

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year October 1, 2010 through September 30, 2011

*Indian River County
Florida*

The Egret Marsh Stormwater Park is Indian River County's first Algal Turf Scrubber (ATS) System. This innovative system removes dissolved nutrients such as nitrogen and phosphorous from ten million gallons of Indian River Farms Water Control District's canal water each day and these nutrients produce a useable byproduct of harvested algae. Polluted canal water is pumped into a headworks tank and flows by gravity onto the ATS which is the heart of the treatment system. Clean water from the ATS continues to flow by gravity through a series of deep polishing ponds and then into a wildlife habitat area that provides a much needed home and refuge for large populations of fish, birds, insects, amphibians, and other animals. The clean water is then returned to the canal system where it will eventually flow into the lagoon. Since the ATS is basically a large algae farm, it must be harvested. The harvested algae may be composted and used as a soil supplement or mixed with other material and fed to cattle.

Another use for the nutrient-rich algae that is currently being researched is conversion of the algae into paper products such as toilet paper, conversion to bioplastics, and methane gas production. The Egret Marsh has become a valuable nature showcase that demonstrates a successful effort to recreate a rapidly vanishing ecosystem.

INDIAN RIVER COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
OCTOBER 1, 2010
THROUGH
SEPTEMBER 30, 2011**

Jeffrey K. Barton
Clerk of the Circuit Court and Comptroller

Prepared By:
Clerk of the Circuit Court Finance Department

Diane Bernardo, CPA
Finance Director

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2011

Board of County Commissioners as of September 30, 2011

Bob Solari	Wesley S. Davis
<i>Chairman</i>	Joseph E. Flescher
Gary C. Wheeler	Peter D. O'Bryan
<i>Vice-Chairman</i>	

Current Board of County Commissioners (as of November 22, 2011)

Gary C. Wheeler	Wesley S. Davis
<i>Chairman</i>	Joseph E. Flescher
Peter D. O'Bryan	Bob Solari
<i>Vice-Chairman</i>	

Elected Constitutional Officers as of September 30, 2011

Jeffrey K. Barton	Carole Jean Jordan	David C. Nolte
<i>Clerk of the Circuit Court and Comptroller</i>	<i>Tax Collector</i>	<i>Property Appraiser</i>

Kay Clem	Leslie R. Swan
<i>Supervisor of Elections</i>	<i>Supervisor of Elections</i>
<i>(resigned December 31, 2010)</i>	<i>(as of January 1, 2011)</i>
Deryl Loar	
<i>Sheriff</i>	

County Management

Joseph A. Baird	Alan S. Polackwich Sr.
<i>County Administrator</i>	<i>County Attorney</i>

Michael Zito	Jason Brown	Chris Mora
<i>Assistant County Administrator</i>	<i>Budget Director</i>	<i>Director of Public Works</i>

Robert M. Keating	John W. King
<i>Director of Community Development</i>	<i>Director of Emergency Services</i>

Robert J. Komarinetz	Erik Olson	James Sexton
<i>Director of Golf Course</i>	<i>Director of Utilities</i>	<i>Director of Human Resources</i>

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JEFFREY K. BARTON

Clerk of Circuit Court and Comptroller
1801 27th Street
Vero Beach, Florida 32960-3388
Telephone (772) 226-1945



March 12, 2012

To the Citizens of Indian River County:

The Comprehensive Annual Financial Report of Indian River County, Florida for the fiscal year ended September 30, 2011, is respectfully submitted. State law requires that every general-purpose government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report was prepared by the Finance Department 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 Finance Department and is contingent upon the internal control established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective of the financial statements is to provide reasonable, rather than absolute, assurance that they are free of any material misstatements.

Section 11.45, Florida Statutes, requires an annual audit of all County agencies. The unqualified opinion of the auditors, Harris, Cotherman, Jones, Price and Associates, Certified Public Accountants – Chartered, of the County's financial statements for the year ended September 30, 2011 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 Single Audit Act Amendments of 1996, and revised OMB Circular A-133.

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 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. The functional (seasonal plus resident) population reaches approximately 158,000. Like the rest of the state of Florida, the County experienced significant population growth over the last ten years. Government and the medical industry remain the largest sectors of employment in the County. The service industry, retail trade and agriculture are also major employers. Indian River citrus is a well-recognized name and product throughout the United States and internationally.

Indian River County is a non-charter county established under the Constitution and the Laws of the State of Florida. 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 for which the County is financially accountable 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

The effects of the decline in the national economy continued to affect Indian River County in 2011. Property tax values decreased 10% from \$15.8 billion in 2010 to \$14.1 billion in 2011. Construction activity increased 6% over 2010 and is the second consecutive year of positive growth since the peak activity in 2005 as illustrated in Statistical Schedule 19.

Indian River County's population increased by approximately 666 residents or less than 1%; however, the unemployment rate decreased from 15.4% in 2010 to 13.7% in 2011.

Indian River County is a major producer of citrus in the state with approximately 11.3% of total County acreage dedicated to citrus production. Citrus production increased slightly from 9.6 million boxes in 2010 to 10.2 million in 2011.

Long Term Financial Planning

Continuing to maintain a high quality level of service for the taxpayers has been a challenge due to the reduced tax roll and other declining revenues. County departments, Constitutional Officers, state agencies and nonprofit organizations have trimmed their budgets to account for these declines. In some funds, a moderate amount of reserves are used to balance the budget which may result in long-term implications. The reserves will need to be maintained at appropriate levels to sustain the County's financial position. Continual decline in revenues or additional expenses may require adjustments to be made such as staff reductions, health insurance changes, furloughs or other necessary measures.

Vacant positions have been eliminated wherever possible in order to reduce the impact on existing employees. There have also been hiring freezes, decreases in cost of living raises, merit raises and top-out pay for current employees as well as reductions in automobile allowance and the number of employees receiving the allowance.

Over the last five years, there has been a 12.7% reduction in County staff. The current staffing levels are now lower than those in FY 2001-2002, however, the population served has increased by 17.4% and the services provided have also increased.

- Listed below are some other measures that were taken to reduce the budget's financial burdens:
 - In January 2011, the Board of County Commissioners approved the privatization of the primary operations of the landfill and the customer convenience centers at a cost savings of approximately \$400,000 per year. Thirty four positions were eliminated mid-year due to this privatization.

- The Florida legislature adopted Senate Bill 2100 making significant changes to the Florida Retirement System. Beginning July 2011, employees were required to contribute 3% of their salary toward the pension fund. Passage of this bill results in a savings of about \$4.1 million.
- In February 2011, the Board of County Commissioners approved separating the Housing Authority from Indian River County effective July 1, 2011. Previously, the County provided financial assistance to and maintained some limited control over the Housing Authority and reported the Housing Authority as a discretely presented component unit of the County.
- Due to the decline in impact fee revenue, as well as sales tax and fuel tax revenues, the Board of County Commissioners authorized staff to create a priority list of road projects known as the “Super 8” using the following three criteria:
 - Roadway plans @ 60% (or greater) design
 - Road construction fully funded within the initial three years of County five year capital improvement plan
 - Right-of-way acquisition completed or substantially underway

The road projects chosen, in priority order, are as follows:

1. Oslo Road between 43rd Avenue and 27th Avenue
 2. 53rd Street between 58th Avenue and Indian River Boulevard
 3. 26th Street between 82nd Avenue and 74th Avenue
 4. Oslo Road between 58th Avenue and 43rd Avenue
 5. 26th Street between 43rd Avenue and US Highway 1
 6. 66th Avenue between 4th Street and 16th Street
 7. 43rd Avenue between 18th Street and 26th Street
 8. 66th Avenue between State Road 60 and 41st Street
- On January 15, 2008, the County entered into a locally funded agreement with the Florida Department of Transportation (FDOT) to advance the 6-laning of State Road 60 from 82nd Avenue to 66th Avenue (Segment One) at a cost of \$23,833,362, funded by gas taxes and optional one-cent sales tax. On November 18, 2008 a second agreement was established with the FDOT to advance the widening of State Road 60 from Interstate 95 to 82nd Avenue (Segment Two) at a cost of \$14,429,754. Segment One has been repaid in full and the first payment for Segment Two was received in July 2011 and will be repaid over a four and one half year period. The project was completed in April 2011.
 - The Utilities Department completed the Spoonbill Marsh Brine Project during FY 2011. This \$2.1 million system is designed to accomplish a means of disposing brine while simultaneously achieving a “net environmental benefit”. This benefit is a net reduction of nitrogen and phosphorous going back into the Indian River Lagoon. This environment also provides a flourishing habitat for plants, fish and animal life throughout the Marsh. Oysters have begun populating the ponds and wetlands. This colonization, along with the use of a floating mat system that utilizes marine vegetation, facilitates the uptake of the nutrients.

