:		
Cash	\$	5,162,509
Due from primary government (note 2)		33,596
Other receivables		14,237
Prepaid expenses		7,687
Capital assets, net of accumulated depreciation of \$7,474,622 (note 3)		11,161,872
Right-of-use asset, net of accumulated amortization of \$202,919 (notes 3 and 5)		<u>1,279,885</u>
Total assets		<u>17,659,786</u>
Liabilities:		
Accounts payable		14,903
Construction contracts payable		29,483
Accrued expenses		329,343
Deferred revenue		485,645
Long-term debt (note 4):		
Due within one year		443,394
Due after one year		<u>5,765,791</u>
		<u>6,209,185</u>
Long-term lease liability (note 5):		
Due within one year		42,406
Due after one year		<u>1,263,235</u>
		<u>1,305,641</u>
Total liabilities		<u>8,374,200</u>
Net Position:		
Invested in capital assets, net of related debt		4,897,448
Restricted for scholarships		8,932
Restricted for capital assets		25,929
Unrestricted		<u>4,353,277</u>
Total net position	\$	<u>9,285,586</u>

See accompanying notes to basic financial statements.

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

Statement of Activities

Year Ended June 30, 2024

	<u>Expenses</u>	<u>Program Revenues – Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position – Governmental Activities</u>
Governmental activities:			
Instruction	\$ 3,639,329	122,205	(3,517,124)
Student and instructional support services	297,491	–	(297,491)
School administration	966,534	–	(966,534)
Facilities acquisition and construction	81,081	–	(81,081)
Food service	4,468	–	(4,468)
Information services	75,182	–	(75,182)
Student transportation services	876	–	(876)
Operation of plant	1,204,413	–	(1,204,413)
Maintenance of plant	36,786	–	(36,786)
Administrative technology services	187,206	–	(187,206)
Proprietary and fiduciary expenses	193,593	–	(193,593)
Interest on long-term debt	223,720	–	(223,720)
Unallocated depreciation and amortization expense	<u>1,026,526</u>	<u>–</u>	<u>(1,026,526)</u>
Total governmental activities	\$ <u>7,937,205</u>	<u>122,205</u>	<u>(7,815,000)</u>
General revenues:			
Intergovernmental:			
Local for operational purposes			5,864,598
Local for capital projects			178,194
State through local for operational purposes			126,735
State through local for capital projects			402,778
Federal through state through local for operational purposes			182,716
Federal through state through local for capital purposes			38,499
Investment earnings			111,954
Miscellaneous			<u>708,242</u>
Total general revenues			<u>7,613,716</u>
Change in net position			(201,284)
Net position, beginning of year			<u>9,486,870</u>
Net position, end of year			\$ <u>9,285,586</u>

See accompanying notes to basic financial statements.

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

Balance Sheet
Governmental Funds

June 30, 2024

<u>Assets</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Cash	\$ 5,059,462	103,047	5,162,509
Due from primary government (note 2)	—	33,596	33,596
Other receivables	14,237	—	14,237
Due from other fund (note 2)	1,878,712	—	1,878,712
Prepaid expenses	<u>7,687</u>	<u>—</u>	<u>7,687</u>
	\$ 6,960,098	<u>136,643</u>	<u>7,096,741</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	14,903	—	14,903
Construction contracts payable	—	29,483	29,483
Accrued expenses	329,343	—	329,343
Due to other fund (note 2)	—	1,878,712	1,878,712
Deferred revenue	<u>485,645</u>	<u>—</u>	<u>485,645</u>
Total liabilities	<u>829,891</u>	<u>1,908,195</u>	<u>2,738,086</u>
Fund Balances (note 1j):			
Nonspendable	107,687	—	107,687
Restricted	8,932	25,929	34,861
Committed	397,628	—	397,628
Assigned	96,853	—	96,853
Unassigned	<u>5,519,107</u>	<u>(1,797,481)</u>	<u>3,721,626</u>
Total fund balances	<u>6,130,207</u>	<u>(1,771,552)</u>	<u>4,358,655</u>
	\$ 6,960,098	<u>136,643</u>	

Reconciliation of governmental fund balances to entity-wide government activities net position – amounts are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$18,636,494 and the accumulated depreciation is \$7,474,622.	11,161,872
Right-of-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$1,482,804 and the accumulated amortization is \$202,919.	1,279,885
Long-term debt and liabilities are not due and payable in the current period and therefore are not reported as a liabilities in the funds.	<u>(7,514,826)</u>

Total net position – governmental activities \$ 9,285,586

See accompanying notes to basic financial statements.

