

School Board of Indian River County
Vero Beach, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2012

Frances J. Adams, Ed.D., Superintendent



Mrs. Karen Disney-Brombach, District 1

Mr. Jeffrey Pegler, Chairman District 2

Mr. Matthew McCain, District 3

Mrs. Carol Johnson, Vice Chair District 4

Mrs. Claudia Jimenez, District 5

Our Mission: To serve all students with excellence



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The School Board of Indian River County, Florida

Vero Beach, Florida

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

Prepared by:
Division of Business & Finance



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The School Board of Indian River County, Florida
Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2012

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Transmittal Letter



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School District of Indian River County

1990 25th Street • Vero Beach, Florida 32960-3395 – Telephone: 772-564-3000 • Fax: 772-569-0424

Frances J. Adams, Ed.D.
Superintendent



December 13, 2012

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

The Comprehensive Annual Financial Report of the School Board of Indian River County, Florida (the “School Board” or the “District”) for the fiscal year ended June 30, 2012, is hereby submitted. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the District as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the District’s financial affairs have been included. The responsibility for the preparation of the accompanying financial statements and other information contained in this report, based on the above standards, rests with the District’s management.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the United States Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and the independent auditor’s report on internal control and compliance with direct and material requirements, are included in the single audit section.

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

**“Educate and inspire every
Student to be successful”**

Karen Disney-Brombach
District 1

• Jeffrey Pegler
District 2

• Matthew McCain
District 3

• Carol Johnson
District 4

• Claudia Jimenez
District 5

“To serve all students with excellence”

Equal Opportunity Educator and Employer

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

GENERAL INFORMATION

The District and its governing board were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by the District school officials in accordance with Chapter 1001, Florida Statutes. The School Board consists of five elected officials responsible for the adoption of policies, which govern the operation of the District's public schools. The Superintendent is also specifically delegated the responsibility of maintaining a uniform system of records and accounts in the District by Section 1010.01, Florida Statutes, as prescribed by the State Board of Education.

The geographical boundaries of the District are those of Indian River County. During the 2011-12 fiscal year, the District operated 25 schools, including 13 elementary schools, 4 middle schools, 2 high schools, 5 special centers for students and 1 separate adult education center. Additionally, the District sponsored 5 charter schools. The District reported 17,722 unweighted full-time equivalent students for all locations; and is projecting 17,738 unweighted full-time equivalent students for the 2012-13 fiscal year.

GENERAL DESCRIPTION AND LOCATION

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

ECONOMIC CONDITIONS AND OUTLOOK

The County located in the middle of the state on the Atlantic Coast, is primarily supported by tourism and agriculture; mostly citrus, although other industries have grown in the past decade. Some stability is provided with top employers being governmental such as the District, the County, and the City of Vero Beach. The City of Vero Beach is the county

seat and largest municipality. The District's taxable assessed property values have declined 24.6 percent since its 2007-08 fiscal year peak of \$18.6 billion to \$14.0 billion in the 2011-12 fiscal year, reflecting the economic decline's impact on housing. Socioeconomic indicators are above average with per-capita income and median family income at 126 percent and 102 percent of the State, respectively.

While the economic recovery remains tenuous in the County, it still maintains long term expansion capabilities given its favorable location and moderately diversified base. The current high unemployment rate level at 11.3 percent in June 2012 compared to the State's 9.0 percent and the nation's 8.4 percent is indicative of a still narrowly focused economy. Improvements in unemployment rates, from 13.2 percent in 1992 to 4.2 percent in 2006, have been set back significantly, reflecting the weakened housing market and related declines in real estate that has affected construction and service-related industries in the county.

According to a 2007 Census of Agriculture, there were 415 farms located within the County totaling 157,196 acres, of which cropland covers 51.7 percent, improved pasture and rangelands cover 22.2 percent, forests and woodlands cover approximately 22.1 percent, and 4.0 percent is for other uses.

The County experienced steady population growth over the last decade, increasing 25 percent during the 1990s and another 22 percent since 2000 to a population of 138,028 for 2011. While the population growth has been steadily increasing so has the median age of the resident population, as persons aged 35-54 make up the largest percentage of residents in the County. Vero Beach, the largest city in the County had a 2010 Census population of 15,220, compared to the 2000 Census population of 17,705. In 2010, Indian River County ranked 35 out of 67 counties in Florida in terms of total population.

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

LONG TERM FINANCIAL PLANNING

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

Unassigned fund balance in the General Fund (7.54 percent of total general fund revenues) exceeds the District policy of 4 percent of revenues. During the initial planning for the budget, the District each year sets aside 4 percent of its revenues in order to ensure compliance with this policy.

MAJOR INITIATIVES

Common Core State Standards (CCSS). The Common Core standards outline a higher bar for what our students need to know in order for them to succeed in college and career. The District will be implementing these standards across the next few years, fundamentally changing and improving classroom instruction. New textbooks updated to CCSS will be adopted this year at the elementary level.

Reading Goal. The District has established a comprehensive reading goal to ensure that 90 percent of all students will be proficient in reading by the end of third grade. This year, Foundations programs will be implemented in 3 additional schools: Pelican Island, Sebastian and Treasure Coast Elementary, a total of 11. The Foundations prevention and the Sunday intervention program is for students in grades K-2, and are implemented in partnership with a local non-profit organization, The Learning Alliance.

In addition, the District's comprehensive K-12 Reading Plan focuses on strengthening reading instruction and improving performance at all grade levels, including the implementation of the SAT 10 in grades K-3, the Florida Assessment for Instruction in Reading (FAIR), District benchmark assessments; quality classroom instruction and remediation; and fidelity to the reading block through the mentoring, modeling, and ongoing staff development activities provided by The Learning Alliance, District reading specialist, and District reading coaches.

The long-term goal is to have master coaches, who will have a deep knowledge of reading instruction, at each school to ensure sustainability beyond the partnership.

Standards-Based Report Cards. New standards-based report cards were developed for elementary students in grades K-5. The report cards' new format clearly defines learning standards for each grade level and provides parents with detailed information on how well their child is progressing towards meeting grade level expectations. The report cards provide parents with a more accurate assessment of their child's progress.

Science, Technology, Engineering and Math (STEM). In order to meet future workforce demands, all students must have a solid foundation in science, technology, engineering, and mathematics (STEM). Professional development opportunities are provided for faculty, and teachers are provided with resources and training to re-energize their courses. In addition, courses in STEM areas are available to all students eligible for dual enrollment and career and technical programs.

Indian River Virtual School. Exciting developments are taking place on the curriculum front, as the District expands its educational offerings. K12 Virtual, Pasco County Virtual School, and Florida Virtual Academy will provide virtual courses to our students this school

year. The virtual programs are fully accredited and, provide certified teachers, and curriculum to students who are eligible.

New Evaluation System. The Marzano Evaluation System is a new, comprehensive teacher evaluation system, designed in collaboration with the Indian River Teacher's Union, which will provide teachers with unprecedented tools and support to improve their practice and better drive student learning.

In addition, the District will be using the Faste Observer System as a new District-wide measurement of student growth, moving away from using FCAT as the sole gauge of student achievement. Using Faste Observer in our schools District-wide will provide school leaders and teachers with access to data that can better inform them of their students' academic needs and feedback on instruction.

Each component of our new evaluation system, Teacher Practices and Student Growth, is grounded in research and experiences from districts across the country. The Marzano System is replacing the current outdated evaluation system that is disconnected from the needs and vision of today's teachers and classrooms.

Professional Development Opportunities. The Professional Development Department provides quality, unique training opportunities for staff throughout the District. The department has partnered with multiple organizations to implement innovative, creative, and hands-on virtual and live training opportunities. These trainings include: ESOL trainings, PD360 Online Professional Development, Rosetta Stone, online reading endorsement courses, Common Core, and a variety of district and site-based trainings. The District has facilitated three Educational Extravaganzas, in August and October of 2011 and August 2012, which included trainings on classroom management, reading and math strategies, differentiated instruction, STEM lesson design, grant writing, cooperative learning, rubrics, working with autistic and/or gifted students, classroom website design, and numerous other topics. Since the beginning of the school year, trainers from Learning Sciences International and District staff have been conducting training sessions for administrators and instructional staff on the new teacher evaluation system.

The Education Foundation of Indian River County, Inc. The Education Foundation of Indian River County (Foundation), an independent and self-funded organization, exists to fulfill unmet funding gaps of the District through six core programs that link and engage community leaders in the process of supporting public education. During the 2011-12 school year, the Foundation infused over \$600,000 in program services and awarded over \$400,000 in college scholarships and academic awards at the Indian River Regional Science & Engineering Fair. In addition, the Foundation and the District partnered to receive an Impact 100 grant to fund a secure computer networks system for students that will allow them access to an enhanced learning environment. In summary, over one million dollars in program services and scholarships were awarded during the 2011-12 school year.

OTHER INFORMATION

Student Performance. Indian River County students continue to perform very favorably as compared with other students in Florida based on the Florida Comprehensive Assessment Test (FCAT). The FCAT 2.0 measures student progress toward mastery of benchmarks of the Next Generation Sunshine State Standards for all Florida public school students in grades 3 through 10. In the District, eleven schools achieved an “A”. Seven schools received a letter grade of “B”, and four schools received a letter grade of “C”. There were no schools in the District with either a “D” or an “F”. High school grades have not been released as of the date of this report. The District received a letter grade of “B” for the 2011-12 school year.

INDEPENDENT AUDIT

Section 218.39, Florida Statutes, requires an annual audit by the Auditor General or another independent certified public accountant. The Office of the Auditor General for the State of Florida conducted the audit for the fiscal year ended June 30, 2012. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The auditor’s report on the basic financial statements is included in the Financial Section of this report.

REPORTING ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the School Board of Indian River County for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The School Board of Indian River County also received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This award, valid for one year, certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO.

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

ACKNOWLEDGEMENT

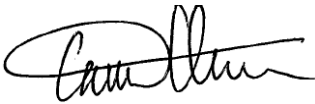
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Division of Business and Finance, and of all the other departments, which provided valuable assistance and necessary support throughout the preparation of this report.

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

Respectfully submitted,



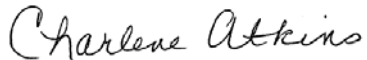
Frances J. Adams, Ed.D.
Superintendent of Schools



Carter Morrison
Assistant Superintendent for Finance



Eloise Simpson
Accounting Manager



Charlene Atkins
Accounting Manager

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

LIST OF PRINCIPAL OFFICIALS – ELECTED

	Mr. Jeffrey Pegler, Chair Member from District 2 Member since November 2010 Current term expires November 2014
	Mrs. Carol Johnson, Vice Chair Member from District 4 Member since November 2006 Current term expires November 2014
	Mrs. Karen Disney – Brombach Member from District 1 Member since November 2006 Current term expires November 2014
	Ms. Claudia Jiménez Member from District 5 Member since November 2008 Current term expires November 2012
	Mr. Matthew McCain Member from District 3 Member since November 2008 Current term expires November 2012

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
LIST OF PRINCIPAL OFFICIALS - APPOINTED

Frances J. Adams, Ed.D.	Superintendent
Terri D’Albora	Assistant Superintendent for Curriculum and Instruction
Carter Morrison	Assistant Superintendent for Finance
Pamela Lannon	Assistant Superintendent for Human Resources/Risk Management
Denise Roberts	Executive Director Human Resources
Bruce Green	Executive Director Instructional and Information Technology
Jody Idlette Bennett	Executive Director Core Curriculum
Michael Ferrentino	Executive Director Exceptional Student Education
Cynthia Rountree	Director Instructional Support



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

School Board of Indian River
County, Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moir

President

Jeffrey R. Enen

Executive Director

Association of School Business Officials International



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

School Board of Indian River County

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

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

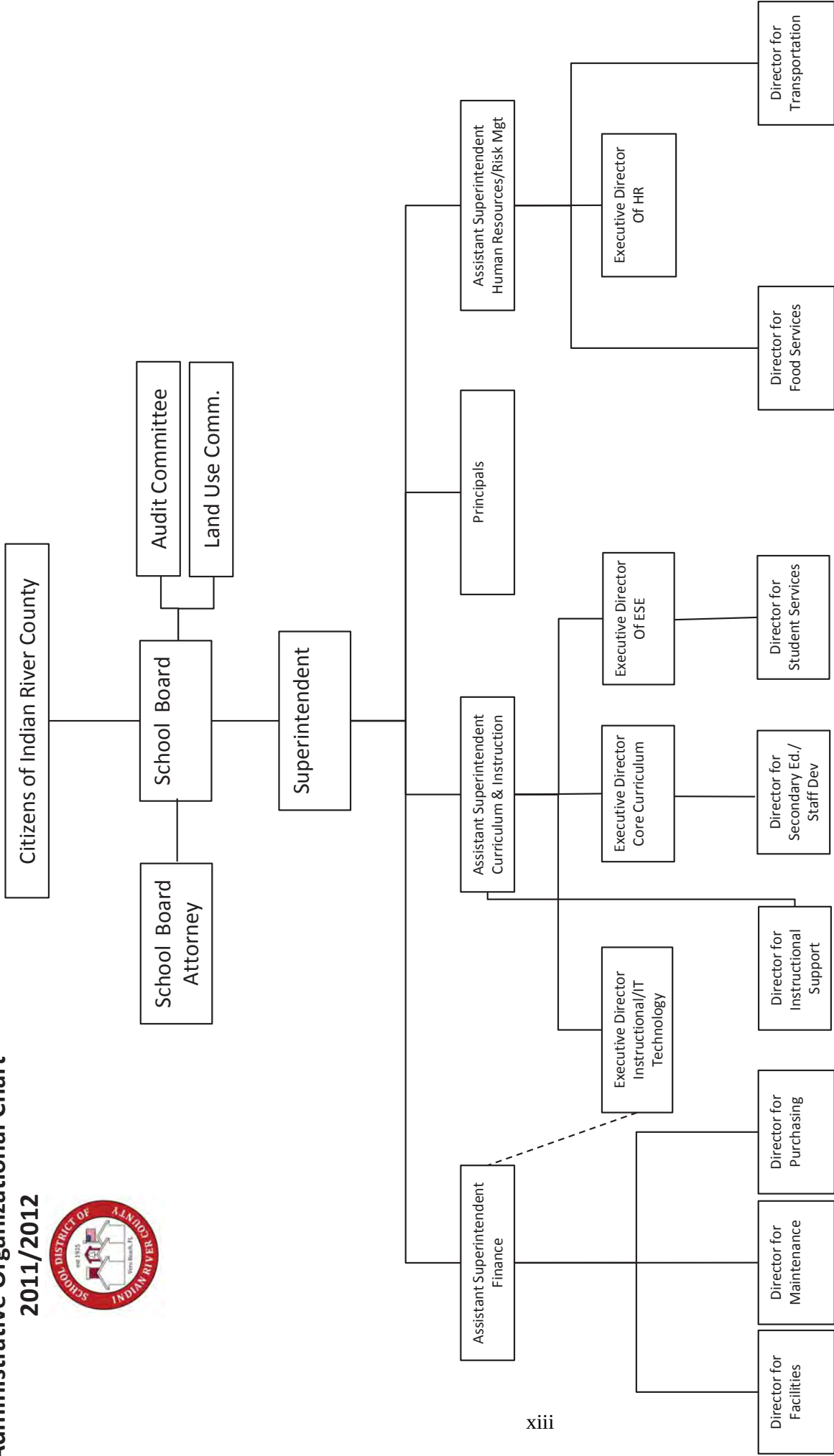


A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director





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Independent Auditor's Report on Financial
Statements



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DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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



PHONE: 850-488-5534
FAX: 850-488-6975

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 9 percent of the assets and 21 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the aggregate discretely presented component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Indian River County District School Board as of June 30, 2012, and the respective changes in

financial position and, where applicable, cash flows, thereof and the budgetary comparison for the general fund and major special revenue fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Indian River County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** and **SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, have 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, based on our

audit and the reports of other auditors, the combining and individual fund financial statements and schedules, and the **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Respectfully submitted,



David W. Martin, CPA

December 13, 2012

Audit Report No. 2013-055



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Management's Discussion and Analysis



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Management's Discussion and Analysis

This section of the School Board of Indian River County, Florida's (the District) comprehensive annual financial report represents our discussion and analysis of the financial performance of the District for the fiscal year ended June 30, 2012. This information should be read in conjunction with the financial statements included in this report.

Financial Highlights

- ◆ The assets of the District exceed its liabilities at June 30, 2012, by \$245 million. Of this amount, \$213 million represents investments in capital assets (net of related debt), and \$32 million represents restricted and unrestricted net assets of \$34 million and negative \$2 million, respectively.
- ◆ The District's total net assets decreased by \$3.0 million or 1.2 percent.
- ◆ Program revenues account for \$12.4 million or 7.3 percent of total revenues, and general revenues account for \$156.4 million or 92.7 percent.
- ◆ The governmental funds report combined fund balances of \$63.2 million, a decrease of \$24.9 million in comparison to the prior fiscal year.
- ◆ At the end of the fiscal year, assigned plus unassigned fund balance for the General Fund was \$12.6 million, or 10.4 percent of General Fund revenues.

Overview of the Financial Statements

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

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in the manner that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used in the private sector. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

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

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

- ◆ Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's class size reduction and education finance programs provide most of the resources that support these activities.
- ◆ Business-type activities – The District charges fees to cover the cost of certain services it provides. These activities are for its Extended Day Care Program.
- ◆ Component units – The District presents five separate legal entities that operate as charter schools as discussed in the notes to the basic financial statements. Although these are legally separate organizations, the component units' activities are included in the financial statements since they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government. The Indian River County School Board Leasing Corporation, although a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the leasing corporation, the leasing corporation has been included as an integral part of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

The District has several governmental fund types: the General Fund, the debt service funds, the special revenue funds (including the School Food Services Program), and the capital projects funds. Within these funds, the District maintains 14 individual funds. Of those funds, the General Fund, Special Revenue – Federal Economic Stimulus Fund, Debt Service – Other Fund, Debt Service – American Recovery and Reinvestment Act (ARRA) Fund, Capital Projects – Local Capital Improvement Fund, Capital Projects – Other Fund, and Capital Projects – American Recovery and Reinvestment Act (ARRA) Fund are considered to be major funds.

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information showing historical trend information about the funded status of the District's postemployment benefits plan. The required supplementary information can be found immediately following the notes to the basic financial statements. The combining statements of the nonmajor governmental funds as well as the internal service funds are presented immediately following the required supplementary information on the postemployment benefits plan.

Government-wide Financial Analysis

The School Board of Indian River County, Florida						
Condensed Statement of Net Assets						
June 30, 2012 and 2011						
(amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 91,793	\$ 118,046	\$ 574	\$ 473	\$ 92,367	\$ 118,519
Capital assets, net	334,695	320,342	-	-	334,695	320,342
Total assets	426,488	438,388	574	473	427,062	438,861
Current and other liabilities	18,489	18,705	26	36	18,515	18,741
Long-term liabilities	163,837	172,436	28	36	163,865	172,472
Total liabilities	182,326	191,141	54	72	182,380	191,213
Net assets:						
Invested in capital assets, net of related debt	212,594	204,036	-	-	212,594	204,036
Restricted	33,743	44,120	-	-	33,743	44,120
Unrestricted (Deficit)	(2,175)	(909)	520	401	(1,655)	(508)
Total net assets	\$ 244,162	\$ 247,247	\$ 520	\$ 401	\$ 244,682	\$ 247,648

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$245 million at the end of the fiscal year. The largest portion of the District's net assets, \$213 million (86.9 percent), reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding.

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

An additional portion of the District's net assets, \$33.7 million, represents resources subject to external restrictions on how they may be used. The remaining balance of net assets (\$23 million exclusion of \$8.9 million in compensated absences payable and \$15.8 million in other postemployment benefits obligations) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. Restricted net assets have decreased \$10.4 million from June 30, 2011, to June 30, 2012, because of a decrease in the amounts restricted for capital projects.

The School Board of Indian River County, Florida Condensed Statement of Activities and Changes in Net Assets June 30, 2012 and 2011 (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,051	\$ 3,332	\$ 767	\$ 769	\$ 3,818	\$ 4,101
Operating grants and contributions	6,331	5,765	-	-	6,331	5,765
Capital grants and contributions	2,212	2,523	-	-	2,212	2,523
General revenues:						
Property taxes, levied for operational purposes	86,569	93,342	-	-	86,569	93,342
Property taxes, levied for debt service	4,727	4,794	-	-	4,727	4,794
Property taxes, levied for capital projects	20,509	21,816	-	-	20,509	21,816
Grants and contributions, non-restricted	41,342	51,432	-	-	41,342	51,432
Miscellaneous	2,330	1,838	-	-	2,330	1,838
Unrestricted investment earnings	931	1,309	1	2	932	1,311
Total revenue	168,002	186,151	768	771	168,770	186,922
Expenses:						
Instruction	93,440	97,419	-	-	93,440	97,419
Pupil personnel services	4,714	4,784	-	-	4,714	4,784
Instructional media services	2,048	2,172	-	-	2,048	2,172
Instruction and curriculum development services	4,569	4,862	-	-	4,569	4,862
Instructional staff training services	2,226	2,235	-	-	2,226	2,235
Instruction related technology	1,375	1,006	-	-	1,375	1,006
School Board	835	1,031	-	-	835	1,031
General administration	922	843	-	-	922	843
School administration	7,875	8,425	-	-	7,875	8,425
Facility services - non-capitalized	5,785	14,809	-	-	5,785	14,809
Fiscal services	1,220	1,429	-	-	1,220	1,429
Food services	9,257	8,102	-	-	9,257	8,102
Central services	2,154	2,138	-	-	2,154	2,138
Pupil transportation services	6,361	6,106	-	-	6,361	6,106
Operation of plant	13,080	11,634	-	-	13,080	11,634
Maintenance of plant	3,218	412	-	-	3,218	412
Administrative technology services	2,042	2,496	-	-	2,042	2,496
Community services	255	281	-	-	255	281
Unallocated interest on long-term debt	7,344	7,339	-	-	7,344	7,339
Loss on Disposal of Assets	2,367	-	-	-	2,367	-
Extended Day Program	-	-	649	709	649	709
Total expenses	171,087	177,523	649	709	171,736	178,232
Change in net assets	(3,085)	8,628	119	62	(2,966)	8,690
Net assets, beginning	247,247	238,619	401	339	247,648	238,958
Net assets, ending	\$ 244,162	\$ 247,247	\$ 520	\$ 401	\$ 244,682	\$ 247,648

Governmental Activities

Governmental activities decreased the District's net assets by \$3.1 million for the fiscal year ended June 30, 2012. Key components of this decrease are as follows:

- ◆ Unrestricted grants and contributions decreased by \$10.1 million primarily due to a decrease in funding from the American Recovery and Reinvestment Act (ARRA) and Education Jobs Fund of \$12.0 million, partially offset by an increase in State of Florida's Florida Education Finance Program of \$2.0 million.
- ◆ Governmental activities expenses decreased from the prior fiscal year by \$6.4 million due, in part, to 2010-11 fiscal year one-time nonrecurring payments of \$3.5 million made to the South Central Educational Risk Management Program (SCERMP); liquidation of balance of Board-approved capital millage allocation to charter schools of \$1.5 million; and a new requirement that employees contribute 3 percent of their pay to the Florida Retirement System.
- ◆ Property taxes levied for operational purposes decreased by \$6.8 million, primarily as a result of a decrease in the taxable assessed value of taxable property of 6.4 percent over the previous fiscal year.

Business-Type Activities

The Extended Day Program business-type activities increased the District's net assets by \$119 thousand for the fiscal year ended June 30, 2012. Charges for services and other income totaled \$768 thousand, while Extended Day Program expenses totaled \$649 thousand. Total expenses were down due to lower Florida Retirement System contributions by the District, cost curtailments in staff, and lower amounts spent on field trips. As a result, the change in net assets increased by \$57 thousand more than in the 2010-11 fiscal year.

Financial Analysis of the District's Funds

The District's governmental funds reported a combined fund balance of \$63.2 million, which is a decrease of \$24.9 million over last year's total of \$88.1 million. The following schedule indicates the fund balance and the total change in fund balance by major fund versus other governmental funds as reported in the basic financial statements for the fiscal years ended June 30, 2012, and 2011.

<i>Fund Balance (in thousands)</i>	2012	2011	Increase (Decrease)	Percentage Change
General Fund	\$ 16,288	\$ 14,572	\$ 1,716	11.8%
Debt Service Funds				
Other	24	21	3	14.3%
ARRA	1,481	7	1,474	21057.1%
Capital Projects Funds:				
Local Capital Improvement	21,518	29,301	(7,783)	(26.6)%
Other	9,928	15,155	(5,227)	(34.5)%
ARRA	10,894	24,790	(13,896)	(56.1)%
Other Governmental Funds	3,110	4,342	(1,232)	(28.4)%
Total	<u>\$ 63,243</u>	<u>\$ 88,188</u>	<u>\$ (24,945)</u>	(28.3)%

General Fund

The District's General Fund balance increased by \$1.7 million primarily due to a higher transfer amount from capital projects funds in other financing sources. The tables that follow illustrate the financial activities and balance of the General Fund.