- In March 1989, Indian River County voters passed the optional one-cent sales tax which was effective for a fifteen year period. In November 2002, a voter referendum approved extending the optional one-cent sales tax another 15 years until December 31, 2019. Many capital projects have been completed with this funding that otherwise would have been funded by ad valorem dollars. In 2011, approximately \$12.9 million was received and will be used towards funding numerous capital projects including the following construction projects:
 - **South County Park – Phase III Improvements** - The expansion of this park is necessary to provide recreation facilities and programs to the growing population in the southern part of the County. A multi-purpose facility will be constructed at a cost of \$5.5 million with impact fees providing a portion of the funding. Ad valorem tax proceeds and user fees will fund increased operating costs. The impact to ad valorem taxpayers could be reduced through the use of possible public-private partnerships to operate this facility.
 - **53rd Street Widening** – Due to growth in the northern portion of the County, 53rd Street is reaching capacity. This project will widen the road from two to four lanes from 58th Avenue to Indian River Boulevard at a cost of approximately \$5.1 million. Additional funding will be from impact fees.
 - **66th Avenue Widening** – This roadway is scheduled for widening from S.R. 60 in Vero Beach to the Sebastian City limits. Currently, this is one of the few main arterials connecting the north and south county areas and traffic has increased substantially on this road. Estimated construction costs are over \$16 million. Additional funding will be from traffic impact fees, gas taxes and grants.
 - **Oslo Road from 43rd Avenue to 58th Avenue** – This phase of Oslo Road widening will increase the road from two to four lanes at a cost of approximately \$5.5 million. Additional funding will be from traffic impact fees and gas taxes.
 - **800 Mhz Radio Expansion** – Construction of a \$2.2 million communications tower will be completed in fiscal year 2011-2012. This tower will help eliminate deficiencies in “in-building coverage” for public safety agencies that have resulted since the significant growth in the south county area. The addition of the tower will increase maintenance costs slightly and will be funded with general fund revenues.
 - **Vero Beach Sports Village Quadrangle Softball Fields** – The project began in FY 2011 and includes construction of four softball fields with sports lighting, dugouts, fencing, sod and irrigation, bleachers, picnic pavilions, concession stand/press box/bathroom building, drainage improvements, concession equipment, batting cages, common area lighting, water fountains and parking area at a cost of approximately \$2.5 million.

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. During FY 2011, County investments had yields ranging from 0.10% to 3.15%. The overall annual yield of the portfolio as of September 30, 2011 was 0.60%.

On September 23, 2008, the County established the OPEB (Other Post-Employment Benefits) Trust. An OPEB investment policy was approved by the Board of County Commissioners on February 3, 2009 and revised on May 12, 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 net cash contribution to the OPEB Trust for the fiscal year was \$1.5 million. In addition, interest, dividend and mark-to-market adjustments resulted in a loss of \$84,217. Yields ranged from -21.23% to 25.74% throughout the year.

Major Initiatives

In response to the critical erosion of several areas of County beaches, the Board of County Commissioners approved the Comprehensive Beach Preservation Plan (BPP) in 1999. The BPP provides for renourishment of these areas and is periodically updated to identify changing beach conditions. On February 3, 2009, the Board of County Commissioners voted to approve the 2008 Beach Preservation Plan which presents an overall strategy to protect and nourish the current status of critically eroded beaches within Indian River County. The plan also presents probable costs and prioritizes means for funding the implementation of the BPP. Since the implementation of the BPP, approximately 5 miles of beach have been renourished. A large scale beach nourishment of Sector 3 is currently underway. This project consists of placing approximately 586,000 cubic yards of dump truck hauled upland beach sand onto approximately 6.6 miles of County beaches. Total costs for design, construction and monitoring are estimated at approximately \$15 million, of which, \$3.9 million was spent in FY 2011. Funding will be from the Beach Preservation Fund, a portion of local option tourist tax revenue, and the one-cent sales tax. State and federal grants as well as an inter-local agreement with the Sebastian Inlet Taxing District will provide additional funding for this project.

Indian River County is pleased to announce the following public construction/improvement projects:

1. Phase one installation of the new GoLine bus shelters is complete. These shelters have been a longstanding priority of the Indian River County MPO and our community transportation coordinator, the Senior Resource Association. A Department of Transportation grant funded the project. The shelter design can withstand 140+ mile per hour winds, is free of advertising and easy to maintain. The phase one locations include the following sites:

- Park 24 – Indian River Boulevard
- Indian River Medical Center
- 6th Avenue and 8th Street
- 27th Street – 777 Medical Building
- Fellsmere Medical Center – County Road 512

Phase two of the project will begin in FY 2012 with the following anticipated shelter sites:

- Main Street and Powerline Road – Sebastian
- Oslo Road – Treasure Coast Health & Fire Station #4
- Indian River Charter High School – College Lane
- 49th Street – Gifford Youth Activity Center
- Willow Street Sunrise Villas – Fellsmere
- Driedon Avenue – Sebastian

2. A new Transit Administration/Maintenance Facility is currently being constructed for the County's public transportation coordinator, the Senior Resource Association. The 5,000 square foot facility will be adjacent to the Supervisor of Elections Office on 43rd Avenue on County-owned property. It will be the first "Florida Green Building Certification" building in the County. The facility is designed to withstand hurricane force winds which is critical due to the role of public transit during emergencies. It will have secured bus parking that complies with Homeland Security guidelines. The project is federally funded by a \$2 million pass-through grant.
3. The South County Regional Park multi-purpose athletic field expansion project is necessary to accommodate youth football and lacrosse programs and tournaments. The project consists of improving current green space to construct three multi-purpose athletic fields surrounded by a walking trail at a cost of approximately \$1.5 million. Funding for design and construction will be from Parks and Recreation impact fees. The general fund will initially fund operational costs, however, once completed, a public private partnership may be more cost effective.
4. The Indian River County Shooting Range will undergo a \$640,000 expansion that includes the construction of a Sporting Clays Shotgun Course with 15 different shooting stations and a 12' wide cart path along the course for access. Other improvements are three new combination skeet and trap ranges with a new parking area. Also included would be lighting which would enable the Shooting Range to expand its hours of operation. Increased operations costs will be funded with increased revenues.
5. The Utilities Department is constructing the North Regional Reuse Storage and Repump Facility which is designed to transfer reuse water from the mainland to the barrier island. Completion of the reuse main is scheduled for 2011-2012 with a cost of approximately \$2 million.
6. During FY 2011, the Utilities Department implemented a new utility billing software system which allows customers to view statements, account history, request or change service and pay their bills online. For those customers without access to a computer, a voice recognition system was also implemented for phone payments. This software also increased efficiency by reducing the bill processing cycle time from three days to one. With these more efficient business processes in place, the timeliness and effectiveness of customer service is also more efficient.

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, 2010. This was the 28th 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.

In addition, Indian River County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2010-2011 fiscal year. This was the 20th 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.

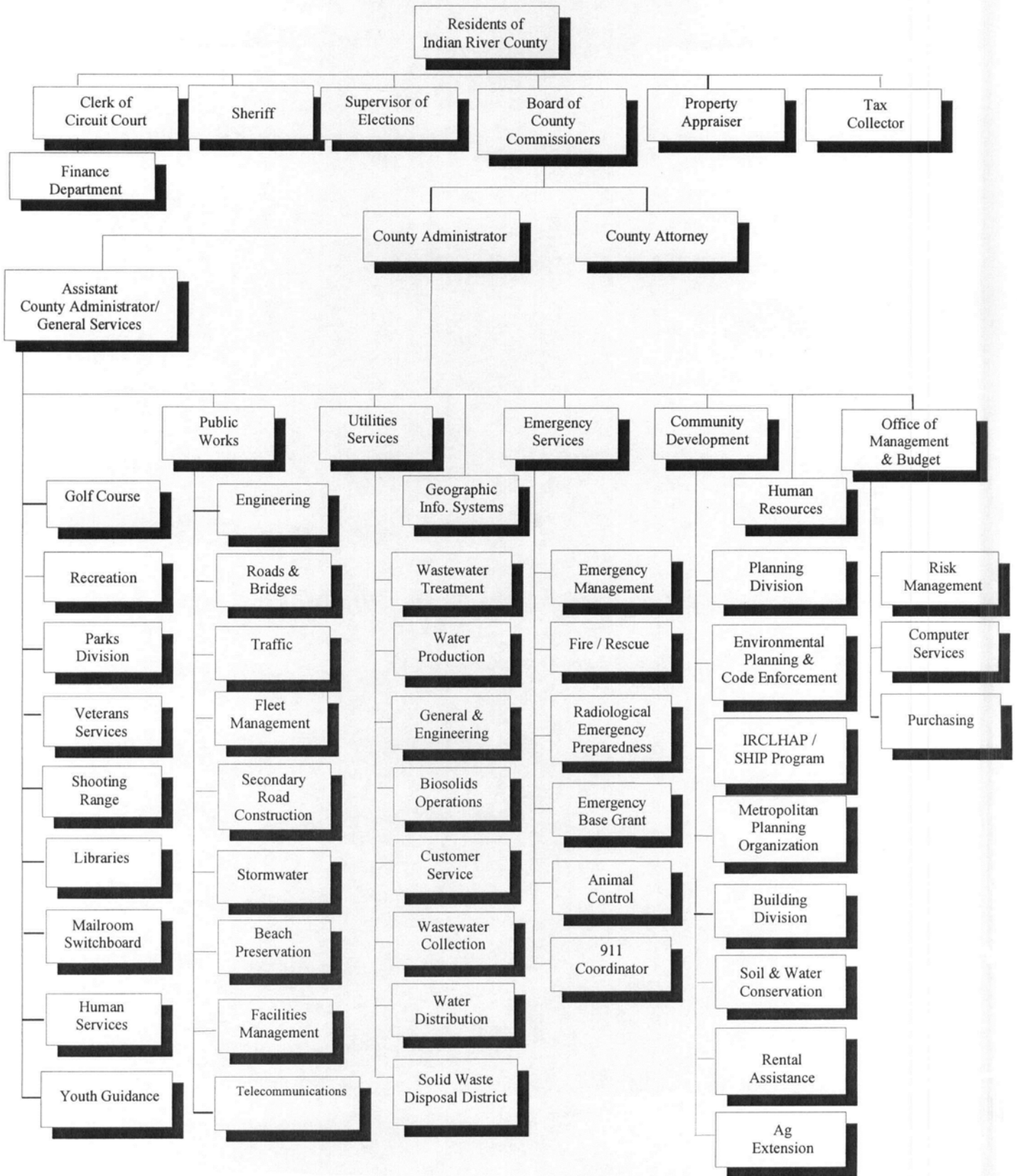
I would like to thank the entire staff of the Finance Department for their invaluable assistance in the preparation of this report. I would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'JKBarton', with a stylized flourish at the end.

