

Indian River County Florida



Comprehensive Annual Financial Report

For the Fiscal Year

October 1, 2016 through September 30, 2017

The cover picture features a nesting Loggerhead, the most common sea turtle that utilizes Indian River County beaches for nesting each year from March 1 - October 31. In order to protect our sea turtles, the County created and initiated a Habitat Conservation Plan (HCP) in 2005 to ensure we have beautiful, clean, and healthy beaches for our turtles to nest on and to increase the productivity of our beaches over the 30 year lifetime of this plan. Since 2013, Indian River County has been documenting record numbers of nests each year and in 2017 our beach incubated over 8,000 nests laid by Loggerheads, Greens and Leatherbacks. The HCP has allowed the County to expand its conservation efforts into public education, beachfront light management, and rescue efforts with the help of countless community volunteers.

Cover photo is courtesy of Deanna DeRosia (Instagram @sweet.dea.drawings).

INDIAN RIVER COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
OCTOBER 1, 2016
THROUGH
SEPTEMBER 30, 2017**

Jeffrey R. Smith, CPA, CGFO, CGMA
Clerk of the Circuit Court and Comptroller

Prepared By:
Clerk of the Circuit Court Comptroller Division

Elissa Nagy, CPA, CGFO
Finance Director

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2017

Board of County Commissioners as of September 30, 2017

Joseph E. Flescher
Chairman
Peter D. O'Bryan
Vice-Chairman

Susan Adams
Bob Solari
Tim Zorc

Current Board of County Commissioners (effective November 21, 2017)

Peter D. O'Bryan
Chairman
Bob Solari
Vice-Chairman

Susan Adams
Joseph E. Flescher
Tim Zorc

Constitutional Officers as of September 30, 2017

Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller

David C. Nolte
Property Appraiser

Leslie R. Swan
Supervisor of Elections

Deryl Loar
Sheriff

Carole Jean Jordan
Tax Collector

County Management

Jason Brown
County Administrator

Dylan Reingold
County Attorney

Michael Zito
Assistant County Administrator

Mike Smykowski
Budget Director

Rich Szpyrka
Director of Public Works

Stan Boling
Director of Community Development

John W. King
Director of Emergency Services

Vincent Burke
Director of Utilities

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
Fiscal Year Ended September 30, 2017

INTRODUCTORY SECTION

	Page Number
LETTER OF TRANSMITTAL	i
ORGANIZATION CHART	vii
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	viii

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	23
Fund Financial Statements:	
Balance Sheet - Governmental Funds	24
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Impact Fees Fund	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Secondary Roads Construction Fund	33
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -Transportation Fund	34
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Emergency Services District Fund	35
Statement of Fund Net Position - Proprietary Funds	37

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS - CONTINUED
Fiscal Year Ended September 30, 2017

	Page Number
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	40
Statement of Fiduciary Net Position - Fiduciary Funds	44
Statement of Changes in Fiduciary Net Position - Other Postemployment Benefits Trust Fund	45
Notes to the Financial Statements	47
 REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of the County's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Defined Benefit Pension Plan	108
Schedule of the County's Proportionate Share of the Net Pension Liability - Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan	108
Schedule of the County's Contributions - FRS Defined Benefit Pension Plan	109
Schedule of the County's Contributions - HIS Defined Benefit Pension Plan	109
Schedule of Changes in Net OPEB Liability and Related Ratios	110
Schedule of OPEB Contributions	111
Notes to Schedule of OPEB Contributions	112
Schedule of Investment Returns Multiyear	113
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet - Nonmajor Governmental Funds	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	128
Budgetary Comparison Schedules	136
Combining Statement of Net Position - Internal Service Funds	168
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	169
Combining Statement of Cash Flows - Internal Service Funds	170
Combining Statement of Changes in Assets and Liabilities - Agency Fund	174

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS- CONTINUED
Fiscal Year Ended September 30, 2017

STATISTICAL SECTION

**Page
Number**

SCHEDULE 1	Net Position by Component - Last Ten Fiscal Years	176
SCHEDULE 2	Changes in Net Position - Last Ten Fiscal Years	178
SCHEDULE 3	Fund Balances, Governmental Funds - Last Ten Fiscal Years	182
SCHEDULE 4	Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	184
SCHEDULE 5	Tax Revenues by Source, Governmental Funds - Last Ten Fiscal Years	186
SCHEDULE 6	Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	187
SCHEDULE 7	Property Tax Rates - Direct and Overlapping Tax Rates - Last Ten Fiscal Years	188
SCHEDULE 8	Principal Property Taxpayers - Year 2017 and Year 2008	190
SCHEDULE 9	Property Tax Levies and Collections - Last Ten Fiscal Years	191
SCHEDULE 10	Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	192
SCHEDULE 11	Ratio of Net General Bonded Debt Outstanding to Taxable Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	194
SCHEDULE 12	Computation of Legal Debt Margin	195
SCHEDULE 13	Direct and Overlapping Governmental Activities Debt	196
SCHEDULE 14	Pledged Revenue Coverage - Water and Sewer Revenue Bonds - Last Ten Fiscal Years	198

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS- CONTINUED
Fiscal Year Ended September 30, 2017

		Page Number
SCHEDULE 15	Demographic and Economic Statistics - Last Ten Years	200
SCHEDULE 16	Principal Employers - Year 2017 and Year 2008	201
SCHEDULE 17	Building Permits - Last Ten Fiscal Years	202
SCHEDULE 18	Operating Indicators by Function/Program - Last Ten Fiscal Years	204
SCHEDULE 19	Full Time Equivalent County Government Employees by Function/Program - Last Ten Fiscal Years	208
SCHEDULE 20	Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	210
SCHEDULE 21	Department of Utility Services - Historical Rate Structure - Last Ten Fiscal Years	214
SCHEDULE 22	Water and Wastewater Customers - Last Ten Fiscal Years	215
SCHEDULE 23	Top 10 High Volume Customers of Utility Services	216
SCHEDULE 24	Capacity Charges - Utilities Department - Last Ten Fiscal Years	217
SCHEDULE 25	Pledged Revenues for Spring Training Facility Revenue Bonds, Series 2001- Last Ten Fiscal Years	218

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS- CONTINUED
Fiscal Year Ended September 30, 2017

COMPLIANCE SECTION

**Page
Number**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	219
County Management Letter	221
Independent Accountants' Report	223
Federal and State Grants:	
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards and State Projects Required by Uniform Guidance and Chapter 10.550, <i>Rules of the Auditor General</i>	224
Schedule of Expenditures of Federal Awards and State Projects	225
Notes to Schedule of Expenditures of Federal Awards and State Projects	230
Independent Auditors' Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, <i>Rules of the Auditor General</i>	232
Schedule of Findings and Questioned Costs	234
Summary Schedule of Prior Audit Findings	236
Impact Fee Affidavit	237

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS- CONTINUED
Fiscal Year Ended September 30, 2017

AUDITOR GENERAL REPORTS SECTION

**Page
Number**

BOARD OF COUNTY COMMISSIONERS

Independent Auditors' Report	240
Fund Financial Statements	242
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	316
Management Letter	318
Independent Accountants' Report	320

CLERK OF THE CIRCUIT COURT AND COMPTROLLER

Independent Auditors' Report	322
Fund Financial Statements	324
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	336
Management Letter	338
Independent Accountants' Report	340

PROPERTY APPRAISER

Independent Auditors' Report	342
Fund Financial Statements	344
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	352
Management Letter	354
Independent Accountants' Report	356

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS-CONTINUED
Fiscal Year Ended September 30, 2017

**Page
Number**

SHERIFF

Independent Auditors' Report	358
Fund Financial Statements	360
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	371
Management Letter	373

SUPERVISOR OF ELECTIONS

Independent Auditors' Report	376
Fund Financial Statements	378
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	388
Management Letter	390

TAX COLLECTOR

Independent Auditors' Report	394
Fund Financial Statements	396
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	408
Management Letter	410
Independent Accountants' Report	412



JEFFREY R. SMITH, CPA, CGFO, CGMA

Clerk of Circuit Court & Comptroller

1801 27th Street

Vero Beach, FL 32960

Telephone: (772) 226-1945



March 15, 2018

To the Citizens of Indian River County:

The Comprehensive Annual Financial Report of Indian River County, Florida for the fiscal year ended September 30, 2017, is respectfully submitted. State law requires that every general-purpose government publish a complete set of audited financial statements within nine months of the close of each fiscal year. This report was prepared by the Comptroller Division under the supervision of the Clerk of the Circuit Court and Comptroller. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Comptroller Division and is contingent upon the internal control established for this purpose.

The County has established a comprehensive internal control framework designed to ensure that the assets of the County are protected from loss, theft or misuse and to certify that the financial records and data used for preparing the financial statements are in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The internal control system is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The idea of reasonable assurance recognizes two aspects: 1) the cost of internal control should not exceed the anticipated benefits; and 2) the valuation of the costs and benefits require estimates and judgment by management. All internal control evaluations take place within this framework. We believe the County's internal controls adequately safeguard its assets and provide reasonable assurance of properly recorded financial transactions.

Section 218.39, Florida Statutes, requires an annual audit of local governments. The unmodified opinion of the auditors (Rehmann Robson LLC) on the County's financial statements for the year ended September 30, 2017 has been included in this report. The independent auditors' report is located at the front of the financial section of this report. The audit was also designed to meet the requirements of *Government Auditing Standards*, the Florida Single Audit Act, the Federal Single Audit Act of 1984, the Federal Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Readers of this report are encouraged to read Management's Discussion and Analysis (MD&A), which provides basic financial information about the County and an overview of the County's activities. The MD&A immediately follows the independent auditors' report.

Profile of Indian River County

Indian River County, established on June 29, 1925 by an act of the Florida Legislature, is located on the central Atlantic coast of Florida, approximately 100 miles southeast of Orlando and 135 miles north of Miami. The County is bordered by Brevard County to the north, St. Lucie County to the south, and Osceola and Okeechobee Counties on the west. There are approximately 100 miles of waterfront land in the County, including 23 miles of Atlantic beaches.

The City of Vero Beach is the seat of County government. Indian River County is a non-charter county established under the Constitution and the Laws of the State of Florida. It is governed by a five member Board of County Commissioners (Board) elected at large from the five districts within the County. A County Administrator is appointed by the Board and is responsible for implementing the policies set forth by the Board. The Administrator is charged with the fiscal control of the resources of the County as well. In addition to the Board, there are five elected Constitutional Officers serving specific governmental functions: Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. Although the funding for all Constitutional Officers is part of the County's General Fund, the Board does not have direct responsibility for their operations. Each office is run separately within each of its respective legal guidelines.

Indian River County provides a full range of services including, but not limited to: construction and maintenance of roadways, sidewalks and other infrastructure, fire rescue/emergency services, law enforcement, library services, traffic operations and control, parks and recreational services, human services, building inspections, licenses and permits, water/sewer utility services, and refuse collection and disposal.

The Clerk of the Circuit Court and Comptroller (Clerk), Sheriff, and Supervisor of Elections submit proposed operating budgets to the Board prior to May 1. The Florida Department of Revenue receives budgets from the Property Appraiser prior to June 1 and from the Tax Collector prior to August 1. Once these budgets are approved, they are forwarded to the Board. The court-related function of the Clerk submits a budget to the Florida Clerks of Court Operations Corporation (CCOC) prior to June 1. These operating budgets include proposed expenditures and the sources to finance them as set forth in Section 28.36, Florida Statutes.

Constitutional Officers, all departments controlled by the Board of County Commissioners, and outside State and local agencies submit their proposed budgets to the Office of Management and Budget for assistance, review and compilation. The County Administrator then reviews all the budgets of the County departments, state agencies and nonprofit organizations, and makes his budget recommendations to the Board of County Commissioners on or before July 15 of each year. The Board then holds public workshops to review the tentative budget by fund on a departmental level.

During September, public hearings are held pursuant to Section 200.065, Florida Statutes, in order for the Board to receive public input on the tentative budget. At the end of the last public hearing, the Board enacts ordinances to legally adopt (at the fund level) the budgets for all governmental fund types. The budgets legally adopted by the Board set forth the anticipated revenues by source and the appropriations by function. Budgets for Enterprise and Internal Service funds are adopted on a basis consistent with generally accepted accounting principles. Management is authorized to transfer budgeted amounts between objects and departments in any fund as long as the total appropriations of a fund are not exceeded. Board approval to amend the budget is required when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations of a fund. Appropriations for the County lapse at the close of the fiscal year. Unexpended ongoing project costs may be appropriated in the new fiscal year through a budget amendment.

This Comprehensive Annual Financial Report (CAFR) includes the funds of the primary government (the Board of County Commissioners, the Clerk of the Circuit Court and Comptroller, the Property Appraiser, the Sheriff, the Supervisor of Elections and the Tax Collector), and the blended component units consisting of the Emergency Services District and the Solid Waste Disposal District.

These component units were included because generally accepted accounting principles require that organizations which are fiscally dependent on the County and that financially benefit from the relationship with the County be reported with the primary government (the County) as the reporting entity. This CAFR does not include the Indian River County School District, the Indian River County Mosquito Control District or the Indian River Medical Center.

Local Economy

Indian River County's estimated population of 148,962 was a 1.74% increase over the previous year. While the population of the County has been steadily increasing, so has the median age of residents living here. Indian River County is ranked seventh among Florida counties by percent of population ages 65 and older with 29.2%. Nationally, average ages have risen due to the increasing age of the baby boomer generation as well as the increase in life expectancy for all Americans. In addition, Florida continues to be a popular destination for retirees.

Historically, Indian River County's economy was made up of agriculture (citrus and cattle) and tourism. Those industries have now been complemented with an increase in health care and information technology firms, light manufacturing, wholesale and retail trade and service sector jobs. The top three major employers in Indian River County, providing 9% of total employed persons, are the School District, Indian River Medical Center and Indian River County government. The unemployment rate has dramatically decreased from 6.7% in 2016 to 4.6% in 2017.

Piper Aircraft, Inc., whose headquarters for aircraft research, development and manufacturing operations are located in Vero Beach, is the largest manufacturing employer in the area. CVS Pharmacy operates a distribution center which provides the distribution of products to all CVS locations in the southern half of Florida. The Atlantic beaches and the Indian River, along with the comfortable climate, provide the basis for a year-round tourism industry. Residents can enjoy these resources at any of the County parks, the Sebastian Inlet State Park or the Pelican Island National Wildlife Refuge.

Indian River County continues to experience signs of improvement in the economy. Total property tax values increased from \$14.3 billion in 2016 to \$16.3 billion in 2017. Construction activity saw a significant increase with 13% more building permits issued for new construction in 2017 over 2016. Please see Statistical Schedules 6 and 17 for more information.

The citrus industry in Indian River County saw a decrease in production of 40% from 6.0 million boxes in 2016 to 4.3 million in 2017. This ranked the County 8th among all Florida counties in total citrus production. The acreage dedicated to citrus production within the County also saw a 44% decrease from 34,151 acres in 2016 to 23,761 acres in 2017, ranking Indian River County 7th among all Florida counties.

Long Term Financial Planning and Major Initiatives

Chapter 163 Florida Statutes and Florida Administrative Code Rule 9J-5 requires each local government to have a Comprehensive Land Use Plan. An important part of this plan is the Capital Improvements Plan (CIP) which evaluates the need for public facilities in support of the Future Land Use Element, to estimate the costs of improvements for which local government has fiscal responsibility, to analyze the fiscal capacity of the local government to finance and construct improvements, and to adopt financial policies to guide the funding and construction of the improvements. The CIP is updated annually and encompasses a period of five years. Listed below are some major projects included in the current CIP along with the source of funding and estimated costs:

- ◆ County Road 512 Resurfacing - The \$3.5 million project consists of dual resurfacing of the westbound lanes from Roseland Road to US Highway 1 and the eastbound lanes from Easy Street to US Highway 1. The project requires the use of the full depth reclamation process which shortens the duration of the construction process, but requires special expertise and equipment. A Small County Outreach Program (SCOP) Grant from the Florida Department of Transportation will fund \$2.4 million of the project with the remainder coming from gas taxes.
- ◆ Osprey Acres Floway and Nature Preserve - The 83.14 acres of undeveloped land purchased east of Osprey Marsh Treatment Facility will serve to create a pollutant removal system (stormwater park) that will remove nitrogen and phosphorus from Osprey Marsh's outflow water and increase the County's ability to meet proposed total maximum daily loads (TMDL) for nutrients discharged into the Indian River Lagoon. The cost for construction is estimated at \$7.5 million and will be funded with an FDEP TMDL Grant, St. John's River Water Management District Cost-Share Grant, Florida House Appropriations Grant and optional one cent sales tax.
- ◆ North County Commercial Septic to Sewer - The \$3 million project will construct a gravity sewer system to service an area that has a land use designation of commercial properties on septic. The area currently has thirty eight (38) existing structures with a total of sixty one (61) parcels. Indian River County Department of Utility Services (IRCDUS) is constructing a new gravity sanitary sewer system and sections of water main to serve commercial areas along US Highway #1 and in the City of Sebastian. Customer assessments, optional one cent sales tax and a St. John's River Water Management District Cost-Share Grant will provide the funding.
- ◆ South County Water Treatment Plant Well Construction and Rehabilitation - The Indian River County Department of Utility Services currently owns and operates six (#1-6) Floridan supply wells that are the source water for the South County Reverse Osmosis Water Treatment Facility. This project consists of the construction of a new well #7, the rehabilitation of wells 2, 3 and 5 and the replacement of well #4 at a cost of \$2.5 million from the Utilities operating fund.
- ◆ 800 Mhz P25 Radio System Migration Project - To meet current operational standards, the 800 Mhz radio system will migrate to the Federal Communications Commission recommended Project 25 (P25) which is the standard for the design and manufacture of interoperable digital two way communications for public safety organizations. The \$5.9 million phased upgrade of the system over a five year period will be funded from optional one cent sales tax.

Major projects or initiatives that were completed during fiscal year 2017 are listed below:

- GoLine Bus Transfer Hub - GoLine is the Indian River County public transportation system with bus service on 14 fixed routes throughout the County. The main hub facility was completed at a cost of \$1.9 million.
- Shooting Range Skeet & Trap Facility Improvements - The \$1.7 million improvements at the Indian River County Shooting Range consisted of national competition skeet and trap fields, hi/low trap houses, and a 15 station sporting clays course.
- Sheriff's Helicopter Hangar & Helipad - The Sheriff Department's on-site helicopter hangar building and helipad was constructed at a cost of \$2.3 million.
- Sebastian Corners Retail Center - The 2.35 acre property located on US Highway 1 in Sebastian was purchased for \$2.7 million to relocate the North County offices of the Clerk of the Circuit Court, Property Appraiser, Tax Collector, Utilities Department and Veteran's Services.

Relevant Financial Policies

In accordance with Section 218.415, Florida Statutes, the County adopted an investment policy, which guides the investment of County surplus funds. This policy establishes investment objectives, maturity and liquidity requirements, portfolio composition, risk and diversification requirements, and authorized investments. The primary objectives of investment activities are to preserve capital and maintain sufficient liquidity to meet anticipated cash flow needs. The secondary objective is to obtain competitive returns on the investment of County surplus funds.

On September 23, 2008, the County established the OPEB (Other Postemployment Benefits) Trust. An OPEB investment policy was approved by the Board of County Commissioners in February 2009. The objective was to establish an advisory committee and to provide short-term and long-term investment guidelines. This policy also outlines the same criteria as noted in the County's investment policy, as well as including performance measures. The County's policy is to fund the annual OPEB obligation monthly.

The County's goal is to maintain an overall fund balance equal to 30% of the annual budget in all of its taxing funds, which provides a three month cushion for operating expenses. The three month reserve is necessary due to the timing of property tax levies in the State of Florida. Although the fiscal year begins in October, property tax monies are not typically received until mid to late December, which would require the County to operate in a deficit position for the first two months of the fiscal year without this reserve. Reserve funds are needed in order to allow the County to respond to events without facing serious financial burdens. County policy is to maintain fund balance levels and prohibit the use of fund balance to fund recurring expenditures. Information on the County's fund balance policy can be found in County Note 16.

During fiscal year 2017, the County implemented Government Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Indian River County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2016. This was the 34th consecutive year that the County has received this prestigious award. 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Indian River County also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2016. This was the second consecutive year the County has received this award. This program was developed by the GFOA to encourage and assist governments to extract information from the CAFR to produce a high-quality report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

In addition, Indian River County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2016-2017 fiscal year. This was the 26th consecutive year that the County has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document had to be judged proficient as a policy document, financial plan, operations guide, and communications device.

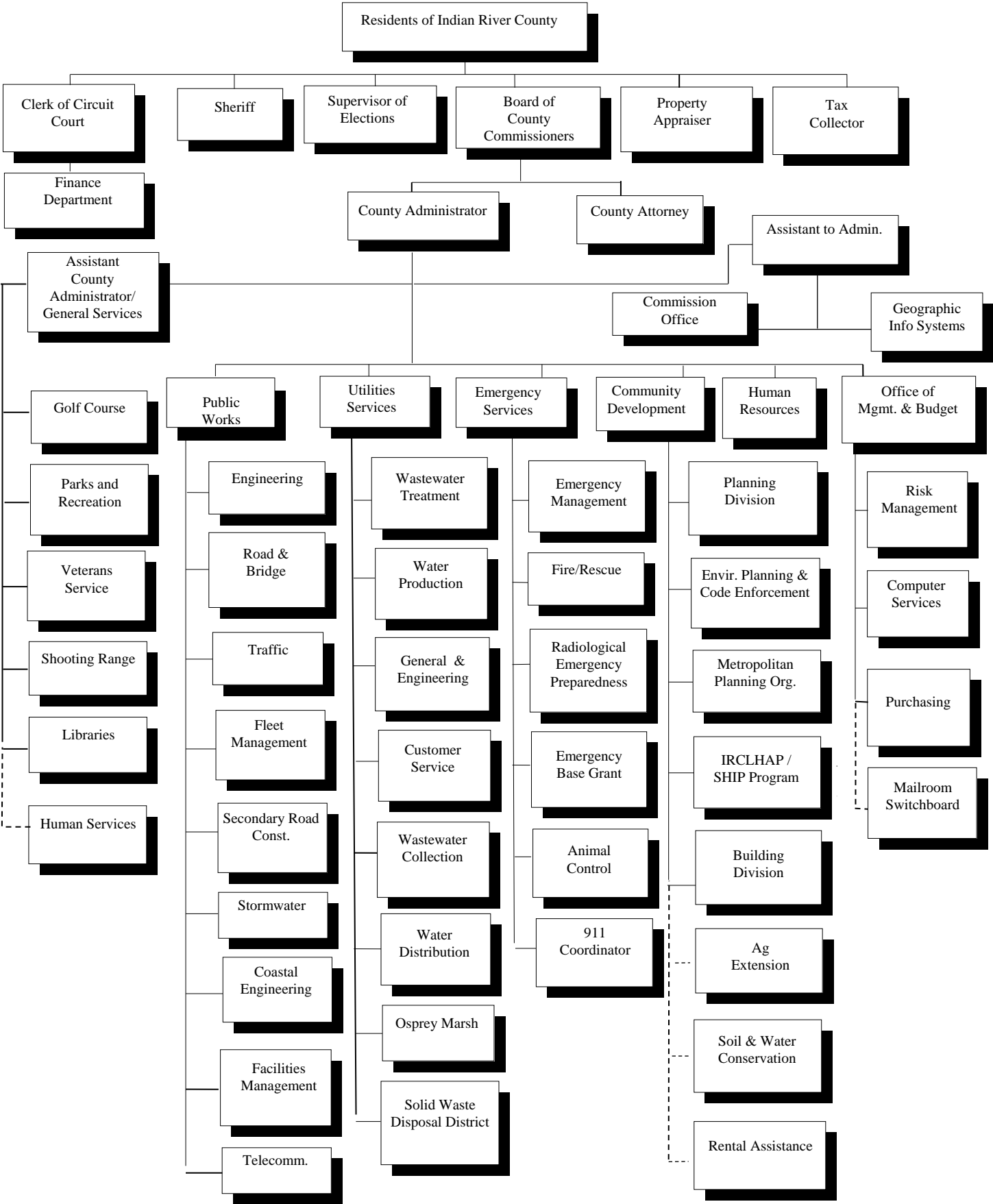
I would like to thank the entire staff of the Comptroller Division for their invaluable assistance in the preparation of this report. I would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner. Finally, thanks to the citizens for the trust you continue to place in your County and those who work to serve you.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeffrey R. Smith". The signature is fluid and cursive, with the first name "Jeffrey" being more prominent and the last name "Smith" following in a similar style.

Jeffrey R. Smith, CPA, CGFO, CGMA
Clerk of the Circuit Court and Comptroller

Indian River County Board of County Commissioners Departmental Organization





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
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Presented to

**Indian River County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

March 14, 2018

The Honorable Board of County Commissioners
and Constitutional Officers
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the *Indian River County, Florida* (the "County"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund and the aggregate remaining fund information of *Indian River County, Florida* as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and each major special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of *Indian River County, Florida's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Lohman LLC



Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

We offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

- The County's overall financial position improved over 2016.
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows by \$1,000.5 million (net position). Of this amount, \$105.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors. Further information can be found on page 8.
- The government's total net position increased by \$22.3 million or 2.3%. Governmental activities accounted for \$20.3 million of this increase and business-type activities accounted for the remaining \$2.0 million. Further information can be found on page 10.
- Governmental activities expenses reflected a 4.4% increase (\$165.6 million in 2016 to \$172.9 million in 2017) and business-type activities expenses reflected a 11.0% increase (\$53.4 million in 2016 to \$59.3 million in 2017). Further information can be found on page 10.
- Unassigned fund balance for the general fund was \$43.3 million, or a 5.7% decrease from the prior year general fund unassigned balance of \$45.9 million.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are composed of three elements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The Statement of Net Position presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected grant revenue and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related functions. The major business-type activities include a water and sewer utility, a solid waste disposal district, a golf course, and a building department.

The government-wide financial statements include not only the Board of County Commissioners (BCC), but also the Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. The government-wide financial statements can be found on pages 21 and 23 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

The County maintains 35 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, four special revenue funds, and one capital project fund. All are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements located behind the notes to the financial statements. The combining statements for the nonmajor governmental funds can be found on pages 115-165 of this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 24-35 of this report.

Proprietary funds. The County maintains *two* different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer utility, solid waste disposal district, golf course, and building department. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for fleet management, self-insurance, and information technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, solid waste disposal district, golf course, and building department, which are considered to be major funds of the County. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements behind the notes to the financial statements on pages 167-171 of this report. The basic proprietary fund financial statements can be found on pages 37-43 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Indian River County OPEB Trust holds the assets of the County's other postemployment benefits. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 44-45 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-107 of this report.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Other information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning Indian River County's progress in funding its obligations to provide other postemployment benefits to its employees, as well as information regarding the County's proportionate share of its pension liability. Required supplementary information can be found on pages 108-113 of this report.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$1,000.5 million at the close of the fiscal year.

Indian River County Net Position (In Millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 257.7	\$ 236.2	\$ 134.9	\$ 125.6	\$ 392.6	\$ 361.8
Capital assets	564.4	559.3	222.8	230.5	787.2	789.8
Total assets	822.1	795.5	357.7	356.1	1,179.8	1,151.6
Deferred outflows of resources	54.4	43.9	4.7	3.9	59.1	47.8
Other liabilities	132.9	114.7	16.1	13.8	149.0	128.5
Long-term liabilities	43.7	48.5	37.0	39.1	80.7	87.6
Total liabilities	176.6	163.2	53.1	52.9	229.7	216.1
Deferred inflows of resources	8.2	4.8	0.5	0.3	8.7	5.1
Net position:						
Net investment in capital assets	542.9	533.3	201.8	206.5	744.7	739.8
Restricted	150.1	132.1	-	-	150.1	132.1
Unrestricted	(1.3)	6.0	107.0	100.3	105.7	106.3
Total net position	\$ 691.7	\$ 671.4	\$ 308.8	\$ 306.8	\$ 1,000.5	\$ 978.2

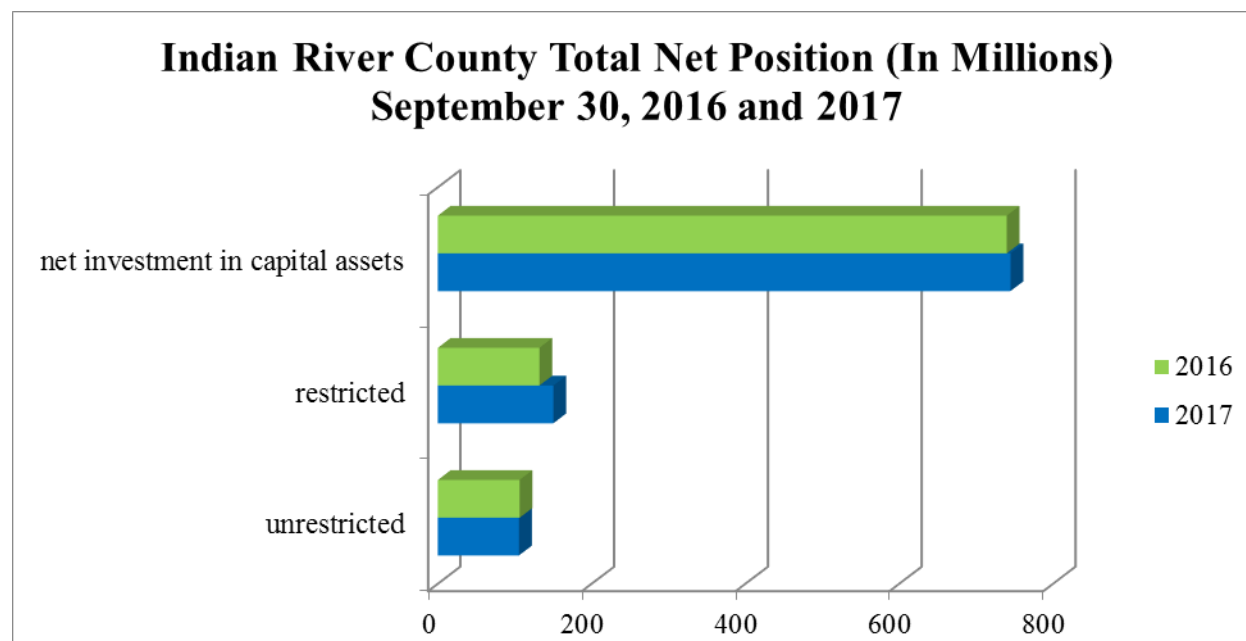
Governmental Activities

In governmental activities, the increase in restricted net position was mainly due to an increase in revenues for state and federal grants, including hurricane reimbursements, and insurance proceeds. The increase in net investment in capital assets was a result of completed construction projects and decreased outstanding debt. The decrease in unrestricted net position is due to an increase in the net pension liability.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017**

Business-type Activities

In business-type activities, the decrease in invested in capital assets resulted from a decreasing book value of existing assets as well as decreased outstanding debt. This decrease resulted in an overall increase in unrestricted net position.



By far, the largest portion of the County's net position (74% or \$744.7 million) reflects its investment in capital assets (e.g., land, buildings, infrastructure, intangibles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported as 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.

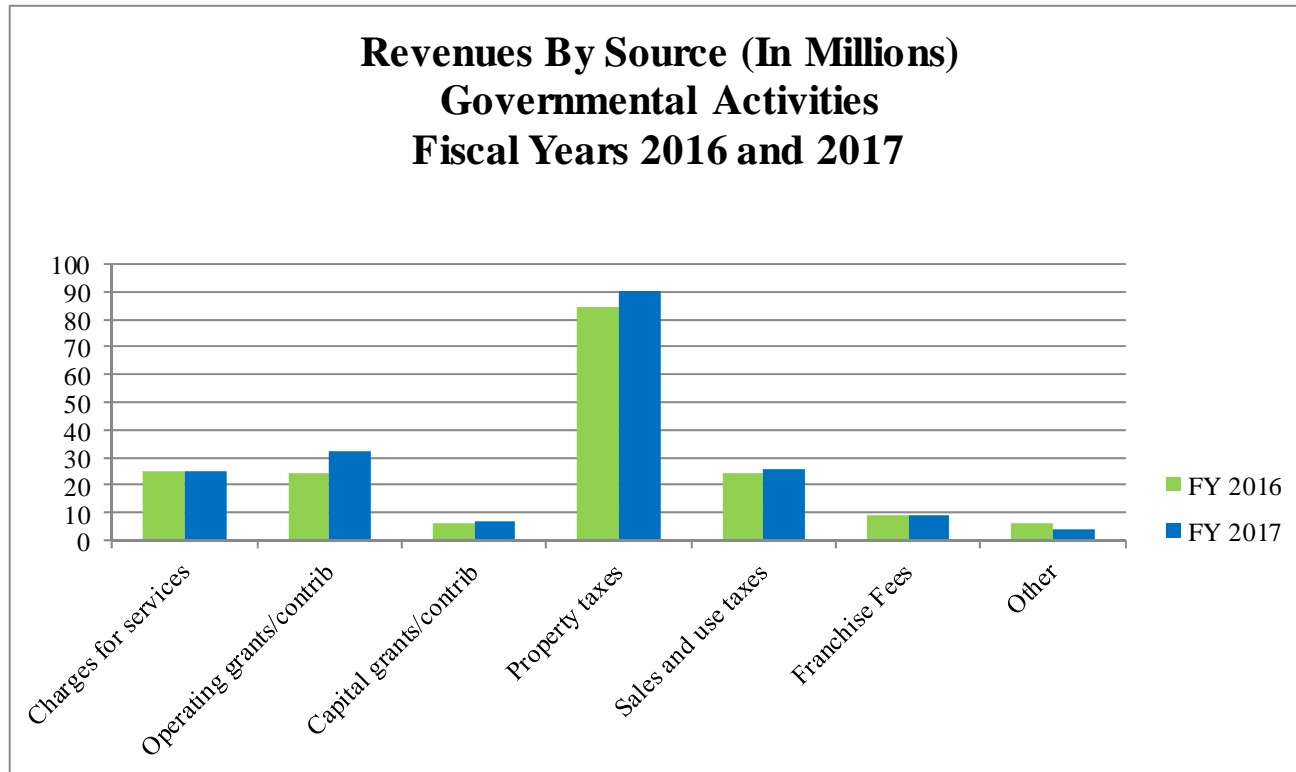
A portion of the County's net position (15% or \$150.1 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position (\$105.7 million) may be used to meet the government's ongoing obligations to its citizens and creditors.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Indian River County Changes in Net Position (In Millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 25.3	\$ 24.9	\$ 52.8	\$ 51.0	\$ 78.1	\$ 75.9
Operating grants/contributions	32.1	24.6	1.5	-	33.6	24.6
Capital grants/contributions	6.8	6.0	6.1	5.0	12.9	11.0
General revenues:						
Property taxes	90.2	84.7	-	-	90.2	84.7
Sales taxes	25.6	24.4	-	-	25.6	24.4
Franchise fees	9.1	9.3	-	-	9.1	9.3
Other	4.1	6.4	0.9	0.8	5.0	7.2
Total revenues	<u>193.2</u>	<u>180.3</u>	<u>61.3</u>	<u>56.8</u>	<u>254.5</u>	<u>237.1</u>
Expenses:						
General government	25.9	27.5	-	-	25.9	27.5
Public safety	83.3	77.6	-	-	83.3	77.6
Physical environment	2.3	1.4	-	-	2.3	1.4
Transportation	28.9	28.2	-	-	28.9	28.2
Economic environment	0.4	0.4	-	-	0.4	0.4
Human services	8.0	7.8	-	-	8.0	7.8
Culture/recreation	16.0	14.7	-	-	16.0	14.7
Court related	7.3	7.1	-	-	7.3	7.1
Interest and fiscal charges	0.8	0.9	-	-	0.8	0.9
Water and sewer	-	-	38.6	35.4	38.6	35.4
Solid waste	-	-	14.5	12.7	14.5	12.7
Golf course	-	-	2.7	2.6	2.7	2.6
Building	-	-	3.5	2.7	3.5	2.7
Total expenses	<u>172.9</u>	<u>165.6</u>	<u>59.3</u>	<u>53.4</u>	<u>232.2</u>	<u>219.0</u>
Increase (decrease) in net position before transfers	20.3	14.7	2.0	3.4	22.3	18.1
Transfers	<u>(0.08)</u>	<u>0.8</u>	<u>0.08</u>	<u>(0.8)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	20.3	15.5	2.0	2.6	22.3	18.1
Net position - October 1, 2016	<u>671.4</u>	<u>655.9</u>	<u>306.8</u>	<u>304.2</u>	<u>978.2</u>	<u>960.1</u>
Net position - September 30, 2017	<u>\$ 691.7</u>	<u>\$ 671.4</u>	<u>\$ 308.8</u>	<u>\$ 306.8</u>	<u>\$ 1,000.5</u>	<u>\$ 978.2</u>

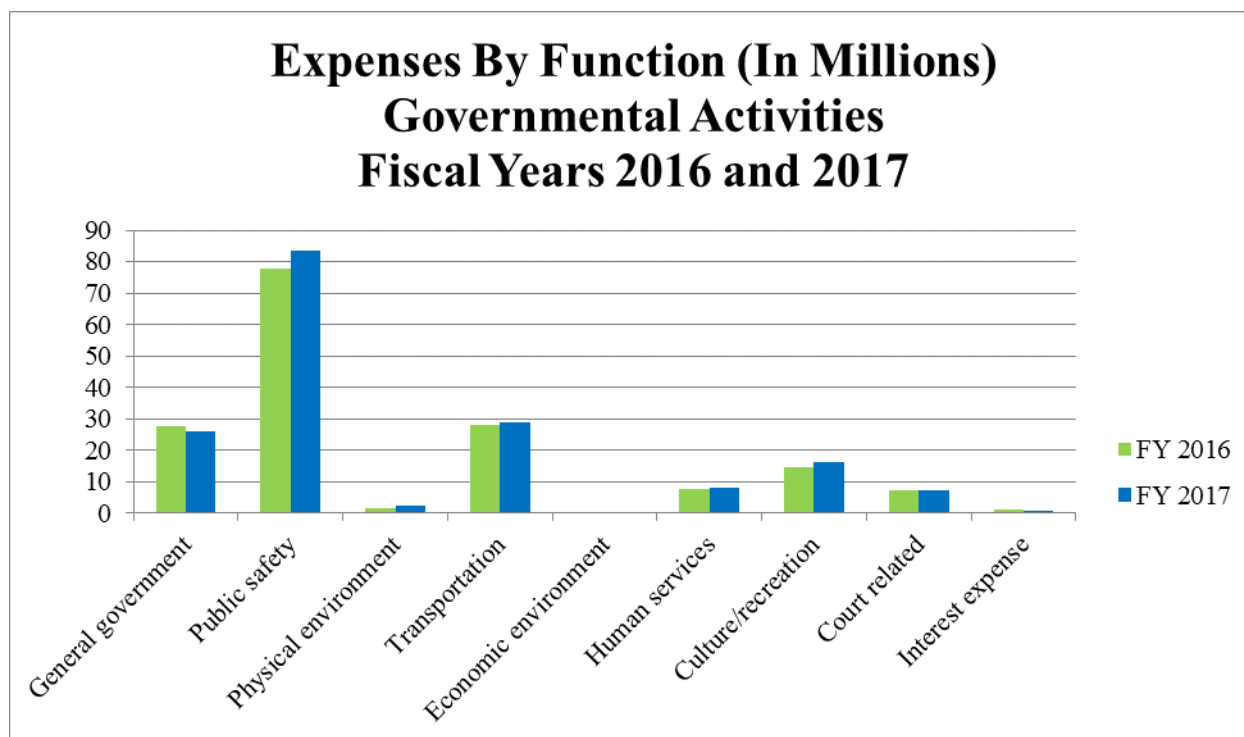
**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017**



Governmental Activities

- Overall program revenues increased \$8.7 million.
 - 1) Operating grants and contributions increased \$7.5 million due to hurricane related grant reimbursements and insurance recoveries.
 - 2) Capital grants and contributions increased \$0.8 million due to grant reimbursements for the transit system and hub.
- Overall general revenues increased by \$4.2 million mainly due to a combination of increased property tax values and increases in the General and Emergency Services District funds millage rates (increase of \$5.5 million or 6.5%) which was offset by a decrease in other revenue (\$2.3 million) mainly due to receipt of a legal settlement and State joint road project reimbursement in the prior fiscal year.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017**



- The governmental activities expenses were \$7.3 million higher in 2017 than in 2016. Major increases included \$5.7 million in public safety expenses due to an increase in salaries and benefits (\$1.5 million) and an increase in the allocated share of pension expense. In addition, there was \$0.9 million in governmental activities related expenses due to hurricanes Matthew and Irma.
- Governmental activities expenses were charged \$8.4 million for their related share of overall pension expense as calculated by the Florida Retirement System. The increase in expense was allocated to the following functions: general government \$0.8 million, public safety \$6.5 million, physical environment \$0.03 million, transportation \$0.4 million, economic environment \$0.008 million, human services \$0.03 million, culture and recreation \$0.3 million, and court related \$0.3 million.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017**

Business-type Activities

Business-type activities net position increased by \$2.0 million. Key elements of this increase are as follows:

- Overall program revenues increased \$4.4 million
 - 1) Charges for services increased by \$1.8 million or 3%. A gradual improvement in the local economy has attributed to the following increases over 2016 revenues: water and sewer charges increased by \$1.0 million or 3% and the building revenues increased by \$0.3 million or 10%.
 - 2) Operating grants and contributions were \$1.5 million higher in 2017 than in 2016. This was mainly due to grant reimbursements and insurance recoveries related to hurricanes Matthew and Irma.
- Overall expenses were \$5.9 million or 11% higher in 2017 than in 2016. The water and sewer utilities expenses were \$3.2 million or about 9% higher in 2017 than in 2016. The solid waste expenses were \$1.8 million or 14% higher in 2017 than in 2016 due to hurricane debris removal costs. The golf course had \$0.1 million or 4% higher expenses in 2017 than in 2016 due to increased landscape, depreciation and hurricane related costs. The building department had \$0.8 million or 30% higher expenses in 2017 than in 2016 due to staffing increases required to meet service level needs of developers and builders.
- Business-type activities expenses were charged \$0.6 million for their related share of overall pension expense as calculated by the Florida Retirement System. The increase in expense was allocated to the following activities: water and sewer \$0.4 million, solid waste \$0.03 million, golf course \$0.03 million, and building \$0.1 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds

Unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. Approximately 23% of this total amount (\$43.0 million) constitutes unassigned fund balance, which is available for spending at the County's discretion.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

The remainder of fund balance is presented in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The County had fund balances in 1) a nonspendable category for inventories, prepaid items, and advances to other funds (\$1.4 million), 2) a restricted category for resources that are either restricted externally by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (\$135.0 million), 3) a committed category for constraints imposed by approval of ordinances and contracts by the Board of County Commissioners (\$3.2 million), and 4) an assigned category for constraints by the County's intent to use for specific purposes (\$7.4 million).

The two largest restricted amounts are in the Impact Fees Fund with a \$15.1 million restricted fund balance and the Optional Sales Tax Fund with a \$75.3 million restricted fund balance. Sixty-five percent of the Impact Fees Fund (\$9.8 million) and twenty percent (\$14.8 million) of the Optional Sales Tax Fund is slated for major road expansions throughout the County in fiscal year 2018. The Optional Sales Tax Fund is a principal funding source in the five year Transportation Capital Improvement Program.

The County's governmental funds reported a combined fund balance of \$190.0 million, which is an increase of \$5.6 million over the prior year of \$184.4 million. Contributing factors to the \$5.6 million increase in fund balance are:

- Fund balance in the General Fund decreased by \$1.0 million. This was due to transit related expenditures to be reimbursed from a federal grant in fiscal year 2018.
- Fund balance in the Emergency Services District Fund increased by \$1.7 million mainly due to an increase in tax revenues because of increasing home values.
- Fund balance in the Optional Sales Tax Fund increased by \$4.2 million due to a \$0.8 million increase in sales tax revenues and reduced expenditures for projects to be completed in future fiscal years.

Proprietary funds

Unrestricted net position at the end of the year amounted to \$16.8 million in the Solid Waste Disposal District (SWDD) Fund, (\$1.5) million in the Golf Course Fund, \$6.1 million in the County Building Fund, and \$85.6 million in the County Utilities Fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was an \$8.7 million increase in operating appropriations between the original and final amended budget. The main components of the increase are as follows:

- \$4.8 million grants appropriations and prior year rollovers for the Senior Resource Association (SRA) to provide County-wide public transportation
- \$0.5 million for All Aboard Florida legal and professional services
- \$0.3 million in building and equipment maintenance including replacement carpeting at the library
- \$0.6 million in salary and benefit increases due to hurricane-related overtime and \$0.2 million in hurricane related operating expenses

Actual expenditures were \$4.2 million lower than anticipated for the following reasons:

- \$1.0 million in SRA grant costs not yet expended
- \$0.4 million in unspent salary and benefits expenditures
- \$1.0 million in unspent legal, professional, and other contractual services

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual is shown on page 31.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$787.2 million (net of accumulated depreciation). This investment in capital assets includes land, right-of-way, buildings and improvements, intangibles, equipment, infrastructure and construction in progress. The overall decrease in the County's investment in capital assets for the current fiscal year was less than 1%.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017**

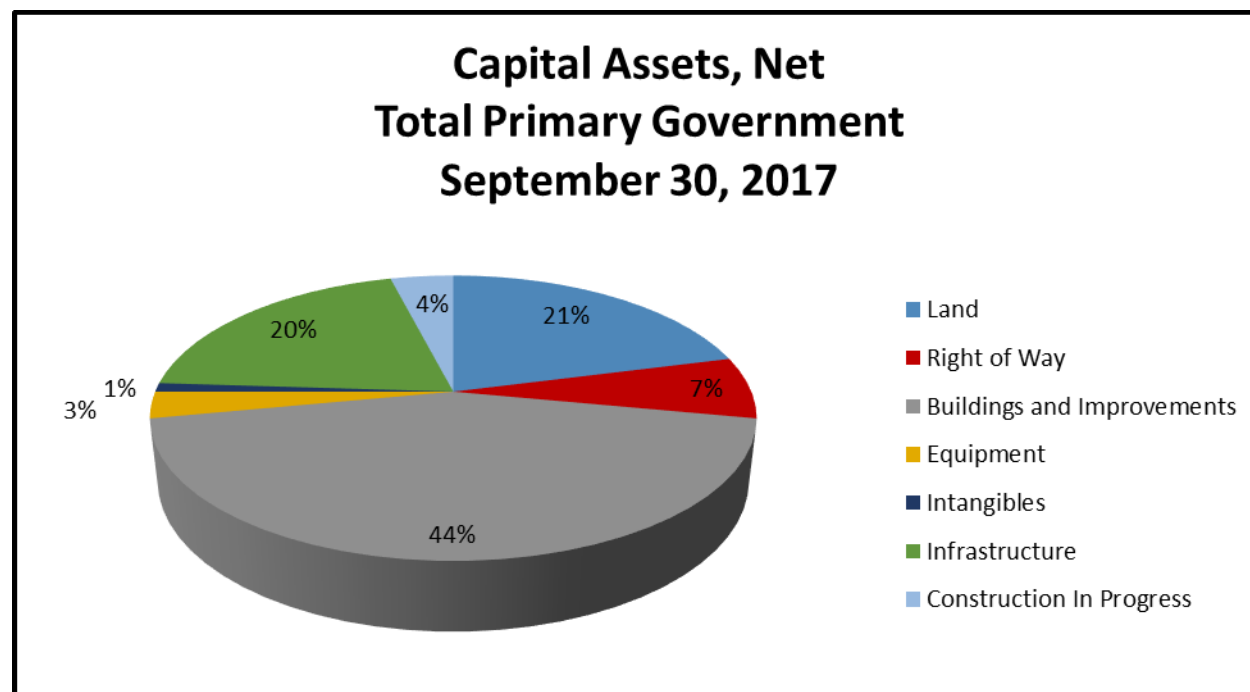
**Indian River County Capital Assets
(Net of Depreciation, In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 134.5	\$ 133.8	\$ 27.5	\$ 27.5	\$ 162.0	\$ 161.3
Right-of-way	58.6	57.6	-	-	58.6	57.6
Buildings and improvements	162.2	158.1	186.0	195.3	348.2	353.4
Equipment	19.8	16.5	3.7	3.3	23.5	19.8
Intangibles	2.7	2.7	2.0	2.1	4.7	4.8
Infrastructure	156.2	166.8	-	-	156.2	166.8
Construction in progress	30.4	23.7	3.6	2.3	34.0	26.0
Total	<u>\$ 564.4</u>	<u>\$ 559.2</u>	<u>\$ 222.8</u>	<u>\$ 230.5</u>	<u>\$ 787.2</u>	<u>\$ 789.7</u>

Governmental activities had the following major increases during the fiscal year:

- An increase in equipment primarily due to the purchase of new voting equipment (\$0.9 million) and fire rescue vehicles and equipment (\$2.4 million).
- An increase in construction in progress due to the 800mhz P25 compliance project (\$2.1 million), Fire Station #14 construction (\$2.0 million) and various road and sidewalk projects (\$2.6 million).

Business-type activities only major decrease occurred in buildings and improvements as a result of increasing depreciation on existing assets.



Additional information on the capital assets can be found in Note 5 on pages 67-69 of this report.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017**

Debt Administration – Long-term debt

At the end of the current fiscal year, the County had total debt outstanding of \$43.9 million. Of this amount, \$15.7 million is debt backed by the full faith and credit of the government. The revenue bonds represent bonds secured solely by specified revenue sources.

**Indian River County's Outstanding Debt
General Obligation and Revenue Bonds
(In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>General Obligation Debt:</u>						
Limited General Oblig. Note, Series 2015	\$ 15.7	\$ 19.7	\$ -	\$ -	\$ 15.7	\$ 19.7
<u>Revenue Bonds/Notes:</u>						
Spring Training Facility, Series 2001	6.2	6.7	-	-	6.2	6.7
Water and Sewer Rev Note, Series 2015	-	-	5.2	6.2	5.2	6.2
Water and Sewer Ref. Rev., Series 2009	-	-	16.8	19.0	16.8	19.0
Total	<u>\$ 21.9</u>	<u>\$ 26.4</u>	<u>\$ 22.0</u>	<u>\$ 25.2</u>	<u>\$ 43.9</u>	<u>\$ 51.6</u>

Additional information on the County's long-term debt can be found in Note 10 on pages 74-81 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The constant goal of local governments is to provide high-quality services at a reasonable cost. Throughout the Great Recession, Indian River County government worked very hard to continue to bring out additional organizational efficiencies, as taxable values plummeted and millage rates were held constant to reduce the burden on the taxpayer.

As the local economy recovers from the downturn, there is ongoing pressure to increase service levels, however, Indian River County continues to be vigilant with taxpayer dollars in good economic times as was done during the downturn.

Maintaining a safe community with strong emergency services is a requirement for all residents. Indian River County has always placed a primary emphasis on funding public safety as this is a fundamental service provided by local government. The FY 2017/2018 budget promotes continued emphasis on public safety through: increased funding of law enforcement, the opening of a new fire station, continued funding of capital equipment deferred during the downturn, addressing the responsiveness of development review and ensuring that new developments are built to proper specifications, and also addressing single source dependencies within the organization that could impact overall service delivery to the public.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017**

The total FY 2017/2018 adopted budget is \$328,340,393, a decrease of \$18,072,278 or 5.22% from the FY 2016/2017 mid-year amended budget, however, this is still 30.5% below the approved FY 2006/2007 amount of \$472,420,328.

For FY 2017/2018 the tax roll is increasing 7.6%. Overall, the countywide millage rate is increasing by 1.28%; this is reflective of the General Fund millage rate increasing by 0.0657 mills or 1.96%, offset by a 5.98% reduction in the Land Acquisition Bond millage. The M.S.T.U. Fund millage rate of 1.0733 remains the same as the current year. The Emergency Services District millage is increasing 2.80%, due primarily to the addition of a fire rescue station and replacement capital equipment.

There are proposed changes in solid waste fees. Proposed residential assessment rates are increasing by \$6.49 to \$109.10 per Equivalent Residential Unit. Commercial rates are increasing by \$2.12 to \$37.67 per Waste Generation Unit (W.G.U.). The proposed readiness-to-use fee is \$21.59 per W.G.U. an increase of \$1.10 from last fiscal year. The rate increase is driven by a \$770,000 increase in the cost to construct, update, and maintain closed landfill cells. There are no increases in water and sewer rates.