<i>Revenues and Other Financing Sources (in thousands)</i>	2012	2011	Increase (Decrease)	Percentage Change
Taxes	\$ 86,569	\$ 93,342	\$ (6,773)	(7.3)%
Investment earnings	379	532	(153)	(28.8)%
State revenues	30,329	28,187	2,142	7.6%
Other revenues	3,763	3,034	729	24.0%
Other financing sources	4,450	1,002	3,448	344.1%
Total	<u>\$ 125,490</u>	<u>\$ 126,097</u>	<u>\$ (607)</u>	(0.5)%

Property tax revenue decreased by \$6.8 million due to the decrease in the required local effort millage rates of approximately .48 percent, as set by the Legislature, and a decline in taxable assessed valuations of 6.4 percent.

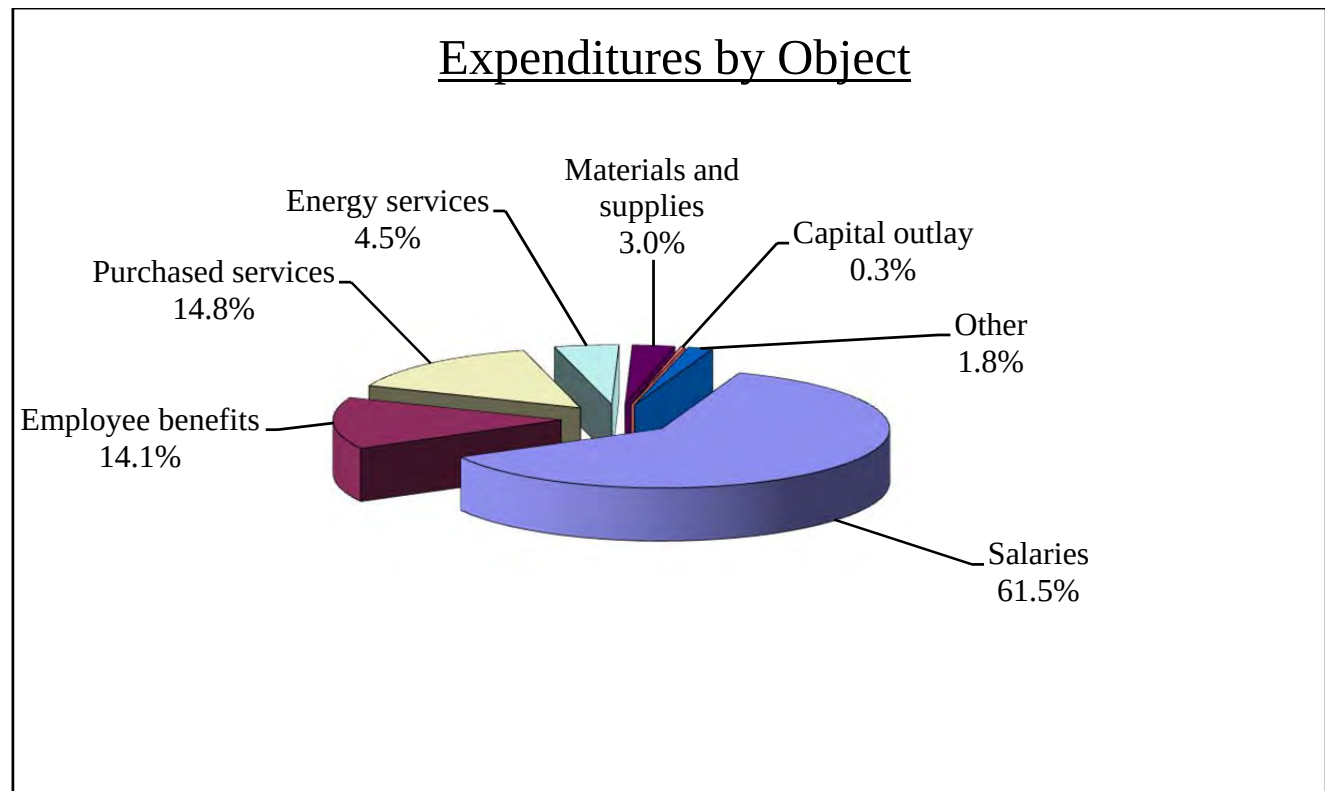
Investment earnings decreased from the prior fiscal year due in part to declining interest rates.

State revenue increased by \$2.1 million for the fiscal year ended June 30, 2012. This is primarily due to the increase in FEFP funding compared to the fiscal year ended June 30, 2011.

The increase in other financing sources of \$3.4 million is primarily due to an accounting change, which increased the budgeted transfers from the Local Capital Improvement Fund by \$3.4 million to cover expenditures in the Maintenance and Facilities Departments.

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

<i>Expenditures by Object (in thousands)</i>	2012	2011	Increase (Decrease)	Percentage Change
Salaries	\$ 76,104	\$ 66,919	\$ 9,185	13.7%
Employee benefits	17,436	19,378	(1,942)	(10.0)%
Purchased services	18,357	16,037	2,320	14.5%
Energy services	5,621	5,501	120	2.2%
Materials & supplies	3,702	3,473	229	6.6%
Capital outlay	375	231	144	62.3%
Other	2,179	2,523	(344)	(13.6)%
Total	\$ 123,774	\$ 114,062	\$ 9,712	8.5%



Expenditures increased \$9.7 million, or 8.5 percent from the prior fiscal year. Salaries increased from the prior fiscal year primarily due to the change in accounting for maintenance and facilities staffing costs and staff that were previously charged to the Special Revenue – Federal Economic Stimulus fund being paid by the General Fund in the 2011-12 fiscal year. This increase was partially offset by the reduction of the Florida Retirement System (FRS) rate, which decreased and also transferred 3 percent of retirement contributions to employees, thus lowering the Board contribution to FRS.

Purchased services expenditures increased \$2.3 million or 14.5 percent primarily due to the property casualty insurance premium of \$1.5 million previously paid from the Capital Projects - Local Capital Improvement Fund.

Expenditures for materials and supplies increased over the prior fiscal year by \$229 thousand or 6.6 percent. This is primarily due to increased expenditures for classroom supplies and materials for various programs, such as Advanced Placement, Summer School, and other programs aimed toward increasing student achievement.

Energy services expenditures increased over the prior fiscal year by \$120 thousand or 2.2 percent primarily due to increased vehicle fuel costs.

Special Revenue – Federal Economic Stimulus Fund

The Special Revenue – Federal Economic Stimulus Fund does not report fund balance because revenues are reported to the extent of expenditures. Revenues and expenditures decreased by \$12.0 million each from the previous fiscal year. This decrease was due to the end of Federal economic stimulus programs except for the Race-to-the-Top grants, which are scheduled to continue until the 2013-14 fiscal year.

Debt Service - Other Fund

The Debt Service – Other Fund maintains a small fund balance, which is reserved for payment of debt service expenditures.

Debt Service – ARRA Fund

The Debt Service – ARRA Fund has a total fund balance of \$1.5 million, which is restricted for the payment of debt service on Certificates of Participation, Series 2010 Qualified School Construction Bonds (QSCB) issued on December 1, 2010. This increase from the prior fiscal year is for the first debt service sinking fund deposit to the Trustee of the Fund.

Capital Projects – Local Capital Improvement Fund

The fund balance of the Capital Projects – Local Capital Improvement Fund decreased by \$7.8 million, or 26.6 percent during the fiscal year. This was due to lower taxable assessed valuations for property tax revenue, spend down of projects in expenditures, increase of \$1.5 million in the transfer to Debt Service – ARRA Fund, for Series 2010 QSCB debt, and the increase in the transfer to the General Fund. Fund balance totaled \$21.5 million, of this amount \$4.5 million has been encumbered for specific projects.

Capital Projects - Other Fund

The fund balance of the Capital Projects - Other Fund decreased by \$5.2 million, or 34.5 percent during the fiscal year. This was primarily from spending of impact fees of \$3.8 million for

Sebastian River High School classroom additions, and spending \$962 thousand of Certificates of Participation (COP) Series 2007 funds on the Support Services Complex. It should be noted that \$5.5 million of the \$9.9 million of fund balance has been encumbered for specific projects.

Capital Projects – ARRA Fund

The fund balance of the Capital Projects – ARRA Fund decreased by \$13.9 million, or 56.1 percent. The fund balance is restricted for specific capital projects funded from the Series 2010 QSCB. The District spent \$13.9 million of these funds during the fiscal year on the Vero Beach Elementary Replacement project. It should be noted that \$4.2 million of the \$10.9 million of fund balance has been encumbered for specific projects.

Other Governmental Funds

The fund balance of the Other Governmental Funds decreased by \$1.2 million or 28.4 percent. This is primarily from the spend down of prior fiscal year Public Education Capital Outlay (PECO) funds of \$897 thousand on projects for renovation, remodeling, and health and safety. The District did not receive State PECO funds for the 2011-12 fiscal year.

General Fund Budget Information

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

The District amended its other financing source estimates to reflect the budgeted transfer from the Local Capital Improvement Fund. The transfer was not originally budgeted, so the amendment increased the General Fund transfers budget by \$3.3 million.

Accordingly, the District amended its appropriations estimates to include the increased salary and benefits for the maintenance and facilities services personnel costs. More detailed information about the District's maintenance and facilities transfer accounting treatments is included in Note 2 to the financial statements.

Capital Assets

The District investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$334.7 million (net of accumulated depreciation). This investment in capital assets includes: land; construction in process; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; audio-visual materials and computer software; and property under capital lease.

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

- ◆ Construction in progress at June 30, 2012, includes Vero Beach Elementary replacement, Sebastian River High School (SRHS) classrooms, Dodgertown Elementary HVAC, and SRHS HVAC.

- ◆ Projects completed and included in buildings and improvements include the Support Services Complex, a new Dodgertown Elementary Cafeteria building, and Glendale Elementary paving and drainage improvements.

The total increase in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was approximately 4 percent. Detailed information regarding capital asset activity is included in Notes 6 and 18 to the basic financial statements.

Long-Term Debt and Other Long-Term Liabilities

At the end of the current fiscal year, the District has total long-term liabilities outstanding of \$163.9 million. Of this amount, \$10.8 million represents bonds, \$126.7 million represents certificates of participation, \$700 thousand represents obligations under capital lease, \$1.0 million represents unamortized premiums, \$8.9 million represents compensated absences payable, and \$15.8 million represents other postemployment benefits payable. During the 2011-12 fiscal year, the District made principal payments of \$4.5 million on general obligation bonds, \$300 thousand on State Board of Education bonds, \$4.7 million on certificates of participation, and \$373 thousand on capital leases. The District increased compensated absences by \$25 thousand, increased other postemployment benefits by \$1.3 million, and decreased unamortized premiums by \$71 thousand.

Detailed information regarding long-term debt activity is included in the notes to the basic financial statements, specifically Note 8, Obligations Under Capital Lease; Note 9, Certificates of Participation; Note 10, Bonds Payable, and Note 11, Changes in Long-Term Liabilities.

Economic Factors and Next Year's Budgets and Rates

Local property taxes are the District's primary source of revenue. The required local effort (RLE) for the 2012-13 fiscal year is projected to be 5.425 mills (an increase of .029 mills); the discretionary millage is projected to be .748 mills; discretionary critical needs – operating is projected to be .250 mills; and capital outlay millage is projected to be 1.50 mills. General Fund revenues and other financing sources are projected to be \$127.2 million, and expenditures are expected to be \$129.9 million.

Requests for Information

This comprehensive annual financial report is designed to provide a general financial overview of the School Board of Indian River County, Florida for all those interested in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Board of Indian River County, Florida, Attn: Assistant Superintendent for Finance, 1990 25th Street, Vero Beach, FL 32960.



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BASIC FINANCIAL STATEMENTS



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The School Board of Indian River County, Florida
Statement of Net Assets
June 30, 2012
(amounts expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Charter Schools
ASSETS				
Cash and Cash Equivalents	\$ 58,379	\$ 574	\$ 58,953	\$ 3,382
Investments	25,693	-	25,693	-
Receivables	186	-	186	31
Due from Local Sources	-	-	-	326
Due from Operating Company	-	-	-	131
Due From Other Agencies	2,083	-	2,083	3
Notes Receivable	3,802	-	3,802	-
Inventories	489	-	489	-
Prepaid Items	-	-	-	109
Deferred Charges	1,161	-	1,161	54
Capital Assets:				
Non-Depreciable	53,030	-	53,030	971
Depreciable (Net)	281,665	-	281,665	10,520
Total Assets	426,488	574	427,062	15,527
LIABILITIES				
Accrued Salaries and Benefits	2,072	17	2,089	269
Accounts Payable	975	7	982	43
Accrued Expenses	-	-	-	192
Construction Contracts Payable	1,116	-	1,116	-
Retainage Payable on Contracts	1,706	-	1,706	-
Due to Other Agencies	910	2	912	-
Matured Debt Payable	4,690	-	4,690	-
Matured Interest Payable	2,420	-	2,420	-
Unearned Revenue	1,335	-	1,335	481
Accrued Interest Payable	69	-	69	-
Estimated Insurance Claims Payable	3,196	-	3,196	-
Noncurrent Liabilities:				
Portion Due Within One Year	12,450	-	12,450	440
Portion Due In More Than One Year	151,387	28	151,415	4,714
Total Liabilities	182,326	54	182,380	6,139
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	212,594	-	212,594	6,401
Restricted for:				
Special Revenue - Food Service	1,917	-	1,917	-
Capital Projects	27,074	-	27,074	573
Debt Service	1,998	-	1,998	-
State Required Carryover Programs, Adult Workforce, and Donations	2,754	-	2,754	-
Unrestricted	(2,175)	520	(1,655)	2,414
Total Net Assets	\$ 244,162	\$ 520	\$ 244,682	\$ 9,388

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



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The School Board of Indian River County, Florida
Statement of Activities
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-Type Activities	Total	Charter Schools
Primary Government:								
Governmental Activities:								
Instruction	\$ 93,440	\$ 345	\$ -	\$ -	\$ (93,095)	\$ -	\$ (93,095)	
Pupil Personnel Services	4,714	-	-	-	(4,714)	-	(4,714)	
Instructional Media Services	2,048	-	-	-	(2,048)	-	(2,048)	
Instruction and Curriculum Development Services	4,569	-	-	-	(4,569)	-	(4,569)	
Instructional Staff Training Services	2,226	-	-	-	(2,226)	-	(2,226)	
Instruction Related Technology	1,375	-	-	-	(1,375)	-	(1,375)	
School Board	835	-	-	-	(835)	-	(835)	
General Administration	922	-	-	-	(922)	-	(922)	
School Administration	7,875	-	-	-	(7,875)	-	(7,875)	
Facilities Services - Non-Capitalized	5,785	-	-	96	(5,689)	-	(5,689)	
Fiscal Services	1,220	-	-	-	(1,220)	-	(1,220)	
Food Services	9,257	2,491	6,331	-	(435)	-	(435)	
Central Services	2,154	-	-	-	(2,154)	-	(2,154)	
Pupil Transportation Services	6,361	33	-	-	(6,328)	-	(6,328)	
Operation of Plant	13,080	-	-	-	(13,080)	-	(13,080)	
Maintenance of Plant	3,218	-	-	-	(3,218)	-	(3,218)	
Administrative Technology Services	2,042	-	-	-	(2,042)	-	(2,042)	
Community Services	255	182	-	-	(73)	-	(73)	
Unallocated Interest on Long-Term Debt	7,344	-	-	2,116	(5,228)	-	(5,228)	
Loss on disposal of Assets	2,367	-	-	-	(2,367)	-	(2,367)	
Total Governmental Activities	\$ 171,087	\$ 3,051	\$ 6,331	\$ 2,212	\$ (159,493)	\$ -	\$ (159,493)	
Business-Type Activities:								
Extended Day Program	650	767	-	-	-	117	117	
Total Primary Government	\$ 171,737	\$ 3,818	\$ 6,331	\$ 2,212	\$ (159,493)	\$ 117	\$ (159,376)	
Component Units:								
Charter Schools	\$ 14,442	\$ 698	\$ 956	\$ 323				(12,465)
General Revenues:								
Taxes:								
Property Taxes, Levied for Operational Purposes					86,569	-	86,569	-
Property Taxes, Levied for Debt Service					4,727	-	4,727	-
Property Taxes, Levied for Capital Projects					20,509	-	20,509	-
Grants and Contributions not Restricted to Specific Programs					41,342	-	41,342	12,114
Unrestricted Investment Earnings					931	2	933	9
Miscellaneous					2,330	-	2,330	521
Special Item - Loss on Disposal of Capital Assets					-	-	-	(17)
Total General Revenues and Special Item					156,408	2	156,410	12,627
Changes in Net Assets					(3,085)	119	(2,966)	162
Net Assets - Beginning					247,247	401	247,648	9,190
Adjustments to Beginning Net Assets					-	-	-	36
Net Assets - Ending					\$ 244,162	\$ 520	\$ 244,682	\$ 9,388

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

The School Board of Indian River County, Florida
Balance Sheet - Governmental Funds
June 30, 2012
(amounts expressed in thousands)

		<u>Special Revenue -</u>		<u>Debt Service -</u>
	<u>General</u>	<u>Federal Economic</u>		<u>American</u>
	<u>Fund</u>	<u>Stimulus</u>		<u>Recovery and</u>
		<u>Fund</u>	<u>Other Fund</u>	<u>Reinvestment Act</u>
				<u>(ARRA) Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 17,107	\$ 7	\$ 24	\$ 19
Investments	605	-	7,110	1,462
Receivables	19	-	-	-
Due from Other Agencies	1,094	-	-	-
Due from Other Funds	64	-	-	-
Notes Receivable	3,802	-	-	-
Inventories	311	-	-	-
	<u>23,002</u>	<u>7</u>	<u>7,134</u>	<u>1,481</u>
Total Assets	<u>\$ 23,002</u>	<u>\$ 7</u>	<u>\$ 7,134</u>	<u>\$ 1,481</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued Salaries and Benefits	\$ 1,702	\$ 1	\$ -	\$ -
Accounts Payable	444	6	-	-
Construction Contracts Payable	-	-	-	-
Retainage Payable on Contracts	-	-	-	-
Due to Other Agencies	754	-	-	-
Due to Other Funds	4	-	-	-
Deferred Revenue	3,810	-	-	-
Matured Bonds Payable	-	-	4,690	-
Matured Interest Payable	-	-	2,420	-
	<u>6,714</u>	<u>7</u>	<u>7,110</u>	<u>-</u>
Total Liabilities	<u>6,714</u>	<u>7</u>	<u>7,110</u>	<u>-</u>
Fund Balances:				
Nonspendable	916	-	-	-
Restricted	2,754	-	24	1,481
Assigned	3,489	-	-	-
Unassigned	9,129	-	-	-
	<u>16,288</u>	<u>-</u>	<u>24</u>	<u>1,481</u>
Total Fund Balances	<u>16,288</u>	<u>-</u>	<u>24</u>	<u>1,481</u>
Total Liabilities and Fund Balances	<u>\$ 23,002</u>	<u>\$ 7</u>	<u>\$ 7,134</u>	<u>\$ 1,481</u>

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

Capital Projects				
Local Capital Improvement Fund	Other Fund	American Recovery and Reinvestment Act (ARRA) Fund	Other Governmental Funds	Total Governmental Funds
\$ 22,849	\$ 6,476	\$ -	\$ 3,278	\$ 49,760
278	3,815	12,082	154	25,506
-	-	-	1	20
-	11	-	256	1,361
29	-	-	4	97
-	-	-	-	3,802
-	-	-	178	489
<u>\$ 23,156</u>	<u>\$ 10,302</u>	<u>\$ 12,082</u>	<u>\$ 3,871</u>	<u>\$ 81,035</u>
\$ -	\$ -	\$ -	\$ 369	\$ 2,072
334	2	13	172	971
286	372	458	-	1,116
989	-	717	-	1,706
-	-	-	156	910
29	-	-	64	97
-	-	-	-	3,810
-	-	-	-	4,690
-	-	-	-	2,420
<u>1,638</u>	<u>374</u>	<u>1,188</u>	<u>761</u>	<u>17,792</u>
278	1,335	-	189	2,718
21,240	8,593	10,894	2,921	47,907
-	-	-	-	3,489
-	-	-	-	9,129
<u>21,518</u>	<u>9,928</u>	<u>10,894</u>	<u>3,110</u>	<u>63,243</u>
<u>\$ 23,156</u>	<u>\$ 10,302</u>	<u>\$ 12,082</u>	<u>\$ 3,871</u>	<u>\$ 81,035</u>



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The School Board of Indian River County, Florida
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2012
(amounts expressed in thousands)

Total Fund Balances - Governmental Funds	\$	63,243
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		334,695
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Debt issuance costs are not expensed in the government-wide statements, but are reported as deferred charges and amortized over the life of the related debt.		1,161
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		5,167
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Notes receivable are accrued as revenue in the government-wide statements because they are earned, but are considered unearned revenue in the governmental funds because the repayments do not provide current financial resources and are not available to liquidate liabilities in the governmental funds.		3,802
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Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due.		(69)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Obligations Under Capital Lease	690	
Bonds Payable	10,840	
Certificates of Participation Payable	127,629	
Compensated Absences Payable	8,854	
Other Postemployment Benefits Payable	15,824	
Total long-term liabilities	(163,837)	

Total Net Assets - Governmental Activities	\$	244,162
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The notes to the basic financial statements are an integral part of this statement.

The School Board of Indian River County, Florida
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	General Fund	Special Revenue - Federal Economic Stimulus Fund	Debt Service -	
			Other Fund	American Recovery and Reinvestment Act (ARRA) Fund
REVENUES				
Federal Direct Sources:				
Reserve Officer Training Corps (ROTC)	\$ 167	\$ -	\$ -	\$ -
Miscellaneous Federal Direct	-	-	-	1,523
Total Federal Direct	167	-	-	1,523
Federal Through State Sources:				
Food Service	-	-	-	-
Other Federal Through State Sources	347	902	-	-
Total Federal through State	347	902	-	-
State Sources:				
Florida Education Finance Program	8,141	-	-	-
Categorical - Class Size Reduction	19,742	-	-	-
District Discretionary Lottery Funds	58	-	-	-
Food Service	-	-	-	-
CO&DS Withheld for SBE/COBI Bond	10	-	-	-
CO&DS Distribution	-	-	-	-
Other State Sources	2,378	-	-	-
Total State Sources	30,329	-	-	-
Local Sources:				
Ad Valorem Taxes	86,569	-	-	-
Impact Fees	-	-	-	-
Food Service	-	-	-	-
Investment Income	379	-	-	3
Other Local Sources	3,249	-	-	-
Total Local Sources	90,197	-	-	3
Total Revenues	\$ 121,040	\$ 902	\$ -	\$ 1,526

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

Capital Projects				
Local Capital Improvement Fund	Other Fund	American Recovery and Reinvestment Act (ARRA) Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 167
-	-	-	-	1,523
-	-	-	-	1,690
-	-	-	6,215	6,215
-	-	-	8,358	9,607
-	-	-	14,573	15,822
-	-	-	-	8,141
-	-	-	-	19,742
-	-	-	-	58
-	-	-	119	119
-	-	-	593	603
-	-	-	69	69
-	850	-	-	3,228
-	850	-	781	31,960
20,509	-	-	4,727	111,805
-	409	-	-	409
-	-	-	2,491	2,491
101	172	62	12	729
-	-	-	10	3,259
20,610	581	62	7,240	118,693
\$ 20,610	\$ 1,431	\$ 62	\$ 22,594	\$ 168,165

Continued on next page.