Jeffrey K. Barton
Clerk of the Circuit Court and Comptroller

Indian River County BCC Departmental Organization



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Indian River County
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director





**Harris, Cotherman,
Jones, Price & Associates**

Certified Public Accountants - Chartered

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Independent Auditors' Report

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

We have audited the accompanying financial statements of 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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indian River County, Florida as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2012 on our consideration of the County'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



**Harris, Cotherman,
Jones, Price & Associates**
Certified Public Accountants - Chartered

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules, non-major budgetary comparison information, the statistical section, and the schedule of federal awards and state projects, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the 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 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 financial statements or to the 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 financial statements as a whole. The introductory section and statistical section 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.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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, 2011. 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-vii of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The County's overall financial position improved over 2010.
- The assets of the County exceeded its liabilities by \$1,005.8 million (net assets). Of this amount, \$145.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1.0 million. Governmental activities accounted for \$3.6 million of this increase, which was offset by a \$2.6 million decrease in business-type activities net assets.
- Governmental activities expenses reflected a 1.3% reduction (\$148.9 million in 2010 to \$147.0 million in 2011) and business-type activities expenses reflected a 2.2% reduction (\$49.4 million in 2010 to \$48.3 million in 2011). The reductions were largely due to staff reductions and lower fringe benefit costs.
- Unassigned fund balance for the general fund was \$33.7 million, or a 1.6% increase from the prior year general fund unassigned balance. The key factor for the increase in the unassigned amount was a \$600,000 reduction in the fund balance amount committed to budget stabilization and disaster relief.

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 Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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, 2011

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 taxes 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, 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 17-19 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.

The County maintains 36 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 30 governmental funds are combined into a single, aggregated presentation.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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 99-149 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 20-31 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 its fleet management, self insurance, and geographic information systems. 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 151-155 of this report. The basic proprietary fund financial statements can be found on pages 33-39 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 (IRCOT) 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 statement can be found on pages 40-41 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 43-97 of this report.

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. Required supplementary information can be found on page 98 of this report.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$1,005.8 million at the close of the fiscal year. By far, the largest portion of the County's net assets (71%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, intangibles, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. 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.

Indian River County Net Assets (In Millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 242.3	\$ 251.8	\$ 107.0	\$ 105.2	\$ 349.3	\$ 357.0
Capital assets	544.7	537.0	267.1	276.1	811.8	813.1
Total assets	<u>787.0</u>	<u>788.8</u>	<u>374.1</u>	<u>381.3</u>	<u>1,161.1</u>	<u>1,170.1</u>
Current liabilities	23.6	24.7	12.0	12.7	35.6	37.4
Other liabilities	60.8	65.1	58.9	62.8	119.7	127.9
Total liabilities	<u>84.4</u>	<u>89.8</u>	<u>70.9</u>	<u>75.5</u>	<u>155.3</u>	<u>165.3</u>
Net assets:						
Invested in capital assets, net of related debt	492.3	480.2	217.9	223.4	710.2	703.6
Restricted	125.4	133.0	24.3	27.8	149.7	160.8
Unrestricted	<u>84.9</u>	<u>85.8</u>	<u>61.0</u>	<u>54.6</u>	<u>145.9</u>	<u>140.4</u>
Total net assets	<u>\$ 702.6</u>	<u>\$ 699.00</u>	<u>\$ 303.2</u>	<u>\$ 305.8</u>	<u>\$ 1,005.8</u>	<u>\$ 1,004.8</u>

A portion of the County's net assets (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (\$145.9 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Overall, the County's net assets increased less than 1%. In governmental activities, the decrease in restricted net assets and increase in net assets invested in capital assets, net of related debt, were a net result of right of way purchases and construction of roads and beach restoration projects from restricted funds. In business-type activities, the increase in unrestricted net assets and decrease in net assets invested in capital assets, net of related debt, was a net result of decreasing book value of capital assets and the decreasing amount of debt outstanding.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

Indian River County Changes in Net Assets (In Millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 16.2	\$ 14.9	\$ 41.8	\$ 41.5	\$ 58.0	\$ 56.4
Operating grants/contributions	7.9	15.8	-	-	7.9	15.8
Capital grants/contributions	1.9	7.0	2.0	1.7	3.9	8.7
General revenues:						
Property taxes	75.5	84.6	-	-	75.5	84.6
Sales taxes	19.3	19.0	-	-	19.3	19.0
Franchise fees	8.7	9.3	-	-	8.7	9.3
State shared revenues	17.3	17.5	-	-	17.3	17.5
Other	4.4	4.1	1.3	1.3	5.7	5.4
Total revenues	<u>151.2</u>	<u>172.2</u>	<u>45.1</u>	<u>44.5</u>	<u>196.3</u>	<u>216.7</u>
Expenses:						
General government	21.3	23.5	-	-	21.3	23.5
Public safety	67.4	68.2	-	-	67.4	68.2
Physical environment	1.3	1.4	-	-	1.3	1.4
Transportation	22.3	20.9	-	-	22.3	20.9
Economic environment	2.1	2.5	-	-	2.1	2.5
Human services	7.8	7.4	-	-	7.8	7.4
Culture/recreation	16.5	16.0	-	-	16.5	16.0
Court related	5.8	6.3	-	-	5.8	6.3
Interest and fiscal charges	2.5	2.7	-	-	2.5	2.7
Water and sewer	-	-	33.8	34.1	33.8	34.1
Solid waste	-	-	10.4	10.7	10.4	10.7
Golf course	-	-	2.5	2.7	2.5	2.7
Building	-	-	1.6	1.9	1.6	1.9
Total expenses	<u>147.0</u>	<u>148.9</u>	<u>48.3</u>	<u>49.4</u>	<u>195.3</u>	<u>198.3</u>
Increase (decrease) in net assets before transfers and special item	4.2	23.3	(3.2)	(4.9)	1.0	18.4
Special item	-	-	-	(0.7)	-	(0.7)
Transfers	<u>(0.6)</u>	<u>-</u>	<u>0.6</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	3.6	23.3	(2.6)	(5.6)	1.0	17.7
Net assets – October 1, 2010	699.0	675.7	305.8	311.4	1,004.8	987.1
Adjustment – pollution remediation	-	-	(0.03)	-	(0.03)	-
Net assets - September 30, 2011	<u>\$ 702.6</u>	<u>\$ 699.0</u>	<u>\$ 303.2</u>	<u>\$ 305.8</u>	<u>\$ 1,005.8</u>	<u>\$ 1,004.8</u>

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

Governmental Activities

Governmental activities revenues exceeded expenses by \$3.6 million. Key elements of this increase are as follows:

- Overall program revenues decreased \$11.7 million.
 - 1) Charges for services increased by \$1.4 million or 9%, due to increased public safety charges of \$0.8 million and increased transportation charges of \$0.6 million.
 - 2) Operating grants in 2011 were \$7.8 million lower, a decrease of 50% from the 2010 operating grant revenues due to the completion of various projects. Public safety operating grants decreased by \$0.6 million, transportation grants decreased by \$3.5 million, economic environment decreased by \$3.4 million, and the remaining grants decreased by \$0.3 million.
 - 3) Capital grants were \$5.1 million lower in 2011 than in 2010, an overall decrease of 72%. This was largely due to decreased physical environment capital grants (\$1.2 million lower) and decreased culture/recreation capital grants (\$3.9 million lower) for completed beach restoration and storm-water projects.
- The governmental activities expenses were \$1.9 million lower in 2011 than in 2010. The decrease is a reflection of budget cuts and the completion of projects. General government expenses decreased by \$2.2 million, public safety expenses decreased by \$0.8 million, economic environment decreased by \$0.4 million, court related decreased by \$0.5 million, interest and fiscal charges decreased by \$0.2 million, and the remaining expenses increased by \$2.2 million.

Business-type Activities

Business-type activities net assets decreased by \$2.6 million. Key elements of this decrease are as follows:

- Interest earnings decreased by \$0.5 million or 38% from the preceding year due to lower interest rates.
- In 2011, transfers in the amount of \$0.6 million represented impact fees transferred from the Impact Fees Fund to the Solid Waste Disposal District Fund for the lateral expansion of the landfill.
- Overall expenses were \$1.0 million or 2% lower in 2011 than in 2010, the reflection of budget cuts and reduced required retirement contributions, which included: 1) golf course had \$0.2 million or 7% lower expenses in 2011 than in 2010, 2) building department had \$0.2 million or 13% lower expenses in 2011 than in 2010, 3) water and sewer utilities expenses were \$0.3 million or 1% lower in 2011 than in 2010 and 4) solid waste expenses were \$0.3 million or 3% lower in 2011 than in 2010.

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.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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 17% of this total amount (\$33 million) constitutes unassigned fund balance, which is available for spending at the County's discretion.

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 balance in 1) a nonspendable category for inventories, prepaid items, and advances to other funds (\$1.2 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 (\$125.1 million), 3) a committed category for constraints imposed by formal action of the Board of County Commissioners (\$25.7 million), and 4) an assigned category for constraints by the County's intent to use for specific purposes (\$11.7 million).

The two largest restricted amounts are in the Impact Fees Fund with a \$32.5 million restricted fund balance and the Optional Sales Tax Fund with a \$44.3 million restricted fund balance. Fund balances of the Impact Fees, Secondary Roads Construction, and fifty-three percent of the Optional Sales Tax Funds are slated for major road expansions throughout the County.