The largest individual expense in the budget is personnel services. In total, 65.92 additional full-time (FT) positions are proposed for FY 2017/2018. BCC departments are increasing 32 full-time positions, while constitutional officers show a net increase of 33.92 positions. This results in an additional cost of \$2,220,217 (BCC only). Seventeen of these positions are needed to staff the new fire station. Five positions are required to address development review and three positions are proposed to address single source dependencies in key operational units.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Clerk of the Circuit Court and Comptroller
Attention: Comptroller Division
1801 27th Street
Vero Beach, FL 32960

BASIC FINANCIAL STATEMENTS



Indian River County, Florida
Statement of Net Position
September 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 219,045,124	\$ 69,597,513	\$ 288,642,637
Accounts receivable - net	8,846,162	3,514,293	12,360,455
Internal balances	1,126,389	(1,126,389)	-
Due from other governments	11,506,049	1,532,330	13,038,379
Interest receivable	570,678	657,574	1,228,252
Inventories	340,329	1,203,135	1,543,464
Prepaid expenses	1,413,015	117,377	1,530,392
Current restricted assets:			
Cash and investments	6,072,867	52,292,146	58,365,013
Total current assets	248,920,613	127,787,979	376,708,592
Non-current assets:			
Net other postemployment benefits asset	8,513,836	-	8,513,836
Capital assets - non-depreciable	228,312,967	32,842,544	261,155,511
Capital assets - depreciable	671,008,272	471,989,722	1,142,997,994
Capital assets - accumulated depreciation	(334,895,161)	(282,063,707)	(616,958,868)
Non-current restricted assets:			
Special assessments receivable	191,266	399,299	590,565
Impact fees receivable	-	555,355	555,355
Liens receivable	-	6,261,112	6,261,112
Total non-current assets	573,131,180	229,984,325	803,115,505
Total assets	822,051,793	357,772,304	1,179,824,097
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	54,067,751	3,661,695	57,729,446
Deferred amounts on refunding	375,826	1,037,380	1,413,206
Total deferred outflows of resources	54,443,577	4,699,075	59,142,652
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	10,350,353	4,185,922	14,536,275
Retainage payable	-	30,430	30,430
Claims payable	2,763,000	-	2,763,000
Due to other governments	404,246	72,878	477,124
Other deposits held in escrow	21,710	1,000	22,710
Unearned revenues	640,851	39,348	680,199
Accrued compensated absences	6,179,046	717,964	6,897,010
Pollution remediation costs payable	90,207	-	90,207
Current liabilities (payable from current restricted assets):			
Accounts payable	-	142,012	142,012
Retainage payable	736,187	83,068	819,255
Accrued interest payable	-	72,242	72,242
Customer deposits	628,680	3,260,673	3,889,353
Notes payable	4,158,000	1,007,000	5,165,000
Closure and maintenance costs payable	-	9,270,090	9,270,090
Bonds payable	550,000	2,100,000	2,650,000
Total current liabilities	26,522,280	20,982,627	47,504,907
Non-current liabilities:			
Accrued compensated absences	5,242,483	219,070	5,461,553
Pollution remediation costs payable	2,029,493	-	2,029,493
Claims payable	5,492,000	-	5,492,000
Net pension liability	120,174,990	8,254,956	128,429,946
Notes payable	11,495,000	4,199,000	15,694,000
Closure and maintenance costs payable	-	4,739,646	4,739,646
Bonds payable, net of premium and discount	5,665,000	14,725,534	20,390,534
Total non-current liabilities	150,098,966	32,138,206	182,237,172
Total liabilities	176,621,246	53,120,833	229,742,079
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	8,158,343	528,317	8,686,660
NET POSITION			
Net investment in capital assets	542,933,904	201,774,405	744,708,309
Restricted for:			
Transportation/road projects	25,990,131	-	25,990,131
Public safety	15,252,390	-	15,252,390
Court related costs	2,405,030	-	2,405,030
Housing assistance	1,245,301	-	1,245,301
Capital projects	79,625,137	-	79,625,137
Beach renourishment	13,438,501	-	13,438,501
Culture/recreation	6,620,049	-	6,620,049
Debt service	3,853,146	-	3,853,146
Environmental conservation/preservation	174,304	-	174,304
Special assessment projects	1,528,609	-	1,528,609
Unrestricted (deficit)	(1,350,721)	107,047,824	105,697,103
Total net position	\$ 691,715,781	\$ 308,822,229	\$ 1,000,538,010

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



Indian River County, Florida
Statement of Activities
For the Year Ended September 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 25,936,632	\$ 6,436,467	\$ 15,931,634	\$ 998,109	\$ (2,570,422)	\$ -	\$ (2,570,422)
Public safety	83,312,452	8,557,148	1,860,678	815,785	(72,078,841)	-	(72,078,841)
Physical environment	2,312,036	9,650	-	74,289	(2,228,097)	-	(2,228,097)
Transportation	28,844,114	4,139,569	9,484,990	1,357,498	(13,862,057)	-	(13,862,057)
Economic environment	439,460	-	-	-	(439,460)	-	(439,460)
Human services	8,030,927	201,484	4,045,324	34,563	(3,749,556)	-	(3,749,556)
Culture/recreation	16,000,837	2,723,416	661,589	3,540,286	(9,075,546)	-	(9,075,546)
Court related	7,241,707	3,214,658	177,500	-	(3,849,549)	-	(3,849,549)
Interest and fiscal charges	763,636	-	-	-	(763,636)	-	(763,636)
Total governmental activities	172,881,801	25,282,392	32,161,715	6,820,530	(108,617,164)	-	(108,617,164)
Business-type activities:							
Water and sewer	38,609,232	32,020,230	368,395	6,108,117	-	(112,490)	(112,490)
Solid waste	14,542,100	13,784,379	1,134,593	-	-	376,872	376,872
Golf course	2,693,389	3,219,311	15,215	-	-	541,137	541,137
Building	3,504,086	3,742,659	5,428	-	-	244,001	244,001
Total business-type activities	59,348,807	52,766,579	1,523,631	6,108,117	-	1,049,520	1,049,520
Total primary government	<u>\$ 232,230,608</u>	<u>\$ 78,048,971</u>	<u>\$ 33,685,346</u>	<u>\$ 12,928,647</u>	<u>(108,617,164)</u>	<u>1,049,520</u>	<u>(107,567,644)</u>
General revenues:							
Property taxes, levied for general purposes					85,572,692	-	85,572,692
Property taxes, levied for debt service					4,619,804	-	4,619,804
Sales and use taxes					25,564,904	-	25,564,904
Franchise fees, levied on gross receipts					9,130,133	-	9,130,133
Interest earnings					1,474,698	818,490	2,293,188
Miscellaneous					2,694,082	37,285	2,731,367
Transfers					(82,667)	82,667	-
Total general revenues and transfers					128,973,646	938,442	129,912,088
Change in net position					20,356,482	1,987,962	22,344,444
Net position - beginning					671,359,299	306,834,267	978,193,566
Net position - ending					<u>\$ 691,715,781</u>	<u>\$ 308,822,229</u>	<u>\$ 1,000,538,010</u>

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

Indian River County, Florida
Balance Sheet
Governmental Funds
September 30, 2017

	General	Impact Fees	Secondary Roads Construction
ASSETS			
Cash and investments	\$ 48,876,081	\$ 15,542,869	\$ 11,295,658
Accounts receivable	1,115,716	-	-
Special assessments receivable	-	-	-
Due from other funds	514,073	-	-
Due from other governments	5,252,231	64,063	1,925,293
Interest receivable	62,521	19,144	14,194
Inventories	113,624	-	-
Prepaid items	158,148	-	-
Advances to other funds	912,103	-	-
Total assets	<u>\$ 57,004,497</u>	<u>\$ 15,626,076</u>	<u>\$ 13,235,145</u>
LIABILITIES			
Accounts payable	\$ 3,300,679	\$ 320,229	\$ 1,585,439
Retainage payable	-	146,606	261,435
Due to other funds	839,423	-	-
Due to other governments	324,205	72,820	-
Unearned revenues	559,309	-	-
Other deposits	635,695	-	-
Total liabilities	<u>5,659,311</u>	<u>539,655</u>	<u>1,846,874</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - ambulance services	-	-	-
Unavailable revenue - insurance recoveries	69,829	-	-
Unavailable revenue - state and federal grants	3,854,908	-	1,507,505
Total deferred inflows of resources	<u>3,924,737</u>	<u>-</u>	<u>1,507,505</u>
FUND BALANCES			
Nonspendable:			
Inventories	113,624	-	-
Prepaid items	158,148	-	-
Advances to other funds	912,103	-	-
Restricted for:			
Transportation/road improvements	-	10,642,241	9,880,766
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	429,669	-
Fire/emergency services	-	48,575	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	763,327	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Voting/election activities	-	-	-
Debt service	-	-	-
Capital projects	-	970,691	-
Dodgertown repairs/improvements	-	-	-
Parks/recreational projects	1,246,278	2,231,918	-
Committed to:			
Economic incentives	1,297,240	-	-
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	7,010	-	-
Library services	224,517	-	-
Parks/recreational projects	127,022	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Transportation/road improvements	-	-	-
Unassigned			
Total fund balances	<u>47,420,449</u>	<u>15,086,421</u>	<u>9,880,766</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 57,004,497</u>	<u>\$ 15,626,076</u>	<u>\$ 13,235,145</u>

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

Transportation	Emergency Services District	Optional Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ 7,749,242	\$ 8,542,894	\$ 75,736,067	\$ 27,793,994	\$ 195,536,805
263,526	2,205,477	2,380,217	2,630,667	8,595,603
191,266	-	-	-	191,266
-	334,113	7,158	62,165	917,509
632,725	487,980	2,022,792	1,049,365	11,434,449
169,032	11,609	92,953	28,262	397,715
-	-	-	23,654	137,278
1,285	66,496	-	126,115	352,044
-	-	-	-	912,103
<u>\$ 9,007,076</u>	<u>\$ 11,648,569</u>	<u>\$ 80,239,187</u>	<u>\$ 31,714,222</u>	<u>\$ 218,474,772</u>
\$ 801,395	\$ 1,143,638	\$ 2,030,455	\$ 868,982	\$ 10,050,817
-	-	302,096	26,050	736,187
-	-	-	175,000	1,014,423
-	-	-	7,221	404,246
-	20,315	-	61,227	640,851
-	-	-	14,695	650,390
<u>801,395</u>	<u>1,163,953</u>	<u>2,332,551</u>	<u>1,153,175</u>	<u>13,496,914</u>
350,953	-	-	-	350,953
-	2,203,636	-	-	2,203,636
260,281	-	2,380,217	2,505,884	5,216,211
299,880	487,980	204,027	875,069	7,229,369
<u>911,114</u>	<u>2,691,616</u>	<u>2,584,244</u>	<u>3,380,953</u>	<u>15,000,169</u>
-	-	-	23,654	137,278
1,285	66,496	-	126,115	352,044
-	-	-	-	912,103
-	-	-	-	20,523,007
-	-	-	2,301,646	2,301,646
-	-	-	1,244,116	1,244,116
-	-	-	3,809,522	4,239,191
-	7,726,504	-	-	7,775,079
-	-	-	735,959	735,959
-	-	-	10,938,501	10,938,501
-	-	-	1,062,233	1,062,233
-	-	-	87	763,414
-	-	-	100,015	100,015
-	-	-	1,528,609	1,528,609
-	-	-	3,797	3,797
-	-	-	3,853,146	3,853,146
-	-	75,322,392	-	76,293,083
-	-	-	120,911	120,911
-	-	-	-	3,478,196
-	-	-	-	1,297,240
-	-	-	1,239,082	1,239,082
-	-	-	276,135	283,145
-	-	-	-	224,517
-	-	-	-	127,022
-	-	-	107,108	107,108
7,293,282	-	-	-	7,293,282
-	-	-	(290,542)	43,043,965
<u>7,294,567</u>	<u>7,793,000</u>	<u>75,322,392</u>	<u>27,180,094</u>	<u>189,977,689</u>
<u>\$ 9,007,076</u>	<u>\$ 11,648,569</u>	<u>\$ 80,239,187</u>	<u>\$ 31,714,222</u>	<u>\$ 218,474,772</u>

Indian River County, Florida
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
September 30, 2017

Total governmental fund balances:	\$ 189,977,689
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	563,779,741
Long-term liabilities, including bonds payable (\$5,839,174), notes payable (\$15,653,000), accrued compensated absences (\$11,288,621), and accrued pollution remediation costs (\$2,119,700), are not due and payable in the current period and, therefore, not reported in the funds.	(34,900,495)
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits. On the statement of net position, the County's proportionate share of the net pension liability (\$119,062,412) of the cost-sharing defined benefit pension plans in which the County participates is reported. Additionally, deferred outflows (\$53,570,662) and deferred inflows (\$8,088,748) related to pensions are also reported in accordance with GASB Statement No. 68.	(73,580,498)
Special assessments, ambulance services, state and federal grant receivables, and insurance recoveries are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	15,000,169
Accrued interest is not recognized in the current period because the resources are not available and, therefore, not reported in the funds.	122,444
Internal service funds are used by management to charge the costs of certain activities, such as insurance, fleet, and information technology services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>31,316,731</u>
Net position of governmental activities	<u>\$ 691,715,781</u>

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



Indian River County, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General	Impact Fees	Secondary Roads Construction
REVENUES			
Taxes	\$ 59,268,103	\$ -	\$ 3,821,095
Permits, fees and special assessments	9,407,266	5,703,909	-
Intergovernmental	16,054,567	-	1,635,138
Charges for services	8,080,904	-	-
Judgments, fines and forfeits	1,182,194	-	-
Interest	389,073	89,823	72,527
Miscellaneous	5,015,643	284,695	43,071
Total revenues	<u>99,397,750</u>	<u>6,078,427</u>	<u>5,571,831</u>
EXPENDITURES			
Current:			
General government	20,646,898	748,395	-
Public safety	46,157,514	1,046,861	-
Physical environment	378,006	-	-
Transportation	4,539,860	2,288,833	7,032,264
Economic environment	433,553	-	-
Human services	4,239,760	-	-
Culture/recreation	9,611,836	100,360	-
Court related	6,063,329	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>92,070,756</u>	<u>4,184,449</u>	<u>7,032,264</u>
Excess of revenues over (under) expenditures	<u>7,326,994</u>	<u>1,893,978</u>	<u>(1,460,433)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,562,993	-	-
Transfers out	<u>(9,917,276)</u>	<u>(895,000)</u>	<u>(444,320)</u>
Total other financing sources (uses)	<u>(8,354,283)</u>	<u>(895,000)</u>	<u>(444,320)</u>
Net change in fund balances	(1,027,289)	998,978	(1,904,753)
Fund balances at beginning of year	<u>48,447,738</u>	<u>14,087,443</u>	<u>11,785,519</u>
Fund balances at end of year	<u>\$ 47,420,449</u>	<u>\$ 15,086,421</u>	<u>\$ 9,880,766</u>

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

Transportation	Emergency Services District	Optional Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 27,604,884	\$ 17,623,741	\$ 7,439,577	\$ 115,757,400
259,327	-	-	530,273	15,900,775
3,222,357	871,613	911,341	7,336,334	30,031,350
108,454	6,354,017	-	1,463,554	16,006,929
-	1,600	-	437,170	1,620,964
49,128	87,302	447,601	151,961	1,287,415
562,274	103,828	-	383,416	6,392,927
<u>4,201,540</u>	<u>35,023,244</u>	<u>18,982,683</u>	<u>17,742,285</u>	<u>186,997,760</u>
291,929	-	-	2,994,639	24,681,861
-	32,705,100	-	3,488,064	83,397,539
898,552	-	-	24,304	1,300,862
12,414,104	-	-	287,535	26,562,596
-	-	-	3,478	437,031
-	-	-	3,877,150	8,116,910
-	-	-	2,301,142	12,013,338
-	-	-	691,721	6,755,050
-	-	-	4,573,000	4,573,000
-	-	-	657,520	657,520
-	-	12,777,795	-	12,777,795
<u>13,604,585</u>	<u>32,705,100</u>	<u>12,777,795</u>	<u>18,898,553</u>	<u>181,273,502</u>
<u>(9,403,045)</u>	<u>2,318,144</u>	<u>6,204,888</u>	<u>(1,156,268)</u>	<u>5,724,258</u>
9,756,429	-	-	3,012,317	14,331,739
(82,667)	(593,813)	(2,042,315)	(478,511)	(14,453,902)
<u>9,673,762</u>	<u>(593,813)</u>	<u>(2,042,315)</u>	<u>2,533,806</u>	<u>(122,163)</u>
270,717	1,724,331	4,162,573	1,377,538	5,602,095
<u>7,023,850</u>	<u>6,068,669</u>	<u>71,159,819</u>	<u>25,802,556</u>	<u>184,375,594</u>
<u>\$ 7,294,567</u>	<u>\$ 7,793,000</u>	<u>\$ 75,322,392</u>	<u>\$ 27,180,094</u>	<u>\$ 189,977,689</u>

Indian River County, Florida
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2017

Net change in fund balances - total governmental funds \$ 5,602,095

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	29,101,027	
Less current year loss on assets	(1,082,175)	
Less current year depreciation	<u>(23,004,347)</u>	5,014,505

Payments of bond principal, pollution remediation, and medicaid settlement costs are expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.

Bond principal payment	520,000	
Note principal payment	4,053,000	
Legal judgment	59,500	
Medicaid settlement	158,087	
Pollution remediation costs	<u>325,400</u>	5,115,987

Changes in accrued compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (443,296)

Governmental funds report interest and OPEB expenditures based on when they are paid. The statement of activities reports these expenses as they are incurred. This is the net number of the prior year and current year accrual.

Deferred amount on refunding amortization expense	(106,116)	
Accrued OPEB expense	<u>(734,999)</u>	(841,115)

Governmental funds report contributions in defined benefit pension plans as expenditures.

However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liabilities and is reported as part of deferred outflows of resources. 2,620,440

In the statement of activities, pension expense is recorded for the County's proportionate share of collective pension expense of the cost-sharing defined benefit plans in which the County participates. Also included in pension expense are amounts required to be amortized in accordance with GASB Statement No. 68. (11,023,084)

Internal service funds are used by management to charge the costs of insurance, fleet and information technology services to individual funds. The net costs of the internal service funds are reported in governmental activities. 2,955,084

Governmental funds report non-exchange transactions when the applicable eligibility requirements have been met and resources are available. However, in the statement of activities, non-exchange transactions are recognized when the eligibility requirements are met. This is the net number of the prior year and current year accrual. 11,341,705

Some interest revenues reported in the statement of activities do not provide current financial resources, therefore, are not reported as revenues in governmental funds. This is the net number of the prior year and current year accrual. 14,161

Change in net position of governmental activities \$ 20,356,482

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

Indian River County, Florida
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 58,366,967	\$ 58,366,967	\$ 59,268,103	\$ 901,136
Permits, fees and special assessments	9,017,875	9,017,875	9,407,266	389,391
Intergovernmental	12,558,196	16,028,792	16,054,567	25,775
Charges for services	8,671,955	8,108,310	8,080,904	(27,406)
Judgments, fines and forfeits	1,028,399	1,094,342	1,182,194	87,852
Interest	154,195	154,195	389,073	234,878
Miscellaneous	4,106,316	4,257,063	5,015,643	758,580
Total revenues	<u>93,903,903</u>	<u>97,027,544</u>	<u>99,397,750</u>	<u>2,370,206</u>
EXPENDITURES				
General government	20,693,370	22,337,406	20,646,898	1,690,508
Public safety	45,566,861	46,439,989	46,157,514	282,475
Physical environment	323,682	421,305	378,006	43,299
Transportation	800,000	5,549,941	4,539,860	1,010,081
Economic environment	432,221	441,174	433,553	7,621
Human services	4,368,656	4,514,279	4,239,760	274,519
Culture/recreation	9,705,321	10,678,806	9,611,836	1,066,970
Court related	5,760,270	5,926,541	6,063,329	(136,788)
Total expenditures	<u>87,650,381</u>	<u>96,309,441</u>	<u>92,070,756</u>	<u>4,238,685</u>
Excess of revenues over (under) expenditures	<u>6,253,522</u>	<u>718,103</u>	<u>7,326,994</u>	<u>6,608,891</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	853,399	1,600,807	1,562,993	(37,814)
Transfers out	(9,917,088)	(9,917,276)	(9,917,276)	-
Total other financing sources (uses)	<u>(9,063,689)</u>	<u>(8,316,469)</u>	<u>(8,354,283)</u>	<u>(37,814)</u>
Net change in fund balances	(2,810,167)	(7,598,366)	(1,027,289)	<u>\$ 6,571,077</u>
Fund balances at beginning of year	<u>2,810,167</u>	<u>7,598,366</u>	<u>48,447,738</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,420,449</u>	

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

Indian River County, Florida
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Impact Fees Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Permits, fees and special assessments	\$ 3,562,500	\$ 3,562,500	\$ 5,703,909	\$ 2,141,409
Interest	33,250	33,250	89,823	56,573
Miscellaneous	-	-	284,695	284,695
Total revenues	<u>3,595,750</u>	<u>3,595,750</u>	<u>6,078,427</u>	<u>2,482,677</u>
EXPENDITURES				
General government	224,271	1,074,957	748,395	326,562
Public safety	1,025,000	1,046,861	1,046,861	-
Transportation	6,047,000	10,419,585	2,288,833	8,130,752
Culture/recreation	525,000	500,000	100,360	399,640
Total expenditures	<u>7,821,271</u>	<u>13,041,403</u>	<u>4,184,449</u>	<u>8,856,954</u>
Excess of revenues over (under) expenditures	<u>(4,225,521)</u>	<u>(9,445,653)</u>	<u>1,893,978</u>	<u>11,339,631</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(895,000)	(895,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(895,000)</u>	<u>(895,000)</u>	<u>-</u>
Net change in fund balances	<u>(4,225,521)</u>	<u>(10,340,653)</u>	<u>998,978</u>	<u>\$ 11,339,631</u>
Fund balances at beginning of year	<u>4,225,521</u>	<u>10,340,653</u>	<u>14,087,443</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,086,421</u>	

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

Indian River County, Florida
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Secondary Roads Construction Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 3,529,250	\$ 3,529,250	\$ 3,821,095	\$ 291,845
Intergovernmental	-	6,067,331	1,635,138	(4,432,193)
Interest	23,750	23,750	72,527	48,777
Miscellaneous	-	-	43,071	43,071
Total revenues	<u>3,553,000</u>	<u>9,620,331</u>	<u>5,571,831</u>	<u>(4,048,500)</u>
EXPENDITURES				
Transportation	<u>7,688,044</u>	<u>16,724,164</u>	<u>7,032,264</u>	<u>9,691,900</u>
Total expenditures	<u>7,688,044</u>	<u>16,724,164</u>	<u>7,032,264</u>	<u>9,691,900</u>
Excess of revenues over (under) expenditures	<u>(4,135,044)</u>	<u>(7,103,833)</u>	<u>(1,460,433)</u>	<u>5,643,400</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(444,320)	(444,320)	-
Total other financing sources (uses)	<u>-</u>	<u>(444,320)</u>	<u>(444,320)</u>	<u>-</u>
Net change in fund balances	(4,135,044)	(7,548,153)	(1,904,753)	<u>\$ 5,643,400</u>
Fund balances at beginning of year	<u>4,135,044</u>	<u>7,548,153</u>	<u>11,785,519</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,880,766</u>	

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

Indian River County, Florida
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Transportation Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Permits, fees and special assessments	\$ 185,250	\$ 185,250	\$ 259,327	\$ 74,077
Intergovernmental	2,620,290	2,620,290	3,222,357	602,067
Charges for services	93,575	93,575	108,454	14,879
Interest	30,400	30,400	49,128	18,728
Miscellaneous	338,795	338,795	562,274	223,479
Total revenues	<u>3,268,310</u>	<u>3,268,310</u>	<u>4,201,540</u>	<u>933,230</u>
EXPENDITURES				
General government	278,137	298,052	291,929	6,123
Physical environment	634,741	1,050,153	898,552	151,601
Transportation	12,907,568	14,127,639	12,414,104	1,713,535
Total expenditures	<u>13,820,446</u>	<u>15,475,844</u>	<u>13,604,585</u>	<u>1,871,259</u>
Excess of revenues over (under) expenditures	<u>(10,552,136)</u>	<u>(12,207,534)</u>	<u>(9,403,045)</u>	<u>2,804,489</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,756,429	9,756,429	9,756,429	-
Transfers out	<u>(82,667)</u>	<u>(82,667)</u>	<u>(82,667)</u>	<u>-</u>
Total other financing sources (uses)	<u>9,673,762</u>	<u>9,673,762</u>	<u>9,673,762</u>	<u>-</u>
Net change in fund balances	<u>(878,374)</u>	<u>(2,533,772)</u>	<u>270,717</u>	<u>\$ 2,804,489</u>
Fund balances at beginning of year	<u>878,374</u>	<u>2,533,772</u>	<u>7,023,850</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,294,567</u>	

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

Indian River County, Florida
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Emergency Services District Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 27,163,668	\$ 27,163,668	\$ 27,604,884	\$ 441,216
Intergovernmental	45,125	923,811	871,613	(52,198)
Charges for services	5,369,701	5,369,701	6,354,017	984,316
Judgments, fines and forfeits	11,400	11,400	1,600	(9,800)
Interest	28,500	28,500	87,302	58,802
Miscellaneous	38,071	128,071	103,828	(24,243)
Total revenues	<u>32,656,465</u>	<u>33,625,151</u>	<u>35,023,244</u>	<u>1,398,093</u>
EXPENDITURES				
Public safety	<u>32,417,698</u>	<u>35,862,247</u>	<u>32,705,100</u>	<u>3,157,147</u>
Total expenditures	<u>32,417,698</u>	<u>35,862,247</u>	<u>32,705,100</u>	<u>3,157,147</u>
Excess of revenues over (under) expenditures	<u>238,767</u>	<u>(2,237,096)</u>	<u>2,318,144</u>	<u>4,555,240</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(536,950)</u>	<u>(616,977)</u>	<u>(593,813)</u>	<u>23,164</u>
Total other financing sources (uses)	<u>(536,950)</u>	<u>(616,977)</u>	<u>(593,813)</u>	<u>23,164</u>
Net change in fund balances	(298,183)	(2,854,073)	1,724,331	<u>\$ 4,578,404</u>
Fund balances at beginning of year	<u>298,183</u>	<u>2,854,073</u>	<u>6,068,669</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,793,000</u>	

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



Indian River County, Florida
Statement of Fund Net Position
Proprietary Funds
September 30, 2017

	Business-type Activities - Enterprise funds					Governmental Activities Internal Service Funds
	Solid Waste Disposal District	Golf Course	County Utilities	County Building	Total	
ASSETS						
Current assets:						
Cash and investments	\$ 17,141,851	\$ 128,580	\$ 45,318,420	\$ 7,008,662	\$ 69,597,513	\$ 29,581,186
Accounts receivable - net	714,520	11,791	2,787,982	-	3,514,293	250,559
Due from other funds	124,787	-	-	-	124,787	311,200
Due from other governments	1,132,093	26,414	368,395	5,428	1,532,330	71,600
Interest receivable	33,010	-	611,577	12,987	657,574	50,519
Inventories	-	139,842	1,063,293	-	1,203,135	203,051
Prepays and other assets	-	1,250	70,828	45,299	117,377	9,574,807
Current restricted assets:						
Cash and investments	14,182,162	-	38,109,984	-	52,292,146	-
Total current assets	33,328,423	307,877	88,330,479	7,072,376	129,039,155	40,042,922
Non-current assets:						
Capital assets - non-depreciable	13,324,204	6,606,283	12,912,057	-	32,842,544	-
Capital assets - depreciable	31,806,809	4,762,893	434,830,238	589,782	471,989,722	2,961,079
Capital assets - accumulated depreciation	(13,737,960)	(1,872,879)	(266,148,661)	(304,207)	(282,063,707)	(2,314,742)
Non-current restricted assets:						
Special assessments receivable	-	-	399,299	-	399,299	-
Impact fees receivable	-	-	555,355	-	555,355	-
Liens receivable	-	-	6,261,112	-	6,261,112	-
Total non-current assets	31,393,053	9,496,297	188,809,400	285,575	229,984,325	646,337
Total assets	64,721,476	9,804,174	277,139,879	7,357,951	359,023,480	40,689,259
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	217,445	179,220	2,669,126	595,904	3,661,695	497,089
Deferred amounts on refundings	-	-	1,037,380	-	1,037,380	-
Total deferred outflows of resources	217,445	179,220	3,706,506	595,904	4,699,075	497,089
LIABILITIES						
Current liabilities (payable from current assets):						
Accounts payable	1,988,276	163,150	1,924,720	109,776	4,185,922	299,536
Retainage payable	-	-	90,784	-	90,784	-
Due to other funds	-	339,073	-	-	339,073	-
Claims payable	-	-	-	-	-	2,763,000
Due to other governments	-	5,596	45,122	22,160	72,878	-
Other deposits	-	1,000	-	-	1,000	-
Unearned revenues	-	39,348	-	-	39,348	-
Accrued compensated absences	43,977	24,435	547,552	102,000	717,964	78,598
Total current liabilities (payable from current assets)	2,032,253	572,602	2,608,178	233,936	5,446,969	3,141,134
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	142,012	-	142,012	-
Retainage payable	-	-	22,714	-	22,714	-
Accrued interest payable	-	-	72,242	-	72,242	-
Closure and maintenance costs payable	9,270,090	-	-	-	9,270,090	-
Notes payable	-	-	1,007,000	-	1,007,000	-
Bonds payable	-	-	2,100,000	-	2,100,000	-
Customer deposits	172,426	-	3,088,247	-	3,260,673	-
Total current liabilities (payable from restricted assets)	9,442,516	-	6,432,215	-	15,874,731	-
Total current liabilities	11,474,769	572,602	9,040,393	233,936	21,321,700	3,141,134
Non-current liabilities:						
Accrued compensated absences	6,067	46,778	160,213	6,012	219,070	54,310
Advance from other funds	-	912,103	-	-	912,103	-
Claims payable	-	-	-	-	-	5,492,000
Closure and maintenance costs payable	4,739,646	-	-	-	4,739,646	-
Net pension liability	480,853	412,841	6,109,051	1,252,211	8,254,956	1,112,578
Notes payable	-	-	4,199,000	-	4,199,000	-
Bonds payable - net of unamortized discount/premium	-	-	14,725,534	-	14,725,534	-
Total non-current liabilities	5,226,566	1,371,722	25,193,798	1,258,223	33,050,309	6,658,888
Total liabilities	16,701,335	1,944,324	34,234,191	1,492,159	54,372,009	9,800,022
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	25,316	28,346	411,265	63,390	528,317	69,595
NET POSITION						
Net investment in capital assets	31,393,053	9,496,297	160,599,480	285,575	201,774,405	646,337
Unrestricted (deficit)	16,819,217	(1,485,573)	85,601,449	6,112,731	107,047,824	30,670,394
Total net position	\$ 48,212,270	\$ 8,010,724	\$ 246,200,929	\$ 6,398,306	\$ 308,822,229	\$ 31,316,731

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

Indian River County, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities -	
	Solid Waste Disposal District	Golf Course
OPERATING REVENUES		
Charges for services	\$ 13,786,879	\$ 3,245,437
Charges for services pledged as security for revenue bonds	-	-
Total operating revenues	13,786,879	3,245,437
OPERATING EXPENSES		
Personal services	639,458	606,318
Material, supplies, services and other operating	12,805,445	1,905,896
Depreciation	1,097,197	175,455
Total operating expenses	14,542,100	2,687,669
Operating income (loss)	(755,221)	557,768
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	1,132,093	15,215
Interest income	228,008	1,251
Interest income pledged as security for revenue bonds	-	-
Gain on disposal of equipment	-	1,410
Interest expense	-	(5,720)
Loss on disposal of equipment	-	-
Total nonoperating revenues (expenses)	1,360,101	12,156
Income (loss) before transfers and capital grants and contributions	604,880	569,924
Capital contributions	-	-
Transfers	-	-
Change in net position	604,880	569,924
Total net position - beginning	47,607,390	7,440,800
Total net position - ending	\$ 48,212,270	\$ 8,010,724

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

Enterprise Funds			Governmental
County	County		Activities -
Utilities	Building	Total	Internal
			Service Funds
\$ -	\$ 3,742,674	\$ 20,774,990	\$ 26,642,557
31,994,089	-	31,994,089	-
31,994,089	3,742,674	52,769,079	26,642,557
9,044,245	2,128,703	12,418,724	3,307,380
13,873,101	1,290,875	29,875,317	20,419,366
14,694,707	84,508	16,051,867	181,435
37,612,053	3,504,086	58,345,908	23,908,181
(5,617,964)	238,588	(5,576,829)	2,734,376
368,395	5,428	1,521,131	18,717
-	40,759	270,018	165,076
548,472	-	548,472	-
23,125	12,750	37,285	-
(974,476)	-	(980,196)	-
(22,703)	-	(22,703)	(2,581)
(57,187)	58,937	1,374,007	181,212
(5,675,151)	297,525	(4,202,822)	2,915,588
6,108,117	-	6,108,117	-
82,667	-	82,667	39,496
515,633	297,525	1,987,962	2,955,084
245,685,296	6,100,781	306,834,267	28,361,647
\$ 246,200,929	\$ 6,398,306	\$ 308,822,229	\$ 31,316,731

Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities -	
	Solid Waste Disposal District	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 13,224,032	\$ 3,234,685
Cash paid to suppliers for goods and services	(11,117,122)	(1,839,195)
Cash paid to employees for services	(608,254)	(577,257)
Net cash provided by (used in) operating activities	<u>1,498,656</u>	<u>818,233</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	-	-
Payments on advances from other funds	-	(90,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(90,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments - bonds/notes	-	-
Interest paid on long-term debt	-	(5,720)
Proceeds from advances from other funds	-	1,100,000
Payments on advances from other funds	-	(275,163)
Proceeds from sales of capital assets	-	1,410
Purchase of capital assets	(13,109)	(1,432,047)
Bond paying agent fees	-	-
Capital contributed by others	-	-
Net cash flows provided by (used in) capital and related financing activities	<u>(13,109)</u>	<u>(611,520)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	<u>215,433</u>	<u>1,592</u>
Net cash provided by investing activities	<u>215,433</u>	<u>1,592</u>
Net increase (decrease) in cash and investments	1,700,980	118,305
Cash and investments at beginning of year	<u>29,623,033</u>	<u>10,275</u>
Cash and investments at end of year	<u>\$ 31,324,013</u>	<u>\$ 128,580</u>
Classified as:		
Current assets	\$ 17,141,851	\$ 128,580
Restricted assets	<u>14,182,162</u>	<u>-</u>
Total	<u>\$ 31,324,013</u>	<u>\$ 128,580</u>

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

Enterprise Funds			Governmental
County	County	Total	Activities -
Utilities	Building		Internal
			Service Funds
\$ 30,705,096	\$ 3,742,674	\$ 50,906,487	\$ 26,586,278
(14,280,316)	(1,391,507)	(28,628,140)	(20,800,671)
(8,592,156)	(2,007,144)	(11,784,811)	(2,750,420)
<u>7,832,624</u>	<u>344,023</u>	<u>10,493,536</u>	<u>3,035,187</u>
82,667	-	82,667	39,496
-	-	(90,000)	-
<u>82,667</u>	<u>-</u>	<u>(7,333)</u>	<u>39,496</u>
(2,992,000)	-	(2,992,000)	-
(983,267)	-	(988,987)	-
-	-	1,100,000	-
-	-	(275,163)	-
23,125	12,750	37,285	-
(2,579,269)	(32,799)	(4,057,224)	(331,590)
(1,600)	-	(1,600)	-
2,425,154	-	2,425,154	-
<u>(4,107,857)</u>	<u>(20,049)</u>	<u>(4,752,535)</u>	<u>(331,590)</u>
491,427	35,534	743,986	143,515
<u>491,427</u>	<u>35,534</u>	<u>743,986</u>	<u>143,515</u>
4,298,861	359,508	6,477,654	2,886,608
79,129,543	6,649,154	115,412,005	26,694,578
<u>\$ 83,428,404</u>	<u>\$ 7,008,662</u>	<u>\$ 121,889,659</u>	<u>\$ 29,581,186</u>
\$ 45,318,420	\$ 7,008,662	\$ 69,597,513	\$ 29,581,186
38,109,984	-	52,292,146	-
<u>\$ 83,428,404</u>	<u>\$ 7,008,662</u>	<u>\$ 121,889,659</u>	<u>\$ 29,581,186</u>

Continued

Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities -	
	Solid Waste Disposal District	Golf Course
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (755,221)	\$ 557,768
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
WIP reclassified as expense	-	-
Depreciation	1,097,197	175,455
(Increase) Decrease in assets:		
Accounts receivable	(615,509)	(11,791)
Due from other funds	13,862	-
Due from other governments	-	201
Inventories	-	(12,271)
Impact fees receivable	-	-
Special assessments receivable	-	-
Liens receivable	-	-
Prepaid expenses	-	(1,250)
Increase (Decrease) in liabilities:		
Accounts payable	688,323	82,782
Due to other governments	-	(2,761)
Retainage payable	-	-
Customer deposits	38,800	-
Closure and maintenance costs payable	1,000,000	-
Net pension liability	33,152	28,957
Unearned revenues	-	1,039
Claims payable	-	-
Accrued compensated absences	(1,948)	104
Total adjustments	2,253,877	260,465
Net cash provided by (used in) operating activities	\$ 1,498,656	\$ 818,233
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in fair value of investments	\$ 6,081	\$ -
Contributed property, infrastructure, and equipment	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 29,586	\$ 5,000

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

Enterprise Funds			Governmental
County	County	Total	Activities -
Utilities	Building		Internal
			Service Funds
\$ (5,617,964)	\$ 238,588	\$ (5,576,829)	\$ 2,734,376
2,400	-	2,400	-
14,694,707	84,508	16,051,867	181,435
(336,024)	-	(963,324)	(81,282)
-	-	13,862	38,237
-	-	201	(13,234)
76,208	-	63,937	(40,992)
74,546	-	74,546	-
121,023	-	121,023	-
(1,188,163)	-	(1,188,163)	-
(51,023)	(45,264)	(97,537)	377,659
(426,991)	(54,006)	290,108	25,712
21,086	(1,362)	16,963	-
(28,895)	-	(28,895)	-
39,625	-	78,425	-
-	-	1,000,000	-
435,221	111,242	608,572	83,545
-	-	1,039	-
-	-	-	(257,520)
16,868	10,317	25,341	(12,749)
13,450,588	105,435	16,070,365	300,811
\$ 7,832,624	\$ 344,023	\$ 10,493,536	\$ 3,035,187
\$ 26,729	\$ 2,392	\$ 35,202	\$ 9,267
\$ 3,682,963	\$ -	\$ 3,682,963	\$ -
\$ 621,479	\$ -	\$ 656,065	\$ -

Indian River County, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2017

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
ASSETS		
Cash	\$ 10,617,814	\$ 49,573
Investments, at fair value		
Index funds	-	13,862,842
U.S. government securities funds	-	11,216,540
Primary money market fund	-	2,541,507
Total assets	<u>\$ 10,617,814</u>	<u>\$ 27,670,462</u>
LIABILITIES		
Accounts payable	\$ 30,559	\$ -
Due to other governments	6,185,534	-
Other deposits held in escrow	4,401,721	-
Total liabilities	<u>\$ 10,617,814</u>	<u>-</u>
NET POSITION		
Assets held in trust for other postemployment benefits		<u>27,670,462</u>
Total net position		<u>\$ 27,670,462</u>

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

Indian River County, Florida
Statement of Changes in Fiduciary Net Position
Other Post Employment Benefits Trust Fund
For the Year Ended September 30, 2017

ADDITIONS

Employer contributions	\$ 2,274,341
Net appreciation in fair value of investments	2,389,763
Less investment expense	<u>(2,280)</u>
Net investment income	<u>2,387,483</u>
Total additions	<u>4,661,824</u>

DEDUCTIONS

Benefits payments	<u>2,494,672</u>
Total deductions	<u>2,494,672</u>
Change in net position	2,167,152
Net position - beginning	<u>25,503,310</u>
Net position - ending	<u><u>\$ 27,670,462</u></u>

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



Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

<u>Note</u>	<u>Page</u>	<u>Note</u>	<u>Page</u>
1 Summary of Significant Accounting Policies	48	4 Property Tax Revenues	66
Reporting Entity	48	5 Capital Assets	67
Measurement Focus and Basis of Accounting	49	6 Restricted Cash and Investments	70
Basis of Presentation	52	7 Interfund Balances	71
Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances	54	8 Interfund Transfers	72
Cash and Investments	54	9 Accounts Payable	73
Allowance for Doubtful Accounts	55	10 Long-term Liabilities	74
Receivables and Payables	55	Changes in Long-term Liabilities	74
Inventories	55	Governmental Activities	75
Prepays and Other Assets	55	Annual Debt Service Payments	75
Restricted Net Position	55	Spring Training Facility Rev Bonds	75
Capital Assets	56	Limited General Obligation Ref Note	78
Capitalization of Interest	57	Business-type Activities	79
Deferred Outflows/Inflows of Resources	57	Annual Debt Service Payments	79
Pensions/Net Pension Liability	58	Water and Sewer Revenue	
Change in Accounting Principles/New Accounting Pronouncement	58	Refunding Note, Series 2015	80
Unearned Revenues	58	Water and Sewer Revenue	
Accrued Compensated Absences	59	Refunding Bonds, Series 2009	80
Obligation for Bond Arbitrage Rebate	59	Compensated Absences	81
Landfill Closure Costs	59	11 Provision for Closure Costs	82
Unamortized Bond Discounts and Premiums	59	12 Pollution Remediation	83
Capital Contributions	59	13 Retirement Plan	84
2 Stewardship, Compliance and Accountability	60	14 Other Postemployment Benefits Plan	95
Budget and Budgetary Accounting	60	15 Operating Leases	101
3 Cash and Investments	61	16 Fund Balance	103
Deposits	61	17 Net Position	105
Accrued Interest	61	18 Risk Management	105
Investments	62	19 Commitments and Contingencies	106
OPEB Trust Investments	65	Litigation	106
		Contracts and Other Commitments	107
		Grants	107

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Indian River County, Florida, (the “County”) is a political subdivision of the State pursuant to Article VIII, Section 1(a) of the Constitution of the State of Florida. Created on June 29, 1925 by an act of Legislature, separating it from St. Lucie County. The County encompasses approximately 497 square miles of land with an estimated population of 148,962. The County is governed by the Board of County Commissioners and five elected constitutional officers (Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector) in accordance with state statutes and regulations. The constitutional officers maintain separate accounting records and budgets from the Board of County Commissioners. The Constitution of the State of Florida, Article VIII, Section 1(d) created the constitutional officers and Article VIII, Section 1(e), created the Board of County Commissioners.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. Reporting Entity

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The reporting entity’s financial statements should allow users to distinguish between the primary government (the County) and its component units. However, some component units, because of the closeness of their relationships with the County, should be blended as though they are part of the County. Otherwise, most component units should be discretely presented. As required by generally accepted accounting principles, the financial reporting entity consists of: (1) the primary government (the County), (2) organizations for which the County is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The County is financially accountable if it appoints a voting majority of the organization’s governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. Based on these criteria, management determined that the Solid Waste Disposal District and the Emergency Services District were the only organizations that should be included in the County’s financial statements as blended component units.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

Blended Component Units

Solid Waste Disposal District (SWDD) – Created pursuant to County Ordinance 87-67, the Board of County Commissioners serves as the governing body for and has operational responsibility over the SWDD. The Board also sets the non ad valorem assessment fees for the SWDD. Although legally separate, the SWDD is appropriately blended as a proprietary fund type (enterprise) component unit into the primary government.

Emergency Services District (EMS) – Created pursuant to County Ordinance 90-25, the Board of County Commissioners serves as the governing body for and has operational responsibility over the EMS. The Board also sets the millage rate for the EMS. Although legally separate, the EMS is appropriately blended as a governmental fund type (special revenue) component unit into the primary government.

B. Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows/inflows of resources, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net expense of each program.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

1. Government-wide Financial Statements - Continued

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Issuance of long-term debt is recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The County chooses to eliminate the indirect costs between governmental activities to avoid a “doubling up” effect. However, interfund services provided and used, such as the sale of gas and diesel from Fleet Management to the government, are not eliminated in the statement of activities.

2. Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government’s governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the County receives cash.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

2. Fund Financial Statements - Continued

Governmental Funds - Continued

Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of special assessments due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Non-current portions of special assessment receivables are offset by deferred inflows of resources.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect fund balances, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The issuance of long-term debt is recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds

The County’s enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Proprietary fund operating revenues, such as charges for services and premiums charged to the County and employees under various insurance programs, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Principal operating expenses include salary and benefits, cost of sales and services, claims, and insurance premiums. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

2. Fund Financial Statements - Continued

Proprietary Funds - Continued

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Issuance of long-term debt is recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Fiduciary Funds

The fiduciary funds financial statements include financial information for the agency fund and the other postemployment benefit trust fund. The agency fund of the County primarily represents assets held by the County in a custodial capacity for other individuals or governments. The other postemployment benefits trust fund (OPEB Trust) accounts for activities of the OPEB Trust, which accumulates resources for health insurance benefit payments for current retirees and for current employees upon their retirement. The agency and OPEB Trust fund statements are presented using the accrual basis of accounting.

C. Basis of Presentation

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, deferred outflows/inflows of resources, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB 34 minimum criteria for major fund determination and has also electively disclosed funds that either had debt outstanding or specific community focus as major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

1. Governmental Major Funds

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those accounted for and reported in another fund.

Impact Fees Fund – The Impact Fees Fund accounts for the receipt of various impact fees. Funds are used for the construction of roads and bridges, correctional, public safety, library, park, public building, and solid waste facilities. Funds are also used for administrative expenditures of monitoring the aforementioned activities.

Secondary Roads Construction Fund – The Secondary Roads Construction Fund accounts for the expenditures of road and bridge construction, roadway, bridge and right of way maintenance and drainage, and related administrative costs. Financing is provided by collections of the local option gas tax.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Presentation - Continued

1. Governmental Major Funds - Continued

Transportation Fund – The Transportation Fund accounts for expenditures incurred for the maintenance and repair of County roads. Financing is provided by the 5th and 6th cent gas taxes, county gas tax and transfers from the General Fund.

Emergency Services District Fund – The Emergency Services District Fund accounts for the expenditures of providing fire protection and advanced life support to the County. Financing is provided by ad valorem taxes.

Optional Sales Tax Fund – The Optional Sales Tax Fund, a capital projects fund, accounts for revenues generated by the local option one-cent sales tax and some capital grants that use the local option one-cent sales tax as matching funds.

2. Proprietary Major Funds

Solid Waste Disposal District Fund – The Solid Waste Disposal District Fund accounts for the revenues, expenses, assets and liabilities associated with the County landfill.

Golf Course Fund – The Golf Course Fund accounts for the revenues, expenses, assets and liabilities associated with the Golf Course.

County Utilities Fund – The County Utilities Fund accounts for the revenues, expenses, assets and liabilities associated with the County water and sewer system.

County Building Fund – The County Building Fund accounts for revenues, expenses, assets and liabilities associated with the County building permit and inspection program.

3. Other Fund Types

Internal Service Funds – Internal Service Funds account for Fleet Management, Self Insurance and Information Technology services provided to other departments of the County on a cost reimbursement basis.

Agency Fund - The Agency Fund is used to account for assets held in a custodial capacity by the County for other governmental units, other funds, individuals and businesses. Examples include payroll deductions, self insurance premiums, and developer escrow funds.

Other Postemployment Benefits Trust Fund – The Other Postemployment Benefits Trust Fund (OPEB Trust) accounts for activities of the OPEB Trust, which accumulates resources for health insurance benefit payments for current retirees and for current employees upon their retirement. Contributions are recorded when earned and benefit payments and refunds when incurred within each year.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Presentation – Continued

4. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide Statement of Net Position.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

1. Cash and Investments

Cash reported on the financial statements includes bank deposits, cash on hand, certificates of deposit, money market accounts, and all highly liquid investments with maturities of ninety days or less when purchased. Investments consist of U.S. Treasury Securities, U.S. Government Agency Securities, Florida PRIME Fund (formerly known as the Local Government Surplus Funds Trust Fund Investment (SBA) Fund A), the Florida Trust Day to Day and Short Term Bond Funds (Florida Trust), and the Florida Cooperative Liquid Assets Securities System (FLCLASS). Investments are reported at fair value based upon the average price obtained from three brokers/dealers. The SBA and Florida Trust values are based upon the fair market value per share of the underlying portfolio. Refer to Note 3C, Investments, for further information on individual investments.

The County maintains a cash and investment pool that is available for use by all funds. Earnings from the pooled investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pool is managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts. Therefore, all balances representing participants' equity in the investment pools are classified as cash and investments for financial statement purposes.

In addition, longer-term investments are held by several of the County's funds and are reported as restricted cash on these statements. Cash and investments of the constitutional officers are maintained in separate accounts, but have been combined with the Board's cash and investments for financial statement purposes.

When restricted and unrestricted resources are available, expenses are paid first from restricted resources.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

2. Allowance for Doubtful Accounts

The County provides an allowance for water and sewer and ambulance services accounts receivables that may become uncollectible. At September 30, 2017, the allowance for water and sewer services was \$424,493 and the allowance for ambulance services was \$1,010,796. No other allowances for doubtful accounts are maintained since other accounts receivable are considered collectible as reported at September 30, 2017.

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All receivables are shown net of allowance for doubtful accounts. Water and sewer receivables in excess of 120 days and ambulance services receivables in excess of 180 days for self-pay accounts and 365 days for commercial insurance accounts comprise the trade accounts receivable allowance for doubtful accounts.

4. Inventories

Inventories are valued at cost, which approximates market, using the “first-in, first-out” method of accounting, with the exception of the Golf Course and Fleet Internal Service Fund’s inventories which are valued using the average cost method of accounting. Inventories of all funds are recorded as expenditures (expenses) when consumed rather than when purchased.

5. Prepaids and Other Assets

Prepaid items in the governmental funds represent prepayments for services that will be used in future periods. The County’s policy is to record the expenditure for the services when they are used rather than when the cash is disbursed. On the Statement of Fund Net Position for the Proprietary Funds, of the \$9,574,807 reported as prepaids and other assets in the Governmental Activities Internal Service Funds column, \$8,513,836 is the net other post employment benefit asset. See Note 14 for further information.

6. Restricted Net Position

Certain resources of the County are classified as restricted net position on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position. Further information on the restrictions can be found in Note 17.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

7. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, right-of-ways, water and sewer distribution systems, beach restoration, stormwater systems and similar items), and intangible assets (e.g. software, easements, and rights), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are reported at estimated historical cost. Donated capital assets, donated works of art, historical treasures and similar assets, as well as capital assets that are received in a service concession arrangement are reported at original acquisition value. Transfers of capital assets within the County are recorded at their carrying value at the time of the transfer.

The costs of normal maintenance and repairs that do not add to the value of the asset nor materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The Board holds legal title to the capital assets used in the operations of the Board, Clerk of the Circuit Court and Comptroller, Property Appraiser, Supervisor of Elections and Tax Collector, and is accountable for them under Florida Law.

The Sheriff is accountable for and thus maintains capital asset records pertaining only to equipment used in his operations. These assets have been combined with the Board's governmental activities capital assets in the statement of net position.

Property, plant, equipment, intangible, and infrastructure assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	10 – 50
Machinery and equipment	3 – 10
Utility distribution system	25 – 50
Road and bridge infrastructure	20 – 50
Fiberoptics	20
Software	3-5
Beach preservation infrastructure	7
Stormwater infrastructure	30

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

8. Capitalization of Interest

Interest costs related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the County did not have any capitalized interest.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports the deferred charge on refundings in the amount of \$1,413,206 in this category on the government-wide Statement of Net Position. A deferred charge on refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item, unavailable revenue, which arises under the modified accrual basis of accounting and is reported on the governmental funds balance sheet in the total amount of \$15,000,169. The sources of the unavailable revenue are a special assessments on road paving, ambulance service billings, insurance recoveries, and state and federal grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In addition to the above two deferred items, there are deferred outflows and inflows items related to pensions as calculated in accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*. These deferred outflows and inflows will be recognized as adjustments to pension expense in future reporting years.

Detail on the composition of the deferred inflows and outflows related to pensions are further discussed in Note 13.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

10. Pensions/Net Pension Liability

The County participates in both the Florida Retirement System (FRS), which operates a defined benefit and compensation plan, and the Health Insurance Subsidy Program (HIS Program), which is a defined benefit plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, and fiduciary net position are determined on the same basis as the FRS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The net pension liability represents the County's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current active and inactive employees. The benefit payments are attributable to those employees past periods of service, less the amount of the cost-sharing pension plans' fiduciary net position. See Note 13 for additional information.

11. Change in Accounting Principles/New Accounting Pronouncement

The County implemented Government Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

12. Unearned Revenues

Unearned revenues represent revenues, which are available but unearned. At September 30, 2017, the total amount of unearned revenues reported on the statement of net position for the governmental activities is \$640,851 and for the business-type activities is \$39,348.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

13. Accrued Compensated Absences

The County accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentations.

14. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the “revenue reduction” approach in accounting for rebatable arbitrage. This approach treats excess earnings as a reduction of revenue. The County has no arbitrage liability outstanding as of September 30, 2017.

15. Landfill Closure Costs

Under the terms of current state and federal regulations, the Solid Waste Disposal District (SWDD) is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The SWDD recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity used during the period. Required obligations for closure and post-closure costs are recognized in the Solid Waste Disposal District Enterprise Fund.

16. Unamortized Bond Discounts and Premiums

Bond discounts and premiums associated with the issuance of proprietary fund revenue bonds are amortized according to the straight-line method over the remaining life of the bonds. For financial reporting, unamortized bond discounts and premiums are netted against the applicable long-term debt.

17. Capital Contributions

The capital contributions accounted for in the proprietary fund types represent contributions from other funds, developers, state and federal grant programs, and impact fees charged to new customers for their anticipated burden on the existing system. The contributions amount is reported after non-operating revenues and expenses on the Statement of Revenues, Expenses, and Changes in Fund Net Position in accordance with GASB Statement 33. Capital contributions for the governmental funds are reported on the Statement of Activities in accordance with GASB Statement 34 and represent contributions of capital assets from developers and state agencies.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The County uses the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) The constitutional officers submit, at various times, to the Board and to certain divisions within the Florida Department of Revenue and the Florida Clerks of Court Operations Corporation, a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them, as set forth in Chapter 129 of the Florida Statutes.
- (2) The Department of Revenue, State of Florida, has the final authority on the operating budgets for the Tax Collector and the Property Appraiser included in the General Fund.
- (3) Constitutional officers, all departments controlled by the Board, and outside state and local agencies submit their proposed budgets to the Office of Management and Budget for assistance, review and compilation. The County Administrator then reviews all County departments, state agencies and nonprofit organization's budgets and makes his budget recommendation to the Board.
- (4) On or before July 15 of each year, the County Administrator and the Director of the Office of Management and Budget, as the Board's designated budget officer, submit to the Board a tentative budget for the ensuing fiscal year. The tentative budget includes proposed expenditures and the means of financing them. The Board then holds workshops to review the tentative budget by fund on a departmental level.
- (5) During September, public hearings are held pursuant to Section 200.065 of the Florida Statutes in order for the Board to receive public input on the tentative budget. At the end of the last public hearing, the Board enacts ordinances to legally adopt the budgets at the fund level. The budgets legally adopted by the Board set forth the anticipated revenues by source and the appropriations by function.
- (6) Formal budgetary integration on an object level is used as a management control device for the governmental and proprietary funds of the County. Management is authorized to transfer budgeted amounts between objects and departments in any fund as long as management does not exceed the total appropriations of a fund. Board approval to amend the budget is only required when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations of a fund.
- (7) Budgets for the governmental and proprietary fund types are adopted on a basis consistent with generally accepted accounting principles.
- (8) Appropriations for the County lapse at the close of the fiscal year. Unexpected ongoing project costs may be appropriated in the new fiscal year through a budget amendment.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 - CASH AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds except those whose cash and investments must be segregated due to bond covenants or other legal restrictions. The following table reconciles the caption totals on the Statements of Net Position with the amounts discussed in the footnotes below.

Cash and investments - Statement of Net Position:

Cash and investments	\$ 288,642,637
Restricted cash and investments	58,365,013
Cash - Statement of Fiduciary Net Position-Agency Fund	10,617,814
Total:	<u>\$ 357,625,464</u>

Deposits	\$ 127,030,941
Investments	230,594,523
Total:	<u>\$ 357,625,464</u>

A. Deposits

At September 30, 2017, the carrying amount of the primary government's deposits, including \$10,617,814 in the Agency Fund, was \$127,030,941, and the bank balance was \$130,568,897. The County's policy requires all deposits with financial institutions to be 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer, in accordance with Chapter 280, Florida Statutes, also known as the Florida Security for Public Deposits Act. The Act established a Trust Fund, maintained by the State Treasurer, which is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

B. Accrued Interest

Interest earnings on U.S. Treasury Notes and government agency bonds are recorded in the cash and investment pools and then allocated to each fund based on each fund's average monthly balance. As of September 30, 2017, accrued interest for the County's portfolio totaled \$479,642. The remaining accrued interest is reflected in utilities and road paving assessments.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 - CASH AND INVESTMENTS - Continued

C. Investments

As of September 30, 2017, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity In Years	Portfolio Percentage	Credit Risks*
Fixed Rate Debt Instruments:				
U.S. Treasuries	\$ 82,724,813	0.70	35.87 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	23,918,187	1.05	10.37	AA+
Federal Home Loan Bank	48,822,753	1.26	21.17	AA+
Federal Home Loan Mortgage	45,842,853	1.07	19.88	AA+
Federal National Mortgage Assoc.	10,947,847	1.07	4.75	AA+
Other Market Rate Investments:				
Florida Trust Short Term Bond Fund	13,922,060	0.08	6.04	AAAf/S-1**
Florida Trust Day to Day Fund	126,135	0.08	0.05	AAAm
Florida Prime	101,593	0.08	0.04	AAAm
FLCLASS	63,984	0.08	0.03	AAAm
W&S Sinking Fund Reserve:				
U.S. Treasuries	4,124,298	1.24	1.80	N/A
Total Fair Value	\$ 230,594,523		100.00 %	
Weighted Average Maturity of Investments		0.92		

* Ratings based upon Standard and Poor's

** AA Af credit quality, S-1 Market Volatility

*** The weighted calculation considers the investments are carried until full maturity (i.e. call dates are not considered).

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets, as determined by the County's investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 - CASH AND INVESTMENTS - Continued

C. Investments - Continued

The County had the following recurring fair value measurements as of September 30, 2017:

	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ -	\$ 86,849,111	\$ -	\$ 86,849,111
U.S. Agencies	-	129,531,640	-	129,531,640
Florida Trust Funds	-	14,048,195	-	14,048,195
Florida Prime	-	101,593	-	101,593
FLCLASS	-	63,984	-	63,984
Total Investments	\$ -	\$ 230,594,523	\$ -	\$ 230,594,523

Interest Rate Risk

The County's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. All investments must have stated maturities of ten (10) years or less and no more than 25% of the portfolio shall be invested in instruments with stated final maturities greater than five (5) years. The portfolio shall have securities with varying maturity and at least 10% of the portfolio shall be invested in readily available funds. All constitutional officers with the exception of the Tax Collector and Clerk of Circuit Court and Comptroller (Clerk) follow this policy. The Tax Collector's policy is to limit maturities to 24 months or less. The Clerk's policy is to limit maturities to three years or less and maintain at least 50% of the portfolio in readily available funds.

Credit Risk

Florida Statutes Section 218.415 limit investments to the following:

1. Direct obligations of the United States Treasury;
2. Florida PRIME (formerly known as Fund A);
3. Florida Local Government Investment Trust Funds (Florida Trust);
4. Interest-bearing time deposits or savings in qualified public depositories as defined in Section 280.02 Florida Statutes;
5. Federal agencies and instrumentalities;
6. Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian;

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 - CASH AND INVESTMENTS - Continued

C. Investments - Continued

Credit Risk - Continued

7. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
8. Repurchase agreements with a term of one year or less collateralized by direct obligations of the United States Government which have maturities of three (3) years or less and a market value 103% or more of the repurchase amount.

Concentration Risk

The Indian River County Board of County Commissioners, the Clerk of the Circuit Court and Comptroller, and the Tax Collector follow their own investment policies. The policies have established asset allocation and issuer limits to reduce concentration of credit risk. Their investments are stated at fair value.

The County's investment policy does not allow for more than 20% of the entire portfolio to be invested in any one issuer, with the exception of United States Treasury Obligations and state authorized pools. No more than 10% of the portfolio may be placed in certificates of deposit (CD) and no more than \$6.5 million of the portfolio may be placed in certificates of deposit with any one financial institution. No more than 10% of the portfolio may be placed in any one money market fund, mutual fund, or intergovernmental investment pool.

The Tax Collector's cash and investment policy limits portfolio composition to the following maximum guidelines:

Local Government Surplus Funds Trust Fund	50%
Florida Trust Day to Day Fund	50%
Florida Cooperative Liquid Assets Securities System	95%
Direct Obligations of the U.S. Government	25%
Money Market, CD's, and Savings Accounts	95%
Securities & Exchange Commission Money Funds	25%
Bank Super NOW Accounts	95%
Bank Repo Agreements	50%
United States Government Agencies	25%

The Clerk's cash and investment policy limits portfolio composition to no more than 10% or \$1 million in certificates of deposit with a qualified public depository with any one financial institution. The Clerk's cash and investment policy was updated in April 2014 to limit no more than 40% of the portfolio in any money market fund or intergovernmental investment pool.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 - CASH AND INVESTMENTS - Continued

C. Investments - Continued

Custodial Credit Risk

The Board's investment policy pursuant to Section 218.415 (18), Florida Statutes requires securities to be registered and shall be held with a third party custodian and all securities purchased by, and all collateral obtained by, the Board shall be held in the name of the Board. The securities must be held in an account separate and apart from the assets of the financial institution. As of September 30, 2017, the Board's investment portfolio in U.S. Treasuries, U.S. Agencies, and money market funds, was held by The Bank of New York/Mellon. Additional Board investments include the Florida Trust Short Term Bond Fund which was held by the Bank of New York/Mellon. Additional Tax Collector investments include the Florida Trust Day to Day Fund, which was held by UMB Fund Services; the FLCLASS, which was held by Wells Fargo Bank, N.A.; and the Florida PRIME, which was held by the Bank of New York/Mellon.

D. OPEB Trust Investments

Funds are held in the name of the Indian River County OPEB Trust (OPEB Trust), an irrevocable trust, by a third party custodian, Bank of New York/Mellon. The contribution for the year ended September 30, 2017 was \$2,274,341. Cash balance in the OPEB Trust at September 30, 2017 was \$49,573. The investments are reported at fair value based upon market-close price on the last business day of each month.