The School Board of Indian River County, Florida
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

			Debt Service -	
	General	Special Revenue -		American
	Fund	Federal Economic	Other Fund	Recovery and
		Stimulus		Reinvestment Act
		Fund		(ARRA) Fund
EXPENDITURES				
Current:				
Instruction	\$ 79,976	\$ 108	\$ -	\$ -
Pupil Personnel Services	3,546	7	-	-
Instructional Media Services	1,841	-	-	-
Instruction and Curriculum Development Services	2,887	56	-	-
Instructional Staff Training Services	1,029	135	-	-
Instruction Related Technology	728	518	-	-
School Board	763	-	-	-
General Administration	377	8	-	-
School Administration	7,185	-	-	-
Facilities Services - Non-Capitalized	659	-	-	-
Fiscal Services	1,097	-	-	-
Food Services	27	-	-	-
Central Services	1,911	31	-	-
Pupil Transportation Services	4,907	-	-	-
Operation of Plant	11,953	-	-	-
Maintenance of Plant	2,800	-	-	-
Administrative Technology Services	1,845	-	-	-
Community Services	1	-	-	-
Capital Outlay:				
Facilities Acquisition & Construction	29	-	-	-
Other Capital Outlay	108	39	-	-
Debt Service:				
Principal	-	-	5,063	-
Interest and Fiscal Charges	105	-	4,883	1,545
Total Expenditures	123,774	902	9,946	1,545
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,734)	-	(9,946)	(19)
OTHER FINANCING SOURCES (USES)				
Transfers In	4,207	-	9,949	1,493
Transfers Out	-	-	-	-
Sale of Capital Assets	68	-	-	-
Loss Recoveries	175	-	-	-
Total Other Financing Sources (Uses)	4,450	-	9,949	1,493
Net Change in Fund Balances	1,716	-	3	1,474
Fund Balances, Beginning	14,572	-	21	7
Fund Balances, Ending	\$ 16,288	\$ -	\$ 24	\$ 1,481

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

Capital Projects				
Local Capital Improvement Fund	Other Fund	American Recovery and Reinvestment Act (ARRA) Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 4,892	\$ 84,976
-	-	-	685	4,238
-	-	-	-	1,841
-	-	-	1,240	4,183
-	-	-	794	1,958
-	-	-	-	1,246
-	-	-	-	763
-	-	-	332	717
-	-	-	-	7,185
3,771	16	22	892	5,360
-	-	-	-	1,097
-	-	-	8,413	8,440
-	-	-	-	1,942
-	-	-	141	5,048
-	-	-	-	11,953
-	-	-	-	2,800
-	-	-	-	1,845
-	-	-	247	248
8,313	5,743	13,689	288	28,062
1,460	99	247	213	2,166
-	-	-	4,835	9,898
-	-	-	854	7,387
13,544	5,858	13,958	23,826	193,353
7,066	(4,427)	(13,896)	(1,232)	(25,188)
-	-	-	-	15,649
(14,849)	(800)	-	-	(15,649)
-	-	-	-	68
-	-	-	-	175
(14,849)	(800)	-	-	243
(7,783)	(5,227)	(13,896)	(1,232)	(24,945)
29,301	15,155	24,790	4,342	88,188
\$ 21,518	\$ 9,928	\$ 10,894	\$ 3,110	\$ 63,243



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The School Board of Indian River County, Florida
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
June 30, 2012
(amounts expressed in thousands)

Net Change in Fund Balances - Governmental Funds \$ (24,945)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital outlays and donations in excess of depreciation/amortization expense and loss on sale of capital assets in the current period.	
Capital Outlay - Facilities and Construction - Governmental Funds	28,062
Capital Outlay - Other Capital Outlay - Governmental Funds	2,166
Donated Items	294
Undepreciated Cost of Assets Sold	(2,611)
Less: Depreciation/Amortization Expense	(13,559)
	14,352
Debt issuance costs are reported in the year the debt is issued as an expenditure in governmental funds; these costs are reported in the government-wide statement of activities as an asset and are amortized over the life of the associated debt. This is the amount of deferred charges at year-end (\$1,161), less the amount accrued in the prior fiscal year (\$1,246).	
	(85)
Premiums are reported in the governmental funds in the year debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements.	
	71
Repayment of long-term debt is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	
Capital Lease Repayments	373
Certificates of Participation Repayments	4,690
Bond Repayments	4,835
	9,898
The decrease in estimated long-term claims payable for retiree life insurance is reported in the statement of activities, but not in the governmental funds statement.	
	2
Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as an expense when interest accrues in the statement of activities. This is the amount of accrued interest at year-end (\$69), less the amount accrued in the prior fiscal year (\$126).	
	57
In the statement of activities, the cost of other postemployment benefits obligation is measured by actuarial estimations, while in the governmental funds expenditures are recognized based on the amounts actually paid for other postemployment benefits. This is the net increase of the postemployment benefits obligation for the current period.	
	(1,342)
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned (\$2,071) in excess of the amount paid (\$2,041) in the current period.	
	(30)
Notes receivable are accrued as revenue in the government-wide statements because they are earned, but are considered deferred revenue in the governmental funds because the repayments do not provide current financial resources and are not available to liquidate liabilities in the government funds. This is the amount recognized in the current year in governmental funds, whereas the entire amount was recognized in the prior fiscal year in the government-wide statements.	
	(639)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net loss of internal service funds is reported with governmental activities.	
	(424)

Change in Net Assets - Governmental Activities \$ (3,085)

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

The School Board of Indian River County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
REVENUES				
Federal Direct Sources:				
Reserve Officer Training Corps (ROTC)	\$ 80	\$ 80	\$ 167	\$ 87
Total Federal Direct	80	80	167	87
Federal Through State Sources:				
Other Federal Through State Sources	150	178	347	169
Total Federal through State	150	178	347	169
State Sources:				
Florida Education Finance Program	8,071	8,141	8,141	-
Categorical - Class Size Reduction	19,469	19,742	19,742	-
District Discretionary Lottery Funds	51	58	58	-
CO&DS Withheld for SBE/COBI Bond	-	10	10	-
Other State Sources	2,502	2,462	2,378	(84)
Total State Sources	30,093	30,413	30,329	(84)
Local Sources:				
Ad Valorem Taxes	86,207	86,207	86,569	362
Investment Income	407	407	379	(28)
Other Local Sources	2,732	3,143	3,249	106
Total Local Sources	89,346	89,757	90,197	440
Total Revenues	119,669	120,428	121,040	612
EXPENDITURES				
Current:				
Instruction:				
Salaries	53,106	51,473	50,497	976
Employees Benefits	11,520	11,097	11,093	4
Purchased Services	12,996	14,010	13,848	162
Materials and Supplies	3,923	5,183	2,869	2,314
Capital Outlay	143	117	100	17
Other Expenditures	101	1,580	1,569	11
Total Instruction	81,789	83,460	79,976	3,484
Pupil Personnel Services:				
Salaries	2,664	2,804	2,804	-
Employees Benefits	656	668	668	-
Purchased Services	22	27	23	4
Energy Services	4	6	6	-
Materials and Supplies	19	24	22	2
Capital Outlay	-	1	1	-
Other Expenditures	2	22	22	-
Total Pupil Personnel Services	3,367	3,552	3,546	6
Instructional Media Services:				
Salaries	1,378	1,378	1,378	-
Employees Benefits	365	341	341	-
Purchased Services	3	3	2	1
Materials and Supplies	18	15	13	2
Capital Outlay	7	98	77	21
Other Expenditures	1	30	30	-
Total Instructional Media Services	\$ 1,772	\$ 1,865	\$ 1,841	\$ 24

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

The School Board of Indian River County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
EXPENDITURES				
Current (continued)				
Instruction and Curriculum Development Services:				
Salaries	\$ 3,041	\$ 2,363	\$ 2,361	\$ 2
Employees Benefits	673	484	483	1
Purchased Services	25	26	19	7
Materials and Supplies	2	4	3	1
Other Expenditures	-	21	21	-
Total Instruction and Curriculum Development Services	3,741	2,898	2,887	11
Instructional Staff Training Services:				
Salaries	671	781	781	-
Employees Benefits	156	163	163	-
Purchased Services	12	71	49	22
Materials and Supplies	4	14	9	5
Capital Outlay	1	1	-	1
Other Expenditures	9	29	27	2
Total Instructional Staff Training Services	853	1,059	1,029	30
Instruction Related Technology:				
Salaries	524	494	494	-
Employees Benefits	136	120	120	-
Purchased Services	140	103	102	1
Energy Services	-	5	5	-
Materials and Supplies	-	5	4	1
Capital Outlay	-	3	3	-
Total Instruction Related Technology	800	730	728	2
School Board:				
Salaries	192	192	192	-
Employees Benefits	442	459	207	252
Purchased Services	352	373	311	62
Materials and Supplies	3	2	-	2
Other Expenditures	58	67	53	14
Total School Board	1,047	1,093	763	330
General Administration:				
Salaries	271	272	272	-
Employees Benefits	70	63	62	1
Purchased Services	23	31	22	9
Materials and Supplies	5	8	7	1
Capital Outlay	2	1	1	-
Other Expenditures	13	14	13	1
Total General Administration	384	389	377	12
School Administration:				
Salaries	5,512	5,774	5,774	-
Employees Benefits	1,344	1,277	1,277	-
Purchased Services	59	66	50	16
Energy Services	1	1	1	-
Materials and Supplies	34	44	40	4
Capital Outlay	3	26	21	5
Other Expenditures	11	22	22	-
Total School Administration	\$ 6,964	\$ 7,210	\$ 7,185	\$ 25

Continued on next page.

The School Board of Indian River County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
EXPENDITURES				
Current (continued)				
Facilities Services Non-Capitalized:				
Salaries	\$ 414	\$ 462	\$ 462	\$ -
Employees Benefits	94	91	91	-
Purchased Services	5	96	96	-
Energy Services	2	3	3	-
Materials and Supplies	2	3	3	-
Capital Outlay	1	135	4	131
Total Facilities Services Non-Capitalized	518	790	659	131
Fiscal Services:				
Salaries	742	810	809	1
Employees Benefits	173	172	172	-
Purchased Services	2,930	3,148	103	3,045
Materials and Supplies	5	5	5	-
Other Expenditures	425	19	8	11
Total Fiscal Services	4,275	4,154	1,097	3,057
Food Services:				
Salaries	-	25	25	-
Employees Benefits	-	2	2	-
Total Food Services	-	27	27	-
Central Services:				
Salaries	1,207	1,292	1,292	-
Employees Benefits	288	280	271	9
Purchased Services	194	369	258	111
Energy Services	10	13	12	1
Materials and Supplies	104	63	47	16
Capital Outlay	1	111	3	108
Other Expenditures	22	28	28	-
Total Central Services	1,826	2,156	1,911	245
Pupil Transportation Services:				
Salaries	2,813	2,963	2,641	322
Employees Benefits	888	839	839	-
Purchased Services	195	304	284	20
Energy Services	889	865	842	23
Materials and Supplies	116	131	125	6
Capital Outlay	-	2	2	-
Other Expenditures	4	174	174	-
Total Pupil Transportation Services	4,905	5,278	4,907	371
Operation of Plant:				
Salaries	2,668	3,441	3,435	6
Employees Benefits	832	977	977	-
Purchased Services	2,677	2,903	2,394	509
Energy Services	5,049	5,040	4,664	376
Materials and Supplies	338	400	366	34
Capital Outlay	-	10	10	-
Other Expenditures	12	107	107	-
Total Operation of Plant	\$ 11,576	\$ 12,878	\$ 11,953	\$ 925

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

The School Board of Indian River County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES				
Current (continued)				
Maintenance of Plant:				
Salaries	\$ 94	\$ 1,822	\$ 1,822	\$ -
Employees Benefits	24	440	440	-
Purchased Services	278	294	285	9
Energy Services	53	89	88	1
Materials and Supplies	187	173	160	13
Capital Outlay	28	7	5	2
Other Expenses	2	-	-	-
Total Maintenance of Plant	666	2,825	2,800	25
Administrative Technology Services:				
Salaries	969	1,066	1,065	1
Employees Benefits	224	231	230	1
Purchased Services	589	544	511	33
Materials and Supplies	19	28	28	-
Capital Outlay	4	13	11	2
Total Administrative Technology Services	1,805	1,882	1,845	37
Community Services:				
Materials and Supplies	-	1	1	-
Total Community Services	-	1	1	-
Capital Outlay:				
Facilities Acquisition and Construction	-	29	29	-
Other Capital Outlay	-	108	108	-
Total Capital Outlay:	-	137	137	-
Debt Service:				
Interest and Fiscal Charges	500	119	105	14
Total Debt Service	500	119	105	14
Total Expenditures	126,788	132,503	123,774	8,729
Excess (Deficiency) of Revenues Over Expenditures	(7,119)	(12,075)	(2,734)	9,341
OTHER FINANCING SOURCES (USES)				
Transfers In	871	4,207	4,207	-
Sale of Capital Assets	50	50	68	18
Loss Recoveries	-	103	175	72
Total Other Financing Sources (Uses)	921	4,360	4,450	90
Net Change in Fund Balance	(6,198)	(7,715)	1,716	9,431
Fund Balance, Beginning	14,572	14,572	14,572	-
Fund Balance, Ending	\$ 8,374	\$ 6,857	\$ 16,288	\$ 9,431



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The School Board of Indian River County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Special Revenue - Federal Economic Stimulus Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
REVENUES				
Federal Through State Sources:				
Other Federal Through State Sources	\$ 965	\$ 1,163	\$ 902	\$ (261)
Total Federal through State	965	1,163	902	(261)
Total Revenues	965	1,163	902	(261)
EXPENDITURES				
Current:				
Instruction:				
Salaries	83	92	85	7
Employees Benefits	9	16	16	-
Purchased Services	75	11	7	4
Materials and Supplies	10	26	-	26
Capital Outlay	-	46	-	46
Other Expenditures	-	1	-	1
Total Instruction	177	192	108	84
Pupil Personnel Services:				
Purchased Services	-	1	1	-
Materials and Supplies	1	6	6	-
Total Pupil Personnel Services	1	7	7	-
Instruction and Curriculum Development Services:				
Salaries	56	56	49	7
Employees Benefits	17	17	7	10
Purchased Services	3	3	-	3
Materials and Supplies	60	-	-	-
Total Instruction and Curriculum Development Services	136	76	56	20
Instructional Staff Training Services:				
Salaries	6	29	8	21
Employees Benefits	1	4	1	3
Purchased Services	57	144	121	23
Materials and Supplies	13	6	3	3
Capital Outlay	2	-	-	-
Other Expenditures	50	50	2	48
Total Instructional Staff Training Services	129	233	135	98
Instructional Related Technology:				
Purchased Services	-	83	83	-
Capital Outlay	479	440	435	5
Total Instruction Related Technology	\$ 479	\$ 523	\$ 518	\$ 5

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

The School Board of Indian River County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Special Revenue - Federal Economic Stimulus Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES				
Current (continued)				
General Administration:				
Other Expenditures	\$ 6	\$ 9	\$ 8	\$ 1
Total General Administration	6	9	8	1
Central Services:				
Purchased Services	29	76	31	45
Total Central Services	29	76	31	45
Administrative Technology Services:				
Purchased Services	8	8	-	8
Total Administrative Technology Services	8	8	-	8
Capital Outlay:				
Other Capital Outlay	-	39	39	-
Total Capital Outlay	-	39	39	-
Total Expenditures	965	1,163	902	261
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

The School Board of Indian River County, Florida
Statement of Net Assets
Proprietary Funds
June 30, 2012
(amounts expressed in thousands)

	Business-Type Activities Nonmajor Enterprise Fund Extended Day Program	Governmental Activities Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 574	\$ 8,619
Investments	-	187
Accounts Receivable	-	166
Due from Other Agencies	-	722
Total Current Assets	574	9,694
Total Assets	574	9,694
LIABILITIES		
Current Liabilities:		
Accrued Salaries and Benefits	17	-
Accounts Payable	7	4
Due to Other Agencies	2	-
Unearned Revenue	-	1,327
Estimated Insurance Claims Payable	-	3,196
Total Current Liabilities	26	4,527
Long-Term Liabilities:		
Compensated Absences Payable	13	-
Other Postemployment Benefits Payable	15	-
Total Long-Term Liabilities	28	-
Total Liabilities	54	4,527
NET ASSETS		
Unrestricted	520	5,167
Total Net Assets	\$ 520	\$ 5,167

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

The School Board of Indian River County, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Business-Type Activities <u>Nonmajor Enterprise Fund Extended Day Program</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES		
Charges for Services	\$ 767	\$ 25
Premium Revenues	-	16,640
Other Operating Revenues	-	321
	<u>767</u>	<u>16,986</u>
OPERATING EXPENSES		
Insurance Claims	-	13,312
Insurance Premiums	-	2,578
Service Agent Fees	-	1,446
Professional and Technical Services	37	34
Salaries and Benefits	556	73
Materials and Supplies	54	6
Capital Outlay	3	-
Other Expenses	-	4
	<u>650</u>	<u>17,453</u>
Operating Income (Loss)	<u>117</u>	<u>(467)</u>
NONOPERATING REVENUES		
Investment Earnings	<u>2</u>	<u>43</u>
Total Nonoperating Revenues	<u>2</u>	<u>43</u>
Change in Net Assets	119	(424)
Total Net Assets, Beginning	<u>401</u>	<u>5,591</u>
Total Net Assets, Ending	<u><u>\$ 520</u></u>	<u><u>\$ 5,167</u></u>

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

The School Board of Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Business-Type Activities Nonmajor Enterprise Fund Extended Day Program	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received for Premiums	\$ -	\$ 16,595
Cash Received for Other Operating Revenues	767	346
Cash Payments for Insurance Premiums	-	(2,579)
Cash Payments to Employees for Services	(573)	(73)
Cash Payments for Other Fees	-	(1,446)
Cash Payments for Insurance Claims	-	(13,451)
Cash Payments for Other	(95)	(272)
Net Cash Provided (Used) by Operating Activities	99	(880)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	-	25
Interest on Investments	2	43
Net Cash Provided by Investing Activities	2	68
Net Change in Cash and Cash Equivalents	101	(812)
Cash and Cash Equivalents, Beginning	473	9,431
Cash and Cash Equivalents, Ending	\$ 574	\$ 8,619
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 117	\$ (467)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Changes in Assets and Liabilities:		
Increase in Accounts Receivable	-	(86)
Increase in Due From Other Agencies	-	(146)
Decrease in Accrued Salaries and Benefits	(1)	-
Increase (Decrease) in Accounts Payable	(9)	3
Decrease in Unearned Revenue	-	(45)
Decrease in Estimated Insurance Claims Payable	-	(139)
Decrease in Compensated Absences Payable	(5)	-
Decrease in Other Postemployment Benefits Payable	(3)	-
Total Adjustments	(18)	(413)
Net Cash Provided (Used) by Operating Activities	\$ 99	\$ (880)
Noncash Investing Activity		
Increase in Fair Value of Investments		\$ 20

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

The School Board of Indian River County, Florida
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012
(amounts expressed in thousands)

	Private-Purpose Trust Fund Waldo Schraubstader Scholarship Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 26	\$ 1,291
Investments	47	-
Accounts Receivable	-	8
Inventory	-	81
	<u>73</u>	<u>1,380</u>
Total Assets	<u>73</u>	<u>1,380</u>
LIABILITIES		
Accounts Payable	-	94
Internal Accounts Payable	-	1,286
	<u>-</u>	<u>1,380</u>
Total Liabilities	<u>-</u>	<u>\$ 1,380</u>
NET ASSETS		
Assets Held in Trust for Scholarships and Other Purposes	<u>\$ 73</u>	

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

The School Board of Indian River County, Florida
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Private-Purpose Trust Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Fiduciary Fund Private-Purpose Trust Fund Waldo Schraubstader Scholarship Fund
ADDITIONS	
Investments Earnings:	
Interest on Investments	\$ 3
Total Investment Earnings	<u>3</u>
DEDUCTIONS	
Other Expenses	<u>3</u>
Change in Net Assets	-
Total Net Assets, Beginning	73
Total Net Assets, Ending	<u><u>\$ 73</u></u>

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



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THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Indian River County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Indian River County School District (District) is considered part of the Florida system of public education. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Indian River County.

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

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

- Blended Component Unit. The Indian River County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note to the financials. Due to the substantive economic relationship between the Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.
- Discretely Presented Component Units. The component units columns in the government-wide financial statements include the financial data of the District's other component units. Per Florida Statute, charter schools operate under charters approved by their sponsor. Charter schools listed below are sponsored by the Indian River County District School board and are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for them.

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

Indian River Charter High School, Inc. was established to provide educational services to secondary school students in grades 9 through 12 who want or need a nontraditional structure and learning environment to successfully complete their high school academic and vocational preparation and earn their high school diploma.

North County Charter School, Inc. was established to provide educational services to students in grades K through 5, to learn at high levels, through an academically rigorous and innovative curriculum that incorporates the development of good character.

Sebastian Charter Junior High, Inc. was established to educate students in grades 6 through 8 in a challenging and wholesome environment which provides an educational environment where students have learning opportunities that set high expectations for academic growth, individual achievement, and character development.

St. Peter's Academy, Inc., was established to provide educational services to students in grades K through 6, to demonstrate that students can learn at high levels, through academically rigorous and innovative curriculum that incorporates the development of good character.

Imagine Schools at South Vero, LLC, was established to provide students in grades K through 8, with a quality learning opportunity by maintaining a caring learning environment, working with parents and local communities to develop the intellect and character of the students who choose to attend the school; utilizing innovative teaching techniques delivered by a highly qualified faculty; and offering a challenging curriculum that prepares children for lives of leadership in a rapidly changing world.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2012. Audits of the charter schools for the fiscal year ended June 30, 2012 were conducted by independent accounting firms and are on file at the District Administrative Office.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

➤ **Adjustment to Component Unit Net Assets**

During the year ended June 30, 2012, St. Peter's Academy management discovered errors in the June 30, 2011, financial statements. These items have been reflected as a correction of a prior period error by restating the beginning of the year net assets. The following is a description of the adjustments and effect on beginning of the year net assets.

Deferred revenue was erroneously recorded as a result of refinancing a loan in the amount of \$19,371. The effect of this error was to understate unrestricted net assets by \$19,371.

The financial statements reflected amounts due from other agencies which were not collected or owed by other agencies. The effect of the error was to overstate unrestricted net assets by \$22,957.

Accrued payroll liabilities were overstated by \$39,667 due to additional amounts reflected in the financial statements that were previously remitted at June 30, 2011, and not owed or paid in the 2011-12 fiscal year.

As a result of these adjustments, net assets at June 30, 2011, were understated by \$36,081.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units. The statements distinguish between governmental activities of the District and those that are considered business-type activities.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for each segment of business activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense for the District has been allocated based upon a percentage of functional expenditures to total expenditures with direct allocation for some expenses in pupil transportation services, food service, and maintenance of plant functions.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

The effects of interfund activity have been eliminated from the government-wide financial statements except for interfund services provided and used, and the net residual amounts between governmental and business-type activities.

Fund Financial Statements - Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Economic Stimulus Fund – to account for certain Federal grant program resources provided for operations and other programs as set out in the American Recovery and Reinvestment Act (ARRA) and other stimulus programs.
- Debt Service – Other Fund – to account for financial resources generated for debt principal and interest for the Series 2005 and Series 2007 Certificates of Participation.
- Debt Service – American Recovery and Reinvestment Act (ARRA) Fund – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs of the Qualified School Construction Bond (QSCB) issue.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, payments on operating leases, motor vehicle purchases, equipment purchases, and costs of environmental compliance.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

- Capital Projects – Other Fund – to account for other financial resources generated by the Series 2005 and Series 2007 Certificates of Participation, Impact Fees, and Class Size Reduction Construction funds to be used for capital projects.
- Capital Projects – American Recovery and Reinvestment Act (ARRA) Fund – to account for the financial resources of the Qualified School Construction Bond (QSCB) issue to be used for certain capital construction and improvement projects.

Additionally, the District reports the following proprietary and fiduciary fund types:

- Internal Service Funds – to account for the District's individual self-insurance programs and to account for the resources of the East Central Florida Management Training Institute (MTI) consortium, for which the School Board of Indian River County acted as fiscal agent for the 2011-12 fiscal year.
- Enterprise Fund - Extended Day Program – to account for the financial resources of the District's Extended Day Program. This program provides before and after school care to students.
- Private-Purpose Trust Fund – to account for resources of the Estate of Waldo Schraubstader Scholarship Fund.
- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. Revenues susceptible to accrual

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

include ad valorem taxes, impact fees, and interest on investments. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, postemployment healthcare benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary funds are accounted for under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by GASB. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds and enterprise fund are charges for employee health insurance premiums, services related to the Management Training Institute, and fees for child care services. Operating expenses include insurance premiums, claims, administrative expense, salaries and benefits, training expense and other related expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in governmental fund financial statements, it is the District's policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

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

➤ **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and certain short-term, highly liquid investments with maturities of three months or less. Investments classified as cash equivalents consist of unrestricted investments placed with the State Board of Administration (SBA) Florida PRIME, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool (LGIP).

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

Investments consist of amounts placed with the SBA Debt Service Accounts for investment of debt service moneys; trust accounts placed with the SBA investment pools as participation in Florida PRIME and Fund B Surplus Funds Trust Fund (Fund B)

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

created by Sections 218.405 and 218.417, Florida Statutes; and other investments made locally. The SBA investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2012, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a Fair Value factor of 0.83481105 at June 30, 2012. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within Florida PRIME.

