

Sebastian Charter
Junior High School,
Inc.



Year Ended
June 30, 2025

Financial
Statements

Rehmann

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SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

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INDEPENDENT AUDITORS' REPORT

September 26, 2025

Board of Directors
Sebastian Charter Junior High, Inc
Sebastian, Florida

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 **Sebastian Charter Junior High, Inc.** (the "School"), a component unit of Indian River County School District, as of and for the year ended June 30, 2025, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the general fund 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 Independent Auditors' 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.

Change in Accounting Principle

As described in Note 12 to the financial statements, the School changed its method of accounting for liabilities related to compensated absences in 2025 due to its adoption of Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Independent Auditors' 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, 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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, 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 the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Management's Discussion and Analysis

As management of Sebastian Charter Junior High, Inc. (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025. Please read this along with the financial statements of the School, which immediately follow this section.

The financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's finances as a whole.

Financial Highlights

- The assets of the School as reported in the government-wide financial statements exceeded its liabilities at the close of the current fiscal year by \$4,191,595 (net position). Of this amount, \$931,824 (unrestricted net position) may be used to meet the ongoing obligations of the School. The School's total net position increased by \$345,047 or 9% in comparison with prior year net position.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$965,386 or 25% of total expenditures. Of this amount, \$862,054 (unrestricted fund balance) may be used to meet the ongoing obligations of the School. The School's combined ending fund balance decreased by \$378,091 or 28% in comparison with the prior year balance.
- Net investment in capital assets increased compared to the prior year by \$756,700 or 30%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School's assets (both short-term spendable resources and capital assets) and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Management's Discussion and Analysis

Both of the government-wide financial statements present functions of the School that are principally supported by local revenues (Florida Education Finance Program (FTE) dollars through the Indian River County School District) (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The School has no business-type activities as of and for the year ending June 30, 2025.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School are reported as governmental funds.

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

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

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, which are the School's major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The School adopts an annual appropriated budget for its general and special revenue funds. The budgetary comparison statement has been provided herein to demonstrate compliance with the general fund budget.

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

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$4,191,595, at June 30, 2025.

	Net Position	
	2025	2024
Assets		
Current and other assets	\$ 1,174,818	\$ 1,476,538
Capital assets, net	3,614,727	3,573,288
Total assets	<u>4,789,545</u>	<u>5,049,826</u>
Liabilities		
Long-term liabilities	388,518	1,070,217
Other liabilities	209,432	133,061
Total liabilities	<u>597,950</u>	<u>1,203,278</u>
Net position		
Net investment in capital assets	3,259,771	2,503,071
Unrestricted	931,824	1,343,477
Total net position	<u>\$ 4,191,595</u>	<u>\$ 3,846,548</u>

The largest portion of the School's net position (78%) reflects its investment in capital assets (e.g., land, buildings, equipment and furniture), less accumulated depreciation/amortization. The School uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The School'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 School's net position (22%) represents unrestricted net position that is available to meet the financial obligations of the School. At the end of the current fiscal year, the School is able to report positive balances in both categories of net position.

Long-term liabilities decreased by \$681,698 from prior year primarily due to early paydown disbursements towards the School's building mortgage.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Management's Discussion and Analysis

The net position represents the accumulated results of all past years' activities. This amount will be affected by the year-to-year combined operations. The summary of the years' activity for the School as a whole are reported below.

The School's net position increased by \$345,046 during the 2024-2025 school year, compared to an increase of \$272,888 during the 2023-2024 school year.

	Change in Net Position	
	2025	2024
Revenues		
Program revenues:		
Operating grants and contributions	\$ 148,802	\$ 253,835
Capital grants and contributions	363,859	253,196
General revenues:		
State and local sources	2,871,216	2,820,137
Unrestricted investment earnings	33,496	44,778
Total revenues	<u>3,417,373</u>	<u>3,371,946</u>
Expenses		
Instruction	1,936,970	1,984,321
Instruction related technology	66,260	
Supporting services	824,836	833,451
Food services	68,394	77,658
Interest on long-term debt	50,164	107,170
Depreciation (unallocated)	125,702	96,458
Total expenses	<u>3,072,326</u>	<u>3,099,058</u>
Change in net position	345,047	272,888
Net position, beginning of year	<u>3,846,548</u>	<u>3,573,660</u>
Net position, end of year	<u>\$ 4,191,595</u>	<u>\$ 3,846,548</u>

As shown in the schedule above, total revenues were \$3,417,373, an increase of \$45,427 from the prior year. The School relies heavily on state and local revenues (i.e. FTE local dollars) to fund the expenses of the governmental activities.