The County approved a separate investment policy for the OPEB Trust assets on February 3, 2009 (last amended on November 5, 2013). The County adopted a broadly diversified investment portfolio composition consisting of equity, debt, and cash. Asset allocations are divided between short-term and long-term investments. Short-term asset allocations include cash and investments with maturities of 180 days or less. Long-term asset allocations range from 0-60% for equities, 0-60% for fixed income securities, and 0-100% for cash.

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 9.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 - CASH AND INVESTMENTS - Continued

D. OPEB Trust Investments - Continued

As of September 30, 2017, the OPEB Trust had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Portfolio Percentage</u>	
Vanguard 500 Index	\$ 6,233,563	N/A	22.57	%
Vanguard All World Ex-US	5,522,817	N/A	20.00	
Vanguard Mid Cap Index	1,395,305	N/A	5.05	
Vanguard Small Cap Index	711,157	N/A	2.57	
Vanguard Short-Term Treasury	8,273,199	2.10	29.95	
Vanguard Intermediate Treasury	2,736,053	5.70	9.91	
Vanguard Prime Money Market	2,541,507	0.14	9.20	
Vanguard Federal Money Market	207,288	0.15	0.75	
Total Fair Value	<u>\$ 27,620,889</u>		<u>100.00</u>	<u>%</u>

The County has the following recurring fair value measurements for investments in the OPEB Trust as of September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Index funds	\$ 13,862,842	\$ -	\$ -	\$ 13,862,842
U.S. government securities funds	11,216,540	-	-	11,216,540
Money market fund	2,541,507	-	-	2,541,507
Total investments	<u>\$ 27,620,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,620,889</u>

NOTE 4 - PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2016-2017 fiscal year were levied in October 2016. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 5 - CAPITAL ASSETS

A. Governmental Activities

Primary Government Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 133,776,878	\$ 1,269,499	\$ (554,749)	\$ 134,491,628
Construction in progress	23,708,410	20,387,048	(13,636,767)	30,458,691
Right-of-way	57,644,227	1,199,413	(236,338)	58,607,302
Intangibles	1,082,703	97,576	-	1,180,279
Infrastructure	3,575,067	-	-	3,575,067
Total capital assets, not being depreciated	<u>219,787,285</u>	<u>22,953,536</u>	<u>(14,427,854)</u>	<u>228,312,967</u>
Capital assets, being depreciated:				
Buildings and improvements	229,881,366	10,966,262	(938,503)	239,909,125
Equipment	66,000,429	8,472,913	(3,609,083)	70,864,259
Intangibles	4,982,614	442,739	(301,234)	5,124,119
Infrastructure	354,581,129	609,640	(80,000)	355,110,769
Total capital assets, being depreciated	<u>655,445,538</u>	<u>20,491,554</u>	<u>(4,928,820)</u>	<u>671,008,272</u>
Less accumulated depreciation for:				
Buildings and improvements	(71,781,427)	(6,652,700)	701,166	(77,732,961)
Equipment	(49,515,787)	(4,740,624)	3,193,044	(51,063,367)
Intangibles	(3,362,472)	(510,568)	301,234	(3,571,806)
Infrastructure	(191,309,138)	(11,281,889)	64,000	(202,527,027)
Total accumulated depreciation	<u>(315,968,824)</u>	<u>(23,185,781)</u>	<u>4,259,444</u>	<u>(334,895,161)</u>
Total capital assets, being depreciated, net	<u>339,476,714</u>	<u>(2,694,227)</u>	<u>(669,376)</u>	<u>336,113,111</u>
Governmental activities capital assets, net	<u>\$ 559,263,999</u>	<u>\$ 20,259,309</u>	<u>\$ (15,097,230)</u>	<u>\$ 564,426,078</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 5 - CAPITAL ASSETS – Continued

A. Governmental Activities - Continued

Depreciation expense, which includes amortization expense on intangible assets, was charged to the functions/programs of the primary government's governmental activities as follows:

General government	\$ 3,000,593
Public safety	4,733,128
Physical environment	633,479
Transportation	7,547,225
Human service	138,656
Culture/recreation	6,673,891
Court related	277,375
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>181,434</u>

Total depreciation expense – governmental activities	<u><u>\$ 23,185,781</u></u>
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In accordance with GASB Statement 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the County wrote down the value of the Sector 3 Beach Restoration asset in the amount of \$1,715,853. This impairment was caused by Hurricane Matthew erosion damage that occurred in October 2016. Subsequently, in September 2017, Hurricane Irma caused additional damage resulting in a second asset impairment of \$390,043. These impairment amounts are included as a culture and recreation program expense on the Statement of Activities.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 5 - CAPITAL ASSETS – Continued

B. Business-type Activities

Primary Government	Beginning			Ending
Business-type activities:	Balance	Additions	Deletions	Balance
Capital assets, not being depreciated:				
Land, improvements to land	\$ 27,492,902	\$ -	\$ -	\$ 27,492,902
Intangibles	1,750,838	26,134	-	1,776,972
Construction in progress	2,304,979	3,618,557	(2,350,866)	3,572,670
Total capital assets, not being depreciated	<u>31,548,719</u>	<u>3,644,691</u>	<u>(2,350,866)</u>	<u>32,842,544</u>
Capital assets, being depreciated:				
Buildings, distribution systems, & improvements	448,111,192	5,650,270	(702,714)	453,058,748
Intangibles	1,224,215	-	(6,154)	1,218,061
Equipment	16,528,821	1,422,375	(238,283)	17,712,913
Total capital assets, being depreciated	<u>465,864,228</u>	<u>7,072,645</u>	<u>(947,151)</u>	<u>471,989,722</u>
Less accumulated depreciation for:				
Buildings, distribution systems, & improvements	(252,824,571)	(14,875,023)	680,499	(267,019,095)
Intangibles	(884,182)	(133,369)	6,154	(1,011,397)
Equipment	(13,219,770)	(1,043,475)	230,030	(14,033,215)
Total accumulated depreciation	<u>(266,928,523)</u>	<u>(16,051,867)</u>	<u>916,683</u>	<u>(282,063,707)</u>
Total capital assets, being depreciated, net	<u>198,935,705</u>	<u>(8,979,222)</u>	<u>(30,468)</u>	<u>189,926,015</u>
Business-type activities capital assets, net	<u>\$ 230,484,424</u>	<u>\$ (5,334,531)</u>	<u>\$ (2,381,334)</u>	<u>\$ 222,768,559</u>

Depreciation expense, which includes amortization expense on intangible assets, was charged to the functions/programs of the primary government's business-type activities as follows:

Solid Waste Disposal District	\$ 1,097,197
Golf Course	175,455
County Utilities	14,694,707
County Building	<u>84,508</u>

Total depreciation expense – business-type activities \$ 16,051,867

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 6 - RESTRICTED CASH AND INVESTMENTS

Various bond covenants, resolutions, and state regulations require that the County restrict cash and investments. Restricted cash and investments are as follows:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Sinking funds/current portion of debt	\$ 4,708,000	\$ 4,455,456	\$ 9,163,456
Renewal and replacement	-	3,485,928	3,485,928
Retainage payable	736,187	-	736,187
Customer deposits	628,680	3,260,673	3,889,353
Capital construction	-	27,080,353	27,080,353
Closure and maintenance costs	-	14,009,736	14,009,736
Total	\$ 6,072,867	\$ 52,292,146	\$ 58,365,013

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 7 - INTERFUND BALANCES

Interfund balances at September 30, 2017, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 175,000
General Fund	Golf Course Enterprise Fund	339,073
		<u>\$ 514,073</u>

In January 2016, the General Fund loaned \$254,500 to the Golf Course Fund to purchase new golf carts. In September 2017, the General Fund loaned \$1,100,000 to the Golf Course Fund for a new irrigation system. The amount reported as due from the Golf Course Fund is the current portion of the scheduled payments due to the General Fund in fiscal year 2018. The remaining amount due from the Golf Course Fund is reported as an interfund advance. The amounts due from the nonmajor governmental funds represent short-term cash loans that will be repaid within the next twelve months.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major governmental funds:		
Emergency Services District Fund	General Fund	\$ 334,113
Optional Sales Tax Fund	General Fund	7,158
		<u>\$ 341,271</u>
Major enterprise fund:		
Solid Waste Disposal District Fund	General Fund	<u>\$ 124,787</u>
Internal service fund:		
Self Insurance Fund	General Fund	<u>\$ 311,200</u>
Nonmajor governmental funds:		
Land Acquisition Bonds Fund	General Fund	\$ 56,180
Street Lighting Districts Fund	General Fund	3,214
Vero Lake Estates Fund	General Fund	2,760
East Gifford Stormwater Fund	General Fund	11
Total nonmajor governmental funds		<u>\$ 62,165</u>
	Total	<u>\$ 839,423</u>

Amounts due from the General Fund represent excess fees and payments of the constitutional officers remitted to various funds subsequent to September 30, 2017.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 7 - INTERFUND BALANCES - Continued

Interfund advances at September 30, 2017, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Golf Course Fund	<u>\$ 912,103</u>

This amount is considered a long-term advance between major funds expected to be paid in fiscal years 2019, 2020 and 2021. This amount has been presented as nonspendable on the General Fund balance sheet.

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2017, consisted of the following:

<u>Transfers In:</u>						
<u>Transfers Out:</u>	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>County Utilities Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 9,756,429	\$ 121,351	\$ -	\$ 39,496	\$ 9,917,276
Impact Fees Fund	-	-	895,000			895,000
Secondary Roads Construction Fund	-	-	444,320		-	444,320
Transportation Fund	-	-	-	82,667	-	82,667
Emergency Services District Fund	593,813	-	-	-		593,813
Optional Sales Tax Fund	969,180	-	1,073,135	-	-	2,042,315
Nonmajor Governmental Funds	-	-	478,511	-		478,511
Total	<u>\$ 1,562,993</u>	<u>\$ 9,756,429</u>	<u>\$ 3,012,317</u>	<u>\$ 82,667</u>	<u>\$ 39,496</u>	<u>\$ 14,453,902</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 8 - INTERFUND TRANSFERS - Continued

Transfers are used for the following purposes: 1) use unrestricted general fund revenues to finance transportation activities which are accounted for in a special revenue fund, 2) use unrestricted general fund revenues for beach restoration activities which must be accounted for in another fund, 3) use unrestricted general fund revenues to offset a portion of salaries and benefits expenses for an employee accounted for in the health insurance fund, 4) use secondary road construction fund revenues to offset portions of a road millings and bus transfer site projects, 5) use unrestricted stormwater revenues to offset Egret Marsh employee costs accounted for in the utilities fund, 6) use transportation fund revenues to offset vehicle maintenance costs accounted for in the fleet internal service fund, 7) to use capital project fund revenues for improvements to the Historic Dodgertown facility, and County jail, 8) provide matching funds for grants, and 9) move revenues from the fund that state law requires to collect them to the fund that state law requires to expend them.

NOTE 9 – ACCOUNTS PAYABLE

Payables

Payables at September 30, 2017, were as follows:

	Vendors	Salaries and Benefits	Total Payables
Governmental Activities:			
General	\$ 2,194,251	\$ 1,106,428	\$ 3,300,679
Impact Fees	316,421	3,808	320,229
Secondary Roads Construction	1,575,602	9,837	1,585,439
Transportation	499,549	301,846	801,395
Emergency Services	241,875	901,763	1,143,638
Optional Sales Tax	2,030,455	-	2,030,455
Other governmental	894,134	274,384	1,168,518
Total Governmental Activities	<u>\$ 7,752,287</u>	<u>\$ 2,598,066</u>	<u>\$ 10,350,353</u>
Business-type Activities:			
Payable from current assets:			
Solid Waste	\$ 1,964,265	\$ 24,011	\$ 1,988,276
Golf Course	144,415	18,735	163,150
Utilities	1,627,947	296,773	1,924,720
Building	36,691	73,085	109,776
Payable from restricted assets:			
Utilities	142,012	-	142,012
Total Business-type Activities	<u>\$ 3,915,330</u>	<u>\$ 412,604</u>	<u>\$ 4,327,934</u>

Included in salaries and benefits payable is a liability to the Florida Retirement System (FRS) for pension contributions due for the month of September 2017. The amounts due to FRS at September 30, 2017 are \$218,142 for governmental activities and \$29,313 for business-type activities. Payments to FRS are made by the fifth working day of the following month. The County has not engaged in any short-term debt activity during fiscal year 2017 other than that listed in Note 8.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Spring Training Facility Revenue Bonds - Series 2001	\$ 6,735,000	\$ -	\$ 520,000	\$ 6,215,000	\$ 550,000
Notes payable:					
Limited General Obligation Refunding	19,706,000	-	4,053,000	15,653,000	4,158,000
Other liabilities:					
Pollution remediation	2,445,100	-	325,400	2,119,700	90,207
Claims payable	8,512,520	16,364,331	16,621,851	8,255,000	2,763,000
Due to other governments-Medicaid	158,087	-	158,087	-	-
Compensated absences	10,990,982	7,343,107	6,912,560	11,421,529	6,179,046
Total other liabilities	<u>22,106,689</u>	<u>23,707,438</u>	<u>24,017,898</u>	<u>21,796,229</u>	<u>9,032,253</u>
Governmental activities long-term liabilities	\$ <u>48,547,689</u>	\$ <u>23,707,438</u>	\$ <u>28,590,898</u>	\$ <u>43,664,229</u>	\$ <u>13,740,253</u>
Business-type Activities:					
Bonds payable:					
Water & Sewer Refunding Revenue Bonds - Series 2009	\$ 17,620,000	\$ -	\$ 2,000,000	\$ 15,620,000	\$ 2,100,000
Add: Unamortized bonds premium	1,380,884	-	175,350	1,205,534	-
Total bonds payable	<u>19,000,884</u>	<u>-</u>	<u>2,175,350</u>	<u>16,825,534</u>	<u>2,100,000</u>
Notes payable:					
Water & Sewer Revenue Refunding	6,198,000	-	992,000	5,206,000	1,007,000
Other liabilities:					
Landfill closure and maintenance costs	13,009,736	1,000,000	-	14,009,736	9,270,090
Compensated absences	931,664	790,354	784,984	937,034	717,964
Total notes payable and other liabilities	<u>20,139,400</u>	<u>1,790,354</u>	<u>1,776,984</u>	<u>20,152,770</u>	<u>10,995,054</u>
Business-type activities long-term liabilities	\$ <u>39,140,284</u>	\$ <u>1,790,354</u>	\$ <u>3,952,334</u>	\$ <u>36,978,304</u>	\$ <u>13,095,054</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - LONG-TERM LIABILITIES - Continued

B. Primary Government

Governmental Activities

Annual Debt Service Payments - Governmental Activities

The annual debt service payments for bonds outstanding at September 30, 2017, are as follows:

Fiscal Year Ending September 30	Spring Training Facility Revenue Bonds Series 2001		Limited General Obligation Refunding Note Series 2015	
	Principal	Interest	Principal	Interest
2018	\$ 550,000	\$ 316,750	\$ 4,158,000	\$ 259,840
2019	585,000	287,875	4,227,000	190,817
2020	615,000	257,163	4,298,000	120,649
2021	650,000	224,875	2,970,000	49,302
2022	305,000	190,750	-	-
2023-2027	1,780,000	708,250	-	-
2028-2031	1,730,000	218,750	-	-
Total	6,215,000	2,204,413	15,653,000	620,608
Less:				
Current portion	550,000	-	4,158,000	-
Total	<u>\$ 5,665,000</u>	<u>\$ 2,204,413</u>	<u>\$ 11,495,000</u>	<u>\$ 620,608</u>

Spring Training Facility Revenue Bonds

Purpose - On August 15, 2001, the County issued \$16,810,000 of Spring Training Facility Revenue Bonds, Series 2001. The Series 2001 bonds are being issued by the County to provide funds, together with other available funds, to (1) finance a portion of the cost of acquisition and expansion of a spring training facility currently known as “Historic Dodgertown”; (2) pay a premium for a municipal bond insurance policy and a debt service reserve account surety bond, and (3) pay certain costs and expenses incurred in connection with the issuance of the Series 2001 bonds.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Spring Training Facility Revenue Bonds - Continued

Pledge of Revenues - The principal and interest on the Series 2001 bonds will be payable from and secured by a first lien upon and pledge of the following, together with any investment income realized on any funds held under the Resolution, except the Cost of Issuance Account and the Rebate Fund:

1. Payments received by the County from the State of Florida pursuant to Section 212.20, Florida Statutes; and
2. The Fourth Cent Tourist Development Tax levied by the County in Ordinance No. 2000-029, enacted pursuant to Section 125.0104(3)(1), Florida Statutes; and
3. Eighty-six percent (86%) of the Local Government Half-Cent Sales Tax distributed to the County, pursuant to Chapter 218, Part VI, Florida Statutes.

The foregoing are collectively referred to herein as the “pledged revenues”. These revenue streams are pledged for the remaining term of the bonds and are listed on Schedule 25 in the statistical section.

The Fourth Cent Tourist Development Tax and the Local Government Half-Cent Sales Tax pledged to the payment of debt service on the Series 2001 bonds are automatically released as a pledged revenue for the Series 2001 bonds immediately following the April 1, 2021 principal payment on the Series 2001 bonds.

The current principal and interest payments of \$850,400 represent 9.13% of total pledged revenues. All three revenue sources totaled \$9,315,908 for the current fiscal year. The County applied 100% of the state subsidy, 50% of the Fourth-Cent Tourist Tax, and none of the Half-Cent Sales Tax to the debt service payments. The total principal and interest remaining to be paid on the bonds is \$8,419,413.

Bonds Issued - At September 30, 2017, Spring Training Facility Revenue Bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2017
Spring Training Facility Revenue Bonds, Series 2001	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	\$ <u>6,215,000</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Spring Training Facility Revenue Bonds - Continued

Remaining Mandatory Redemption - The Series 2001 Term Bonds are subject to mandatory redemption prior to maturity, by lot, at par plus accrued interest, according to the following schedule:

Term Bonds due April 1, 2021	
Date	Principal Amount
April 1, 2018	\$ 550,000
April 1, 2019	585,000
April 1, 2020	615,000
April 1, 2021	650,000
Term Bonds due April 1, 2027	
Date	Principal Amount
April 1, 2022	\$ 305,000
April 1, 2023	320,000
April 1, 2024	340,000
April 1, 2025	355,000
April 1, 2026	375,000
April 1, 2027	390,000
Term Bonds due April 1, 2031	
Date	Principal Amount
April 1, 2028	\$ 410,000
April 1, 2029	430,000
April 1, 2030	455,000
April 1, 2031	435,000

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Limited General Obligation Refunding Note, Series 2015

Purpose - On April 7, 2015, the County voted to redeem \$19,075,000 of outstanding 2006 Limited General Obligation Bonds with a 7 year note from Regions Capital Advantage, Inc. The refunding ultimately saved the County \$1.2 million over the 7 year remaining life of the bonds.

The aggregate difference in debt service between the 2015 note (\$28,959,008) and the 2006 bonds (\$30,315,331) was \$1,356,323. These amounts include the 7/1/2015 and 7/1/2016 principal and interest payments which were excluded in the refunding. The net economic gain was \$636,694 and is amortized over the life (72 months) of the new debt. The unamortized balance of \$375,826 is reflected as a deferred outflow of resources on the Statement of Net Position. This refinancing lowered the annual debt service by \$150,000.

Pledge of Revenues – The principal and interest on the bonds are payable from the sole source of ad valorem taxes not exceeding ½ mil and having a maturity not exceeding fifteen years, which are levied by the County upon the taxable real and personal property of the County. The total tax revenue received was \$4,619,804 of which 100% is pledged for payment of this note and the 2006 bond. Total principal and interest paid on this note was \$4,380,119 and represents 95% of total pledged revenue.

Maturity and Interest Rate - Interest payments are made semiannually beginning July 1, 2015 through July 1, 2021. Annual principal payments begin July 1, 2015 and end July 1, 2021. The interest rate is fixed at 1.66%. The note may be paid early without a prepayment penalty.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Business-type Activities

Annual Debt Service Payments – Business-type Activities

The annual debt service payments for bonds outstanding at September 30, 2017 are as follows:

Fiscal Year Ending September 30	Water and Sewer Revenue Refunding Note Series 2015		Water and Sewer Revenue Refunding Bonds Series 2009	
	Principal	Interest	Principal	Interest
2018	\$ 1,007,000	\$ 85,899	\$ 2,100,000	\$ 781,000
2019	1,025,000	69,284	2,205,000	676,000
2020	1,042,000	52,371	2,315,000	565,750
2021	1,058,000	35,178	2,430,000	450,000
2022	1,074,000	17,721	2,550,000	328,500
2023-2024	-	-	4,020,000	268,000
Total	5,206,000	260,453	15,620,000	3,069,250
Less:				
Current portion	1,007,000	-	2,100,000	-
Add:				
Unamortized bond premium	-	-	1,205,534	-
Total	<u>\$ 4,199,000</u>	<u>\$ 260,453</u>	<u>\$ 14,725,534</u>	<u>\$ 3,069,250</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Water and Sewer Revenue Refunding Note, Series 2015

Purpose - On August 18, 2015, the County voted to early call all of the outstanding 2005 Water and Sewer Revenue Refunding Bonds. The County paid down 50% of the debt (\$7,100,000) with cash and refinanced the remaining 50% (\$7,105,000) with a 7 year note. The total amount borrowed included the cost of issuance and accrued interest totaling \$66,000, for a grand total of \$7,171,000.

The aggregate difference in debt service between the Series 2005 bonds (\$18,866,875) and the Series 2015 note (\$7,653,356), cash contribution and September 1, 2016 principal and interest payment (\$9,162,642) is \$2,050,877. The net economic gain was \$583,991; which included the refinancing, accrued interest, and cash contribution. This lowered the annual debt service by \$1.2 million. The net economic gain is amortized over the 7 year life of the note. The unamortized balance of the deferred amount on the refunding at September 30, 2017 is \$410,184 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Pledge of Revenues – The note is collateralized, for the remaining term of the note, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments. Annual principal and interest payments of \$1,094,267 represent approximately eight percent of net revenues of \$13,693,895 of the utility system. The total principal and interest remaining to be paid on the 2015 note is \$5,466,453. Refer to Schedule 14 in the statistical section for further detail.

Rate Covenant – Net revenues shall be sufficient to pay 100% of reserve and 120% of current year principal and interest requirements.

Maturity and Interest Rate - Interest payments are made semiannually beginning September 1, 2016 through September 1, 2022. Annual principal payments begin September 1, 2016 and end September 1, 2022. The interest rate is fixed at 1.65%. Note may be paid early without any prepayment penalty.

Water and Sewer Revenue Refunding Bonds, Series 2009

Purpose - The Series 2009 bonds were issued to refund and redeem on September 11, 2009, \$28,270,000 of the County's outstanding Water and Sewer Revenue Bonds, Series 1993A. The refunding excluded debt service payments due September 1, 2010 and 2011, which were consequently paid at their respective maturity date.

The aggregate difference in debt service between the Series 1993A (\$80,434,415) and Series 2009 (\$78,755,772) is \$1,678,643. The net economic gain, which lowered average annual debt service by \$126,000, was \$1,368,427 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2017 is \$627,196 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Water and Sewer Revenue Refunding Bonds, Series 2009 - Continued

Pledge of Revenues – The revenue bonds are collateralized, for the remaining term of the bonds, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments. The principal and interest payments of \$2,881,000 represent approximately twenty-one percent of net revenues of \$13,693,895 of the utility system. Refer to Schedule 14 in the statistical section for further detail. The total principal and interest remaining to be paid on the bonds is \$18,689,250.

Rate Covenant – Net revenues shall be sufficient to pay 100% of the reserve account requirement and 120% of the current year's principal and interest payment.

Bonds Issued - At September 30, 2017, the revenue bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2017
Water and Sewer Revenue Refunding Bonds, Series 2009	4-5% 3/1 and 9/1	2024	\$ 26,370,000	\$ <u>15,620,000</u>

Optional Redemption - The Series 2009 bonds maturing on or prior to September 1, 2019, are not subject to redemption prior to their respective dates of maturity. The Series 2009 bonds stated to mature after September 1, 2019, are subject to redemption at the option of the County in whole or, from time to time, in part on September 1, 2019, at the redemption price of the principal amount to be redeemed, plus accrued interest to the date of redemption.

C. Compensated Absences

For the governmental activities compensated absences liability, the General Fund normally liquidates 76 percent, and the Transportation and Emergency Services District funds normally liquidate 6 percent and 15 percent, respectively. The remaining 3 percent is liquidated by other governmental and internal service funds.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 11 - PROVISION FOR CLOSURE COSTS

Current regulations of the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP) require the Solid Waste Disposal District (SWDD) to place a final cover on closed landfill areas, and to maintain those areas for up to thirty years after closure. The SWDD annually obtains updated and revised estimates of total future closure and post-closure costs from its consulting engineers. The SWDD recognizes the expenses associated with the final closure and post-closure maintenance of the landfill areas over the active life of those areas. The provision for closure costs reported in the financial statements as operating expense represents the portion of these estimated future outlays which are allocable to the current year based on the amount of capacity used.

The total unrecognized closure and post-closure costs are approximately \$7.1 million. These costs will be recognized in future periods as the remaining capacity is filled. The County's policy is to fund 100% of the current year's allocation (based upon the consulting engineers' report) of both closure and post-closure care.

Required closure and post-closure sub-accounts:

	<u>Capacity Used</u>	<u>Estimated Closing</u>	<u>Amount</u>
<u>Closure Costs</u>			
Class I - Segments I and II	41%	2021	\$ 12,601,947
Construction and Demolition - Cell I	90%	2027	814,866
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	588,435
Construction and Demolition - Cell I	N/A	N/A	4,488
Total account balance at 9/30/17:			\$ <u><u>14,009,736</u></u>

All amounts recognized are based on what it would cost to perform all closure and post-closure functions in current dollars. Actual costs may be different due to inflation, deflation, changes in technology, or changes in laws and regulations. The SWDD is required by FDEP to annually show proof of ability to finance closure and post-closure costs. The SWDD is making annual deposits to a closure and post-closure cost escrow account to provide for the financing of future closure-related expenses. At September 30, 2017, \$13,922,060 was on deposit at the Florida Local Government Investment Trust and \$87,676 was on deposit in the County's Operating account.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 11 - PROVISION FOR CLOSURE COSTS - Continued

A summary of changes in the landfill closure liability account is as follows:

	Balance 10/1/2016	Deposits	Withdrawals	Balance 09/30/17
Closure and long-term care costs	\$ <u>13,009,736</u>	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>14,009,736</u>

Of the \$14,009,736 liability for closure and long-term care costs, management estimates that \$9,270,090 will be due and payable within one year.

NOTE 12 – POLLUTION REMEDIATION

In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, a consultant evaluated two sites to assess pollution remediation liabilities. The consultant calculated for each site an expected value (EV) estimate for pollution remediation based on three plausible mitigation scenarios. An obligating event occurred at each of the following two sites requiring the County (using the consultant's services) to attempt to accrue a liability for pollution remediation. The liability totaled \$2,119,700 at September 30, 2017 for the two sites. The pollution remediation obligation is an estimate and subject to changes resulting from price increases and reductions, technology, and changes in applicable laws or regulations. There are no estimated recoveries that would reduce the liability.

Governmental Activities:

- 1) ***South Gifford Road closed landfill*** – The nature of the pollution remediation obligation is chlorinated solvent contamination. The consultant will conduct monitoring, bioremediation and reporting with the FDEP. The amount of the estimated year end liability is \$2,100,000 and will be paid from the Optional Sales Tax Fund.
- 2) ***Old Administration Building*** – The nature of the pollution remediation obligation is closed underground storage tank contamination. The consultant will conduct monitoring and reporting with the FDEP. The amount of the estimated year end liability is \$19,700 and will be paid from the General Fund.

Total Governmental Activities liability: \$2,119,700

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN

General Information: All of the County's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Program). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a county, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description: The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided: Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the 5 highest years of salary for each year of credited service.

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least 6 years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life equal to 3% of their final average compensation based on the 5 highest years of salary for each year of credited service.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Pension Plan - Continued

Senior Management Service class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2% of their final average compensation based on the 5 highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3% (3.33% for judges and justices) of their final average compensation based on the 5 highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to 8 years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011 and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011 and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions: The State of Florida establishes contribution rates for participating employers and employees in section 121.71 Florida Statutes. Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2017 were: Regular class 7.92%, Special Risk 23.27%, Special Risk Administrative Support 34.63%, Senior Management 22.71%, DROP 13.26%, and Elected Official class 45.50%. Included in these rates is a health insurance subsidy of 1.66%. Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with the 3% employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Pension Plan - Continued

The County's actuarial contribution to FRS under the Pension Plan for the year ended September 30, 2017, was \$9,099,495. Employee contributions for September 30, 2017 were \$1,702,222. Both employer and employee contributions were equal to 100% of the required contribution.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pension Plan: At September 30, 2017, the Division of Retirement calculated the County's liability of \$103,046,280 for the FRS plan for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the County's proportion share was .3484% for the FRS Pension Plan. This was an increase of 0.0128% from its proportionate share measured as of June 30, 2016.

We anticipate that the pension liability will be liquidated in the following manner: General Fund 56 percent, Emergency Services District Fund 33 percent, Transportation Fund 4 percent, Enterprise Funds 6 percent, and the remaining 1 percent is by the Other Governmental Funds and Internal Service Funds.

For the year ended September 30, 2017, the County's calculated total increase of actuarially determined pension expense was \$10,755,278. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,457,168	\$ 570,822
Changes in assumptions	34,630,826	-
Net difference between projected and actual earnings on pension plan investments	-	2,553,742
Changes in proportion and differences between County contributions and proportionate share of contributions	5,778,285	2,862,974
County contributions subsequent to the measurement date	2,474,204	-
Total	<u>\$ 52,340,483</u>	<u>\$ 5,987,538</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Pension Plan - Continued

The deferred outflows of resources related to the pension plan totaling \$2,474,204 resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount</u> <u>Recognized</u>
2018	\$ 5,727,299
2019	15,222,752
2020	10,643,763
2021	2,174,772
2022	7,355,536
Thereafter	2,754,619
Total	<u>\$ 43,878,741</u>

Actuarial Assumptions: The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date:	July 1, 2017
Measurement date:	June 30, 2017
Discount rate:	7.10%
Long-term expected rate of return:	7.10%, net of pension plan investment expense, including inflation
Inflation:	2.60%
Salary increase:	3.25%, including inflation
Mortality:	Generational RP-2000 with Projections Scale BB
Actuarial cost method:	Individual Entry Age

The actuarial assumptions that determined the total pension liability used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The following changes in actuarial assumptions occurred in 2017:

- The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated for the Pension Plan.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Pension Plan - Continued

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.6%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	100%			
Assumed inflation-mean			2.6%	1.9%

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Pension Plan - Continued

Discount Rate for Pension Plan: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the County's contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the actuarially determined contribution is contributed in full each year. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan: The following presents the County's proportionate share of the net pension liability (NPL) of the Pension Plan calculated using the discount rate of 7.10%. Also presented is what the County's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% <u>Decrease (6.10%)</u>	Current Discount Rate (7.10%)	1% <u>Increase (8.10%)</u>
County's proportionate share of NPL	\$186,507,544	\$103,046,280	\$33,754,310

Pension Plan Fiduciary Net Position: Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. This report is available by writing to the State of Florida, Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or by email at rep@dms.myflorida.com, or by telephone toll free at (844) 377-1888 or (850) 907-6500. This report identifies statements that were prepared in accordance with generally accepted accounting principles, the measurement focus and basis of accounting, various investment valuations, various pension plan benefits, assumptions used, and many other details.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Retiree Health Insurance Subsidy (HIS) Program

Plan Description: The HIS Program is a cost-sharing, multiple-employer, defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system. It was established under Section 112.363, Florida Statutes. Benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. HIS Program is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided: For fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS Program payment of \$5 for each year of creditable service completed. The payments are at least \$30 but not more than \$150 per month. To be eligible to receive a HIS Program benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS Program contribution rate was 1.66%. There are no employee contributions required. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. The County's actuarial contributions to the HIS Program totaled \$1,262,482 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to HIS Program: At September 30, 2017, the Division of Retirement calculated the County's liability of \$25,383,666 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. At June 30, 2017, the County's proportional share was 0.2374% for the HIS Program. This was an increase of 0.0093% from its proportionate share measured as of June 30, 2016.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Retiree Health Insurance Subsidy (HIS) Program - Continued

For the year ended September 30, 2017, the County recognized pension expense of \$1,136,113. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 52,851
Changes in assumptions	3,568,069	2,194,951
Net difference between projected and actual earnings on pension plan investments	14,076	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,484,392	451,320
County contributions subsequent to the measurement date	322,426	-
Total	<u>\$ 5,388,963</u>	<u>\$ 2,699,122</u>

The deferred outflows of resources related to HIS Program totaling \$322,426 resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount Recognized</u>
2018	\$ 738,019
2019	733,293
2020	731,025
2021	548,059
2022	216,130
Thereafter	(599,111)
Total	<u>\$ 2,367,415</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Retiree Health Insurance Subsidy (HIS) Program - Continued

Actuarial Assumptions: The total pension liability for the HIS Program in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date:	July 1, 2016
Measurement date:	June 30, 2017
Discount rate:	3.58%
Long-term expected rate of return:	N/A
Municipal bond rate:	2.85%
Inflation:	2.60%
Salary increase:	3.25%, average, including inflation
Mortality:	Generational RP-2000 with Projections Scale BB
Actuarial cost method:	Individual Entry Age

The actuarial assumptions that determined the total HIS Program pension liability used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The following changes in actuarial assumptions occurred in 2017:

- The municipal rate used to determine the total pension liability was increased from 2.85% to 3.58%.

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

Long-term Expected Rate of Return: As stated above, the HIS Program is essentially funded on a pay-as-you-go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumptions for cash flows into and out of the pension plan, or assumed asset allocation.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

Retiree Health Insurance Subsidy (HIS) Program - Continued

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program: The following presents the County's proportionate share of the Net Pension Liability (NPL) of the HIS Program calculated using the discount rate of 3.58%. Also presented is what the County's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% <u>Decrease (2.58%)</u>	Current Discount <u>Rate (3.58%)</u>	1% <u>Increase (4.58%)</u>
County's proportionate share of NPL	\$28,966,124	\$25,383,666	\$22,399,676

HIS Plan Fiduciary Net Position: Detailed information regarding the HIS Program's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. This report is available by writing to the State of Florida, Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or by email at rep@dms.myflorida.com, or by telephone toll free at (844) 377-1888 or (850) 907-6500.

FRS Investment Plan

Plan Description: The County contributes to the Investment Plan, a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees already participating in DROP are not eligible to participate in this program.

Benefits Provided: Service retirement benefits are based upon the value of the member's account upon retirement. Employers and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 - RETIREMENT PLAN - Continued

FRS Investment Plan - Continued

Benefits Provided: - Continued

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over his/her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions: Cost of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of .06% of payroll and by forfeited benefits of Investment Plan members. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances to various approved investment choices.

Allocations to the investment member's accounts during the 2016-2017 fiscal year are based on a percentage of gross compensation by class as follows: Regular class 6.30%, Special Risk class 14.00%, Senior Management Service class 7.67%, and County Elected Officers' class 11.34%. This includes the employee contribution of 3%.

The County's Investment Plan contributions and pension expense totaled \$1,593,166 for fiscal year ended September 30, 2017. Employee contributions totaled \$336,346 for the same period.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

A. Plan Description

On September 23, 2008, the Board of County Commissioners approved resolution number 2008-163, establishing an irrevocable trust (OPEB Trust) to separately identify assets accumulated to pay OPEB benefits for eligible retirees. The OPEB Trust includes the Board of County Commissioners and the five constitutional officers (Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector). The resolution also established the Board of County Commissioners as trustees of the OPEB Trust and the authority for the trustees to amend the benefit provisions.

The OPEB Trust is a single-employer defined benefit plan (OPEB Plan). The OPEB plan subsidizes the cost of health care for employees hired prior to February 1, 2006 and their eligible dependents according to the provisions of the substantive plan (the plan as understood by the employer and plan members). Employees hired on or after February 1, 2006, will not be eligible for any subsidy, regardless of the years of service or Medicare eligibility.

Active participants as well as retirees are subject to the same benefits and rules. Retired employees are permitted to remain covered under the County's medical and life insurance plans as long as they pay a premium applicable to the coverage elected. This conforms to the minimum required of Florida governmental employers per Florida Statute 112.0801. The retiree has the option to continue with the County group health plan or elect Medicare Advantage Plan.

The implicit rate subsidy applies to health and life insurance coverage since the premiums charged are based upon a blending of younger active employees and older retired employees. Health insurance monthly premiums, effective October 1, 2016, range from \$366 for single coverage Medicare participants to \$845 for family coverage. Life insurance is available to retirees at a flat rate of \$.50 per \$1,000 of coverage (to a maximum of \$20,000 until the age of 70). After 70, the maximum amount of life insurance is \$10,000.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued

A. Plan Description - Continued

The County subsidizes the cost of the health premiums for each retiree based upon their years of service and employment date (as mentioned above); a 2% discount is given for each year of service based upon the following table:

Hired Before 2/1/2006				Hired On or After 2/1/2006
Retirement Date	Service	Under Age 65	Retiree or Spouse Medicare Eligible	
Before 10/1/2004		No Subsidy	60% *	No Subsidy
			**	
After 10/1/2004 but on or before 1/31/2009***	Less than 15 years	No Subsidy	20% Subsidy**	
	At least 15 years	2% per Year of Service (maximum of 40%)	Additional 20% Subsidy (maximum of 60%)**	
After 1/31/2009***	Less than 15 years	No Subsidy	No Subsidy	
	At least 15 years	2% per Year of Service (maximum of 40%)	Subsidy Ceases*****	

*60% Subsidy if Medicare Eligible prior to October 1, 2004 or 20% if becoming Medicare Eligible after October 1, 2004

**Additional Subsidy will be paid to Medicare Eligible retirees regardless of which plan they are enrolled in (County's medical plan or Medicare Advantage Plan) and regardless of whether they become Medicare Eligible before or after October 1, 2004.

***Employees who commit by June 1, 2008 to retire before January 31, 2009 will receive subsidy as if retired before June 1, 2008.

*****Effective May 1, 2016 and prospectively, subsidy does not cease until both Retiree and Spouse are Medicare eligible.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

A. Plan Description - Continued

The OPEB Trust financial statements are reported using the accrual basis of accounting and are included in the Indian River County Comprehensive Annual Financial Report (CAFR). Questions regarding the OPEB Plan may be directed to the Finance Director.

At October 1, 2015, the date of the latest actuarial valuation, plan participation consisted of:

Active participants	1,384
Retired participants	<u>491</u>
Total participants	<u>1,875</u>

There are two classes of participants at October 1, 2015:

Regular and senior management	1,251
Special risk	<u>624</u>
Total participants	<u>1,875</u>

The average employer's contribution was \$1,643 per employee, approximately 3.4% of current payroll. Financial statements for the OPEB Trust are included in this report and can be found on pages 44-45. A separate, stand-alone financial report is not issued by the County. The OPEB Trust investments can be found in Note 3D.

B. Funding Policy

The Board of County Commissioners, in concert with the OPEB Board of Trustees, has the authority to establish and amend the funding policy of the OPEB Plan. The OPEB Trust is advance funded by the County. For the year ended September 30, 2017, the County contributed \$2.3 million to the qualifying OPEB Trust. Plan members receiving benefits contributed \$2.5 million. We anticipate that the OPEB liability will be liquidated in the following manner: General Fund 56 percent, Transportation Fund 7 percent, Emergency Services District Fund 26 percent, Enterprise Funds 9 percent, Internal Service Funds 1 percent, and the remaining 1 percent is by the Other Governmental Funds. It is the County's policy to base future OPEB Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports. Actual contributions represented 88% of the required contributions at September 30, 2017. Custodial and individual fund administrative fees are paid from the portfolio dividend and interest income.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

C. Annual OPEB Cost and Net OPEB Obligation (Asset)

The employer's contribution (i.e. annual cost or expense) to the County's OPEB Trust is based on the ARC calculation. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 20 years. The following table shows the components of the County's annual cost for the current and two preceding years, the amount actually contributed, and the changes in the net obligation.

	FY 2016/2017	FY 2015/2016	FY 2014/2015
Annual Required Contribution	\$ 2,583,447	\$ 3,096,411	\$ 2,977,075
Interest on Net OPEB Obligation (Asset)	(584,100)	(54,895)	(47,722)
Adjustment to Annual Required Contribution	994,339	86,643	72,521
Annual OPEB Cost	2,993,686	3,128,159	3,001,874
Contributions (net of adjustments)*	(1,772,523)	(11,948,249)	(3,121,416)
Change in Net OPEB Obligation	1,221,163	(8,820,090)	(119,542)
Net OPEB Obligation (Asset) – beginning of year	(9,734,999)	(914,909)	(795,367)
Net OPEB Obligation (Asset) – end of year	\$ (8,513,836)	\$ (9,734,999)	\$ (914,909)
Percentage of Annual OPEB Cost Contributed	59 %	382 %	104 %

*Retiree adjustments are comprised of the actual amount withdrawn from the OPEB Trust plus premiums collected and less claims paid. For fiscal year 2017, these adjustments amounted to (\$501,818). For fiscal years 2016 and 2015, these adjustments totaled (\$148,162) and \$144,341 respectfully.

D. Net OPEB Liability

The components of the net OPEB liability of the County at September 30, 2017, were as follows:

Total OPEB Liability	\$ 41,252,267
Plan fiduciary net position	<u>(27,670,462)</u>
County's net OPEB liability	<u>\$ 13,581,805</u>
Plan fiduciary net position as a percentage of the total OPEB liability	67.08%

The net OPEB liability will be reported on the financial statements of the County in fiscal year 2018 upon implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

E. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Methods and Assumptions Used to Determine Net OPEB Liability:

Actuarial Cost Method	Entry age normal
Inflation	2.50%
Discount Rate	6.00%
Salary Increases	4.00% to 9.47%, including inflation, varies by plan type and years of service.
Retirement Age	Experience-based table of rates that are specific to the plan and type of eligibility condition.
Mortality	Mortality tables used in the July 1, 2015 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.0% and gradually decreasing to an ultimate trend rate of 4.55% (including the impact of the excise tax).
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Investment expenses are net of the investment returns; Administrative expenses are included in the premium costs.

Other Information:

Notes	There were no benefit changes during the year.
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Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued

F. Discount Rate

Calculation of the Single Discount Rate

GASB Statement No. 74 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on OPEB Plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation the expected rate of return on OPEB Plan investments is 6%, the municipal bond rate is 3.50%; and the resulting SDR is 6%.

The County has a policy and a track record of depositing a full amount of the Actuarially Determined Contribution developed under the Entry Age Method. Consequently, the plan's fiduciary net position is projected to be sufficient to pay benefits and the resulting SDR is 6%.

G. Sensitivity of Net OPEB Liability

Regarding the sensitivity of the net OPEB liability to changes in the SDR, the following presents the plan's net OPEB liability, calculated using a SDR of 6%, as well as what the plan's net OPEB liability would be if it were calculated using a SDR that is one percent lower or one percent higher:

**Sensitivity of Net OPEB Liability
to the Single Discount Rate Assumption**

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 18,090,665	\$ 13,581,805	\$ 9,561,782

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued

G. Sensitivity of Net OPEB Liability - Continued

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

**Sensitivity of Net OPEB Liability
to the Healthcare Cost Trend Rate Assumption**

1% Decrease (6% down to 3.55%)	Current Healthcare Cost Trend Rate Assumption (7% down to 4.55%)	1% Increase (8% down to 5.55%)
\$ 9,448,756	\$ 13,581,805	\$ 18,342,324

NOTE 15 - OPERATING LEASES

The County has entered into non-cancelable operating leases, both as lessor and lessee. Lease terms vary from 1 to 99 years. Lease revenues totaled \$661,097 and lease expenditures totaled \$322,579 for the year ended September 30, 2017. The County also leases other equipment and office facilities as both lessor and lessee on a month-to-month basis.

A. Future Minimum Lease Receipts

Year	Amount
2018	\$ 814,538
2019	817,923
2020	842,281
2021	788,985
2022	802,037
2023-2027	3,143,457
2028-2032	1,534,626
2033-2037	602,249
2038-2042	600,327
2043-2046	392,005
Total future minimum receipts:	<u>\$ 10,338,428</u>

The property being leased is included in the statement of net position governmental activities and business-type activities columns and has a cost of \$32,174,685 and a carrying value of \$21,929,183. Current year depreciation on property being leased was \$527,237.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 15 - OPERATING LEASES – Continued

B. Future Minimum Lease Payments

The following is a schedule of minimum future rentals to be paid by the County for various non-cancelable operating leases such as office space and office equipment as of September 30, 2017:

Year	Amount
2018	\$ 310,759
2019	171,125
2020	119,196
2021	102,692
2022	10,381
2023-2027	7,500
2028-2032	7,500
2033-2037	7,200
2038-2042	4,800
2043-2047	4,500
2048-2052	2,400
2053-2057	1,500
2058-2062	1,500
2063-2067	1,500
2068-2072	1,500
2073-2076	1,200
Total future minimum lease payments:	<u>\$ 755,253</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 16 - FUND BALANCE

GASB Statement 54, *Fund Balance Reporting and Governmental Funds Type Definitions*, requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

A. Categories

There are five categories of fund balance for governmental funds under Statement 54:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or are legally or contractually required to remain intact.

Restricted – Use of these resources is based on the constraints imposed externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts whose use is constrained by the approval of a County ordinance by the Board of County Commissioners. This category also includes existing resources on hand to satisfy the obligations that arise from contractual obligations entered into by the Board of County Commissioners.

Assigned – The Board of County Commissioners is the governing body authorized to assign fund balance amounts to be used for specific purposes. This assignment is done through the budget approval and amendment process. Amounts appropriated to eliminate a budgetary deficit in a subsequent year are reported in this category as well.

Unassigned – Residual amounts in the general fund that do not meet any of the other fund balance classifications.

B. Fund Balance Policy

On September 21, 2010, the County approved a Fund Balance and Reserve Policy that set forth the following reserves of fund balance in the General, Transportation, and Emergency Services District Funds:

Emergency/Disaster Relief Reserve – A balance of no less than 5% of budgeted operating expenditures for the current fiscal year will be reserved only for the purpose of responding to natural and man-made disasters. Disasters include hurricanes, tropical storms, floods, wildfires, or terrorist activities. These funds can only be used to respond and provide relief after such a disaster. Funds will be replenished over a five-year period after the completion of the recovery from the disaster.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 16 - FUND BALANCE – Continued

B. Fund Balance Policy - Continued

Budget Stabilization Reserve – A balance of no less than 5% of budgeted operating expenditures for the current fiscal year will be reserved only for the purpose of revenue declines or unfunded mandates from the state and federal governments. Funds utilized due to revenue declines will be replenished over a five-year period. Funds utilized for unfunded mandates or unanticipated expenditures cannot be used for more than a three-year period and must be replenished within five-years after the three-year period.

At September 30, 2017, reserve amounts for those funds were:

	Disaster Relief	Budget Stabilization	Total
General Fund	\$ 5,950,000	\$ 5,950,000	\$ 11,900,000
Transportation Fund	800,000	800,000	1,600,000
Emergency Services District Fund	1,900,000	1,900,000	3,800,000
Total	<u>\$ 8,650,000</u>	<u>\$ 8,650,000</u>	<u>\$ 17,300,000</u>

The General Fund reserves are included in the unassigned fund balance on the balance sheet. The Transportation Fund reserves are included in the assigned fund balance and the Emergency Services District Fund reserves are included in the restricted fund balance on the balance sheet. Emergency/Disaster Relief and Budget Stabilization Reserve amounts may only be revised by the Board of County Commissioners.

Minimum Fund Balance - The approved fund balance policy dictates the County's attempt to maintain a minimum fund balance in the General, Transportation, and Emergency Services District funds of 20% of budgeted annual operating expenditures. The minimum fund balance level may be revised by the County Administrator or his designee.

C. Spending Hierarchy

For all governmental funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

D. Fund Balance Deficit

The Metropolitan Planning Organization Fund, a nonmajor Governmental Fund, had a deficit in fund balance of \$283,342 at September 30, 2017. This deficit will be eliminated by grant proceeds in fiscal year 2018.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 17 – NET POSITION

Net Position Restricted by Enabling Legislation

The government-wide statement of net position for the primary government reports \$150,132,598 of restricted net position, of which \$108,881,173 is restricted by enabling legislation.

NOTE 18 - RISK MANAGEMENT

General Liability, Property, Worker's Compensation and Medical

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, and natural disasters. The County established a Self Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage as follows:

	10/01/13 to 9/30/2014	10/01/14 to 9/30/2015	10/01/15 to 9/30/2016	10/01/16 to 9/30/2017
Worker's Compensation	\$ 500,000	\$ 750,000	\$ 650,000	\$ 650,000
General Liability	200,000	200,000	200,000	200,000
Auto Liability	200,000	200,000	200,000	200,000
Property Damage	200,000	200,000	200,000	200,000
Error or Omissions	200,000	200,000	200,000	200,000
Annual Aggregate	2,000,000	2,000,000	2,000,000	2,000,000
Liquor Liability	1,000,000	1,000,000	N/A	N/A

All departments of the County participate in the program. Payments are made by various funds to the Self Insurance Fund based on past experience and actual estimates of the amounts needed to pay current year claims. The County has received three workers compensation reimbursements totaling \$37,463 in fiscal year 2017, two totaling \$49,222 in fiscal year 2016 and three totaling \$409,914 in fiscal year 2015.

The County purchases excess insurance to cover claims in excess of the amounts listed above. There is a 5% deductible per location for property damages arising due to a hurricane under the reinsurance policy. In fiscal year 2017, the County was approved by the insurance carriers to receive \$5,688,375 in insurance recoveries related to Hurricane Matthew damage.

The County is also self insured for medical claims covering employees and their eligible dependents. As required by Section 112.081, Florida Statutes, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees; however, the retirees are responsible for payment of the premiums. Medical claims are paid from premiums contributed by employees, retirees and by the County. Premiums and contributions are determined by projected claims based on historical and actuarial experience. The self insurance plan assumes all risk for claims, other than worker's compensation, up to \$250,000 per occurrence.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 18 - RISK MANAGEMENT - Continued

General Liability, Property, Worker's Compensation and Medical - Continued

The County has purchased a reinsurance policy to cover claims in excess of these limits. There were three medical claim reimbursements totaling \$61,593 in excess of the \$250,000 limit for fiscal year 2017. In fiscal year 2016 there were none and in fiscal year 2015 there were four totaling \$382,635.

The claims liability of \$8,255,000 reported at September 30, 2017, is based on the requirements of generally accepted governmental accounting standards, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Estimates for claims incurred but not reported are actuarially determined and recorded. Based on the actuary's report, \$2,763,000 will be liquidated over the next twelve months.

Changes in the fund's claim liability amount during the current and prior three fiscal years are as follows:

	Balance at Fiscal Year Beginning	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2013-2014	\$ 8,074,000	\$ 16,860,869	\$ (16,708,324)	\$ 8,226,545
2014-2015	8,226,545	17,188,927	(17,237,952)	8,177,520
2015-2016	8,177,520	17,953,550	(17,618,550)	8,512,520
2016-2017	8,512,520	16,364,331	(16,621,851)	8,255,000

Included in the charges to other funds is an amount to fund future catastrophic losses not actuarially determined and at September 30, 2017, unrestricted net position of \$30,558,437 has been designated for this purpose. The County has elected to accrue the larger of the discounted liability or undiscounted liability. At September 30, 2017, the undiscounted liability was the greater of the two amounts. The discount rate used in the calculation was 2%.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

A. Litigation

Various suits and claims are currently pending against the County. It is impossible for the County to accurately quantify the exposure involved given the jury's latitude in assessing compensatory and punitive damages, and the court's latitude in awarding attorney's fees. The County intends to vigorously defend against these lawsuits and believes it has a good chance of prevailing on their merits.

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of lawsuits will not have a material adverse effect on the financial position of the County.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 19 - COMMITMENTS AND CONTINGENCIES - Continued

B. Contracts and Other Commitments

The County has various contracts and commitments outstanding at September 30, 2017. In the General Fund, contracts are for janitorial services, beach park landscape and custodial maintenance, legislative consulting services and external auditing services. In the Special Revenue Funds, contracts are for 58th Avenue pavement reclamation and resurfacing, CR512 westbound resurfacing from Roseland Road to US Highway 1 and eastbound resurfacing from Easy Street to US Highway 1, courthouse renovations, 45th Street beautification - Phase II, beach profile surveys and monitoring, as well as a variety of other road paving and drainage projects. In the Capital Projects Fund, contracts are for the administration buildings roof replacements, Osprey Acres floway and nature preserve, P25 radio system migration project, intersection improvements at 1st Street SW and 43rd Ave., and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for the golf course maintenance, aquifer wells rehabilitation project, north county water and sewer, and various other water and sewer projects. In the Internal Service Funds, contracts are for actuarial services and GIS oblique aerial imagery acquisition.

A summary of these projects at September 30, 2017, is as follows:

	Total Contract Price	Total Paid as of September 30, 2017	Remaining Balance at September 30, 2017
General	\$ 1,033,383	\$ (436,873)	\$ 596,510
Special Revenue	10,900,046	(8,033,002)	2,867,044
Capital Projects	23,308,141	(11,804,003)	11,504,138
Enterprise	9,991,365	(2,872,836)	7,118,529
Internal Service	435,433	(115,311)	320,122
Total	<u>\$ 45,668,368</u>	<u>\$ (23,262,025)</u>	<u>\$ 22,406,343</u>

C. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the County. In the opinion of management, any such adjustments would not be significant.

Indian River County, Florida
Required Supplementary Information
For the Year Ended September 30, 2017

Schedule of the County's Proportionate Share of the Net Pension Liability
Florida Retirement System (FRS) Defined Benefit Pension Plan

Fiscal Year Ending September 30,	Plan Sponsor Measurement Date June 30,	County's Proportion of the FRS Net Pension Liability	County's Proportionate Share of the FRS Net Pension Liability	County's Covered Employee Payroll	County's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2017	2017	0.3484%	\$ 103,046,280	\$ 64,801,659	159.02%	83.89%
2016	2016	0.3356%	\$ 84,737,012	\$ 60,358,527	140.39%	84.88%
2015	2015	0.3067%	\$ 39,616,455	\$ 57,879,163	68.45%	92.00%
2014	2014	0.3018%	\$ 18,416,343	\$ 55,095,601	33.43%	96.09%

Schedule of the County's Proportionate Share of the Net Pension Liability
Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

Fiscal Year Ending September 30,	Plan Sponsor Measurement Date June 30,	County's Proportion of the HIS Net Pension Liability	County's Proportionate Share of the HIS Net Pension Liability	County's Covered Employee Payroll	County's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2017	2017	0.2374%	\$ 25,383,666	\$ 75,720,001	33.52%	1.64%
2016	2016	0.2281%	\$ 26,578,559	\$ 70,444,190	37.73%	0.97%
2015	2015	0.2232%	\$ 22,760,252	\$ 67,812,302	33.56%	0.50%
2014	2014	0.2186%	\$ 20,441,863	\$ 64,984,255	31.46%	0.99%

The County implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, including a restatement as of September 30, 2014. Information for prior years is not available. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Information on the above defined benefit pension plan's annual money-weighted rate of return on pension plan investments can be obtained in a separately issued report. Information may also be requested by calling (844)377-1888 or online at frs.myflorida.com, click on publications, then annual reports.

Indian River County, Florida
Required Supplementary Information
For the Year Ended September 30, 2017

Schedule of the County's Contributions
Florida Retirement System (FRS) Defined Benefit Pension Plan

Fiscal Year Ending September 30,	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	County's Covered Employee Payroll	FRS Contributions as a Percentage of Covered Payroll
2017	\$ 9,099,495	\$ 9,099,495	\$ -	\$ 64,835,532	14.03%
2016	\$ 8,660,907	\$ 8,660,907	\$ -	\$ 61,851,481	14.01%
2015	\$ 7,503,166	\$ 7,503,166	\$ -	\$ 57,717,461	13.00%
2014	\$ 6,760,058	\$ 6,760,058	\$ -	\$ 56,156,975	11.94%

Schedule of the County's Contributions
Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

Fiscal Year Ending September 30,	HIS Contractually Required Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	County's Covered Employee Payroll	HIS Contributions as a Percentage of Covered Payroll
2017	\$ 1,262,482	\$ 1,262,482	\$ -	\$ 76,071,289	1.66%
2016	\$ 1,198,477	\$ 1,198,477	\$ -	\$ 72,247,706	1.66%
2015	\$ 918,200	\$ 918,200	\$ -	\$ 67,455,498	1.36%
2014	\$ 782,940	\$ 782,940	\$ -	\$ 66,229,010	1.18%

The County implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, including a restatement as of September 30, 2014. Information for prior years is not available. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Indian River County, Florida
Required Supplementary Information
For the Year Ended September 30, 2017

Schedules of Changes in Net OPEB Liability and Related Ratios

Fiscal year ending September 30,	<u>2017</u>
Total OPEB liability	
Service cost	\$ 673,067
Interest on the total OPEB liability	2,405,638
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(2,494,672)
Net change in total OPEB liability	<u>584,033</u>
Total OPEB liability - beginning	40,668,234
Total OPEB liability - ending (a)	<u><u>\$ 41,252,267</u></u>
Plan fiduciary net position	
Employer contributions	\$ 2,274,341
Nonemployer contributing entities contributions	-
Employee contributions	-
OPEB plan net investment income	2,387,483
Benefit payments	(2,494,672)
OPEB plan administrative expense	-
Other	-
Net change in plan fiduciary net position	<u>2,167,152</u>
Plan fiduciary net position - beginning	25,503,310
Plan fiduciary net position - ending (b)	<u><u>\$ 27,670,462</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 13,581,805</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	67.08%
Covered payroll*	\$ 65,923,502
Net OPEB liability as a percentage of covered payroll	20.60%
Notes to Schedule:	
N/A	

* Estimate

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Indian River County, Florida
Required Supplementary Information
For the Year Ended September 30, 2017

Schedule of OPEB Contributions

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 2,583,447	\$ 2,274,341	\$ 309,106	\$ 65,923,502	3.45%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Indian River County, Florida

Required Supplementary Information

For the Year Ended September 30, 2017

Notes to Schedule of OPEB Contributions

Valuation Date:	October 1, 2015
Notes	Actuarially determined contribution rates are calculated as of October 1, the beginning of the fiscal year preceding the year in which contributions are reported.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	11 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	4.00% to 9.47%, including inflation; varies by plan type and years of service.
Investment Rate of Return	6.00%, net of OPEB plan investment expense, including inflation.
Retirement Age	Experience-based table of rates that are specific to the plan and type of eligibility condition.
Mortality	Mortality tables used in July 1, 2015 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 to 2013.
Health Care Trend Rates	Based on the Getzen Model, with trend starting at 7.0% and gradually decreasing to an ultimate trend rate of 4.55% (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Investment expenses are net of investment returns; Administrative expenses are included in the premium costs.
Other Information:	
Notes	There were no benefit changes during the year.