Investments made locally consist of a mutual fund and a money market fund and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

➤ **Inventories**

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

➤ **Capital Assets**

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	7 - 35 years
Buildings and Fixed Equipment	8 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	10 years
Property under Capital Lease	20 years
Audio Visual Materials and Computer Software	5 - 7 years

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

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets. Premiums and discounts on debt issuance, as well as issuance costs, are deferred and amortized using a straight-line method over the life of the related debt. Bonds and other long-term debts payable are reported net of the applicable premium or discount. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

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

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

➤ **State Revenue Sources**

Revenues from State sources are primarily from the Class-Size Reduction – operating categorical program. State revenues include funding from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

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

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

➤ **District Property Taxes**

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

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

The Board adopted the 2011 tax levy on September 6, 2011. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

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

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

➤ **Educational Impact Fees**

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

➤ **Federal Revenue Sources**

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

2. ACCOUNTING CHANGES

The District has previously reclassified expenditures from its General Fund to the Capital Projects – Local Capital Improvement Fund to account for salaries, benefits, and other expenses related to the maintenance of school district property. During the 2011-12 fiscal year, this process was changed from a reclassification to a transfer of funds from the Local Capital Improvement Fund to the General Fund to cover these same expenditures. General Fund maintenance of plant expenditures increased approximately \$2.8 million compared to the prior fiscal year as a result of the accounting change.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

3. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

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

4. INVESTMENTS

As of June 30, 2012, the District has the following investments and maturities:

Investments	Maturities	Fair Value
State Board of Administration (SBA):		
Florida PRIME (1) (2)	38 Day Average	\$ 32,699,756
Fund B Surplus Funds Trust Fund (Fund B) (3)	5.73 Years Average	2,416,229
Debt Service Accounts	6 Months	143,338
Mutual Funds:		
Morgan Stanley U.S. Government Securities Trust (4)	2.6 Years Average	47,445
First American Money Market Fund (5) (6)	52 Day Average	7,129,019
Total Investments, Primary Government		<u>\$ 42,435,787</u>
Notes:		
(1) Includes \$16,695,315 considered cash equivalents for financial statement reporting purposes.		
(2) Includes \$16,004,441 held under a trust agreement for Certificates of Participation financing arrangements.		
(3) Includes \$1,335,091 held under a trust agreement for Certificates of Participation financing arrangements.		
(4) The U.S. Government Securities Trust invests exclusively in U.S. Government securities.		
(5) Held under a trust agreement for Certificates of Participation financing arrangements.		
(6) First American Money Market Fund invests exclusively in short-term U.S. Government Securities and repurchase agreements secured by U.S. Government Securities.		

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Interest Rate Risk

- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Florida PRIME had a weighted average days to maturity (WAM) of 38 days at June 30, 2012. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB Statement No. 40 indicating specific identification, duration, weighted average maturity, segmented time distribution or simulation model is not available. However, an estimate of weighted average life (WAL) is available. In the calculation of the WAL, the time at which an expected principal amount is to be received, measure in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments.

The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL, based on expected future cash flows, of Fund B at June 30, 2012, is estimated at 5.73 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL. The District's participation in Fund B is involuntary.

Credit Risk

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415.17, Florida Statutes, limits investments to the SBA Florida PRIME, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statute; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits in qualified public depositories, as defined in Section 280.03, Florida Statutes; and direct obligations of the United States Treasury. The District does not have a formal investment policy that limits its investment choices.
- The District's investments held in the SBA Debt Service Accounts are to provide for debt service payments on bond debt issued at the state level for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account.

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- As of June 30, 2012, the District's investment in Florida PRIME is Rated AAAm by Standard & Poor's. Fund B is unrated.
- As of June 30, 2012, the District's investment in the First American Money Market Fund was rated AAAm by Standard & Poor's, Aaa-mf by Moody's Investors Service, and AAAmmf by Fitch's Rating Agency.
- As of June 30, 2012, the District's investment in the Morgan Stanley U.S. Government Securities Trust mutual fund is unrated.

5. NOTE RECEIVABLE

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

The note receivable at June 30, 2012 is \$3,801,759 as shown in the schedule below:

Fiscal Year Ending June 30	Total	Principal	Interest
2013	\$ 897,039	\$ 677,437	\$ 219,602
2014	897,039	716,568	180,471
2015	897,039	757,959	139,080
2016	897,039	801,742	95,297
2017	<u>897,039</u>	<u>848,053</u>	<u>48,986</u>
Total	<u>\$4,485,195</u>	<u>\$ 3,801,759</u>	<u>\$ 683,436</u>

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6. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Balance 7-1-11	Additions	Deletions	Balance 6-30-12
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 23,271,147	\$ 15,000	\$ -	\$ 23,286,147
Improvements Other Than Buildings	188,739	-	4,319	184,420
Construction in Progress	14,274,235	22,677,255	7,392,334	29,559,156
Total Capital Assets Not Being Depreciated	37,734,121	22,692,255	7,396,653	53,029,723
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	21,127,751	731,754	588,773	21,270,732
Buildings and Fixed Equipment	352,748,465	12,195,262	4,658,952	360,284,775
Furniture, Fixtures, and Equipment	19,032,352	1,129,318	1,160,101	19,001,569
Motor Vehicles	10,558,868	1,099,294	201,776	11,456,386
Property Under Capital Lease	1,941,691	-	-	1,941,691
Audio Visual Materials and Computer Software	4,240,344	66,386	290,307	4,016,423
Total Capital Assets Being Depreciated/Amortized	409,649,471	15,222,014	6,899,909	417,971,576
Less Accumulated Depreciation/Amortization for:				
Improvements Other Than Buildings	11,505,194	1,036,544	455,100	12,086,638
Buildings and Fixed Equipment	92,043,520	9,839,888	2,230,307	99,653,101
Furniture, Fixtures, and Equipment	14,685,139	1,497,016	1,146,005	15,036,150
Motor Vehicles	4,956,475	877,012	181,598	5,651,889
Property Under Capital Lease	202,259	97,084	-	299,343
Audio Visual Materials and Computer Software	3,648,422	211,188	280,465	3,579,145
Total Accumulated Depreciation/Amortization	127,041,009	13,558,732	4,293,475	136,306,266
Total Capital Assets Being Depreciated/Amortized Net	282,608,462	1,663,282	2,606,434	281,665,310
Governmental Activities Capital Assets, Net	\$ 320,342,583	\$ 24,355,537	\$ 10,003,087	\$ 334,695,033

The classes of property under capital lease are presented in Note 8.

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Depreciation and amortization expense was charged to functions as follows:

Governmental Activities	Amount
<u>Function</u>	
Instruction	\$ 7,357,498
Pupil Personnel Services	366,902
Instructional Media Services	159,430
Instruction and Curriculum Development Services	362,190
Instructional Staff Training Services	169,480
Instruction Related Technology	107,910
School Board	66,032
General Administration	62,108
School Administration	622,068
Facility Services - Non-Capitalized	464,092
Fiscal Services	95,014
Food Services	738,214
Central Services	168,153
Pupil Transportation Services	1,241,118
Operation of Plant	1,034,915
Maintenance of Plant	383,836
Administrative Technology Services	159,772
Total Depreciation/Amortization Expense- Governmental Activities	<u>\$ 13,558,732</u>

7. CHANGES IN SHORT-TERM DEBT

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

	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012
GOVERNMENTAL ACTIVITIES				
Tax Anticipation Notes	\$ -	\$ 16,000,000	\$ 16,000,000	\$ -

The Tax Anticipation Notes, Series 2011, with an interest rate of one percent and a net interest cost of 0.28 percent, were issued on November 4, 2011, for \$16,000,000, and matured on June 30, 2012. The proceeds were utilized for payment of operating expenses incurred for the District's schools for the 2011-12 fiscal year in anticipation of the receipt of ad valorem taxes levied and collected for the same year.

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8. OBLIGATIONS UNDER CAPITAL LEASE

The class and amount of property being acquired under capital lease is as follows:

Asset under lease	Asset Cost
Telephone System	\$ 1,941,691
Total	<u>\$ 1,941,691</u>

Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2013	408,777	388,302	20,475
2014	306,582	301,547	5,035
Total Minimum Lease Payments	<u>\$ 715,359</u>	<u>\$ 689,849</u>	<u>\$ 25,510</u>

The stated interest rate for the telephone system lease is 3.99 percent.

9. CERTIFICATES OF PARTICIPATION

The District entered into a master financing arrangement on November 1, 2005 characterized as a lease-purchase agreement, with the Indian River School Board Leasing Corporation (Leasing Corporation), whereby the District secured financing for construction of educational facilities and the purchase of land. The financing was accomplished through the issuance of certificates of participation, to be repaid from the proceeds of rents paid by the District. As a condition of the financing arrangements, the District has given a ground lease on District property to the Leasing Corporation with a rental fee of \$10 per year. The initial terms of the lease agreements for the Series 2005 and 2007 are 20 years commencing on November 1, 2005 (Series 2005), and August 1, 2007 (Series 2007). The Series 2010A has a term of 18 years commencing on December 17, 2010. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease agreements and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the certificates for the remaining terms of the lease agreements.

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Certificates of Participation at June 30, 2012, are as follows:

Series	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to
Series 2005	\$ 80,050,000	\$ 61,050,000	3.90 - 5.00	2025
Series 2007	45,020,000	39,345,000	4.00 - 5.00	2027
Series 2010A-QSCB	26,261,000	26,261,000	0.11 net * (1)	2029
Total Certificates of Participation	<u>\$ 151,331,000</u>	<u>\$ 126,656,000</u>		

Note (1):

The Series 2010A-Lease (Certificates) is designated as a 'qualified school construction bond' as defined in Section 54F of the Internal Revenue Code, and pursuant to Section 6431 of the Code, the Board has elected to receive federal subsidy payments on each interest payment date for the Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Certificates on such date or the amount of interest which would have been payable with respect to the Certificates if the interest were determined at the applicable tax credit rate for the Certificates pursuant to Section 54 A(b)(3) of the Code. The interest rate is 5.91 percent with an allowed federal subsidy of 5.80 percent.

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

Series 2005 Certificates of Participation

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

Series 2007 Certificates of Participation

Storm Grove Middle School
Support Services Complex

Series 2010A Qualified School Construction Bonds - Certificates of Participation

Vero Beach Elementary School Replacement
Osceola Magnet School Replacement (partial funding)

The lease payments for the 2005 and 2007 Series Certificates are payable by the District, semiannually, on July 1 and January 1. The 2010 Series QSCB is payable semiannually on June 1 and December 1. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

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Fiscal Year Ending June 30	Certificates of Participation Outstanding		
	Total	Principal	Interest
2013	11,081,928	4,870,000	6,211,928
2014	11,080,637	5,065,000	6,015,637
2015	11,078,425	5,270,000	5,808,425
2016	11,082,775	5,490,000	5,592,775
2017	11,078,283	5,715,000	5,363,283
2018-2022	55,398,873	32,645,000	22,753,873
2023-2027	55,403,375	41,340,000	14,063,375
2028-2029	28,589,038	26,261,000	2,328,038
Total Minimum Lease Payments	194,793,334	126,656,000	68,137,334
Plus: Unamortized Premium	973,571	973,571	-
Total Certificates of Participation	<u>\$ 195,766,905</u>	<u>\$ 127,629,571</u>	<u>\$ 68,137,334</u>

The District issued Certificates of Participation (COPS) dated December 1, 2010, under the Qualified School Construction Bond (QSCB) Program pursuant to Section 54F of the United States Internal Revenue Code of 1986 as amended (the Code). The QSCB Program provides for an issuer interest rate subsidy on certain bonds or COPS. The District received an approved allocation of funds from the Florida Department of Education sufficient for the designation of the Series 2010A COP as a QSCB under the Code. Pursuant to Section 6431 of the Code, the District has elected to receive Federal subsidy payments (the Issuer Subsidy) from the United States Treasury on each interest payment date for the 2010A Certificates in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate pursuant to Section 54A(b)(3) of the Code. The tax credit rate applicable to the Series 2010A Certificates is 5.80 percent. The Series 2010A Certificates were issued in the amount of \$26,261,000. Interest payments are to be made to the holders of the Certificates on June 1 and December 1 of each year at the stated coupon rate of 5.91 percent with the Issuer Subsidy received by the District on the same date. The principal amount of the Certificates is to be repaid in one lump sum on December 1, 2028. Beginning in 2012, the District is to deposit \$1,458,994 into a sinking fund annually on December 1. The accumulated amount in this fund is to be used to repay the principal amount of these certificates upon maturity.

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10. BONDS PAYABLE

Bonds payable at June 30, 2012, are as follows:

Bond Type	Issued Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:				
Series 2005A	\$ 6,405,000	\$ 4,880,000	4.00 - 5.00	2025
Series 2008A	1,210,000	1,060,000	3.50 - 5.00	2028
Series 2010A	160,000	150,000	3.50 - 5.00	2030
District General Obligations Bonds:				
Series 2002, Refunding	24,805,000	4,750,000	5.50	2013
Total Bonds Payable	<u>\$ 32,580,000</u>	<u>\$ 10,840,000</u>		

The various bonds were issued to finance capital outlay projects of the District. The following is a description of the bonded debt issues:

➤ **State School Bonds**

These bonds are issued by the State Board of Education on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

➤ **District General Obligation Bonds**

General Obligation Bonds, Series 2002, are authorized by Indian River County School Board and secured by a pledge of property taxes levied, pursuant to Chapters 1010 and 1011, Florida Statutes.

Annual requirements to amortize the bonded debt outstanding as of June 30, 2012, are as follows:

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Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2013	600,312	330,000	270,312
2014	599,488	345,000	254,488
2015	602,912	365,000	237,912
2016	599,663	380,000	219,663
2017	600,663	400,000	200,663
2018-2022	3,020,812	2,300,000	720,812
2023-2027	2,052,106	1,835,000	217,106
2028-2030	142,125	135,000	7,125
Total State School Bonds	8,218,081	6,090,000	2,128,081
General Obligation Bonds:			
2013	5,011,250	4,750,000	261,250
Total General Obligation Bonds	5,011,250	4,750,000	261,250
Total	\$ 13,229,331	\$ 10,840,000	\$ 2,389,331

11. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-11	Additions	Deductions	Balance 6-30-12	Due in One Year
GOVERNMENTAL ACTIVITIES					
Certificates of Participation Payable	\$ 131,346,000	\$ -	\$ 4,690,000	\$ 126,656,000	\$ 4,870,000
Unamortized Premiums	1,044,558	-	70,987	973,571	70,986
Total Certificates of Participation Payable	132,390,558	-	4,760,987	127,629,571	4,940,986
Bonds Payable	15,675,000	-	4,835,000	10,840,000	5,080,000
Obligations Under Capital Lease	1,062,988	-	373,139	689,849	388,302
Estimated Long-term Claims Payable	2,204	-	2,204	-	-
Compensated Absences Payable	8,824,067	2,070,771	2,040,875	8,853,963	2,040,875
Other Postemployment Benefits Payable	14,481,395	1,589,941	247,643	15,823,693	-
Total Governmental Activities	\$ 172,436,212	3,660,712	\$ 12,259,848	\$ 163,837,076	\$ 12,450,163
BUSINESS-TYPE ACTIVITIES					
Compensated Absences Payable	\$ 18,140	\$ 11,661	\$ 16,250	\$ 13,551	\$ -
Other Postemployment Benefits Payable	18,113	652	4,122	14,643	-
Total Business-Type Activities	\$ 36,253	\$ 12,313	\$ 20,372	\$ 28,194	\$ -

For the governmental activities, compensated absences are generally liquidated with resources of the General Fund. The governmental activities portion of other postemployment benefits payable is liquidated with resources of the Internal Service Fund, and the business-type

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activities portion is liquidated with nonmajor Enterprise Fund resources. Insofar as the Internal Service Fund's premium contributions are received from the General Fund, and Special Revenue Funds, these funds indirectly liquidate the governmental activities of other postemployment benefits payable.

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	64,223	4,135
Capital Projects:		
Local Capital Improvement	29,085	29,044
Nonmajor Governmental	4,370	64,499
Total	<u>\$ 97,678</u>	<u>\$ 97,678</u>

The balances shown as interfund receivables and payables represent the cash provided by the General Fund to other funds for operations which will be repaid within 12 months.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 4,206,588	\$ -
Capital Projects:		
Local Capital Improvement	-	14,848,663
Other	-	800,136
Debt Service		
Other	9,949,380	-
ARRA	1,492,831	-
Total	<u>\$ 15,648,799</u>	<u>\$ 15,648,799</u>

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Interfund transfers represent permanent transfers between funds. The transfers out of the Capital Projects – Local Capital Improvement Fund were to provide for debt service payments in the Debt Service – Other Fund and the Debt Service – ARRA Fund and for maintenance and repair of education plants in the General Fund. The transfers from Capital Projects - Other Fund were to provide for payments to charter schools for capital expenses.

13. FUND BALANCE REPORTING

The District reports its governmental fund balances in the following categories, as applicable:

➤ Nonspendable

The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amount reported as inventories and investment in the Fund B Surplus Funds Trust Fund as nonspendable.

➤ Restricted

The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked education funding and donations in the General Fund, that are legally or otherwise restricted.

➤ Committed

The portion of fund balance that can only be used for specific purpose pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e. the Board). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District does not have a policy regarding the commitment of fund balances. The District did not have any committed fund balances at June 30, 2012.

➤ Assigned

The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed. The District also classifies amounts as

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assigned that are constrained to be used for specific purposes, and not included in other categories. The District does not have a policy regarding the assignment of fund balance. The Board authorized the Superintendent and Assistant Superintendent for Finance/Operations to assign fund balance by approval of the annual financial report.

➤ **Unassigned**

The portion of fund balance that is residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

When unrestricted (assigned and unassigned) resources in the governmental funds are available for use, it is the District's policy to use unassigned resources as they are needed unless revenues previously assigned are available for use. At the end of the fiscal year, the unassigned General Fund balance was \$9,128,546 or 7.54 percent of General Fund total operating revenues.

The following is a schedule of fund balances by category at June 30, 2012:

Major Funds								
	General	Debt Service - Other	Debt Service - ARRA	Capital Projects - Local Capital Improvement	Capital Projects - Other	Capital Projects - ARRA	Nonmajor Funds	Total Governmental Funds
Nonspendable:								
Inventories	\$ 311,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,303	\$ 489,528
Fund B Surplus Funds Trust Fund	604,954	-	-	278,324	1,335,091	-	11,175	2,229,544
Restricted:								
Food Service	-	-	-	-	-	-	1,739,645	1,739,645
State Required Carryover	864,110	-	-	-	-	-	-	864,110
Adult Workforce	1836,004	-	-	-	-	-	-	1,836,004
Donations	53,992	-	-	-	-	-	-	53,992
Debt Service	-	24,399	1,480,502	-	-	-	551,950	2,056,651
Capital Projects	-	-	-	212,394,430	8,593,026	10,893,969	629,315	41,355,740
Assigned:								
Other	355,139	-	-	-	-	-	-	355,139
Federal Payback	469,896	-	-	-	-	-	-	469,896
Next Year's Budget Deficit	2,663,753	-	-	-	-	-	-	2,663,753
Unassigned	<u>9,128,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,128,546</u>
Total Fund Balance	<u>\$ 16,287,619</u>	<u>24,399</u>	<u>1,480,502</u>	<u>215,17,754</u>	<u>9,928,117</u>	<u>10,893,969</u>	<u>3,110,388</u>	<u>\$ 63,242,548</u>

➤ **Minimum Fund Balance Policy**

The District has not established a contingency reserve fund. Instead, the Board has adopted Policy 7.29, which provides that at least 4 percent of the current year's annual estimated General Fund revenues be reserved for contingency purposes. In the event these reserves are needed, a majority vote of the Board is required before using these funds, and the Superintendent is required to provide a financial plan to the Board to restore the funds to the minimum 4 percent amount along with a timeline for restoration.

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14. SCHEDULE OF STATE REVENUE SOURCES

Accounting policies relating to certain State revenue sources are described in Note 1. The following is a schedule of the District's State revenue for the 2011-12 fiscal year:

Source	Amount
Categorical Educational Program - Class Size Reduction	\$ 19,741,807
Florida Education Finance Program	8,140,996
Workforce Development Program	1,216,194
Charter School Capital Outlay	800,136
Motor Vehicle License Tax (Capital Outlay and Debt Service)	672,044
School Recognition	596,978
Voluntary Prekindergarten	467,521
Mobile Home License Tax	144,778
Food Service Supplement	118,619
Discretionary Lottery Funds	57,924
Miscellaneous	3,344
Total	\$ 31,960,341

15. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2011 tax roll for the 2011-12 fiscal year:

GENERAL FUND	Millages	Taxes Levied
Nonvoted School Tax:		
Required Local Effort	5.3960	\$ 75,592,943
Basic Discretionary Local Effort	0.7480	10,478,785
Critical Operating Needs	0.2500	3,502,268
Total General Fund Taxes Levied		\$ 89,573,996
 DEBT SERVICE FUNDS		
Voted Tax:		
Special Tax School District No. 1	0.3500	4,903,175
 CAPITAL PROJECTS FUNDS		
Nonvoted Tax:		
Local Capital Improvements	1.5000	21,013,605
Total	8.2440	\$ 115,490,776

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

16. FLORIDA RETIREMENT SYSTEM

All regular employees of the District are covered by the State-administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible and must enroll as members of the FRS. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Florida Retirement System Investment Plan (Investment Plan).

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit Plan. District employees participating in DROP are not eligible to participate in this program. Employer and employee contributions are defined by law; however, the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of the FRS. During the 2011-12 fiscal year, contribution rates were as follows:

Retirement Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	4.91
Florida Retirement System, Elected County Officers	3.00	11.14
Florida Retirement System, Senior Management Service	3.00	6.27
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	4.42
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of PEORP.

(B) Contribution rates are dependent upon retirement class in which reemployed.

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions, including employee contributions, for the fiscal years ended June 30, 2010, June 30, 2011, and June 30, 2012, totaled, \$7,430,600, \$7,809,139, and \$5,237,762 respectively, which were equal to the required contributions for each fiscal year.

There were 318 District participants in the Investment Plan during the 2011-12 fiscal year. The District's contributions including employee contributions to the Investment Plan totaled \$908,999, which was equal to the required contribution for the 2011-12 fiscal year.

The financial statements and other supplementary information of the FRS are included in the comprehensive annual financial report of the State of Florida, which may be obtained from the Florida Department of Financial Services. Also, an annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

17. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Additionally, Medicare-eligible retirees receive insurance coverage at a lower premium rate than active employees and do not pay deductibles and copayments. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

The Postemployment Benefit Plan does not issue a stand-alone report and is not included in the report of another entity.

Funding Policy – For the Postemployment Benefits Plan, contribution requirements of the District are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. As of June 30, 2010, there were 375 retirees and 94 eligible dependents receiving postemployment health care benefits. For the 2011-12 fiscal year the District provided required contributions of \$251,765 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance payments, and net of retiree contributions totaling \$857,440, which represents 1.1 percent of covered payroll. Required contributions are based on projected pay-as-you-go financing.

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

Other Post Employment Benefits		
Description	Fiscal Year Ending	
	June 30, 2011	June 30, 2012
Normal Cost (service cost for one year)	\$ 795,225	827,034
Amortization of Unfunded Actuarial Accrued Liability	600,045	642,640
Interest on Normal Cost and Amortization	55,811	58,787
Annual Required Contribution	1,451,081	1,528,461
Interest on Net OPEB Obligation	554,840	579,980
Adjustment to Annual Required Contribution	(495,402)	(517,848)
Annual OPEB Cost (Expense)	1,510,519	1,590,593
Contribution Toward the OPEB Cost	(882,021)	(251,765)
Increase in Net OPEB Obligation	628,498	1,338,828
Net OPEB Obligation, Beginning of Year	13,871,010	14,499,508
Net OPEB Obligation, End of Year	\$ 14,499,508	\$ 15,838,336

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2012, and the two preceding years, are as follows:

Fiscal Year	Annual OPEB Cost	Contribution Toward the OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009-10	\$ 5,646,422	\$ 706,073	12.5%	\$ 13,871,010
2010-11	1,510,519	882,021	58.4%	14,499,508
2011-12	1,590,593	251,765	15.8%	15,838,336

Funded Status and Funding Progress. As of June 30, 2012, the actuarial accrued liability for benefits was \$11,968,208, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$11,968,208. The covered payroll (annual payroll for active participating employees) was \$79,287,916, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the basic financial statements presents

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

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

The District's OPEB liability was determined on the entry age normal cost actuarial method. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, general inflation of 2.5 percent, and an annual healthcare cost trend rate of 9.5 percent initially for the 2011-12 fiscal year, reduced by 1 percent per year, to an ultimate rate of 5.5 percent for the fiscal year ending June 30, 2018. In calculating the District's 2011-12 fiscal year annual required contribution, the initial unfunded actuarial accrued liability, actuarial gains and actuarial losses were amortized over a closed 30 year period as a level percentage of projected payroll. The remaining amortization period at June 30, 2012, was 25 years.

18. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

The following is a schedule of encumbrances at June 30, 2012:

Major Funds								
General	Special Revenue - Federal Economic Stimulus	Debt Service - Other	Debt Service - ARRA	Capital Projects - Local Capital Improvement	Capital Projects - Other	Capital Projects - ARRA	Nonmajor Government al Funds	Total Governmental Funds
\$ 355,139	\$ 18,300	\$ -	\$ -	\$ 4,488,233	\$ 5,461,611	\$ 4,213,572	\$ 226,239	\$ 14,763,094

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

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

Project	Contract Amount	Completed to Date	Balance Committed
Vero Beach Elementary Replacement			
Architect	\$ 926,000	\$ 872,489	\$ 53,511
Contractor	18,790,657	15,947,351	2,843,306
Sebastian River High School HVAC			
Architect	171,240	168,446	2,794
Contractor	4,459,786	4,127,591	332,195
Sebastian River High School Part 2 Freshman Learning Center			
Architect	627,393	564,794	62,599
Contractor	6,875,053	5,737,591	1,137,462
Dodgertown Elementary HVAC			
Architect	146,109	139,604	6,505
Contractor	2,748,846	2,375,797	373,049
Total	<u>\$ 34,745,084</u>	<u>\$ 29,933,663</u>	<u>\$ 4,811,421</u>

19. CONSORTIUM

The District is a member of, and the fiscal agent for, the East Central Florida Management Training Institute (MTI). The Institute provides training for administrators in the participating districts. The Institute is governed by a Board of Directors composed of the superintendents of the participating school districts. During the 2011-12 fiscal year, MTI had two full members. MTI also provides training on a fee basis to other nonmember districts and individual schools throughout central Florida.

20. RISK MANAGEMENT PROGRAMS

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

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

The Board of Directors for SCERMP is composed of superintendents/finance directors or an authorized representative of all participating districts. Employers' Mutual, Inc. serves as the third-party administrator, insurance broker and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except wind/hail/flood), respectively. The named wind/hail/hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence. The deductible for all other wind events is \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000 time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000. SCERMP's purchased excess property loss limit during the 2011-12 fiscal year was \$100 million per tower (consisting of 4 members per tower), except for Flood/Earthquake of \$75 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2011-12 fiscal year was \$850,000. SCERMP purchases excess liability coverage through a commercial insurance carrier, which covers workers' compensation losses in excess of the self-insured retention. Employers liability is included subject to \$2,000,000 per occurrence and \$2,000,000 in the aggregate.

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

The District self-insures its health care coverage for employees and retired former employees. Blue Cross Blue Shield of Florida acts as the third-party administrator for the health insurance program. The program includes excess coverage of claim amounts above \$175,000 per insured per year. Premiums received for, and claims (and other expenses) paid on behalf of Board employees and their dependents are reported in the District's Internal Service Fund.

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

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2010-11	\$ 4,467,396	\$ 12,518,186	\$ (13,650,133)	\$ 3,335,449
2011-12	3,335,449	13,311,583	(13,451,453)	3,195,579

Settled claims have not exceeded the District's purchased commercial coverage in any of the past three years.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2012

21. LITIGATION

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

22. SUBSEQUENT EVENTS

On November 1, 2012, the School Board issued Tax Anticipation Notes in the amount of \$12 million. The note proceeds will provide the District with interim funds for the payment of operating expenditures for the 2012-13 fiscal year in anticipation of the receipt of ad valorem taxes levied and collected for the same year. The notes were issued at an interest rate of 1.25 percent.

The School Board of Indian River County, Florida
Required Supplementary Information
Schedule of Funding Progress
Other Postemployment Benefits Plan
(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
6/30/2010	\$ -	\$ 60,371	\$ 60,371	0.00%	\$ 85,459	70.6%
6/30/2011	-	11,042 ⁽¹⁾	11,042	0.00%	81,437	13.6%
6/30/2012	-	11,968	11,968	0.00%	79,288	15.1%

(1) There was a significant drop in the actuarial liability of approximately \$50 million dollars, due to the School Board's decision to require Medicare eligible retirees to pay the full cost of their health insurance. Medicare eligible retirees now pay future rate increases that are expected to match claims and administrative costs. Based on this change, there is no implicit or explicit cost to the employer for Medicare eligible retirees. This change eliminated Medicare-eligible retirees from the GASB OPEB liability. Medicare eligible retirees will continue to be excluded as long as this decision remains in place and as long as future charges do not exceed the commingled rate of active and retired employees as described by Section 112.08, Florida Statutes.



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COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES



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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

SBE/COBI Bonds Fund—To account for capital project activity funded by proceeds of bonds issued by the State Board of Education on behalf of the District.

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

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

The School Board of Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Special Revenue		
	Food	Contracted	Total
	Services	Programs	Nonmajor
			Special Revenue
ASSETS			
Cash and Cash Equivalents	\$ 1,839	\$ 379	\$ 2,218
Investments	-	-	-
Receivables	1	-	1
Due from Other Agencies	155	101	256
Due from Other Funds	1	3	4
Inventories	178	-	178
Total Assets	<u>\$ 2,174</u>	<u>\$ 483</u>	<u>\$ 2,657</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ 85	\$ 284	\$ 369
Accounts Payable	46	106	152
Due to Other Agencies	67	89	156
Due to Other Funds	59	4	63
Total Liabilities	<u>257</u>	<u>483</u>	<u>740</u>
Fund Balances:			
Nonspendable	178	-	178
Restricted	1,739	-	1,739
Total Fund Balances	<u>1,917</u>	<u>-</u>	<u>1,917</u>
Total Liabilities and Fund Balances	<u>\$ 2,174</u>	<u>\$ 483</u>	<u>\$ 2,657</u>

Debt Service			Capital Projects				Total Nonmajor Governmental Funds
SBE / COBI Bonds	District Bonds	Total Nonmajor Debt Service	SBE / COBI Bonds	Capital Outlay and Debt Service	Public Education Capital Outlay	Total Nonmajor Capital Projects	
\$ -	\$ 408	\$ 408	\$ 286	\$ 355	\$ 11	\$ 652	\$ 3,278
143	11	154	-	-	-	-	154
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	256
-	-	-	-	-	-	-	4
-	-	-	-	-	-	-	178
<u>\$ 143</u>	<u>\$ 419</u>	<u>\$ 562</u>	<u>\$ 286</u>	<u>\$ 355</u>	<u>\$ 11</u>	<u>\$ 652</u>	<u>\$ 3,871</u>
\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	369
-	-	-	17	2	1	20	172
-	-	-	-	-	-	-	156
-	-	-	-	-	1	1	64
<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>2</u>	<u>2</u>	<u>21</u>	<u>761</u>
-	11	11	-	-	-	-	189
143	408	551	269	353	9	631	2,921
<u>143</u>	<u>419</u>	<u>562</u>	<u>269</u>	<u>353</u>	<u>9</u>	<u>631</u>	<u>3,110</u>
<u>\$ 143</u>	<u>\$ 419</u>	<u>\$ 562</u>	<u>\$ 286</u>	<u>\$ 355</u>	<u>\$ 11</u>	<u>\$ 652</u>	<u>\$ 3,871</u>

The School Board of Indian River County, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Special Revenue		
	Food Services	Contracted Programs	Total Nonmajor Special Revenue
Revenues:			
Federal Sources:			
Other Federal Through State Sources	-	8,358	8,358
Food Service	6,215	-	6,215
Total Federal Sources	6,215	8,358	14,573
State Sources:			
Food Service	119	-	119
CO&DS Withheld for SBE/COBI Bond	-	-	-
CO&DS Distribution	-	-	-
Total State Sources	119	-	119
Local Sources:			
Food Service	\$ 2,491	\$ -	\$ 2,491
Investment Income	4	-	4
Ad Valorem Taxes	-	-	-
Other	6	4	10
Total Local Sources	2,501	4	2,505
Total Revenues	8,835	8,362	17,197

Debt Service			Capital Projects				Total Nonmajor Governmental Funds
SBE / COBI Bonds	District Bonds	Total Nonmajor Debt Service	SBE / COBI Bonds	Capital Outlay and Debt Service	Public Education Capital Outlay	Total Nonmajor Capital Projects	
-	-	-	-	-	-	-	8,358
-	-	-	-	-	-	-	6,215
-	-	-	-	-	-	-	14,573
-	-	-	-	-	-	-	119
593	-	593	-	-	-	-	593
-	-	-	-	69	-	69	69
593	-	593	-	69	-	69	781
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,491
-	4	4	1	1	2	4	12
-	4,727	4,727	-	-	-	-	4,727
-	-	-	-	-	-	-	10
-	4,731	4,731	1	1	2	4	7,240
593	4,731	5,324	1	70	2	73	22,594

Continued on next page.

The School Board of Indian River County, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Special Revenue		
	Food Services	Contracted Programs	Total Nonmajor Special Revenue
Expenditures:			
Current:			
Instruction	\$ -	\$ 4,892	\$ 4,892
Pupil Personnel Services	-	685	685
Instruction and Curriculum Development Services	-	1,240	1,240
Instructional Staff Training Services	-	794	794
General Administration	-	332	332
Facilities Services - Non-Capitalized	-	-	-
Food Services	8,413	-	8,413
Pupil Transportation Services	-	141	141
Community Services	-	247	247
Capital Outlay:			
Facilities Acquisition & Construction	-	-	-
Other Capital Outlay	182	31	213
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>8,595</u>	<u>8,362</u>	<u>16,957</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>240</u>	<u>-</u>	<u>240</u>
Net Change in Fund Balances	<u>240</u>	<u>-</u>	<u>240</u>
			-
Fund Balances, Beginning	<u>1,677</u>	<u>-</u>	<u>1,677</u>
Fund Balances, Ending	<u>\$ 1,917</u>	<u>\$ -</u>	<u>\$ 1,917</u>

Debt Service			Capital Projects				Total Nonmajor Governmental Funds
SBE / COBI Bonds	District Bonds	Total Nonmajor Debt Service	SBE / COBI Bonds	Capital Outlay and Debt Service	Public Education Capital Outlay	Total Nonmajor Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,892
-	-	-	-	-	-	-	685
-	-	-	-	-	-	-	1,240
-	-	-	-	-	-	-	794
-	-	-	-	-	-	-	332
-	-	-	138	145	609	892	892
-	-	-	-	-	-	-	8,413
-	-	-	-	-	-	-	141
-	-	-	-	-	-	-	247
-	-	-	-	-	288	288	288
-	-	-	-	-	-	-	213
315	4,520	4,835	-	-	-	-	4,835
286	568	854	-	-	-	-	854
601	5,088	5,689	138	145	897	1,180	23,826
(8)	(357)	(365)	(137)	(75)	(895)	(1,107)	(1,232)
(8)	(357)	(365)	(137)	(75)	(895)	(1,107)	(1,232)
151	776	927	406	428	904	1,738	4,342
\$ 143	\$ 419	\$ 562	\$ 269	\$ 353	\$ 9	\$ 631	\$ 3,110

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service - Other Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
Expenditures:				
Principal	5,591	5,063	5,063	-
Interest and Fiscal Charges	5,224	4,883	4,883	-
Total Expenditures	10,815	9,946	9,946	-
Excess (Deficiency) of Revenues Over Expenditures	(10,815)	(9,946)	(9,946)	-
Other Financing Sources				
Transfers In	10,815	9,949	9,949	-
Total Other Financing Sources	10,815	9,949	9,949	-
Net Change in Fund Balance	\$ -	\$ 3	3	\$ -
Fund Balance, Beginning			21	
Fund Balance, Ending			\$ 24	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service - American Recovery and Reinvestment Act (ARRA) Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
Revenues:				
Federal Sources:				
Miscellaneous Federal Direct	\$ 1,523	\$ 1,523	\$ 1,523	\$ -
Local Sources:				
Investment Income	-	3	3	-
Total Revenues	<u>1,523</u>	<u>1,526</u>	<u>1,526</u>	<u>-</u>
Expenditures:				
Principal	1,459	-	-	-
Interest and Fiscal Charges	<u>1,557</u>	<u>1,545</u>	<u>1,545</u>	<u>-</u>
Total Expenditures	<u>3,016</u>	<u>1,545</u>	<u>1,545</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,493)</u>	<u>(19)</u>	<u>(19)</u>	<u>-</u>
Other Financing Sources				
Transfers In	<u>1,493</u>	<u>1,493</u>	<u>1,493</u>	<u>-</u>
Total Other Financing Sources	<u>1,493</u>	<u>1,493</u>	<u>1,493</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,474</u>	<u>1,474</u>	<u>\$ -</u>
Fund Balance, Beginning			<u>7</u>	
Fund Balance, Ending			<u>\$ 1,481</u>	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects - Local Capital Improvement Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
Revenues:				
Local Sources:				
Ad Valorem Taxes	\$ 20,224	\$ 20,509	\$ 20,509	\$ -
Investment Income	101	101	101	-
Total Revenues	<u>20,325</u>	<u>20,610</u>	<u>20,610</u>	<u>-</u>
Expenditures:				
Capital Outlay	<u>34,560</u>	<u>29,044</u>	<u>13,544</u>	<u>15,500</u>
Total expenditures	<u>34,560</u>	<u>29,044</u>	<u>13,544</u>	<u>15,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,235)</u>	<u>(8,434)</u>	<u>7,066</u>	<u>15,500</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(12,307)</u>	<u>(14,849)</u>	<u>(14,849)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(12,307)</u>	<u>(14,849)</u>	<u>(14,849)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (26,542)</u>	<u>\$ (23,283)</u>	<u>\$ (7,783)</u>	<u>\$ 15,500</u>
Fund Balance, Beginning			29,301	
Fund Balance, Ending			<u>\$ 21,518</u>	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects - Other Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
State Sources:				
Other	901	850	850	-
Total State Sources	901	850	850	-
Local Sources:				
Investment Income	\$ -	\$ 172	\$ 172	\$ -
Impact Fees	-	409	409	-
Total Local Sources	-	581	581	-
Total Revenues	901	1,431	1,431	-
Expenditures:				
Capital Outlay	27,424	12,125	5,858	6,267
Interest and Fiscal Charges	16	-	-	-
Total Expenditures	27,440	12,125	5,858	6,267
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,539)	(10,694)	(4,427)	6,267
Other Financing Sources (Uses):				
Transfers Out	(871)	(800)	(800)	-
Issuance of Long Term Debt	13,500	-	-	-
Total Other Financing Sources (Uses)	12,629	(800)	(800)	-
Net Change in Fund Balance	\$ (13,910)	\$ (11,494)	(5,227)	\$ 6,267
Fund Balance, Beginning			15,155	
Fund Balance, Ending			\$ 9,928	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects - American Recovery and Reinvestment Act (ARRA) Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
Revenues:				
Local Sources:				
Investment Income	\$ -	\$ 62	\$ 62	\$ -
Total Local Sources	-	62	62	-
Total Revenues	-	62	62	-
Expenditures:				
Capital Outlay	24,753	24,768	13,958	10,810
Interest and Fiscal Charges	15	-	-	-
Total Expenditures	24,768	24,768	13,958	10,810
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,768)	(24,706)	(13,896)	10,810
Net Change in Fund Balance	<u>\$ (24,768)</u>	<u>\$ (24,706)</u>	(13,896)	<u>\$ 10,810</u>
Fund Balance, Beginning			24,790	
Fund Balance, Ending			<u>\$ 10,894</u>	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue - Food Services Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over
				(Under)
Revenues:				
Federal Sources:				
Food Service	6,082	6,082	6,215	133
Total Federal Sources	6,082	6,082	6,215	133
State Sources:				
Food Service	122	117	119	2
Total State Sources	122	117	119	2
Local Sources:				
Food Service	\$ 2,457	\$ 2,457	\$ 2,491	\$ 34
Investment Income	-	-	4	4
Other	-	-	6	6
Total Local Sources	2,457	2,457	2,501	44
Total Revenues	8,661	8,656	8,835	179
Expenditures:				
Food Services:				
Salaries	2,642	2,552	2,542	10
Employee Benefits	1,044	902	902	-
Purchased Services	216	118	115	3
Energy Services	332	301	300	1
Materials and Supplies	3,892	4,074	4,020	54
Capital Outlay	122	34	34	-
Other Expenditures	410	500	500	-
Total Food Service	8,658	8,481	8,413	68
Capital Outlay:				
Capital Outlay	-	182	182	-
Total Expenditures	8,658	8,663	8,595	68
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	3	(7)	240	247
Net Change in Fund Balance	\$ 3	\$ (7)	240	\$ 247
Fund Balance, Beginning			1,677	
Fund Balance, Ending			\$ 1,917	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue - Contracted Programs Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over
				(Under)
Revenues:				
Federal Sources:				
Other Federal Through State Sources	\$ 11,076	\$ 11,288	\$ 8,358	\$ (2,930)
Total Federal Sources	11,076	11,288	8,358	(2,930)
Local Sources:				
Investment Income	-	-	4	4
Total Local Sources	-	-	4	4
Total Revenues	11,076	11,288	8,362	(2,926)
Expenditures:				
Instruction:				
Salaries	3,358	3,750	3,093	657
Employee Benefits	1,035	1,004	826	178
Purchased Services	619	519	396	123
Materials and Supplies	193	429	253	176
Capital Outlay	245	204	197	7
Other Expenditures	25	146	127	19
Total Instruction	5,475	6,052	4,892	1,160
Pupil Personnel Services:				
Salaries	727	788	544	244
Employee Benefits	186	119	119	-
Purchased Services	13	91	2	89
Materials and Supplies	25	22	20	2
Total Pupil Personnel Services	951	1,020	685	335
Instruction and Curriculum Development Services:				
Salaries	960	1,022	1,016	6
Employee Benefits	279	210	210	-
Purchased Services	2	19	9	10
Materials and Supplies	4	5	5	-
Capital Outlay	-	4	-	4
Total Instruction and Curriculum Development Services	1,245	1,260	1,240	20
Instructional Staff Training Services:				
Salaries	687	553	522	31
Employee Benefits	149	105	105	-
Purchased Services	383	291	100	191
Materials and Supplies	78	74	7	67
Capital Outlay	4	-	-	-
Other Expenditures	104	63	60	3
Total Instructional Staff Training Services	1,405	1,086	794	292

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue - Contracted Programs Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over
				(Under)
Expenditures (continued):				
General Administration:				
Other Expenditures	605	682	332	350
Total General Administration	605	682	332	350
Pupil Transportation Services:				
Salaries	11	8	3	5
Employee Benefits	2	1	-	1
Purchased Services	3	-	-	-
Other Expenditures	868	808	138	670
Total Pupil Transportation Services	884	817	141	676
Community Services:				
Salaries	323	239	202	37
Employee Benefits	65	45	31	14
Purchased Services	85	40	1	39
Materials and Supplies	14	11	11	-
Other Expenditures	24	2	2	-
Total Community Services	511	337	247	90
Capital Outlay:				
Other Capital Outlay	-	34	31	3
Total Capital Outlay	-	34	31	3
Total Expenditures	11,076	11,288	8,362	2,926
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, Beginning			-	
Fund Balance, Ending			\$ -	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service - SBE / COBI Bonds Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
State Sources:				
CO&DS Withheld for SBE/COBI Bond	\$ 600	\$ 593	\$ 593	-
Total State Sources	600	593	593	-
Total Revenues	600	593	593	-
Expenditures:				
Principal	315	315	315	-
Interest and Fiscal Charges	285	286	286	-
Total expenditures	600	601	601	-
Net Change in Fund Balance	\$ -	\$ (8)	\$ (8)	\$ -
Fund Balance, Beginning			151	
Fund Balance, Ending			\$ 143	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service - District Bonds Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Local sources:				
Ad Valorem Taxes	\$ 4,719	\$ 4,727	\$ 4,727	\$ -
Investment Income	5	4	4	-
Total Local Sources	4,724	4,731	4,731	-
Total Revenues	4,724	4,731	4,731	-
Expenditures:				
Principal	4,520	4,520	4,520	-
Interest and Fiscal Charges	612	568	568	-
Total Expenditures	5,132	5,088	5,088	-
Net Change in Fund Balance	\$ (408)	\$ (357)	(357)	\$ -
Fund Balance, Beginning			776	
Fund Balance, Ending			\$ 419	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects - SBE / COBI Bonds Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
Revenues:				
Local Sources:				
Investment Income	\$ -	\$ 1	\$ 1	\$ -
Total Revenues	-	1	1	-
Expenditures:				
Capital Outlay	398	398	138	260
Interest and Fiscal Charges	-	-	-	-
Total expenditures	398	398	138	260
Excess (Deficiency) of Revenues Over (Under) Expenditures	(398)	(397)	(137)	260
Net Change in Fund Balance	<u>\$ (398)</u>	<u>\$ (397)</u>	(137)	<u>\$ 260</u>
Fund Balance, Beginning			406	
Fund Balance, Ending			<u>\$ 269</u>	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects - Capital Outlay & Debt Service Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
State Sources:				
CO&DS Distribution	\$ 69	\$ 69	\$ 69	\$ -
Local Sources:				
Investment Income	-	1	1	-
Total Revenues	69	70	70	-
Expenditures:				
Capital Outlay	268	268	145	123
Total Expenditures	268	268	145	123
Net Change in Fund Balance	\$ (199)	\$ (198)	(75)	\$ 123
Fund Balance, Beginning			428	
Fund Balance, Ending			\$ 353	

The School Board of Indian River County, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects - Public Education Capital Outlay Fund
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
Revenues:				
Local Sources:				
Investment Income	\$ -	\$ 1	\$ 2	\$ 1
Total Revenues	-	1	2	1
Expenditures:				
Capital Outlay	903	905	897	8
Total Expenditures	903	905	897	8
Net Change in Fund Balance	<u>\$ (903)</u>	<u>\$ (904)</u>	(895)	<u>\$ 9</u>
Fund Balance, Beginning			904	
Fund Balance, Ending			<u>\$ 9</u>	

Internal Service Funds

Internal Service Funds are used to account for the District's individual self-insurance program and for the financing of the East Central Management Training Institute Consortium, for which the Board is fiscal agent.

Medical Insurance Fund - To account for self-insured medical benefits for employees.

East Central Management Training Institute Consortium Fund - To account for the financial activities of the consortium's training programs.



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The School Board of Indian River County, Florida
Combining Statement of Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Medical Insurance	Management Training Institute Consortium	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 8,582	\$ 37	\$ 8,619
Investments	187	-	187
Accounts Receivable	166	-	166
Due From Other Agencies	722	-	722
	<u>9,657</u>	<u>37</u>	<u>9,694</u>
Total Current Assets	<u>9,657</u>	<u>37</u>	<u>9,694</u>
Total Assets	<u>\$ 9,657</u>	<u>\$ 37</u>	<u>\$ 9,694</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	4	4
Unearned Revenue	1,327	-	1,327
Estimated Insurance Claims Payable	3,196	-	3,196
	<u>4,523</u>	<u>4</u>	<u>4,527</u>
Total Liabilities	<u>4,523</u>	<u>4</u>	<u>4,527</u>
NET ASSETS			
Unrestricted	<u>5,134</u>	<u>33</u>	<u>5,167</u>
Total Net Assets	<u>\$ 5,134</u>	<u>\$ 33</u>	<u>\$ 5,167</u>

The School Board of Indian River County, Florida
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Medical Insurance	Management Training Institute Consortium	Totals
OPERATING REVENUES			
Charges for Services	\$ -	\$ 25	\$ 25
Premium Revenues	16,640	-	16,640
Other Operating Revenues	321	-	321
Total Operating Revenues	16,961	25	16,986
OPERATING EXPENSES			
Insurance Claims	13,312	-	13,312
Insurance Premiums	2,578	-	2,578
Service Agent Fees	1,446	-	1,446
Salaries and Benefits	73	-	73
Professional and Technical Services	-	34	34
Materials and Supplies	-	6	6
Other Expenses	-	4	4
Total Operating Expenses	17,409	44	17,453
Operating Loss	(448)	(19)	(467)
NONOPERATING REVENUES			
Investment Earnings	43	-	43
Total Nonoperating Revenues	43	-	43
Change in Net Assets	(405)	(19)	(424)
Total Net Assets, Beginning	5,539	52	5,591
Total Net Assets, Ending	<u>\$ 5,134</u>	<u>\$ 33</u>	<u>\$ 5,167</u>

The School Board of Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Medical Insurance	Management Training Institute Consortium	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received for Premiums	\$ 16,595	\$ -	\$ 16,595
Cash Received for Other Operating Revenues	321	25	346
Cash Payments for Insurance Premiums	(2,579)	-	(2,579)
Cash Payments to Employees for Services	(73)	-	(73)
Cash Payments for Other Fees	(1,446)	-	(1,446)
Cash Payments for Insurance Claims	(13,451)	-	(13,451)
Cash Payments for Other	(232)	(40)	(272)
Net Cash Used by Operating Activities	(865)	(15)	(880)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales and Maturities of Investments	25	-	25
Interest on Investments	43	-	43
Net Cash Provided by Investment Activities	68	-	68
Net Decrease in Cash and Cash Equivalents	(797)	(15)	(812)
Cash and Cash Equivalents, Beginning	9,379	52	9,431
Cash, and Cash Equivalents, Ending	<u>\$ 8,582</u>	<u>\$ 37</u>	<u>\$ 8,619</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	\$ (448)	\$ (19)	\$ (467)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(86)	-	(86)
Increase in Due from Other Agencies	(146)	-	(146)
Increase (Decrease) in Accounts Payable	(1)	4	3
Decrease in Unearned Revenue	(45)	-	(45)
Decrease in Estimated Insurance Claims Payable	(139)	-	(139)
Total Adjustments	(417)	4	(413)
Net Cash Used by Operating Activities	<u>\$ (865)</u>	<u>\$ (15)</u>	<u>\$ (880)</u>
Noncash Investing Activity			
Increase in Fair Value of Investments	<u>\$ 20</u>	<u>-</u>	<u>\$ 20</u>



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The School Board of Indian River County, Florida
Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Cash and Cash Equivalents	\$ 1,172	\$ 3,453	\$ 3,334	\$ 1,291
Accounts Receivable	30	8	30	8
Inventory	40	81	40	81
	<u>40</u>	<u>81</u>	<u>40</u>	<u>81</u>
Total Assets	<u>\$ 1,242</u>	<u>\$ 3,542</u>	<u>\$ 3,404</u>	<u>\$ 1,380</u>
LIABILITIES				
Accounts Payable	\$ 63	\$ 94	\$ 63	\$ 94
Internal Accounts Payable	1,179	3,602	3,495	1,286
	<u>1,179</u>	<u>3,602</u>	<u>3,495</u>	<u>1,286</u>
Total Liabilities	<u>\$ 1,242</u>	<u>\$ 3,696</u>	<u>\$ 3,558</u>	<u>\$ 1,380</u>



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Discretely Presented Component Units

The District's discretely presented component units consists of the following entities:

Charter Schools – Pursuant to Chapter 617, Florida Statutes, and Section 1002.33, Florida Statutes, the following charter schools are considered discretely presented component units: Indian River Charter High School, Inc., Sebastian Charter Junior High, Inc., St. Peter's Academy, Inc., and North County Charter School, Inc. Pursuant to Chapter 608, Florida Statutes, and 1002.33, Florida Statutes, the following charter school is also considered a discretely presented component unit: Imagine Schools at South Indian River LLC d/b/a Imagine Charter Schools at South Vero.