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

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

Year Ended June 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal through state through local	\$ 182,716	38,499	221,215
State through local	126,735	402,778	529,513
Local (note 6)	5,864,598	178,194	6,042,792
Contributions	37,948	30,000	67,948
Non-resident tuition	393,660	-	393,660
Student fees	122,205	-	122,205
Other	<u>356,174</u>	<u>2,414</u>	<u>358,588</u>
Total revenues	<u>7,084,036</u>	<u>651,885</u>	<u>7,735,921</u>
Expenditures:			
Current – education:			
Instruction	3,639,329	-	3,639,329
Student and instructional support services	297,491	-	297,491
School administration	966,534	-	966,534
Facilities acquisition and construction	81,081	-	81,081
Food service	4,468	-	4,468
Information services	75,182	-	75,182
Student transportation services	876	-	876
Operation of plant	1,204,413	-	1,204,413
Maintenance of plant	36,786	-	36,786
Administrative technology services	187,206	-	187,206
Proprietary and fiduciary expenses	193,593	-	193,593
Debt service:			
Principal	-	507,269	507,269
Interest	-	223,720	223,720
Capital outlay:			
Facilities acquisition and construction	-	<u>541,336</u>	<u>541,336</u>
Total expenditures	<u>6,686,959</u>	<u>1,272,325</u>	<u>7,959,284</u>
Net change in fund balances	397,077	(620,440)	(223,363)
Fund balances, beginning of year	<u>5,733,130</u>	<u>(1,151,112)</u>	<u>4,582,018</u>
Fund balances, end of year	\$ <u>6,130,207</u>	<u>(1,771,552)</u>	<u>4,358,655</u>

See accompanying notes to basic financial statements.

(Continued)

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

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

Year Ended June 30, 2024

	<u>Total Governmental Funds</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities:	
Net change in fund balances – total governmental funds	\$ (223,363)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$541,336 is less than depreciation and amortization expense \$1,026,526.	(485,190)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term debt in the statement of net position and does not affect the statement of activities.	<u>507,269</u>
Change in net position of governmental activities	\$ <u>(201,284)</u>

See accompanying notes to basic financial statements.

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

Statement of Fiduciary Net Position
Custodial Funds

June 30, 2024

		<u>Total Custodial Funds</u>
Assets:		
Cash	\$	<u>8,449</u>
Total assets		<u>8,449</u>
Liabilities		<u>—</u>
Total net position	\$	<u>8,449</u>

Statement of Changes in Fiduciary Net Position
Custodial Funds

Year Ended June 30, 2024

		<u>Total Custodial Funds</u>
Additions:		
Student activity revenues	\$	9,524
Deductions:		
Student activity services expenses		<u>9,701</u>
Net decrease in fiduciary net position		(177)
Net position:		
Beginning of year		<u>8,626</u>
Ending of year	\$	<u>8,449</u>

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

June 30, 2024

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

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

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

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

(a) *Reporting Entity*

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

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

(Continued)

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

Notes to Basic Financial Statements

(b) *Basic Financial Statements*

The basic financial statements include both School-Wide (based on the School as a whole) and fund financial statements. Both the School-Wide and fund financial statements categorize primary activities as either governmental or business type. In the School-Wide statement of net position, governmental and business-type activities are presented separately and are reflected on a full accrual, economic resource basis, which incorporates long-term assets as well as long-term debt. As of and for the year ended June 30, 2024, the School had no activities that would be considered business-type.

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

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

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

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

(c) *Basis of Presentation*

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

(Continued)

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

Notes to Basic Financial Statements

Governmental Funds

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

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

General Fund

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

Capital Projects Fund

Capital projects funds are used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for educational capital outlay needs, including new construction or renovation and remodeling projects and other capital assets. During the year ended June 30, 2024, the School used the capital projects fund to account for capital outlays funded by capital outlay revenues and long-term debt.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses. As of and for the year ended June 30, 2024, the School had no activities which would be accounted for in a proprietary fund.