Indian River County, Florida
Required Supplementary Information
For the Year Ended September 30, 2017

Schedule of OPEB Investment Returns Multiyear

FY Ending September 30,	Annual Return¹
2017	9.00%

¹ *Annual money-weighted rate of return, net of
investment expenses.*

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.



**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND
SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Court Facilities-	To account for the court facility surcharge, additional court costs, the additional recording fee for court technology, and improvements made to court facilities.
Section 8 Rental Assistance-	To account for the provision of rental assistance for low income housing. Financing is provided by grants from the U.S. Department of Housing and Urban Development.
Special Law Enforcement-	To account for the expenditures of providing law enforcement equipment. Financing is provided by confiscation of monies and property in accordance with Section 932.704 of the Florida Statutes.
Tree Ordinance Fines-	To account for fines assessed against individuals for illegal removal of protected trees. Funds are used for park improvements.
Tourist Development-	To account for the proceeds from the levy of a local option Tourist Development tax. Funds are used to attract tourism trade and for the benefit of County residents.
911 Surcharge-	To account for the receipt of the 911 surcharge on all telephone bills of the County. Monies are used to pay the operating costs of the 911 Emergency Center.
Drug Abuse-	To account for the collection of fines on criminal drug cases. Monies are used for drug prevention and education programs.
State Housing Initiatives Partnership-	To account for State funds distributed under the State Housing Initiatives Partnership Act. The purpose of this program is to provide for the creation and preservation of affordable housing. Funds are provided by the documentary stamp taxes.

Metropolitan Planning Organization-	To account for expenditures incurred for planning community transportation in the County. Financing is provided by grants.
Multi-Jurisdictional Law Enforcement-	To account for expenditures incurred in connection with the cooperative drug enforcement task force established by the County, the City of Vero Beach and the City of Sebastian. Funds are provided by grants and program generated income.
Native Uplands Land Acquisition-	To account for expenditures related to the acquisition of native habitat preserve areas and for the management of such lands. Funding is provided by developers of property who pay to mitigate native uplands destruction where native upland plant communities will be destroyed.
Beach Restoration-	To account for the expenditure of funds to preserve and improve County beaches. Funds are provided by the levy of a local option tourist development tax.
CDBG Neighborhood Stabilization Program-	To account for the proceeds from the Community Development Block Grant. The purpose of this grant is to provide neighborhood stabilization through resale and rental of housing units purchased by the grant funds.
Florida Boating Improvement Program-	To account for boat registration fees which may be used for providing recreational channel marking, public launching facilities, and other boating-related activities.
Library Bequests-	To account for bequests which may be used for improvements to the Indian River County Libraries.
Disabled Access Program-	To account for fines assessed against individuals for illegal use of handicapped parking spaces.
Federal/State Grants-	To account for revenues and expenditures of various grants from Federal and State agencies.
Traffic Education Program-	To account for the proceeds of an additional \$3 add-on to traffic fines authorized by County Ordinance. Proceeds must be used for traffic education programs.

Land Acquisition-	To account for expenditures incurred in the purchase of environmentally sensitive land, preservation of water sources, historic sites and agricultural lands. Financing is provided by bond proceeds and state grants.
East Gifford Stormwater-	To account for expenditures of funds for stormwater improvements in the East Gifford Watershed. Funds are provided by non-ad valorem taxes.
Vero Lake Estates-	To account for the expenditure of funds to improve roads in the Vero Lake Estates subdivision. Funds are provided by the levying of special assessments.
Dodgertown Reserve-	To provide additional improvements to the Historic Dodgertown facility per a lease agreement. Funds are provided from the half-cent sales tax and a transfer from the Optional Sales Tax Fund.
Clerk Special Revenue-	To account for the proceeds from a special recording fee to be used for computer linkage and modernizing the Clerk of the Circuit Court and Comptroller's public records system.
Sheriff Special Revenue-	To account for the expenditure of grants, fines, and restricted revenues received by the Sheriff.
Supervisor of Elections Special Revenue-	To account for revenues and expenditures from state grants for voter education and pollworker activities.
Street Lighting Districts-	To account for the costs of providing street lights. Financing is provided by the levying of special assessments.
CDBG Neighborhood Stabilization Program 3 Grant-	To account for the proceeds from the Community Development Block Neighborhood Stabilization Program 3 Grant. The purpose of this grant is to provide neighborhood stabilization through resale of housing units purchased with the grant funds.

DEBT SERVICE FUNDS

Spring Training Facility Bonds-	To account for the accumulation of State assistance and tourist tax monies pledged to pay the principal, interest, and fiscal charges on the Spring Training Facility Bonds.
Land Acquisition Bonds-	To account for the accumulation of ad valorem taxes to pay the principal, interest, and fiscal charges related to the Land Acquisition Bonds and Note.

MAJOR CAPITAL PROJECTS FUND

Optional Sales Tax-	To account for revenues generated by the local option one cent sales tax. Monies are used for various capital projects.
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Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue		
	Court Facilities	Section 8 Rental Assistance	Special Law Enforcement
ASSETS			
Cash and investments	\$ 646,042	\$ 417,068	\$ 241,553
Accounts receivable	-	1,872	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Interest receivable	741	96	283
Inventories	-	-	-
Prepaid items	-	1,185	-
Total Assets	<u>\$ 646,783</u>	<u>\$ 420,221</u>	<u>\$ 241,836</u>
LIABILITIES			
Accounts payable	\$ 138,817	\$ 6,721	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenues	-	-	-
Other deposits	-	-	-
Total Liabilities	<u>138,817</u>	<u>6,721</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - insurance recoveries	-	-	-
Unavailable revenue - state and federal grants	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	-	1,185	-
Restricted for:			
Court-related costs and improvements	507,966	-	-
Housing assistance	-	412,315	-
Law enforcement/public safety	-	-	241,836
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Voting/election activities	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law Enforcement/public safety	-	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Unassigned			
Total Fund Balances	<u>507,966</u>	<u>413,500</u>	<u>241,836</u>
Total Liabilities and Fund Balances	<u>\$ 646,783</u>	<u>\$ 420,221</u>	<u>\$ 241,836</u>

Special Revenue				
Tree Ordinance Fines	Tourist Development	911 Surcharge	Drug Abuse	State Housing Initiatives Partnership
\$ 519,328	\$ 793,809	\$ 1,764,628	\$ 249,051	\$ 723,492
-	-	-	-	3,915
-	-	-	-	-
-	-	66,225	-	-
626	898	2,134	300	935
-	-	-	-	-
-	-	14,346	-	-
<u>\$ 519,954</u>	<u>\$ 794,707</u>	<u>\$ 1,847,333</u>	<u>\$ 249,351</u>	<u>\$ 728,342</u>
\$ -	\$ 58,748	\$ 23,712	\$ -	\$ 25,560
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>58,748</u>	<u>23,712</u>	<u>-</u>	<u>25,560</u>
-	-	-	-	-
-	-	8,586	-	-
<u>-</u>	<u>-</u>	<u>8,586</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	14,346	-	-
-	-	-	-	-
-	-	-	-	702,782
-	-	1,800,689	249,351	-
-	735,959	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
519,954	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>519,954</u>	<u>735,959</u>	<u>1,815,035</u>	<u>249,351</u>	<u>702,782</u>
<u>\$ 519,954</u>	<u>\$ 794,707</u>	<u>\$ 1,847,333</u>	<u>\$ 249,351</u>	<u>\$ 728,342</u>

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue		
	Metropolitan Planning Organization	Multi- Jurisdictional Law Enforcement	Native Uplands Land Acquisition
ASSETS			
Cash and investments	\$ 13,771	\$ 11,111	\$ 718,259
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	413,030	-	-
Interest receivable	-	-	869
Inventories	-	-	-
Prepaid items	7,200	-	-
Total Assets	<u>\$ 434,001</u>	<u>\$ 11,111</u>	<u>\$ 719,128</u>
LIABILITIES			
Accounts payable	\$ 120,767	\$ -	\$ -
Retainage payable	8,546	-	-
Due to other funds	175,000	-	-
Due to other governments	-	-	-
Unearned revenues	-	-	-
Other deposits	-	-	-
Total Liabilities	<u>304,313</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - insurance recoveries	-	-	-
Unavailable revenue - state and federal grants	413,030	-	-
Total Deferred Inflows of Resources	<u>413,030</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	7,200	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	11,111	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Voting/election activities	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	719,128
Law Enforcement/public safety	-	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Unassigned	<u>(290,542)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(283,342)</u>	<u>11,111</u>	<u>719,128</u>
Total Liabilities and Fund Balances	<u>\$ 434,001</u>	<u>\$ 11,111</u>	<u>\$ 719,128</u>

Special Revenue				
Beach Restoration	CDBG Neighborhood Stabilization Program	Florida Boating Improvement Program	Library Bequests	Disabled Access Program
\$ 10,950,046	\$ 60,730	\$ 1,088,411	\$ 87	\$ 67,579
2,500,000	-	2,592	-	-
-	-	-	-	-
358,443	-	136,395	-	-
13,158	74	1,322	-	82
-	-	-	-	-
-	-	-	-	-
<u>\$ 13,821,647</u>	<u>\$ 60,804</u>	<u>\$ 1,228,720</u>	<u>\$ 87</u>	<u>\$ 67,661</u>
\$ 97,238	\$ -	\$ 27,500	\$ -	\$ -
17,504	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>114,742</u>	<u>-</u>	<u>27,500</u>	<u>-</u>	<u>-</u>
2,500,000	-	2,593	-	-
268,404	-	136,394	-	-
<u>2,768,404</u>	<u>-</u>	<u>138,987</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	60,804	-	-	-
-	-	-	-	67,661
-	-	-	-	-
10,938,501	-	-	-	-
-	-	1,062,233	-	-
-	-	-	87	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,938,501</u>	<u>60,804</u>	<u>1,062,233</u>	<u>87</u>	<u>67,661</u>
<u>\$ 13,821,647</u>	<u>\$ 60,804</u>	<u>\$ 1,228,720</u>	<u>\$ 87</u>	<u>\$ 67,661</u>

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue		
	Federal/State Grants	Traffic Education Program	Land Acquisition
ASSETS			
Cash and investments	\$ -	\$ 71,278	\$ 108,099
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	16,200	-	-
Interest receivable	-	78	131
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>\$ 16,200</u>	<u>\$ 71,356</u>	<u>\$ 108,230</u>
LIABILITIES			
Accounts payable	\$ 16,200	\$ 1,780	\$ 8,215
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenues	-	-	-
Other deposits	-	-	-
Total Liabilities	<u>16,200</u>	<u>1,780</u>	<u>8,215</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - insurance recoveries	-	-	-
Unavailable revenue - state and federal grants	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	69,576	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	100,015
Stormwater, street lighting, and other special assessments	-	-	-
Voting/election activities	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law Enforcement/public safety	-	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>-</u>	<u>69,576</u>	<u>100,015</u>
Total Liabilities and Fund Balances	<u>\$ 16,200</u>	<u>\$ 71,356</u>	<u>\$ 108,230</u>

Special Revenue

East Gifford Stormwater	Vero Lakes Estates	Dodgertown Reserve	Clerk Special Revenue	Sheriff Special Revenue
\$ 22,365	\$ 954,492	\$ 183,620	\$ 1,813,598	\$ 1,896,768
-	-	3,291	2,250	116,747
11	2,760	-	-	-
-	-	59,072	-	-
27	1,156	-	-	-
-	-	-	-	23,654
-	-	-	103,384	-
<u>\$ 22,403</u>	<u>\$ 958,408</u>	<u>\$ 245,983</u>	<u>\$ 1,919,232</u>	<u>\$ 2,037,169</u>
\$ -	\$ 40	\$ 73,126	\$ 7,383	\$ 253,843
-	-	-	-	-
-	-	-	-	-
-	-	-	90	7,131
-	-	-	-	-
-	-	-	14,695	-
<u>-</u>	<u>40</u>	<u>73,126</u>	<u>22,168</u>	<u>260,974</u>
-	-	3,291	-	-
-	-	48,655	-	-
<u>-</u>	<u>-</u>	<u>51,946</u>	<u>-</u>	<u>-</u>
-	-	-	-	23,654
-	-	-	103,384	-
-	-	-	1,793,680	-
-	-	-	-	-
-	-	-	-	1,369,298
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
22,403	958,368	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	120,911	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	276,135
-	-	-	-	107,108
-	-	-	-	-
<u>22,403</u>	<u>958,368</u>	<u>120,911</u>	<u>1,897,064</u>	<u>1,776,195</u>
<u>\$ 22,403</u>	<u>\$ 958,408</u>	<u>\$ 245,983</u>	<u>\$ 1,919,232</u>	<u>\$ 2,037,169</u>

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue		
	Supervisor of Elections Special Revenue	Street Lighting Districts	CDBG NSP3 Grant
ASSETS			
Cash and investments	\$ 65,024	\$ 553,271	\$ 68,134
Accounts receivable	-	-	-
Due from other funds	-	3,214	-
Due from other governments	-	-	-
Interest receivable	-	685	81
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>\$ 65,024</u>	<u>\$ 557,170</u>	<u>\$ 68,215</u>
LIABILITIES			
Accounts payable	\$ -	\$ 9,332	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenues	61,227	-	-
Other deposits	-	-	-
Total Liabilities	<u>61,227</u>	<u>9,332</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - insurance recoveries	-	-	-
Unavailable revenue - state and federal grants	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	68,215
Law enforcement/public safety	-	-	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	547,838	-
Voting/election activities	3,797	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law Enforcement/public safety	-	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>3,797</u>	<u>547,838</u>	<u>68,215</u>
Total Liabilities and Fund Balances	<u>\$ 65,024</u>	<u>\$ 557,170</u>	<u>\$ 68,215</u>

Debt Service		Total Nonmajor Governmental Funds
Spring Training Facility Bonds	Land Acquisition Bonds	
\$ 2,580,659	\$ 1,211,721	\$ 27,793,994
-	-	2,630,667
-	56,180	62,165
-	-	1,049,365
3,120	1,466	28,262
-	-	23,654
-	-	126,115
<u>\$ 2,583,779</u>	<u>\$ 1,269,367</u>	<u>\$ 31,714,222</u>
\$ -	\$ -	\$ 868,982
-	-	26,050
-	-	175,000
-	-	7,221
-	-	61,227
-	-	14,695
<u>-</u>	<u>-</u>	<u>1,153,175</u>
-	-	2,505,884
-	-	875,069
<u>-</u>	<u>-</u>	<u>3,380,953</u>
-	-	23,654
-	-	126,115
-	-	2,301,646
-	-	1,244,116
-	-	3,809,522
-	-	735,959
-	-	10,938,501
-	-	1,062,233
-	-	87
-	-	100,015
-	-	1,528,609
-	-	3,797
2,583,779	1,269,367	3,853,146
-	-	120,911
-	-	1,239,082
-	-	276,135
-	-	107,108
-	-	(290,542)
<u>2,583,779</u>	<u>1,269,367</u>	<u>27,180,094</u>
<u>\$ 2,583,779</u>	<u>\$ 1,269,367</u>	<u>\$ 31,714,222</u>

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue		
	Court Facilities	Section 8 Rental Assistance	Special Law Enforcement
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	-	2,220,689	-
Charges for services	555,493	22,121	44,543
Judgments, fines and forfeits	-	-	13,021
Interest	3,789	663	1,319
Miscellaneous	-	-	-
Total revenues	<u>559,282</u>	<u>2,243,473</u>	<u>58,883</u>
EXPENDITURES			
General government	109,994	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	2,301,791	-
Culture/recreation	-	-	-
Court related	585,748	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>695,742</u>	<u>2,301,791</u>	<u>-</u>
Excess of revenues over (under) expenditures	(136,460)	(58,318)	58,883
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(113,249)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(113,249)</u>
Net changes in fund balances	(136,460)	(58,318)	(54,366)
Fund balances at beginning of year	<u>644,426</u>	<u>471,818</u>	<u>296,202</u>
Fund balances at end of year	<u>\$ 507,966</u>	<u>\$ 413,500</u>	<u>\$ 241,836</u>

Special Revenue

Tree Ordinance Fines	Tourist Development	911 Surcharge	Drug Abuse	State Housing Initiatives Partnership
\$ -	\$ 1,056,662	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	757,552	-	929,891
-	-	-	-	179,363
148,850	-	-	8,672	-
2,792	4,026	10,046	1,436	4,419
-	-	123	-	-
<u>151,642</u>	<u>1,060,688</u>	<u>767,721</u>	<u>10,108</u>	<u>1,113,673</u>
-	-	-	-	-
-	-	438,684	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	680,615
-	829,110	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	829,110	438,684	-	680,615
151,642	231,578	329,037	10,108	433,058
-	-	-	-	-
-	-	(210,365)	-	-
-	-	(210,365)	-	-
151,642	231,578	118,672	10,108	433,058
368,312	504,381	1,696,363	239,243	269,724
<u>\$ 519,954</u>	<u>\$ 735,959</u>	<u>\$ 1,815,035</u>	<u>\$ 249,351</u>	<u>\$ 702,782</u>

Continued

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue		
	Metropolitan Planning Organization	Multi- Jurisdictional Law Enforcement	Native Uplands Land Acquisition
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	1,432,102	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	15,500	-
Interest	-	173	4,215
Miscellaneous	-	-	-
Total revenues	<u>1,432,102</u>	<u>15,673</u>	<u>4,215</u>
EXPENDITURES			
General government	2,209,444	-	-
Public safety	-	-	-
Physical environment	-	-	7,302
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>2,209,444</u>	<u>-</u>	<u>7,302</u>
Excess of revenues over (under) expenditures	(777,342)	15,673	(3,087)
OTHER FINANCING SOURCES (USES)			
Transfers in	444,320	-	-
Transfers out	-	(39,116)	-
Total other financing sources (uses)	<u>444,320</u>	<u>(39,116)</u>	<u>-</u>
Net changes in fund balances	(333,022)	(23,443)	(3,087)
Fund balances at beginning of year	<u>49,680</u>	<u>34,554</u>	<u>722,215</u>
Fund balances at end of year	<u>\$ (283,342)</u>	<u>\$ 11,111</u>	<u>\$ 719,128</u>

Special Revenue				
Beach Restoration	CDBG Neighborhood Stabilization Program	Florida Boating Improvement Program	Library Bequests	Disabled Access Program
\$ 1,056,662	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
231,922	-	75,155	-	-
-	-	-	-	-
-	-	-	-	326
62,919	361	6,594	8	395
1,915	-	1,600	-	-
1,353,418	361	83,349	8	721
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,900	-	-	-
-	-	-	-	-
1,001,882	-	157,487	2,751	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,001,882	1,900	157,487	2,751	-
351,536	(1,539)	(74,138)	(2,743)	721
117,554	-	-	-	-
-	-	-	-	-
117,554	-	-	-	-
469,090	(1,539)	(74,138)	(2,743)	721
10,469,411	62,343	1,136,371	2,830	66,940
\$ 10,938,501	\$ 60,804	\$ 1,062,233	\$ 87	\$ 67,661

Continued

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue		
	Federal/State Grants	Traffic Education Program	Land Acquisition
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	894,744	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	65,282	-
Interest	-	378	656
Miscellaneous	-	-	-
Total revenues	<u>894,744</u>	<u>65,660</u>	<u>656</u>
EXPENDITURES			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	17,002
Transportation	-	34,450	-
Economic environment	-	-	-
Human services	894,744	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>894,744</u>	<u>34,450</u>	<u>17,002</u>
Excess of revenues over (under) expenditures	-	31,210	(16,346)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	31,210	(16,346)
Fund balances at beginning of year	<u>-</u>	<u>38,366</u>	<u>116,361</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 69,576</u>	<u>\$ 100,015</u>

Special Revenue

East Gifford Stormwater	Vero Lakes Estates	Dodgertown Reserve	Clerk Special Revenue	Sheriff Special Revenue
\$ 13	\$ 265	\$ -	\$ -	\$ -
985	245,294	-	-	-
-	-	125,000	-	169,275
-	-	-	433,368	228,666
-	-	-	105,548	79,971
130	5,600	-	4,259	-
-	-	-	-	338,809
<u>1,128</u>	<u>251,159</u>	<u>125,000</u>	<u>543,175</u>	<u>816,721</u>
-	-	-	675,201	-
-	-	-	-	3,049,380
-	-	-	-	-
-	13,982	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	309,912	-	-
-	-	-	105,973	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>13,982</u>	<u>309,912</u>	<u>781,174</u>	<u>3,049,380</u>
1,128	237,177	(184,912)	(237,999)	(2,232,659)
-	-	125,000	-	2,321,646
(54)	(4,465)	-	-	-
<u>(54)</u>	<u>(4,465)</u>	<u>125,000</u>	<u>-</u>	<u>2,321,646</u>
1,074	232,712	(59,912)	(237,999)	88,987
<u>21,329</u>	<u>725,656</u>	<u>180,823</u>	<u>2,135,063</u>	<u>1,687,208</u>
<u>\$ 22,403</u>	<u>\$ 958,368</u>	<u>\$ 120,911</u>	<u>\$ 1,897,064</u>	<u>\$ 1,776,195</u>

Continued

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue		
	Supervisor of Elections Special Revenue	Street Lighting Districts	CDBG NSP3 Grant
REVENUES			
Taxes	\$ -	\$ 1,730	\$ -
Permits, fees and special assessments	-	283,994	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	-	-
Interest	-	3,532	348
Miscellaneous	-	2,440	38,529
Total revenues	-	291,696	38,877
EXPENDITURES			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	239,103	-
Economic environment	-	-	1,578
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	-	239,103	1,578
Excess of revenues over (under) expenditures	-	52,593	37,299
OTHER FINANCING SOURCES (USES)			
Transfers in	3,797	-	-
Transfers out	-	(7,588)	-
Total other financing sources (uses)	3,797	(7,588)	-
Net changes in fund balances	3,797	45,005	37,299
Fund balances at beginning of year	-	502,833	30,916
Fund balances at end of year	\$ 3,797	\$ 547,838	\$ 68,215

Debt Service		
Spring Training Facility Bonds	Land Acquisition Bonds	Total Nonmajor Governmental Funds
\$ 704,442	\$ 4,619,803	\$ 7,439,577
-	-	530,273
500,004	-	7,336,334
-	-	1,463,554
-	-	437,170
14,779	19,124	151,961
-	-	383,416
<u>1,219,225</u>	<u>4,638,927</u>	<u>17,742,285</u>
-	-	2,994,639
-	-	3,488,064
-	-	24,304
-	-	287,535
-	-	3,478
-	-	3,877,150
-	-	2,301,142
-	-	691,721
520,000	4,053,000	4,573,000
330,400	327,120	657,520
<u>850,400</u>	<u>4,380,120</u>	<u>18,898,553</u>
368,825	258,807	(1,156,268)
-	-	3,012,317
-	(103,674)	(478,511)
-	(103,674)	2,533,806
368,825	155,133	1,377,538
<u>2,214,954</u>	<u>1,114,234</u>	<u>25,802,556</u>
<u>\$ 2,583,779</u>	<u>\$ 1,269,367</u>	<u>\$ 27,180,094</u>

Indian River County, Florida
Budgetary Comparison Schedule
Court Facilities
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 538,000	\$ 555,493	\$ 17,493
Interest	2,000	3,789	1,789
Total revenues	<u>540,000</u>	<u>559,282</u>	<u>19,282</u>
EXPENDITURES			
General government	223,668	109,994	113,674
Court related	667,728	585,748	81,980
Total expenditures	<u>891,396</u>	<u>695,742</u>	<u>195,654</u>
Net change in fund balances	(351,396)	(136,460)	214,936
Fund balances at beginning of year	<u>351,396</u>	<u>644,426</u>	<u>293,030</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 507,966</u></u>	<u><u>\$ 507,966</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Section 8 Rental Assistance
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 2,528,988	\$ 2,220,689	\$ (308,299)
Charges for services	32,000	22,121	(9,879)
Interest	-	663	663
Total revenues	<u>2,560,988</u>	<u>2,243,473</u>	<u>(317,515)</u>
EXPENDITURES			
Human services	<u>2,687,912</u>	<u>2,301,791</u>	<u>386,121</u>
Total expenditures	<u>2,687,912</u>	<u>2,301,791</u>	<u>386,121</u>
Net change in fund balances	(126,924)	(58,318)	68,606
Fund balances at beginning of year	<u>126,924</u>	<u>471,818</u>	<u>344,894</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 413,500</u></u>	<u><u>\$ 413,500</u></u>

**Indian River County, Florida
Budgetary Comparison Schedule
Special Law Enforcement
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 44,543	\$ 44,543
Judgments, fines and forfeits	-	13,021	13,021
Interest	-	1,319	1,319
Total revenues	-	58,883	58,883
OTHER FINANCING SOURCES (USES)			
Transfers out	(113,250)	(113,249)	1
Total other financing sources (uses)	(113,250)	(113,249)	1
Net change in fund balances	(113,250)	(54,366)	58,884
Fund balances at beginning of year	113,250	296,202	182,952
Fund balances at end of year	\$ -	\$ 241,836	\$ 241,836

**Indian River County, Florida
Budgetary Comparison Schedule
Tree Ordinance Fines
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 148,850	\$ 148,850
Interest	-	2,792	2,792
Total revenues	-	151,642	151,642
EXPENDITURES			
Culture/recreation	150,000	-	150,000
Total expenditures	150,000	-	150,000
Net change in fund balances	(150,000)	151,642	301,642
Fund balances at beginning of year	150,000	368,312	218,312
Fund balances at end of year	\$ -	\$ 519,954	\$ 519,954

**Indian River County, Florida
Budgetary Comparison Schedule
Tourist Development
For the Year Ended September 30, 2017**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 859,750	\$ 1,056,662	\$ 196,912
Interest	950	4,026	3,076
Total revenues	<u>860,700</u>	<u>1,060,688</u>	<u>199,988</u>
EXPENDITURES			
Culture/recreation	<u>861,153</u>	<u>829,110</u>	<u>32,043</u>
Total expenditures	<u>861,153</u>	<u>829,110</u>	<u>32,043</u>
Net change in fund balances	(453)	231,578	232,031
Fund balances at beginning of year	<u>453</u>	<u>504,381</u>	<u>503,928</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 735,959</u></u>	<u><u>\$ 735,959</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
911 Surcharge
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 674,450	\$ 757,552	\$ 83,102
Interest	-	10,046	10,046
Miscellaneous	-	123	123
Total revenues	<u>674,450</u>	<u>767,721</u>	<u>93,271</u>
EXPENDITURES			
Public safety	801,528	438,684	362,844
Total expenditures	<u>801,528</u>	<u>438,684</u>	<u>362,844</u>
Excess of revenues over (under) expenditures	(127,078)	329,037	456,115
OTHER FINANCING SOURCES (USES)			
Transfers out	(210,365)	(210,365)	-
Total other financing sources (uses)	<u>(210,365)</u>	<u>(210,365)</u>	<u>-</u>
Net change in fund balances	(337,443)	118,672	456,115
Fund balances at beginning of year	<u>337,443</u>	<u>1,696,363</u>	<u>1,358,920</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,815,035</u>	<u>\$ 1,815,035</u>

Indian River County, Florida
Budgetary Comparison Schedule
Drug Abuse
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 8,672	\$ 8,672
Interest	-	1,436	1,436
Total revenues	-	10,108	10,108
Net change in fund balances	-	10,108	10,108
Fund balances at beginning of year	-	239,243	239,243
Fund balances at end of year	\$ -	\$ 249,351	\$ 249,351

**Indian River County, Florida
Budgetary Comparison Schedule
State Housing Initiatives Partnership
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 916,213	\$ 929,891	\$ 13,678
Charges for services	-	179,363	179,363
Interest	-	4,419	4,419
Total revenues	<u>916,213</u>	<u>1,113,673</u>	<u>197,460</u>
EXPENDITURES			
Human services	<u>1,186,036</u>	<u>680,615</u>	<u>505,421</u>
Total expenditures	<u>1,186,036</u>	<u>680,615</u>	<u>505,421</u>
Net change in fund balances	(269,823)	433,058	702,881
Fund balances at beginning of year	<u>269,823</u>	<u>269,724</u>	<u>(99)</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 702,782</u></u>	<u><u>\$ 702,782</u></u>

**Indian River County, Florida
Budgetary Comparison Schedule
Metropolitan Planning Organization
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,870,887	\$ 1,432,102	\$ (438,785)
Total revenues	<u>1,870,887</u>	<u>1,432,102</u>	<u>(438,785)</u>
EXPENDITURES			
General government	<u>2,315,207</u>	<u>2,209,444</u>	<u>105,763</u>
Total expenditures	<u>2,315,207</u>	<u>2,209,444</u>	<u>105,763</u>
Excess of revenues over (under) expenditures	(444,320)	(777,342)	(333,022)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>444,320</u>	<u>444,320</u>	<u>-</u>
Total other financing sources (uses)	<u>444,320</u>	<u>444,320</u>	<u>-</u>
Net change in fund balances	-	(333,022)	(333,022)
Fund balances at beginning of year	<u>-</u>	<u>49,680</u>	<u>49,680</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (283,342)</u>	<u>\$ (283,342)</u>

**Indian River County, Florida
Budgetary Comparison Schedule
Multi-Jurisdictional Law Enforcement
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ 10,707	\$ 15,500	\$ 4,793
Interest	-	173	173
Total revenues	<u>10,707</u>	<u>15,673</u>	<u>4,966</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(39,118)	(39,116)	2
Total other financing sources (uses)	<u>(39,118)</u>	<u>(39,116)</u>	<u>2</u>
Net change in fund balances	(28,411)	(23,443)	4,968
Fund balances at beginning of year	<u>28,411</u>	<u>34,554</u>	<u>6,143</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 11,111</u></u>	<u><u>\$ 11,111</u></u>

**Indian River County, Florida
Budgetary Comparison Schedule
Native Uplands Land Acquisition
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 4,215	\$ 4,215
Total revenues	<u>-</u>	<u>4,215</u>	<u>4,215</u>
EXPENDITURES			
Physical environment	<u>105,000</u>	<u>7,302</u>	<u>97,698</u>
Total expenditures	<u>105,000</u>	<u>7,302</u>	<u>97,698</u>
Net change in fund balances	(105,000)	(3,087)	101,913
Fund balances at beginning of year	<u>105,000</u>	<u>722,215</u>	<u>617,215</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 719,128</u></u>	<u><u>\$ 719,128</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Beach Restoration
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 859,750	\$ 1,056,662	\$ 196,912
Intergovernmental	900,000	231,922	(668,078)
Interest	9,500	62,919	53,419
Miscellaneous	1,915	1,915	-
Total revenues	<u>1,771,165</u>	<u>1,353,418</u>	<u>(417,747)</u>
EXPENDITURES			
Culture/recreation	<u>3,119,757</u>	<u>1,001,882</u>	<u>2,117,875</u>
Total expenditures	<u>3,119,757</u>	<u>1,001,882</u>	<u>2,117,875</u>
Excess of revenues over (under) expenditures	(1,348,592)	351,536	1,700,128
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>117,554</u>	<u>117,554</u>	<u>-</u>
Total other financing sources (uses)	<u>117,554</u>	<u>117,554</u>	<u>-</u>
Net change in fund balances	(1,231,038)	469,090	1,700,128
Fund balances at beginning of year	<u>1,231,038</u>	<u>10,469,411</u>	<u>9,238,373</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 10,938,501</u>	<u>\$ 10,938,501</u>

Indian River County, Florida
Budgetary Comparison Schedule
CDBG Neighborhood Stabilization Program
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 361	\$ 361
Total revenues	<u>-</u>	<u>361</u>	<u>361</u>
EXPENDITURES			
Economic environment	<u>62,343</u>	<u>1,900</u>	<u>60,443</u>
Total expenditures	<u>62,343</u>	<u>1,900</u>	<u>60,443</u>
Net change in fund balances	(62,343)	(1,539)	60,804
Fund balances at beginning of year	<u>62,343</u>	<u>62,343</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 60,804</u></u>	<u><u>\$ 60,804</u></u>

**Indian River County, Florida
Budgetary Comparison Schedule
Florida Boating Improvement Program
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 139,000	\$ 75,155	\$ (63,845)
Interest	-	6,594	6,594
Miscellaneous	-	1,600	1,600
Total revenues	<u>139,000</u>	<u>83,349</u>	<u>(55,651)</u>
EXPENDITURES			
Culture/recreation	<u>360,704</u>	<u>157,487</u>	<u>203,217</u>
Total expenditures	<u>360,704</u>	<u>157,487</u>	<u>203,217</u>
Net change in fund balances	(221,704)	(74,138)	147,566
Fund balances at beginning of year	<u>221,704</u>	<u>1,136,371</u>	<u>914,667</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,062,233</u></u>	<u><u>\$ 1,062,233</u></u>

**Indian River County, Florida
Budgetary Comparison Schedule
Library Bequests
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 8	\$ 8
Total revenues	<u>-</u>	<u>8</u>	<u>8</u>
EXPENDITURES			
Culture/recreation	<u>2,830</u>	<u>2,751</u>	<u>79</u>
Total expenditures	<u>2,830</u>	<u>2,751</u>	<u>79</u>
Net change in fund balances	(2,830)	(2,743)	87
Fund balances at beginning of year	<u>2,830</u>	<u>2,830</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 87</u></u>	<u><u>\$ 87</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Disabled Access Program
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 326	\$ 326
Interest	-	395	395
Total revenues	-	721	721
EXPENDITURES			
Human services	20,000	-	20,000
Total expenditures	20,000	-	20,000
Net change in fund balances	(20,000)	721	20,721
Fund balances at beginning of year	20,000	66,940	46,940
Fund balances at end of year	\$ -	\$ 67,661	\$ 67,661

Indian River County, Florida
Budgetary Comparison Schedule
Federal/State Grants
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,648,142	\$ 894,744	\$ (753,398)
Total revenues	<u>1,648,142</u>	<u>894,744</u>	<u>(753,398)</u>
EXPENDITURES			
Human services	<u>1,648,142</u>	<u>894,744</u>	<u>753,398</u>
Total expenditures	<u>1,648,142</u>	<u>894,744</u>	<u>753,398</u>
Net change in fund balances	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Indian River County, Florida
Budgetary Comparison Schedule
Traffic Education Program
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ 57,000	\$ 65,282	\$ 8,282
Interest	-	378	378
Total revenues	<u>57,000</u>	<u>65,660</u>	<u>8,660</u>
EXPENDITURES			
Transportation	<u>61,350</u>	<u>34,450</u>	<u>26,900</u>
Total expenditures	<u>61,350</u>	<u>34,450</u>	<u>26,900</u>
Net change in fund balances	(4,350)	31,210	35,560
Fund balances at beginning of year	<u>4,350</u>	<u>38,366</u>	<u>34,016</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 69,576</u></u>	<u><u>\$ 69,576</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Land Acquisition
For the Year Ended September 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest	\$ -	\$ 656	\$ 656
Total revenues	<u>-</u>	<u>656</u>	<u>656</u>
EXPENDITURES			
Physical environment	<u>65,000</u>	<u>17,002</u>	<u>47,998</u>
Total expenditures	<u>65,000</u>	<u>17,002</u>	<u>47,998</u>
Net change in fund balances	(65,000)	(16,346)	48,654
Fund balances at beginning of year	<u>65,000</u>	<u>116,361</u>	<u>51,361</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 100,015</u></u>	<u><u>\$ 100,015</u></u>

**Indian River County, Florida
Budgetary Comparison Schedule
East Gifford Stormwater
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 13	\$ 13
Permits, fees and special assessments	940	985	45
Interest	-	130	130
Total revenues	<u>940</u>	<u>1,128</u>	<u>188</u>
EXPENDITURES			
Transportation	<u>19,880</u>	-	<u>19,880</u>
Total expenditures	<u>19,880</u>	<u>-</u>	<u>19,880</u>
Excess of revenues over (under) expenditures	(18,940)	1,128	20,068
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(60)</u>	<u>(54)</u>	<u>6</u>
Total other financing sources (uses)	<u>(60)</u>	<u>(54)</u>	<u>6</u>
Net change in fund balances	(19,000)	1,074	20,074
Fund balances at beginning of year	<u>19,000</u>	<u>21,329</u>	<u>2,329</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 22,403</u>	<u>\$ 22,403</u>

Indian River County, Florida
Budgetary Comparison Schedule
Vero Lakes Estates
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 265	\$ 265
Permits, fees and special assessments	238,450	245,294	6,844
Interest	2,850	5,600	2,750
Total revenues	<u>241,300</u>	<u>251,159</u>	<u>9,859</u>
EXPENDITURES			
Transportation	470,988	13,982	457,006
Total expenditures	<u>470,988</u>	<u>13,982</u>	<u>457,006</u>
Excess of revenues over (under) expenditures	(229,688)	237,177	466,865
OTHER FINANCING SOURCES (USES)			
Transfers out	(4,649)	(4,465)	184
Total other financing sources (uses)	<u>(4,649)</u>	<u>(4,465)</u>	<u>184</u>
Net change in fund balances	(234,337)	232,712	467,049
Fund balances at beginning of year	<u>234,337</u>	<u>725,656</u>	<u>491,319</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 958,368</u></u>	<u><u>\$ 958,368</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Dodgertown Reserve
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 125,000	\$ 125,000	\$ -
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>-</u>
EXPENDITURES			
Culture/recreation	<u>309,913</u>	<u>309,912</u>	<u>1</u>
Total expenditures	<u>309,913</u>	<u>309,912</u>	<u>1</u>
Excess of revenues over (under) expenditures	(184,913)	(184,912)	1
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total other financing sources (uses)	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Net change in fund balances	(59,913)	(59,912)	1
Fund balances at beginning of year	<u>59,913</u>	<u>180,823</u>	<u>120,910</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 120,911</u>	<u>\$ 120,911</u>

Indian River County, Florida
Budgetary Comparison Schedule
Clerk Special Revenue
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 405,000	\$ 433,368	\$ 28,368
Judgments, fines and forfeits	105,974	105,548	(426)
Interest	3,575	4,259	684
Total revenues	<u>514,549</u>	<u>543,175</u>	<u>28,626</u>
EXPENDITURES			
General government	680,388	675,201	5,187
Court related	105,974	105,973	1
Total expenditures	<u>786,362</u>	<u>781,174</u>	<u>5,188</u>
Net change in fund balances	(271,813)	(237,999)	33,814
Fund balances at beginning of year	<u>271,813</u>	<u>2,135,063</u>	<u>1,863,250</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,897,064</u></u>	<u><u>\$ 1,897,064</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Sheriff Special Revenue
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 169,275	\$ 169,275	\$ -
Charges for services	215,000	228,666	13,666
Judgments, fines and forfeits	70,000	79,971	9,971
Miscellaneous	346,921	338,809	(8,112)
Total revenues	<u>801,196</u>	<u>816,721</u>	<u>15,525</u>
EXPENDITURES			
Public safety	3,130,000	3,049,380	80,620
Total expenditures	<u>3,130,000</u>	<u>3,049,380</u>	<u>80,620</u>
Excess of revenues over (under) expenditures	(2,328,804)	(2,232,659)	96,145
OTHER FINANCING SOURCES (USES)			
Transfers in	2,328,804	2,321,646	(7,158)
Total other financing sources (uses)	<u>2,328,804</u>	<u>2,321,646</u>	<u>(7,158)</u>
Net change in fund balances	-	88,987	88,987
Fund balances at beginning of year	-	1,687,208	1,687,208
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,776,195</u>	<u>\$ 1,776,195</u>

Indian River County, Florida
Budgetary Comparison Schedule
Supervisor of Elections Special Revenue
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 25,314	\$ -	\$ (25,314)
Total revenues	<u>25,314</u>	<u>-</u>	<u>(25,314)</u>
EXPENDITURES			
General government	<u>29,111</u>	<u>-</u>	<u>29,111</u>
Total expenditures	<u>29,111</u>	<u>-</u>	<u>29,111</u>
Excess of revenues over (under) expenditures	(3,797)	-	3,797
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>3,797</u>	<u>3,797</u>	<u>-</u>
Total other financing sources (uses)	<u>3,797</u>	<u>3,797</u>	<u>-</u>
Net change in fund balances	-	3,797	3,797
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 3,797</u>	<u>\$ 3,797</u>

Indian River County, Florida
Budgetary Comparison Schedule
Street Lighting Districts
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 1,730	\$ 1,730
Permits, fees and special assessments	278,568	283,994	5,426
Interest	1,207	3,532	2,325
Miscellaneous	2,318	2,440	122
Total revenues	<u>282,093</u>	<u>291,696</u>	<u>9,603</u>
EXPENDITURES			
Transportation	349,892	239,103	110,789
Total expenditures	<u>349,892</u>	<u>239,103</u>	<u>110,789</u>
Excess of revenues over (under) expenditures	(67,799)	52,593	120,392
OTHER FINANCING SOURCES (USES)			
Transfers out	(8,409)	(7,588)	821
Total other financing sources (uses)	<u>(8,409)</u>	<u>(7,588)</u>	<u>821</u>
Net change in fund balances	(76,208)	45,005	121,213
Fund balances at beginning of year	<u>76,208</u>	<u>502,833</u>	<u>426,625</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 547,838</u></u>	<u><u>\$ 547,838</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
CDBG NSP3 Grant
For the Year Ended September 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest	\$ -	\$ 348	\$ 348
Miscellaneous	-	38,529	38,529
Total revenues	<u>-</u>	<u>38,877</u>	<u>38,877</u>
EXPENDITURES			
Economic environment	<u>5,000</u>	<u>1,578</u>	<u>3,422</u>
Total expenditures	<u>5,000</u>	<u>1,578</u>	<u>3,422</u>
Net change in fund balances	(5,000)	37,299	42,299
Fund balances at beginning of year	<u>5,000</u>	<u>30,916</u>	<u>25,916</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 68,215</u></u>	<u><u>\$ 68,215</u></u>

**Indian River County, Florida
Budgetary Comparison Schedule
Spring Training Facility Bonds
For the Year Ended September 30, 2017**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 573,166	\$ 704,442	\$ 131,276
Intergovernmental	475,000	500,004	25,004
Interest	-	14,779	14,779
Total revenues	<u>1,048,166</u>	<u>1,219,225</u>	<u>171,059</u>
EXPENDITURES			
Debt service:			
Principal	520,000	520,000	-
Interest and other fiscal charges	468,000	330,400	137,600
Total expenditures	<u>988,000</u>	<u>850,400</u>	<u>137,600</u>
Net change in fund balances	60,166	368,825	308,659
Fund balances at beginning of year	<u>(60,166)</u>	<u>2,214,954</u>	<u>2,275,120</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 2,583,779</u></u>	<u><u>\$ 2,583,779</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Land Acquisition Bonds
For the Year Ended September 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 4,533,244	\$ 4,619,803	\$ 86,559
Interest	4,750	19,124	14,374
Total revenues	<u>4,537,994</u>	<u>4,638,927</u>	<u>100,933</u>
EXPENDITURES			
Debt service:			
Principal	4,053,000	4,053,000	-
Interest and other fiscal charges	337,120	327,120	10,000
Total expenditures	<u>4,390,120</u>	<u>4,380,120</u>	<u>10,000</u>
Excess of revenues over (under) expenditures	147,874	258,807	110,933
OTHER FINANCING SOURCES (USES)			
Transfers out	(117,313)	(103,674)	13,639
Total other financing sources (uses)	<u>(117,313)</u>	<u>(103,674)</u>	<u>13,639</u>
Net change in fund balances	30,561	155,133	124,572
Fund balances at beginning of year	<u>(30,561)</u>	<u>1,114,234</u>	<u>1,144,795</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,269,367</u>	<u>\$ 1,269,367</u>

Indian River County, Florida
Budgetary Comparison Schedule
Optional Sales Tax Capital Projects Fund
For the Year Ended September 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 14,535,000	\$ 17,623,741	\$ 3,088,741
Intergovernmental	1,439,250	911,341	(527,909)
Interest	95,000	447,601	352,601
Total revenues	<u>16,069,250</u>	<u>18,982,683</u>	<u>2,913,433</u>
EXPENDITURES			
Capital projects	<u>46,849,215</u>	<u>12,777,795</u>	<u>34,071,420</u>
Total expenditures	<u>46,849,215</u>	<u>12,777,795</u>	<u>34,071,420</u>
Excess of revenues over (under) expenditures	<u>(30,779,965)</u>	<u>6,204,888</u>	<u>36,984,853</u>
OTHER FINANCING USES			
Transfers out	<u>(2,049,473)</u>	<u>(2,042,315)</u>	<u>7,158</u>
Total other financing uses	<u>(2,049,473)</u>	<u>(2,042,315)</u>	<u>7,158</u>
Net change in fund balances	(32,829,438)	4,162,573	36,992,011
Fund balances at beginning of year	<u>32,829,438</u>	<u>71,159,819</u>	<u>38,330,381</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 75,322,392</u>	<u>\$ 75,322,392</u>



INTERNAL SERVICE FUNDS

Fleet Management-	To account for the expenses incurred to repair and maintain the County's vehicles and equipment. Revenues are generated by charging user departments for maintenance of their vehicles and equipment.
Self Insurance-	To account for the expenses incurred for worker's compensation claims, general and auto liability and property damage, and employee health insurance claims. Revenues are generated by charges to the various departments and funds based on past experience and actuarial estimates.
Information Technology-	To account for the expenses incurred for maintaining the County's computer services and geographic information systems. Revenues are generated by charging user departments based on their number of computer equipment and their use of the geographic information system.

Indian River County, Florida
Combining Statement of Net Position
Internal Service Funds
September 30, 2017

	Fleet Management	Self Insurance	Information Technology	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 256,624	\$ 29,005,724	\$ 318,838	\$ 29,581,186
Accounts receivable - net	95,703	154,856	-	250,559
Due from other funds	-	311,200	-	311,200
Due from other governments	55,832	263	15,505	71,600
Interest receivable	428	49,550	541	50,519
Inventories	203,051	-	-	203,051
Prepays and other assets	-	9,469,611	105,196	9,574,807
Total current assets	<u>611,638</u>	<u>38,991,204</u>	<u>440,080</u>	<u>40,042,922</u>
Non-current assets:				
Capital assets - depreciable	284,269	19,060	2,657,750	2,961,079
Capital assets - accumulated depreciation	(257,732)	(18,988)	(2,038,022)	(2,314,742)
Total non-current assets	<u>26,537</u>	<u>72</u>	<u>619,728</u>	<u>646,337</u>
Total assets	<u>638,175</u>	<u>38,991,276</u>	<u>1,059,808</u>	<u>40,689,259</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>147,626</u>	<u>72,151</u>	<u>277,312</u>	<u>497,089</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	116,529	58,080	124,927	299,536
Claims payable	-	2,763,000	-	2,763,000
Accrued compensated absences	25,140	16,122	37,336	78,598
Total current liabilities (payable from current assets)	<u>141,669</u>	<u>2,837,202</u>	<u>162,263</u>	<u>3,141,134</u>
Non-current liabilities:				
Accrued compensated absences	-	1,005	53,305	54,310
Claims payable	-	5,492,000	-	5,492,000
Net pension liability	330,348	164,179	618,051	1,112,578
Total non-current liabilities	<u>330,348</u>	<u>5,657,184</u>	<u>671,356</u>	<u>6,658,888</u>
Total liabilities	<u>472,017</u>	<u>8,494,386</u>	<u>833,619</u>	<u>9,800,022</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>21,502</u>	<u>10,532</u>	<u>37,561</u>	<u>69,595</u>
NET POSITION				
Net investment in capital assets	26,537	72	619,728	646,337
Unrestricted	265,745	30,558,437	(153,788)	30,670,394
Total net position	<u>\$ 292,282</u>	<u>\$ 30,558,509</u>	<u>\$ 465,940</u>	<u>\$ 31,316,731</u>

Indian River County, Florida
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2017

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 2,672,410	\$ 22,771,709	\$ 1,198,438	\$ 26,642,557
Total revenues	<u>2,672,410</u>	<u>22,771,709</u>	<u>1,198,438</u>	<u>26,642,557</u>
OPERATING EXPENSES				
Personal services	456,521	1,847,702	1,003,157	3,307,380
Material, supplies, services and other operating	2,209,117	17,764,018	446,231	20,419,366
Depreciation	4,836	217	176,382	181,435
Total operating expenses	<u>2,670,474</u>	<u>19,611,937</u>	<u>1,625,770</u>	<u>23,908,181</u>
Operating income (loss)	1,936	3,159,772	(427,332)	2,734,376
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	2,949	263	15,505	18,717
Interest income	1,638	161,671	1,767	165,076
Loss on disposal of equipment	-	-	(2,581)	(2,581)
Total nonoperating revenues (expenses)	<u>4,587</u>	<u>161,934</u>	<u>14,691</u>	<u>181,212</u>
Income (loss) before transfers	6,523	3,321,706	(412,641)	2,915,588
Transfers in (out)	<u>-</u>	<u>39,496</u>	<u>-</u>	<u>39,496</u>
Change in net position	6,523	3,361,202	(412,641)	2,955,084
Total net position - beginning	<u>285,759</u>	<u>27,197,307</u>	<u>878,581</u>	<u>28,361,647</u>
Total net position - ending	<u>\$ 292,282</u>	<u>\$ 30,558,509</u>	<u>\$ 465,940</u>	<u>\$ 31,316,731</u>

Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2017

	Fleet Management	Self Insurance	Information Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,683,276	\$ 22,704,564	\$ 1,198,438	\$ 26,586,278
Cash paid to suppliers for goods and services	(2,303,550)	(18,064,845)	(432,276)	(20,800,671)
Cash paid to employees for services	(456,998)	(1,359,170)	(934,252)	(2,750,420)
Net cash provided by (used in) operating activities	<u>(77,272)</u>	<u>3,280,549</u>	<u>(168,090)</u>	<u>3,035,187</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	-	39,496	-	39,496
Net cash provided by noncapital financing activities	<u>-</u>	<u>39,496</u>	<u>-</u>	<u>39,496</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(27,998)	-	(303,592)	(331,590)
Net cash provided by (used in) capital and related financing activities	<u>(27,998)</u>	<u>-</u>	<u>(303,592)</u>	<u>(331,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	1,634	139,724	2,157	143,515
Net cash provided by investing activities	<u>1,634</u>	<u>139,724</u>	<u>2,157</u>	<u>143,515</u>
Net increase (decrease) in cash and investments	(103,636)	3,459,769	(469,525)	2,886,608
Cash and investments at beginning of year	<u>360,260</u>	<u>25,545,955</u>	<u>788,363</u>	<u>26,694,578</u>
Cash and investments at end of year	<u>\$ 256,624</u>	<u>\$ 29,005,724</u>	<u>\$ 318,838</u>	<u>\$ 29,581,186</u>
Classified as:				
Current assets	<u>\$ 256,624</u>	<u>\$ 29,005,724</u>	<u>\$ 318,838</u>	<u>\$ 29,581,186</u>

Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2017

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,936	\$ 3,159,772	\$ (427,332)	\$ 2,734,376
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	4,836	217	176,382	181,435
(Increase) decrease in assets:				
Accounts receivable	26,725	(108,007)	-	(81,282)
Due from other funds	-	38,237	-	38,237
Due from other governments	(15,859)	2,625	-	(13,234)
Inventories	(40,992)	-	-	(40,992)
Deposits	-	447,530	(69,871)	377,659
Increase (decrease) in liabilities:				
Accounts payable	(53,441)	(4,673)	83,826	25,712
Claims payable	-	(257,520)	-	(257,520)
Net pension liability	25,782	11,498	46,265	83,545
Accrued compensated absences	(26,259)	(9,130)	22,640	(12,749)
Total adjustments	(79,208)	120,777	259,242	300,811
Net cash provided by (used in) operating activities	<u>\$ (77,272)</u>	<u>\$ 3,280,549</u>	<u>\$ (168,090)</u>	<u>\$ 3,035,187</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in fair value of investments	\$ 79	\$ 9,088	\$ 100	\$ 9,267



FIDUCIARY FUND

Agency Fund-

To account for the assets held solely in a custodial capacity by the County.

Indian River County, Florida
Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended September 30, 2017

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
ASSETS				
Cash and investments	\$ 10,684,084	\$ 372,850,696	\$ 372,916,966	\$ 10,617,814
Total assets	<u>\$ 10,684,084</u>	<u>\$ 372,850,696</u>	<u>\$ 372,916,966</u>	<u>\$ 10,617,814</u>
LIABILITIES				
Accounts payable	\$ -	\$ 30,559	\$ -	\$ 30,559
Due to other governments	5,373,527	398,155,644	397,343,637	6,185,534
Other deposits held in escrow	5,310,557	21,742,161	22,650,997	4,401,721
Total liabilities	<u>\$ 10,684,084</u>	<u>\$ 419,928,364</u>	<u>\$ 419,994,634</u>	<u>\$ 10,617,814</u>

Statistical Section

This part of the Indian River County 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 County's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends (Schedules 1 - 5) These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	176-186
Revenue Capacity (Schedules 6 - 9) These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	187-191
Debt Capacity (Schedules 10 - 14) These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	192-199
Demographic and Economic Information (Schedules 15 - 16) These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	200-201
Operating Information (Schedules 17 - 20) These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	202-213
Additional Bond Disclosures (Schedules 21 - 25) These schedules provide information for required continuing disclosure for the water and sewer, golf course and spring training bonds.	214-218

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

Indian River County, Florida
Net Position by Component (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 445,541,175	\$ 461,709,848	\$ 480,243,738	\$ 492,300,301
Restricted	163,119,085	158,306,364	132,928,838	125,452,516
Unrestricted	<u>55,081,576</u>	<u>55,914,407</u>	<u>85,810,359</u>	<u>84,860,897</u>
Total governmental activities net position	<u>\$ 663,741,836</u>	<u>\$ 675,930,619</u>	<u>\$ 698,982,935</u>	<u>\$ 702,613,714</u>
Business-type activities				
Net investment in capital assets	\$ 206,069,196	\$ 223,273,040	\$ 223,375,337	\$ 217,876,742
Restricted	75,814,407	51,021,928	27,898,292	24,230,101
Unrestricted	<u>24,624,779</u>	<u>37,122,462</u>	<u>54,592,201</u>	<u>61,041,483</u>
Total business-type activities net position	<u>\$ 306,508,382</u>	<u>\$ 311,417,430</u>	<u>\$ 305,865,830</u>	<u>\$ 303,148,326</u>
Primary government				
Net investment in capital assets	\$ 651,610,371	\$ 684,982,888	\$ 703,619,075	\$ 710,177,043
Restricted	238,933,492	209,328,292	160,827,130	149,682,617
Unrestricted	<u>79,706,355</u>	<u>93,036,869</u>	<u>140,402,560</u>	<u>145,902,380</u>
Total primary government net position	<u>\$ 970,250,218</u>	<u>\$ 987,348,049</u>	<u>\$ 1,004,848,765</u>	<u>\$ 1,005,762,040</u>

(A) The County reclassified water and sewer funds from restricted to unrestricted net position.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 509,076,923	\$ 518,255,719	\$ 514,764,316	\$ 520,214,002	\$ 533,304,941	\$ 542,933,904
121,189,228	117,321,755	116,203,827	128,580,087	132,069,178	150,132,598
<u>76,523,757</u>	<u>71,830,421</u>	<u>72,873,567</u>	<u>7,158,887</u>	<u>5,985,180</u>	<u>(1,350,721)</u>
<u>\$ 706,789,908</u>	<u>\$ 707,407,895</u>	<u>\$ 703,841,710</u>	<u>\$ 655,952,976</u>	<u>\$ 671,359,299</u>	<u>\$ 691,715,781</u>
\$ 211,631,529	\$ 210,772,860	\$ 211,660,190	\$ 213,114,279	\$ 206,497,575	\$ 201,774,405
17,941,773	20,871,037	- (A)	-	-	-
<u>70,286,599</u>	<u>68,686,611</u>	<u>88,420,541</u>	<u>91,057,348</u>	<u>100,336,692</u>	<u>107,047,824</u>
<u>\$ 299,859,901</u>	<u>\$ 300,330,508</u>	<u>\$ 300,080,731</u>	<u>\$ 304,171,627</u>	<u>\$ 306,834,267</u>	<u>\$ 308,822,229</u>
\$ 720,708,452	\$ 729,028,579	\$ 726,424,506	\$ 733,328,281	\$ 739,802,516	\$ 744,708,309
139,131,001	138,192,792	116,203,827	128,580,087	132,069,178	150,132,598
<u>146,810,356</u>	<u>140,517,032</u>	<u>161,294,108</u>	<u>98,216,235</u>	<u>106,321,872</u>	<u>105,697,103</u>
<u>\$ 1,006,649,809</u>	<u>\$ 1,007,738,403</u>	<u>\$ 1,003,922,441</u>	<u>\$ 960,124,603</u>	<u>\$ 978,193,566</u>	<u>\$ 1,000,538,010</u>

Indian River County, Florida
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011
<u>Expenses</u>				
Governmental activities:				
General government	\$ 7,416,850	\$ 25,837,007	\$ 23,506,576	\$ 21,324,680
Public safety	70,973,212 (A)	71,221,082	68,235,492	67,393,943
Physical environment	27,974,837	813,580	1,405,690	1,353,074
Transportation	25,742,974	23,711,653	20,861,672	22,300,819
Economic environment	4,583,763 (B)	661,897	2,525,988	2,056,453
Human service	12,590,578	8,453,562	7,370,995	7,762,962
Cultural/recreation	9,510,029	24,559,117 (E)	16,009,122	16,484,242
Court related	7,265,471	6,765,203	6,251,773	5,774,032
Interest on long-term debt	2,764,803	2,906,802	2,714,422	2,526,114
Total governmental activities expenses	<u>168,822,517</u>	<u>164,929,903</u>	<u>148,881,730</u>	<u>146,976,319</u>
Business-type activities:				
Water and sewer	41,354,025 (C)	37,523,097	34,748,276	33,818,640
Solid waste	11,355,697	10,407,437	10,683,984	10,370,476
Golf course	2,775,497	2,937,141	2,715,607	2,537,665
Other	3,010,668	2,168,894	1,858,420	1,623,862
Total business-type activities expenses	<u>58,495,887</u>	<u>53,036,569</u>	<u>50,006,287</u>	<u>48,350,643</u>
Total primary government expenses	<u>\$ 227,318,404</u>	<u>\$ 217,966,472</u>	<u>\$ 198,888,017</u>	<u>\$ 195,326,962</u>
<u>Program Revenues</u>				
Governmental activities:				
Charges for services:				
General government	\$ 6,943,354	\$ 6,028,321	\$ 5,889,678	\$ 5,845,567
Public safety	5,754,082	5,884,118	5,267,209	6,076,085
Physical environment	972,865	636,219	21,006	24,204
Transportation	5,478,734	2,157,456 (F)	1,514,132 (F)	2,090,194
Human service	331,856	204,299	295,812	346,689
Cultural/recreation	1,730,471	1,322,785	1,328,225	1,340,550
Court related	2,971,093	2,375,430	545,967	501,980
Operating grants and contributions	15,227,659	11,077,388	15,772,265 (G)	7,926,832
Capital grants and contributions	29,165,641 (D)	15,032,731	7,016,429 (H)	1,937,488
Total governmental activities program revenues	<u>68,575,755</u>	<u>44,718,747</u>	<u>37,650,723</u>	<u>26,089,589</u>
Business-type activities:				
Charges for services:				
Water and sewer	27,876,971	26,957,649	27,738,920	27,842,092
Solid waste	10,758,812	9,713,883	8,972,136	9,221,396
Golf course	3,313,994	3,279,135	3,148,029	3,163,062
Other	2,726,888	1,572,693	1,612,870	1,588,934
Operating grants and contributions	217,751	1,194,994	-	-
Capital grants and contributions	10,802,859	3,748,585	1,713,074	1,923,271
Total business-type activities program revenues	<u>55,697,275</u>	<u>46,466,939</u>	<u>43,185,029</u>	<u>43,738,755</u>
Total primary government program revenues	<u>\$ 124,273,030</u>	<u>\$ 91,185,686</u>	<u>\$ 80,835,752</u>	<u>\$ 69,828,344</u>

Notes:

- (A) Includes full year impact of increase in personnel, raises, and the depreciation and operating cost of new jail.
(B) Piper incentive of \$4 million.
(C) Increase in operating costs due to maintenance projects.
(D) Received \$16 million grant reimbursements for physical environment grants including beach restoration and stormwater.
(E) Increase due to \$5 million contribution towards joint use library and increased depreciation for beach restoration projects.
(F) Decrease due to reduced impact fees collections (slowdown in construction activity).
(G) Received Neighborhood Stabilization Grant of \$2.6 million.
(H) Contribution of \$4.2 million for Sector 3 beach renourishment from Sebastian Inlet District.
(I) State Shared Revenues reclassified to operating grants and contributions.