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The School Board of Indian River County, Florida
Combining Statement of Net Assets
Nonmajor Component Units
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Indian River Charter High School, Inc.	Sebastian Charter Junior High, Inc.	St. Peter's Academy, Inc.	North County Charter School, Inc.	Imagine Schools at South Vero, LLC	Total Charter Schools
ASSETS						
Cash and Cash Equivalents	\$ 2,309	\$ 192	\$ 203	\$ 349	\$ 329	\$ 3,382
Receivables	16	2	-	-	13	31
Due from Local Sources	-	326	-	-	-	326
Due from Other Agencies	-	-	-	-	3	3
Due from Operating Company	-	-	-	-	131	131
Prepaid Items	58	-	-	-	51	109
Deferred Charges	38	-	-	16	-	54
Capital Assets (Net of Accumulated Depreciation):						
Land	-	186	-	599	-	785
Construction in Process	41	145	-	-	-	186
Improvements Other than Buildings	358	26	-	36	-	420
Buildings and Fixed Equipment	4,599	467	1,455	2,984	30	9,535
Furniture, Fixtures and Equipment	310	12	28	68	99	517
Motor Vehicles	-	-	-	-	-	-
Property Under Capital Leases	-	17	-	-	-	17
Audio Visual Materials	4	-	-	-	12	16
Computer Software	15	(2)	-	-	2	15
Total Assets	7,748	1,371	1,686	4,052	670	15,527
LIABILITIES						
Accrued Salaries and Benefits Payable	-	1	-	-	268	269
Accounts Payable	8	-	-	-	35	43
Accrued Expenses	182	-	10	-	-	192
Unearned Revenue	133	326	-	-	22	481
Long-Term Liabilities:						
Portion Due Within One Year:						
Notes Payable	308	36	24	56	-	424
Obligations Under Capital Leases	-	6	-	-	-	6
Other Long-Term Liabilities	-	-	-	-	10	10
Portion Due After One Year:						
Notes Payable	1,631	240	423	2,394	-	4,688
Obligations Under Capital Leases	-	26	-	-	-	26
Total Liabilities	2,262	635	457	2,450	335	6,139
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	3,426	542	1,036	1,253	144	6,401
Restricted for:						
Capital Projects	463	110	-	-	-	573
Unrestricted	1,597	84	193	349	191	2,414
Total Net Assets	\$ 5,486	\$ 736	\$ 1,229	\$ 1,602	\$ 335	\$ 9,388

The School Board of Indian River County, Florida
Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

Functions/Programs	Indian River Charter High School, Inc.	Sebastian Charter Junior High, Inc.	St. Peter's Academy, Inc.	North County Charter School, Inc.	Imagine Schools at South Vero, LLC	Total Charter Schools
Expenses:						
Instruction	\$ 2,448	\$ 683	\$ 626	\$ 657	\$ 2,867	\$ 7,281
Pupil Personnel Services	161	-	2	-	-	163
Health Services	-	-	-	-	30	30
Instructional Media Services	67	-	9	-	-	76
Technology	104	-	-	-	-	104
Instruction and Curriculum Development Services	-	-	-	-	14	14
Instructional Staff Training Services	-	8	-	-	-	8
School Board	-	19	-	2	19	40
General Administration	-	-	24	-	-	24
School Administration	516	283	297	168	1,086	2,350
Facilities Services - Non-Capitalized	100	2	-	7	-	109
Fiscal Services	-	14	-	12	-	26
Food Services	6	74	96	98	234	508
Central Services	-	-	-	-	19	19
Pupil Transportation Services	4	19	64	14	-	101
Operation of Plant	433	64	181	95	1,715	2,488
Maintenance of Plant	21	7	-	13	9	50
Community Services	-	-	-	-	57	57
Unallocated Interest on Long-Term Debt	81	18	-	355	-	454
Depreciation/Amortization - Unallocated	410	37	22	71	-	540
Total Expenses	<u>4,351</u>	<u>1,228</u>	<u>1,321</u>	<u>1,492</u>	<u>6,050</u>	<u>14,442</u>
Program Revenues:						
Charges for Services	-	-	-	47	651	698
Operating Grants and Contributions	95	74	153	73	561	956
Capital Grants and Contributions	-	210	25	88	-	323
Total Program Revenues	<u>95</u>	<u>284</u>	<u>178</u>	<u>208</u>	<u>1,212</u>	<u>1,977</u>
Net Program Expense	<u>(4,256)</u>	<u>(944)</u>	<u>(1,143)</u>	<u>(1,284)</u>	<u>(4,838)</u>	<u>(12,465)</u>
General Revenues:						
Grants and Contributions not Restricted to Specific Programs	3,824	1,005	1,091	1,270	4,924	12,114
Unrestricted Investment Earnings	8	1	-	-	-	9
Miscellaneous	484	37	-	-	-	521
Special Item - Loss on Disposal of Capital Assets	(17)	-	-	-	-	(17)
Total General Revenues	<u>4,299</u>	<u>1,043</u>	<u>1,091</u>	<u>1,270</u>	<u>4,924</u>	<u>12,627</u>
Changes in Net Assets	43	99	(52)	(14)	86	162
Net Assets - Beginning	5,443	637	1,245	1,616	249	9,190
Adjustments to Beginning Net Assets	-	-	36	-	-	36
Net Assets - Ending	<u>\$ 5,486</u>	<u>\$ 736</u>	<u>\$ 1,229</u>	<u>\$ 1,602</u>	<u>\$ 335</u>	<u>\$ 9,388</u>

STATISTICAL SECTION

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

Contents	Page
<u><i>Financial Trends Information</i></u>	115
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<u><i>Revenue Capacity Information</i></u>	127
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	
<u><i>Debt Capacity Information</i></u>	128
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<u><i>Demographic and Economic Information</i></u>	133
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<u><i>Operating Information</i></u>	136
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it performs.	



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

	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>Fiscal Year Ending</u> <u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 104,340	\$ 118,227	\$ 119,712	\$ 153,266	\$ 168,013	\$ 178,107	\$ 192,693	\$ 194,967	\$ 204,036	\$ 212,594
Restricted	14,342	20,137	42,769	37,121	51,577	56,935	53,202	54,814	44,120	33,743
Unrestricted	<u>4,433</u>	<u>7,083</u>	<u>8,274</u>	<u>10,717</u>	<u>8,125</u>	<u>2,731</u>	<u>(2,812)</u>	<u>(11,162)</u>	<u>(909)</u>	<u>(2,175)</u>
Total Governmental Activities Net Assets	<u>\$ 123,115</u>	<u>\$ 145,447</u>	<u>\$ 170,755</u>	<u>\$ 201,104</u>	<u>\$ 227,715</u>	<u>\$ 237,773</u>	<u>\$ 243,083</u>	<u>\$ 238,619</u>	<u>\$ 247,247</u>	<u>\$ 244,162</u>
Business-Type Activities:										
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 339</u>	<u>\$ 401</u>	<u>\$ 520</u>
Total Business-Type Activities Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 339</u>	<u>\$ 401</u>	<u>\$ 520</u>
Primary Government:										
Invested in Capital Assets, Net of Related Debt	\$ 104,340	\$ 118,227	\$ 119,712	\$ 153,266	\$ 168,013	\$ 178,107	\$ 192,693	\$ 194,967	\$ 204,036	\$ 212,594
Restricted	14,342	20,137	42,769	37,121	51,577	56,935	53,202	54,814	44,120	33,743
Unrestricted	<u>4,433</u>	<u>7,083</u>	<u>8,274</u>	<u>10,717</u>	<u>8,125</u>	<u>2,731</u>	<u>(2,559)</u>	<u>(10,823)</u>	<u>(508)</u>	<u>(1,655)</u>
Total Primary Government Net Assets	<u>\$ 123,115</u>	<u>\$ 145,447</u>	<u>\$ 170,755</u>	<u>\$ 201,104</u>	<u>\$ 227,715</u>	<u>\$ 237,773</u>	<u>\$ 243,336</u>	<u>\$ 238,958</u>	<u>\$ 247,648</u>	<u>\$ 244,682</u>

(a) Net Assets have increased significantly over the ten-year period due primarily to an increase in property tax in fiscal years 2006 through 2009 used to acquire and construct capital assets that depreciate in future years.

Source: District Records

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

	Fiscal Year Ending									
	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Expenses:										
Governmental Activities:										
Instruction	\$ 53,742	\$ 59,974	\$ 67,292	\$ 73,352	\$ 82,995	\$ 91,695	\$ 100,824	\$ 101,193	\$ 97,419	\$ 93,440
Pupil Personnel Services	3,753	3,759	3,922	4,255	5,146	5,344	5,858	5,604	4,784	4,714
Instructional Media Services	1,670	1,845	1,865	1,994	2,082	2,116	2,461	2,512	2,172	2,048
Instruction and Curriculum										
Development Services	4,965	5,251	5,939	6,155	6,342	6,854	6,712	5,632	4,862	4,569
Instructional Staff Training Services	747	769	718	1,086	1,217	1,186	1,000	2,452	2,235	2,226
Instruction Related Technology (a)	-	-	-	424	599	955	952	1,062	1,006	1,375
School Board	882	160	712	926	911	978	1,103	1,195	1,031	835
General Administration	551	638	754	801	848	705	870	804	843	922
School Administration	5,776	6,115	6,303	6,841	9,214	9,529	9,777	9,353	8,425	7,875
Facilities Services - Non-Capitalized	4,921	4,283	4,931	6,731	12,240	13,352	11,227	12,690	14,809	5,785
Fiscal Services	935	980	1,021	996	1,324	1,257	1,298	1,301	1,429	1,220
Food Services	6,282	6,555	6,936	7,622	7,890	8,315	8,848	8,754	8,102	9,257
Central Services	3,188	3,757	4,061	2,189	2,438	2,666	2,638	2,631	2,138	2,154
Pupil Transportation Services	3,256	3,432	3,655	4,083	5,162	6,689	6,599	6,354	6,106	6,361
Operation of Plant	8,355	9,479	10,772	12,156	14,087	14,906	13,883	12,341	11,634	13,080
Maintenance of Plant	2,836	3,102	4,896	3,676	3,864	3,638	3,804	97	412	3,218
Administrative Technology Services (a)	-	-	-	1,625	1,927	2,352	2,752	2,515	2,496	2,042
Community Services	1,037	1,026	2,017	961	1,010	1,030	48	281	281	255
Unallocated Interest on Long-Term Debt	2,425	1,687	1,860	3,745	5,062	6,575	7,081	6,852	7,339	7,344
Depreciation - Unallocated	7,350	7,802	7,969	8,892	10,088	9,688	-	-	-	-
Loss on Disposal of Capital Assets	972	127	1,123	-	327	-	-	-	-	2,367
Extraordinary Item:										
Claims Settlement	370	542	367	222	-	-	-	-	-	-
Total Governmental Activities Expenses	114,013	121,283	137,113	148,732	174,773	189,830	187,735	183,623	177,523	171,087
Business-Type Activities:										
Extended Day Program	-	-	-	-	-	-	827	717	709	650
Total Business-Type Activities Expenses	-	-	-	-	-	-	827	717	709	650
Total Primary Government Expenses	114,013	121,283	137,113	148,732	174,773	189,830	188,562	184,340	178,232	171,737

Source: District Records

(a) In fiscal year ending June 30, 2006, two new function / expense classifications were established to report technology expenses previously reported in central services.

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

	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	Fiscal Year Ending		June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Program Revenues:												
Governmental Activities:												
Charges for Services												
Instruction	\$ 149	\$ 221	\$ 205	\$ 159	\$ 1,454	\$ 1,461	\$ 475	\$ 496	\$ 285	\$ 345		
Food Services	2,035	2,159	2,279	2,670	2,951	3,138	3,025	2,953	2,842	2,491		
Pupil Transportation	19	17	15	10	10	11	29	31	22	33		
Community	1,009	951	1,032	1,174	-	-	-	-	183	182		
Operating Grants and Contributions	7,370	7,625	7,734	8,280	8,012	8,442	9,320	5,834	5,765	6,331		
Capital Grants and Contributions	2,248	6,879	3,595	3,058	11,940	4,342	7,984	1,246	2,523	2,212		
Total Government Activities Program Revenues	12,830	17,852	14,860	15,351	24,367	17,394	20,833	10,560	11,620	11,594		
Business Type Activities:												
Extended Day Program - Charges for Services	-	-	-	-	-	-	872	802	769	767		
Total Primary Government Program Revenues	12,830	17,852	14,860	15,351	24,367	17,394	21,705	11,362	12,389	12,361		
Net (Expenses) / Revenues												
Governmental Activities	(101,183)	(103,431)	(122,253)	(133,381)	(150,406)	(172,436)	(166,902)	(173,063)	(165,903)	(159,493)		
Business-Type Activities	-	-	-	-	-	-	45	85	60	117		
Total Primary Government Net (Expenses) / Revenues	(101,183)	(103,431)	(122,253)	(133,381)	(150,406)	(172,436)	(166,857)	(172,978)	(165,843)	(159,376)		
General Revenues and Other Changes in Net Assets:												
General Revenues:												
Governmental Activities:												
Property Taxes:												
Levied for Operational Purposes	55,808	64,505	71,074	81,182	89,194	94,914	88,841	93,743	93,342	86,569		
Levied for Debt Services	5,748	5,552	5,671	4,969	4,828	4,861	4,954	4,850	4,794	4,727		
Levied for Capital Projects	18,158	20,856	23,587	27,590	34,531	36,012	31,012	24,275	21,816	20,509		
Grants and Contributions												
Not Restricted to Specific Programs	30,686	28,381	24,893	30,315	37,796	37,938	37,706	42,236	51,432	41,342		
Restricted Investment Earnings	-	-	-	1,518	-	-	-	-	-	-		
Unrestricted Investment Earnings	586	485	1,240	2,808	7,537	5,158	(767)	1,877	1,309	931		
Miscellaneous	3,118	5,985	22,180	15,348	3,034	3,611	10,672	1,618	1,838	2,330		
Total Governmental Activities General Revenues	114,104	125,764	148,645	163,730	176,920	182,494	172,418	168,599	174,531	156,408		
Business-Type Activities:												
Extended Day Program - Investment Earnings	-	-	-	-	-	-	2	1	2	2		
Total Business-Type Activities Revenues	-	-	-	-	-	-	2	1	2	2		
Total Primary Government General Revenues and Other Changes in Net Assets	114,104	125,764	148,645	163,730	176,920	182,494	172,420	168,600	174,533	156,410		
Changes in Net Assets												
Governmental Activities	12,921	22,333	26,392	30,349	26,514	10,058	5,516	(4,464)	8,628	(3,085)		
Business-Type Activities	-	-	-	-	-	-	47	86	62	119		
Total Primary Government	\$ 12,921	\$ 22,333	\$ 26,392	\$ 30,349	\$ 26,514	\$ 10,058	\$ 5,563	\$ (4,378)	\$ 8,690	\$ (2,966)		

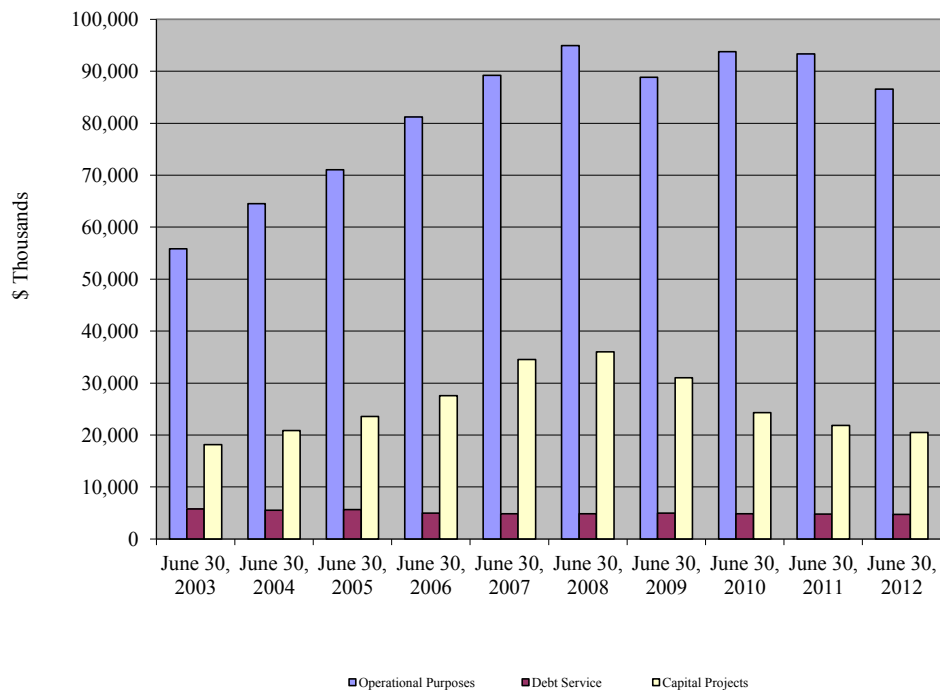
Source: District Records

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

Fiscal Year Ending	Property Tax			Total
	Operational Purposes	Debt Service	Capital Projects	
June 30, 2012	\$ 86,569	\$ 4,727	\$ 20,509	\$ 111,805
June 30, 2011	93,342	4,794	21,816	119,952
June 30, 2010	93,743	4,850	24,275	122,868
June 30, 2009	88,841	4,954	31,012	124,807
June 30, 2008	94,914	4,861	36,012	135,787
June 30, 2007	89,194	4,828	34,531	128,553
June 30, 2006	81,182	4,969	27,590	113,741
June 30, 2005	71,074	5,671	23,587	100,332
June 30, 2004	64,505	5,552	20,856	90,913
June 30, 2003	55,808	5,748	18,158	79,714

Source: District Records

Governmental Activities Tax Revenues by Source



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

	Fiscal Year Ending				
	Restated (1) June 30, 2003	Restated (1) June 30, 2004	Restated (1) June 30, 2005	Restated (1) June 30, 2006	Restated (1) June 30, 2007
General Fund					
Nonspendable	\$ 363	\$ 335	\$ 332	\$ 433	\$ 397
Restricted	754	2,127	2,140	567	1,259
Assigned	253	536	984	642	511
Unassigned	10,015	9,514	9,966	11,109	9,207
Total General Fund	<u>\$ 11,385</u>	<u>\$ 12,512</u>	<u>\$ 13,422</u>	<u>\$ 12,751</u>	<u>\$ 11,374</u>
All Other Governmental Funds					
Nonspendable	\$ 374	\$ -	\$ 315	\$ 295	\$ -
Restricted	14,593	19,132	41,112	92,442	95,394
Assigned	-	-	-	-	-
Unassigned: (2)					
Special Revenue Fund	-	-	-	-	(336)
Total All Other Governmental Funds	<u>\$ 14,967</u>	<u>\$ 19,132</u>	<u>\$ 41,427</u>	<u>\$ 92,737</u>	<u>\$ 95,058</u>

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

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

Source: District Records

Fiscal Year Ending				
Restated (1) June 30, 2008	Restated (1) June 30, 2009	Restated (1) June 30, 2010	June 30, 2011	June 30, 2012
\$ 474	\$ 429	\$ 335	\$ 330	\$ 916
193	-	582	2,208	2,754
551	355	258	6,539	3,489
8,663	4,061	1,362	5,495	9,129
<u>\$ 9,881</u>	<u>\$ 4,845</u>	<u>\$ 2,537</u>	<u>\$ 14,572</u>	<u>\$ 16,288</u>
\$ -	\$ -	\$ 150	\$ 208	\$ 1,802
113,922	78,490	67,578	73,408	45,153
-	-	-	-	-
(849)	(501)	-	-	-
<u>\$ 113,073</u>	<u>\$ 77,989</u>	<u>\$ 67,728</u>	<u>\$ 73,616</u>	<u>\$ 46,955</u>

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

	Fiscal Year Ending									
	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Revenues:										
Federal Direct Sources:										
Reserve Officers Training Corps (ROTC)	\$ 76	\$ 95	\$ 100	\$ 105	\$ 92	\$ 116	\$ 121	\$ 133	\$ 101	\$ 167
Other Federal Direct Sources	205	224	322	366	128	291	62	-	694	1,523
Total Federal Direct	281	319	422	471	220	407	183	133	795	1,690
Federal Through State Sources:										
Food Service	3,767	4,011	4,273	3,879	3,734	4,343	5,202	5,694	5,645	6,215
Donated Foods	371	277	300	292	145	-	-	-	-	-
Other Federal Through State Grants	5,912	7,055	7,086	7,638	7,993	7,866	7,987	18,178	22,254	9,607
Total Federal Through State Sources:	10,050	11,343	11,659	11,809	11,872	12,209	13,189	23,872	27,899	15,822
Federal Through Local Sources:										
Other Federal Through Local Grants	101	58	45	14	48	-	-	-	-	-
Total Federal Through Local Sources:	101	58	45	14	48	-	-	-	-	-
State Sources:										
Florida Education Finance Program (FEFP)	18,715	15,616	11,745	6,581	8,326	4,575	5,732	1,726	6,164	8,141
Categorical Programs - Class Size Reduction	5,969	8,973	11,983	16,866	19,652	23,096	25,476	18,851	19,449	19,742
District Discretionary Lottery Funds	1,790	1,403	1,658	797	672	831	425	49	66	58
CO&DS Distribution	519	546	565	100	100	193	96	83	72	69
CO&DS Withheld for SBE/COBI Bonds	84	81	79	500	565	489	592	590	601	603
Public Education Capital Outlay	-	-	-	2,386	3,082	3,660	1,829	295	825	-
Food Service	213	176	178	159	171	126	113	140	122	119
Other State Sources	4,313	8,954	6,005	1,970	12,144	4,239	7,084	3,279	3,397	3,228
Total State Sources	31,603	35,749	32,213	29,359	44,712	37,209	41,347	25,013	30,696	31,960
Local Sources:										
Ad Valorem Taxes	73,906	85,210	94,597	113,741	128,553	135,787	124,807	122,868	119,952	111,805
Impact Fees	-	-	-	5,409	1,055	1,186	291	279	332	409
Food Service	2,035	2,159	2,279	2,953	2,466	2,775	3,025	2,953	2,842	2,491
Investment Income	2,840	2,935	3,571	4,689	6,995	4,776	(739)	1,741	1,228	729
Other Local Sources	6,119	5,843	6,336	3,593	3,932	4,442	2,801	2,610	2,632	3,259
Total Local Sources	84,900	96,147	106,783	130,385	143,001	148,966	130,185	130,451	126,986	118,693
Total Revenues	\$ 126,935	\$ 143,616	\$ 151,122	\$ 172,038	\$ 199,853	\$ 198,791	\$ 184,904	\$ 179,469	\$ 186,376	\$ 168,165