The County's governmental funds reported a combined fund balance of \$197.0 million, which is a decrease of \$5.0 million over the prior year of \$202.0 million. Contributing factors to the \$5.0 million decrease in fund balance are:

- Fund balance in the General Fund increased by \$0.3 million. This small increase was a reflection of an 11% reduction in property tax revenue; consequently, budgets were similarly decreased, including transfers to other funds.
- In the Impact Fees Fund, expenditures exceeded revenues by \$8.4 million. Contributing factors were a decrease in interest earnings of \$0.3 million due to market conditions and increased spending due to major road construction and right-of-way purchases. Transportation expenditures increased by \$2.1 million, from \$6.4 million in 2010 to \$8.5 million in 2011. Culture/recreation expenditures decreased by \$1.1 million, from \$1.2 million in 2010 to \$0.1 million in 2011, due to the completion of the Brackett library collection.
- Fund balance in the Secondary Roads Construction Fund decreased by \$1.0 million due to the completion of road projects.
- Fund balance in the Emergency Services District Fund decreased by \$1.4 million, largely the result of fire truck and capital equipment purchases.
- The Optional Sales Tax Fund increased by \$9.5 million. Capital project expenditures decreased by \$1.7 million due to the completion of the Egret Marsh stormwater project, the Parks Maintenance Complex, and several road and bridge construction projects, as well as two road expansion projects that started late in the fiscal year.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011**

Proprietary funds

Unrestricted net assets at the end of the year amounted to \$18.8 million in the Solid Waste Disposal District Fund, (\$0.3) million in the Golf Course Fund, \$3.9 million in the County Building Fund, and \$38.6 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was an \$11.5 million increase in appropriations between the original and final amended budget. The main components of the increase are as follows:

- \$8,000,000 supplemental appropriation for incentive payments to Piper Aircraft carried over from prior years.
- \$2,882,000 grants appropriations and prior year rollovers for the Senior Resource Association to provide County-wide public transportation.
- \$144,874 payment of the State Criminal Alien Assistance Program (SCAAP) to the Sheriff's Department.

Actual revenues exceeded final budget by \$2.4 million for the following reasons:

- Actual receipts of taxes exceeded budget by \$977,838.
- Grants received mid-year that are not budgeted until awarded.
- Insurance reimbursement of \$493,217.

Actual expenditures were lower than anticipated for the following reasons:

- Retirement savings of \$636,410 for last quarter of FY 2011 due to mid-year legislative change.
- Positions budgeted but not filled due to hiring freeze.
- Piper incentive of \$8.0 million was not paid.

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual is shown on page 27.

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, 2011, amounts to \$811.9 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, 2011

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

- An increase in infrastructure primarily due to the capitalization of the Egret Marsh Regional Stormwater Facility (\$5.9 million), the 16th Street expansion project from 66th to 82nd Avenues (\$3.1 million) and the 5th Street Southwest Bridge over the 43rd Avenue Canal Project (\$1.9 million).
- An increase in equipment primarily due to the purchase of two new ambulances and one fire truck (\$0.8 million).
- An increase in right-of-way primarily due to \$3.8 million for right-of-way on 66th Avenue.

Business-type activities had the following major increases and decreases during the fiscal year:

- An increase in buildings and improvements was due to the capitalization of the Spoonbill Brine Marsh improvements (\$3.1 million).
- An increase in land due to leasehold improvements done at the Spoonbill Brine Marsh (\$1.2 million).
- A decrease in equipment primarily due to the sale of \$4.9 million in equipment from the landfill upon privatization in January 2011.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 138.4	\$ 138.4	\$ 20.5	\$ 19.3	\$ 158.9	\$ 157.7
Right-of-way	53.7	48.9	-	-	53.7	48.9
Buildings and improvements	148.1	152.7	232.5	242.9	380.6	395.6
Equipment	26.2	25.5	1.9	3.3	28.1	28.8
Intangibles	1.3	2.4	1.9	1.3	3.2	3.7
Infrastructure	133.0	125.4	-	-	133.0	125.4
Construction in progress	44.0	43.7	10.3	9.3	54.3	53.0
Total	<u>\$ 544.7</u>	<u>\$ 537.0</u>	<u>\$ 267.1</u>	<u>\$ 276.1</u>	<u>\$ 811.8</u>	<u>\$ 813.1</u>

Additional information on the County's capital assets can be found in Note 6 on pages 66-68 of this report.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

Debt Administration – Long-term debt

At the end of the current fiscal year, the County had total *bonded* debt outstanding of \$104.9 million. Of this amount, \$40.7 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	
	2011	2010	2011	2010	2011	2010
<u>General Obligation Debt:</u>						
General Obligation, Series 2001	\$ 4.4	\$ 5.2	\$ -	\$ -	\$ 4.4	\$ 5.2
Limited General Oblig., Series 2006	36.3	39.3	-	-	36.3	39.3
<u>Revenue Bonds:</u>						
Spring Training Facility, Series 2001	11.7	12.3	-	-	11.7	12.3
Recreational Revenue Ref., Series 2003	-	-	2.6	3.1	2.6	3.1
Water and Sewer Ref. Rev., Series 1993A	-	-	-	1.6	-	1.6
Water and Sewer Ref. Rev., Series 2005	-	-	21.2	22.7	21.2	22.7
Water and Sewer Ref. Rev., Series 2009	-	-	28.7	28.8	28.7	28.8
Total	<u>\$ 52.4</u>	<u>\$ 56.8</u>	<u>\$ 52.5</u>	<u>\$ 56.2</u>	<u>\$ 104.9</u>	<u>\$ 113.0</u>

The County received an increase in all of their bond ratings with the recalibration of the bond rating system. The County's General Obligation underlying rating from Standard & Poor's is "AAA" and "AA" on the Revenue Bonds. Standard & Poor's rating is required on all issues. A second rating from Fitch or Moody's is also recommended.

Additional information on the County's long-term debt can be found in Note 13 on pages 73-83 of this report.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In order to address an expected decrease in property values and other County revenues, Board of County Commissioners' Departments, Constitutional Officers and outside agencies were asked to trim their budgets by 5% from the previous year. Many cost saving measures have been taken to adjust for declining revenues. For example, mid-year privatization of SWDD's convenience center and related operations resulted in the elimination of 34 full-time positions and an annual savings of \$366,834. Additional decreases of 9 full-time positions have been proposed for next fiscal year, with the Constitutional Officers' budgets showing a decrease of 47 full-time positions. The largest cost reduction for FY 11/12 is due to lower retirement costs. Senate Bill 2100 requires employees to contribute 3% of their salary toward the pension fund. Passage of this bill results in a savings of about \$4.1 million for the County. The tax roll in the General Fund decreased by 6.4% due to continued falling real estate values. The total proposed budget is a decrease of \$60,359,981 or 18.9%.

Indian River County, like the nation overall, has been experiencing a continuation of the economic slowdown this year. New construction activity has remained slow. Some revenues have leveled off and are even showing signs of a slight increase. Therefore, the revenue projections for next year are mixed. For example, Half-Cent Sales Tax is increasing \$347,766 or 5%, while interest earnings are expected to drop \$1,732,155 or 56.5%. State Shared Revenues are expected to increase \$134,829 or 4%.

Due to various revenue decreases in SWDD, both the assessment rates for commercial and residential rates will have a slight increase. Residential rates will increase 5% and commercial rates 4.6%. It should be noted that these rate increases follow years of continuing decreases. The proposed rates are still substantially lower than the 1995/1996 rates.

Street lighting and M.S.B.U. Districts along with all other rates and other fees remain unchanged from FY 2010/2011.

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: Finance Department
1801 27th Street
Vero Beach, FL 32960



BASIC FINANCIAL STATEMENTS



Indian River County, Florida
Statement of Net Assets
September 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 201,601,168	\$ 54,981,094	\$ 256,582,262
Investments	675,338	-	675,338
Accounts receivable - net	2,323,431	2,879,477	5,202,908
Internal balances	708,505	(708,505)	-
Due from other governments	19,105,936	10,800	19,116,736
Interest receivable	284,265	555,527	839,792
Inventories	252,583	930,721	1,183,304
Other assets held for resale	1,106,716	-	1,106,716
Prepaid expenses	1,418,480	181,164	1,599,644
Current restricted assets:			
Cash and cash equivalents	14,220,716	40,298,882	54,519,598
Total current assets	<u>241,697,138</u>	<u>99,129,160</u>	<u>340,826,298</u>
Non-current assets:			
Unamortized bond issuance costs	-	526,953	526,953
Deferred amounts on refundings	-	3,163,156	3,163,156
Net other postemployment benefits asset	189,584	-	189,584
Capital assets - non-depreciable	240,284,729	32,258,949	272,543,678
Capital assets - depreciable	517,422,439	428,048,045	945,470,484
Capital assets - accumulated depreciation	(212,977,928)	(193,171,562)	(406,149,490)
Non-current restricted assets:			
Special assessments receivable	367,111	1,256,636	1,623,747
Impact fees receivable	-	798,541	798,541
Liens receivable	-	2,133,445	2,133,445
Total non-current assets	<u>545,285,935</u>	<u>275,014,163</u>	<u>820,300,098</u>
Total assets	<u>786,983,073</u>	<u>374,143,323</u>	<u>1,161,126,396</u>
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	6,635,886	1,561,323	8,197,209
Retainage payable	-	13,769	13,769
Claims payable	2,395,278	-	2,395,278
Due to other governments	441,087	2,846,585	3,287,672
Other deposits held in escrow	420,025	1,000	421,025
Unearned revenues	1,448,021	28,274	1,476,295
Accrued compensated absences	5,916,426	667,833	6,584,259
Pollution remediation costs payable	136,373	17,720	154,093
Current liabilities (payable from current restricted assets):			
Accounts payable	-	287,331	287,331
Retainage payable	1,331,809	136,260	1,468,069
Accrued interest payable	448,907	191,367	640,274
Customer deposits	-	2,604,928	2,604,928
Bonds payable	4,440,000	3,625,000	8,065,000
Total current liabilities	<u>23,613,812</u>	<u>11,981,390</u>	<u>35,595,202</u>
Non-current liabilities:			
Accrued compensated absences	4,852,059	153,245	5,005,304
Pollution remediation costs payable	2,432,827	47,280	2,480,107
Claims payable	5,481,722	-	5,481,722
Closure and maintenance costs payable	-	10,016,236	10,016,236
Bonds payable, net of premium and discount	47,988,939	48,796,846	96,785,785
Total non-current liabilities	<u>60,755,547</u>	<u>59,013,607</u>	<u>119,769,154</u>
Total liabilities	<u>84,369,359</u>	<u>70,994,997</u>	<u>155,364,356</u>
NET ASSETS			
Invested in capital assets, net of related debt	492,300,301	217,876,742	710,177,043
Restricted for:			
Transportation/road projects	33,820,170	-	33,820,170
Public safety	15,879,292	-	15,879,292
Court related costs	3,604,959	-	3,604,959
Housing assistance	3,022,313	-	3,022,313
Capital projects	44,563,790	23,931,768	68,495,558
Beach renourishment	7,675,801	-	7,675,801
Culture/recreation	9,188,235	-	9,188,235
Debt service	2,632,336	298,333	2,930,669
Environmental conservation/preservation	1,352,034	-	1,352,034
Special assessment projects	1,660,771	-	1,660,771
Other purposes	2,052,815	-	2,052,815
Unrestricted	84,860,897	61,041,483	145,902,380
Total net assets	<u>\$ 702,613,714</u>	<u>\$ 303,148,326</u>	<u>\$ 1,005,762,040</u>