2012	2013	2014	2015	2016	2017
\$ 19,069,181	\$ 20,637,750	\$ 22,968,835	\$ 24,732,636	\$ 27,472,414	\$ 25,936,632
66,456,674	66,178,467	66,954,956	66,364,113	77,587,638	83,312,452
2,424,109	1,858,307	1,031,710	1,636,749	1,457,248	2,312,036
23,629,799	26,286,998	23,577,720	25,992,461	28,221,515	28,844,114
1,986,091	2,550,157	1,084,204	421,057	427,227	439,460
7,749,253	6,818,023	7,136,042	7,352,777	7,790,430	8,030,927
18,089,432	19,369,326	16,610,269	17,011,188	14,713,304	16,000,837
5,635,245	5,835,184	6,360,814	6,677,054	7,077,295	7,241,707
2,350,241	2,087,204	1,944,229	1,013,527	938,123	763,636
<u>147,390,025</u>	<u>151,621,416</u>	<u>147,668,779</u>	<u>151,201,562</u>	<u>165,685,194</u>	<u>172,881,801</u>
34,246,967	33,815,749	35,821,287	35,223,882	35,420,291	38,609,232
10,659,004	10,405,143	10,801,408	11,708,383	12,714,713	14,542,100
2,451,603	2,537,525	2,588,424	2,498,397	2,605,612	2,693,389
1,487,515	1,547,815	1,833,528	7,085,190	2,724,650	3,504,086
<u>48,845,089</u>	<u>48,306,232</u>	<u>51,044,647</u>	<u>51,515,852</u>	<u>53,465,266</u>	<u>59,348,807</u>
<u>\$ 196,235,114</u>	<u>\$ 199,927,648</u>	<u>\$ 198,713,426</u>	<u>\$ 202,717,414</u>	<u>\$ 219,150,460</u>	<u>\$ 232,230,608</u>
\$ 5,304,385	\$ 5,482,814	\$ 5,895,424	\$ 6,641,363	\$ 7,192,821	\$ 6,436,467
5,852,093	6,625,924	8,025,849	6,457,584	8,244,224	8,557,148
20,923	5,900	20,970	-	9,153	9,650
2,345,186	2,768,107	3,365,961	4,273,591	4,508,637	4,139,569
358,279	213,485	211,294	277,279	165,041	201,484
1,397,660	1,765,912	1,883,347	1,941,993	2,405,951	2,723,416
414,356	1,301,135	3,592,298	3,308,235	2,394,385	3,214,658
8,230,411	26,921,514 (I)	22,229,254	24,872,734	24,587,446	32,161,715
7,053,494	6,681,421	7,521,538	11,671,085	5,969,099	6,820,530
<u>30,976,787</u>	<u>51,766,212</u>	<u>52,745,935</u>	<u>59,443,864</u>	<u>55,476,757</u>	<u>64,264,637</u>
28,361,246	28,522,667	29,565,901	30,089,101	31,089,758	32,020,230
9,582,955	9,998,410	10,272,415	11,455,302	13,345,745	13,784,379
3,216,471	3,072,332	3,080,960	3,235,879	3,230,630	3,219,311
1,735,713	2,018,104	2,417,724	2,958,488	3,406,022	3,742,659
-	-	-	-	-	1,523,631
2,545,759	4,700,473	5,032,042	8,616,416	5,035,914	6,108,117
<u>45,442,144</u>	<u>48,311,986</u>	<u>50,369,042</u>	<u>56,355,186</u>	<u>56,108,069</u>	<u>60,398,327</u>
<u>\$ 76,418,931</u>	<u>\$ 100,078,198</u>	<u>\$ 103,114,977</u>	<u>\$ 115,799,050</u>	<u>\$ 111,584,826</u>	<u>\$ 124,662,964</u>

Continued

Indian River County, Florida
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net (Expense)/Revenue				
Governmental activities	\$ (100,246,762)	\$ (120,211,156)	\$ (111,231,007)	\$ (120,886,730)
Business-type activities	<u>(2,798,612)</u>	<u>(6,569,630)</u>	<u>(6,821,258)</u>	<u>(4,611,888)</u>
Total primary government net expenses	<u>\$ (103,045,374)</u>	<u>\$ (126,780,786)</u>	<u>\$ (118,052,265)</u>	<u>\$ (125,498,618)</u>
<u>General Revenues and Other Changes in Net Position</u>				
Governmental activities:				
Property taxes, levied for general purposes	\$ 92,483,561	\$ 87,265,989	\$ 78,670,463	\$ 69,856,750
Property taxes, levied for debt service	7,343,180	7,131,231	5,933,535	5,600,767
Sales and use taxes	20,088,899	19,292,179	19,022,728	19,261,033
Franchise fees	9,443,399	9,670,169	9,254,621	8,730,861
State shared revenues	11,596,227	11,227,450	17,487,653	17,328,867
Interest earnings	10,347,019	5,747,573	2,079,873	1,299,894
Miscellaneous	2,170,033	2,018,901	2,061,415	3,082,481
Transfers	<u>2,051,555</u>	<u>(7,452,905)</u>	<u>(25,965)</u>	<u>(643,144)</u>
Total governmental activities	<u>155,523,873</u>	<u>134,900,587</u>	<u>134,484,323</u>	<u>124,517,509</u>
Business-type activities:				
State shared revenues	-	417,500	-	-
Interest earnings	5,553,239	3,685,805	1,173,512	723,870
Miscellaneous	85,374	7,893	70,181	562,651 (A)
Transfers	<u>(2,051,555)</u>	<u>7,452,905</u>	<u>25,965</u>	<u>643,144</u>
Total business-type activities	<u>3,587,058</u>	<u>11,564,103</u>	<u>1,269,658</u>	<u>1,929,665</u>
Total primary government	<u>\$ 159,110,931</u>	<u>\$ 146,464,690</u>	<u>\$ 135,753,981</u>	<u>\$ 126,447,174</u>
<u>Change in Net Position</u>				
Governmental activities	\$ 55,277,111	\$ 14,689,431	\$ 23,253,316	\$ 3,630,779
Business-type activities	<u>788,446</u>	<u>4,994,473</u>	<u>(5,551,600)</u>	<u>(2,682,223)</u>
Total primary government change in net position	<u>\$ 56,065,557</u>	<u>\$ 19,683,904</u>	<u>\$ 17,701,716</u>	<u>\$ 948,556</u>

Notes:

(A) Gain on sale of capital assets due to the privatization of the County landfill.

(B) State Shared Revenues reclassified to operating grants and contributions.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ (116,413,238) <u>(3,402,945)</u>	\$ (99,855,204) <u>5,754</u>	\$ (94,922,844) <u>(675,605)</u>	\$ (91,757,698) <u>4,839,334</u>	\$ (110,208,437) <u>2,642,803</u>	\$ (108,617,164) <u>1,049,520</u>
\$ <u>(119,816,183)</u>	\$ <u>(99,849,450)</u>	\$ <u>(95,598,449)</u>	\$ <u>(86,918,364)</u>	\$ <u>(107,565,634)</u>	\$ <u>(107,567,644)</u>
\$ 64,753,566 5,574,183 20,144,820 8,620,401 17,908,806 668,012 3,079,701 <u>(32,957)</u>	\$ 62,305,177 4,664,885 21,035,360 8,818,952 - (B) 637,099 2,903,771 <u>-</u>	\$ 67,985,321 4,730,556 21,860,958 9,310,711 - 542,542 2,459,033 <u>(44,000)</u>	\$ 71,825,109 4,795,927 23,549,042 9,180,652 - 1,051,822 1,799,538 <u>(3,057,421)</u>	\$ 80,100,810 4,594,381 24,387,340 9,273,567 - 1,333,048 5,141,162 <u>784,452</u>	\$ 85,572,692 4,619,804 25,564,904 9,130,133 - 1,474,698 2,694,082 <u>(82,667)</u>
<u>120,716,532</u>	<u>100,365,244</u>	<u>106,845,121</u>	<u>109,144,669</u>	<u>125,614,760</u>	<u>128,973,646</u>
- 600,116 8,400 <u>32,957</u>	- 427,041 37,812 <u>-</u>	- 381,497 331 <u>44,000</u>	- 625,525 56,887 <u>3,057,421</u>	- 791,683 12,606 <u>(784,452)</u>	- 818,490 37,285 <u>82,667</u>
<u>641,473</u>	<u>464,853</u>	<u>425,828</u>	<u>3,739,833</u>	<u>19,837</u>	<u>938,442</u>
\$ <u>121,358,005</u>	\$ <u>100,830,097</u>	\$ <u>107,270,949</u>	\$ <u>112,884,502</u>	\$ <u>125,634,597</u>	\$ <u>129,912,088</u>
\$ 4,303,294 <u>(2,761,472)</u>	\$ 510,040 <u>470,607</u>	\$ 11,922,277 <u>(249,777)</u>	\$ 17,386,971 <u>8,579,167</u>	\$ 15,406,323 <u>2,662,640</u>	\$ 20,356,482 <u>1,987,962</u>
\$ <u>1,541,822</u>	\$ <u>980,647</u>	\$ <u>11,672,500</u>	\$ <u>25,966,138</u>	\$ <u>18,068,963</u>	\$ <u>22,344,444</u>

Indian River County, Florida
Fund Balances, Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010 (A)	2011
General Fund				
Reserved	\$ 8,000,000	\$ 8,000,000	\$ N/A	\$ N/A
Unreserved	44,874,259	47,616,773	N/A	N/A
Total general fund	\$ <u>52,874,259</u>	\$ <u>55,616,773</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
All other governmental funds				
Reserved	\$ 49,667,320	\$ 53,252,040	\$ N/A	\$ N/A
Unreserved, reported in:			N/A	N/A
Special revenue funds	96,950,614	91,600,421	N/A	N/A
Total all other governmental funds	\$ <u>146,617,934</u>	\$ <u>144,852,461</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
Total governmental funds	\$ <u>199,492,193</u>	\$ <u>200,469,234</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
General Fund				
Nonspendable			\$ 162,760	\$ 363,619
Restricted			18,290	50,015
Committed			21,757,565	21,041,045
Assigned			1,415,000	1,660,000
Unassigned			33,160,873	33,694,612
Total general fund			\$ <u>56,514,488</u>	\$ <u>56,809,291</u>
All other governmental funds				
Nonspendable			\$ 2,316,373	\$ 814,858
Restricted			130,175,284	125,082,370
Committed			4,691,573	4,661,146
Assigned			9,471,022	10,013,457
Unassigned			(1,184,722)	(354,995)
Total all other governmental funds			\$ <u>145,469,530</u>	\$ <u>140,216,836</u>
Total governmental funds			\$ <u>201,984,018</u>	\$ <u>197,026,127</u>

Notes:

(A) The County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Types*, in fiscal year 2010.

(B) Reclassified emergency/disaster and budget stabilization reserves from Committed to Unassigned fund balance categories.

(C) Budget appropriation of fund balance to balance budget no longer necessary.

2012	2013	2014	2015	2016	2017
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ 311,241	\$ 1,224,835	\$ 1,134,846	\$ 459,546	\$ 371,121	\$ 1,183,875
1,120,087	1,000,000	1,000,000	1,000,000	1,000,000	1,246,278
2,374,790 (B)	2,370,079	1,223,183	1,092,575	1,166,830	1,655,789
1,808,000	900,000	- (C)	-	-	-
<u>48,722,929 (B)</u>	<u>44,385,674</u>	<u>48,320,836</u>	<u>47,727,109</u>	<u>45,909,787</u>	<u>43,334,507</u>
\$ <u>54,337,047</u>	\$ <u>49,880,588</u>	\$ <u>51,678,865</u>	\$ <u>50,279,230</u>	\$ <u>48,447,738</u>	\$ <u>47,420,449</u>
\$ 557,128	\$ 50,788	\$ 39,337	\$ 69,907	\$ 121,906	\$ 217,550
116,379,943	112,523,743	112,266,321	120,531,318	127,285,732	133,714,625
1,483,393	1,481,312	1,492,929	1,504,391	1,401,530	1,515,217
11,288,602	8,964,238	8,139,695	7,139,358	7,118,688	7,400,390
<u>(202,971)</u>	<u>(339,223)</u>	<u>(201,587)</u>	<u>(439,479)</u>	<u>-</u>	<u>(290,542)</u>
\$ <u>129,506,095</u>	\$ <u>122,680,858</u>	\$ <u>121,736,695</u>	\$ <u>128,805,495</u>	\$ <u>135,927,856</u>	\$ <u>142,557,240</u>
\$ <u>183,843,142</u>	\$ <u>172,561,446</u>	\$ <u>173,415,560</u>	\$ <u>179,084,725</u>	\$ <u>184,375,594</u>	\$ <u>189,977,689</u>

Indian River County, Florida
Changes in Fund Balances, Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011
Revenues				
Taxes	\$ 130,158,069	\$ 113,689,399	\$ 103,626,726	\$ 94,718,550
Permits, fees, and special assessments	8,397,437	12,433,598	11,322,039	11,189,393
Intergovernmental	54,252,074	34,305,682	37,687,574	30,453,182
Charges for services	18,997,529	16,852,653	14,665,805	15,030,329
Judgments, fines and forfeits	2,403,093	1,792,517	852,012	936,995
Interest	15,777,318	5,721,869	2,061,385	1,173,103
Miscellaneous	3,495,610	2,489,532	2,383,493	4,175,614
Total Revenues	233,481,130	187,285,250	172,599,034	157,677,166
Expenditures				
Current:				
General government	24,815,255	22,566,113	20,894,116	19,271,196
Public safety	72,907,822	74,813,164	71,489,613	70,432,615
Physical environment	34,324,331	910,213	1,131,173	1,371,734
Transportation	49,503,680	38,111,512	27,497,907	28,432,207
Economic environment	968,227	653,547	2,520,339	2,099,698
Human service	13,862,463	8,621,760	7,267,406	7,625,369
Culture/recreation	23,751,173	15,450,688	18,453,642	14,706,194
Court related	6,649,724	6,620,830	6,214,831	5,983,085
Debt service:				
Principal	4,870,876	5,120,000	5,315,000	4,270,000
Interest and fiscal charges	3,255,767	2,948,758	2,758,138	2,562,374
Capital outlay	42,489,997	10,435,212	7,487,068	5,825,287
Total Expenditures	277,399,315	186,251,797	171,029,233	162,579,759
Excess of revenues over (under) expenditures	(43,918,185)	1,033,453	1,569,801	(4,902,593)
Other Financing Sources (Uses)				
Issuance of refunding notes	-	-	-	-
Payments from capital leases	264,467	-	-	-
Transfers out	(19,736,023)	(14,366,145)	(17,057,014)	(8,918,267)
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	19,629,728	14,309,733	17,001,997	8,862,969
Total other financing sources (uses)	158,172	(56,412)	(55,017)	(55,298)
Net change in fund balances	\$ (43,760,013)	\$ 977,041	\$ 1,514,784	\$ (4,957,891)
Debt service as a percentage of noncapital expenditures	4.8%	5.4%	5.6%	5.0%

(A) Early call of remaining General Obligation Bonds, Series 2001 of \$3.6 million.

(B) Payoff of portion of Spring Training Bonds, Series 2001 of \$2.275 million.

(C) Refunded all of General Obligation Bonds, Series 2006 with a fixed rate 7-year note.

(D) Completed widening of major north-south road.

2012	2013	2014	2015	2016	2017
\$ 90,472,569	\$ 88,005,422	\$ 94,585,345	\$ 100,170,078	\$ 109,082,531	\$ 115,757,400
11,486,235	12,769,844	14,321,389	15,567,731	16,530,179	15,900,775
29,759,832	30,086,479	30,563,650	32,065,821	33,535,027	30,031,350
14,760,125	15,887,241	18,076,888	18,558,182	15,532,928	16,006,929
739,275	778,575	1,004,374	897,860	1,672,773	1,620,964
613,023	570,559	463,274	894,705	1,133,215	1,287,415
5,237,426	3,841,294	3,221,548	2,470,553	8,158,393	6,392,927
<u>153,068,485</u>	<u>151,939,414</u>	<u>162,236,468</u>	<u>170,624,930</u>	<u>185,645,046</u>	<u>186,997,760</u>
20,477,898	19,056,322	20,681,570	22,957,111	22,693,234	24,681,861
67,761,985	66,908,328	67,799,667	71,703,248	77,316,218	83,397,539
1,751,623	771,942	781,306	1,055,021	788,803	1,300,862
29,058,310	28,223,229	23,321,248	27,945,569	27,505,659	26,562,596
2,021,184	2,581,401	1,106,886	436,320	424,593	437,031
6,888,883	6,952,460	7,178,542	7,519,756	7,868,392	8,116,910
13,808,303	11,538,809	11,627,286	15,719,709	13,562,765	12,013,338
5,860,925	6,054,822	6,487,906	6,677,909	6,605,682	6,755,050
8,060,000 (A)	6,050,000 (B)	3,700,000	4,180,000	4,383,000	4,573,000
2,426,083	2,118,704	1,984,616	1,266,070	832,007	657,520
8,108,370	13,037,552	16,560,991	5,309,597 (D)	13,329,391	12,777,795
<u>166,223,564</u>	<u>163,293,569</u>	<u>161,230,018</u>	<u>164,770,310</u>	<u>175,309,744</u>	<u>181,273,502</u>
(13,155,079)	(11,354,155)	1,006,450	5,854,620	10,335,302	5,724,258
-	-	-	20,369,000 (C)	-	-
-	-	-	-	-	-
(11,622,984)	(12,540,187)	(10,244,980)	(11,354,519)	(17,375,606)	(14,453,902)
-	-	-	(20,340,959) (C)	-	-
11,595,078	12,504,699	10,092,644	11,141,023	12,331,173	14,331,739
(27,906)	(35,488)	(152,336)	(185,455)	(5,044,433)	(122,163)
<u>\$ (13,182,985)</u>	<u>\$ (11,389,643)</u>	<u>\$ 854,114</u>	<u>\$ 5,669,165</u>	<u>\$ 5,290,869</u>	<u>\$ 5,602,095</u>
7.6%	6.0%	4.3%	3.8%	3.6%	3.4%

Indian River County, Florida
Tax Revenues by Source, Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 5

<u>Fiscal Year</u>	<u>Property (A)</u>	<u>Sales & Use</u>	<u>Tourist</u>	<u>Gasoline</u>	<u>Other</u>	<u>Total</u>
2008	\$ 99,826,741	\$ 13,714,228	\$ 1,584,514	\$ 3,218,705	\$ 1,571,452	\$ 119,915,640
2009	94,397,220	13,023,095	1,294,163	3,369,962	1,604,959	113,689,399
2010	84,603,998	12,660,518	1,324,953	3,498,698	1,538,559	103,626,726
2011	75,457,517	12,942,483	1,487,060	3,346,362	1,485,128	94,718,550
2012	70,327,749	13,708,911	1,604,920	3,329,183	1,501,806	90,472,569
2013	66,970,062	14,422,829	1,743,283	3,303,751	1,565,497	88,005,422
2014	72,715,877	15,228,304	1,918,201	3,294,709	1,428,254	94,585,345
2015	76,621,036	16,190,352	2,267,101	3,672,972	1,418,617	100,170,078
2016	84,695,191	16,858,894	2,433,491	3,741,935	1,353,020	109,082,531
2017	90,192,496	17,623,741	2,817,766	3,821,095	1,302,302	115,757,400

(A) The County 's primary source of revenue is property taxes, amounting to 78 percent of Governmental Funds tax revenues in 2017. Consequently, supplemental required schedules are provided only for property tax revenues.

Indian River County, Florida
Assessed Value and Actual Value of Taxable Property (Unaudited)
Last Ten Fiscal Years

Schedule 6

Fiscal Year	Real Property Actual Value	Personal Property Actual Value	Total Actual Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	\$ 25,155,652,635	\$ 782,529,196	\$ 25,938,181,831	\$ 7,357,884,893	\$ 18,580,296,938	4.1037
2009	24,141,420,963	739,467,578	24,880,888,541	7,431,618,464	17,449,270,077	4.1493
2010	21,272,439,325	761,011,306	22,033,450,631	6,237,291,938	15,796,158,693	4.1666
2011	18,741,543,869	711,180,228	19,452,724,097	5,313,689,267	14,139,034,830	4.1625
2012	17,291,910,945	644,205,795	17,936,116,740	4,731,112,173	13,205,004,567	4.1625
2013	16,563,604,291	635,119,066	17,198,723,357	4,497,471,382	12,701,251,975	4.1625
2014	16,832,196,339	697,294,522	17,529,490,861	4,670,052,667	12,859,438,194	4.3353
2015	17,855,660,837	696,658,855	18,552,319,692	5,150,260,231	13,402,059,461	4.4108
2016	19,941,465,452	698,630,083	20,640,095,535	6,338,690,254	14,301,405,281	4.4335
2017	23,725,954,463	675,815,085	24,401,769,548	8,125,447,769	16,276,321,779	4.4335

Source: Indian River County Property Appraiser; values are established as of January 1 of the previous calendar year, i.e., January 1, 2016 taxable values apply to the fiscal year ending September 30, 2017.

The actual value is based upon market values in the area. Property is assessed at the actual values less various exemptions for homestead, age, disability, widows, religious, charitable, educational and governmental situations.

Total taxable values are also presented on Schedules 8 and 11.

Indian River County, Florida
Property Tax Rates
Direct and Overlapping Tax Rates (Unaudited)
Last Ten Fiscal Years

	2008	2009	2010	2011
<u>County direct rate</u>				
General fund	3.0202	3.0689	3.0892	3.0892
Municipal service	1.0835	1.0804	1.0774	1.0733
Total direct rate (A)	4.1037	4.1493	4.1666	4.1625
County-wide district school board rate	7.5380	7.0400	7.5960	8.2500
<u>Other County-wide rates</u>				
Emergency Management Services District	1.7201	1.7148	1.7148	1.7148
Land acquisition bond	0.4082	0.4220	0.3879	0.4087
Total other County-wide rates	2.1283	2.1368	2.1027	2.1235
Total County-wide rate (B)	13.7700	13.3261	13.8653	14.5360
<u>City rates</u>				
Fellsmere	4.4301	4.4300	4.4300	4.4300
Indian River Shores	1.3923	1.3923	1.3923	1.4105
Sebastian	2.9917	3.3456	3.3456	3.3041
Orchid	0.4494	0.4550	0.4550	0.4550
Vero Beach	1.9367	1.9367	1.9367	1.9367
Average of cities rates	2.2400	2.3119	2.3119	2.3073
Other special district rates	1.3817	1.5362	1.7515	1.7663

(A) Per Florida State Statute 200.081, no ad valorem tax millage shall be levied against real property and tangible personal property by counties in excess of 10 mills, except for voted levies.

(B) Total County-wide rate is borne by all property owners within the County boundaries.

Source: Indian River County Property Appraiser

2012	2013	2014	2015	2016	2017
3.0892	3.0892	3.2620	3.3375	3.3602	3.3602
1.0733	1.0733	1.0733	1.0733	1.0733	1.0733
4.1625	4.1625	4.3353	4.4108	4.4335	4.4335
8.2440	8.3130	8.1160	7.9950	7.9550	7.4100
1.7148	1.7148	1.9799	1.9799	2.2551	2.3010
0.4364	0.3799	0.3788	0.3694	0.3315	0.3143
2.1512	2.0947	2.3587	2.3493	2.5866	2.6153
14.5577	14.5702	14.8100	14.7551	14.9751	14.4588
5.2455	5.4999	5.6190	5.5309	5.2756	4.9599
1.4731	1.4731	1.4731	1.6786	1.6786	1.7186
3.3041	3.7166	3.7166	3.8556	3.8556	3.8556
0.4550	0.5000	0.4864	0.5500	0.7000	1.2500
2.0336	2.0336	2.0336	2.0336	2.3800	2.3800
2.5023	2.6446	2.6657	2.7297	2.7780	2.8328
1.6856	1.6859	1.7128	1.7124	1.6993	1.5170

Indian River County, Florida
Principal Property Taxpayers (Unaudited)
Year 2017 and Year 2008

Schedule 8

Taxpayer	2017			2008		
	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation
Florida Power & Light	\$ 140,292,008	1	0.86%	\$ 104,928,490	1	0.56%
Disney Vacation Dev. Inc.	80,101,112	2	0.49	78,746,350	2	0.42
McGuire, Allen Robert Jr.	53,869,142	3	0.33	-		-
Windsor Properties	52,586,721	4	0.32	39,635,884	6	0.21
Johns Island Club, Inc.	42,540,303	5	0.26	30,348,600	9	0.16
Adult Community Total Services, Inc.	31,961,755	6	0.20	51,323,920	5	0.28
Bellsouth Telecommunications	29,480,482	7	0.18	63,036,993	3	0.34
Health Care REIT, Inc.	27,785,306	8	0.17	32,828,680	8	0.18
TSO Vero Beach, LP	24,201,486	9	0.15	-		-
INEOS New Planet Bioenergy, LLC	22,751,761	10	0.14	-		-
Indian River Mall Association	-		-	56,016,550	4	0.30
Shelby Homes	-		-	39,492,100	7	0.21
Vero Fashion Outlets, LLC	-		-	29,324,040	10	0.16
Total Principal Property Taxpayers Real Property Assessed Valuation	\$ <u>505,570,076</u>		<u>3.10</u>	\$ <u>525,681,607</u>		<u>2.82</u>
Total County Taxable Valuation (from schedule 6)	\$ <u>16,276,321,779</u>			\$ <u>18,580,296,938</u>		

Source: Indian River County Property Appraiser

Indian River County, Florida
Property Tax Levies And Collections (Unaudited)
Last Ten Fiscal Years

Schedule 9

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2008	\$ 103,700,766	\$ 99,716,496	96.16%	\$ 48,241	\$ 99,764,737	96.20%
2009	97,439,623	94,107,423	96.58	273,002	94,380,425	96.86
2010	87,360,868	84,431,741	96.65	171,392	84,603,133	96.84
2011	77,790,733	75,215,452	96.69	290,472	75,505,924	97.06
2012	72,668,518	70,200,922	96.60	133,385	70,334,307	96.79
2013	69,251,173	66,838,348	96.52	111,341	66,949,689	96.68
2014	75,101,883	72,572,593	96.63	149,546	72,722,139	96.83
2015	79,309,078	76,537,192	96.50	91,754	76,628,946	96.62
2016	87,611,062	84,648,230	96.62	60,147	84,708,377	96.69
2017	93,167,061	90,100,287	96.71	78,624	90,178,911	96.79

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

(1) On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After the sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the seven year statute of limitations. The County does not accrue its portion of the County-held certificates due to the immaterial amount.

Total tax collections differ from actual collections reported on Schedule 5 due to the exclusion of interest earnings on collections of \$13,585.

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

Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds (A)	Capital Leases	Spring Training Facility Bonds 2001 Series	Recreational Revenue Bonds (B)	Capital Leases	Water & Sewer Bonds (C)
2008	\$ 53,958,611	\$ -	\$ 13,455,000	\$ 4,138,356	\$ 28,126	\$ 57,285,080
2009	49,305,387	-	12,895,000	3,652,985	-	56,123,413
2010	44,482,163	-	12,310,000	3,147,614	-	53,016,507
2011	40,723,939	-	11,705,000	2,632,243	-	49,789,603
2012	33,200,714	-	11,075,000	2,101,871	-	46,462,698
2013	29,987,489	-	8,145,000	-	-	43,020,793
2014	26,639,265	-	7,700,000	-	-	39,433,889
2015	23,594,000	-	7,230,000	-	-	28,252,234
2016	19,706,000	-	6,735,000	-	-	25,198,884
2017	15,653,000	-	6,215,000	-	-	22,031,534

(A) General Obligation Bonds include Series 2001 and Limited General Obligation Bonds, Series 2006.

The remaining balance of the 2001 issue was called early on July 1, 2012. The Series 2006 bonds were refinanced in fiscal year 2015. This information is also presented on Schedules 11 and 13.

(B) Recreational Revenue Refunding Bonds, Series 2003. The remaining balance was called early on September 30, 2013.

(C) Water & Sewer Bonds include Series 1993, Refunding Series 2005, and Series 2009. The Series 2005 bonds were refinanced in fiscal year 2015.

(D) Information not available.

(E) Refer to Schedule 15 for personal income and population information.

Further information may be found in Note 10.

Source of per capita income is University of Florida, Bureau of Economic and Business Research.

	Total Primary Government	Percentage of Total Debt to Personal Income (E)		Debt Per Capita (E)
\$	128,865,173	1.68%	\$	910
	121,976,785	1.60		862
	112,956,284	1.69		818
	104,850,785	1.48		756
	92,840,283	1.25		666
	81,153,282	1.05		581
	73,773,154	0.81		523
	59,076,234	0.59		412
	51,639,884	0.50		353
	43,899,534	(D)		295

Indian River County, Florida

Ratio of Net General Bonded Debt Outstanding to Taxable Value and Net Bonded Debt per Capita (Unaudited)

Last Ten Fiscal Years

Schedule 11

Fiscal Year	Population (A)	Taxable Value (A)	Gross General Obligation Bonded Debt	Debt Service Monies Available (A)	Net Bonded Debt	Ratio Of Net Bonded Debt To Taxable Value	Net Bonded Debt Per Capita
2008	141,667	\$ 18,580,296,938	\$ 53,958,611	\$ 2,530,612	\$ 51,427,999	0.0028	\$ 363.0203
2009	141,475	17,449,270,077	49,305,387	2,841,769	46,463,618	0.0027	328.4228
2010	138,028	15,796,158,693	44,482,163	1,845,314	42,636,849	0.0027	308.9000
2011	138,694	14,139,034,830	40,723,939	1,743,781	38,980,158	0.0028	281.0515
2012	139,446	13,205,004,567	33,200,714	1,002,540	32,198,174	0.0024	230.9007
2013	139,586	12,701,251,975	29,987,489	828,029	29,159,460	0.0023	208.8996
2014	140,955	12,859,438,194	26,639,265	832,464	25,806,801	0.0020	183.0854
2015	143,326	13,402,059,461	23,594,000	967,599	22,626,401	0.0017	157.8667
2016	146,410	14,301,405,281	19,706,000	1,114,234	18,591,766	0.0013	126.9843
2017	148,962	16,276,321,779	15,653,000	1,269,367	14,383,633	0.0009	96.5591

(A) Columns are provided as additional information for General Obligation Bonds (G.O.B.), Series 2001 and Limited G.O.B., Series 2006. The remaining balance of the 2001 issue was called early on July 1, 2012. The Series 2006 debt was refinanced in fiscal year 2015.

Gross G.O.B. debt is also presented on Schedules 10 and 13.

Total taxable assessed values also appear on Schedule 6 and 8.

Source of population data is the University of Florida, Bureau of Economic and Business Research.

Indian River County, Florida
Computation of Legal Debt Margin (Unaudited)
September 30, 2017

Schedule 12

Computation of the Legal Debt Margin is omitted because the Constitution of the State of Florida (F.S. 200.181) and Indian River County set no legal debt limit.

Indian River County, Florida
Direct and Overlapping Governmental Activities Debt (Unaudited)
September 30, 2017

Schedule 13

Governmental Unit

	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Indian River County Limited General Obligation Refunding Note, Series 2015	\$ 15,653,000	100%	\$ 15,653,000
Revenue Bonds - Spring Training Facility - Series 2001	6,215,000	100%	<u>6,215,000</u>
Total direct debt of County:			<u>21,868,000</u>
Other debt:			
Indian River County School District Certificates of Participation	114,644,311 (A)	100%	<u>114,644,311</u>
Total overlapping debt:			<u>114,644,311</u>
Total direct and overlapping debt:			<u>\$ 136,512,311</u>

(A) Indian River County School District, as of June 30, 2017

Source: Information on outstanding debt provided by the Indian River County School District Finance Department.
Note: Overlapping debt is borne by all property owners within the County boundaries.



Indian River County, Florida
Pledged Revenue Coverage (Unaudited)
Water and Sewer Revenue Bonds
(Series 1993A, 1996, 2005, 2009)
Last Ten Fiscal Years

	2008	2009	2010	2011
<u>Uniform Charges</u>				
Water sales	\$ 13,435,398	\$ 13,001,743	\$ 13,570,657	\$ 13,565,766
Wastewater sales	12,128,706	11,954,333	12,375,346	12,203,750
Other	<u>1,460,143</u>	<u>1,285,605</u>	<u>1,430,966</u>	<u>1,639,985</u>
Total uniform charges	27,024,247	26,241,681	27,376,969	27,409,501
Septage/Sludge	256,785	294,459	302,187	314,969
Surcharges	245,343	244,619	245,011	245,245
Interest earnings	3,650,480	2,110,031	686,776	491,260
1989/1990 Special assessments	112	413	438	8,718
1996 Special assessments	<u>220,754</u>	<u>184,272</u>	<u>151,316</u>	<u>93,513</u>
Gross revenues	31,397,721	29,075,475	28,762,697	28,563,206
Less: Direct expenses	<u>17,147,444</u>	<u>17,057,273</u>	<u>16,007,055</u>	<u>15,404,503</u>
Net revenues available for debt service	<u>\$ 14,250,277</u>	<u>\$ 12,018,202</u>	<u>\$ 12,755,642</u>	<u>\$ 13,158,703</u>
Annual debt service				
Principal	\$ 2,620,000	\$ 2,745,000	\$ 2,870,000	\$ 2,990,000
Interest	<u>2,922,950</u>	<u>2,047,513</u>	<u>2,510,910</u>	<u>2,324,525</u>
Total debt service payment	<u>\$ 5,542,950</u>	<u>\$ 4,792,513</u>	<u>\$ 5,380,910</u>	<u>\$ 5,314,525</u>
Debt service coverage	2.57x	2.51x	2.37x	2.48x

Note: In accordance with Water and Sewer Revenue Refunding Bonds, Series 2005 bond covenants, there are items included in the debt service coverage calculation other than normal operating revenues. These items include surcharges and collections on special assessments. Expenses specifically excluded: renewal and replacement, depreciation, amortization and interest expense, and loss on disposal of equipment.

Note: Water and Sewer debt information can be found in Note 12.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	13,621,878	\$ 13,667,115	\$ 14,059,231	\$ 14,345,074	\$ 14,829,381	\$ 15,325,231
	12,515,394	12,546,429	12,879,006	13,116,393	13,498,090	13,777,255
	<u>1,727,411</u>	<u>1,763,426</u>	<u>2,025,378</u>	<u>2,005,106</u>	<u>2,068,865</u>	<u>2,262,801</u>
	27,864,683	27,976,970	28,963,615	29,466,573	30,396,336	31,365,287
	373,616	426,634	478,555	483,828	531,432	521,882
	246,298	246,363	242,073	98,163	-	-
	315,377	239,270	258,741	294,303	363,597	375,208
	-	-	-	-	-	-
	<u>75,037</u>	<u>69,757</u>	<u>22,091</u>	<u>30,872</u>	<u>31,915</u>	<u>22,440</u>
	28,875,011	28,958,994	29,965,075	30,373,739	31,323,280	32,284,817
	<u>15,657,085</u>	<u>15,217,294</u>	<u>16,040,433</u>	<u>16,129,860</u>	<u>18,064,619</u>	<u>18,590,922</u>
\$	<u><u>13,217,926</u></u>	\$ <u><u>13,741,700</u></u>	\$ <u><u>13,924,642</u></u>	\$ <u><u>14,243,879</u></u>	\$ <u><u>13,258,661</u></u>	\$ <u><u>13,693,895</u></u>
\$	3,090,000	\$ 3,205,000	\$ 3,350,000	\$ 3,485,000	\$ 2,878,000	\$ 2,992,000
	<u>2,193,450</u>	<u>2,080,951</u>	<u>1,937,450</u>	<u>1,827,867</u>	<u>1,095,886</u>	<u>983,267</u>
\$	<u><u>5,283,450</u></u>	\$ <u><u>5,285,951</u></u>	\$ <u><u>5,287,450</u></u>	\$ <u><u>5,312,867</u></u>	\$ <u><u>3,973,886</u></u>	\$ <u><u>3,975,267</u></u>
	2.50x	2.60x	2.63x	2.68x	3.34x	3.44x

Indian River County, Florida
Demographic and Economic Statistics (Unaudited)
Last Ten Years

Schedule 15

Year	Population (A)	Total Personal Income (B)	Per Capita Personal Income (B)	Unemployment Rate (C)
2008	141,667	\$ 7,669,062,000	\$ 57,107	10.1%
2009	141,475	7,610,327,000	47,689	15.2
2010	138,028	6,687,691,000	48,378	15.2
2011	138,694	7,090,634,000	51,041	13.7
2012	139,446	7,429,653,000	52,855	11.3
2013	139,586	7,731,263,000	54,448	8.8
2014	140,955	9,139,920,000	63,140	7.9
2015	143,326	10,055,169,000	67,978	7.2
2016	146,410	10,380,777,000	68,491	6.7
2017	148,962	(D)	(D)	4.6

Sources:

(A) University of Florida, Bureau of Economic and Business Research

(B) US Department of Commerce, Bureau of Economic Analysis

(C) Florida Agency for Workforce Innovation

(D) Information not available

The population and personal income information is used in Schedule 10 for calculation of Debt Per Capita and Percentage of Debt to Personal Income.

Indian River County, Florida
Principal Employers (Unaudited)
Year 2017 and Year 2008

Schedule 16

Employer	2017	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	2,073	3.40%
Indian River Medical Center	1,753	2.88
Indian River County*	1,501	2.46
Publix Supermarkets	1,250	2.05
Piper Aircraft Inc.	904	1.48
Wal-Mart	693	1.14
Sebastian River Medical Center	595	0.98
John's Island	584	0.96
Medical Data Systems	500	0.82
City of Vero Beach	409	0.67
Total	10,262	16.84
Total County Employees	60,921	

Employer	2008	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	2,295	4.05%
Indian River County*	1,471	2.60
Indian River Medical Center	1,093	1.93
Piper Aircraft Inc.	1,063	1.88
Publix Supermarkets	535	0.94
City of Vero Beach	489	0.86
Sebastian River Medical Center	400	0.71
CVS Warehouse/Distribution	297	0.52
Wal-Mart	293	0.52
John's Island	250	0.44
Total	8,186	14.45
Total County Employees	56,659	

Source: Indian River County, Florida annual budgets for individual employers. Florida Agency for Workforce Innovation - Labor Market Statistics, and Bureau of Economic and Business Research at University of Florida for total County employment figures.

* This includes the Board of County Commissioners, Clerk of the Circuit Court and Comptroller, Supervisor of Elections, Property Appraiser, Sheriff, and the Tax Collector.

Indian River County, Florida
Building Permits (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Indian River County					Municipalities		
	# of Permits	New Construction	# of Permits	Additions & Alterations		# of Permits	New Construction	
2008	857	\$ 222,191,316	2,686	\$ 30,731,235		206	\$ 104,188,514	
2009	442	97,694,608	1,725	17,102,312		122	41,039,432	
2010	394	82,995,613	2,017	20,723,725		122	30,048,727	
2011	416	96,301,948	2,288	26,368,020		112	27,812,429	
2012	421	95,703,031	2,591	25,060,272		150	37,380,374	
2013	562	159,419,936	3,165	32,572,696		278	63,277,504	
2014	611	190,750,218	4,290	41,977,079		262	81,288,256	
2015	666	241,065,285	5,528	53,561,372		239	95,276,289	
2016	827	308,972,417	6,206	62,277,764		303	108,368,025	
2017	1,071	348,481,070	7,342	73,002,815		227 (A)	69,562,947 (A)	

Source: Building Departments - Indian River County (including the City of Vero Beach),
Town of Orchid, Town of Indian River Shores, City of Sebastian, and City of Fellsmere.

(A) Data for the Town of Indian River Shores was only available through April 30, 2017 due to conversion to new software.

Indian River County, Florida
Operating Indicators by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government				
Purchasing	2,520	2,463	1,970	1,805
Purchase orders issued				
Public Safety				
Fire rescue				
Vehicle rescue response	33,845 (A)	34,480	34,529	37,550
Fire code inspections	3,527	5,917	2,358	2,239
Advanced life support calls	5,862	9,085	9,751	10,935
Basic life support calls (transport only)	5,759	3,486	3,269	3,077
Sheriff				
Arrests	5,620	4,331	5,065	4,464
Violent crimes	353	340	310	394
Non-violent crimes	6,383	6,099	5,719	6,058
Total calls for service	129,389	138,998	154,480	162,944
Building department				
Construction permits issued	857	442	394	416
Estimated value of construction (millions)	\$ 222.2	\$ 97.7	\$ 83.0	\$ 96.3
Physical Environment				
Solid waste				
Waste stream tonnage received	239,296	207,344	201,561	180,434
Total recycled material (tons)	42,088	40,931	45,298	30,424
Utilities - water & sewer				
Number of water customers	42,000	42,972	43,723	44,254
Number of wastewater customers	25,000	25,192	25,205	25,465
Water ERUs	61,558	63,147	64,146	64,391
Wastewater ERUs	45,785	45,319	45,427	45,863
Water consumption (Average Daily Demand)	8,603,000	8,700,000	8,225,000	8,198,000

Source: Internal reports prepared by the various departments of Indian River County.

2012	2013	2014	2015	2016	2017
1,852	1,740	1,760	1,826	2,033	2,312
39,316	39,340	41,540	45,485	45,874	47,357
1,874	1,992	1,753	1,993	2,200	2,500
10,904	10,991	11,283	11,571	12,428	12,947
3,406	3,544	3,851	4,180	4,524	4,798
3,144	3,885	4,262	3,832	3,660	3,922
107	439	552	495	548	549
6,063	5,683	5,853	5,804	5,682	5,501
176,170	199,687	216,082	250,814	274,464	235,540
421	562	611	666	827	1,071
\$ 95.7	\$ 159.4	\$ 190.8	\$ 241.1	\$ 309.0	\$ 348.4
205,355	211,382	265,278	265,958	279,910	310,007
53,255	50,792	101,444	86,564	98,009	119,773
44,571	45,216	46,223	46,865	48,540	49,176
25,773	26,233	26,948	27,448	28,767	29,229
64,820	65,477	66,261	66,829	72,488	68,506
46,107	46,576	47,027	47,596	53,428	48,748
7,798,000	7,558,000	8,620,000	9,200,000	9,200,000	9,900,000

Continued

Indian River County, Florida
Operating Indicators by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011
Transportation				
Public works				
Projects under design	6	29	13	26
Projects awarded for construction	5	5	7	7
Construction projects completed	5	12	6	8
County engineering				
Roads designed	8	5	6	4
Miles of roads designed	6.00	5.00	6.00	1.00
Traffic engineering				
Site plans reviewed	332	423	271	218
Culture/Recreation				
Library				
Circulation (County-wide)	1,250,075	1,314,372	1,403,367	1,362,857
Recreation department				
Total beach park attendance	415,051	437,302	467,434	449,213
Athletic and event attendance	8,673	14,730	23,750	24,112
Aquatic centers attendance	90,475	89,787	87,107	98,515
Shooting range				
Safety/Registration cards issued	6,784	9,050	6,471	8,176
Golf course				
Rounds played	104,716	101,810	96,593	94,713
Court Related				
Law library				
Circulation	21,107	18,512	13,079	9,168

(A) Law library circulation is now included in the County-wide library circulation.

2012	2013		2014	2015	2016	2017
19	20		43	34	13	15
10	5		7	9	3	7
8	5		20	17	17	13
4	6		8	8	6	5
8.00	6.00		8.35	10.00	8.50	11.00
290	357		387	554	412	560
1,277,253	1,300,764	(A)	1,317,458	1,295,310	1,389,188	1,315,425
420,609	404,287		434,397	416,962	669,465	553,630
23,979	23,841		23,900	24,073	24,267	23,974
97,965	97,183		105,459	110,186	116,997	112,308
8,302	8,462		7,911	7,655	5,984	6,867
96,723	91,770		90,306	93,739	91,426	96,332
9,428	N/A	(A)	N/A	N/A	N/A	N/A

Indian River County, Florida
Full-Time Equivalent County Government Employees by Function/Program (Unaudited)
Last Ten Fiscal Years

	2008	2009	2010	2011
General Government				
Board of County Commissioners	11	10	10	10
County Attorney	7	7	6	6
Administration	3	3	2.72	2.35
Financial/Administrative Service	26.5	23	21.5	19.85
Comprehensive Planning	23	19	16	14.32
Other	49	44.5	36.5	34
Clerk of Circuit Court	116	99.5	98.5	98
Property Appraiser	45	40	40	36
Supervisor of Elections	12	9.5	9.5	8
Tax Collector	38	38	38	38
Public Safety				
Fire Department	241	240	246	244
Advanced Life Support				
Sheriff - Corrections	197	195	198	207
Sheriff - Court Service	29.5	29.5	29.5	29.5
Sheriff - Law Enforcement	301	301	301	301
Building Department	33	18	17	15
Other	12	10	9	6.68
Physical Environment				
Solid Waste	51	49	49	10
Utilities - water and sewer	130	128	118	112.5
Other	15	9	9	8
Transportation				
Road and Bridges	100	86.5	80	77
County Engineering	42	33	28	27
Traffic Engineering	24	21	21	20
Real Estate Acquisition	3	2	2.28	1
Economic Environment	4.5	3.5	3.5	2.5
Human Services	15	14.5	13	13
Culture/Recreation				
Libraries	50	45.5	47.5	46.5
Parks	41	39	37	34
Recreation Department	57.5	46	37.5	33
Coastal Engineering	3	3	2	2
Shooting Range	5.5	5.5	5.5	5
Golf Course	18	16.5	15.5	15.5
Court Related				
Law Library	1	1	1	1
Total	1,704.5	1,590.0	1,549.0	1,478.0

Source: Indian River County, Florida annual budgets

Method: Using 1.0 for each full-time employee and 0.50 for each part-time employee.

Budgeted temps/seasonal employees are omitted. Totals include unfilled positions.

(A) The fire and advanced life support departments were consolidated on September 18, 2006.

2012	2013	2014	2015	2016	2017
8.5	9	9	9	9	9
6	6	6	6	6	6
2.35	2.35	2.35	2.35	2.35	2.35
19.85	19.35	20.85	21.85	22.85	21.85
15	15	14.5	14.5	14.5	15
34.75	33.9	33.4	33.4	33.4	35.4
96	98	93	93	85	86.5
35	35	36	36	39	38
8.5	8.5	9.5	9.5	9.5	10.5
38	44	45	47	47	49
243	243	243	244	265	276
163	163	163	163	168	171
27.5	27.5	27.5	27.5	34	29
303	303	303	303	278	289
14	15	18.5	21.5	25	29.5
6	4	4	4.5	5.5	6
9	9	9	10	10	11
112.5	113.5	116.5	118.5	120.5	122.5
8	7	8	8	10	9
77.25	77.1	78.1	78.1	79.1	79.1
26	24	24	26	26	28
20	19	19	20	21	22
1	1	1	1	1	1
2.5	2.5	2.5	2.5	2.5	2.5
13	12	12	12	12	12
42	41.5	41.5	42	42	42
28	28	28	28	28	30
33.3	32.3	32.8	38.3	38.3	42.3
2	2	2	2	2	2
5	5	5	5	5.5	9.5
15	13.5	13.5	13.5	13	13
1	1	1	1	1	1
1,416.0	1,415.0	1,422.5	1,442.0	1,456.0	1,501.0

Indian River County, Florida
Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011
General Government				
Facilities Management				
Total square footage maintained (A)	715,215	715,215	715,215	715,215
Number of facilities and sites maintained (A)	47	47	47	47
Vehicles	17	15	15	15
General government				
Vehicles	28	27	26	31
Planning				
Vehicles	7	7	7	7
GIS				
Vehicles	1	1	1	1
Public Safety				
Fire department				
Vehicles	53	54	51	51
Fire stations	11	11	12	12
Advanced life support				
Vehicles	20	20	17	18
E911 Center				
Vehicles	1	1	1	1
Sheriff				
Vehicles	295	291	288	298
Building department				
Vehicles	13	9	9	9
Physical Environment				
Solid waste				
Vehicles	32	30	30	1
Telecommunications				
Vehicles	1	1	1	1
Ag Extension				
Vehicles	2	2	1	1
Utilities - Water and Sewer				
Vehicles	82	82	81	81
Water treatment plants	2	2	2	2
Wastewater treatment facilities	6	6	6	6
Water main - miles	780	819	845	839
Force main - miles	240	230	226	229
Gravity sewer lines - miles	261	262	269	271
Transportation				
Road and bridge				
Miles maintained (paved & unpaved)	625	628	636	636
Bridges maintained	78	78	78	75
Vehicles	65	65	64	67

Source: Internal reports prepared by the various departments of Indian River County.

(A) The amounts reflected for square footage maintained and number of facilities and sites maintained are only those structures that the Facilities Management Department maintains. Other structures are maintained by their respective departments. During fiscal year ending 9/30/2017, the County owned and maintained 250 structures totaling 1,625,853 square feet.

2012	2013	2014	2015	2016	2017
720,215	720,215	720,215	720,215	760,801	881,874
48	48	48	48	66	92
15	15	16	15	15	14
31	30	30	28	26	28
6	5	6	6	6	6
1	1	1	1	1	1
51	46	47	58	60	57
12	12	12	12	13	13
18	19	19	17	19	18
1	1	1	1	1	1
295	274	293	282	323	321
9	9	10	16	25	19
1	1	1	2	2	2
1	1	1	1	1	1
1	1	1	1	1	2
85	79	80	81	81	83
2	2	2	2	2	2
6	6	6	6	6	6
843	847	852	857	859	860
223	225	225	221	223	222
270	273	269	268	267	271
638	650	650	650	653	653
75	71	72	72	72	72
67	64	64	67	63	56

Continued

Indian River County, Florida
Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011
Transportation - continued:				
Senior Resource Association				
Vehicles	23	25	32	34
Engineering				
Vehicles	17	16	16	16
Traffic engineering				
Traffic signals operated	133	133	137	137
Beacons operated	41	48	48	53
Vehicles	5	3	1	1
Traffic operations				
Vehicles	16	15	16	18
 Human Services				
Health department				
Vehicles	16	16	15	15
Animal Control				
Vehicles	7	7	7	7
Rental Assistance				
Vehicles	2	2	2	2
 Culture/Recreation				
Libraries				
Locations	2	2	3	3
Parks				
Number of neighborhood parks	12	12	12	12
Number of County parks	47	47	47	47
Acreage	4,014	4,014	4,014	4,014
Picnic shelters maintained	69	69	69	69
Boat ramps maintained	8	8	8	8
Vehicles	24	25	24	25
Recreation				
Vehicles	5	5	5	5
Shooting range				
Vehicles	1	1	1	1
Rifle range stations	29	29	29	29
Pistol range stations	35	35	35	35
Golf Course				
Holes maintained	36	36	36	36
Vehicles	2	2	2	2

2012	2013	2014	2015	2016	2017
34	38	35	35	39	36
13	13	13	14	13	15
137	150	150	150	160	155
46	45	45	43	47	56
1	1	1	1	1	1
18	19	21	20	22	18
17	17	17	17	9	10
7	7	6	6	6	6
2	2	2	2	3	3
3	3	3	3	3	3
12	10	10	11	12	11
47	40	37	37	37	36
4,014	4,014	3,429	3,429	3,429	5,081
69	69	69	69	69	69
8	8	8	8	8	8
24	22	23	20	20	18
5	5	5	7	6	5
1	1	1	1	1	1
29	29	29	29	29	29
35	35	35	35	35	35
36	36	36	36	36	36
2	2	2	2	1	1

Indian River County, Florida
Department of Utility Services
Historical Rate Structure (Unaudited)
Last Ten Fiscal Years

Schedule 21

Fiscal Years
2008-2017 *

WATER RATES

Billing charges	\$ 1.29
Base facilities charges (per ERU)	
Single-family or commercial	7.76
Multi-family or manufactured home	6.60
Volume charge - per 1,000 gallons (per ERU)	
0-3,000 gallons	2.20
3,001-7,000 gallons	2.42
7,001 gallons and over	3.85
Excess volume surcharge - greater than	
13,000 gallons per month (per ERU)	7.70
Base facilities charge where capacity is reserved	
but lines are not yet available (per ERU)	
Single-family or commercial	3.88
Multi-family or manufactured home	3.30

SEWER RATES

Billing charges	1.29
Base facility charge (per ERU)	
Single-family or commercial	14.58
Multi-family or manufactured home	12.40
Volume charge - per 1,000 gallons	
Single-family & manufactured home (1,000-12,000)	2.86
Multi-family & commercial (0-13,000)	2.86
Multi-family & commercial (>13,000)	4.29
Base facilities charge where capacity is reserved	
but lines are not yet available (per ERU)	
Single-family or commercial	7.29
Multi-family or manufactured home	6.20

*The last change to the County's water and sewer rates occurred on October 1, 1999.