Source: District Records

	Fiscal Year Ending									
	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Expenditures:										
Current:										
Instruction	\$ 56,260	\$ 62,247	\$ 67,784	\$ 73,938	\$ 82,218	\$ 89,240	\$ 90,317	\$ 90,005	\$ 89,556	\$ 84,976
Pupil Personnel Services	3,737	3,744	3,917	4,298	5,089	5,179	5,124	4,971	4,447	4,238
Instructional Media Services	1,669	1,842	1,875	2,012	2,065	2,060	2,173	2,238	1,991	1,841
Instruction and Curriculum Development Services	4,933	5,231	5,916	6,203	6,202	6,664	5,852	5,186	4,627	4,183
Instructional Staff Training Services	746	766	724	1,086	1,197	1,161	955	2,115	2,040	1,958
Instruction Related Technology (a)	-	-	-	429	591	934	832	949	921	1,246
School Board	1,138	1,234	1,081	1,371	1,060	1,040	1,013	1,078	954	763
General Administration	599	619	739	806	826	686	816	729	795	717
School Administration	5,712	6,032	6,261	6,918	8,851	9,275	9,060	8,270	7,868	7,185
Facilities Services-Non-Capitalized	4,941	4,910	5,345	6,831	12,222	13,372	10,530	11,732	13,677	5,360
Fiscal Services	930	961	1,017	1,061	1,307	1,218	1,141	1,147	1,318	1,097
Food Service	6,269	6,553	6,933	7,700	7,896	8,158	8,056	7,859	7,446	8,440
Central Services	3,209	3,776	4,068	2,445	2,571	2,519	2,080	2,085	2,024	1,942
Pupil Transportation Services	3,244	3,426	3,652	4,137	5,175	6,060	5,468	5,208	4,958	5,048
Operation of Plant	8,339	9,443	10,759	12,225	14,030	14,726	12,721	11,175	10,766	11,953
Maintenance of Plant	2,821	3,078	4,908	3,702	3,827	3,428	3,323	-	299	2,800
Administrative Technology Services (a)	-	-	-	1,639	1,908	2,318	2,473	2,237	2,506	1,845
Community Services	1,032	1,028	2,025	962	1,012	1,006	46	278	277	248
Capital Outlay:										
Facilities Acquisition and Construction	9,828	13,797	20,687	48,896	25,642	42,802	43,701	14,720	20,710	28,062
Other Capital Outlay	4,687	3,640	2,855	3,617	3,750	2,990	5,400	4,106	1,034	2,166
Debt Service:										
Principal	4,370	4,357	4,469	13,912	6,947	8,089	8,475	9,128	9,429	9,898
Interest and Fiscal Charges	2,022	1,715	1,689	5,028	5,085	7,273	7,100	6,882	7,376	7,387
Total Expenditures	126,486	138,399	156,704	209,216	199,471	230,198	226,656	192,098	195,019	193,353
Excess of Revenues over (under) Expenditures	449	5,217	(5,582)	(37,178)	382	(31,407)	(41,752)	(12,629)	(8,643)	(25,188)
Other Financing Sources (Uses)										
Transfers In	3,083	2,963	2,967	13,451	9,403	14,692	16,303	13,375	10,846	15,649
Transfers Out	(2,750)	(2,963)	(2,967)	(13,451)	(9,403)	(14,692)	(16,303)	(13,375)	(10,846)	(15,649)
Sale of Capital Assets	37	69	18	44	24	13	99	57	88	68
Loss Recoveries	50	6	12,123	6,814	538	1,134	16	3	43	175
Bonds Payable	-	-	16,405	-	-	1,210	-	-	160	-
Refunding Bonds	42,410	-	-	-	-	-	-	-	-	-
Certificates of Participation	-	-	-	80,050	-	45,020	-	-	26,261	-
Premiums on Issuance of Long-Term Debt	1,569	-	240	912	-	552	-	-	14	-
Payment to Refunding Bonds Escrow Agent	(43,463)	-	-	-	-	-	-	-	-	-
Capital Lease Inception	-	-	-	-	-	-	1,766	-	-	-
Total Other Financing Sources (Uses)	936	75	28,786	87,820	562	47,929	1,881	60	26,566	243
Net Change in Fund Balances	\$ 1,385	\$ 5,292	\$ 23,204	\$ 50,642	\$ 944	\$ 16,522	\$ (39,871)	\$ (12,569)	\$ 17,923	\$ (24,945)
Debt Service as a percentage of non-capital expenditures	5.71%	5.02%	4.62%	12.09%	7.07%	8.33%	8.77%	9.24%	9.70%	10.60%

(a) In fiscal year ending June 30, 2006, two new function / expense classifications were established to report technology expenses previously reported in central services.

Source: District Records

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

Fiscal Year	Real Property Just Value	Personal Property Just Value	Total Just Value (1)	Total Taxable Value	Percent of Total Taxable Value To Total Just Value	Total Direct Rate
2011-12	\$ 17,279,268	\$ 644,206	\$ 17,937,953	\$ 14,044,333	78.3%	8.244
2010-11	17,312,036	652,541	17,979,056	14,990,362	83.4%	8.250
2009-10	21,257,277	761,011	22,033,451	16,698,857	75.8%	7.596
2008-09	24,122,081	739,468	24,881,556	18,328,612	73.7%	7.040
2007-08	25,141,885	782,529	25,938,182	18,620,780	71.8%	7.538
2006-07	25,447,211	755,187	26,214,228	17,885,105	68.2%	7.443
2005-06	19,253,495	712,012	19,977,046	14,279,413	71.5%	8.240
2004-05	15,705,282	699,716	16,416,179	12,222,586	74.5%	8.499
2003-04	13,534,323	693,374	14,240,720	10,717,793	75.3%	8.710
2002-03	11,975,903	694,305	12,679,434	9,530,620	75.2%	8.732

(1) Includes Centrally Assessed Property

Source: Florida Department of Revenue, Florida Property Valuations and Tax Data Book, 2003-2012

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

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
District School Board:				
Local Required Effort	5.5060	5.5900	5.4360	5.2440
Discretionary Local	0.5100	0.5100	0.5100	0.5100
Supplemental Discretionary	0.0860	0.0790	0.0730	0.1260
Critical Operating Needs	0.0000	0.0000	0.0000	0.0000
Debt Service	0.6300	0.5310	0.4800	0.3600
Capital Improvement	2.0000	2.0000	2.0000	2.0000
Total District School Board	8.7320	8.7100	8.4990	8.2400
Other County-Wide:				
Board of County Commissioners	5.4713	5.5181	5.1563	4.9173
St. John River Water Management	0.4620	0.4620	0.4620	0.4620
Total County-Wide	14.6653	14.6901	14.1173	13.6193
Municipalities:				
Fellsmere	5.7500	5.7500	5.7500	5.7500
Indian River Shores	1.4370	1.4730	1.4730	1.4730
Sebastian	4.5904	4.5904	4.5904	3.9325
Orchid	0.9354	0.8954	0.7508	0.6900
Vero Beach	2.1425	2.1425	2.1425	2.2925

Source: Indian River County Tax Collector

Fiscal Year					
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
4.5510	4.6570	4.4100	5.0480	5.4220	5.3960
0.5100	0.5100	0.4980	0.7480	0.7480	0.7480
0.1020	0.1010	0.1020	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.2500	0.2500
0.2800	0.2700	0.2800	0.3000	0.3300	0.3500
2.0000	2.0000	1.7500	1.5000	1.5000	1.5000
7.4430	7.5380	7.0400	7.5960	8.2500	8.2440
4.3250	4.1037	4.1493	4.1666	4.1625	4.1625
0.4620	0.4158	0.4158	0.4158	0.4158	0.3313
12.2300	12.0575	11.6051	12.1784	12.8283	12.7378
5.7500	4.4301	4.4300	4.4300	4.4300	5.2455
1.4730	1.3923	1.3923	1.3923	1.4105	1.4731
3.0519	2.9917	3.3456	3.3456	3.3041	3.3041
0.4525	0.4494	0.4550	0.4550	0.4550	0.4550
2.1425	1.9367	1.9367	1.9367	1.9367	2.0336

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

		Fiscal Year		
		2011-2012		
Taxpayer	Type of Business	Rank	Taxable Assessed Value	Percentage of Total Assessed Value
Florida Power & Light	Electrical Utility	1	\$ 91,641,112	0.65%
Disney Vacation Dev., Inc.	Resort	2	72,277,441	0.51%
Windsor Properties	Land Development	3	41,937,736	0.30%
John's Island Club, Inc.	Land Development	4	39,861,626	0.28%
Bellsouth Telecommunications, Inc.	Telephone Utility	5	39,388,979	0.28%
Adult Community Services, Inc.	Retirement Community	6	32,998,710	0.23%
Sebastian Hospital, Inc.	Healthcare	7	29,529,181	0.21%
IR Mall Associates, LTD	Retail	8	26,761,350	0.19%
Fellsmere Joint Venture	Land Development	9	25,721,703	0.18%
Health Care Reit Inc.	Healthcare	10	23,000,900	0.16%
Total			<u>\$ 423,118,738</u>	<u>3.01%</u>
Total County Taxable Valuation (Page 125)			<u>\$ 14,044,333,000</u>	

		Fiscal Year		
		2002-2003		
Taxpayer	Type of Business	Rank	Taxable Assessed Value	Percentage of Total Assessed Value
Disney Vacation Dev., Inc.	Resort	1	\$ 70,327,615	0.74%
Florida Power & Light	Electric Utility	2	69,651,488	0.73%
Bellsouth Telecommunications	Telephone Utility	3	57,062,169	0.60%
IR Mall Associates LTD	Regional Shopping Center	4	50,431,333	0.53%
Windsor Properties	Land Development	5	49,577,379	0.52%
New Piper Aircraft, Inc.	Aircraft Manufacturer	6	34,595,801	0.36%
John's Island Club, Inc.	Club & Golf Course	7	32,456,566	0.34%
Adult Community Total Services	Retirement Community	8	31,738,000	0.33%
Wal-Mart Stores, Inc.	Retail	9	28,954,047	0.30%
Fellsmere Joint Venture	Agricultural	10	26,445,960	0.28%
Total			<u>\$ 451,240,358</u>	<u>4.73%</u>
Total County Taxable Valuation (Page 125)			<u>\$9,530,620,000</u>	

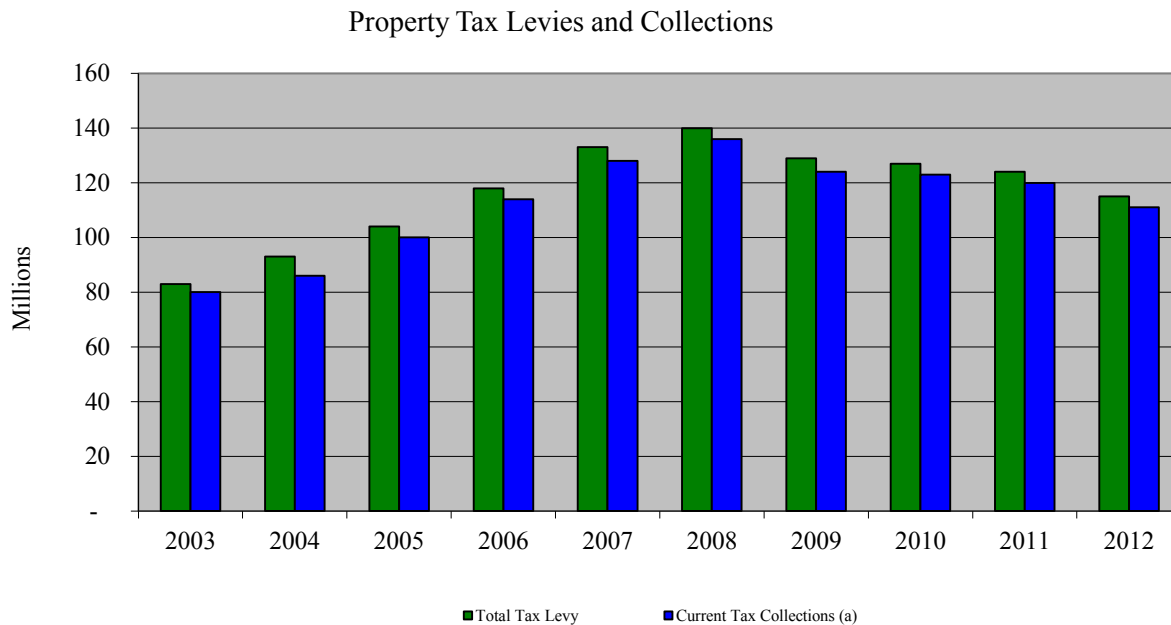
Source: Indian River County Property Appraiser

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

Fiscal Year	Total Tax Levy	Collected to End of Tax Year		Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections (a)	Percent of Levy		Amount	Percent of Levy
2011-12	\$115,490,776	\$111,658,599	96.68%	\$0	\$111,658,599	96.68%
2010-11	123,732,637	119,596,795	96.66%	147,355	119,744,150	96.78%
2009-10	126,867,058	122,523,901	96.58%	354,944	122,878,845	96.86%
2008-09	129,610,986	124,807,833	96.29%	344,273	125,152,106	96.56%
2007-08	140,360,409	135,787,419	96.74%	123,000	135,910,419	96.83%
2006-07	133,125,836	127,641,674	95.88%	12,803	127,654,477	95.89%
2005-06	117,644,386	113,740,009	96.68%	11,332	113,751,341	96.69%
2004-05	103,890,424	100,330,948	96.57%	115	100,331,063	96.57%
2003-04	93,352,877	85,912,998	92.03%	1,955	85,914,953	92.03%
2002-03	83,227,752	79,713,842	95.78%	2,724	79,716,566	95.78%

(a) Net of allowable discounts

Source: Indian River County Tax Collector and District Records



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

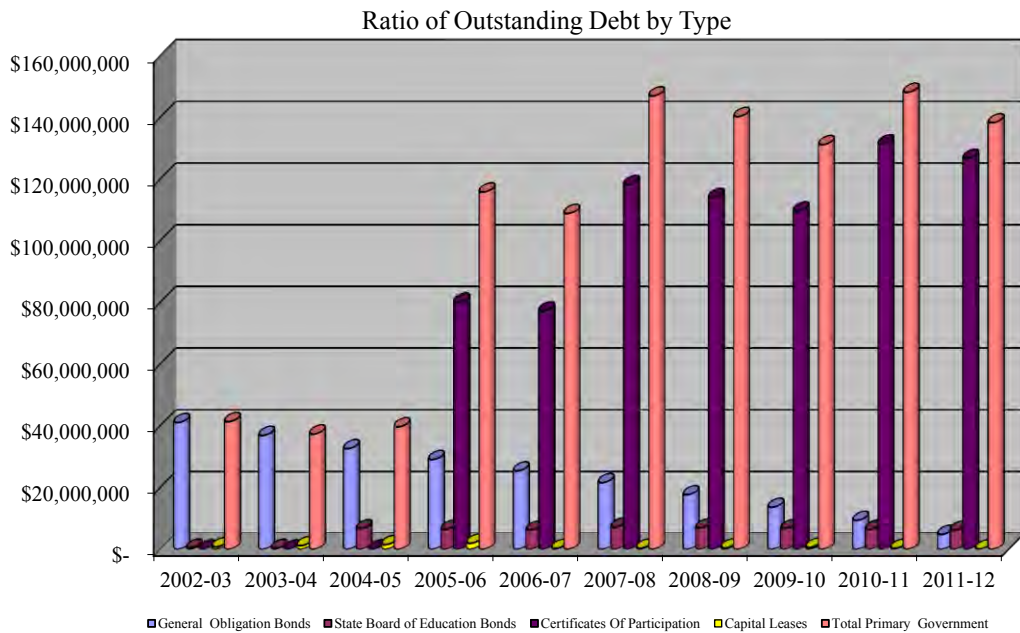
Fiscal Year	Governmental Activities ⁽¹⁾					Percentage of Personal Income (a)	Per Capita (b)
	General Obligation Bonds	State Board of Education Bonds	Certificates Of Participation	Capital Leases	Total Primary Government		
2011-12	\$ 4,750,000	\$ 6,090,000	\$ 126,656,000	\$ 689,849	\$ 138,185,849	1.778%	1,001
2010-11	9,270,000	6,405,000	131,346,000	1,062,988	148,083,988	3.250%	1,073
2009-10	13,520,000	6,545,000	109,605,000	1,421,555	131,091,555	1.898%	970
2008-09	17,580,000	6,825,000	113,965,000	1,849,599	140,219,599	1.842%	991
2007-08	21,505,000	7,090,000	118,170,000	163,043	146,928,043	1.916%	1,037
2006-07	25,310,000	6,090,000	77,150,000	237,974	108,787,974	1.393%	778
2005-06	28,985,000	6,370,000	80,050,000	329,818	115,734,818	1.653%	856
2004-05	32,520,000	6,555,000	-	522,253	39,597,253	0.673%	304
2003-04	36,815,000	220,000	-	219,026	37,254,026	0.735%	294
2002-03	40,990,000	290,000	-	-	41,280,000	0.854%	340

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

⁽¹⁾ Source: District Records

(a) "Total Primary Government Debt" divided by "Personal Income" from page 135.

(b) "Total Primary Government Debt" divided by "Estimated Population" from page 135.



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

Fiscal Year	Estimated Population (a)	Net Taxable Assessed Value (b)	Gross Bonded Debt (c)	Less Debt Service Funds (d)	Net Bonded Debt	Percentage of Net General Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2011-12	138,028	\$ 17,279,268	\$ 4,750,000	\$ 419,786	\$ 4,330,214	0.025%	31
2010-11	138,028	17,312,036	9,270,000	776,002	8,493,998	0.049%	62
2009-10	135,167	21,257,277	13,520,000	964,606	12,555,394	0.059%	93
2008-09	141,475	24,122,081	17,580,000	1,081,591	16,498,409	0.068%	117
2007-08	141,667	25,141,885	21,505,000	1,093,205	20,411,795	0.081%	144
2006-07	139,757	25,447,211	25,310,000	1,159,579	24,150,421	0.095%	173
2005-06	135,262	19,253,495	28,985,000	1,190,421	27,794,579	0.144%	205
2004-05	130,043	15,705,282	32,520,000	1,096,356	31,423,644	0.200%	242
2003-04	126,829	13,534,323	36,815,000	1,233,304	35,581,696	0.263%	281
2002-03	121,274	11,975,903	40,990,000	1,521,178	39,468,822	0.330%	325

- (a) Population was obtained from the United States Department of Commerce, Bureau of Economic Analysis and the University of Florida, Bureau of Economic and Business Research.
- (b) Net Taxable Assessed Values are expressed in thousands.
- (c) Includes General Obligation Bonds only.
- (d) Restricted for Debt Service - General Obligation Bonds only.

The School Board of Indian River County, Florida
Direct and Overlapping Governmental Activities Debt
June 30, 2012
(Unaudited)

Jurisdiction	General Obligation Bonded Debt Outstanding	Other Debt Outstanding	Direct Debt		Direct and Overlapping Debt ⁽³⁾⁽⁴⁾	
			Percentage Applicable to This Governmental Unit	Amount Applicable to This Governmental Unit	Percentage Applicable to Indian River County	Amount Applicable to Indian River County
Indian River County Board of County Commissioners ⁽¹⁾						
Series 2001	\$ 3,576,442	-	0%	-	100%	\$ 3,576,442
Series 2006	34,494,777	-	0%	-	100%	34,494,777
Subtotal, Overlapping Debt	\$ 38,071,219					\$ 38,071,219
School Board of Indian River County ⁽²⁾						
Series 2005A State School Bonds	-	\$ 4,880,000	100%	\$ 4,880,000	100%	\$ 4,880,000
Series 2008A State School Bonds	-	1,060,000	100%	1,060,000	100%	1,060,000
Series 2010A State School Bonds	-	150,000	100%	150,000	100%	150,000
Series 2002 Refunded Bonds	4,750,000	-	100%	4,750,000	100%	4,750,000
2005 Certificates of Participation ^(a)	-	61,050,000	100%	61,050,000	100%	61,050,000
2007 Certificates of Participation ^(a)	-	39,345,000	100%	39,345,000	100%	39,345,000
2010 Certificates of Participation ^{(a)/(b)}	-	26,261,000	100%	26,261,000	100%	26,261,000
Capital Leases Payable	-	689,849	100%	689,849	100%	689,849
Indian River School Board Direct Debt	4,750,000	133,435,849		138,185,849		138,185,849
Total Direct and Overlapping Debt	\$ 42,821,219	\$ 133,435,849		\$ 138,185,849		\$ 176,257,068
Total Direct Debt of the School Board				\$ 138,185,849		
Total Direct and Overlapping Debt						\$ 176,257,068

(1) Source: Indian River County, Florida Comprehensive Annual Financial Report dated September 30, 2011.

(2) Source: District Records

(a) Payments appropriated annually by millage allowed under Florida Statute 1011.71 for facilities.

(b) Qualified School Construction Bond- \$1,461,351 available in sinking fund for repayment of outstanding debt.

(3) Overlapping debt is borne by all property owners within the County boundaries.

(4) Because the County and the School District coincide, the percentage of the overlap is 100%.

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

Fiscal Year	Principal	Interest	Total Debt Service (a)	Total General Governmental Non-Capital Expenditures (b) (c)	Ratio of Debt Service to General Governmental Non-Capital Expenditures
2011-12	\$ 4,520,000	\$ 487,250	\$ 5,007,250	163,125	0.031
2010-11	4,250,000	643,948	4,893,948	173,275	0.028
2009-10	4,060,000	821,223	4,881,223	173,272	0.028
2008-09	3,925,000	952,898	4,877,898	177,555	0.027
2007-08	3,805,000	1,072,560	4,877,560	184,406	0.026
2006-07	3,675,000	1,187,810	4,862,810	157,857	0.031
2005-06	3,535,000	1,328,560	4,863,560	149,872	0.032
2004-05	4,295,000	1,465,185	5,760,185	127,817	0.045
2003-04	4,175,000	1,579,335	5,754,335	116,052	0.050
2002-03	4,300,000	1,382,164	5,682,164	107,030	0.053

(a) During the 2002-03 fiscal year, general obligation bonds were refunded to reduce interest costs.

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

(c) Amounts expressed in thousands.

Source: District Records

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

Fiscal Year	Tax Year	Taxable Assessed Valuation (5)	Principal Payments (2)(3)	Interest Payments (4)	Total Annual Lease Payments	Millage Levy to Provide 1.00x Coverage (1)
2011-12	2011	\$ 14,044,333,000	\$ 6,148,944	\$ 4,869,490	\$ 11,018,434	.818 mills
2010-11	2010	14,990,362,000	4,520,000	5,024,572	9,544,572	.663 mills
2009-10	2009	16,698,857,000	4,360,000	5,169,738	9,529,738	.601 mills
2008-09	2008	18,328,612,000	4,205,000	5,322,413	9,527,413	.547 mills
2007-08	2007	18,620,780,000	4,000,000	5,167,744	9,167,744	.518 mills
2006-07	2006	17,885,105,000	2,900,000	3,494,286	6,394,286	.376 mills
2005-06	2005	14,279,413,000	-	2,135,397	2,135,397	.157 mills

(1) Millage rate calculated using 95% of the taxable assessed valuation; 96% beginning in fiscal year 2010-11.

(2) The District first issued COPs in November 2005, with the first payment due during the 2006-07 fiscal year.

(3) Includes \$1,458,944 payment to the Qualified School Construction Bond sinking fund for repayment of outstanding debt.

(4) Interest amounts are net of Qualified School Construction Bond Federal interest subsidy.

(5) See Assessed and Estimated Actual Value of Taxable Property page 125.

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

Source: District Records

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

Fiscal Year	Population (1)	Personal Income (1),(2),(4)	Per Capita Personal Income (1)(2)	Median Age (1)	Unemployment Rate (3)
2011-12	138,028	7,771,390 *	56,303	49.1	12.5%
2010-11	138,028	4,556,856 *	33,014	49.4	13.7%
2009-10	135,167	6,908,274	49,963	n/a	14.4%
2008-09	141,475	7,610,327	56,303	48.9	13.0%
2007-08	141,667	7,669,062	57,107	48.4	8.0%
2006-07	139,757	7,810,408	59,419	n/a	5.8%
2005-06	135,262	7,002,160	51,767	48.1	4.3%
2004-05	130,043	5,886,319	45,264	47.6	4.9%
2003-04	126,829	5,071,395	39,986	n/a	6.7%
2002-03	121,274	4,831,037	39,836	n/a	6.8%

Sources:

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

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

(3) Florida Agency for Workforce Innovation

(4) Amounts Expressed in Thousands

(5) Indian River County Chamber of Commerce

(6) District Records

'n/a' = not available.