As reported in the statement of activities, the cost of all governmental activities was \$3,072,326, a decrease of \$26,732 from the prior year.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$965,386, a decrease of \$378,091 over the previous fiscal year. At the end of the current fiscal year, the School's fund balance consists of nonspendable fund balance of \$103,332 for prepaids and unrestricted fund balance of \$862,054, which is available for spending at the School's discretion.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the total fund balance was \$965,386, of which \$103,332 was nonspendable and \$862,054 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 26% and 29%, respectively, of total general fund expenditures.

The fund balance of the School's general fund decreased by \$378,091 from the prior year. This is primarily due to a paydown in debt principal.

Capital project funds. The focus of the School's capital projects funds is to provide information on near-term inflows, outflows, and balances of capital outlay resources.

As of the end of the current fiscal year, the School's *capital projects funds* reported an ending fund balance of \$0. All capital outlay funding resources received during the year were expended towards the repayment of the School's building mortgage.

The fund balance of the School's capital projects fund did not change from the prior year.

General Fund Budgetary Highlights

As required by State law, the Board of Directors adopted a budget prior to the start of the fiscal year. During the fiscal year ended June 30, 2025, the School revised the general fund budget twice.

- *Revenues.* The final amended revenues budget for general fund increased by \$508,191 (19%), which was mainly the result of additional allocations to other miscellaneous local revenues for the utilization of prior year surplus funds.
- *Expenditures.* The final amended budget for general fund expenditures was increased from the original budget by \$517,332 (19%) mainly due to the approval for additional principal payments towards the School's mortgage.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Management's Discussion and Analysis

Actual revenue was under budget by \$280,311, mainly due to the planned usage of prior year surplus funds towards current period expenditures. Actual expenditures were over budget by \$193,829, mainly due to overages in capital outlay. This was due to a new lease agreement for the School's office equipment.

Capital Assets

As of June 30, 2025, the School's capital assets for its governmental activities amounted to \$3,614,727 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, furniture, computer software, vehicles and leased equipment.

	Capital Assets (net of (depreciation/amortization))	
	2025	2024
Land	\$ 180,733	\$ 180,733
Construction in progress	-	9,798
Buildings and fixed equipment	3,774,691	3,737,834
Improvements other than building	343,808	285,055
Furniture, fixtures and equipment	300,035	300,035
Computer software	14,252	14,252
Vehicles	80,036	80,036
Leased equipment (Note 7)	96,162	-
	<u>4,789,717</u>	<u>4,607,743</u>
Less accumulated depreciation/amortization	<u>(1,174,990)</u>	<u>(1,034,455)</u>
Total capital assets, net	<u>\$ 3,614,727</u>	<u>\$ 3,573,288</u>

Additional information about the School's capital assets can be found in Note 4.

Long-term Debt

The long-term debt, excluding compensated absences, for the School as of June 30, 2025 amounted to \$354,956, a decrease of \$715,261 from the prior year. This decrease was mainly due to additional early paydown disbursements, as approved by the Board of Directors, towards the building mortgage note during the year.

	Long-term Debt	
	2025	2024
Building mortgage	\$ 269,584	\$ 1,070,217
Lease payable	85,372	-
Total long-term debt	<u>\$ 354,956</u>	<u>\$ 1,070,217</u>

Additional information about the School's long-term debt can be found in Note 6.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

- The School expects to receive the majority of its revenues from FTE dollars provided by the Indian River County School District.
- The Indian River County School District continues to retain approximately 2% as administrative costs from revenues.
- The Charter School's enrollment is expected to continue to be 100% with a maximum enrollment of 308 students for the fiscal year ending 2025-2026.

All of these factors were considered in preparing the School's budget for the 2025-2026 fiscal year.