Source: Indian River County Utilities Department

Indian River County, Florida
Water and Wastewater Customers (Unaudited)
Last Ten Fiscal Years

Schedule 22

The number of County water and wastewater customers, expressed as the number of equivalent residential units (ERUs), for the years 2008 through 2017 as set forth below:

<u>Fiscal Year</u>	<u>Water ERUs</u>	<u>Wastewater ERUs</u>
2008	61,558	45,785
2009	63,147	45,319
2010	64,146	45,427
2011	64,391	45,863
2012	64,820	46,107
2013	65,477	46,576
2014	66,261	47,027
2015	66,829	47,596
2016	72,488	53,428
2017	68,506	48,748

Source: Indian River County Utilities Department

Indian River County, Florida
Top 10 High Volume Customers of Utility Services (Unaudited)
Fiscal Year 2017

Schedule 23

Below is a table depicting the ten highest volume customers of the utility system for the fiscal year ended September 30, 2017:

Customer	Annual Water Volume (x 1,000 gals.)	Annual Wastewater Volume (x 1,000 gals.)
1 Vista Royale	34,092	34,092
2 Acts, Inc.	29,199	29,039
3 City of Fellsmere	-	24,368
4 MHC Village Green LLC	22,641	22,641
5 IRC School Board	22,158	17,224
6 NHC Fl 1 LP/DBA Encore RV Park	21,103	21,103
7 IRC Facilities Management	17,707	17,707
8 Disney's Vero Beach Resort	15,546	15,546
9 Vista Gardens	15,489	15,489
10 Pinnacle Grove Ltd	15,255	15,255

Source: Indian River County Utilities Department

Indian River County, Florida
Capacity Charges - Utilities Department (Unaudited)
Last Ten Fiscal Years

Schedule 24

The County also receives capacity charges in connection with the system. Capacity charges are not pledged as a security for the bonds. While the County may pledge the capacity charges in the future, the County presently has no intention to pledge capacity charges as security for the bonds. Capacity charges for the last ten fiscal years ended September 30 are as follows:

<u>Fiscal Year</u>		<u>Water Capacity Charges</u>		<u>Wastewater Capacity Charges</u>		<u>Total Charges</u>
2008	\$	699,054	\$	1,088,279	\$	1,787,333
2009		504,658		367,940		872,598
2010		1,025,700		276,551		1,302,251
2011		485,225		462,114		947,339
2012		585,490		755,838		1,341,328
2013		795,134		1,225,379		2,020,513
2014		1,081,355		1,625,404		2,706,759
2015		1,041,885		1,575,406		2,617,291
2016		1,271,725		1,795,923		3,067,648
2017		980,460		1,409,743		2,390,203

Indian River County, Florida
Pledged Revenues for Spring Training Facility Revenue Bonds, Series 2001 (Unaudited)
Last Ten Fiscal Years Schedule 25

<u>Year Ended September 30</u>	<u>Professional Sports State Subsidy</u>	<u>Total Tourist Tax Collected</u>	<u>One Cent Tourist Tax (A)</u>	<u>Half Cent Sales Tax (B)</u>
2008	\$ 500,004	\$ 1,584,512	\$ 396,128	\$ 7,587,682
2009	500,004	1,294,163	323,541	7,000,465
2010	500,004	1,324,953	331,238	6,929,458
2011	500,004	1,487,061	363,233	7,075,101
2012	500,004	1,604,919	401,230	7,412,887
2013	500,004	1,743,283	435,821	7,828,550
2014	500,004	1,918,200	479,550	8,219,778
2015	500,004	2,267,100	566,774	8,684,772
2016	500,004	2,433,491	608,373	9,043,910
2017	500,004	2,817,766	704,442	9,431,933

(A) A 4th cent was imposed effective February 1, 2001.

(B) This amount represents 100% of the half-cent sales tax received. Eighty-six percent of this amount is pledged to the payment of debt service on the Series 2001 bonds.

Refer to pledged revenue coverage in County Note 12.

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

March 14, 2018

The Honorable Board of County Commissioners
and Constitutional Officers
Indian River County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the *Indian River County, Florida* (the "County"), as of and for the year ended September 30, 2017, which collectively comprise the County's fund financial statements and have issued our report thereon dated March 14, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 Honorable Board of County Commissioners
Indian River County, Florida
March 14, 2018
Page 2

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

MANAGEMENT LETTER

March 14, 2018

The Honorable Board of County Commissioners
and Constitutional Officers
Indian River County, Florida

Report on the Financial Statements

We have audited the financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the *Indian River County, Florida* (the "County"), as of and for the year ended September 30, 2017, and have issued our report thereon dated March 14, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards, AT-C Section 315*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Rehmann Lohman LLC

INDEPENDENT ACCOUNTANTS' REPORT

March 14, 2018

The Honorable Board of County Commissioners
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida* (the "County") with Sections 218.415, 28.35, 28.36, 365.172(10), 365.173(2)(d) and 61.181 Florida Statutes, during the year ended September 30, 2017. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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



INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

March 14, 2018

The Honorable Board of County Commissioners
and Constitutional Officers
Indian River County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *Indian River County, Florida* (the "County") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 14, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*, and Chapter 10.550, Rules of the Auditor General, 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state projects is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rehmann Robson LLC

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2017

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
Department of Housing and Urban Development:				
Direct Programs:				
Comm. Dev. Block Grant - Neighborhood Stabilization Pgm #3		B-11-UN-12-0022		
CDBG NSP #3 Program Income Expenditures	14.228	Program Income	\$ 1,578	
Indirect Programs:				
Passed through Florida Dept. of Economic Opportunity:		10DB-4X-10-40-01-F13		
CDBG NSP #1 Program Income Expenditures	14.228	Program Income	1,901	
Subtotal CFDA - 14.228			<u>3,479</u>	
Indirect Program:				
Passed through Florida Housing Finance Corporation:				
Tenant Based Rental Assistance	14.239	2013-210TBRA	6,396	
Direct Programs:				
Continuum of Care -				
Rental Assistance	14.267	FL0113L4H091503	94,272	6,599
Rental Assistance	14.267	FL0114L4H091508	50,404	4,887
Rental Assistance	14.267	FL0114L4H091609	24,781	
Homeless Management Information Systems	14.267	FL0116L4H091508	35,400	35,400
Rental Assistance	14.267	FL0119L4H091508	240,266	18,601
Rental Assistance	14.267	FL0119L4H091609	40,576	
Homeless Management Information Systems	14.267	FL0308L4H091507	24,821	24,821
Rental Assistance	14.267	FL0338L4H091502	69,816	4,887
Rental Assistance	14.267	FL0360L4H091506	74,645	6,394
Rental Assistance	14.267	FL0360L4H091607	15,297	
Rental Assistance	14.267	FL0380L4H091501	88,116	6,168
Homeless Management Information Systems	14.267	FL0418L4H091402	10,352	10,352
Homeless Management Information Systems	14.267	FL0418L4H091503	17,415	17,415
Rental Assistance	14.267	FL0440L4H091504	82,645	7,506
Rental Assistance	14.267	FL0440L4H091605	25,938	
Subtotal CFDA - 14.267			<u>894,744</u>	<u>143,030</u>
Direct Programs:				
Section 8 Housing Choice Vouchers	14.871	FL-132-VO-014 to 017	2,295,395	
Total Department of Housing and Urban Development			<u>3,200,014</u>	<u>143,030</u>
U.S. Fish and Wildlife Service				
Passed through Florida Fish and Wildlife Conservation:				
Shooting Range Hunter Education Classroom	15.611	15120	144,000	
Total U.S. Fish and Wildlife Service			<u>144,000</u>	

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2017

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
Department of Justice:				
Indirect Programs:				
Passed through Office of the Attorney General:				
Crime Victim Assistance Program	16.575	V-2016-IRCSO-00470	\$ 88,191	
Direct Programs:				
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0357	48,984	
Bullet Proof Vest	16.607	FY2015BVP	4,000	
2016 Local Solicitation Justice Assistance Grant	16.738	2016-DJ-BX-0722	23,344	
Indirect Programs:				
Passed through Florida Department of Law Enforcement:				
Bryne Formula Grant Program				
Shooting Incident Crime Scene Reconstruction	16.738	2017-JAGC-INRI-5-F9-033	12,228	
Subtotal CFDA - 16.738			35,572	
Total Department of Justice			176,747	
Department of Transportation:				
Indirect Programs:				
Passed through Florida Department of Transportation:				
LAP - Sidewalks 87th Street	20.205	ART06	62,326	
LAP - 43rd Ave Sidewalk Improvements	20.205	G0F05	481,634	
LAP - 8th Street Sidewalk Improvements	20.205	G0D81	550,243	
Metropolitan Planning Organization	20.205	G0B28	363,810	
Passed through University of Florida:				
Florida Safe Routes to School	20.205	G09E03	48,808	
Florida Safe Routes to School	20.205	G0N54	1,562	
Subtotal CFDA - 20.205			1,508,383	
Total Highway Planning and Construction Cluster			1,508,383	
Indirect Programs:				
Passed through Florida Department of Transportation:				
Federal Transit Metropolitan Planning Grant	20.505	G0359	50,033	
Section 5311 Non-Urbanized Public Transit	20.509	ARQ46	66,235	\$ 66,235
Direct Programs:				
Federal Transit Formula Section 5309 Grant	20.500	FL-04-0182	975,288	
Federal Transit Formula Section 5307 Grant	20.507	FL-2018-003-00	2,274,262	2,274,262
Federal Transit Formula Section 5307 Grant	20.507	FL-2016-033-00	223,507	223,507
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X888	53,087	53,087
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X838	12,159	12,159
Subtotal CFDA - 20.507			2,563,015	2,563,015
Total Federal Transit Cluster			3,538,303	2,563,015
Total Department of Transportation			5,162,954	2,629,250

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2017

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
Department of Health and Human Services,				
Agency for Children and Families,				
Office of Child Support Enforcement:				
Indirect Programs:				
Passed through Florida Department of Revenue:				
Sheriff Service of Notices	93.563	O0331	\$ 2,594	
Child Support Enforcement-Title IV D	93.563	COC31	312,877	
Total Office of Child Support Enforcement			<u>315,471</u>	
Department of Homeland Security:				
Direct Program from Federal Emergency Management Agency				
FEMA Assistance to Firefighters Grant	97.044	EMW-2015-FO-05298	815,785	
Indirect Programs:				
Passed through Division of Emergency Management:				
Disaster Relief Funding - Hurricane Matthew	97.036	FEMA4283DR	11,402	
Emergency Management Performance Grant	97.042	17-FG-P9-10-40-01-104	50,339	
Emergency Management Performance Grant	97.042	18-FG-7A-10-40-01-169	25,771	
Subtotal CFDA - 97.042			<u>76,110</u>	
Operation Stonegarden	97.067	16-DS-U8-10-40-02-275	25,545	
Operation Stonegarden	97.067	17-DS-W1-10-53-02-250	17,542	
Subtotal CFDA - 97.067			<u>43,087</u>	
Total Department of Homeland Security			<u>946,384</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS:			<u>\$ 9,945,570</u>	<u>\$ 2,772,280</u>

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2017

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
<u>STATE OF FLORIDA</u>				
Division of Emergency Management:				
Direct Projects:				
Emergency Management Programs				
Emergency Management Preparedness and Assistance	31.063	18-BG-W9-10-53-01-183	\$ 20,611	
Emergency Management Preparedness and Assistance	31.063	17-BG-83-10-40-01-037	88,122	
Subtotal CSFA - 31.063			<u>108,733</u>	
Hazardous Materials Analysis Grant	31.067	17-CP-11-10-40-01-206	2,835	
Total Division of Emergency Management			<u>111,568</u>	
Department of Environmental Protection:				
Direct Projects:				
Hurricane Sandy Beach Project	37.003	14IR2	304,009	
Osprey Acres Floway and Nature Preserve	37.039	NS027	74,289	
Total Department of Environmental Protection			<u>378,298</u>	
Department of Economic Opportunity:				
Direct Project:				
Countywide Septic to Sewer Study	40.024	P0242	34,950	
Total Department of Economic Opportunity			<u>34,950</u>	
Florida Housing Finance Corporation:				
Direct Projects:				
State Housing Initiatives Partnership	40.901	N/A	680,615	
Total Florida Housing Finance Corporation			<u>680,615</u>	
Department of State:				
Direct Project:				
State Aid to Libraries	45.030	17-ST-21	97,005	
Total Department of State			<u>97,005</u>	
Department of Transportation:				
Direct Projects:				
Transportation Disadvantaged Planning Grant	55.002	G0N55	4,284	
Transportation Disadvantaged Planning Grant	55.002	G0C53	17,645	
Subtotal CSFA - 55.002			<u>21,929</u>	
Commuter Assistance Grant	55.007	G0115	41,737	\$ 41,737
SCOP - Resurfacing Old Dixie Highway	55.009	G0058	369,438	
SCOP - Resurfacing CR512	55.009	G0999	1,650,757	
Subtotal CSFA - 55.009			<u>2,020,195</u>	
Fl Public Transit Block Grant	55.010	ARQ56	598,100	598,100
FDOT Service Development Grant	55.012	G0G90	180,333	180,333
Transit Corridor Grant	55.013	ARE86	126,374	126,374
Vero Beach GoLine Transit Hub	55.014	G0E42	300,000	
Total Department of Transportation			<u>3,288,668</u>	<u>946,544</u>

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2017

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
<u>STATE OF FLORIDA - Continued</u>				
Department of Health:				
Direct Project:				
County Awards Grant-Emergency Medical Svc	64.005	C5031	\$ 1,552	
Total Department of Health			<u>1,552</u>	
Department of Law Enforcement:				
Direct Project:				
Victim/Witness Protection Award	71.006		6,158	
Total Department of Law Enforcement			<u>6,158</u>	
Department of Revenue:				
Direct Project:				
Facilities for Retained Spring Training Franchise	73.016	N/A	500,004	
Total Department of Revenue			<u>500,004</u>	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE:			\$ <u>5,098,818</u>	\$ <u>946,544</u>

Indian River County, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Projects
For the Fiscal Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Single Audit Report of Indian River County, Florida, (the “County”) have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A. Reporting Entity

The reporting entity consists of Indian River County, the primary government, and each of its component units. The County includes a Schedule of Expenditures of Federal Awards and State Projects in the Compliance Section.

B. 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. The Schedule of Expenditures of Federal Awards and State Projects is maintained on a modified accrual basis of accounting for governmental funds and a full accrual basis for proprietary funds, which is explained further in the notes to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Program Clusters

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are tested accordingly.

D. Contingencies

Grant revenue amounts received by the County are subject to audit and adjustment by the grantor agencies. Such audits may result in requests for reimbursement by the grantor agency. Any adjustments to grant funding are recorded in the year the adjustment occurs.

E. Indirect Cost Rates

In the absence of a negotiated federal indirect cost rate, the County has elected to use a de minimis rate of 10% of modified total direct costs.

Indian River County, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Projects
For the Fiscal Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Reconciliation to the Basic Financial Statements

The Federal Emergency Management Agency (FEMA) requires that reimbursable disaster related expenditures only be reported on the Schedule of Expenditures of Federal Awards (SEFA) in the fiscal year the related project worksheet (PW) was approved. A reconciliation of the SEFA to the expenditures reported in the financial statements is as follows:

Disaster Relief Funding Expenditures – Hurricane Matthew	\$ 1,892,066
Less: Hurricane Matthew PWs Not Approved in FY 2017	(1,880,664)
Disaster Relief Funding Expenditures – Hurricane Irma	1,992,638
Less: Hurricane Irma PWs Not Approved in FY 2017	(1,992,638)
Expenditures per SEFA	<u><u>\$ 11,402</u></u>

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL***

March 14, 2018

The Honorable Board of County Commissioners
and Constitutional Officers
Indian River County, Florida

Report on Compliance for Each Major Federal Program and Major State Project

We have audited the compliance of *Indian River County, Florida* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs or state projects for the year ended September 30, 2017. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, 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 County'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 or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

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

INDIAN RIVER COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards and State Projects

Internal control over major programs and projects:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major programs:

CFDA Number

14.871

97.044

Name of Federal Program or Cluster

Section 8 Housing Choice Vouchers

Assistance to Firefighters Grant

CSFA Number

37.003

55.009

55.013

55.014

Name of State Project

Beach Management Funding Assistance Program

Small County Outreach Program

Transit Corridor Development Program

Intermodal Access Development Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000 (Federal and State)

Auditee qualified as low-risk auditee?

X yes _____ no

INDIAN RIVER COUNTY, FLORIDA

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD AND STATE PROJECT FINDINGS AND QUESTIONED COSTS

None noted.

INDIAN RIVER COUNTY, FLORIDA

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2017

None noted.

JEFFREY R. SMITH, CPA, CGFO, CGMA

Clerk of Circuit Court and Comptroller
Comptroller Division
1801 27th Street, Building A
Vero Beach, Florida 32960
Telephone (772) 226-1945




AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Jeffrey R. Smith, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of Indian River County which is a local governmental entity of the State of Florida;
2. Indian River County adopted Ordinance No. **2005-015** on May 17, 2005 implementing eight new impact fee categories, plus revised transportation impact fees (9 total impact fee categories). The impact fees were subsequently amended as follows: on March 24, 2009 in Ordinance No. **2009-003**, on September 22, 2009 in Ordinance No. **2009-015**, and on March 16, 2010 in Ordinance No. **2010-002**. The result of these amendments was suspension of five of the nine original impact fees from April 1, 2009 through March 31, 2011. On March 15, 2011 in Ordinance No. **2011-002**, the impact fees were amended to suspend three of the nine original impact fees from April 1, 2011 through March 31, 2012. On March 13, 2012, Ordinance No. **2012-003** continued this suspension from April 1, 2012 through March 31, 2014. On March 11, 2014, Ordinance No. **2014-004** continued this suspension from April 1, 2014 through March 31, 2015. On April 22, 2014, Ordinance No. **2014-009** adopted new non-residential impact fee schedules. On October 14, 2014, Ordinance No. **2014-016** was adopted. That ordinance contained new impact fee schedules comprised of the non-residential impact fees adopted as part of Ordinance 2014-009 and new impact fees for residential uses. That ordinance also continued the suspensions of three impact fee categories pending further trend evaluation during the next scheduled impact fee methodological update.
3. Indian River County has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


(Chief Financial Officer of the Entity)

STATE OF FLORIDA, COUNTY OF INDIAN RIVER

SWORN TO AND SUBSCRIBED before me this 6th day of March, 2018.


NOTARY PUBLIC

Print Name Michelle King

Personally known ☒ or produced identification _____

Type of identification produced: _____

My Commission Expires: 2/5/2021





BOARD OF COUNTY COMMISSIONERS

INDEPENDENT AUDITORS' REPORT

March 14, 2018

The Honorable Board of County Commissioners
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Board of County Commissioners* (the "Board"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the funds of the Board as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements referred to above present only the *Indian River County, Florida Board of County Commissioners* and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2017, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Rehmann Lobson LLC

Indian River County, Florida
Board of County Commissioners
Balance Sheet
Governmental Funds
September 30, 2017

	General	Impact Fees	Secondary Roads Construction
ASSETS			
Cash and investments	\$ 43,683,841	\$ 15,542,869	\$ 11,295,658
Accounts receivable	685,993	-	-
Special assessments receivable	-	-	-
Due from other funds	514,073	-	-
Due from other governments	7,599,924	64,063	1,925,293
Interest receivable	62,521	19,144	14,194
Inventories	47,377	-	-
Prepays and other assets	56,421	-	-
Advances to other funds	912,103	-	-
Total assets	<u>\$ 53,562,253</u>	<u>\$ 15,626,076</u>	<u>\$ 13,235,145</u>
LIABILITIES			
Accounts payable	\$ 1,881,419	\$ 320,229	\$ 1,585,439
Retainage payable	-	146,606	261,435
Due to other funds	-	-	-
Due to other governments	30,314	72,820	-
Unearned revenues	284,099	-	-
Other deposits	21,235	-	-
Total liabilities	<u>2,217,067</u>	<u>539,655</u>	<u>1,846,874</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - ambulance services	-	-	-
Unavailable revenue - insurance recoveries	69,829	-	-
Unavailable revenue - state and federal grants	3,854,908	-	1,507,505
Total deferred inflows of resources	<u>3,924,737</u>	<u>-</u>	<u>1,507,505</u>
FUND BALANCES			
Nonspendable:			
Inventories	47,377	-	-
Prepaid items	56,421	-	-
Advances to other funds	912,103	-	-
Restricted for:			
Transportation/road improvements	-	10,642,241	9,880,766
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	429,669	-
Fire/emergency services	-	48,575	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	763,327	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Capital projects	-	970,691	-
Dodgertown repairs/improvements	-	-	-
Parks/recreational projects	1,246,278	2,231,918	-
Committed to:			
Economic incentives	1,297,240	-	-
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	7,010	-	-
Library services	224,517	-	-
Parks/recreational projects	127,022	-	-
Assigned to:			
Transportation/road improvements	-	-	-
Unassigned			
Total fund balances	<u>47,420,449</u>	<u>15,086,421</u>	<u>9,880,766</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 53,562,253</u>	<u>\$ 15,626,076</u>	<u>\$ 13,235,145</u>

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

Transportation	Emergency Services District	Optional Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ 7,749,242	\$ 8,542,739	\$ 75,736,067	\$ 23,833,293	\$ 186,383,709
263,526	2,205,477	2,380,217	2,511,670	8,046,883
191,266	-	-	-	191,266
-	-	-	-	514,073
632,725	822,248	2,029,950	1,296,841	14,371,044
169,032	11,609	92,953	28,262	397,715
-	-	-	-	47,377
1,285	66,496	-	22,731	146,933
-	-	-	-	912,103
<u>\$ 9,007,076</u>	<u>\$ 11,648,569</u>	<u>\$ 80,239,187</u>	<u>\$ 27,692,797</u>	<u>\$ 211,011,103</u>
\$ 801,395	\$ 1,143,638	\$ 2,030,455	\$ 607,756	\$ 8,370,331
-	-	302,096	26,050	736,187
-	-	-	175,000	175,000
-	-	-	-	103,134
-	20,315	-	-	304,414
-	-	-	-	21,235
<u>801,395</u>	<u>1,163,953</u>	<u>2,332,551</u>	<u>808,806</u>	<u>9,710,301</u>
350,953	-	-	-	350,953
-	2,203,636	-	-	2,203,636
260,281	-	2,380,217	2,505,884	5,216,211
299,880	487,980	204,027	875,069	7,229,369
<u>911,114</u>	<u>2,691,616</u>	<u>2,584,244</u>	<u>3,380,953</u>	<u>15,000,169</u>
-	-	-	-	47,377
1,285	66,496	-	22,731	146,933
-	-	-	-	912,103
-	-	-	-	20,523,007
-	-	-	507,966	507,966
-	-	-	1,244,116	1,244,116
-	-	-	2,440,224	2,869,893
-	7,726,504	-	-	7,775,079
-	-	-	735,959	735,959
-	-	-	10,938,501	10,938,501
-	-	-	1,062,233	1,062,233
-	-	-	87	763,414
-	-	-	100,015	100,015
-	-	-	1,528,609	1,528,609
-	-	-	3,853,146	3,853,146
-	-	75,322,392	-	76,293,083
-	-	-	120,911	120,911
-	-	-	-	3,478,196
-	-	-	-	1,297,240
-	-	-	1,239,082	1,239,082
-	-	-	-	7,010
-	-	-	-	224,517
-	-	-	-	127,022
7,293,282	-	-	-	7,293,282
-	-	-	(290,542)	43,211,939
<u>7,294,567</u>	<u>7,793,000</u>	<u>75,322,392</u>	<u>23,503,038</u>	<u>186,300,633</u>
<u>\$ 9,007,076</u>	<u>\$ 11,648,569</u>	<u>\$ 80,239,187</u>	<u>\$ 27,692,797</u>	<u>\$ 211,011,103</u>

Indian River County, Florida
Board of County Commissioners
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General	Impact Fees	Secondary Roads Construction
REVENUES			
Taxes	\$ 59,268,103	\$ -	\$ 3,821,095
Permits, fees and special assessments	9,407,266	5,703,909	-
Intergovernmental	15,878,501	-	1,635,138
Charges for services	2,254,972	-	-
Judgments, fines and forfeits	331,477	-	-
Interest	356,494	89,823	72,527
Miscellaneous	4,913,199	284,695	43,071
Total revenues	<u>92,410,012</u>	<u>6,078,427</u>	<u>5,571,831</u>
EXPENDITURES			
General government	10,025,290	748,395	-
Public safety	4,227,255	1,046,861	-
Physical environment	378,006	-	-
Transportation	4,539,860	2,288,833	7,032,264
Economic environment	433,553	-	-
Human services	4,239,760	-	-
Culture/recreation	9,611,836	100,360	-
Court related	277,111	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>33,732,671</u>	<u>4,184,449</u>	<u>7,032,264</u>
Excess of revenues over (under) expenditures	58,677,341	1,893,978	(1,460,433)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(9,913,479)	-	(444,320)
Transfers to constitutional officers	(49,791,151)	(895,000)	-
Total other financing sources (uses)	<u>(59,704,630)</u>	<u>(895,000)</u>	<u>(444,320)</u>
Net change in fund balances	(1,027,289)	998,978	(1,904,753)
Fund balances at beginning of year	<u>48,447,738</u>	<u>14,087,443</u>	<u>11,785,519</u>
Fund balances at end of year	<u>\$ 47,420,449</u>	<u>\$ 15,086,421</u>	<u>\$ 9,880,766</u>

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

Transportation	Emergency Services District	Optional Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 27,604,884	\$ 17,623,741	\$ 7,439,577	\$ 115,757,400
259,327	-	-	530,273	15,900,775
3,222,357	871,613	911,341	7,167,059	29,686,009
108,454	6,354,017	-	801,520	9,518,963
-	1,600	-	251,651	584,728
49,128	87,302	447,601	147,702	1,250,577
562,274	103,828	-	44,607	5,951,674
4,201,540	35,023,244	18,982,683	16,382,389	178,650,126
291,929	-	-	2,319,438	13,385,052
-	32,705,100	-	438,684	38,417,900
898,552	-	-	24,304	1,300,862
12,414,104	-	-	287,535	26,562,596
-	-	-	3,478	437,031
-	-	-	3,877,150	8,116,910
-	-	-	2,301,142	12,013,338
-	-	-	585,748	862,859
-	-	-	4,573,000	4,573,000
-	-	-	657,520	657,520
-	-	12,777,795	-	12,777,795
13,604,585	32,705,100	12,777,795	15,067,999	119,104,863
(9,403,045)	2,318,144	6,204,888	1,314,390	59,545,263
9,756,429	-	-	686,874	10,443,303
(82,667)	-	(125,000)	-	(10,565,466)
-	(593,813)	(1,917,315)	(478,511)	(53,675,790)
9,673,762	(593,813)	(2,042,315)	208,363	(53,797,953)
270,717	1,724,331	4,162,573	1,522,753	5,747,310
7,023,850	6,068,669	71,159,819	21,980,285	180,553,323
\$ 7,294,567	\$ 7,793,000	\$ 75,322,392	\$ 23,503,038	\$ 186,300,633

Indian River County, Florida
Board of County Commissioners
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 58,366,968	\$ 58,366,968	\$ 59,268,103	\$ 901,135
Permits, fees and special assessments	9,017,875	9,017,875	9,407,266	389,391
Intergovernmental	12,508,196	15,898,146	15,878,501	(19,645)
Charges for services	2,084,387	2,200,287	2,254,972	54,685
Judgments, fines and forfeits	344,399	344,399	331,477	(12,922)
Interest	142,595	142,595	356,494	213,899
Miscellaneous	4,080,423	4,094,423	4,913,199	818,776
Total revenues	86,544,843	90,064,693	92,410,012	2,345,319
EXPENDITURES				
General government	10,231,095	11,414,212	10,025,290	1,388,922
Public safety	4,157,058	4,434,106	4,227,255	206,851
Physical environment	323,682	421,305	378,006	43,299
Transportation	800,000	5,549,941	4,539,860	1,010,081
Economic environment	432,221	441,174	433,553	7,621
Human services	4,368,656	4,514,279	4,239,760	274,519
Culture/recreation	9,705,321	10,678,806	9,611,836	1,066,970
Court related	279,481	288,911	277,111	11,800
Total expenditures	30,297,514	37,742,734	33,732,671	4,010,063
Excess of revenues over (under) expenditures	56,247,329	52,321,959	58,677,341	6,355,382
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,913,479)	(9,913,479)	(9,913,479)	-
Transfers to constitutional officers	(49,144,016)	(50,006,845)	(49,791,151)	215,694
Total other financing sources (uses)	(59,057,495)	(59,920,324)	(59,704,630)	215,694
Net change in fund balances	(2,810,166)	(7,598,365)	(1,027,289)	\$ 6,571,076
Fund balances at beginning of year	2,810,166	7,598,365	48,447,738	
Fund balances at end of year	\$ -	\$ -	\$ 47,420,449	

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

Indian River County, Florida
Board of County Commissioners
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Impact Fees Fund
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Permits, fees and special assessments	\$ 3,562,500	\$ 3,562,500	\$ 5,703,909	\$ 2,141,409
Interest	33,250	33,250	89,823	56,573
Miscellaneous	-	-	284,695	284,695
Total revenues	<u>3,595,750</u>	<u>3,595,750</u>	<u>6,078,427</u>	<u>2,482,677</u>
EXPENDITURES				
General government	224,271	1,074,957	748,395	326,562
Public safety	1,025,000	1,046,861	1,046,861	-
Transportation	6,047,000	10,419,585	2,288,833	8,130,752
Culture/recreation	525,000	500,000	100,360	399,640
Total expenditures	<u>7,821,271</u>	<u>13,041,403</u>	<u>4,184,449</u>	<u>8,856,954</u>
Excess of revenues over (under) expenditures	(4,225,521)	(9,445,653)	1,893,978	11,339,631
OTHER FINANCING SOURCES (USES)				
Transfers to constitutional officers	-	(895,000)	(895,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(895,000)</u>	<u>(895,000)</u>	<u>-</u>
Net change in fund balances	(4,225,521)	(10,340,653)	998,978	<u>\$ 11,339,631</u>
Fund balances at beginning of year	<u>4,225,521</u>	<u>10,340,653</u>	<u>14,087,443</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,086,421</u>	

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

Indian River County, Florida
Board of County Commissioners
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Secondary Roads Construction Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 3,529,250	\$ 3,529,250	\$ 3,821,095	\$ 291,845
Intergovernmental	-	6,067,331	1,635,138	(4,432,193)
Interest	23,750	23,750	72,527	48,777
Miscellaneous	-	-	43,071	43,071
Total revenues	<u>3,553,000</u>	<u>9,620,331</u>	<u>5,571,831</u>	<u>(4,048,500)</u>
EXPENDITURES				
Transportation	<u>7,688,044</u>	<u>16,724,164</u>	<u>7,032,264</u>	<u>9,691,900</u>
Total expenditures	<u>7,688,044</u>	<u>16,724,164</u>	<u>7,032,264</u>	<u>9,691,900</u>
Excess of revenues over (under) expenditures	(4,135,044)	(7,103,833)	(1,460,433)	5,643,400
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(444,320)	(444,320)	-
Total other financing sources (uses)	<u>-</u>	<u>(444,320)</u>	<u>(444,320)</u>	<u>-</u>
Net change in fund balances	(4,135,044)	(7,548,153)	(1,904,753)	<u>\$ 5,643,400</u>
Fund balances at beginning of year	<u>4,135,044</u>	<u>7,548,153</u>	<u>11,785,519</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,880,766</u>	

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

Indian River County, Florida
Board of County Commissioners
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Transportation Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Permits, fees and special assessments	\$ 185,250	\$ 185,250	\$ 259,327	\$ 74,077
Intergovernmental	2,620,290	2,620,290	3,222,357	602,067
Charges for services	93,575	93,575	108,454	14,879
Interest	30,400	30,400	49,128	18,728
Miscellaneous	338,795	338,795	562,274	223,479
Total revenues	<u>3,268,310</u>	<u>3,268,310</u>	<u>4,201,540</u>	<u>933,230</u>
EXPENDITURES				
General government	278,137	298,052	291,929	6,123
Physical environment	634,741	1,050,153	898,552	151,601
Transportation	12,907,568	14,127,639	12,414,104	1,713,535
Total expenditures	<u>13,820,446</u>	<u>15,475,844</u>	<u>13,604,585</u>	<u>1,871,259</u>
Excess of revenues over (under) expenditures	(10,552,136)	(12,207,534)	(9,403,045)	2,804,489
OTHER FINANCING SOURCES (USES)				
Transfers in	9,268,608	9,268,608	9,756,429	487,821
Transfers out	(82,667)	(82,667)	(82,667)	-
Total other financing sources (uses)	<u>9,185,941</u>	<u>9,185,941</u>	<u>9,673,762</u>	<u>487,821</u>
Net change in fund balances	(1,366,195)	(3,021,593)	270,717	<u>\$ 3,292,310</u>
Fund balances at beginning of year	<u>1,366,195</u>	<u>3,021,593</u>	<u>7,023,850</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,294,567</u>	

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

Indian River County, Florida
Board of County Commissioners
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Emergency Services District Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 27,163,668	\$ 27,163,668	\$ 27,604,884	\$ 441,216
Intergovernmental	45,125	923,811	871,613	(52,198)
Charges for services	5,369,701	5,369,701	6,354,017	984,316
Judgments, fines and forfeits	11,400	11,400	1,600	(9,800)
Interest	28,500	28,500	87,302	58,802
Miscellaneous	38,071	128,071	103,828	(24,243)
Total revenues	32,656,465	33,625,151	35,023,244	1,398,093
EXPENDITURES				
Public safety	32,417,698	35,862,247	32,705,100	3,157,147
Total expenditures	32,417,698	35,862,247	32,705,100	3,157,147
Excess of revenues over (under) expenditures	238,767	(2,237,096)	2,318,144	4,555,240
OTHER FINANCING SOURCES (USES)				
Transfers to constitutional officers	(536,950)	(616,977)	(593,813)	23,164
Total other financing sources (uses)	(536,950)	(616,977)	(593,813)	23,164
Net change in fund balances	(298,183)	(2,854,073)	1,724,331	\$ 4,578,404
Fund balances at beginning of year	298,183	2,854,073	6,068,669	
Fund balances at end of year	\$ -	\$ -	\$ 7,793,000	

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

Indian River County, Florida
Board of County Commissioners
Statement of Fund Net Position
Proprietary Funds
September 30, 2017

	Enterprise Funds					
	Solid Waste Disposal District	Golf Course	County Utilities	County Building	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 17,141,787	\$ 128,580	\$ 45,318,420	\$ 7,008,662	\$ 69,597,449	\$ 29,581,186
Accounts receivable - net	714,520	11,791	2,787,982	-	3,514,293	250,559
Due from other governments	1,256,944	26,414	368,395	5,428	1,657,181	382,800
Interest receivable	33,010	-	611,577	12,987	657,574	50,519
Inventories	-	139,842	1,063,293	-	1,203,135	203,051
Prepays and other assets	-	1,250	70,828	45,299	117,377	9,574,807
Current restricted assets:						
Cash and investments	14,182,162	-	38,109,984	-	52,292,146	-
Total current assets	33,328,423	307,877	88,330,479	7,072,376	129,039,155	40,042,922
Non-current assets:						
Capital assets - non-depreciable	13,324,204	6,606,283	12,912,057	-	32,842,544	-
Capital assets - depreciable	31,806,809	4,762,893	434,830,238	589,782	471,989,722	2,961,079
Capital assets - accumulated depreciation	(13,737,960)	(1,872,879)	(266,148,661)	(304,207)	(282,063,707)	(2,314,742)
Non-current restricted assets:						
Special assessments receivable	-	-	399,299	-	399,299	-
Impact fees receivable	-	-	555,355	-	555,355	-
Liens receivable	-	-	6,261,112	-	6,261,112	-
Total non-current assets	31,393,053	9,496,297	188,809,400	285,575	229,984,325	646,337
Total assets	64,721,476	9,804,174	277,139,879	7,357,951	359,023,480	40,689,259
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	217,445	179,220	2,669,126	595,904	3,661,695	497,089
Deferred amounts on refundings	-	-	1,037,380	-	1,037,380	-
Total deferred outflows of resources	217,445	179,220	3,706,506	595,904	4,699,075	497,089
LIABILITIES						
Current liabilities (payable from current assets):						
Accounts payable	1,988,276	163,150	1,924,720	109,776	4,185,922	299,536
Retainage payable	-	-	90,784	-	90,784	-
Due to other funds	-	339,073	-	-	339,073	-
Claims payable	-	-	-	-	-	2,763,000
Due to other governments	-	5,596	45,122	22,160	72,878	-
Other deposits	-	1,000	-	-	1,000	-
Unearned revenues	-	39,348	-	-	39,348	-
Accrued compensated absences	43,977	24,435	547,552	102,000	717,964	78,598
Total current liabilities (payable from current assets)	2,032,253	572,602	2,608,178	233,936	5,446,969	3,141,134
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	142,012	-	142,012	-
Retainage payable	-	-	22,714	-	22,714	-
Accrued interest payable	-	-	72,242	-	72,242	-
Closure and maintenance costs payable	9,270,090	-	-	-	9,270,090	-
Notes payable	-	-	1,007,000	-	1,007,000	-
Bonds payable	-	-	2,100,000	-	2,100,000	-
Customer deposits	172,426	-	3,088,247	-	3,260,673	-
Total current liabilities (payable from restricted assets)	9,442,516	-	6,432,215	-	15,874,731	-
Total current liabilities	11,474,769	572,602	9,040,393	233,936	21,321,700	3,141,134
Non-current liabilities:						
Accrued compensated absences	6,067	46,778	160,213	6,012	219,070	54,310
Advance from other funds	-	912,103	-	-	912,103	-
Claims payable	-	-	-	-	-	5,492,000
Closure and maintenance costs payable	4,739,646	-	-	-	4,739,646	-
Net pension liability	480,853	412,841	6,109,051	1,252,211	8,254,956	1,112,578
Notes payable	-	-	4,199,000	-	4,199,000	-
Bonds payable - net of unamortized discount/premium	-	-	14,725,534	-	14,725,534	-
Total non-current liabilities	5,226,566	1,371,722	25,193,798	1,258,223	33,050,309	6,658,888
Total liabilities	16,701,335	1,944,324	34,234,191	1,492,159	54,372,009	9,800,022
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	25,316	28,346	411,265	63,390	528,317	69,595
NET POSITION						
Net investment in capital assets	31,393,053	9,496,297	160,599,480	285,575	201,774,405	646,337
Unrestricted	16,819,217	(1,485,573)	85,601,449	6,112,731	107,047,824	30,670,394
Total net position	\$ 48,212,270	\$ 8,010,724	\$ 246,200,929	\$ 6,398,306	\$ 308,822,229	\$ 31,316,731

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

Indian River County, Florida
Board of County Commissioners
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2017

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
OPERATING REVENUES		
Charges for services	\$ 13,786,879	\$ 3,245,437
Charges for services pledged as security for revenue bonds	-	-
Total operating revenues	13,786,879	3,245,437
OPERATING EXPENSES		
Personal services	639,458	606,318
Material, supplies, services and other operating	12,805,445	1,905,896
Depreciation	1,097,197	175,455
Total operating expenses	14,542,100	2,687,669
Operating income (loss)	(755,221)	557,768
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	1,132,093	15,215
Interest income	228,008	1,251
Interest income pledged as security for revenue bonds	-	-
Gain on disposal of equipment	-	1,410
Interest expense	-	(5,720)
Loss on disposal of equipment	-	-
Total nonoperating revenues (expenses)	1,360,101	12,156
Income (loss) before transfers and capital contributions	604,880	569,924
Capital grants and contributions	-	-
Transfers	-	-
Change in net position	604,880	569,924
Total net position - beginning	47,607,390	7,440,800
Total net position - ending	\$ 48,212,270	\$ 8,010,724

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

Enterprise Funds			
County Utilities	County Building	Total	Internal Service Funds
\$ -	\$ 3,742,674	\$ 20,774,990	\$ 26,642,557
31,994,089	-	31,994,089	-
31,994,089	3,742,674	52,769,079	26,642,557
9,044,245	2,128,703	12,418,724	3,307,380
13,873,101	1,290,875	29,875,317	20,419,366
14,694,707	84,508	16,051,867	181,435
37,612,053	3,504,086	58,345,908	23,908,181
(5,617,964)	238,588	(5,576,829)	2,734,376
368,395	5,428	1,521,131	18,717
-	40,759	270,018	165,076
548,472	-	548,472	-
23,125	12,750	37,285	-
(974,476)	-	(980,196)	-
(22,703)	-	(22,703)	(2,581)
(57,187)	58,937	1,374,007	181,212
(5,675,151)	297,525	(4,202,822)	2,915,588
6,108,117	-	6,108,117	-
82,667	-	82,667	39,496
515,633	297,525	1,987,962	2,955,084
245,685,296	6,100,781	306,834,267	28,361,647
\$ 246,200,929	\$ 6,398,306	\$ 308,822,229	\$ 31,316,731

Indian River County, Florida
Board of County Commissioners
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 13,225,039	\$ 3,234,685
Cash paid to suppliers for goods and services	(11,117,122)	(1,839,195)
Cash paid to employees for services	(608,254)	(577,257)
Net cash provided by (used in) operating activities	<u>1,499,663</u>	<u>818,233</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	-	-
Payments on advances from other funds	-	(90,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(90,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments - bonds/notes	-	-
Interest paid on long-term debt	-	(5,720)
Proceeds from advances from other funds	-	1,100,000
Payments on advances from other funds	-	(275,163)
Proceeds from sales of capital assets	-	1,410
Purchase of capital assets	(13,109)	(1,432,047)
Bond paying agent and arbitrage fees	-	-
Capital grants and contributions	-	-
Net cash provided by (used in) capital and related financing activities	<u>(13,109)</u>	<u>(611,520)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	<u>215,433</u>	<u>1,592</u>
Net cash provided by investing activities	<u>215,433</u>	<u>1,592</u>
Net increase (decrease) in cash and investments	1,701,987	118,305
Cash and investments at beginning of year	<u>29,621,962</u>	<u>10,275</u>
Cash and investments at end of year	<u>\$ 31,323,949</u>	<u>\$ 128,580</u>
Classified as:		
Current assets	\$ 17,141,787	\$ 128,580
Restricted assets	<u>14,182,162</u>	<u>-</u>
Totals	<u>\$ 31,323,949</u>	<u>\$ 128,580</u>

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

Enterprise Funds

County Utilities	County Building	Total	Internal Service Funds
\$ 30,705,096	\$ 3,742,674	\$ 50,907,494	\$ 26,586,278
(14,280,316)	(1,391,507)	(28,628,140)	(20,800,671)
(8,592,156)	(2,007,144)	(11,784,811)	(2,750,420)
<u>7,832,624</u>	<u>344,023</u>	<u>10,494,543</u>	<u>3,035,187</u>
82,667	-	82,667	39,496
-	-	(90,000)	-
<u>82,667</u>	<u>-</u>	<u>(7,333)</u>	<u>39,496</u>
(2,992,000)	-	(2,992,000)	-
(983,267)	-	(988,987)	-
-	-	1,100,000	-
-	-	(275,163)	-
23,125	12,750	37,285	-
(2,579,269)	(32,799)	(4,057,224)	(331,590)
(1,600)	-	(1,600)	-
2,425,154	-	2,425,154	-
<u>(4,107,857)</u>	<u>(20,049)</u>	<u>(4,752,535)</u>	<u>(331,590)</u>
491,427	35,534	743,986	143,515
<u>491,427</u>	<u>35,534</u>	<u>743,986</u>	<u>143,515</u>
4,298,861	359,508	6,478,661	2,886,608
79,129,543	6,649,154	115,410,934	26,694,578
<u>\$ 83,428,404</u>	<u>\$ 7,008,662</u>	<u>\$ 121,889,595</u>	<u>\$ 29,581,186</u>
\$ 45,318,420	\$ 7,008,662	\$ 69,597,449	\$ 29,581,186
38,109,984	-	52,292,146	-
<u>\$ 83,428,404</u>	<u>\$ 7,008,662</u>	<u>\$ 121,889,595</u>	<u>\$ 29,581,186</u>

Continued

Indian River County, Florida
Board of County Commissioners
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (755,221)	\$ 557,768
Adjustments to reconcile operating income to net cash provided by operating activities:		
Work in progress reclassified as expense		
Depreciation	1,097,197	175,455
(Increase) decrease in assets:		
Accounts receivable	(615,509)	(11,791)
Due from other governments	14,869	201
Inventories	-	(12,271)
Liens receivable	-	-
Impact fees receivable	-	-
Special assessments receivable	-	-
Prepaid items	-	(1,250)
Increase (decrease) in liabilities:		
Accounts payable	688,323	82,782
Due to other governments	-	(2,761)
Retainage payable	-	-
Customer deposits	38,800	-
Closure and maintenance costs payable	1,000,000	-
Net pension liability	33,152	28,957
Unearned revenues	-	1,039
Claims payable	-	-
Accrued compensated absences	(1,948)	104
Total adjustments	2,254,884	260,465
Net cash provided by (used in) operating activities	\$ 1,499,663	\$ 818,233
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in fair value of investments	\$ 6,081	\$ -
Capital grants and contributions	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 29,586	\$ 5,000

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

Enterprise Funds

<u>County Utilities</u>	<u>County Building</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (5,617,964)	\$ 238,588	\$ (5,576,829)	\$ 2,734,376
2,400		2,400	
14,694,707	84,508	16,051,867	181,435
(336,024)	-	(963,324)	(81,282)
-	-	15,070	25,003
76,208	-	63,937	(40,992)
(1,188,163)	-	(1,188,163)	-
74,546	-	74,546	-
121,023	-	121,023	-
(51,023)	(45,264)	(97,537)	377,659
(426,991)	(54,006)	290,108	25,712
21,086	(1,362)	16,963	-
(28,895)	-	(28,895)	-
39,625	-	78,425	-
-	-	1,000,000	-
435,221	111,242	608,572	83,545
-	-	1,039	-
-	-	-	(257,520)
16,868	10,317	25,341	(12,749)
<u>13,450,588</u>	<u>105,435</u>	<u>16,071,372</u>	<u>300,811</u>
<u>\$ 7,832,624</u>	<u>\$ 344,023</u>	<u>\$ 10,494,543</u>	<u>\$ 3,035,187</u>

\$ 26,729	\$ 2,392	\$ 35,202	\$ 9,267
\$ 3,682,963	\$ -	\$ 3,682,963	\$ -
\$ 621,479	\$ -	\$ 656,065	\$ -

**Indian River County, Florida
Board of County Commissioners
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2017**

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
ASSETS		
Cash	\$ 2,939,686	\$ 49,573
Investments, at fair value:		
Index funds	-	13,862,842
U.S. government securities funds	-	11,216,540
Primary money market fund	-	2,541,507
Total assets	<u>\$ 2,939,686</u>	<u>\$ 27,670,462</u>
LIABILITIES		
Accounts payable	\$ 30,559	\$ -
Due to other governments	650,802	-
Other deposits held in escrow	2,258,325	-
Total liabilities	<u>\$ 2,939,686</u>	<u>-</u>
NET POSITION		
Assets held in trust for other postemployment benefits		<u>27,670,462</u>
Total net position		<u>\$ 27,670,462</u>

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

Indian River County, Florida
Board of County Commissioners
Statement of Changes in Fiduciary Net Position
Other Post Employment Benefits Trust Fund
For the Year Ended September 30, 2017

ADDITIONS

Employer contributions	\$ 2,274,341
Net appreciation in fair value of investments	2,389,763
Less investment expense	<u>(2,280)</u>
Net investment income	<u>2,387,483</u>
Total additions	<u>4,661,824</u>

DEDUCTIONS

Benefit payments	<u>2,494,672</u>
Total deductions	<u>2,494,672</u>
Change in net position	2,167,152
Net position - beginning	<u>25,503,310</u>
Net position - ending	<u><u>\$ 27,670,462</u></u>

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



Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of County Commissioners (Board) is a County agency and a local governmental entity pursuant to Article VIII, Section 1(e) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Board does not meet the definition of a legally separate organization and is not considered to be a component unit. The Board is considered to be a part of the primary government of Indian River County. The financial statements contained herein represent the financial transactions of the Board only.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Reporting Entity

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The reporting entity's financial statements should allow users to distinguish between the primary government (the Board) and its component units. However, some component units, because of the closeness of their relationship with the Board, should be blended as though they are part of the Board. Otherwise, most component units should be discretely presented. As required by generally accepted accounting principles, the financial reporting entity consists of: (1) the primary government (the Board), (2) organizations for which the Board is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Board is financially accountable if it (a) serves as the governing body of the legally separate organization and there is a financial burden/benefit relationship or management has operational responsibility of the organization, (b) the organization provides almost exclusive service or benefit to the primary government, or (c) total debt of the organization is repayable almost entirely from the resources of the primary government. Based on these criteria, management determined that the Solid Waste Disposal District and the Emergency Services District were the only organizations that should be included in the Board's financial statements as blended component units.

Blended Component Units

Solid Waste Disposal District (SWDD) – Created pursuant to County Ordinance 87-67, the Board of County Commissioners serves as the governing body for and has operational responsibility over the SWDD. The Board also sets the non ad valorem assessment fees for the SWDD. Although legally separate, the SWDD is appropriately blended as a proprietary fund type (enterprise) component unit into the primary government.

Emergency Services District (EMS) – Created pursuant to County Ordinance 90-25, the Board of County Commissioners serves as the governing body for and has operational responsibility over the EMS. The Board also sets the millage rate for the EMS. Although legally separate, the EMS is appropriately blended as a governmental fund type (special revenue) component unit into the primary government.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Fund Financial Statements

The underlying accounting system of the Board is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Board's governmental, proprietary, and fiduciary funds are presented. Governmental accounting standards set forth minimum criteria (percentage of the assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The Statement of Fiduciary Net Position presents assets held by the Board in a custodial capacity for other individuals or organizations.

See Note 15 for more information on the spending hierarchy of fund balances in the fund financial statements.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 45 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Board.

Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The reported fund balance is considered to be a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term receivables are reported on their balance sheets in spite of their spending measurement focus. Advances and notes to other funds are offset as nonspendable fund balance. See Note 15 for more information on the categories and descriptions of fund balances in the fund financial statements.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Fund Financial Statements – Continued

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds

The Board's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Proprietary fund operating revenues, such as charges for services and premiums charged to the Board and employees under various insurance programs, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Principal operating expenses include salary and benefits, cost of sales and services, claims, and insurance premiums. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Fund Financial Statements - Continued

Fiduciary Funds

The fiduciary financial statements include financial information for the agency fund and the other postemployment benefits trust fund. The agency fund of the Board primarily represents assets held by the Board in a custodial capacity for other individuals or governments. The Other Postemployment Benefits Trust Fund (OPEB Trust) accounts for activities of the OPEB Trust, which accumulates resources for health insurance benefit payments for current retirees and for current employees upon their retirement. The agency and Trust fund statements are presented using the accrual basis of accounting.

Governmental Major Funds

General Fund – The General Fund is the general operating fund of the Board. It is used to account for all financial resources, except those accounted for and reported in another fund.

Impact Fees Fund – The Impact Fees Fund accounts for the receipt of various impact fees. Funds are used for the construction of roads and bridges, correctional, public safety, library, park, public building, and solid waste facilities. Funds are also used for administrative expenditures of monitoring the aforementioned activities.

Secondary Roads Construction Fund – The Secondary Roads Construction Fund accounts for the expenditures of road and bridge construction, roadway, bridge and right of way maintenance and drainage, and related administrative expenses. Financing is provided by collections of the local option gas tax.

Transportation Fund – The Transportation Fund accounts for expenditures incurred for the maintenance and repair of County roads. Financing is provided by the 5th and 6th cent gas tax, County gas tax and transfers from the General Fund.

Emergency Services District Fund – The Emergency Services District Fund accounts for the expenditures of providing fire protection and advanced life support to the County. Ad valorem taxes are the primary source of revenue.

Optional Sales Tax Fund – The Optional Sales Tax Fund accounts for revenue generated by the local option one-cent sales tax and some capital grants that use the local option one-cent sales tax as matching funds. Monies are used for various capital projects.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Fund Financial Statements - Continued

Proprietary Major Funds

Solid Waste Disposal District – The Solid Waste Disposal District Fund accounts for the revenues, expenses, assets and liabilities associated with the County landfill.

Golf Course Fund – The Golf Course Fund accounts for the revenues, expenses, assets and liabilities associated with the County golf course.

County Utilities Fund – The County Utilities Fund accounts for the revenues, expenses, assets and liabilities associated with the County water and sewer system.

County Building Fund – The County Building Fund accounts for revenues, expenses, assets, and liabilities associated with the County building permit and inspection program.

Other Fund Types

Internal Service Funds – Internal Service Funds account for Fleet Management, Self Insurance and Information Technology services provided to other departments of the Board on a cost reimbursement basis.

Agency Fund – The Agency Fund is used to account for assets held in a custodial capacity by the Board for other governmental units, other funds, individuals and businesses. Examples include payroll deductions, self insurance premiums, and developer escrow funds.

Other Postemployment Benefits Trust Fund – The Other Postemployment Benefits Trust Fund (OPEB Trust) accounts for activities of the OPEB Trust, which accumulates resources for health insurance benefit payments for current retirees and for current employees upon their retirement. Contributions are recorded when earned and benefit payments and refunds when incurred within each year.

C. Cash and Investments

Cash reported on the financial statements includes bank deposits, cash on hand, certificates of deposit, money market accounts, and all highly liquid investments with maturities of ninety days or less when purchased. Investments consist of U.S. Treasury Securities, U.S. Government Agency Securities, and the Florida Local Government Investment Trust Funds (Florida Trust). Investments are reported at fair value based upon the average price obtained from three brokers/dealers. The Florida Trust values are based upon the fair market value per share of the underlying portfolio. Refer to Note 2C, Investments, for further information on individual investments.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Cash and Investments - Continued

The Board maintains a cash and investment pool that is available for use by all funds. Earnings for the pooled investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pool is managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts. Therefore, all balances representing participants' equity in the investment pools are classified as cash and investments for financial statement purposes. In addition, longer-term investments are held by several of the Board's funds and are, therefore, reported as current restricted cash and investments on these statements. When restricted and unrestricted resources are available, expenses are paid first from restricted resources.

D. Allowance for Doubtful Accounts

The Board provides an allowance for water and sewer and ambulance service accounts receivables that may become uncollectable. At September 30, 2017, the allowance for water and sewer was \$424,493 and for ambulance services was \$1,010,796. No other allowances for doubtful accounts are maintained since other accounts receivable are considered collectable as reported at September 30, 2017.

E. Due from Other Governments

This account represents funds due from state and federal agencies for monthly revenue shares and grant reimbursements. It also includes excess fees due from the County's constitutional officers at September 30, 2017.

F. Inventories

Inventories are valued at cost, which approximates market, using the "first-in, first-out" method of accounting, with the exception of the Golf Course and Fleet Internal Service Fund's inventories which are valued using the average cost method of accounting. Inventories of all funds are recorded as expenditures (expenses) when consumed rather than when purchased.

G. Prepaids and Other Assets

This account represents prepayments for services that will be used in future periods. The Board's policy is to record the expenditure for the services when they are used rather than when the cash is disbursed. On the Statement of Fund Net Position for the Proprietary Funds, of the \$9,574,807 reported as prepaids and other assets in the Governmental Activities Internal Service Funds column, \$8,513,836 is the net other post employment benefit asset. See Note 13 for further information.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, right-of-ways, water and sewer distribution systems, beach restoration, stormwater systems and similar items), and intangible assets (e.g. software, easements, and rights), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The Board defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are reported at estimated historical cost. Donated capital assets, donated works of art, historical treasures and similar assets, as well as capital assets that are received in a service concession arrangement are reported at original acquisition value. Transfers of capital assets within the Board are recorded at their carrying value at the time of the transfer. The costs of normal maintenance and repairs that do not add to the value of the asset nor materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Board holds legal title to the capital assets used in the operations of the Board, Clerk of the Circuit Court and Comptroller, Property Appraiser, Supervisor of Elections and Tax Collector, and is accountable for them under Florida Law.

Capital assets used by the Board's governmental funds are reported in the financial statements of the County. Capital assets of the Board's enterprise and internal service funds are reported in the Proprietary Funds' financial statements.

Property, plant, equipment, intangible, and infrastructure assets of the primary government, as well as the component units, are depreciated, or amortized as in the case of intangible assets, using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10 – 50
Machinery and equipment	3 – 10
Utility distribution systems	25 – 50
Road and bridge infrastructure	20 – 50
Fiberoptics	20
Software	3-5
Beach preservation infrastructure	7
Stormwater infrastructure	30

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Capitalization of Interest

Interest costs related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Board did not have any capitalized interest.

J. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Board has three items that qualify for reporting in these categories.

The first item is unavailable revenue, which arises under a modified accrual basis of accounting, and is reported as a deferred inflow of resources in the governmental funds balance sheet. The sources of the unavailable revenue are special assessments on road paving, ambulance service billings, insurance recoveries and state and federal grant revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The second item is the deferred charge on refunding which is reported as a deferred outflow of resources on the Statement of Fund Net Position for the Proprietary Funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding debt.

In addition to the above two deferred items, both deferred outflows and inflows related to pensions are calculated in accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*. These deferred resources appear on the Statement of Fund Net Position for Proprietary Funds. These deferred outflows and inflows are an aggregate of various pension items and will be recognized as adjustments to pension expense or net pension liability in future reporting years. Further information and detail on the composition of these items is discussed in Note 12.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. Pensions/Net Pension Liability

In the Statement of Fund Net Position for Proprietary Funds, net pension liability represents the Board's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current active and inactive employees. The benefit payments are attributable to those employees past periods of service, less the amount of the cost-sharing pension plans' fiduciary net position.

The Board participates in both the Florida Retirement System (FRS), which operates a defined benefit and compensation plan, and the Health Insurance Subsidy Program (HIS Program), which is a defined benefit plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, and fiduciary net position are determined on the same basis as the FRS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. New Accounting Pronouncement

The Board implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement's objective was to improve the usefulness of information about postemployment benefits other than pensions (OPEB).

M. Unamortized Bond Discounts and Premiums

Bond discounts and premiums associated with the issuance of Proprietary Fund revenue bonds are amortized over the life of the bonds according to the straight-line method. For financial reporting, unamortized bond discounts and premiums are netted against the applicable long-term debt. Refer to Note 9B for further information.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N. Landfill Closure Costs

Under the terms of current state and federal regulations, the Solid Waste Disposal District (SWDD) is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The SWDD recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity used during the period. Required obligations for closure and post-closure costs are recognized in the Solid Waste Disposal District Enterprise Fund.

O. Unearned Revenues

In governmental fund financial statements (in accordance with the modified accrual basis of accounting), unearned revenues represent revenues which are available but not earned.