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

Education Level (5)			School Enrollment (6)	Government-Wide Governmental Activities Expenses (4)	Cost per Student
High School	Bachelors	Graduate			
n/a	n/a	n/a	17,722	171,087	\$ 9,654
n/a	n/a	n/a	17,561	177,523	10,109
87.6%	26.5%	9.6%	17,516	183,623	10,483
86.4%	26.5%	9.6%	17,398	187,735	10,791
86.7%	26.7%	9.6%	17,481	189,830	10,859
n/a	n/a	n/a	17,365	174,773	10,065
82.1%	23.1%	7.9%	16,942	148,732	8,779
81.6%	23.1%	7.9%	16,712	137,113	8,204
n/a	n/a	n/a	16,283	121,283	7,448
n/a	n/a	n/a	15,712	114,013	7,256

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

Employer	Fiscal Year		
	2011-2012		
	Employees	Rank	Percentage of Total MSA Employment
School District of Indian River County	1,985	1	3.18%
Indian River Medical Center ^(a)	1,608	2	2.57%
Indian River County	1,354	3	2.17%
Publix Supermarkets	1,006	4	1.61%
Walmart, Inc.	727	5	1.16%
Piper Aircraft, Inc. ^(b)	700	6	1.12%
Sebastian River Medical Center	569	7	0.91%
John's Island, Inc.	550	8	0.88%
City of Vero Beach	492	9	0.79%
Visiting Nurse Association	399	10	0.64%
	<u>9,390</u>		<u>15.03%</u>
Total MSA Workforce	<u>62,464</u>		
Employer	Fiscal Year		
	2002-2003		
	Employees	Rank	Percentage of Total MSA Employment
School District of Indian River County	1,906	1	3.53%
Indian River County	1,333	2	2.47%
Indian River Memorial Hospital ^(a)	1,100	3	2.04%
Publix Supermarkets	801	4	1.48%
The New Piper Aircraft ^(b)	752	5	1.39%
City of Vero Beach	607	6	1.12%
Walmart	540	7	1.00%
Hale Indian River Groves	500	8	0.93%
John's Island	500	9	0.93%
Sebastian River Medical	500	10	0.93%
	<u>8,539</u>		<u>15.82%</u>
Total MSA Workforce	<u>53,983</u>		

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

^(a) Corporation doing business as Indian River Medical Center since 2006

^(b) Corporation underwent a name change in 2007 and was renamed Piper Aircraft, Inc.

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

	Placed in Service (1)	Square Footage (2)	Portables	Capacity	Full - Time Equivalent Enrollment Data		
					2002-03	2003-04	2004-05
Elementary Schools							
Beachland Elementary	1957	94,544	4	635	459	500	521
Citrus Elementary	1967	74,775	10	757	605	614	589
Dodgertown Elementary	1967	117,305	10	793	538	563	636
Fellsmere Elementary	1982	77,406	11	744	508	501	530
Glendale Elementary	1987	71,769	5	743	573	596	579
Highlands Elementary	1987	65,867	-	668	457	457	492
Liberty Magnet Elementary	2002 ^(a)	105,793	-	678	495	505	532
Osceola Magnet Elementary	1958	73,952	2	619	555	546	538
Pelican Island Elementary	1981	69,628	5	681	635	685	693
Rosewood Magnet Elementary	1957	84,042	-	561	559	561	561
Sebastian Elementary	1984	85,825	2	695	551	601	659
J.A. Thompson Elementary ^(b)	1982	75,785	-	557	383	388	388
Treasure Coast Elementary	2006 ^(a)	95,645	6	801	-	-	-
Vero Beach Elementary	1971	110,495	8	667	555	559	542
Total Elementary				9,599	6,873	7,076	7,260
Middle Schools							
Gifford Middle	1951	135,033	-	1,471	1,234	1,306	1,278
Oslo Middle	1994	152,045	-	1,269	1,174	1,201	1,237
Sebastian River Middle	1977	147,627	7	1,723	1,199	1,249	1,267
Storm Grove	2009	167,794	-	1,281	-	-	-
Total Middle Schools				5,744	3,607	3,756	3,782

Source: District Records

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

^(b) Thompson Elementary was closed as of June 30, 2010. The building was repurposed and renamed Thompson Lifelong Learning Center, effective July 1, 2010.

	Full - Time Equivalent Enrollment Data						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Elementary Schools							
Beachland Elementary	522	540	561	564	584	575	598
Citrus Elementary	585	560	633	602	577	659	691
Dodgertown Elementary	705	654	584	495	490	488	431
Fellsmere Elementary	631	568	525	563	599	621	667
Glendale Elementary	662	652	600	466	487	562	502
Highlands Elementary	462	535	562	457	429	444	467
Liberty Magnet Elementary	537	542	538	541	534	542	549
Osceola Magnet Elementary	543	546	537	526	535	535	563
Pelican Island Elementary	696	453	491	467	452	428	514
Rosewood Magnet Elementary	551	548	539	526	538	556	553
Sebastian Elementary	687	639	545	554	562	509	516
J.A. Thompson Elementary	413	422	436	355	322	35	40
Treasure Coast Elementary	-	673	783	706	622	645	637
Vero Beach Elementary	584	556	506	517	547	576	598
Total Elementary	7,578	7,888	7,840	7,339	7,278	7,175	7,326
Middle Schools							
Gifford Middle	1,263	1,298	1,268	1,326	970	1,033	951
Oslo Middle	1,147	1,140	1,142	1,076	961	921	899
Sebastian River Middle	1,318	1,367	1,393	1,415	969	992	963
Storm Grove Middle	-	-	-	-	883	819	815
Total Middle Schools	3,728	3,805	3,803	3,817	3,783	3,765	3,628

Source: District Records

(Continued)

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

	Place in Service (1)	Square Footage (2)	Portables	Capacity	Full - Time Equivalent Enrollment Data		
					2002-03	2003-04	2004-05
High Schools							
Sebastian River High School	1993	344,334	17	2,275	1,693	1,737	1,826
Vero Beach Senior High School	1964	497,710	0	3,032	2,588	2,689	2,741
Total High Schools				5,307	4,281	4,426	4,567
Specialty Schools							
Adult Education	1951	7,154	-	-			
Alternative Education	2005	44,430	-	328	99	101	110
Exceptional Student Education	n/a	n/a	-	-	14	17	-
Teen Parent	n/a	n/a	-	-	29	25	23
Wabasso	1925	36,875	-	55	42	53	63
Florida Virtual				-	-	-	-
Total Specialty Schools				383	184	196	196
Charter Schools							
Imagine School at South Vero, LLC	n/a	n/a	n/a	-	-	-	-
Indian River Academy	n/a	n/a	n/a	-	17	45	49
Indian River Charter High School	n/a	n/a	n/a	-	451	482	544
North County Charter High School	n/a	n/a	n/a	-	85	93	103
Sebastian Charter Junior High	n/a	n/a	n/a	-	111	108	109
St. Peters Academy	n/a	n/a	n/a	-	103	101	102
Total Charter Schools				-	767	829	907
Departments							
Administrative Building	1989	26,755	-	-	-	-	-
Support Service Complex	2012	63,972	-	-	-	-	-
Transportation	1951	32,745	-	-	-	-	-
Total Other Sites				-	-	-	-
Total District				21,033	15,712	16,283	16,712

(1) Original date that the school was placed in service. This date does not reflect additions, renovations, replacements or remodeling.

(2) Square footage is current, but does not include portables.

Source: District Records

	Full - Time Equivalent Enrollment Data						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
High Schools							
Sebastian River High School	1,848	1,925	2,014	1,939	1,933	1,882	1,850
Vero Beach Senior High School	2,644	2,637	2,652	2,632	2,646	2,678	2,753
Total High Schools	4,492	4,562	4,666	4,571	4,579	4,560	4,603
Specialty Schools							
Adult Education							
Alternative Education	119	116	150	155	127	96	64
Exceptional Student Education	22	-	-	24	48	49	58
Teen Parent	18	17	17	42	19	25	25
Wabasso	62	62	55	56	55	48	45
Florida Virtual	-	-	-	-	15	14	20
Total Specialty Schools	221	195	222	277	264	232	212
Charter Schools							
Imagine School at South Vero, LLC	-	-	-	434	577	742	813
Indian River Academy	11	-	-	-	-	-	-
Indian River Charter High School	585	576	620	621	635	634	624
North County Charter School	103	102	100	94	135	149	201
Sebastian Charter Junior High	127	131	131	132	141	156	176
St Peter's Academy	97	106	99	113	124	148	139
Total Charter Schools	923	915	950	1,394	1,612	1,829	1,953
Departments							
Administrative Building	-	-	-	-	-	-	-
Support Service Complex	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Total Other Sites	-	-	-	-	-	-	-
Total District	16,942	17,365	17,481	17,398	17,516	17,561	17,722

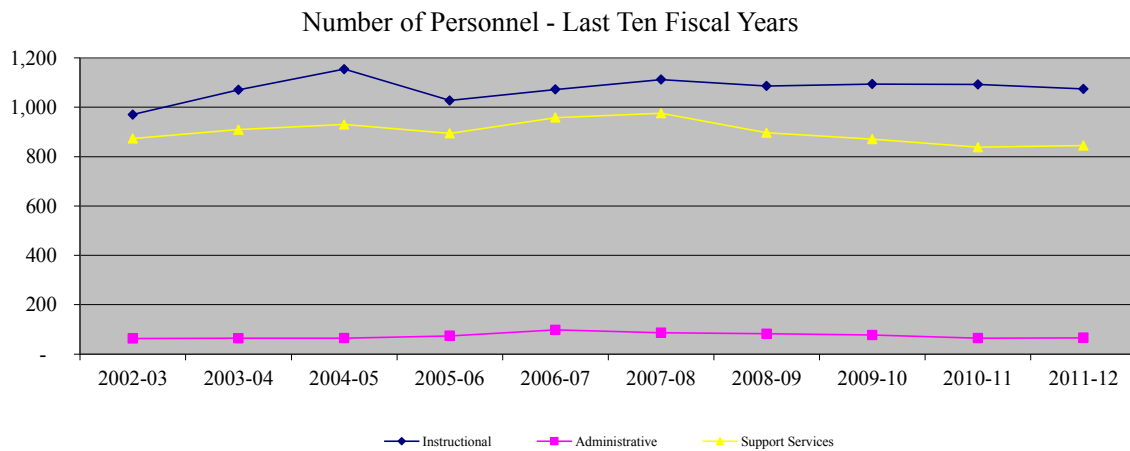
Source: District Records

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

Fiscal Year	(a) Instructional	(b) Administrative	(c) Support Services	(d) Total	(e) Ratio of Students to Instructional Personnel	Ratio of Instructional Personnel to School Administrators
2011-12	1,074	66	845	1,985	16.50	16.27
2010-11	1,092	65	838	1,995	16.08	16.80
2009-10	1,094	77	871	2,042	16.01	14.21
2008-09	1,086	82	897	2,065	16.02	13.24
2007-08	1,112	86	976	2,174	15.72	12.93
2006-07	1,072	98	958	2,128	16.20	10.94
2005-06	1,027	74	894	1,995	16.50	13.88
2004-05	1,154	65	930	2,149	14.48	17.75
2003-04	1,070	64	909	2,043	15.22	16.72
2002-03	970	63	873	1,906	16.20	15.40

- (a) Includes all positions on an Instructional Salary Schedule.
- (b) Includes all positions on an Administrative Salary Schedule.
- (c) Includes all positions on a Professional Support Staff, Confidential / Managerial, and Professional / Technical Salary Schedule.
- (d) Includes all full and part-time positions
- (e) Student enrollment information is located on page 136.

Source: District Records



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

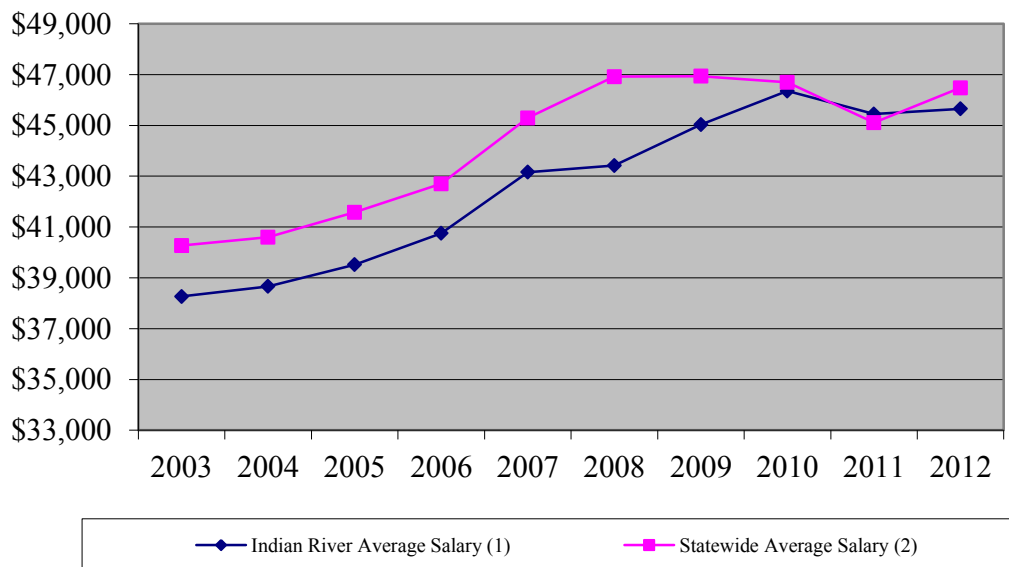
Fiscal Year	Minimum Salary ⁽¹⁾	Maximum Salary ⁽¹⁾	Indian River Average Salary ⁽²⁾	Statewide Average Salary ⁽²⁾
2011-12	\$35,500	\$61,974	\$45,653	\$46,479
2010-11	35,500	61,974	45,449	45,110
2009-10	35,500	61,009	46,356	46,696
2008-09	35,500	61,009	45,030	46,938
2007-08	35,500	61,009	43,427	46,922
2006-07	34,240	59,258	43,162	45,296
2005-06	32,000	56,109	40,756	42,702
2004-05	21,150	54,107	39,518	41,578
2003-04	30,000	51,353	38,664	40,598
2002-03	29,105	49,968	38,266	40,275

10 Month Teachers

⁽¹⁾ District Records

⁽²⁾ Florida Department of Education Bureau of Education Information
& Accountability Services

Average Teacher Salary



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

	Fiscal Year Ending			
	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
Days Meals were Served	180	180	175 (a)	180
Average Number of Free and Reduced Meals Served Daily	10,433	11,155	11,870	11,409
Number of Free and Reduced Meals Served	1,877,979	2,007,967	2,077,311	2,053,627
Average Daily Subsidy Received	\$ 22,992	\$ 23,826	\$ 26,134	\$ 25,890
Total Subsidy Received	\$ 4,138,511	\$ 4,288,674	\$ 4,573,494	\$ 4,660,210
Average Number of Meals Served Daily	15,146	16,011	16,967	16,947
Number of Meals Served	2,726,235	2,881,996	2,969,156	3,050,457
Percentage of Free and Reduced Meals Served to Total Meals Served	69%	70%	70%	67%
Average Daily Revenues	\$ 35,591	\$ 36,860	\$ 40,239	\$ 41,747
Total Revenues	\$ 6,406,368	\$ 6,634,820	\$ 7,041,750	\$ 7,514,491
Average Daily Costs	\$ 36,829	\$ 37,708	\$ 41,485	\$ 42,675
Total Costs	\$ 6,629,300	\$ 6,787,469	\$ 7,259,916	\$ 7,681,532

Source: District Records

(a) The school year was shortened by five days due to the impact of Hurricane Frances (September 4, 2004) and Hurricane Jeanne (September 26, 2004)

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

Fiscal Year Ending					
June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
180	180	179 (b)	180	180	180
8,623	9,326	10,005	11,109	11,357	11,579
1,552,215	1,678,680	1,790,833	1,999,609	2,044,233	2,084,236
\$ 21,549	\$ 24,126	\$ 29,063	\$ 31,635	\$ 32,035	\$ 35,186
\$ 3,878,876	\$ 4,342,612	\$ 5,202,288	\$ 5,694,339	\$ 5,766,294	\$ 6,333,543
13,648	13,952	13,630	14,183	14,113	14,463
2,456,569	2,511,415	2,439,791	2,552,938	2,540,300	2,603,325
63%	67%	73%	78%	80%	80%
\$ 38,914	\$ 42,261	\$ 46,636	\$ 48,997	\$ 47,905	\$ 49,084
\$ 7,004,535	\$ 7,606,961	\$ 8,347,783	\$ 8,819,402	\$ 8,622,822	\$ 8,835,068
\$ 43,720	\$ 45,112	\$ 44,689	\$ 43,476	\$ 41,329	\$ 47,743
\$ 7,869,558	\$ 8,120,103	\$ 7,999,364	\$ 7,825,667	\$ 7,439,183	\$ 8,593,734



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Federal Reports and Schedules

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
- Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings – Federal Awards



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Indian River County District School Board as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the Indian River County District School Board's financial statements. For the school internal funds and the aggregate discretely presented component units, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to District management in our operational audit report No. 2013-050 dated December 2012.

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

Respectfully submitted,



David W. Martin, CPA
December 13, 2012
Audit Report No. 2013-055



DAVID W. MARTIN, CPA
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AUDITOR GENERAL STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the Indian River County District School Board's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2012. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Restricted Purpose Relating to Testing of Internal Controls Over Compliance

The purpose of the provisions of this report addressing internal controls over compliance is solely to describe the scope of our testing of internal control over compliance with the requirements that could have a direct and material effect on a major Federal program, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over compliance. These provisions of our report are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Circular A-133 in considering the entity's internal control over compliance. Accordingly, these provisions of our report are not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA
December 13, 2012
Audit Report No. 2013-055

**INDIAN RIVER COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Education:				
School Breakfast Program	10.553	321	\$ 539,703.72	\$
National School Lunch Program	10.555	300, 350	1,853,719.64	
Summer Food Service Program for Children	10.559	323	131,845.81	
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	321	649,840.50	
National School Lunch Program	10.555 (2)(A)	300, 350	2,624,774.57	
Summer Food Service Program for Children	10.559	323	102,041.31	
Total Child Nutrition Cluster			5,901,925.55	-
Indirect:				
Florida Department of Education:				
Child and Adult Care Food Program	10.558	302	76,554.04	
Fresh Fruit and Vegetable Program	10.582	330	44,785.88	
Florida Department of Agriculture and Consumer Services:				
Child and Adult Care Food Program	10.558	302	102,720.08	
Fresh Fruit and Vegetable Program	10.582	330	49,475.62	
Total United States Department of Agriculture			6,175,461.17	-
United States Department of Energy:				
Indirect:				
University of Central Florida:				
ARRA - State Energy Program	81.041 (2)(B)	None	149,949.00	
United States Department of Education:				
Indirect:				
Title I, Part A Cluster:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 220, 221, 226, 228	3,508,465.05	71,598.54
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	226	80,811.99	
Total Title I, Part A Cluster			3,589,277.04	71,598.54
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	3,258,609.10	
Special Education - Preschool Grants	84.173	266, 267	97,740.57	
St. Lucie County District School Board:				
Special Education - Grants to States	84.027	None	20,386.00	
Total Special Education Cluster			3,376,735.67	-
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 192, 193, 194, 195, 590	278,259.18	
Migrant Education - State Grant Program	84.011	217	41,326.65	
Career and Technical Education - Basic Grants to States	84.048	151	217,084.33	
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	860.31	
Twenty-First Century Community Learning Centers	84.287	244	316,551.83	
English Language Acquisition Grants	84.365	102	176,345.14	
Improving Teacher Quality State Grants	84.367	224	466,326.95	
ARRA - Education Technology State Grants, Recovery Act	84.386	121	95.42	
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	5,910.40	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RL111	761,118.01	
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	592	3,000.00	
Education Jobs Fund	84.410	541	54,310.00	6,065.23
Total Indirect			9,287,200.93	77,663.77
Total United States Department of Education			9,287,200.93	77,663.77
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	163,588.87	
Total Expenditures of Federal Awards			\$ 15,776,199.97	\$ 77,663.77

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance:

(A) National School Lunch Program - Includes \$450,682.44 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(B) State Energy Program - Includes \$149,949 representing the Federally-paid portion of solar panels and related site preparation and installation costs.

**INDIAN RIVER COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559); Special Education Cluster (CFDA Nos. 84.027 and 84.173); Improving Teacher Quality State Grants (CFDA No. 84.367); and ARRA- State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395).
Dollar threshold used to distinguish between Type A and Type B programs:	\$473,285
Auditee qualified as low-risk auditee?	No

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no audit findings on Federal programs required to be reported under OMB Circular A-133, Section 510.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS**, the District had taken corrective actions for findings included in previous reports on audits of the District's financial statements and Federal awards.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*INDIAN RIVER COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012*

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/ Area	Brief Description	Status	Comments
2007-144 (1)	Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) - Allowable Costs/ Cost Principles	The District did not provide expense support for small projects and, as a result, \$509,681 is considered questioned costs. In addition, \$3,112,457 of large projects were obligated by FEMA; however, the District had not requested reimbursement for these costs.	Uncorrected	The District is currently going through the close-out process with FEMA which includes these costs.
2012-065 (1)	Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391, and 84.392) - Matching, Level of Effort, Earmarking - Maintenance of Effort	The District did not have procedures to monitor its compliance with the Special Education program maintenance of effort requirements, resulting in \$704,844 of questioned costs.	Corrected	The District and grantor agreed to a repayment schedule. The District will repay the questioned costs over a three-year period. The first payment was made during the 2011-12 fiscal year, and the grantor will reduce the awards during the next two fiscal years to complete the repayment.

NONDISCRIMINATION NOTICE

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

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

Dr. Frances J. Adams
Superintendent
Indian River County Public
Schools

Mrs. Terri D'Albora
Assistant Superintendent
Curriculum and Instruction

Ms. Jody Bennett
Executive Director Core
Curriculum

Dr. Michael Ferrentino
Executive Director
Exceptional Student
Education/Student Services

School District of Indian River County

1990 25th Street Vero Beach, Florida

32960-3395

(772) 564-3000

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

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

Mrs. Denise Roberts

Executive Director

Division of Human Resources

School District of Indian River County

1990 25th Street

Vero Beach, Florida 32960-3395

(772) 564-3000

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



Sebastian River Middle



Vero Beach High



Sebastian River High



Storm Grove Middle



Oslo Middle



Gifford Middle



Liberty Magnet



Osceola Magnet



Be Respectful
Be Responsible
Be Safe and Ready to Learn

Beachland Elementary



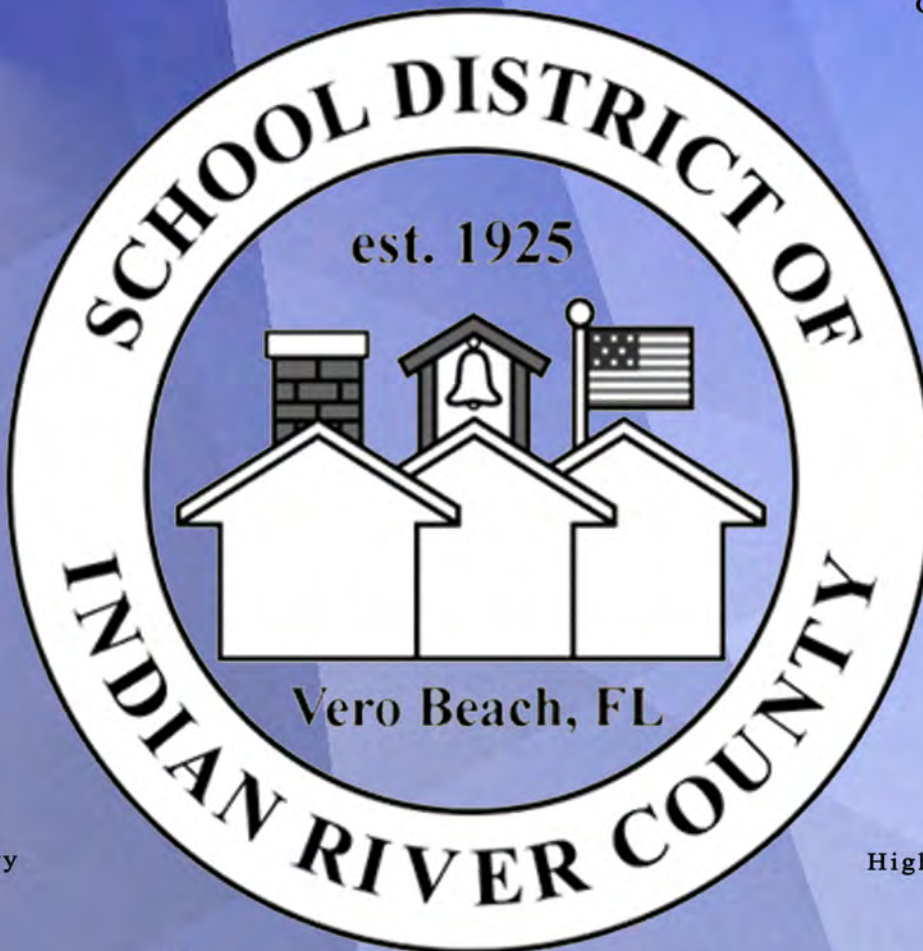
Rosewood Magnet



Citrus Elementary



Highlands Elementary



Fellsmere Elementary



Glendale Elementary



Pelican Island Elementary



Sebastian Elementary



Treasure Coast Elementary



Imagine School



Indian River Charter High School



North County Charter Elementary



Sebastian Charter Junior High



St. Peter's Academy



Vero Beach Elementary