Fiduciary Funds – Custodial Funds

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

(d) Basis of Accounting

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

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

(Continued)

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

Notes to Basic Financial Statements

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

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

(e) *Budgets and Budgetary Accounting*

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

(f) *Deposits in Financial Institutions*

The School's cash is held in demand deposit accounts with financial institutions, which are insured by Federal depository insurance. As of June 30, 2024, the School's demand deposit accounts exceeded the Federal deposit insurance limits by approximately \$90,000, and accordingly were uninsured.

(g) *Capital Assets*

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

(Continued)

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

Notes to Basic Financial Statements

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

	<u>Years</u>
Improvements other than buildings	10 – 20
Buildings and improvements	10 – 25
Furniture, fixtures, and equipment	5 – 10
Audio/visual equipment	7
Computer software	5
Leased assets	Shorter of lease term or useful life
Subscription assets	Subscription term

(h) *Compensated Absences*

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

(i) *Long-Term Liabilities*

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

(j) *Fund Balance Reporting*

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

Nonspendable

Nonspendable fund balance represents resources that are not in spendable form or are legally required to be maintained intact. The School's nonspendable fund balance consists of prepaid expenses and assets permanently restricted for scholarships as of June 30, 2024.

(Continued)

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

Notes to Basic Financial Statements

Restricted

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

Committed

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

Assigned

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

Unassigned

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

Fund Deficits

The School has accumulated a fund balance deficit in the capital projects fund of \$1,771,552. Management plans to restore this deficit through expected increased capital outlay funding as a result of the enactment of FL HB 1259, which resets the calculation of how the District shares capital funding with the School and removes the state funding threshold. The District will now be required to share equally with the School, based on unweighted FTE students, the discretionary capital outlay millage revenue, also known as \$1.5 millage revenue. The bill provides a 5-year glide path resulting in the School receiving 100% of its calculated share of the \$1.5 millage revenue. Management anticipates being able to repay the general fund for the funds advanced for capital projects and therefore have not transferred funds during the year ended June 30, 2024.

(Continued)

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

Notes to Basic Financial Statements

(k) Revenue Sources

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

(l) Income Taxes

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

The School's income tax filings are subject to audit by various taxing authorities. The School's open audit periods are 2021-2024.

(m) Use of Estimates

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

(2) Receivables

As of June 30, 2024, the School maintained amounts due from the District of \$33,596 for capital projects.

As of June 30, 2024, the School's general fund was due \$1,878,712 from the capital projects fund for capital expenditures funded by the general fund.

(Continued)

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

Notes to Basic Financial Statements

(3) General Capital Assets

The following is a summary of the changes in the School's governmental capital assets for the year ended June 30, 2024:

	Balance <u>2023</u>	<u>Additions</u>	Retirements and <u>Transfers</u>	Balance <u>2024</u>
Improvements other than buildings	\$ 721,519	51,358	598,578	1,371,455
Buildings and improvements	14,214,174	206,702	87,690	14,508,566
Construction in progress	813,168	21,571	(813,168)	21,571
Furniture, fixtures, and equipment	2,305,165	261,705	72,569	2,639,439
Audio/visual equipment	74,604	—	—	74,604
Computer software	20,859	—	—	20,859
Leased land	1,365,222	—	—	1,365,222
Leased equipment	37,163	—	—	37,163
Subscription assets	<u>80,419</u>	<u>—</u>	<u>—</u>	<u>80,419</u>
Total capital assets	<u>19,632,293</u>	<u>541,336</u>	<u>(54,331)</u>	<u>20,119,298</u>
Less accumulated depreciation for:				
Improvements other than buildings	470,163	29,830	(18,904)	481,089
Buildings and improvements	4,952,002	611,905	(4,300)	5,559,607
Furniture, fixtures, and equipment	1,116,258	284,412	(31,127)	1,369,543
Audio/visual equipment	31,997	12,979	—	44,976
Computer software	12,988	6,419	—	19,407
Less accumulated amortization for:				
Leased assets	101,530	60,572	—	162,102
Subscription assets	<u>20,408</u>	<u>20,409</u>	<u>—</u>	<u>40,817</u>
Total accumulated depreciation and amortization	<u>6,705,346</u>	<u>1,026,526</u>	<u>(54,331)</u>	<u>7,677,541</u>
Governmental capital assets, net	\$ <u>12,926,947</u>	<u>(485,190)</u>	<u>—</u>	<u>12,441,757</u>