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

Indian River County, Florida
Statement of Activities
For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 21,324,680	\$ 5,845,567	\$ 448,640	\$ 186,429
Public safety	67,393,943	6,076,085	499,401	79,142
Physical environment	1,353,074	24,204	-	-
Transportation	22,300,819	2,090,194	2,711,781	885,206
Economic environment	2,056,453	-	2,666,088	-
Human services	7,762,962	346,689	1,236,393	237,740
Culture/recreation	16,484,242	1,340,550	212,033	548,971
Court related	5,774,032	501,980	152,496	-
Interest and fiscal charges	2,526,114	-	-	-
Total governmental activities	<u>146,976,319</u>	<u>16,225,269</u>	<u>7,926,832</u>	<u>1,937,488</u>
Business-type activities:				
Water and sewer	33,818,640	27,842,092	-	1,923,271
Solid waste	10,370,476	9,221,396	-	-
Golf course	2,537,665	3,163,062	-	-
Building	1,623,862	1,588,934	-	-
Total business-type activities	<u>48,350,643</u>	<u>41,815,484</u>	<u>-</u>	<u>1,923,271</u>
Total primary government	<u>\$ 195,326,962</u>	<u>\$ 58,040,753</u>	<u>\$ 7,926,832</u>	<u>\$ 3,860,759</u>

General Revenues:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Sales and use taxes
Franchise fees, levied on gross receipts
State shared tax revenues
Interest earnings
Miscellaneous
Total general revenues

Transfers

Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (14,844,044)	\$ -	\$ (14,844,044)
(60,739,315)	-	(60,739,315)
(1,328,870)	-	(1,328,870)
(16,613,638)	-	(16,613,638)
609,635	-	609,635
(5,942,140)	-	(5,942,140)
(14,382,688)	-	(14,382,688)
(5,119,556)	-	(5,119,556)
(2,526,114)	-	(2,526,114)
(120,886,730)	-	(120,886,730)
-	(4,053,277)	(4,053,277)
-	(1,149,080)	(1,149,080)
-	625,397	625,397
-	(34,928)	(34,928)
-	(4,611,888)	(4,611,888)
(120,886,730)	(4,611,888)	(125,498,618)
69,856,750	-	69,856,750
5,600,767	-	5,600,767
19,261,033	-	19,261,033
8,730,861	-	8,730,861
17,328,867	-	17,328,867
1,299,894	723,870	2,023,764
3,082,481	562,651	3,645,132
125,160,653	1,286,521	126,447,174
(643,144)	643,144	-
124,517,509	1,929,665	126,447,174
3,630,779	(2,682,223)	948,556
698,982,935	305,830,549	1,004,813,484
\$ 702,613,714	\$ 303,148,326	\$ 1,005,762,040

Indian River County, Florida
Balance Sheet
Governmental Funds
September 30, 2011

	General	Impact Fees	Secondary Roads Construction
ASSETS			
Cash and cash equivalents	\$ 56,711,295	\$ 33,565,477	\$ 13,143,118
Investments	675,338	-	-
Accounts receivable - net	751,927	-	-
Special assessments receivable	-	-	-
Due from other funds	514,604	-	-
Due from other governments	1,994,019	60,940	271,875
Inventories	42,916	-	-
Prepaid items	77,952	-	-
Other assets held for resale	-	-	-
Advance to other funds	242,751	-	510,000
Total assets	<u>\$ 61,010,802</u>	<u>\$ 33,626,417</u>	<u>\$ 13,924,993</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,784,518	\$ 765,327	\$ 689,553
Retainage payable	-	362,558	42,751
Due to other funds	436,202	-	-
Due to other governments	441,087	-	-
Deferred revenues	119,679	-	-
Other deposits	420,025	-	-
Total liabilities	<u>4,201,511</u>	<u>1,127,885</u>	<u>732,304</u>
Fund Balances:			
Nonspendable:			
Inventories	42,916	-	-
Prepaid items	77,952	-	-
Advances to other funds	242,751	-	510,000
Restricted for:			
Transportation/road improvements	-	20,758,946	12,682,689
Court-related costs and improvements	50,015	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	1,499,416	-
Fire/emergency services	-	1,787,799	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	221,127	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Voting/election activities	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Environmental conservation/preservation	-	-	-
Sports Village repairs/improvements	-	-	-
Solid waste projects	-	25,781	-
Parks/recreational projects	-	6,465,939	-
Other purposes	-	1,739,524	-
Committed to:			
Economic incentives	9,762,653	-	-
Emergency/disaster relief	5,600,000	-	-
Budget stabilization	5,600,000	-	-
Court operations	-	-	-
Other purposes	78,392	-	-
Assigned to:			
FY 2012 budget appropriation	1,660,000	-	-
Transportation/road improvements	-	-	-
Unassigned	<u>33,694,612</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>56,809,291</u>	<u>32,498,532</u>	<u>13,192,689</u>
Total liabilities and fund balances	<u>\$ 61,010,802</u>	<u>\$ 33,626,417</u>	<u>\$ 13,924,993</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
\$	9,250,801	\$ 14,064,398	\$ 30,428,225	\$ 27,731,976	\$ 184,895,290
	-	-	-	-	675,338
	692	-	-	6,236	758,855
	367,111	-	-	-	367,111
	-	260,414	-	78,938	853,956
	202,814	27,917	15,143,695	332,499	18,033,759
	-	-	-	-	42,916
	45	-	-	304,813	382,810
	-	-	-	1,106,716	1,106,716
	-	-	-	-	752,751
\$	9,821,463	\$ 14,352,729	\$ 45,571,920	\$ 29,561,178	\$ 207,869,502
\$	155,850	\$ 505,180	\$ 903,954	\$ 616,053	\$ 6,420,435
	-	-	404,635	521,865	1,331,809
	-	-	-	272,000	708,202
	-	-	-	-	441,087
	367,111	2,635	-	1,032,392	1,521,817
	-	-	-	-	420,025
	522,961	507,815	1,308,589	2,442,310	10,843,375
	-	-	-	-	42,916
	45	-	-	304,813	382,810
	-	-	-	-	752,751
	-	-	-	-	33,441,635
	-	-	-	3,554,944	3,604,959
	-	-	-	3,007,049	3,007,049
	-	-	-	4,057,712	5,557,128
	-	8,529,914	-	-	10,317,713
	-	-	-	382,378	382,378
	-	-	-	7,622,078	7,622,078
	-	-	-	1,024,233	1,024,233
	-	-	-	130,694	351,821
	-	-	-	311,202	311,202
	-	-	-	1,660,771	1,660,771
	-	-	-	7,744	7,744
	-	-	-	3,081,243	3,081,243
	-	-	44,263,331	-	44,263,331
	-	-	-	1,040,832	1,040,832
	-	-	-	947,258	947,258
	-	-	-	-	25,781
	-	-	-	-	6,465,939
	-	-	-	279,766	2,019,290
	-	-	-	-	9,762,653
	800,000	1,500,000	-	-	7,900,000
	800,000	1,500,000	-	-	7,900,000
	-	-	-	61,146	61,146
	-	-	-	-	78,392
	-	2,315,000	-	-	3,975,000
	7,698,457	-	-	-	7,698,457
	-	-	-	(354,995)	33,339,617
	9,298,502	13,844,914	44,263,331	27,118,868	197,026,127
\$	9,821,463	\$ 14,352,729	\$ 45,571,920	\$ 29,561,178	\$ 207,869,502

Indian River County, Florida
Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
September 30, 2011

Total governmental fund balances:	\$ 197,026,127
Amounts reported for governmental activities in the statement of net assets are different because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	544,323,705
Long-term liabilities, including bonds payable (\$52,428,939), accrued compensated absences (\$10,724,684) and pollution remediation costs (\$2,569,200) are not due and payable in the current period and, therefore, are not reported in the fund.	(65,722,823)
Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the fund.	(448,907)
Special assessment receivables are not financial resources in the current period and, therefore, are reported as unearned revenues.	73,796
Accrued interest on special assessments is not recognized in the current period because the resources are not available and, therefore, not reported in the fund.	123,484
Internal service funds are used by management to charge the costs of certain activities, such as insurance fleet, and geographic information system services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	25,951,709
Grant revenues are not recognized in the current period because the resources are not available and therefore, are not reported in the fund.	959,650
The OPEB asset resulting from contributions in excess of the annual required contribution is not a financial resource and, therefore, is not reported in the funds.	189,584
Interest revenues are not recognized in the current period because the resources are not available and, therefore, are not reported in the fund.	<u>137,389</u>
Net assets of governmental activities	\$ <u>702,613,714</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, 2011