Contacting the School's Financial Management

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to William Dodds, Principal, Sebastian Charter Junior High, Inc., 782 Wave Street, Sebastian, Florida 32958.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 989,747
Receivables	81,739
Prepays	103,332
Capital assets:	
Not being depreciated/amortized	180,733
Being depreciated/amortized, net	<u>3,433,994</u>
Total assets	<u>4,789,545</u>
Liabilities	
Accounts payable and accrued liabilities	205,798
Unearned revenue	3,634
Notes and other long-term liabilities:	
Due within one year	306,971
Due in more than one year	<u>81,547</u>
Total liabilities	<u>597,950</u>
Net position	
Net investment in capital assets	3,259,771
Unrestricted	<u>931,824</u>
Total net position	<u><u>\$ 4,191,595</u></u>

The accompanying notes are an integral part of these basic financial statements.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Statement of Activities

For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 1,936,970	\$ -	\$ 80,408	\$ -	\$ (1,856,562)
Instruction related technology	66,260	-	-	-	(66,260)
School administration	428,424	-	-	-	(428,424)
Student transportation services	97,276	-	-	-	(97,276)
Board	150	-	-	-	(150)
Food services	68,394	-	68,394	-	-
Fiscal services	65,111	-	-	-	(65,111)
Operation of plant	170,699	-	-	-	(170,699)
Maintenance of plant	63,176	-	-	-	(63,176)
Interest on long-term debt	50,164	-	-	363,859	313,695
Depreciation (unallocated)	125,702	-	-	-	(125,702)
Total	<u>\$ 3,072,326</u>	<u>\$ -</u>	<u>\$ 148,802</u>	<u>\$ 363,859</u>	<u>(2,559,665)</u>
General revenues:					
State and Local					2,726,708
Unrestricted investment earnings					33,496
Other miscellaneous local sources					144,508
Total general revenues					<u>2,904,712</u>
Change in net position					345,047
Net position, beginning of year					<u>3,846,548</u>
Net position, end of year					<u>\$ 4,191,595</u>

The accompanying notes are an integral part of these basic financial statements.

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FUND FINANCIAL STATEMENTS

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Balance Sheet

Governmental Funds

June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 989,747	\$ -	\$ -	\$ 989,747
Due from other governments	81,739	-	-	81,739
Prepays	103,332	-	-	103,332
Total assets	\$ 1,174,818	\$ -	\$ -	\$ 1,174,818
Liabilities				
Accounts payable	\$ 35,054	\$ -	\$ -	\$ 35,054
Accrued wages	170,744	-	-	170,744
Unearned revenue	3,634	-	-	3,634
Total liabilities	209,432	-	-	209,432
Fund balances				
Nonspendable - prepaids	103,332	-	-	103,332
Unassigned	862,054	-	-	862,054
Total fund balances	965,386	-	-	965,386
Total liabilities and fund balances	\$ 1,174,818	\$ -	\$ -	\$ 1,174,818

The accompanying notes are an integral part of these basic financial statements.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Fund balances - total governmental funds	\$ 965,386
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Capital assets not being depreciated/amortized	180,733
Capital assets being depreciated/amortized, net	3,433,994

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Notes and other long-term liabilities	(354,956)
Compensated absences	<u>(33,562)</u>

Net position of governmental activities	<u><u>\$ 4,191,595</u></u>
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The accompanying notes are an integral part of these basic financial statements.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
State and local sources:	\$ 2,726,708	\$ 363,859	\$ -	\$ 3,090,567
Federal sources	-	-	148,802	148,802
Other miscellaneous				
local sources	144,508	-	-	144,508
Interest revenue	33,496	-	-	33,496
Total revenues	2,904,712	363,859	148,802	3,417,373
Expenditures				
Current:				
Instruction	1,820,196	-	80,408	1,900,604
Instruction related technology	66,260	-	-	66,260
School administration	427,829	-	-	427,829
Student transportation	85,842	-	-	85,842
Board	150	-	-	150
Fiscal services	65,111	-	-	65,111
Food services	-	-	68,394	68,394
Operation of plant	170,699	-	-	170,699
Maintenance of plant	63,176	-	-	63,176
Debt service:				
Principal	494,755	316,668	-	811,423
Interest	2,973	47,191	-	50,164
Capital outlay	181,974	-	-	181,974
Total expenditures	3,378,965	363,859	148,802	3,891,626
Revenues under expenditures	(474,253)	-	-	(474,253)
Other financing sources				
Issuance of notes and other long-term liabilities	96,162	-	-	96,162
Net change in fund balances	(378,091)	-	-	(378,091)
Fund balances, beginning of year	1,343,477	-	-	1,343,477
Fund balances, end of year	\$ 965,386	\$ -	\$ -	\$ 965,386

The accompanying notes are an integral part of these basic financial statements.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ (378,091)

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 and reported as depreciation/amortization expense.