(4) Long-Term Debt from Direct Borrowings

Long-term debt associated with direct borrowings as of June 30, 2024 is as follows:

	Balance <u>2023</u>	<u>Additions</u>	<u>Repayments</u>	Balance <u>2024</u>
Mortgage note payable of \$7,500,000, with monthly payments of \$51,369, including interest at 2.84%, through May 29, 2036.	\$ <u>6,675,233</u>	<u>—</u>	<u>(466,048)</u>	<u>6,209,185</u>

(Continued)

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

Notes to Basic Financial Statements

The School's mortgage note payable is collateralized by a mortgage on underlying School property and contains provisions that in the event of default, the interest rate is increased by 4% and all amounts become immediately due.

The future maturities of long-term debt, as of June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 443,394	173,038	616,432
2026	456,331	160,102	616,433
2027	469,645	146,787	616,432
2028	482,985	133,447	616,432
2029	497,441	118,992	616,433
2030 – 2034	2,713,360	368,802	3,082,162
2035 – 2036	<u>1,146,029</u>	<u>33,386</u>	<u>1,179,415</u>
Outstanding at June 30, 2024	\$ <u>6,209,185</u>	<u>1,334,554</u>	<u>7,543,739</u>

During the year ended June 30, 2024, interest expense on long-term debt totaled \$186,003.

(5) Leases and Subscription-Based Information Technology Arrangements

Long-term liabilities associated with leases and subscription-based information technology arrangements as of June 30, 2024 is as follows:

	<u>Balance</u> <u>2023</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>2024</u>
Land lease	\$ 1,314,673	–	(29,040)	1,285,633
Copier lease	<u>32,189</u>	<u>–</u>	<u>(12,181)</u>	<u>20,008</u>
	\$ <u>1,346,862</u>	<u>–</u>	<u>(41,221)</u>	<u>1,305,641</u>

The School leases land and certain buildings under a lease agreement with Indian River State College, which was modified in November 2019 to extend through October 31, 2039. The lease provides for payments of \$5,250 per month for each of the five years ending March 31, 2023; \$5,500 per month for each of the five years ending March 31, 2028; \$5,750 per month for each of the five years ending March 31, 2033; \$6,000 per month for each of the five years ending March 31, 2038; and \$6,250 per month through October 31, 2039. The lease has an option to be renewed for ten additional years.

The School leases their copying equipment under an agreement that provides for monthly payments of \$1,078 through January 2026, continuing on a month-to-month basis thereafter.

(Continued)

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

Notes to Basic Financial Statements

The School has entered into several subscription-based information technology arrangements for periods between 3 and 5 years. Currently all subscription-based information technology arrangements are fully prepaid, and as such, there are no related liabilities.

The future maturities of long-term leases, as of June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 42,406	36,532	78,938
2026	38,210	35,336	73,546
2027	31,619	34,381	66,000
2028	33,280	33,470	66,750
2029	36,525	32,475	69,000
2030 – 2034	202,822	145,928	348,750
2035 – 2039	249,825	113,925	363,750
2040 – 2044	300,179	74,821	375,000
2045 – 2049	345,921	29,079	375,000
2050	<u>24,854</u>	<u>146</u>	<u>25,000</u>
Outstanding at June 30, 2024	\$ <u>1,305,641</u>	<u>536,093</u>	<u>1,841,734</u>

During the year ended June 30, 2024, interest expense on leases totaled \$37,717.