	<u>General</u>	<u>Impact Fees</u>	<u>Secondary Roads Construction</u>
REVENUES			
Taxes	\$ 51,978,308	\$ -	\$ 3,346,362
Permits, fees and special assessments	8,882,669	1,741,302	113,700
Intergovernmental	16,901,579	214,084	227,337
Charges for services	8,273,244	-	150,530
Judgments, fines and forfeits	469,935	-	-
Interest	411,614	194,070	70,233
Miscellaneous	1,492,694	64,507	86,070
Total revenues	<u>88,410,043</u>	<u>2,213,963</u>	<u>3,994,232</u>
EXPENDITURES			
Current:			
General government	17,580,973	172,123	-
Public safety	41,504,398	1,217,805	-
Physical environment	259,310	643,144	-
Transportation	3,655,363	8,492,314	5,024,531
Economic environment	413,326	-	-
Human services	3,436,333	-	-
Culture/recreation	8,603,256	75,606	-
Court related	5,255,617	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>80,708,576</u>	<u>10,600,992</u>	<u>5,024,531</u>
Excess of revenues over (under) expenditures	7,701,467	(8,387,029)	(1,030,299)
OTHER FINANCING SOURCES (USES)			
Transfers in	720,469	-	-
Transfers out	(8,127,133)	-	-
Total other financing sources (uses)	<u>(7,406,664)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	294,803	(8,387,029)	(1,030,299)
Fund balances at beginning of year	<u>56,514,488</u>	<u>40,885,561</u>	<u>14,222,988</u>
Fund balances at end of year	<u>\$ 56,809,291</u>	<u>\$ 32,498,532</u>	<u>\$ 13,192,689</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
\$ -	\$ 19,360,684	\$ 12,942,483	\$ 7,090,713	\$ 94,718,550
118,916	-	56,850	275,956	11,189,393
2,582,152	84,072	2,202,063	8,241,895	30,453,182
105,531	5,123,675	-	1,377,349	15,030,329
-	2,900	-	464,160	936,995
60,436	115,872	165,265	155,613	1,173,103
1,215,642	594,390	8,137	714,174	4,175,614
<u>4,082,677</u>	<u>25,281,593</u>	<u>15,374,798</u>	<u>18,319,860</u>	<u>157,677,166</u>
319,958	-	-	1,198,142	19,271,196
-	26,288,863	-	1,421,549	70,432,615
434,669	-	-	34,611	1,371,734
11,053,731	-	-	206,268	28,432,207
-	-	-	1,686,372	2,099,698
-	-	-	4,189,036	7,625,369
-	-	-	6,027,332	14,706,194
-	-	-	727,468	5,983,085
-	-	-	4,270,000	4,270,000
-	-	-	2,562,374	2,562,374
-	-	5,825,287	-	5,825,287
<u>11,808,358</u>	<u>26,288,863</u>	<u>5,825,287</u>	<u>22,323,152</u>	<u>162,579,759</u>
(7,725,681)	(1,007,270)	9,549,511	(4,003,292)	(4,902,593)
7,953,026	-	-	189,474	8,862,969
-	(402,837)	-	(388,297)	(8,918,267)
<u>7,953,026</u>	<u>(402,837)</u>	<u>-</u>	<u>(198,823)</u>	<u>(55,298)</u>
227,345	(1,410,107)	9,549,511	(4,202,115)	(4,957,891)
<u>9,071,157</u>	<u>15,255,021</u>	<u>34,713,820</u>	<u>31,320,983</u>	<u>201,984,018</u>
\$ <u>9,298,502</u>	\$ <u>13,844,914</u>	\$ <u>44,263,331</u>	\$ <u>27,118,868</u>	\$ <u>197,026,127</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, 2011

Net change in fund balances - total governmental funds \$ (4,957,891)

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	26,732,809	
Less current year loss on assets	(109,833)	
Less current year depreciation	(18,494,913)	8,128,063

Governmental funds do not report capital assets contributed from outside the entity. However, those assets are recognized in the statement of net assets and the capital contribution is recognized in the statement of activities.	264,710
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Assets transferred from governmental funds to proprietary funds must be recognized as a transfer out on the statement of activities.	(643,144)
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Payments of bond principal and pollution remediation costs are expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.

Bond principal payment	4,270,000	
Bond premium payment	93,224	
Pollution remediation costs	(71,000)	4,292,224

Changes in accrued compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(573,108)
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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.

Accrued bond interest expense	36,260	
Accrued OPEB expense	(130,146)	(93,886)

Some revenues reported in the governmental funds have been recognized as revenues in the prior fiscal year in the statement of activities.	(21,796)
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Internal service funds are used by management to charge the costs of insurance, fleet and geographic information systems services to individual funds. The net costs of the internal service funds are reported in governmental activities.	1,839,206
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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.	(4,563,078)
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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.	(40,521)
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Change in net assets of governmental activities	\$ 3,630,779
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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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 51,000,471	\$ 51,000,470	\$ 51,978,308	\$ 977,838
Permits, fees and special assessments	9,037,350	9,037,350	8,882,669	(154,681)
Intergovernmental	12,666,199	15,588,077	16,901,579	1,313,502
Charges for services	10,492,439	8,755,326	8,273,244	(482,082)
Judgments, fines and forfeits	294,500	294,500	469,935	175,435
Interest	551,500	551,500	411,614	(139,886)
Miscellaneous	436,659	741,984	1,492,694	750,710
Total revenues	<u>84,479,118</u>	<u>85,969,207</u>	<u>88,410,043</u>	<u>2,440,836</u>
EXPENDITURES				
Current:				
General government	18,305,084	19,217,269	17,580,973	1,636,296
Public safety	42,854,396	41,912,109	41,504,398	407,711
Physical environment	263,084	271,529	259,310	12,219
Transportation	912,008	3,941,649	3,655,363	286,286
Economic environment	354,850	8,426,160	413,326	8,012,834
Human services	3,500,439	3,557,671	3,436,333	121,338
Culture/recreation	8,566,753	9,071,777	8,603,256	468,521
Court related	5,649,289	5,492,649	5,255,617	237,032
Total expenditures	<u>80,405,903</u>	<u>91,890,813</u>	<u>80,708,576</u>	<u>11,182,237</u>
Excess of revenues over (under) expenditures	4,073,215	(5,921,606)	7,701,467	13,623,073
OTHER FINANCING SOURCES (USES)				
Transfers in	193,141	971,258	720,469	(250,789)
Transfers out	(8,124,731)	(8,211,658)	(8,127,133)	84,525
Total other financing sources (uses)	<u>(7,931,590)</u>	<u>(7,240,400)</u>	<u>(7,406,664)</u>	<u>(166,264)</u>
Net change in fund balances	(3,858,375)	(13,162,006)	294,803	<u>\$ 13,456,809</u>
Fund balances at beginning of year	<u>3,858,375</u>	<u>13,162,006</u>	<u>56,514,488</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,809,291</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 1,329,963	\$ 1,329,963	\$ 1,741,302	\$ 411,339
Intergovernmental	-	17,845	214,084	196,239
Interest	270,000	270,000	194,070	(75,930)
Miscellaneous	-	-	64,507	64,507
Total revenues	<u>1,599,963</u>	<u>1,617,808</u>	<u>2,213,963</u>	<u>596,155</u>
EXPENDITURES				
Current:				
General government	282,163	195,997	172,123	23,874
Public safety	-	1,291,975	1,217,805	74,170
Physical environment	-	643,144	643,144	-
Transportation	1,377,500	17,507,010	8,492,314	9,014,696
Culture/recreation	-	3,929,912	75,606	3,854,306
Total expenditures	<u>1,659,663</u>	<u>23,568,038</u>	<u>10,600,992</u>	<u>12,967,046</u>
Net change in fund balances	(59,700)	(21,950,230)	(8,387,029)	\$ <u><u>13,563,201</u></u>
Fund balances at beginning of year	<u>59,700</u>	<u>21,950,230</u>	<u>40,885,561</u>	
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>32,498,532</u></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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 3,297,174	\$ 3,297,174	\$ 3,346,362	\$ 49,188
Permits, fees and special assessments	-	-	113,700	113,700
Intergovernmental	-	1,925,602	227,337	(1,698,265)
Charges for services	-	-	150,530	150,530
Interest	80,000	80,000	70,233	(9,767)
Miscellaneous	5,958,341	6,006,995	86,070	(5,920,925)
Total revenues	9,335,515	11,309,771	3,994,232	(7,315,539)
EXPENDITURES				
Current:				
Transportation	9,335,515	14,686,453	5,024,531	9,661,922
Total expenditures	9,335,515	14,686,453	5,024,531	9,661,922
Net change in fund balances	-	(3,376,682)	(1,030,299)	\$ <u>2,346,383</u>
Fund balances at beginning of year	-	3,376,682	14,222,988	
Fund balances at end of year	\$ -	\$ -	\$ <u>13,192,689</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 123,500	\$ 123,500	\$ 118,916	\$ (4,584)
Intergovernmental	2,318,950	2,318,950	2,582,152	263,202
Charges for services	86,925	86,925	105,531	18,606
Interest	90,250	90,250	60,436	(29,814)
Miscellaneous	792,750	792,750	1,215,642	422,892
Total revenues	<u>3,412,375</u>	<u>3,412,375</u>	<u>4,082,677</u>	<u>670,302</u>
EXPENDITURES				
Current:				
General government	304,650	333,967	319,958	14,009
Physical environment	576,834	590,866	434,669	156,197
Transportation	11,658,917	14,001,859	11,053,731	2,948,128
Total expenditures	<u>12,540,401</u>	<u>14,926,692</u>	<u>11,808,358</u>	<u>3,118,334</u>
Excess of revenues over (under) expenditures	(9,128,026)	(11,514,317)	(7,725,681)	3,788,636
OTHER FINANCING SOURCES				
Transfers in	7,953,026	7,953,026	7,953,026	-
Total other financing sources	<u>7,953,026</u>	<u>7,953,026</u>	<u>7,953,026</u>	<u>-</u>
Net change in fund balances	(1,175,000)	(3,561,291)	227,345	\$ <u>3,788,636</u>
Fund balances at beginning of year	<u>1,175,000</u>	<u>3,561,291</u>	<u>9,071,157</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,298,502</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 18,981,402	\$ 18,981,402	\$ 19,360,684	\$ 379,282
Intergovernmental	28,500	80,729	84,072	3,343
Charges for services	4,099,250	4,099,250	5,123,675	1,024,425
Judgments, fines and forfeits	-	-	2,900	2,900
Interest	194,750	194,750	115,872	(78,878)
Miscellaneous	14,298	14,298	594,390	580,092
Total revenues	<u>23,318,200</u>	<u>23,370,429</u>	<u>25,281,593</u>	<u>1,911,164</u>
EXPENDITURES				
Current:				
Public safety	<u>25,439,789</u>	<u>28,190,377</u>	<u>26,288,863</u>	<u>1,901,514</u>
Total expenditures	<u>25,439,789</u>	<u>28,190,377</u>	<u>26,288,863</u>	<u>1,901,514</u>
Excess of revenues over (under) expenditures	(2,121,589)	(4,819,948)	(1,007,270)	3,812,678
OTHER FINANCING SOURCES (USES)				
Transfers in	-	64,020	-	(64,020)
Transfers out	<u>(466,987)</u>	<u>(466,987)</u>	<u>(402,837)</u>	<u>64,150</u>
Total other financing uses	<u>(466,987)</u>	<u>(402,967)</u>	<u>(402,837)</u>	<u>130</u>
Net change in fund balances	(2,588,576)	(5,222,915)	(1,410,107)	\$ <u>3,812,808</u>
Fund balances at beginning of year	<u>2,588,576</u>	<u>5,222,915</u>	<u>15,255,021</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,844,914</u>	