P. Accrued Compensated Absences

The Board does not report compensated absences in the governmental fund statements since they are not current liabilities payable from available spendable resources. They are reported in the government-wide financial statements of the County. Proprietary fund types accrue compensated absences in the period they are earned.

Q. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U.S. Internal Revenue Code, the Board must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The Board has no arbitrage liability outstanding as of September 30, 2017.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

R. Budgets and Budgetary Accounting

The Board uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The constitutional officers submit, at various times, to the Board and to certain divisions within the Florida Department of Revenue and the Florida Clerks of Court Operations Corporation, a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them, as set forth in Chapter 129 of the Florida Statutes.
2. The Department of Revenue, State of Florida, has the final authority on the operating budgets for the Tax Collector and the Property Appraiser included in the General Fund.
3. Constitutional officers, all departments controlled by the Board, and outside state and local agencies submit their proposed budgets to the Office of Management and Budget for assistance, review, and compilation. The County Administrator then reviews all County departments, state agencies, and nonprofit organization's budgets and makes the budget recommendation to the Board.
4. On or before July 15 of each year, the County Administrator and the Director of the Office of Management and Budget, as the Board's designated budget officer, submit to the Board a tentative budget for the ensuing fiscal year. The tentative budget includes proposed expenditures and the means of financing them. The Board then holds workshops to review the tentative budget by fund on a departmental level.
5. During September, public hearings are held pursuant to Section 200.065 of the Florida Statutes in order for the Board to receive public input on the tentative budget. At the end of the last public hearing, the Board enacts resolutions to legally adopt the budgets at the fund level for all governmental and proprietary fund types. The budgets legally adopted by the Board set forth the anticipated revenues by source and the appropriations by function.
6. Formal budgetary integration on an object level is used as a management control device for the governmental and proprietary funds of the Board. Management is authorized to transfer budgeted amounts between objects and departments in any fund as long as management does not exceed the total appropriations of a fund. Board approval to amend the budget is only required when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations of a fund.
7. Budgets for the governmental and proprietary fund types are adopted on a basis consistent with generally accepted accounting principles.
8. Appropriations for the Board lapse at the close of the fiscal year.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH AND INVESTMENTS

The Board maintains a cash and investment pool that is available for use by all funds except those whose cash and investments must be segregated due to bond covenants or other legal restrictions.

A. Deposits

At September 30, 2017, the carrying value of the Board's deposits was \$110,491,365 and the bank balance was \$111,813,784. All the deposits were covered by the FDIC or collateralized in accordance with Chapter 280, Florida Statutes, also known as the "Florida Security for Public Deposits Act".

B. Accrued Interest

Interest earnings on U.S. Treasury Notes and government agency bonds are recorded in the cash and investment pools and then allocated to each fund based on each fund's average monthly balance. As of September 30, 2017, accrued interest for the Board's portfolio totaled \$479,642 and was allocated to the funds based on their average monthly balance for September. The remaining accrued interest is reflected in utilities and road paving assessments.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH AND INVESTMENTS - Continued

C. Investments

As of September 30, 2017, the Board had the following investments:

Investment Type	Fair Value	Weighted Average Maturity In Years	Portfolio Percentage	Credit Risks*
<u>Fixed Rate Debt Instruments:</u>				
U.S. Treasuries	\$ 82,724,813	0.70	35.92 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	23,918,187	1.05	10.39	AA+
Federal Home Loan Bank	48,822,753	1.26	21.20	AA+
Federal Home Loan Mortgage	45,842,853	1.07	19.91	AA+
Federal National Mortgage Assoc.	10,947,847	1.07	4.75	AA+
<u>Other Market Rate Investments:</u>				
Florida Trust Short Term				AAAf and
Bond Fund	13,922,060	0.08	6.05	S-1**
<u>W&S Sinking Fund Reserve:</u>				
U.S. Treasuries	4,124,298	1.24	1.78	N/A
Total Fair Value	\$ <u>230,302,811</u>		<u>100.00</u> %	
Weighted Average Maturity of Investments		<u>0.92</u>		

* Ratings based upon Standard and Poor's

**AAAf credit quality, S-1 Market Volatility

*** The weighted calculation considers the investments are carried until full maturity
(i.e. call dates are not considered).

Fair Value Measurement

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as determined by the Board's investment advisors. Level 1 inputs are quoted priced in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH AND INVESTMENTS - Continued

C. Investments – Continued

The Board had the following recurring fair value measurements as of September 30, 2017:

	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ -	\$ 86,849,111	\$ -	\$ 86,849,111
U.S. Agencies	-	129,531,640	-	129,531,640
Florida Trust	-	13,922,060	-	13,922,060
Total Investments	\$ -	\$ 230,302,811	\$ -	\$ 230,302,811

Interest Rate Risk

The Board's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. All investments must have stated maturities of ten (10) years or less and no more than 25% of the portfolio shall be invested in instruments with stated final maturities greater than five (5) years. The portfolio shall have securities with varying maturity and at least 10% of the portfolio shall be invested in readily available funds.

Credit Risks

Florida Statutes, Section 218.415 and the Board's investment policy limit investments to the following:

1. Direct obligations of the United States Treasury;
2. Any intergovernmental investment pool, with the exception of SBA pools, authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statute 163.01;
3. Florida Local Government Investment Trust Funds (Florida Trust);
4. Interest-bearing time deposits or savings in qualified public depositories as defined in Section 280.02, Florida Statutes;
5. Federal agencies and instrumentalities;
6. Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian;
7. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
8. Repurchase agreements with a term of one year or less collateralized by direct obligations of the United States Government which have maturities of three (3) years or less and a market value 103% or more of the repurchase amount.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH AND INVESTMENTS - Continued

C. Investments – Continued

Concentration Risk

The Board's investment policy has established asset allocation and issuer limits to reduce concentration of credit risk in the Board's investment portfolio. The Board's investment policy does not allow for more than 20% of the entire portfolio to be invested in any one issuer, with the exception of United States Treasury Obligations and state authorized pools. No more than 10% of the portfolio may be placed in certificates of deposit and no more than \$6.5 million of the portfolio may be placed in certificates of deposit with any one financial institution. No more than 10% of the portfolio may be placed in any one money market fund, mutual fund, or intergovernmental investment pool.

Custodial Credit Risk

The Board's investment policy pursuant to Section 218.415 (18), Florida Statutes, requires securities to be registered and held with a third party custodian. All securities purchased, as well as all collateral obtained, by the Board shall be held in the name of the Board. The securities must be held in an account separate and apart from the assets of the financial institution. As of September 30, 2017, the Board's investment portfolio in U.S. Treasuries, U.S. Agencies, and money market funds was held by The Bank of New York/Mellon. Additional investments include the Florida Local Government Investment Trust which was held by the Bank of New York/Mellon.

D. OPEB Trust

Funds are held in the name of the Indian River County OPEB Trust (OBEB Trust), an irrevocable trust, by a third party custodian, The Bank of New York/Mellon. The contribution for the year ended September 30, 2017 was \$2,274,341. The cash balance in the OPEB Trust at September 30, 2017 was \$49,573. The investments are reported at fair value based upon market-close price on the last business day of each month.

The Board approved a separate investment policy for the OPEB Trust assets on February 3, 2009 (last amended on November 5, 2013). The Board adopted a broadly diversified portfolio composition consisting of equity, debt, and cash and investments. Asset allocations are divided between short term and long term investments. Short term asset allocations include cash and investments with maturities of 180 days or less. Long term asset allocations range from 0-60% for equities, 0-60% for fixed income securities, and 0-100% for cash and investments.

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 9.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH AND INVESTMENTS - Continued

D. OPEB Trust - Continued

As of September 30, 2017, the OPEB Trust had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>	<u>Portfolio Percentage</u>
Vanguard 500 Index	\$ 6,233,563	N/A	22.57
Vanguard All World Ex-US	5,522,817	N/A	20.00
Vanguard Mid Cap Index	1,395,305	N/A	5.05
Vanguard Small Cap Index	711,157	N/A	2.57
Vanguard Short Term Treasury	8,273,199	2.10	29.95
Vanguard Intermediate Treasury	2,736,053	5.70	9.91
Vanguard Prime Money Market	2,541,507	0.14	9.20
Vanguard Federal Money Market	207,288	0.15	0.75
Total fair value	<u>\$ 27,620,889</u>		<u>100.00 %</u>

The Board has the following recurring fair value measurements for investments in the OPEB Trust as of September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Index Funds	\$ 13,862,842	\$ -	\$ -	\$ 13,862,842
U.S. Government Securities Funds	11,216,540	-	-	11,216,540
Money Market Fund	2,541,507	-	-	2,541,507
Total investments	<u>\$ 27,620,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,620,889</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 - PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Priroperty tax revenues recognized for the 2016-2017 fiscal year were levied in October 2016. All taxes are due and payable on November 1 or as soon as the assessments roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 4 – CAPITAL ASSETS

A. Governmental Fund Type Capital Assets

A summary of changes in the Governmental fund type capital assets is as follows:

	Land	Buildings And Improvements	Equipment	Intangibles	Infrastructure	Construction In Progress	Total
Balance 10/1/2016	\$ 133,776,879	\$ 229,878,528	\$ 41,561,707	\$ 4,339,153	\$ 415,800,423	\$ 23,708,410	\$ 849,065,100
Additions	1,265,673	10,955,285	4,950,107	345,004	1,578,780	20,137,881	39,232,730
Deletions	(550,924)	(938,503)	(2,163,335)	(300,877)	(86,065)	(13,387,600)	(17,427,304)
Balance 9/30/2017	<u>\$ 134,491,628</u>	<u>\$ 239,895,310</u>	<u>\$ 44,348,479</u>	<u>\$ 4,383,280</u>	<u>\$ 417,293,138</u>	<u>\$ 30,458,691</u>	<u>\$ 870,870,526</u>

Depreciation expense, which includes amortization expense on intangible assets, for governmental fund type capital assets is not reported in the financial statements of the Board. Depreciation expense is reported in the financial statements of the County. Please refer to the County Notes for a more detailed explanation of the County's policy on depreciation.

In accordance with GASB Statement 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the Board wrote down the value of the Sector 3 Beach Restoration asset in the amount of \$1,715,853. This impairment was caused by Hurricane Matthew erosion damage that occurred in October 2016. Subsequently, in September 2017, Hurricane Irma caused additional damage resulting in a second asset impairment of \$390,043. These impairment amounts are included as a culture and recreation program expense on the Statement of Activities.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 4 – CAPITAL ASSETS - Continued

B. Proprietary Fund Type Capital Assets

Enterprise Funds

A summary of changes in the Enterprise fund type capital assets is as follows:

	Land	Buildings And Improvements	Equipment	Intangibles	Construction In Progress	Total
Balance 10/1/2016	\$ 21,556,248	\$ 454,047,846	\$ 16,528,821	\$ 2,975,053	\$ 2,304,979	\$ 497,412,947
Additions	-	5,650,269	1,390,697	26,135	3,618,556	10,685,657
Deletions	-	(702,713)	(206,604)	(6,155)	(2,350,866)	(3,266,338)
	21,556,248	458,995,402	17,712,914	2,995,033	3,572,669	504,832,266
Less:						
Accumulated Depreciation	-	(267,019,095)	(14,033,215)	(1,011,397)	-	(282,063,707)
Balance 9/30/2017	\$ 21,556,248	\$ 191,976,307	\$ 3,679,699	\$ 1,983,636	\$ 3,572,669	\$ 222,768,559

Internal Service Funds

A summary of changes in the Internal Service fund type capital assets is as follows:

	Improvements	Buildings And Equipment	Intangibles	Total
Balance 10/1/2016	\$ 2,837	\$ 949,725	\$ 1,726,164	\$ 2,678,726
Additions	10,978	132,490	195,311	338,779
Deletions	-	(56,069)	(357)	(56,426)
	13,815	1,026,146	1,921,118	2,961,079
Less:				
Accumulated Depreciation	(3,478)	(782,280)	(1,528,984)	(2,314,742)
Balance 9/30/2017	\$ 10,337	\$ 243,866	\$ 392,134	\$ 646,337

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

	Solid Waste Disposal District	County Utilities	Total
Sinking funds	\$ -	\$ 4,455,456	\$ 4,455,456
Renewal and replacement	-	3,485,928	3,485,928
Customer deposits	172,426	3,088,247	3,260,673
Capital construction	-	27,080,353	27,080,353
Closure and maintenance cost	14,009,736	-	14,009,736
Total	\$ 14,182,162	\$ 38,109,984	\$ 52,292,146

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 6 - INTERFUND BALANCES

Interfund balances at September 30, 2017, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 175,000
General Fund	Golf Course Enterprise Fund	339,073
		<u>\$ 514,073</u>

In January 2016, the General Fund loaned \$254,500 to the Golf Course Fund to purchase new golf carts. In September 2017, the General Fund loaned \$1,100,000 to the Golf Course Fund for a new irrigation system. The amount reported as due from the Golf Course Fund is the current portion of the scheduled payments due to the General Fund in fiscal year 2018. The remaining amount due from the Golf Course Fund is reported as an interfund advance. The amounts due from the Nonmajor Governmental Funds represent short-term cash loans that will be repaid within the next twelve months.

Interfund advance at September 30, 2017, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Golf Course Fund	<u>\$ 912,103</u>

This amount is considered a long-term advance between major funds expected to be paid in fiscal years 2019, 2020 and 2021. This amount has been presented as nonspendable on the General Fund Balance Sheet.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2017, consisted of the following:

	Transfers In:				
	Transportation Fund	Nonmajor Governmental Funds	Utilities Fund	Internal Service Funds	Total
Transfers Out:					
General Fund	\$ 9,756,429	\$ 117,554	\$ -	\$ 39,496	\$ 9,913,479
Secondary Roads Construction Fund	-	444,320	-	-	444,320
Transportation Fund	-	-	82,667	-	82,667
Optional Sales Tax Fund	-	125,000	-	-	125,000
Total	\$ 9,756,429	\$ 686,874	\$ 82,667	\$ 39,496	\$ 10,565,466

Transfers are used for the following purposes: 1) use unrestricted general fund revenues to finance transportation activities which are accounted for in a special revenue fund, 2) use unrestricted general fund revenues for beach restoration activities which must be accounted for in another fund, 3) use unrestricted general fund revenues to offset a portion of salaries and benefits expenses for an employee accounted for in the health insurance fund, 4) use secondary roads construction fund revenues to offset a portion of a bus transfer site project, 5) use unrestricted stormwater revenues to offset Egret Marsh employee costs accounted for in the utilities fund, and 6) use capital project fund revenues for improvements to the Historic Dodgertown facility.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 8 – ACCOUNTS PAYABLE

Accounts payable at September 30, 2017, were as follows:

	Vendors	Salaries and Benefits	Total Accounts Payable
Governmental Funds:			
General	\$ 1,397,839	\$ 483,580	\$ 1,881,419
Impact Fees	316,421	3,808	320,229
Secondary Roads Construction	1,575,602	9,837	1,585,439
Transportation	499,549	301,846	801,395
Emergency Services	241,875	901,763	1,143,638
Optional Sales Tax	2,030,455	-	2,030,455
Other Governmental	577,584	30,172	607,756
Total Governmental Funds	<u>\$ 6,639,325</u>	<u>\$ 1,731,006</u>	<u>\$ 8,370,331</u>
Proprietary Funds:			
Payable from current assets:			
Solid Waste	\$ 1,964,265	\$ 24,011	\$ 1,988,276
Golf Course	144,415	18,735	163,150
Utilities	1,627,947	296,773	1,924,720
Building	36,691	73,085	109,776
Other Proprietary	242,944	56,592	299,536
Payable from restricted assets:			
Utilities	142,012	-	142,012
Total Proprietary Funds	<u>\$ 4,158,274</u>	<u>\$ 469,196</u>	<u>\$ 4,627,470</u>

Included in salaries and benefits payable is a liability to the Florida Retirement System (FRS) for pension contributions due. The amounts due to FRS at September 30, 2017 were \$214,177 for governmental funds and \$33,279 for proprietary funds.

The Board has not engaged in any short-term debt activity during fiscal year 2017 other than that listed in Note 6.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 9 - LONG-TERM LIABILITIES

A. Governmental Long-Term Debt

Changes in Long-Term Liabilities

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Accrued Compensated Absences:	\$ 4,027,714	\$ 2,601,799	\$ 2,624,730	\$ 4,004,783
Bonds Payable:				
Spring Training Facility				
Revenue Bonds - 2001 Series	6,735,000	-	520,000	6,215,000
Notes Payable:				
Limited General Obligation				
Refunding - 2015 Series	19,706,000	-	4,053,000	15,653,000
Grand Total	<u>\$ 30,468,714</u>	<u>\$ 2,601,799</u>	<u>\$ 7,197,730</u>	<u>\$ 25,872,783</u>

Of the \$4,004,783 liability for accrued compensated absences, management estimates that \$2,534,106 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Board since they are not payable from available spendable resources. They are reported in the financial statements of the County.

The General Obligation Refunding Note and Spring Training Facility Revenue Bonds are not reported in the governmental fund statements since they are not current liabilities payable from available spendable resources. They are reported in the government-wide financial statements of the County. Payments on the general obligation note and the revenue bonds are made by debt service funds (refer to the Table of Contents for these debt service funds under the category: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Governmental Funds).

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 9 - LONG-TERM LIABILITIES – Continued

A. Governmental Long-Term Debt - Continued

Annual Debt Service Payments

The annual debt service payments for bonds and notes outstanding at September 30, 2017, are as follows:

Fiscal Year Ending September 30	Spring Training Facility Revenue Bonds Series 2001		Limited General Obligation Refunding Note Series 2015	
	Principal	Interest	Principal	Interest
2018	\$ 550,000	\$ 316,750	\$ 4,158,000	\$ 259,840
2019	585,000	287,875	4,227,000	190,817
2020	615,000	257,163	4,298,000	120,649
2021	650,000	224,875	2,970,000	49,302
2022	305,000	190,750	-	-
2023-2027	1,780,000	708,250	-	-
2028-2031	1,730,000	218,750	-	-
Total	6,215,000	2,204,413	15,653,000	620,608
Less:				
Current portion	550,000	-	4,158,000	-
Total	<u>\$ 5,665,000</u>	<u>\$ 2,204,413</u>	<u>\$ 11,495,000</u>	<u>\$ 620,608</u>

Spring Training Facility Revenue Bonds

Purpose - On August 15, 2001, the Board issued \$16,810,000 of Spring Training Facility Revenue Bonds, Series 2001. The Series 2001 bonds are being issued by the Board to provide funds, together with other available funds, to (1) finance a portion of the cost of acquisition and expansion of a spring training facility currently known as “Historic Dodgertown”; (2) pay a premium for a municipal bond insurance policy and a debt service reserve account surety bond, and (3) pay certain costs and expenses incurred in connection with the issuance of the Series 2001 bonds.

Pledge of Revenues - The principal and interest on the Series 2001 bonds will be payable from and secured by a first lien upon and pledge of the following, together with any investment income realized on any funds held under the Resolution, except the Cost of Issuance Account and the Rebate Fund:

1. Payments received by the Board from the State of Florida pursuant to Section 212.20, Florida Statutes; and
2. The Fourth Cent Tourist Development Tax levied by the County in Ordinance No. 2000-029, enacted pursuant to Section 125.0104(3)(1), Florida Statutes; and

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 9 - LONG-TERM LIABILITIES - Continued

A. Governmental Long-Term Debt – Continued

Spring Training Facility Revenue Bonds - Continued

3. Eighty-six percent (86%) of the Local Government Half-Cent Sales Tax distributed to the Board, pursuant to Chapter 218, part VI, Florida Statutes.

The foregoing is collectively referred to herein as the “pledged revenues”. These revenue streams are pledged for the remaining term of the bonds.

The Fourth Cent Tourist Development Tax and the Local Government Half-Cent Sales Tax pledged to the payment of debt service on the Series 2001 bonds are automatically released as pledged revenue for the Series 2001 bonds immediately following the April 1, 2021 principal payment on the Series 2001 bonds.

The current principal and interest payments of \$850,400 represent 9.13% of total pledged revenues. All three pledged revenue sources totaled \$9,315,908 for the current fiscal year. The Board applied 100% of the state subsidy, 50% of the Fourth-Cent Tourist Tax, and none of the Half-Cent Sales Tax to the debt service payments. The total principal and interest remaining to be paid on the bonds is \$8,419,413.

Bonds Issued - At September 30, 2017, Spring Training Facility Revenue Bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2017
Spring Training Facility Revenue Bonds, 2001 Series	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	<u>\$ 6,215,000</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 9 - LONG-TERM LIABILITIES - Continued

A. Governmental Long-Term Debt – Continued

Spring Training Facility Revenue Bonds - Continued

Remaining Mandatory Redemption - The Series 2001 Term Bonds are subject to mandatory redemption prior to maturity, by lot, at par plus accrued interest, according to the following schedule:

Term Bonds due April 1, 2021

<u>Date</u>	<u>Principal Amount</u>
April 1, 2018	\$ 550,000
April 1, 2019	585,000
April 1, 2020	615,000
April 1, 2021	650,000

Term Bonds due April 1, 2027

<u>Date</u>	<u>Principal Amount</u>
April 1, 2022	\$ 305,000
April 1, 2023	320,000
April 1, 2024	340,000
April 1, 2025	355,000
April 1, 2026	375,000
April 1, 2027	390,000

Term Bonds due April 1, 2031

<u>Date</u>	<u>Principal Amount</u>
April 1, 2028	\$ 410,000
April 1, 2029	430,000
April 1, 2030	455,000
April 1, 2031	435,000

Limited General Obligation Refunding Note, Series 2015

Purpose - On April 7, 2015, the Board voted to redeem \$19,075,000 of outstanding 2006 Limited General Obligation Bonds with a 7 year note from Regions Capital Advantage, Inc. The refunding ultimately saved the Board \$1.2 million over the 7 year remaining life of the bonds.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 9 - LONG-TERM LIABILITIES - Continued

A. Governmental Long-Term Debt - Continued

Limited General Obligation Refunding Note, Series 2015 - Continued

The aggregate difference in debt service between the 2015 note (\$28,959,008) and the 2006 bonds (\$30,315,331) was \$1,356,323. These amounts include the 7/1/2015 and 7/1/2016 principal and interest payments which were excluded in the refunding. The net economic gain was \$636,694 and is amortized over the life (72 months) of the new debt. The unamortized balance of \$375,826 is reflected as a deferred outflow of resources on the government-wide Statement of Net Position. This refinancing lowered the annual debt service by \$150,000.

Pledge of Revenues - The principal and interest on the bonds are payable from the sole source of ad valorem taxes not exceeding ½ mil and having a maturity not exceeding fifteen years, which are levied by the County upon the taxable real and personal property of the County. The total tax revenue received was \$4,619,804 of which 100% is pledged for payment of this note and the 2006 bond. Total principal and interest paid on this note was \$4,380,119 and represents 95% of total pledged revenue.

Maturity and Interest Rate - Interest payments are made semiannually beginning July 1, 2015 through July 1, 2021. Annual principal payments begin July 1, 2015 and end July 1, 2021. The interest rate is fixed at 1.66%. The note may be paid early without a prepayment penalty.

B. Proprietary Long-Term Debt

Changes in Long-Term Liabilities

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Accrued Compensated Absences	\$ 1,057,350	\$ 893,508	\$ 880,916	\$ 1,069,942
Note Payable:				
Water & Sewer Revenue				
Refunding Note Series 2015	6,198,000	-	992,000	5,206,000
Bonds Payable:				
Water & Sewer Revenue				
Refunding Series 2009	17,620,000	-	2,000,000	15,620,000
Grand Total	\$ <u>24,875,350</u>	\$ <u>893,508</u>	\$ <u>3,872,916</u>	\$ <u>21,895,942</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 9 - LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long-Term Debt - Continued

Annual Debt Service Payments

The annual debt service payments for bonds and notes outstanding at September 30, 2017 are as follows:

Fiscal Year Ending September 30	Water and Sewer Revenue Refunding Note Series 2015		Water and Sewer Revenue Refunding Bonds Series 2009	
	Principal	Interest	Principal	Interest
2018	\$ 1,007,000	\$ 85,899	\$ 2,100,000	\$ 781,000
2019	1,025,000	69,284	2,205,000	676,000
2020	1,042,000	52,371	2,315,000	565,750
2021	1,058,000	35,178	2,430,000	450,000
2022	1,074,000	17,721	2,550,000	328,500
2023-2024	-	-	4,020,000	268,000
Total	5,206,000	260,453	15,620,000	3,069,250
Less:				
Current portion	1,007,000	-	2,100,000	-
Add:				
Unamortized bond premium	-	-	1,205,534	-
Total	<u>\$ 4,199,000</u>	<u>\$ 260,453</u>	<u>\$ 14,725,534</u>	<u>\$ 3,069,250</u>

Water and Sewer Revenue Refunding Note, Series 2015

Purpose - On August 18, 2015, the Board voted to early call all of the outstanding Water and Sewer Revenue Refunding 2005 Bonds. The Board paid down 50% of the debt (\$7,100,000) with cash and refinanced the remaining 50% (\$7,105,000) with a 7 year note. The total amount borrowed included the cost of issuance and accrued interest totaling \$66,000, for a grand total of \$7,171,000.

The aggregate difference in debt service between the Series 2005 bonds (\$18,866,875) and the Series 2015 note (\$7,653,356), cash contribution and September 1, 2016 principal and interest payment (\$9,162,642) is \$2,050,877. The net economic gain was \$583,991; which included the refinancing, accrued interest, and cash contribution. This lowered the annual debt service by \$1.2 million. The net economic gain is amortized over the 7 year life of the note. The unamortized balance of the deferred amount on the refunding at September 30, 2017 is \$410,184 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 9 - LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long-Term Debt - Continued

Water and Sewer Revenue Refunding Note, Series 2015 - Continued

Pledge of Revenues – The note is collateralized, for the remaining term of the note, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments. Annual principal and interest payments of \$1,094,267 represent approximately eight percent of net revenues of \$13,693,895 of the utility system. The total principal and interest remaining to be paid on the 2015 note is \$5,466,453. Refer to Schedule 14 in the statistical section for further detail.

Rate Covenant – Net revenues shall be sufficient to pay 100% of reserve and 120% of current year principal and interest requirements.

Maturity and Interest Rate - Interest payments are made semiannually beginning September 1, 2016 through September 1, 2022. Annual principal payments begin September 1, 2016 and end September 1, 2022. The interest rate is fixed at 1.65%. Note may be paid early without any prepayment penalty.

Water and Sewer Revenue Refunding Bonds, Series 2009

Purpose - The Series 2009 bonds were issued to refund and redeem on September 11, 2009, \$28,270,000 of the Board's outstanding Water and Sewer Revenue Bonds, Series 1993A. The refunding excluded debt service payments due September 1, 2010 and 2011.

The aggregate difference in debt service between the Series 1993A (\$80,434,415) and Series 2009 (\$78,755,772) is \$1,678,643. The net economic gain, which lowered average annual debt service by \$126,000, was \$1,368,427 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2017 is \$627,196 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Pledge of Revenues – The revenue bonds are collateralized, for the remaining term of the bonds, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments. The current principal and interest payments of \$2,881,000 represent approximately twenty-one percent of net revenues of \$13,693,895 of the utility system. The total principal and interest remaining to be paid on the bonds is \$18,689,250.

Rate Covenant – Net revenues shall be sufficient to pay 100% of reserve and 120% of current year principal and interest requirements.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 9 - LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long Term Debt – Continued

Water and Sewer Revenue Refunding Bonds, Series 2009 - Continued

Bonds Issued - At September 30, 2017, the revenue refunding bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2017
Water and Sewer	4-5%			
Revenue Refunding Bonds,	3/1 and 9/1	2024	\$ 26,370,000	\$ 15,620,000
Series 2009				

Optional Redemption - The Series 2009 bonds maturing on or prior to September 1, 2019, are not subject to redemption prior to their respective dates of maturity. The Series 2009 bonds stated to mature after September 1, 2019, are subject to redemption at the option of the Board in whole or, from time to time, in part on September 1, 2019, at the redemption price of the principal amount to be redeemed, plus accrued interest to the date of redemption.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 10 - PROVISION FOR CLOSURE COSTS

Current regulations of the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP) require the Solid Waste Disposal District (SWDD) to place a final cover on closed landfill areas, and to maintain those areas for up to thirty years after closure. The SWDD annually obtains updated and revised estimates of total future closure and post-closure costs from its consulting engineers. The SWDD recognizes the expenses associated with the final closure and post-closure maintenance of the landfill areas over the active life of those areas. The provision for closure costs reported in the financial statements as operating expense represents the portion of these estimated future outlays which are allocable to the current year based on the amount of capacity used.

The total unrecognized closure and post-closure costs are approximately \$7.1 million. These costs will be recognized in future periods as the remaining capacity is filled. The Board's policy is to fund 100% of the current year's allocation (based upon the consulting engineers' report) of both closure and post-closure care.

Required closure and post-closure sub-accounts:

	<u>Capacity Used</u>	<u>Estimated Closing</u>	<u>Amount</u>
<u>Closure Costs</u>			
Class I - Segment III, Cell I	41%	2021	\$ 12,601,947
Construction and Demolition	90%	2027	814,866
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	588,435
Construction and Demolition	N/A	N/A	4,488
Total account balance at 9/30/17			\$ <u>14,009,736</u>

All amounts recognized are based on what it would cost to perform all closure and post-closure functions in current dollars. Actual costs may be different due to inflation, deflation, changes in technology, or changes in laws and regulations. The SWDD is required by FDEP to annually show proof of ability to finance closure and post-closure costs. The SWDD is making annual deposits to a closure and post-closure costs account to provide for the financing of future closure-related expenses. At September 30, 2017, \$13,922,060 was on deposit at the Florida Local Government Investment Trust and \$87,676 was on deposit in the Board's operating account.

A summary of changes in the landfill closure liability account is as follows:

	<u>Balance 10/1/2016</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance 9/30/2017</u>
Closure and long-term care costs	\$ <u>13,009,736</u>	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>14,009,736</u>

Of the \$14,009,736 liability for closure and long-term care costs, management estimates that \$9,270,090 will be due and payable within one year.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 11 – POLLUTION REMEDIATION

In accordance with GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations, a consultant evaluated two sites to assess pollution remediation liabilities. The consultant calculated for each site an expected value (EV) estimate for pollution remediation based on three plausible mitigation scenarios. An obligating event occurred at each of the following two sites requiring the Board (using the consultant's services) to attempt to accrue a liability for pollution remediation. The liability totaled \$2,119,700 at September 30, 2017 for the two sites. The pollution remediation obligation is an estimate and subject to changes resulting from price increases and reductions, technology, and changes in applicable laws or regulations. There are no estimated recoveries that would reduce the liability.

Governmental Funds:

1. *South Gifford Road closed landfill* – The nature of the pollution remediation obligation is chlorinated solvent contamination. The consultant will conduct monitoring, bioremediation and reporting with the FDEP. The amount of the estimated year end liability is \$2,100,000 and will be paid from the Optional Sales Tax Fund.
2. *Old Administration Building* – The nature of the pollution remediation obligation is closed underground storage tank contamination. The consultant will conduct monitoring and reporting with the FDEP. The amount of the estimated year end liability is \$19,700 and will be paid from the General Fund.

Total governmental funds liability: \$2,119,700

The Board does not report the liability for pollution remediation in the governmental fund statements since they are not current liabilities payable from available spendable resources. The liability is reported in the government-wide financial statements of the County.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN

General Information: All of the Board's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Program). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a county, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description: The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided: Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular Class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life. The benefit is equal to 1.6% of their final average compensation based on the 5 highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Special Risk Administrative Support class members who retire at or after age 55 with at least 6 years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life. This benefit is equal to 1.6% of their final average compensation based on the 5 highest years of salary, for each year of credited service.

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least 6 years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life equal to 3.0% of their final average compensation based on the 5 highest years of salary for each year of credited service.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Pension Plan - Continued

Senior Management Service class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the 5 highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the 5 highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to 8 years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the 8 highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011 and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011 and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions: The State of Florida establishes contribution rates for participating employers and employees in section 121.71 Florida Statutes. Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2017 were: Regular Class 7.92%, Special Risk 23.27%, Special Risk Administrative Support 34.63%, Senior Management 22.71%, DROP 13.26%, and Elected Official Class 45.50%. Included in these rates is a health insurance subsidy of 1.66%. Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with the 3% employee contributions, is expected to finance the cost of benefits earned by employers during the year with an additional amount to finance any unfunded accrued liability.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Pension Plan - Continued

The Board's actuarial contribution to FRS under the Pension Plan for the year ended September 30, 2017, was \$4,794,782. Employee contributions for September 30, 2017 were \$997,420. Both employer and employee contributions were equal to 100% of the required contribution.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pension Plan: At September 30, 2017, the Division of Retirement calculated the Board's liability of \$55,300,626 for the FRS plan for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Board's proportionate share was 0.186957% for the FRS Pension Plan. This was an increase of 0.013793% from its proportionate share measured as of June 30, 2016.

For the year ended September 30, 2017, the Board's calculated total increase of actuarially determined pension expense was \$5,936,315. Of this amount, the Board recognized \$678,690 in the enterprise funds and \$93,170 in the internal service funds. In addition, the Board's calculated deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,075,267	\$ 306,337
Changes in assumptions	18,584,915	-
Net difference between projected and actual earnings on pension plan investments	-	1,370,488
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,466,914	884,725
Board contributions subsequent to the measurement date	1,185,930	-
Total	<u>\$ 28,313,026</u>	<u>\$ 2,561,550</u>

Deferred outflows related to pensions recognized by enterprise funds were \$3,661,695 and \$497,089 for internal service funds. Deferred inflows related to pensions recognized by the enterprise funds were \$528,317 and \$69,595 for the internal service funds.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Pension Plan - Continued

The deferred outflows of resources related to pensions totaling \$1,185,930 resulting from Board contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount Recognized</u>
2018	\$ 3,206,433
2019	8,522,469
2020	5,958,919
2021	1,217,548
2022	4,118,002
Thereafter	1,542,175
Total	<u>\$ 24,565,546</u>

Actuarial Assumptions: The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Valuation date:	July 1, 2017
Measurement date:	June 30, 2017
Discount rate:	7.10%
Long-term expected rate of return:	7.10%, net of pension plan investment expense, including inflation
Inflation:	2.60%
Salary increase:	3.25%, including inflation
Mortality:	Generational RP-2000 with Projections Scale BB
Actuarial cost method:	Individual Entry Age

The actuarial assumptions that determined the total pension liability used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The following changes in actuarial assumptions occurred in 2017:

- The long-term expected rate of return, was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated for the Pension Plan.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Pension Plan - Continued

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.6%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	100%			
Assumed inflation-mean			2.6%	1.9%

Discount Rate for Pension Plan: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Board's contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Pension Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the actuarially determined contribution is contributed in full each year. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Pension Plan - Continued

Sensitivity of the Board's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan: The following presents the Board's proportionate share of the Net Pension Liability (NPL) of the Pension Plan calculated using the discount rate of 7.10%. Also presented is what the Board's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1%</u> <u>Decrease (6.10%)</u>	<u>Current Discount</u> <u>Rate (7.10%)</u>	<u>1%</u> <u>Increase (8.10%)</u>
Board's proportionate share of NPL	\$100,090,794	\$55,300,626	\$18,114,526

Pension Plan Fiduciary Net Position: Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. This report is available by writing to the State of Florida, Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or by email at rep@dms.myflorida.com, or by telephone toll free at (844) 377-1888 or (850) 907-6500. This report identifies statements that were prepared in accordance with generally accepted accounting principles, the measurement focus and basis of accounting, various investment valuations, various pension plan benefits, assumptions used, and many other details.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Retiree Health Insurance Subsidy (HIS Program)

Plan Description: The HIS Program is a cost-sharing, multiple-employer, defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system. It was established under Section 112.363, Florida Statutes. Benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The HIS Program is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided: For fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS Program payment of \$5 for each year of creditable service completed. The payments are at least \$30 but not more than \$150 per month. To be eligible to receive a HIS Program benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS Program contribution rate was 1.66%. There are no employee contributions required. The Board contributed 100% of its statutorily required contributions for the current and preceding 3 years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. The Board's actuarial contributions to the HIS Program totaled \$716,275 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to HIS Program: At September 30, 2017, the Division of Retirement calculated the Board's liability of \$14,667,773 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. At June 30, 2017, the Board's proportional share was 0.137179% for the HIS Program. This was an increase of 0.009% from its proportionate share measured as of June 30, 2016.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Retiree Health Insurance Subsidy (HIS Program) - Continued

For the year ended September 30, 2017, the Board's calculated total actuarially determined pension expense was \$741,764. Of this amount, the Board recognized \$84,804 in the enterprise funds and \$11,643 in the internal service funds. In addition, the Board's calculated deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 30,541
Changes in assumptions	2,061,784	1,268,338
Net difference between projected and actual earnings on pension plan investments	8,134	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,240,336	137,699
Board contributions subsequent to the measurement date	169,126	-
Total	<u>\$ 3,479,380</u>	<u>\$ 1,436,578</u>

The deferred outflows of resources related to the HIS Program totaling \$169,126 resulting from Board contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount Recognized</u>
2018	\$ 584,101
2019	580,360
2020	578,565
2021	433,758
2022	171,055
Thereafter	(474,163)
Total	<u>\$ 1,873,676</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Retiree Health Insurance Subsidy (HIS Program) - Continued

Actuarial Assumptions: The total pension liability for the HIS Program in the July 1, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Valuation date:	July 1, 2016
Measurement date:	June 30, 2017
Discount rate:	3.58%
Long-term expected rate of return:	N/A
Municipal bond rate:	2.85%
Inflation:	2.60%
Salary increase:	3.25%, average, including inflation
Mortality	Generational RP-2000 with Projections Scale BB
Actuarial cost method:	Individual Entry Age

The actuarial assumptions that determined the total HIS Program pension liability used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The following changes in actuarial assumptions occurred in 2017:

- The municipal rate used to determine the total pension liability was increased from 2.85% to 3.58%

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

Long-Term Expected Rate of Return: As stated above, the HIS Program is essentially funded on a pay-as-you-go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumptions for cash flows into and out of the Pension Plan, or assumed asset allocation.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

Retiree Health Insurance Subsidy (HIS Program) - Continued

Sensitivity of the Board's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program: The following presents the Board's proportionate share of the Net Pension Liability (NPL) of the HIS Program calculated using the discount rate of 3.58%. Also presented is what the Board's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% <u>Decrease (2.58%)</u>	Current Discount <u>Rate (3.58%)</u>	1% <u>Increase (4.58%)</u>
Board's proportionate share of NPL	\$ 16,737,871	\$14,667,773	\$ 12,943,495

HIS Program Fiduciary Net Position: Detailed information regarding the HIS Program's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. This report is available by writing to the State of Florida, Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or by email at rep@dms.myflorida.com, or by telephone toll free at (844) 377-1888 or (850) 907-6500.

FRS Investment Plan

Plan Description: The Board contributes to the Investment Plan, a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board employees already participating in DROP are not eligible to participate in this program.

Benefits Provided: Service retirement benefits are based upon the value of the member's account upon retirement. Employers and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 12 - RETIREMENT PLAN - Continued

FRS Investment Plan - Continued

Benefits Provided - Continued: For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over his/her account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Board.

If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions: Cost of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of .06% of payroll and by forfeited benefits of Investment Plan members. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances to various approved investment choices.

Allocations to the investment member's accounts during the 2016-2017 fiscal year were as follows: Regular class 6.30%, Special Risk class 14.00%, Senior Management Service class 7.67%, and Elected Officers' class 11.34%. This includes the employee contribution of 3%.

The Board's Investment Plan contributions and pension expense totaled \$672,928 for fiscal year ended September 30, 2017. Employee contributions totaled \$161,158 for the same period.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

A. Plan Description

On September 23, 2008, the Board of County Commissioners approved resolution number 2008-163, establishing an irrevocable trust (OPEB Trust) to separately identify assets accumulated to pay OPEB benefits for eligible retirees. The OPEB Trust includes the Board of County Commissioners and the five constitutional officers (Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector). The resolution also established the Board of County Commissioners as trustees of the OPEB Trust and the authority for the trustees to amend the benefit provisions.

The OPEB Trust is a single-employer defined benefit plan (OPEB Plan). The OPEB Plan subsidizes the cost of health care for employees hired prior to February 1, 2006 and their eligible dependents according to the provisions of the substantive plan (the plan as understood by the employer and plan members). Employees hired on or after February 1, 2006, will not be eligible for any subsidy, regardless of the years of service or Medicare eligibility.

Active participants as well as retirees are subject to the same benefits and rules. Retired employees are permitted to remain covered under the Board's medical and life insurance plans as long as they pay a premium applicable to the coverage elected. This conforms to the minimum required of Florida governmental employers per Florida Statute 112.0801. The retiree has the option to continue with the Board group health plan or elect Medicare Advantage Plan.

The implicit rate subsidy applies to health and life insurance coverage since the premiums charged are based upon a blending of younger active employees and older retired employees. Health insurance premiums, effective October 1, 2016 range from \$366 for single coverage Medicare participants to \$845 for family coverage. Life insurance is available to retirees at a flat rate of \$.50 per \$1,000 of coverage (to a maximum of \$20,000 until the age of 70). After 70, the maximum amount of life insurance is \$10,000.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued

A. Plan Description - Continued

The Board subsidizes the cost of the health insurance premiums for each retiree based upon their years of service and employment date (as mentioned above); a 2% discount is given for each year of service based upon the following table:

Hired Before 2/1/2006				Hired On or After 2/1/2006
Retirement Date	Service	Under Age 65	Retiree or Spouse Medicare Eligible	
Before 10/1/2004		No Subsidy	60%*	No Subsidy
			**	
After 10/1/2004 but on or before 1/31/2009***	Less than 15 years	No Subsidy	20% Subsidy**	
	At least 15 years	2% per Year of Service (maximum of 40%)	Additional 20% Subsidy (maximum of 60%)**	
After 1/31/2009***	Less than 15 years	No Subsidy	No Subsidy	
	At least 15 years	2% per Year of Service (maximum of 40%)	Subsidy Ceases****	

*60% Subsidy if Medicare Eligible prior to October 1, 2004 or 20% if becoming Medicare Eligible after October 1, 2004

**Additional Subsidy will be paid to Medicare Eligible retirees regardless of which plan they are enrolled in (County's medical plan or Medicare Advantage Plan) and regardless of whether they become Medicare Eligible before or after October 1, 2004.

***Employees who commit by June 1, 2008 to retire before January 31, 2009 will receive subsidy as if retired before June 1, 2008.

****Effective May 1, 2016 and prospectively, subsidy does not cease until both Retiree and Spouse are Medicare eligible.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) – Continued

A. Plan Description – Continued

The OPEB Trust financial statements are reported using the accrual basis of accounting and are included in the Indian River County Comprehensive Annual Financial Report (CAFR). Questions regarding the OPEB Plan may be directed to the Finance Director.

At October 1, 2015, the date of the latest actuarial valuation, plan participation consisted of:

Active participants	1,384
Retired participants	<u>491</u>
Total participants	<u>1,875</u>

There are two classes of participants at October 1, 2015:

Regular and senior management	1,251
Special risk	<u>624</u>
Total participants	<u>1,875</u>

The average employer's contribution was \$1,643 per employee, approximately 3.4% of current payroll. Financial statements for the OPEB Trust are included in this report and can be found on pages 258-259. A separate, stand-alone financial report is not issued by the Board; however, the OPEB Trust investments can be found in Note 2D.

B. Funding Policy

The Board of County Commissioners, in concert with the OPEB Board of Trustees, has the authority to establish and amend the funding policy of the OPEB Plan. The OPEB Trust is advance funded by the Board. For the year ended September 30, 2017, the Board contributed \$2.3 million to the qualifying OPEB Trust. Plan members receiving benefits contributed \$2.5 million. It is the Board's policy to base future contributions on the annual required contribution (ARC) in subsequent annual actuarial reports. The contributions are paid by the fund(s) by which the participant is employed. Custodial and individual fund administrative fees are paid from the portfolio dividend and interest income.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) – Continued

C. Annual OPEB Cost and Net OPEB Obligation (Asset)

The employer's contribution (i.e. annual cost or expense) to the Board's OPEB Trust is based on the ARC calculation. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 20 years. The following table shows the components of the Board's annual cost for the current and two preceding years, the amount actually contributed, and the changes in the net obligation. The Net OPEB Asset at September 30, 2017 of \$8,513,836 is reported as a prepaid and other asset in the Internal Service Funds column on the Statement of Fund Net Position for the Proprietary Funds.

	FY 2016/2017	FY 2015/2016	FY 2014/2015
Annual Required Contribution	\$ 2,583,447	\$ 3,096,411	\$ 2,977,075
Interest on Net OPEB Obligation (Asset)	(584,100)	(54,895)	(47,722)
Adjustment to Annual Required Contribution	994,339	86,643	72,521
Annual OPEB Cost	<u>2,993,686</u>	<u>3,128,159</u>	<u>3,001,874</u>
Contributions (net of adjustments)*	(1,772,523)	(11,948,249)	(3,121,416)
Change in Net OPEB Obligation	1,221,163	(8,820,090)	(119,542)
Net OPEB Obligation (Asset) – beginning of year	(9,734,999)	(914,909)	(795,367)
Net OPEB Obligation (Asset) – end of year	<u>\$ (8,513,836)</u>	<u>\$ (9,734,999)</u>	<u>\$ (914,909)</u>
Percentage of Annual OPEB Cost Contributed	59 %	382 %	104 %

*Retiree adjustments are comprised of the actual amount withdrawn from the OPEB Trust plus premiums collected and less claims paid. For fiscal year 2017, these adjustments amounted to (\$501,818). For fiscal years 2016 and 2015, these adjustments totaled (\$148,162) and \$144,341 respectfully.

D. Net OPEB Liability

The components of the net OPEB liability of the County at September 30, 2017, were as follows:

Total OPEB liability	\$ 41,252,267
Plan fiduciary net position	<u>(27,670,462)</u>
County's net OPEB liability	<u>\$ 13,581,805</u>
Plan fiduciary net position as a percentage of the total OPEB liability	67.08%

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued

E. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Methods and Assumptions Used to Determine Net OPEB Liability:

Actuarial Cost Method	Entry age normal
Inflation	2.50%
Discount Rate	6.00%
Salary Increases	4.00% to 9.47%, including inflation, varies by plan type and years of service.
Retirement Age	Experience-based table of rates that are specific to the plan and type of eligibility condition.
Mortality	Mortality tables used in the July 1, 2015 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.0% and gradually decreasing to an ultimate trend rate of 4.55% (including the impact of the excise tax).
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Investment expenses are net of the investment returns; Administrative expenses are included in the premium costs.

Other Information:

Notes	There were no benefit changes during the year.
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Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued

F. Discount Rate

Calculation of the Single Discount Rate

GASB Statement No. 74 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on OPEB Plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation the expected rate of return on OPEB Plan investments is 6.00%, the municipal bond rate is 3.50%; and the resulting SDR is 6.00%.

The County has a policy of depositing the full amount of the Actuarially Determined Contribution developed under the Entry Age Method. Consequently, the plan's fiduciary net position is projected to be sufficient to pay benefits and the resulting SDR is 6.00%.

G. Sensitivity of Net OPEB Liability

Regarding the sensitivity of the net OPEB liability to changes in the SDR, the following presents the plan's net OPEB liability, calculated using a SDR of 6.00%, as well as what the plan's net OPEB liability would be if it were calculated using a SDR that is one percent lower or 1% higher:

**Sensitivity of Net OPEB Liability
to the Single Discount Rate Assumption**

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 18,090,665	\$ 13,581,805	\$ 9,561,782

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued

G. Sensitivity of Net OPEB Liability - Continued

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

**Sensitivity of Net OPEB Liability
to the Healthcare Cost Trend Rate Assumption**

1% Decrease (6% down to 3.55%)	Current Healthcare Cost Trend Rate Assumption (7% down to 4.55%)	1% Increase (8% down to 5.55%)
\$ 9,448,756	\$ 13,581,805	\$ 18,342,324

NOTE 14 - OPERATING LEASES

The Board has entered into noncancelable operating leases, both as lessor and lessee. Lease terms vary from 1 to 99 years. Lease revenues totaled \$661,097 and lease expenditures totaled \$100,995 for the year ended September 30, 2017. The Board also leases other equipment and office facilities as both lessor and lessee on a month-to-month basis.

A. Future Minimum Lease Receipts

Year	Amount
2018	\$ 814,538
2019	817,923
2020	842,281
2021	788,985
2022	802,037
2023-2027	3,143,457
2028-2032	1,534,626
2033-2037	602,249
2038-2042	600,327
2043-2046	392,005
Total future minimum receipts:	<u>\$ 10,338,428</u>

The property being leased is reported in the financial statements of the County and has a cost of \$32,174,685, and a carrying value of \$21,929,183. Current year depreciation on property being leased is \$527,237.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 14 - OPERATING LEASES - Continued

B. Future Minimum Lease Payments

The following is a schedule, by years, of minimum future rentals to be paid by the Board for various noncancelable operating leases as of September 30, 2017:

Year	Amount
2018	\$ 102,131
2019	57,234
2020	13,500
2021	13,500
2022	1,500
2023-2027	7,500
2028-2032	7,500
2033-2037	7,200
2038-2042	4,800
2043-2047	4,500
2048-2052	2,400
2053-2057	1,500
2058-2062	1,500
2063-2067	1,500
2068-2072	1,500
2073-2076	1,200
Total future minimum lease payments:	<u>\$ 228,965</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 15 - FUND BALANCE

GASB Statement 54 – Fund Balance Reporting and Governmental Funds Type Definitions requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

A. Categories

There are five categories of fund balance for governmental funds under GASB Statement 54:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or are legally or contractually required to remain intact.

Restricted – Use of these resources is based on the constraints imposed externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts whose use is constrained by the approval of a Board ordinance by the Board of County Commissioners. This category also includes existing resources on hand to satisfy the obligations that arise from contractual obligations entered into by the Board of County Commissioners.

Assigned – The Board of County Commissioners is the governing body authorized to assign fund balance amounts to be used for specific purposes. This assignment is done through the budget approval and amendment process. Amounts appropriated to eliminate a budgetary deficit in a subsequent year are reported in this category as well.

Unassigned – Residual amounts in the general fund that do not meet any of the other fund balance classifications.

B. Fund Balance Policy

On September 21, 2010, the Board approved a Fund Balance and Reserve Policy that set forth the following reserves of fund balance in the General, Transportation, and Emergency Services District Funds:

Emergency/Disaster Relief Reserve – A balance of no less than 5% of budgeted operating expenditures for the current fiscal year will be reserved only for the purpose of responding to natural and man-made disasters. Disasters include hurricanes, tropical storms, floods, wildfires, or terrorist activities. These funds can only be used to respond and provide relief after such a disaster. Funds will be replenished over a five-year period after the completion of the recovery from the disaster.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 15 - FUND BALANCE – Continued

B. Fund Balance Policy - Continued

Budget Stabilization Reserve – A balance of no less than 5% of budgeted operating expenditures for the current fiscal year will be reserved only for the purpose of revenue declines or unfunded mandates from the state and federal governments. Funds utilized due to revenue declines will be replenished over a five-year period. Funds utilized for unfunded mandates or unanticipated expenditures cannot be used for more than a three-year period and must be replenished within five-years after the three-year period.

At September 30, 2017, reserve amounts for those funds were:

	Disaster Relief	Budget Stabilization	Total
General Fund	\$ 5,950,000	\$ 5,950,000	\$ 11,900,000
Transportation Fund	800,000	800,000	1,600,000
Emergency Services District Fund	1,900,000	1,900,000	3,800,000
Total	<u>\$ 8,650,000</u>	<u>\$ 8,650,000</u>	<u>\$ 17,300,000</u>

The General Fund reserves are included in the unassigned fund balance on the balance sheet. The Transportation Fund reserves are included in the assigned fund balance and the Emergency Services District Fund reserves are included in the restricted fund balance on the balance sheet. The Emergency/Disaster Relief and Budget Stabilization Reserve amounts may only be revised by the Board of County Commissioners.

Minimum Fund Balance - The approved fund balance policy dictates the Board’s attempt to maintain a minimum fund balance in the General, Transportation, and Emergency Services District funds of 20% of budgeted annual operating expenditures. The minimum fund balance level may be revised by the County Administrator or his designee.

C. Spending Hierarchy

For all governmental funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

D. Fund Balance Deficit

The Metropolitan Planning Organization Fund, a nonmajor Governmental Fund, had a deficit in fund balance of \$283,342 at September 30, 2017. This deficit will be eliminated by grant proceeds in fiscal year 2018.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 16 - RISK MANAGEMENT

General Liability, Property, Worker's Compensation and Medical

The Board is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, and natural disasters. The Board established a Self Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage as follows:

	10/01/13 to 9/30/2014	10/01/14 to 9/30/2015	10/01/15 to 9/30/2016	10/01/16 to 9/30/2017
Worker's Compensation	\$ 500,000	\$ 750,000	\$ 650,000	\$ 650,000
General Liability	200,000	200,000	200,000	200,000
Auto Liability	200,000	200,000	200,000	200,000
Property Damage	200,000	200,000	200,000	200,000
Error or Omissions	200,000	200,000	200,000	200,000
Annual Aggregate	2,000,000	2,000,000	2,000,000	2,000,000
Liquor Liability	1,000,000	1,000,000	N/A	N/A

All departments of the Board participate in the program. Payments are made by various funds to the Self Insurance Fund based on past experience and actual estimates of the amounts needed to pay current year claims. The Board has received three workers compensation reimbursements totaling \$37,643 in fiscal year 2017, two workers compensation reimbursements totaling \$49,222 in fiscal year 2016, and three workers compensation reimbursements totaling \$409,914 in fiscal year 2015.

The Board purchases excess insurance to cover claims in excess of the amounts listed above. There is a 5% deductible per location for property damages arising due to a hurricane under the reinsurance policy. In fiscal year 2017, the County was approved by the insurance carriers to receive \$5,688,375 in insurance recoveries related to Hurricane Matthew damage.

The Board is also self-insured for medical claims covering employees and their eligible dependents. As required by Section 112.081, Florida Statutes, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees; however, the retirees are responsible for payment of the premiums. Medical claims are paid from premiums contributed by employees, retirees, and by the Board. Premiums and contributions are determined by projected claims based on historical and actuarial experience. The self-insurance medical plan assumes all risk for claims, other than worker's compensation, up to \$250,000 per occurrence. The Board has purchased a reinsurance policy to cover claims in excess of these limits. There were three medical claim reimbursements totaling \$61,593 in excess of the \$250,000 limit for fiscal year 2017. In fiscal year 2016 there were none and in fiscal year 2015 there were four totaling \$382,635.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 16 - RISK MANAGEMENT - Continued

General Liability, Property, Worker's Compensation and Medical – Continued

The claims liability of \$8,255,000 reported at September 30, 2017, is based on the requirements of generally accepted governmental accounting standards, which require that a liability for claims be reported if information is available prior to the issuance of the financial statements, and the amount of the loss, can be reasonably estimated. Estimates for claims incurred but not reported are actuarially determined and recorded. Based on the actuary's report, \$2,763,000 will be liquidated over the next twelve months.

Changes in the fund's claims liability amount during the current and prior three fiscal years are as follows:

	Balance at Fiscal Year Beginning	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2013-2014	\$ 8,074,000	\$ 16,860,869	\$ (16,708,324)	\$ 8,226,545
2014-2015	8,226,545	17,188,927	(17,237,952)	8,177,520
2015-2016	8,177,520	17,953,550	(17,618,550)	8,512,520
2016-2017	8,512,520	16,364,331	(16,621,851)	8,255,000

Included in the charges to other funds is an amount to fund future catastrophic losses not actuarially determined; and at September 30, 2017, unrestricted net position of \$30,558,437 has been designated for this purpose. The Board has elected to accrue the larger of the discounted liability or undiscounted liability. At September 30, 2017, the undiscounted liability was the greater of the two amounts. The discount rate used in the calculation was 2%.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

A. Litigation

Various suits and claims are currently pending against the Board. It is impossible for the Board to accurately quantify the exposure involved given the jury's latitude in assessing compensatory and punitive damages, and the court's latitude in awarding attorney's fees. The Board intends to vigorously defend against these lawsuits and believes it has a good chance of prevailing on their merits.

The Board is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of lawsuits will not have a material adverse effect on the financial position of the Board.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 17 - COMMITMENTS AND CONTINGENCIES - Continued

B. Contracts and Other Commitments

The Board has various contracts and commitments outstanding at September 30, 2017. In the General Fund, contracts are for janitorial services, beach park landscape and custodial maintenance, legislative consulting services and external auditing services. In the Special Revenue Funds, contracts are for 58th Avenue pavement reclamation and resurfacing, CR512 westbound resurfacing from Roseland Road to US Highway 1 and eastbound resurfacing from Easy Street to US Highway 1, Courthouse renovations, 45th Street beautification - Phase II, beach profile surveys and monitoring, as well as a variety of other road paving and drainage projects. In the Capital Projects Fund, contracts are for the administration buildings roof replacements, Osprey Acres floway and nature preserve, P25 radio system migration project, intersection improvements at 1st Street SW and 43rd Ave., and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for the golf course maintenance, aquifer wells rehabilitation project, north county water and sewer, and various other water and sewer projects. In the Internal Service Funds, contracts are for actuarial services and GIS oblique aerial imagery acquisition.

A summary of these projects at September 30, 2017, is as follows:

	<u>Total Contract Price</u>	<u>Total Paid as of September 30, 2017</u>	<u>Remaining Balance at September 30, 2017</u>
General	\$ 1,033,383	\$ (436,873)	\$ 596,510
Special Revenue	10,900,046	(8,033,002)	2,867,044
Capital Projects	23,308,141	(11,804,003)	11,504,138
Enterprise	9,991,365	(2,872,836)	7,118,529
Internal Service	435,433	(115,311)	320,122
Total	<u>\$ 45,668,368</u>	<u>\$ (23,262,025)</u>	<u>\$ 22,406,343</u>

C. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Board. In the opinion of management, any such adjustments would not be significant.