(6) Schedule of Local Revenue Sources

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

<u>Sources</u>	<u>Amount</u>
Indian River County District School Board:	
Florida Education Finance Program	\$ 4,771,374
Class size	607,853
Teacher salary increase	214,312
Capital improvements tax	178,194
Education enrichment share	146,832
Safe schools	62,656
Mental health assistance	40,534
Instructional materials and teacher training	<u>21,037</u>
Total	\$ <u>6,042,792</u>

The School's revenues are based on FTE funding, as described in note 1(k), which are subject to the terms and conditions of applicable state regulations and the School's charter agreement with the District, and subject to audit. Any disallowance resulting from an audit may become a liability of the School.

(Continued)

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

Notes to Basic Financial Statements

The School's charter contract provides for a discretionary District administrative fee of up to 5% of the revenues received on a per-student basis. During the 2023-2024 school year, and in consideration of the School's classification as a "high performing charter school," the state of Florida provided for the administrative fee to be assessed on the first 250 students at a rate of 2%. In accordance with this provision, the District withheld \$38,112 from the School's revenues for the year ended June 30, 2024, which was included in school administration expenses in the accompanying statement of activities and statement of revenues, expenditures, and changes in fund balances.

(7) ***Risk Management***

The School maintains general liability, professional liability, automobile liability, and workers' compensation coverages through purchased commercial insurance with minimal or no deductibles for each line of coverage. The School also maintains property coverage with a deductible of \$5,000 for all perils except wind or hail. For these perils, the deductible is 5%, with a minimum of \$50,000. During each of the three years ended June 30, 2024, 2023, and 2022, the school experienced no settlements in excess of insurance coverage.

(8) ***Pension Plan***

The School's employees participate in a salary deferral plan under Internal Revenue Code 403(b). The School currently contributes on a discretionary basis 15% of all full-time employees' salaries and matches the first \$500 in employee contributions on a dollar-for-dollar basis. The employees vest in all employer contributions evenly over a three-year period of service. Employees hired after September 1, 2008 vest in all employer contributions evenly over a five-year period of service. During the year ended June 30, 2024, the School provided for contributions approximating \$490,000.

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

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

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
Revenues:				
Federal through state through local	\$ 88,838	88,838	182,716	93,878
State through local	—	—	126,735	126,735
Local	5,828,362	5,828,362	5,864,598	36,236
Non-resident tuition	254,200	254,200	393,660	139,460
Other	<u>109,400</u>	<u>109,400</u>	<u>516,327</u>	<u>406,927</u>
Total revenues	<u>6,280,800</u>	<u>6,280,800</u>	<u>7,084,036</u>	<u>803,236</u>
Expenditures:				
Current – education:				
Instruction	3,471,741	3,471,741	3,639,329	(167,588)
Student and instructional support services	295,578	295,578	297,491	(1,913)
School administration	849,188	849,188	966,534	(117,346)
Facilities acquisition and construction	46,142	46,142	81,081	(34,939)
Food service	1,500	1,500	4,468	(2,968)
Information services	75,715	75,715	75,182	533
Student transportation services	300	300	876	(576)
Operation of plant	959,649	959,649	1,204,413	(244,764)
Maintenance of plant	19,500	19,500	36,786	(17,286)
Administrative technology services	183,309	183,309	187,206	(3,897)
Proprietary and fiduciary expenses	<u>—</u>	<u>—</u>	<u>193,593</u>	<u>(193,593)</u>
Total expenditures	<u>5,902,622</u>	<u>5,902,622</u>	<u>6,686,959</u>	<u>(784,337)</u>
Net change in fund balance	378,178	378,178	397,077	18,899
Fund balance, beginning of year	<u>5,733,130</u>	<u>5,733,130</u>	<u>5,733,130</u>	<u>—</u>
Fund balance, end of year	\$ <u>6,111,308</u>	<u>6,111,308</u>	<u>6,130,207</u>	<u>18,899</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian River Charter High School, Inc., a component unit of the Indian River County District School Board, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 19, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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



Purpose of this Report

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

Jacoby and Hauckey, PLLC

September 19, 2024

Management Letter

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

Report on the Financial Statements

We have audited the financial statements of Indian River Charter High School, Inc., (the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated September 19, 2024.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in these reports, which are dated September __, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

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



Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Jacoby and Hancock, PLLC

September 19, 2024