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



Indian River County, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2011

	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 cash equivalents	\$ 16,272,994	\$ 132,583	\$ 34,595,467	\$ 3,980,050	\$ 54,981,094	\$ 30,926,594
Accounts receivable - net	108,294	-	2,770,808	375	2,879,477	1,564,576
Due from other funds	96,850	-	-	-	96,850	-
Due from other governments	-	10,800	-	-	10,800	112,527
Interest receivable	15,633	574	536,308	3,012	555,527	23,392
Inventories	-	54,462	876,259	-	930,721	209,667
Prepaid items	-	-	181,164	-	181,164	1,035,670
Current restricted assets:						
Cash and cash equivalents	13,490,489	470,664	26,337,729	-	40,298,882	-
Total current assets	29,984,260	669,083	65,297,735	3,983,437	99,934,515	33,872,426
Non-current assets:						
Unamortized bond issuance costs	-	49,523	477,430	-	526,953	-
Deferred amounts on refundings	-	134,019	3,029,137	-	3,163,156	-
Capital assets - non-depreciable	15,940,391	669,630	15,648,928	-	32,258,949	27,300
Capital assets - depreciable	21,807,067	8,356,251	397,458,084	426,643	428,048,045	992,942
Capital assets - accumulated depreciation	(7,887,372)	(1,729,813)	(183,132,771)	(421,606)	(193,171,562)	(614,707)
Non-current restricted assets:						
Special assessments receivable	-	-	1,256,636	-	1,256,636	-
Impact fees receivable	-	-	798,541	-	798,541	-
Liens receivable	-	-	2,133,445	-	2,133,445	-
Total non-current assets	29,860,086	7,479,610	237,669,430	5,037	275,014,163	405,535
Total assets	59,844,346	8,148,693	302,967,165	3,988,474	374,948,678	34,277,961
LIABILITIES						
Current liabilities (payable from current assets):						
Accounts payable	991,593	26,375	536,528	6,827	1,561,323	215,451
Retainage payable	-	-	13,769	-	13,769	-
Due to other funds	-	52,604	-	-	52,604	190,000
Claims payable	-	-	-	-	-	2,395,278
Due to other governments	-	7,745	2,827,524	11,316	2,846,585	-
Other deposits	-	1,000	-	-	1,000	-
Unearned revenues	-	28,274	-	-	28,274	-
Pollution remediation payable	-	-	17,720	-	17,720	-
Accrued compensated absences	39,934	36,580	526,173	65,146	667,833	22,843
Total current liabilities (payable from current assets)	1,031,527	152,578	3,921,714	83,289	5,189,108	2,823,572
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	287,331	-	287,331	-
Retainage payable	-	-	136,260	-	136,260	-
Accrued interest payable	-	8,580	182,787	-	191,367	-
Bonds payable	-	535,000	3,090,000	-	3,625,000	-
Customer deposits	127,141	-	2,477,787	-	2,604,928	-
Total current liabilities (payable from restricted assets)	127,141	543,580	6,174,165	-	6,844,886	-
Total current liabilities	1,158,668	696,158	10,095,879	83,289	12,033,994	2,823,572
Non-current liabilities:						
Accrued compensated absences	-	28,142	94,591	30,512	153,245	20,958
Advance from other funds	-	752,751	-	-	752,751	-
Claims payable	-	-	-	-	-	5,481,722
Pollution remediation payable	-	-	47,280	-	47,280	-
Closure and maintenance costs payable	10,016,236	-	-	-	10,016,236	-
Bonds payable - net of unamortized discount/premium	-	2,097,243	46,699,603	-	48,796,846	-
Total non-current liabilities	10,016,236	2,878,136	46,841,474	30,512	59,766,358	5,502,680
Total liabilities	11,174,904	3,574,294	56,937,353	113,801	71,800,352	8,326,252
NET ASSETS						
Invested in capital assets, net of related debt	29,860,086	4,797,844	183,213,775	5,037	217,876,742	405,535
Restricted for:						
Debt service	-	44,583	253,750	-	298,333	-
Capital projects	-	-	23,931,768	-	23,931,768	-
Unrestricted	18,809,356	(268,028)	38,630,519	3,869,636	61,041,483	25,546,174
Total net assets	\$ 48,669,442	\$ 4,574,399	\$ 246,029,812	\$ 3,874,673	\$ 303,148,326	\$ 25,951,709

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

Indian River County, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2011

	Business-type Activities -	
	Solid Waste Disposal District	Golf Course
OPERATING REVENUES		
Charges for services	\$ 9,221,396	\$ -
Charges for services pledged as security for revenue bonds	-	3,163,062
Total operating revenues	<u>9,221,396</u>	<u>3,163,062</u>
OPERATING EXPENSES		
Personal services	1,200,617	585,330
Material, supplies, services and other operating	8,180,639	1,661,551
Depreciation	987,673	122,977
Total operating expenses	<u>10,368,929</u>	<u>2,369,858</u>
Operating income (loss)	(1,147,533)	793,204
NONOPERATING REVENUES (EXPENSES)		
Interest income	203,253	-
Interest income pledged as security for revenue bonds	-	7,510
Gain on disposal of equipment	530,241	12,640
Interest expense	-	(126,302)
Bond amortization expense	-	(41,505)
Loss on disposal of equipment	(1,547)	-
Total nonoperating revenues (expenses)	<u>731,947</u>	<u>(147,657)</u>
Income (loss) before transfers and capital contributions	(415,586)	645,547
Capital contributions	643,144	-
Capital grants	-	-
Transfers in	-	-
Change in net assets	<u>227,558</u>	<u>645,547</u>
Total net assets - beginning	48,441,884	3,928,852
Total net assets - ending	<u>\$ 48,669,442</u>	<u>\$ 4,574,399</u>

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

Enterprise Funds			Governmental
County	County	Total	Activities
Utilities	Building		Internal
			Service Funds
\$ -	\$ 1,588,934	\$ 10,810,330	\$ 21,495,026
27,842,092	-	31,005,154	-
27,842,092	1,588,934	41,815,484	21,495,026
7,601,131	1,132,608	10,519,686	2,300,869
9,227,181	480,645	19,550,016	17,427,465
14,602,614	10,609	15,723,873	153,296
31,430,926	1,623,862	45,793,575	19,881,630
(3,588,834)	(34,928)	(3,978,091)	1,613,396
-	21,847	225,100	167,312
491,260	-	498,770	-
19,770	-	562,651	3,200
(2,313,602)	-	(2,439,904)	-
(74,112)	-	(115,617)	-
-	-	(1,547)	-
(1,876,684)	21,847	(1,270,547)	170,512
(5,465,518)	(13,081)	(5,248,638)	1,783,908
1,836,506	-	2,479,650	-
86,765	-	86,765	-
-	-	-	55,298
(3,542,247)	(13,081)	(2,682,223)	1,839,206
249,572,059	3,887,754	305,830,549	24,112,503
\$ 246,029,812	\$ 3,874,673	\$ 303,148,326	\$ 25,951,709

Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

	Business-type	
	Solid Waste Disposal District	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,163,584	\$ 3,164,408
Cash paid to suppliers for goods and services	(7,137,512)	(1,693,577)
Cash paid to employees for services	(1,379,205)	(589,688)
Net cash provided by (used in) operating activities	<u>646,867</u>	<u>881,143</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	-	-
Proceeds from advances from other funds	-	333,050
Payments for advances from other funds	-	(150,431)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>182,619</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments - bonds/notes	-	(520,000)
Interest paid on long-term debt	-	(126,975)
Proceeds from sales of capital assets	1,990,772	12,640
Purchase of capital assets	(2,369,252)	(336,146)
Bond paying agent fees	-	-
Capital contributed by others	643,144	-
Net cash provided by (used in) capital and related financing activities	<u>264,664</u>	<u>(970,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	209,661	7,612
Net cash provided by investing activities	<u>209,661</u>	<u>7,612</u>
Net increase (decrease) in cash and cash equivalents	1,121,192	100,893
Cash and cash equivalents at beginning of year	28,642,291	502,354
Cash and cash equivalents at end of year	<u>\$ 29,763,483</u>	<u>\$ 603,247</u>
Classified as:		
Current assets	\$ 16,272,994	\$ 132,583
Restricted assets	13,490,489	470,664
Totals	<u>\$ 29,763,483</u>	<u>\$ 603,247</u>