Capital assets purchased/constructed	181,974
Depreciation/amortization expense	(140,535)

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but a reduction in long-term liabilities on the statement of net position.

Issuance of notes and other long-term liabilities	(96,162)
Principal payments on notes and other long-term liabilities	811,423

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrual for compensated absences	<u>(33,562)</u>
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Change in net position of governmental activities \$ 345,047

The accompanying notes are an integral part of these basic financial statements.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State and local sources	\$ 2,549,832	\$ 2,734,019	\$ 2,726,708	\$ (7,311)
Other miscellaneous local sources	115,000	417,508	144,508	(273,000)
Interest revenue	12,000	33,496	33,496	-
Total revenues	2,676,832	3,185,023	2,904,712	(280,311)
Expenditures				
Current - Education:				
Instruction	1,817,004	1,711,722	1,820,196	108,474
Instruction Related Technology	66,782	66,260	66,260	-
School administration	396,701	449,108	427,829	(21,279)
Student transportation	114,450	85,842	85,842	-
Board	1,000	150	150	-
Fiscal services	63,660	65,111	65,111	-
Operation of plant	168,207	166,985	170,699	3,714
Maintenance of plant	40,000	60,384	63,176	2,792
Debt service	-	483,964	497,728	13,764
Capital outlay	-	95,610	181,974	86,364
Total expenditures	2,667,804	3,185,136	3,378,965	193,829
Revenues over (under) expenditures	9,028	(113)	(474,253)	(474,140)
Other financing sources				
Issuance of notes and other long-term liabilities	-	-	96,162	96,162
Net change in fund balance	9,028	(113)	(378,091)	(377,978)
Fund balance, beginning of year	1,343,477	1,343,477	1,343,477	-
Fund balance, end of year	\$ 1,352,505	\$ 1,343,364	\$ 965,386	\$ (377,978)

The accompanying notes are an integral part of these basic financial statements.

NOTES TO FINANCIAL STATEMENTS

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Sebastian Charter Junior High, 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 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is composed of not less than five members. The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School has been determined not to be a private foundation with in the meaning of Section 509(a) of the Code.

The general operating authority of the School is contained in Section 1002.33 , 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 in 2010 and is effective until June 30, 2026. 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 Sebastian Charter Junior High, Inc. is considered a component unit of the Indian River County District School Board.

Criteria for determining if other entities are potential component units of the School which should be reported with the School'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 provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools - The Red Book" issued by the Florida Department of Education (FDOE).

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

Government-wide and Fund 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 non-fiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which receive revenue primarily from the Indian River County District School Board pursuant to the funding provisions included in the School's charter, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The School had no *business-type activities* during the year ended June 30, 2025.

In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, 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 under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School received Federal awards for the enhancement of various educational programs. This assistance is 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All internally dedicated resources and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. The major governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. State school aid is recognized as revenue in the fiscal year of the school year for which it is apportioned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for principal and interest on long-term debt and compensated absences, which are recognized when due.

State school aid, expenditure-driven grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School reports the following major governmental funds:

The *general fund* is the School's primary operating fund. It accounts for all the financial resources of the School, except those accounted for and reported in another fund.

The *capital projects fund* is used to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

Additionally, the School reports the following fund types:

The *special revenue funds* are used to account for the proceeds of certain federal and state grant program resources and other revenue sources that are restricted or committed to expenditures for a specific purpose.

Assets, Liabilities and Equity

Deposits and Investments

The School's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less when purchased.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non current portion of interfund loans).