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

March 14, 2018

The Honorable Board of County Commissioners
Indian River Board, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Board of County Commissioners* (the "Board"), as of and for the year ended September 30, 2017, which collectively comprise the Board's fund financial statements and have issued our report thereon dated March 14, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 Honorable Board of County Commissioners
Indian River Board, Florida
March 14, 2018
Page 2

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

MANAGEMENT LETTER

March 14, 2018

The Honorable Board of County Commissioners
Indian River County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Board of County Commissioners* (the "Board"), as of and for the year ended September 30, 2017, and have issued our report thereon dated March 14, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards, AT-C Section 315*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Purpose of this Letter

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

Rehmann Johnson LLC

INDEPENDENT ACCOUNTANTS' REPORT

March 14, 2018

The Honorable Board of County Commissioners
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida Board of County Commissioners* (the "Board") with Sections 218.415, 365.172(10) and 365.173(2)(d) Florida Statutes, during the year ended September 30, 2017. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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



**CLERK OF THE CIRCUIT COURT AND
COMPTROLLER**

INDEPENDENT AUDITORS' REPORT

March 14, 2018

The Honorable Jeffrey R. Smith
Clerk of the Court and Comptroller
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Clerk of Court* (the "Clerk"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Clerk as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements referred to above present only the *Indian River County, Florida Clerk of Court* and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2017, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Rehmann Johnson LLC

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Balance Sheet
Governmental Funds
September 30, 2017

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 881,647	\$ 1,813,598	\$ 2,695,245
Accounts receivable	94,754	2,250	97,004
Prepaid items	29,771	103,384	133,155
Due from other governments	7,033	-	7,033
Total assets	<u>\$ 1,013,205</u>	<u>\$ 1,919,232</u>	<u>\$ 2,932,437</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 99,120	\$ 7,383	\$ 106,503
Due to other governments	95,661	90	95,751
Other deposits held in escrow	610,005	14,695	624,700
Unearned revenues	208,419	-	208,419
Total liabilities	<u>1,013,205</u>	<u>22,168</u>	<u>1,035,373</u>
Fund Balances:			
Nonspendable:			
Prepaid items	29,771	103,384	133,155
Restricted for:			
Court-related costs and improvements	-	1,793,680	1,793,680
Unassigned	<u>(29,771)</u>	<u>-</u>	<u>(29,771)</u>
Total fund balances	<u>-</u>	<u>1,897,064</u>	<u>1,897,064</u>
Total liabilities fund balances	<u>\$ 1,013,205</u>	<u>\$ 1,919,232</u>	<u>\$ 2,932,437</u>

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

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 176,066	\$ -	\$ 176,066
Charges for services	3,247,087	433,368	3,680,455
Judgments, fines and forfeits	850,717	105,548	956,265
Interest	13,129	4,259	17,388
Miscellaneous	35,455	-	35,455
Total revenues	<u>4,322,454</u>	<u>543,175</u>	<u>4,865,629</u>
EXPENDITURES			
General government	1,976,747	675,201	2,651,948
Court related	3,258,809	105,973	3,364,782
Total expenditures	<u>5,235,556</u>	<u>781,174</u>	<u>6,016,730</u>
Excess of revenues over (under) expenditures	<u>(913,102)</u>	<u>(237,999)</u>	<u>(1,151,101)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	971,511	-	971,511
Transfer to Board of County Commissioners	(58,409)	-	(58,409)
Total other financing sources (uses)	<u>913,102</u>	<u>-</u>	<u>913,102</u>
Net change in fund balances	-	(237,999)	(237,999)
Fund balances at beginning of year	<u>-</u>	<u>2,135,063</u>	<u>2,135,063</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,897,064</u>	<u>\$ 1,897,064</u>

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

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2017

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 50,000	\$ 130,646	\$ 176,066	\$ 45,420
Charges for services	3,075,054	3,229,408	3,247,087	17,679
Judgments, fines and forfeits	684,000	749,943	850,717	100,774
Interest	3,600	3,600	13,129	9,529
Miscellaneous	25,893	40,893	35,455	(5,438)
Total revenues	3,838,547	4,154,490	4,322,454	167,964
EXPENDITURES				
General government	1,767,944	2,004,424	1,976,747	27,677
Court related	3,042,114	3,121,577	3,258,809	(137,232)
Total expenditures	4,810,058	5,126,001	5,235,556	(109,555)
Excess of revenues over (under) expenditures	(971,511)	(971,511)	(913,102)	58,409
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	971,511	971,511	971,511	-
Transfers to Board of County Commissioners	-	-	(58,409)	(58,409)
Total other financing sources (uses)	971,511	971,511	913,102	(58,409)
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances at beginning of year			-	
Fund balances at end of year			\$ -	

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

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Statement of Fiduciary Net Position
Agency Fund
September 30, 2017

ASSETS

Cash	\$ 3,414,471
Total assets	<u>\$ 3,414,471</u>

LIABILITIES

Due to other governments	\$ 1,304,760
Escrow deposits	<u>2,109,711</u>
Total liabilities	<u>\$ 3,414,471</u>

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

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Clerk of the Circuit Court and Comptroller (Clerk) is a County agency and a local governmental entity pursuant to Article VIII, Section 1(d) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Clerk does not meet the definition of a legally separate organization and is not considered to be a component unit. The Clerk is considered to be a part of the primary government of Indian River County.

Court-related expenditures are funded through filing fees, service charges, court costs and fines assessed to parties using the court system. Under 2013-44, Laws of Florida, revenue collected by the Clerk is retained by the County and remitted to the Florida Department of Revenue based upon various formulas determined by Florida Clerks of Court Operations Corporation. Non-court expenditures are funded by the Board of County Commissioners for both the finance and recording (board meeting recordings) departments. Additional non-court revenues include various fees assessed for the recording of documents, passports, marriage licenses and court reporter services. Both court and non-court operations are reported in these financial statements.

The financial statements contained herein represent the financial transactions of the Clerk of the Circuit Court and Comptroller only. The format of the Clerk's statements has been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Description of Funds

For reporting purposes, the accounting records are organized into the following two fund types: governmental funds and a fiduciary fund.

Governmental Funds

General Fund – The General Fund, which is a governmental fund, is used to account for all revenues and expenditures applicable to the general (both court and non-court) operations of the Clerk which are not accounted for in another fund. All financial resources, which are not accounted for and reported in another fund, are recorded in the General Fund. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination.

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds from recording fees to be used for modernizing the Clerk's public records systems, subsidizing court-related operational needs and program enhancements, and adding access to public records (by charging a computer usage fee).

Fiduciary Fund

Agency Fund – The Agency Fund is used to account for assets held by the Clerk in a trustee capacity or as an agent. These funds cannot be used to support the Clerk's own programs.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting, Measurement Focus and Presentation

The accounts of the governmental funds are maintained on the modified accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred. Revenues are recorded when received or when they are considered both measurable and available. The Clerk only considers revenue to be available if collected within the current fiscal year, except for Title IV-D grant revenue. This grant revenue is subject to accrual and has been recognized as revenue of the current fiscal period. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities. The fiduciary fund is accounted for on the accrual basis.

C. Budgetary Requirements

State statutes require the Clerk to prepare the budget in two parts: the budget relating to the State court system and the budget relating to the requirements of the Clerk as Clerk to the Board of County Commissioners, County auditor, and custodian of all County funds and other County-related duties. The budget relating to the State court system is prepared by the Clerk and submitted to the Florida Clerks of Court Operations Corporation (CCOC) by June 1 of each year (for consolidation to the Florida Legislative Budget Commission by August 1). The budget relating to the requirements of the Clerk as Clerk to the Board of County Commissioners is prepared prior to May 1 and is reviewed, modified if required, and approved by the Board by October 1. Both budgets are adopted on a basis consistent with generally accepted accounting principles.

The budget legally adopted by the Clerk must be balanced; that is, the total of estimated receipts, including funding from the Board, shall equal the total estimated expenditures. Management is authorized to transfer budgeted amounts between objects and departments in any fund as long as management does not exceed the total appropriations of a fund.

D. Cash

Cash reported on the financial statements includes bank deposits, cash on hand, certificates of deposit, money market accounts, and all highly liquid investments with maturities of ninety days or less when purchased.

E. Prepaid Items

This account represents prepayments for services that will be used in future periods. The Clerk's policy is to record the expenditure for the services when they are used rather than when the cash is disbursed.

F. Capital Assets

Acquisitions of equipment are recorded as expenditures at the time of purchase for governmental fund financial statements. Tangible personal property used by the Clerk in operations is reported in the financial statements of the County. Refer to the County-wide note on capital assets for capitalization threshold, depreciation methodology and useful lives.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Compensated Absences

The Clerk accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Clerk does not, nor is legally required to, accumulate expendable, available financial resources to liquidate this obligation. Accordingly, the liability for compensated absences is not reported in the Clerk's financial statements. Additional information on the liability is reflected in subsequent Note 6.

H. Transfer In

The non-court operations (finance function and board meeting recordings) were funded by the Board of County Commissioners in the amount of \$971,511.

I. Transfer Out

In accordance with Florida Statutes, all non-court-related revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners before November 1. A total of \$58,409 of excess fees was returned to the Board. This transfer is included in the amount reported as Due to Other Governments on the balance sheet.

J. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH

A. Deposits

At September 30, 2017, the carrying value of the Clerk's deposits was \$6,109,716 and the bank balance was \$6,849,702. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act.

The Clerk's office follows the above state law (governing custodial credit risk) for cash deposits. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

B. Deposit and Investment Policies

The Clerk adopted a cash and investment policy on April 25, 2013 with the intent to match investment maturities with known cash needs and anticipated cash flow requirements. The policy was updated on April 24, 2014 to increase individual money market allocations from 35% to 40%.

Interest Rate Risk

The Clerk's cash and investment policy includes the following limits:

- All final maturities are three years or less,
- At least 50% of the portfolio shall be invested in readily available funds.

Concentration Risk

The following limits on portfolio compensation are outlined in the Clerk's investment policy:

- No more than 10% or \$1 Million of the total portfolio may be placed in certificates of deposit with a Qualified Public Depository with any one financial institution,
- No more than 40% of the portfolio may be placed in any money market fund or intergovernmental investment pool.

Custodial Credit Risk

The Clerk's cash and investment policy pursuant to 218.415, Florida Statutes, requires securities to be held in the name of the Clerk and separately identified from the assets of the financial institution. All cash and money market accounts are listed under the name of the Indian River County Clerk of Circuit Court.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH - Continued

B. Deposit and Investment Policies- Continued

Credit Risk

Authorized investments are subject to the restrictions imposed by Section 218.145 of the Florida Statutes and are limited to the following securities:

- Florida Local Government Investment Trust Funds (Florida Trust),
- State of Florida Local Government Surplus Funds Trust Funds, for existing fund only,
- Interest-bearing time deposits or savings accounts in qualified public depositories (as defined in Section 280.02, FS),
- Money market funds registered with the Securities and Exchange Commission (with the highest quality rating from a nationally recognized rating agency),
- Derivatives are prohibited.

NOTE 3 – PENSION PLAN

Florida Retirement System

Plan Description: The Clerk's employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at www.dms.myflorida.com or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2017 were: regular class 7.92%, senior management class 22.71%, DROP class 13.26%, and elected official class 45.50%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS Pension Plan prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS Pension Plan on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 – PENSION PLAN - Continued

Florida Retirement System - Continued

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

Benefits Provided: Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the FRS and contribution rates, please read the County-wide note on pension plans.

Contributions: Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2017, the Clerk's actuarial contribution to FRS under the Pension Plan was \$274,086 and the Health Insurance Subsidy (HIS Program) was \$56,430. Employee contributions for both plans were \$91,379. Both employer and employee contributions were equal to 100% of the required contribution for each year.

Pension Liabilities: At September 30, 2017, the Division of Retirement calculated the Clerk's liability of \$3,094,827 for the FRS plan and \$1,145,408 for the HIS Program, for a total of \$4,240,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2017, the Clerk's proportion was .010463% for the FRS Pension Plan and .010712% for the HIS Program.

Discount Rate for Pension Plan: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Clerk's contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 – PENSION PLAN - Continued

Florida Retirement System - Continued

Sensitivity of the Clerk's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan: The following presents the Clerk's proportionate share of the net pension liability (NPL) of the Pension Plan calculated using the discount rate of 7.10%. Also presented is what the Clerk's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
Clerk's proportionate share of NPL	\$ 5,601,451	\$ 3,094,827	\$ 1,013,756

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

Sensitivity of the Clerk's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program: The following presents the Clerk's proportionate share of the NPL of the HIS Program calculated using the discount rate of 3.58%. Also presented is what the Clerk's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Clerk's proportionate share of NPL	\$ 1,307,062	\$ 1,145,408	\$ 1,010,759

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Clerk since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Clerk participated in the Indian River County Other Postemployment Benefits Trust (OPEB Trust). The Clerk's 2017 annual contribution of \$100,211 was funded by: the Board of County Commissioners in the amount of \$16,195; non-court operations in the amount of \$13,378; court operations in the amount of \$65,550; and special revenue funds in the amount of \$5,088. This contribution was considered part of a total contribution determined by the OPEB Trust actuary. Further information on the OPEB Trust can be found in the County-wide financial statements and in the County notes.

NOTE 5 – RISK MANAGEMENT

Indian River County maintains a risk management program that provides for coverage of risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, natural disasters, and medical and life insurance coverage for employees and their eligible dependents. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the Self Insurance Fund. The Clerk participated in the County's self-insurance program during the fiscal year at an annual cost of approximately \$620,376. Further details of this self-insurance program are discussed in the County-wide financial statements and County-wide note on risk management.

NOTE 6 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The following is a schedule of changes in long-term liabilities as of September 30, 2017:

	Beginning Balance 10/01/16	Additions	Deletions	Ending Balance 9/30/17
Accrued Compensated Absences	<u>\$ 272,599</u>	<u>\$ 294,372</u>	<u>\$ 315,241</u>	<u>\$ 251,730</u>

Of the \$251,730 liability for accrued compensated absences, management estimates that \$75,000 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since they are not payable from available spendable resources. They are reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

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

March 14, 2018

The Honorable Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller
Indian River Clerk, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Clerk of Court* (the "Clerk"), as of and for the year ended September 30, 2017, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated March 14, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 Honorable Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller
March 14, 2018
Page 2

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rehmann Lohman LLC

MANAGEMENT LETTER

March 14, 2018

The Honorable Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller
Indian River County, Florida

Report on the Financial Statements

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Clerk of Court* (the "Clerk"), as of and for the year ended September 30, 2017, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated March 14, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, AT-C Section 315*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Rehmann Lohman LLC

INDEPENDENT ACCOUNTANTS' REPORT

March 14, 2018

The Honorable Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida Clerk of Court and Comptroller* (the "Clerk") with Sections 218.415, 28.35, 28.36, and 61.181 Florida Statutes, during the year ended September 30, 2017. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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



PROPERTY APPRAISER

INDEPENDENT AUDITORS' REPORT

March 14, 2018

The Honorable David Nolte
Property Appraiser
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the major fund information of the *Indian River County, Florida Property Appraiser* (the "Property Appraiser"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Property Appraiser's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fund of the Property Appraiser as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements referred to above present only the *Indian River County, Florida Property Appraiser* and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2017, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Lehmann Lohman LLC

**Indian River County, Florida
Property Appraiser
Balance Sheet
General Fund
September 30, 2017**

ASSETS

Cash	\$ 194,948
Accounts receivable	13,280
Prepaid items	53,101
Total assets	<u>\$ 261,329</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 38,466
Due to other governments	217,254
Unearned revenues	1,629
Other deposits	3,980
Total liabilities	<u>261,329</u>

Fund Balances:

Nonspendable:	
Prepaid items	53,101
Unassigned	<u>(53,101)</u>
Total fund balances	<u>-</u>

Total liabilities and fund balances	<u>\$ 261,329</u>
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The accompanying notes are an integral part of the financial statements.

Indian River County, Florida
Property Appraiser
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2017

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 3,533,277	\$ 3,632,539	\$ 3,632,739	\$ 200
Interest	-	-	1,283	1,283
Miscellaneous	-	-	7,292	7,292
Total revenues	<u>3,533,277</u>	<u>3,632,539</u>	<u>3,641,314</u>	<u>8,775</u>
EXPENDITURES				
General government	<u>3,533,277</u>	<u>3,632,539</u>	<u>3,444,471</u>	<u>188,068</u>
Total expenditures	<u>3,533,277</u>	<u>3,632,539</u>	<u>3,444,471</u>	<u>188,068</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>196,843</u>	<u>196,843</u>
OTHER FINANCING USES				
Transfers to Board of County Commissioners	<u>-</u>	<u>-</u>	<u>(196,843)</u>	<u>(196,843)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(196,843)</u>	<u>(196,843)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances at beginning of year			<u>-</u>	
Fund balances at end of year			<u>\$ -</u>	

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

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Property Appraiser is a County agency and a local governmental entity pursuant to Article VIII, Section 1(d) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Property Appraiser does not meet the definition of a legally separate organization and is not considered to be a component unit. The Property Appraiser is considered to be a part of the primary government of Indian River County. The financial statements contained herein represent the financial transactions of the Property Appraiser only. The format of the Property Appraiser's statements has been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Description of Funds

For reporting purposes, the accounting records are organized on the basis of governmental funds.

Governmental Fund

General Fund – The General Fund, which is a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Property Appraiser. All financial resources, which are not accounted for and reported in another fund, are recorded in the General Fund. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination.

B. Basis of Accounting, Measurement Focus and Presentation

The accounts of the governmental funds are maintained on the modified accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred. Revenues are recorded when received or when they are considered both measurable and available. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

C. Budgetary Requirements

State statutes require the Property Appraiser to prepare an annual budget, which clearly reflects the revenues available to his office and the functions for which money is to be expended. The budgeted revenues and expenditures are subject to the review and approval of the Department of Revenue. Management is authorized to transfer budgeted amounts between objects and departments as long as management does not exceed the total appropriations of a fund. Department of Revenue approval is only required when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations. The budget is prepared on a basis consistent with generally accepted accounting principles.

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Capital Assets

Acquisitions of equipment are recorded as expenditures at the time of purchase for governmental fund financial statements. Tangible personal property used by the Property Appraiser in operations is reported in the financial statements of the County. Refer to the County-wide note on capital assets for capitalization threshold, depreciation methodology and useful lives.

E. Compensated Absences

The Property Appraiser accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Property Appraiser does not, nor is legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for compensated absences is not reported on the Property Appraiser's financial statements. Additional information on the liability is reflected in subsequent Note 6.

F. Transfer Out

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners and other governments. These "excess fees" totaled \$217,254 at September 30, 2017, and are included as due to other governments on the balance sheet. Of this amount, \$196,843 was owed to the Board of County Commissioners and is reported as Transfers to Board of County Commissioners on the Statement of Revenues, Expenditures and Changes in Fund Balances.

G. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

NOTE 2 - CASH

Deposits

At September 30, 2017, the carrying amount of the Property Appraiser's deposits was \$194,948 and the bank balance was \$377,046. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act. The Property Appraiser adopted the Board of County Commissioners' investment policy. This policy requires the Property Appraiser's office to follow the above state law (governing custodial credit risk) for cash deposits. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 – PENSION PLAN

Florida Retirement System

Plan Description: The Property Appraisers's employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at www.dms.myflorida.com or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2017 were: regular class 7.92%, senior management class 22.71%, DROP class 13.26%, and elected official class 45.50%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

Benefits Provided: Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the FRS and contribution rates, please read the County-wide note on pension plans.

Contributions: Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2017, the Property Appraiser's actuarial contributions to FRS under the Pension Plan were \$179,148 and the Health Insurance Subsidy (HIS Program) were \$35,672. Employee contributions were \$58,003. Both employer and employee contributions were equal to 100% of the required contribution for each year.

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 – PENSION PLAN - Continued

Florida Retirement System - Continued

Pension Liabilities: At September 30, 2017, the Division of Retirement calculated the Property Appraiser's liability of \$2,028,627 for the FRS plan and \$701,702 for the HIS Program, for a total of \$2,730,329 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Property Appraiser's proportion of the net pension liability was based on a projection of the Property Appraiser's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2017, the Property Appraiser's proportion was .006858% for the FRS Pension Plan and .006563% for the HIS Program.

Discount Rate for Pension Plan: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Property Appraiser's contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Property Appraiser's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan: The following presents the Property Appraiser's proportionate share of the Net Pension Liability (NPL) of the Pension Plan calculated using the discount rate of 7.10%. Also presented is what the Property Appraiser's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Property Appraiser 's proportionate share of NPL	\$ 3,671,692	\$ 2,028,627	\$ 664,506

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

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 – PENSION PLAN - Continued

Florida Retirement System - Continued

Sensitivity of the Property Appraiser's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program: The following presents the Property Appraiser's proportionate share of the NPL of the HIS Program calculated using the discount rate of 3.58%. Also presented is what the Property Appraiser's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Discount (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Property Appraiser's proportionate share of NPL	\$ 800,735	\$ 701,702	\$ 619,213

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Property Appraiser since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Property Appraiser participated in the Indian River County Other Post Employment Benefits Trust (OPEB Trust). The Property Appraiser's 2017 annual contribution of \$39,712 was funded by the Board of County Commissioners as part of a total contribution determined by the OPEB Trust actuary. Further information on the OPEB Trust can be found in the County-wide financial statements and in the County notes.

NOTE 5 – RISK MANAGEMENT

Indian River County maintains a risk management program that provides for coverage of risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, natural disasters, and medical and life insurance coverage for employees and their eligible dependents. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the Self Insurance Fund. The Property Appraiser participated in the County's self-insurance program during fiscal year 2017 at an annual cost of approximately \$315,767. Further details on the self-insurance program are discussed in the County-wide financial statements and County notes.

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 6 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities is as follows:

	Beginning Balance <u>10/01/16</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>9/30/2017</u>
Accrued Compensated Absences	<u>\$ 18,974</u>	<u>\$ 180,145</u>	<u>\$ 177,205</u>	<u>\$ 21,914</u>

Of the \$21,914 liability for accrued compensated absences, management estimates that \$12,000 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Property Appraiser since they are not payable from available spendable resources. They are reported in the financial statements of the County.

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

March 14, 2018

The Honorable David Nolte
Property Appraiser
Indian River Property Appraiser, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund of the *Indian River County, Florida Property Appraiser* (the "Property Appraiser"), as of and for the year ended September 30, 2017, which collectively comprise the Property Appraiser's fund financial statements and have issued our report thereon dated March 14, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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*.

Purpose of this Report

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

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

MANAGEMENT LETTER

March 14, 2018

The Honorable David Nolte
Property Appraiser
Indian River County, Florida

Report on the Financial Statements

We have audited the fund financial statements of the major fund of the *Indian River County, Florida Property Appraiser* (the "Property Appraiser"), as of and for the year ended September 30, 2017, which collectively comprise the Property Appraiser's fund financial statements and have issued our report thereon dated March 14, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, AT-C Section 315*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Rehmann Lobson LLC

INDEPENDENT ACCOUNTANTS' REPORT

March 14, 2018

The Honorable David Nolte
Property Appraiser
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida Property Appraiser* (the "Property Appraiser") with Section 218.415 Florida Statutes, during the year ended September 30, 2017. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the Property Appraiser's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management, the Property Appraiser, the Board of County Commissioners and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



SHERIFF

INDEPENDENT AUDITORS' REPORT

March 14, 2018

The Honorable Deryl Loar
Sheriff
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Sheriff* (the "Sheriff"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Sheriff as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements referred to above present only the *Indian River County, Florida Sheriff* and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2017, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Rehmann Lohman LLC

Indian River County, Florida
Sheriff
Balance Sheet
Governmental Funds
September 30, 2017

	General	Nonmajor Fund Special Revenue	Total Governmental Funds
ASSETS			
Cash	\$ 1,224,307	\$ 1,896,795	\$ 3,121,102
Accounts receivable - net	65,651	116,747	182,398
Inventories	63,750	23,654	87,404
Total assets	<u>\$ 1,353,708</u>	<u>\$ 2,037,196</u>	<u>\$ 3,390,904</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,289,440	\$ 253,843	\$ 1,543,283
Due to other governments	64,268	7,158	71,426
Total liabilities	<u>1,353,708</u>	<u>261,001</u>	<u>1,614,709</u>
Fund Balances:			
Nonspendable:			
Inventories	63,750	23,654	87,404
Restricted for:			
Law enforcement/public safety	-	1,369,298	1,369,298
Committed to:			
Law enforcement/public safety	-	276,135	276,135
Assigned to:			
Law enforcement/public safety	-	107,108	107,108
Unassigned	(63,750)	-	(63,750)
Total fund balances	<u>-</u>	<u>1,776,195</u>	<u>1,776,195</u>
Total liabilities and fund balances	<u>\$ 1,353,708</u>	<u>\$ 2,037,196</u>	<u>\$ 3,390,904</u>

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

Indian River County, Florida
Sheriff
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General	Nonmajor Fund Special Revenue	Total Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ 169,275	\$ 169,275
Charges for services	-	228,666	228,666
Judgments, fines and forfeits	-	79,971	79,971
Miscellaneous	105,174	338,809	443,983
Total revenues	<u>105,174</u>	<u>816,721</u>	<u>921,895</u>
EXPENDITURES			
Public safety	41,930,259	3,049,380	44,979,639
Court related	2,527,409	-	2,527,409
Total expenditures	<u>44,457,668</u>	<u>3,049,380</u>	<u>47,507,048</u>
Excess of revenues over (under) expenditures	(44,352,494)	(2,232,659)	(46,585,153)
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	44,416,762	2,328,804	46,745,566
Transfers to Board of County Commissioners	(64,268)	(7,158)	(71,426)
Total other financing sources	<u>44,352,494</u>	<u>2,321,646</u>	<u>46,674,140</u>
Net change in fund balances	-	88,987	88,987
Fund balances at beginning of year	<u>-</u>	<u>1,687,208</u>	<u>1,687,208</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,776,195</u></u>	<u><u>\$ 1,776,195</u></u>

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

**Indian River County, Florida
Sheriff
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ -	\$ 105,174	\$ 105,174	\$ -
Total revenues	-	105,174	105,174	-
EXPENDITURES				
Public safety	41,409,803	42,005,883	41,930,259	75,624
Court related	2,438,675	2,516,053	2,527,409	(11,356)
Total expenditures	43,848,478	44,521,936	44,457,668	64,268
Excess of revenues over (under) expenditures	(43,848,478)	(44,416,762)	(44,352,494)	64,268
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	43,848,478	44,416,762	44,416,762	-
Transfers to Board of County Commissioners	-	-	(64,268)	(64,268)
Total other financing sources	43,848,478	44,416,762	44,352,494	(64,268)
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances at beginning of year			-	
Fund balances at end of year			\$ -	

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

Indian River County, Florida
Sheriff
Statement of Fiduciary Net Position
Agency Fund
September 30, 2017

ASSETS

Cash	\$ 33,685
Total assets	<u>\$ 33,685</u>

LIABILITIES

Escrow deposits	\$ 33,685
Total liabilities	<u>\$ 33,685</u>

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

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sheriff is a County agency and a local governmental entity pursuant to Article VIII, Section 1(d) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Sheriff does not meet the definition of a legally separate organization and is not considered to be a component unit. The Sheriff is considered to be a part of the primary government of Indian River County. The financial statements contained herein represent the financial transactions of the Sheriff only. The format of the Sheriff's statements has been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Description of Funds

For reporting purposes, the accounting records are organized into the following two fund types: governmental funds and a fiduciary fund.

Governmental Funds

General Fund – The General Fund, which is a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Sheriff, which are not accounted for in another fund. All financial resources, which are not accounted for and reported in another fund, are recorded in the General Fund. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination.

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted, committed or assigned for public safety such as police education, special purpose equipment, jail commissary, and special law enforcement activities.

Fiduciary Fund

Agency Fund – The Agency Fund is used to account for assets held by the Sheriff in a trustee capacity or as an agent. Funds are for the employee cafeteria plan.

B. Basis of Accounting, Measurement Focus and Presentation

The accounts of the governmental funds are maintained on the modified accrual basis. The fiduciary fund is reported on an accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred. Revenues are recorded when received or when they are considered both measurable and available. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Budgetary Requirements

State statutes require the Sheriff to submit a proposed budget to the Board of County Commissioners by May 1 of each year. The budget reflects the estimated amounts of all proposed expenditures for operating and equipping the Sheriff's office and jail. Capital improvements for these buildings are funded by the Board. The budget is prepared on a basis consistent with generally accepted accounting principles. After review and approval of the budget by the Board, the Sheriff is authorized to transfer budgeted amounts between objects and departments as long as it does not exceed the total appropriations approved by the Board. Increases in the total budget are subject to the review and approval of the Board. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board of County Commissioners.

D. Compensated Absences

The Sheriff accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Sheriff does not, nor is legally required to, accumulate expendable, available financial resources to liquidate this obligation. Accordingly, the liability for compensated absences is not reported on the Sheriff's financial statements. Additional information on the liability is reflected in subsequent Note 8.

E. Transfer Out

In accordance with Florida Statutes, all general fund revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners. The September 30, 2017 amount totaled \$64,268 and was reported as a transfer to the Board of County Commissioners at year end. This transfer is also reported as due to other governments on the balance sheet.

F. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH

Deposits

At September 30, 2017, the carrying amount of the Sheriff's deposits was \$3,154,787 and the bank balance was \$4,277,616. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act.

The Sheriff's office elected not to adopt a formal investment policy and selects the alternative investment guidelines as provided by Florida Statutes 218.415, subsection 17. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Tangible personal property used by the Sheriff in operations is reported in the financial statements of the County. State law requires the Sheriff to account for all tangible property used by the Sheriff. A summary of changes in capital assets is as follows:

	Beginning Balance 10/01/16	Additions	Deletions	Ending Balance 09/30/17
Tangible Personal Property	<u>\$ 23,488,997</u>	<u>\$ 3,050,110</u>	<u>\$ 1,049,473</u>	<u>\$ 25,489,634</u>

Refer to the County-wide note on capital assets for capitalization threshold, depreciation methodology and useful lives.

NOTE 4 - INVENTORIES

Inventories are valued at cost, which approximates market, using the "first-in, first-out" method of accounting. The costs of inventory are recorded as an expenditure when consumed rather than when purchased. Inventory of the Sheriff represents law enforcement gear, miscellaneous clothing and store items.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 5 – PENSION PLAN

Florida Retirement System

Plan Description: The Sheriff's employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at www.dms.myflorida.com or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2017 were: regular class 7.92%, special risk 23.27%, senior management class 22.71%, DROP class 13.26%, and elected official class 45.50%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

Benefits Provided: Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the FRS and contribution rates, please read the County-wide note on pension plans.

Contributions: Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2017, the Sheriff's actuarial contributions to FRS under the Pension Plan were \$3,591,869 and the HIS Program were \$413,844. Employee contributions were \$660,931. Both employer and employee contributions were equal to 100% of the required contribution for each year.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 5 – PENSION PLAN - Continued

Florida Retirement System - Continued

Pension Liabilities: At September 30, 2017, the Division of Retirement calculated the Sheriff's liability of \$39,773,209 for the FRS plan and \$8,074,827 for the HIS Program, for a total of \$47,848,036 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2017, the Sheriff's proportion was .134463% for the FRS Pension Plan and .075519% for the HIS Program.

Discount Rate for Pension Plan: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Sheriff's contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Pension Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Sheriff's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan: The following presents the Sheriff's proportionate share of the net pension liability (NPL) of the Pension Plan calculated using the discount rate of 7.10%. Also presented is what the Sheriff's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
Sheriff's proportionate share of NPL	\$ 71,987,106	\$ 39,773,209	\$ 13,028,294

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

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 5 – PENSION PLAN - Continued

Florida Retirement System - Continued

Sensitivity of the Sheriff's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program: The following presents the Sheriff's proportionate share of the NPL of the HIS Program calculated using the discount rate of 3.58%. Also presented is what the Sheriff's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Sheriff's proportionate share of NPL	\$ 9,214,447	\$ 8,074,827	\$ 7,125,587

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Sheriff since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS

The Sheriff participated in the Indian River County Other Post Employment Benefits Trust (OPEB Trust). The Sheriff's 2017 annual contribution of \$955,220 was funded by the Board of County Commissioners as part of a total contribution determined by the OPEB Trust actuary. Further information on the OPEB Trust can be found in the County-wide financial statements and County notes.

NOTE 7 – RISK MANAGEMENT

Indian River County maintains a risk management program that provides for coverage of risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, natural disasters, and medical and life insurance coverage for employees and their eligible dependents. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the Self Insurance Fund. The Sheriff participated in the County's self-insurance program during fiscal year 2017 at an annual cost of approximately \$3,778,814. Further details on this self-insurance program are disclosed in the County-wide financial statements and County notes.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 8 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The following is a schedule of changes in long-term liabilities as of September 30, 2017:

	Beginning Balance 10/01/16	Additions	Deletions	Ending Balance 09/30/17
Accrued Compensated Absences	<u>\$ 6,375,825</u>	<u>\$ 4,104,894</u>	<u>\$ 3,611,793</u>	<u>\$ 6,868,926</u>

Of the \$6,868,926 liability for accrued compensated absences, management estimates that \$3,454,880 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from available spendable resources. They are reported in the County-wide financial statements and County notes.

NOTE 9 – OPERATING LEASES

The Sheriff has entered into noncancelable operating leases as lessee of a building, hangar, mail machine, and copiers. Lease expenditures totaled \$97,274 for the year ended September 30, 2017.

The following is a schedule by years of minimum future rentals to be paid by the Sheriff for noncancelable operating leases as of September 30:

<u>Year</u>	<u>Amount</u>
2018	\$ 82,593
2019	45,483
2020	35,343
2021	34,412
2022	7,439
Total Future Minimum Lease Payments	<u>\$ 205,270</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Various suits and claims are currently pending against the Sheriff. It is impossible for the Sheriff to accurately quantify the exposure involved given the jury's latitude in assessing compensatory and punitive damages, and the court's latitude in awarding attorney's fees. The Sheriff intends to vigorously defend against these lawsuits and believes he has a good chance of prevailing on their merits. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of these lawsuits will not have a material adverse effect on the financial position of the Sheriff.

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

March 14, 2018

The Honorable Deryl Loar
Sheriff
Indian River Sheriff, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Sheriff* (the "Sheriff"), as of and for the year ended September 30, 2017, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated March 14, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 Honorable Deryl Loar
Sheriff
March 14, 2018
Page 2

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

MANAGEMENT LETTER

March 14, 2018

The Honorable Deryl Loar
Sheriff
Indian River County, Florida

Report on the Financial Statements

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Sheriff* (the "Sheriff"), as of and for the year ended September 30, 2017, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated March 14, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, AT-C Section 315*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

The Honorable Deryl Loar
Sheriff
March 14, 2018
Page 2

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Rehmann Robson LLC

SUPERVISOR OF ELECTIONS

INDEPENDENT AUDITORS' REPORT

March 14, 2018

The Honorable Leslie Swan
Supervisor of Elections
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Supervisor of Elections* (the "Supervisor of Elections"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Supervisor of Elections as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements referred to above present only the *Indian River County, Florida Supervisor of Elections* and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2017, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

Lehmann Johnson LLC

Indian River County, Florida
Supervisor of Elections
Balance Sheet
Governmental Funds
September 30, 2017

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 57,645	\$ 65,024	\$ 122,669
Prepaid items	2,586	-	2,586
Total assets	<u>\$ 60,231</u>	<u>\$ 65,024</u>	<u>\$ 125,255</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 51,683	\$ -	\$ 51,683
Due to other governments	8,548	-	8,548
Unearned revenues	-	61,227	61,227
Total liabilities	<u>60,231</u>	<u>61,227</u>	<u>121,458</u>
Fund Balances:			
Nonspendable:			
Prepaid items	2,586	-	2,586
Restricted for:			
Voting/election activities	-	3,797	3,797
Unassigned	(2,586)	-	(2,586)
Total fund balances	<u>-</u>	<u>3,797</u>	<u>3,797</u>
Total liabilities and fund balances	<u>\$ 60,231</u>	<u>\$ 65,024</u>	<u>\$ 125,255</u>

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

Indian River County, Florida
Supervisor of Elections
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Charges for services	\$ 534	\$ -	\$ 534
Miscellaneous	16,573	-	16,573
Total revenues	<u>17,107</u>	<u>-</u>	<u>17,107</u>
EXPENDITURES			
General government	1,273,610	-	1,273,610
Total expenditures	<u>1,273,610</u>	<u>-</u>	<u>1,273,610</u>
Excess of revenues over (under) expenditures	(1,256,503)	-	(1,256,503)
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	1,268,848	-	1,268,848
Transfers from other funds	-	3,797	3,797
Transfers to Board of County Commissioners	(8,548)	-	(8,548)
Transfers to other funds	(3,797)	-	(3,797)
Total other financing sources (uses)	<u>1,256,503</u>	<u>3,797</u>	<u>1,260,300</u>
Net change in fund balances	-	3,797	3,797
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 3,797</u>	<u>\$ 3,797</u>

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

Indian River County, Florida
Supervisor of Elections
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2017

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ 534	\$ 534
Miscellaneous	-	16,573	16,573	-
Total revenues	-	16,573	17,107	534
EXPENDITURES				
General government	1,265,239	1,281,624	1,273,610	8,014
Total expenditures	1,265,239	1,281,624	1,273,610	8,014
Excess of revenues over (under) expenditures	(1,265,239)	(1,265,051)	(1,256,503)	8,548
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	1,268,848	1,268,848	1,268,848	-
Transfers to Board of County Commissioners	-	-	(8,548)	(8,548)
Transfers to other funds	(3,609)	(3,797)	(3,797)	-
Total other financing sources (uses)	1,265,239	1,265,051	1,256,503	(8,548)
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances at beginning of year			-	
Fund balances at end of year			\$ -	

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

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Supervisor of Elections is a County agency and a local governmental entity pursuant to Article VIII, Section 1(d) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Supervisor of Elections does not meet the definition of a legally separate organization and is not considered to be a component unit. The Supervisor of Elections is considered to be a part of the primary government of Indian River County. The financial statements contained herein represent the financial transactions of the Supervisor of Elections only. The format of the Supervisor of Elections' statements has been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Description of Funds

The accounting records are organized for reporting purposes on the basis of governmental funds.

Governmental Funds

General Fund – The General Fund, which is a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Supervisor of Elections. All financial resources, which are not accounted for and reported in another fund, are recorded in the General Fund. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination.

Special Revenue Fund – The Special Revenue Fund accounts for the grant proceeds from the State and matching funds from the County. These funds are legally restricted for voter education and poll worker recruitment and training.

B. Basis of Accounting, Measurement Focus and Presentation

The accounts of the governmental funds are maintained on the modified accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred. Revenues are recorded when received in cash or when they are considered both measurable and available. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

C. Budgetary Requirements

State statutes require the Supervisor of Elections to submit a proposed budget to the Board of County Commissioners by May 1 of each year. After review and approval of the budget by the Board, the Supervisor of Elections is authorized to transfer budgeted amounts between objects and departments as long as it does not exceed the total appropriations approved by the Board. Increases in the total budget are subject to the review and approval of the Board. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Prepaid Items

Deposits in the governmental funds represent prepayments for services that will be used in future periods. The Supervisor of Elections' policy is to record the expenditure for the services when they are used rather than when the cash is disbursed.

E. Capital Assets

Acquisitions of equipment are recorded as expenditures at the time of purchase for governmental fund financial statements. Tangible personal property used by the Supervisor of Elections in operations is reported in the financial statements of the County. Refer to the County-wide note on capital assets for the capitalization threshold, depreciation methodology and useful lives.

F. Unearned Revenues

Unearned revenues reported on the Supervisor of Elections' balance sheet represent revenues which are available but not earned.

G. Compensated Absences

The Supervisor of Elections accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Supervisor of Elections does not, nor is legally required to, accumulate expendable, available financial resources to liquidate this obligation. Accordingly, the liability for compensated absences is not reported on the Supervisor of Elections' financial statements. Additional information on the liability is reflected in subsequent Note 6.

H. Transfer Out

In accordance with Florida Statutes, all general fund revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners and other governments. This unspent budget totaled \$8,548 and was reported as a transfer to the Board of County Commissioners. These transfers are also reflected as due to other governments on the balance sheet.

I. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH

Deposits

At September 30, 2017, the carrying amount of the Supervisor of Elections' deposits was \$122,669, and the bank balance was \$170,088. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act.

The Supervisor of Elections has adopted the Board of County Commissioners' investment policy. This policy requires the Supervisor of Elections' office to follow the above state law (governing custodial credit risk) for cash deposits. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

NOTE 3 – PENSION PLAN

Florida Retirement System

Plan Description: The Supervisor of Elections' employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at www.dms.myflorida.com or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2017 were: regular class 7.92%, senior class 22.71%, DROP class 13.26%, and elected official class 45.50%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 – PENSION PLAN - Continued

Florida Retirement System - Continued

Benefits Provided: Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the Florida Retirement System and contribution rates, please read the County-wide note on pension plans.

Contributions: Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2017, the Supervisor of Elections' actuarial contribution to FRS under the Pension Plan were \$72,317 and the HIS Program were \$8,777. Employee contributions were \$15,860. Both employer and employee contributions were equal to 100% of the required contribution for each year.

Pension Liabilities: At September 30, 2017, the Division of Retirement calculated the Supervisor of Elections' liability of \$797,364 for the FRS plan and \$179,073 for the HIS Program, for a total of \$976,437 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Supervisor of Elections' proportion of the net pension liability was based on a projection of the Supervisor of Elections' long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2017, the Supervisor of Elections' proportion was .002696% for the FRS Pension Plan and .001675% for the HIS Program.

Discount Rate for Pension Plan: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Supervisor of Elections' contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 3 – PENSION PLAN - Continued

Florida Retirement System - Continued

Sensitivity of the Supervisor of Elections's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan: The following presents the Supervisor of Elections' proportionate share of the net pension liability (NPL) of the Pension Plan calculated using the discount rate of 7.10%. Also presented is what the Supervisor of Elections' proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Supervisor of Elections's proportionate share of NPL	\$ 1,443,181	\$ 797,364	\$ 261,188

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

Sensitivity of the Supervisor of Elections's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program: The following presents the Supervisor of Elections' proportionate share of the NPL of the HIS Program calculated using the discount rate of 3.58%. Also presented is what the Supervisor of Election's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Supervisor of Election's proportionate share of NPL	\$ 204,346	\$ 179,073	\$ 158,022

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Supervisor of Elections since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Supervisor of Elections participated in the Indian River County Other Post Employment Benefit Trust (OPEB Trust). The Supervisor of Election's 2017 annual contribution of \$12,410 was funded by the Board of County Commissioners as part of a total contribution determined by the OPEB Trust actuary. Further information on the OPEB Trust can be found in the County-wide financial statements and County notes.

NOTE 5 – RISK MANAGEMENT

Indian River County maintains a risk management program that provides for coverage of risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, natural disasters, and medical and life insurance coverage for employees and their eligible dependents. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the Self Insurance Fund. The Supervisor of Elections participated in the County's self-insurance program during fiscal year 2017 at an annual cost of approximately \$71,547.

NOTE 6 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The following is a schedule of changes in long-term liabilities as of September 30, 2017:

	Beginning Balance <u>10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>9/30/2017</u>
Accrued Compensated Absences	<u>\$ 25,023</u>	<u>\$ 30,995</u>	<u>\$ 32,358</u>	<u>\$ 23,660</u>

Of the \$23,660 liability for accrued compensated absences, management estimates that \$10,468 will be due and payable within one year. The liability for accrued compensated absences is not reported in the financial statements of the Supervisor of Elections since it is not payable from available spendable resources. The liability is reported in the financial statements of the County.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 7 – OPERATING LEASES

The Supervisor of Elections has entered into noncancelable operating leases as lessee for a mail machine and letter opener. Lease expenditures totaled \$4,603 for the year ended September 30, 2017.

The following is a schedule by years of minimum future rentals to be paid by the Supervisor of Elections for the noncancelable operating leases as of September 30:

<u>Year</u>	<u>Amount</u>
2018	\$ 3,588
2019	3,588
2020	3,588
2021	3,588
2022	1,442
	<u>\$ 15,794</u>

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

March 14, 2018

The Honorable Leslie Swan
Supervisor of Elections
Indian River Supervisor of Elections, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Supervisor of Elections* (the "Supervisor of Elections"), as of and for the year ended September 30, 2017, which collectively comprise the Supervisor of Elections' fund financial statements and have issued our report thereon dated March 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Elections' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

The Honorable Leslie Swan
Supervisor of Elections
March 14, 2018
Page 2

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*.

Purpose of this Report

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

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

MANAGEMENT LETTER

March 14, 2018

The Honorable Leslie Swan
Supervisor of Elections
Indian River County, Florida

Report on the Financial Statements

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Supervisor of Elections* (the "Supervisor of Elections"), as of and for the year ended September 30, 2017, which collectively comprise the Supervisor of Elections' fund financial statements and have issued our report thereon dated March 14, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, AT-C Section 315*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Rehmann Johnson LLC



TAX COLLECTOR

INDEPENDENT AUDITORS' REPORT

March 14, 2018

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Tax Collector* (the "Tax Collector"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Tax Collector's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Tax Collector as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements referred to above present only the *Indian River County, Florida Tax Collector* and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2017, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Rehmann Robson LLC

Indian River County, Florida
Tax Collector
Balance Sheet
General Fund
September 30, 2017

ASSETS

Cash and investments	\$ 2,775,088
Accounts receivable	256,038
Inventories	2,497
Prepaid items	16,269
Total assets	<u>\$ 3,049,892</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 251,751
Due to other governments	2,732,504
Unearned revenues	65,162
Other deposits	475
Total liabilities	<u>3,049,892</u>

Fund Balances:

Nonspendable:	
Inventories	2,497
Prepaid items	16,269
Unassigned	<u>(18,766)</u>
Total fund balances	<u>-</u>

Total liabilities and fund balances	<u>\$ 3,049,892</u>
-------------------------------------	---------------------

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

**Indian River County, Florida
Tax Collector
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2017**

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 6,419,100	\$ 6,419,100	\$ 6,447,872	\$ 28,772
Interest	8,000	8,000	18,167	10,167
Total revenues	6,427,100	6,427,100	6,466,039	38,939
EXPENDITURES				
General government	3,895,815	4,004,607	3,988,830	15,777
Total expenditures	3,895,815	4,004,607	3,988,830	15,777
Excess of revenues over (under) expenditures	2,531,285	2,422,493	2,477,209	54,716
OTHER FINANCING USES				
Transfers to Board of County Commissioners	(2,531,285)	(2,422,493)	(2,477,209)	(54,716)
Total other financing uses	(2,531,285)	(2,422,493)	(2,477,209)	(54,716)
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances at beginning of year			-	
Fund balances at end of year			\$ -	

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

**Indian River County, Florida
Tax Collector
Statement of Fiduciary Net Position
Agency Fund
September 30, 2017**

ASSETS

Cash and investments	\$ 4,474,080
Total assets	<u>\$ 4,474,080</u>

LIABILITIES

Due to other governments	\$ 4,474,080
Total liabilities	<u>\$ 4,474,080</u>

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

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tax Collector is a County agency and a local governmental entity pursuant to Article VIII, Section 1(d) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Tax Collector does not meet the definition of a legally separate organization and is not considered to be a component unit. The Tax Collector is considered to be a part of the primary government of Indian River County. The financial statements contained herein represent the financial transactions of the Tax Collector only. The format of the Tax Collector's statements has been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Description of Funds

The accounting records are organized for reporting purposes on the basis of governmental funds and a fiduciary fund.

Governmental Fund

General Fund – The General Fund, which is a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector. All financial resources, which are not accounted for and reported in another fund, are recorded in the General Fund. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination.

Fiduciary Fund

Fiduciary Fund – The Fiduciary Fund of the Tax Collector is the Agency Fund, which is used to account for assets held by the Tax Collector as an agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations. These funds cannot be used to support the Tax Collector's own programs.

B. Basis of Accounting, Measurement Focus and Presentation

The accounts of the governmental funds are maintained on the modified accrual basis. The fiduciary fund is reported on an accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred. Revenues are recorded when received or when they are considered both measurable and available. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Budgetary Requirements

State statutes require the Tax Collector to prepare an annual budget that clearly reflects the revenues available to the office and the functions for which money is to be expended. The budgeted revenues and expenditures are subject to the review and approval of the Department of Revenue.

Management is authorized to transfer budgeted amounts between objects and departments as long as management does not exceed the total appropriations of a fund. Department of Revenue approval is only required when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations of a fund. The budget is prepared on a basis consistent with generally accepted accounting principles.

D. Cash

Cash includes cash on hand, bank deposits, certificates of deposit, money market accounts, and short term investments with original maturities of ninety days or less from the date of acquisition.

E. Prepaid Items

This account represents prepayments for services that will be used in future periods. The Tax Collector's policy is to record the expenditure for the services when they are used rather than when the cash is disbursed.

F. Capital Assets

Acquisitions of equipment are recorded as expenditures at the time of purchase for governmental fund financial statements. Tangible personal property used by the Tax Collector in operations is reported in the financial statements of the County. Refer to the County-wide note on capital assets for capitalization threshold, depreciation methodology and useful lives.

G. Unearned Revenues

Unearned revenues represent revenues which are available but not earned. The amount reported on the Tax Collector's balance sheet of \$65,162 represents prepaid vehicle registrations.

H. Compensated Absences

The Tax Collector accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Tax Collector does not, nor is legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for compensated absences is not reported on the Tax Collector's financial statements. Additional information on the liability is reflected in subsequent Note 7.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Transfer Out

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners and other governments. These “excess fees” totaled \$2,732,504 at September 30, 2017, and are included as due to other governments on the balance sheet. Of this amount, \$2,477,209 was owed to the Board of County Commissioners and is reported as Transfers to Board of County Commissioners on the Statement of Revenues, Expenditures and Changes in Fund Balances.

J. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

NOTE 2 - CASH AND INVESTMENTS

A. Deposits

All bank deposits and certificates of deposit with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act. At September 30, 2017, the carrying amount of the Tax Collector’s deposits was \$6,957,456 and the bank balance was \$7,080,662.

B. Investments

At September 30, 2017, the Tax Collector had investments with a balance of \$291,712. The Florida Prime had a balance of \$101,593 and weighted average maturity of 52 days. The Florida Trust Day to Day Fund had a balance of \$126,135 and weighted average maturity of 45 days. The FL CLASS had a balance of \$63,984 and a weighted average maturity of 56 days.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH AND INVESTMENTS - Continued

B. Investments - Continued

Fair Value Measurement

The Tax Collector categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted priced in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Tax Collector had the following recurring fair value measurements as of September 30, 2017:

	Level 1	Level 2	Level 3	Total
Florida Prime	\$ -	\$ 101,593	\$ -	\$ 101,593
Florida Trust Day to Day Fund	-	126,135	-	126,135
FLCLASS	-	63,984	-	63,984
Total Investments	<u>\$ -</u>	<u>\$ 291,712</u>	<u>\$ -</u>	<u>\$ 291,712</u>

C. Deposit and Investment Policy

The Tax Collector last modified their investment and deposit policy in September 2016. This policy requires the Tax Collector's office to follow the above state law (governing custodial credit risk) for deposits and Section 218.415, Florida Statutes. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

Concentration Risk

The Tax Collector's cash and investment policy limits portfolio composition to the following maximum guidelines:

Local Government Surplus Funds Trust Fund (Florida Prime)	50%
Florida Trust Day to Day Fund (Florida Trust)	50%
Florida Cooperative Liquid Assets Securities System (FLCLASS)	95%
Direct Obligations of the U.S. Government	25%
Money Market, CD's, and Savings Accounts	95%
Securities & Exchange Commission Money Funds	25%
Bank Super NOW Accounts	95%
Bank Repo Agreements	50%
United States Government Agencies	25%

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 2 - CASH AND INVESTMENTS - Continued

C. Deposit and Investment Policy - Continued

Interest Rate Risk

The Tax Collector will attempt to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twelve months and funds in excess of current operating needs may have maturities of no longer than twenty-four months.

Credit Risk

Florida Statutes authorize investments in certificates of deposit, savings accounts, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and direct obligations of the U.S. Treasury. At September 30, 2017 the Florida PRIME, the Florida Trust Day to Day Fund and FLCLASS held a rating of AAAm.

Custodial Credit Risk

All investments are held in the name of the Tax Collector, by the Tax Collector, with the exception of the Florida Trust Day to Day Fund, which was held by UMB Fund Services; the FLCLASS, which was held by Wells Fargo Bank, N.A.; and the Florida PRIME, which was held by BNY Mellon.

NOTE 3 - INVENTORIES

Inventories are valued at cost, which approximates market, using the “first-in, first-out” method of accounting. The costs of general fund inventory are recorded as an expenditure when consumed rather than when purchased. Inventory of the Tax Collector, included in the general fund, represents postage.

NOTE 4 – PENSION PLAN

Florida Retirement System

Plan Description: The Tax Collector’s employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at www.dms.myflorida.com or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 4 – PENSION PLAN - Continued

Florida Retirement System - Continued

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2017 were: regular class 7.92%, senior class 22.71%, DROP class 13.26%, and elected official class 45.50%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

Benefits Provided: Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the FRS and contribution rates, please read the County-wide note on pension plans.

Contributions: Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2017, the Tax Collector's actuarial contributions to FRS under the Pension Plan were \$187,293 and the Health Insurance Subsidy (HIS Program) were \$31,484. Employee contributions were \$53,817. Both employer and employee contributions were equal to 100% of the required contribution for each year.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 4 – PENSION PLAN - Continued

Florida Retirement System - Continued

Pension Liabilities: At September 30, 2017, the Division of Retirement calculated the Tax Collector's liability of \$2,051,627 for the FRS plan and \$614,883 for the HIS Program, for a total of \$2,666,510 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Tax Collector's proportion of the net pension liability was based on a projection of the Tax Collector's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2017, the Tax Collector's proportion was .006936% for the FRS Pension Plan and .005751% for the HIS Program.

Discount Rate for Pension Plan: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Tax Collector's contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Tax Collector's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan: The following presents the Tax Collector's proportionate share of the net pension liability (NPL) of the Pension Plan calculated using the discount rate of 7.10%. Also presented is what the Tax Collector's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
Tax Collector's proportionate share of NPL	\$ 3,713,321	\$ 2,051,627	\$ 672,040

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

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 4 – PENSION PLAN - Continued

Florida Retirement System - Continued

Sensitivity of the Tax Collector's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program: The following presents the Tax Collector's proportionate share of the NPL of the HIS Program calculated using the discount rate of 3.58%. Also presented is what the Tax Collector's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Tax Collector's proportionate share of NPL	\$ 701,663	\$ 614,883	\$ 542,600

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Tax Collector since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS

The Tax Collector participated in the Indian River County Other Postemployment Benefits Trust (OPEB Trust). The Tax Collector paid their 2017 annual contribution of \$59,568 which was their part of the total contribution determined by the OPEB Trust actuary. Further information on the OPEB Trust can be found in the County-wide financial statements and County notes.

NOTE 6 – RISK MANAGEMENT

Indian River County maintains a risk management program that provides for coverage of risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, natural disasters, and medical and life insurance coverage for employees and their eligible dependents. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the Self Insurance Fund. The Tax Collector participated in the County's self-insurance program during fiscal year 2017 at an annual cost of approximately \$381,142. Further details of this self-insurance program are discussed in the risk management note in the County-wide financial statements.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2017

NOTE 7 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The following is a schedule of changes in long-term liabilities as of September 30, 2017:

	Beginning Balance <u>10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>9/30/2017</u>
Accrued Compensated Absences	<u>\$ 125,190</u>	<u>\$ 27,748</u>	<u>\$ 35,330</u>	<u>\$ 117,608</u>

Of the \$117,608 liability for accrued compensated absences, management estimates that \$13,994 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Tax Collector since they are not payable from available spendable resources. They are reported in the financial statements of the County.

NOTE 8 – OPERATING LEASES

The Tax Collector has entered into noncancelable operating leases as lessee for office space and office equipment. Lease expenditures totaled \$119,707 for the fiscal year ended September 30, 2017.

The following is a schedule by years of minimum future rentals to be paid by the Tax Collector for noncancelable operating leases as of September 30:

<u>Year</u>	<u>Amount</u>
2018	\$ 122,447
2019	64,820
2020	66,765
2021	51,192
Total future minimum lease payments	<u>\$ 305,224</u>

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

March 14, 2018

The Honorable Carole Jean Jordan
Tax Collector
Indian River Tax Collector, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Tax Collector* (the "Tax Collector"), as of and for the year ended September 30, 2017, which collectively comprise the Tax Collector's fund financial statements and have issued our report thereon dated March 14, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

The Honorable Carole Jean Jordan
Tax Collector
March 14, 2018
Page 2

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*.

Purpose of this Report

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

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

MANAGEMENT LETTER

March 14, 2018

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

Report on the Financial Statements

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Tax Collector* (the "Tax Collector"), as of and for the year ended September 30, 2017, which collectively comprise the Tax Collector's fund financial statements and have issued our report thereon dated March 14, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, AT-C Section 315*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

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

INDEPENDENT ACCOUNTANTS' REPORT

March 14, 2018

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida Tax Collector* (the "Tax Collector") with Section 218.415 Florida Statutes, during the year ended September 30, 2017. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the Tax Collector's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management, the Tax Collector, the Board of County Commissioners and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