Amounts due from other governments include state and local revenue allocations receivable from the School District. Payments to be received by the School in July are recorded as a receivable and revenue of the previous fiscal year.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

Capital Assets and Depreciation

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and fixed equipment	7-50
Improvements other than buildings	10-20
Furniture, fixtures, and equipment	5-7
Vehicles	7
Computers and software	5

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements awarded before the eligibility requirements are met are recorded as unearned revenue.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

Compensated Absences

School employees accumulate compensated sick and personal leave time in varying amounts depending on length of service and other factors. A liability for these amounts is reported in governmental activities for leave that has not been used but is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash. The liability is measured using the employee's pay rate as of the date of the financial statements. Certain salary-related payments that are directly and incrementally associated with payments for leave are also included in the measurement of the liability.

Leases

Lessee. The School is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of \$2,500 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the School is reasonably certain to exercise.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as expense when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

Budgetary Information

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services and capital outlay). The budget is adopted and approved by the Board of Directors. The budget amounts presented in the accompanying financial statements are as amended by the School's Board of Directors and adopted on a basis consistent with generally accepted accounting principles. Expenditures in excess of object level do not constitute a violation of budgetary controls as long as total expenditures do not exceed total appropriations for the major fund.

Fund Equity

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Directors. A formal resolution of the Board of Directors is required to establish, modify or rescind a fund balance commitment. Such commitments are intended to insulate the School programs and current service levels from large and unanticipated one-time general fund expenditure requirements, adverse judgments, catastrophic losses, emergency replacements, or any other similar unforeseen events. The School reports assigned fund balance for amounts that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Directors has delegated the authority to assign fund balance to the School or by an official or body to which the School delegates the authority. Unassigned fund balance is the residual classification for the general fund.

When the School incurs an expenditure for purposes for which various fund balance classifications can be used, it is the School's policy to use restricted fund balance first, then committed, assigned, and finally unassigned.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

2. CASH AND CASH EQUIVALENTS

Following is a reconciliation of cash and cash equivalents as shown on the Statement of Net Position as of June 30, 2025:

Statement of Net Position	
Cash and cash equivalents	<u>\$ 989,747</u>
Checking and savings accounts	\$ 732,302
Certificates of deposit (due within one year)	257,345
Cash on hand	<u>100</u>
Total	<u>\$ 989,747</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School has not adopted and state law does not require a policy for deposit custodial credit risk. As of year-end, \$269,676 of the School's bank balance of \$1,059,071 was exposed to custodial credit risk because it was uninsured and uncollateralized.

3. RECEIVABLES

Receivables at year end consisted of amounts due from other governments, which are all expected to be collected within the next year.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 180,733	\$ -	\$ -	\$ -	\$ 180,733
Construction in progress	9,798	-	-	(9,798)	-
	<u>190,531</u>	<u>-</u>	<u>-</u>	<u>(9,798)</u>	<u>180,733</u>
Capital assets, being depreciated/amortized:					
Buildings and fixed equipment	3,737,834	36,857	-	-	3,774,691
Improvements other than building	285,055	48,955	-	9,798	343,808
Furniture, fixtures and equipment	300,035	-	-	-	300,035
Computer software	14,252	-	-	-	14,252
Vehicles	80,036	-	-	-	80,036
Leased equipment (Note 7)	-	96,162	-	-	96,162
	<u>4,417,212</u>	<u>181,974</u>	<u>-</u>	<u>9,798</u>	<u>4,608,984</u>
Less accumulated depreciation/amortization for:					
Buildings and fixed equipment	(713,777)	(86,192)	-	-	(799,969)
Improvements other than building	(14,311)	(16,553)	-	-	(30,864)
Furniture, fixtures and equipment	(271,924)	(6,659)	-	-	(278,583)
Computer software	(11,575)	(595)	-	-	(12,170)
Vehicles	(22,868)	(11,433)	-	-	(34,301)
Leased equipment (Note 7)	-	(19,103)	-	-	(19,103)
	<u>(1,034,455)</u>	<u>(140,535)</u>	<u>-</u>	<u>-</u>	<u>(1,174,990)</u>
Total capital assets being depreciated/amortized, net	<u>3,382,757</u>	<u>41,439</u>	<u>-</u>	<u>-</u>	<u>3,433,994</u>
Governmental activities					
capital assets, net	<u>\$ 3,573,288</u>	<u>\$ 41,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,614,727</u>

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,804
Supporting services	12,029
Unallocated	<u>125,702</u>
Total	<u>\$ 140,535</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at year-end, for the School, are as follows:

	General Fund
Accounts payable	\$ 35,054
Accrued wages	<u>170,744</u>
Totals	<u>\$ 205,798</u>

6. NOTES AND OTHER LONG-TERM LIABILITIES

The following is a summary of notes and other long-term liabilities activity of the School for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct placement:					
Note payable -					
building mortgage	\$ 1,070,217	\$ -	\$ (800,633)	\$ 269,584	\$ 256,515
Lease payable (Note 7)	-	96,162	(10,790)	85,372	16,894
Compensated absences	-	33,562	-	<u>33,562</u>	<u>33,562</u>
Total	<u>\$ 1,070,217</u>	<u>\$ 129,724</u>	<u>\$ (811,423)</u>	<u>\$ 388,518</u>	<u>\$ 306,971</u>

In August 2012, the School negotiated a \$2,800,000 construction/permanent financing loan with Seacoast National Bank. The mortgage term is 198 months (16.5 years). After the construction period, the loan automatically converted to a fully-amortizing commercial mortgage with repayment consisting of 180 monthly principal and interest payments. The mortgage is secured by land, building and improvements and is 90% guaranteed by the USDA under the Rural Development Business & Cooperative Program.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

The loan was used to construct a new, larger, more permanent school building. Construction began in 2012 and was completed during 2014. During construction (the first eighteen months), the loan required monthly payments of interest only. Commencing on March 9, 2014, the loan required monthly payments of principal and interest until maturity on February 8, 2029. The interest rate on the loan is adjusted every five (5) years on the anniversary date of the loan to a new fixed rate equal to the Non-Bank Qualified tax exempt equivalent rate, with a floor rate of 3.75%, until it is paid in full. In January 2024, the Bank adjusted the fixed rate of interest from 3.75% to 6.41%, retroactively effective on August 9, 2022. Interest on the outstanding principal balance accrues monthly at 6.41% per annum as of June 30, 2025.

During the year, principal and interest payments on the loan totaled \$800,633 and \$47,191, respectively. Total principal payments include \$581,326 of early paydown disbursements approved by the Board of Directors.

The additions or deductions reported above for compensated absences is the net change for the year.

Annual debt service requirements to maturity for long-term obligations, excluding lease payable and compensated absences, are as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 256,515	\$ 9,983
2027	13,069	70
	<u>\$ 269,584</u>	<u>\$ 10,053</u>

7. LEASES

Lessee - The School is involved in an agreement as a lessee that qualifies as long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use assets and not financed purchases, as the School will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

The right-to-use assets and the related activity are included in Note 4, Capital Assets. The lease liability and related activity are presented in Note 6, Notes and Other Long-term Liabilities.

Asset Type	Remaining Term of Agreement
Equipment	5 years

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

The net present value of future minimum payments as of year end were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 16,894	\$ 3,782
2027	17,742	2,934
2028	18,633	2,043
2029	19,569	1,107
2030	12,534	195
Total	<u>\$ 85,372</u>	<u>\$ 10,061</u>

8. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Indian River County, Florida:

Florida education finance program	\$ 1,569,280
Discretionary local effort	327,805
Class size reduction	267,264
Discretionary millage	234,819
ESE guaranteed allocation	102,044
Educational enrichment share	63,795
CTE Industry certifications	45,313
School recognition	40,924
Safe schools	31,462
Mental health assistance	19,799
Stronger connections	11,697
School hardening	4,434
Educational facilities security	4,251
Prior year millage adjustment	3,821

Total \$ 2,726,708

The administrative fee paid to the District School Board of Indian River County during the year ended June 30, 2025 totaled \$38,667, which is reflected as a fiscal services expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in funds - governmental funds.

9. RISK MANAGEMENT PROGRAMS

During the year ended June 30, 2025, employees of the School were covered by purchased health insurance. The School contributes monthly for each employee to the plan, and employees, at their option, authorize payroll withholdings to pay contributions for dependents.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Notes to Financial Statements

General liability, professional liability, property, and workers' compensation coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Commercial coverage has not been exceeded.

10. 401(k) PLAN

The School initiated a 401(k) defined contribution plan on August 22, 2006 that covers all employees who have attained twenty-one years of age and satisfied a one-year service requirement. The plan is administered by the Principal Financial Group. Employees may make elective contributions up to 25% of their compensation and the limit established by federal law. The School may make elective contributions equal to the employee's contribution up to a limit of 3% of the employee's compensation for the fiscal year. For the year ended June 30, 2025, the School made elective contributions of \$60,816 to the plan.

11. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2025, was as follows:

Capital assets:	
Not being depreciated/amortized	\$ 180,733
Being depreciated/amortized, net	<u>3,433,994</u>
Total capital assets	3,614,727
Related debt:	
Notes and other long-term liabilities	<u>354,956</u>
Net investment in capital assets	<u>\$ 3,259,771</u>

12. ADOPTION OF GASB 101, COMPENSATED ABSENCES

Change in Accounting Principle

Effective for the fiscal year ending June 30, 2025, the School implemented GASB Statement No. 101, *Compensated Absences*, which establishes a unified recognition and measurement model for compensated absences. This Statement supersedes prior guidance and is intended to enhance consistency, comparability, and transparency in financial reporting.

Liabilities for compensated absences are measured using the employee's pay rate as of the date of the financial statements and include all amounts that have been earned as of year end, accumulates and is more likely than not to be used for time off or otherwise paid in cash. Salary-related payments that are directly associated with leave are also included in the liability measurement.

As a result of the adoption, the School recognized an increase in compensated absences liability of \$33,562 for the year ended June 30, 2025.



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SUPPLEMENTARY INFORMATION

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COMBINING FUND FINANCIAL STATEMENTS

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Combining Statement of Revenues, Expenditures and Change in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue			Total
	Food Service	IDEA	ESSER	
Revenues				
Federal sources	\$ 68,394	\$ 37,563	\$ 42,845	\$ 148,802
Expenditures				
Current:				
Instruction	-	37,563	42,845	80,408
Food services	68,394	-	-	68,394
Total expenditures	<u>68,394</u>	<u>37,563</u>	<u>42,845</u>	<u>148,802</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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**

September 26, 2025

Board of Directors
Sebastian Charter Junior High, Inc
Sebastian, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Sebastian Charter Junior High, Inc.** (the "School"), as of and for the year ended June 30, 2025, 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 26, 2025.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2025-001 that we consider to be a material weakness.



Report on Compliance and Other Matters

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

Sebastian Charter Junior High Inc's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

SEBASTIAN CHARTER JUNIOR HIGH SCHOOL, INC.

Schedule of Findings and Responses

For the Year Ended June 30, 2025

2025-001 - Audit adjustments

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. We identified and proposed a material audit adjustments for the teachers payroll accrual at year-end and to record the new printer lease that met the requirements of GASB 87.

Cause. This condition was the result of internal controls not detecting all adjustments necessary to properly state year-end balances.

Effect. As a result of this condition, the School's accounting records were initially misstated by amounts material to the financial statements.

Recommendation. Management has already taken appropriate corrective action by posting correcting journal entries. However, we recommend that the School prepare, review, and reconcile all year-end balances as well as the schedules that are used in financial reporting prior to audit fieldwork.

View of Responsible Officials. Management concurs with the finding. A change in methodology as to how this payroll accrual was calculated caused the misstatement. Additionally, the School will review the effect of new leases and record appropriate entries to reflect these transactions. The accounting records of the School have been corrected and the accrual will be recorded appropriately going forward.



September 26, 2025

To the Board of Directors
Sebastian Charter Junior High, Inc.
Sebastian, Florida

Report on the Financial Statements

We have audited the financial statements of the *Sebastian Charter Junior High, Inc.* (the "School"), Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 26, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our 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*. Disclosures in that report, which are dated September 26, 2025, 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 prior years audit, we did not have any findings.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are *Sebastian Charter Junior High, Inc.* and 5005.



Financial Condition and Management

Sections 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 *Sebastian Charter Junior High, Inc.* 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 *Sebastian Charter Junior High, Inc.* 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 *Sebastian Charter Junior High, Inc.* 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 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

Sections 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 *Sebastian Charter Junior High, Inc.* maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that *Sebastian Charter Junior High, Inc.* 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 Board of Directors, applicable management, and the Indian River County School District and is not intended to be and should not be used by anyone other than these specified parties.



Rehmann Robson LLC

Vero Beach, Florida

September 26, 2025

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