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

Activities - Enterprise Funds

County			Governmental	
Utilities			Activities	
Building			Internal	
Total			Service Funds	
\$ 27,663,095	\$ 1,588,559	\$ 41,579,646	\$ 21,275,610	
(9,731,633)	(507,369)	(19,070,091)	(17,306,683)	
(7,622,783)	(1,134,722)	(10,726,398)	(2,304,152)	
<u>10,308,679</u>	<u>(53,532)</u>	<u>11,783,157</u>	<u>1,664,775</u>	
-	-	-	55,298	
-	-	333,050	190,000	
-	-	(150,431)	-	
<u>-</u>	<u>-</u>	<u>182,619</u>	<u>245,298</u>	
(2,990,000)	-	(3,510,000)	-	
(2,324,573)	-	(2,451,548)	-	
19,770	-	2,023,182	3,200	
(5,981,088)	-	(8,686,486)	(97,006)	
(5,100)	-	(5,100)	-	
1,252,512	-	1,895,656	-	
<u>(10,028,479)</u>	<u>-</u>	<u>(10,734,296)</u>	<u>(93,806)</u>	
500,094	23,295	740,662	169,732	
<u>500,094</u>	<u>23,295</u>	<u>740,662</u>	<u>169,732</u>	
780,294	(30,237)	1,972,142	1,985,999	
60,152,902	4,010,287	93,307,834	28,940,595	
<u>\$ 60,933,196</u>	<u>\$ 3,980,050</u>	<u>\$ 95,279,976</u>	<u>\$ 30,926,594</u>	
\$ 34,595,467	\$ 3,980,050	\$ 54,981,094	\$ 30,926,594	
26,337,729	-	40,298,882	-	
<u>\$ 60,933,196</u>	<u>\$ 3,980,050</u>	<u>\$ 95,279,976</u>	<u>\$ 30,926,594</u>	

Continued

Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

	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)	\$ (1,147,533)	\$ 793,204
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	987,673	122,977
(Increase) Decrease in assets:		
Accounts receivable	(44,008)	-
Due from other funds	(1,519)	-
Due from other governments	-	500
Inventories	-	(7,628)
Liens receivable	-	-
Impact fees receivable	-	-
Special assessments receivable	-	-
Prepaid expenses	-	-
Increase (Decrease) in liabilities:		
Accounts payable	545,627	(24,632)
Due to other governments	-	234
Retainage payable	-	-
Customer deposits	(12,285)	-
Closure and maintenance costs payable	497,500	-
Pollution remediation costs payable	-	-
Unearned revenues	-	846
Claims payable	-	-
Accrued compensated absences	(178,588)	(4,358)
Total adjustments	1,794,400	87,939
Net cash provided by (used in) operating activities	\$ 646,867	\$ 881,143
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in fair value of investments	\$ 19,061	\$ 700
Contributed property, infrastructure and equipment	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 236,816	\$ -

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

Enterprise Funds			Governmental
County	County		Activities
Utilities	Building	Total	Internal
			Service Funds
\$ (3,588,834)	\$ (34,928)	\$ (3,978,091)	\$ 1,613,396
14,602,614	10,609	15,723,873	153,296
5,190	(375)	(39,193)	(187,784)
-	-	(1,519)	-
(50)	-	450	(31,632)
27,908	-	20,280	(53,469)
(563,702)	-	(563,702)	-
43,869	-	43,869	-
311,792	-	311,792	-
(147,831)	-	(147,831)	108,449
(359,162)	(33,428)	128,405	87,802
(18,575)	6,704	(11,637)	-
5,089	-	5,089	-
23,904	-	11,619	-
-	-	497,500	-
(11,881)	-	(11,881)	-
-	-	846	-
-	-	-	(22,000)
(21,652)	(2,114)	(206,712)	(3,283)
13,897,513	(18,604)	15,761,248	51,379
\$ 10,308,679	\$ (53,532)	\$ 11,783,157	\$ 1,664,775

\$ 51,334	\$ 3,673	\$ 74,768	\$ 28,520
\$ 643,922	\$ -	\$ 643,922	\$ -
\$ 194,045	\$ -	\$ 430,861	\$ -

Indian River County, Florida
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2011

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
ASSETS		
Cash and cash equivalents	\$ 12,571,159	\$ -
Accounts receivable - net	697	
Investments, at fair value:		
Surplus Funds Trust Fund - Fund B	77,521	-
Index funds	-	3,226,690
U.S. government securities funds	-	4,700,167
Prime money market fund	-	525,143
Total assets	<u>\$ 12,649,377</u>	<u>8,452,000</u>
 LIABILITIES		
Accounts payable	\$ 821,359	525
Benefits payable	-	1,496,119
Due to other governments	4,939,915	-
Other deposits held in escrow	6,888,103	-
Total liabilities	<u>\$ 12,649,377</u>	<u>1,496,644</u>
 NET ASSETS		
Assets held in trust for other postemployment benefits		<u>6,955,356</u>
Total net assets		<u>\$ 6,955,356</u>

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

Indian River County, Florida
Statement of Changes in Fiduciary Net Assets
Other Postemployment Benefits Trust Fund
For the Year Ended September 30, 2011

ADDITIONS

Employer contributions	\$ 2,948,358
Investment loss	(84,217)
Investment expense	<u>(2,130)</u>
Total additions	<u>2,862,011</u>

DEDUCTIONS

Benefits paid to participants	<u>1,496,119</u>
Total deductions	<u>1,496,119</u>

Change in net assets	1,365,892
----------------------	-----------

Net assets - beginning	<u>5,589,464</u>
Net assets - ending	<u><u>\$ 6,955,356</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, 2011

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Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

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 138,694. 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 for 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 County applies all GASB Pronouncements in the preparation of the financial statements of the enterprise funds as well as all FASB and AICPA Pronouncements. 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, County management examined all organizations, which are legally separate, in order to determine which organizations, if any, should be included in the County’s financial statements. 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, 2011

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 Board for the SWDD and 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 Board for the EMS and 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, 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

1. Government-wide Financial Statements - Continued

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.

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, liabilities, fund equity, 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

2. Fund Financial Statements - Continued

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.

Under the current financial resources measurement focus, only current assets and current liabilities 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 current assets. 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 notes receivable and advances to other funds are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent 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 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

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 and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The County applies all GASB Pronouncements in the preparation of the financial statements of the enterprise funds as well as all FASB and AICPA Pronouncements.

Proprietary fund operating revenues 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 result from non-exchange transactions or ancillary activities. Operating expenses are costs incurred to provide services, whereas non-operating expenses are costs of debt financings, amortization of intangible assets and losses on the sale of assets.

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 (Trust) accounts for activities of the 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.

C. Basis of Presentation

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Presentation - Continued

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 required to be accounted for 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.

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 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. Monies are used for various capital projects.

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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Presentation – Continued

3. Other Fund Types:

Internal Service Funds – Internal Service Funds account for Fleet Management, Self Insurance and Geographic Information Systems 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 (Trust) accounts for activities of the 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.

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 assets.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

Cash and cash equivalents include deposits and all highly liquid investments with maturities of ninety days or less when purchased. 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 cash equivalents 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 cash equivalents of the constitutional officers are maintained in separate accounts, but have been combined with the Board's cash and cash equivalents for financial statement purposes.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

2. Investments

Investments consist of U.S. Treasury Securities, U.S. Government Agency Securities, money market funds, Florida PRIME Fund (formerly known as the Local Government Surplus Funds Trust Fund Investment (SBA) Fund A), Fund B Surplus Funds Trust Fund, and the Florida Local Government Investment Trust Fund. Investments are reported at fair value based upon the average price obtained from three brokers/dealers. The SBA and Trust values are based upon the fair market value per share of the underlying portfolio. Refer to Note 4-C, Investments, for further information on individual investments.

3. Allowance for Doubtful Accounts

The County provides an allowance for water and sewer accounts receivables that may become uncollectible. At September 30, 2011, this allowance was \$424,493. No other allowances for doubtful accounts are maintained since other accounts receivable are considered collectible as reported at September 30, 2011.

4. 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. Receivables in excess of 120 days comprise the trade accounts receivable allowance for doubtful accounts.

5. Inventories

Inventories are valued at cost, which approximates market, using the “first-in, first-out” method of accounting, with the exception of the Shooting Range 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.

6. Prepaid Items

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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

7. Other Assets Held For Resale

This account represents assets the County has purchased with the intent to resell. In fiscal year 2009, the County was allocated \$4.6 million from the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program under a Community Development Block Grant. This funding was to be used by local governments for acquiring, redeveloping, and reselling foreclosed properties that might otherwise become sources of abandonment within their communities. At September 30, 2011, ten homes remain unsold. The County intends to resell these homes in the next fiscal year. They are reported at the lower of cost or market value on the balance sheet of the County's governmental funds.

8. Restricted Assets

Certain net assets of the County are classified as restricted assets on the statement of net assets 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 assets, qualified expenses are considered to be paid first from restricted net assets and then from unrestricted net assets. Further information on the restrictions can be found in Note 21.

9. 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 are recorded at estimated fair market value at the date of donations. 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

9. Capital Assets - Continued

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 assets.

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:

<u>Assets</u>	<u>Years</u>
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

10. 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.

11. Unearned Revenues

In government-wide financial statements, unearned revenues are recognized as revenue in the fiscal year they are earned. In governmental fund financial statements (in accordance with the modified accrual basis of accounting), deferred revenues represent revenues, which are measurable but not available, or received and unearned. At September 30, 2011, the total amount of deferred revenues reported on the governmental funds balance sheet is \$1,521,817 which is available, but unearned.

12. 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

13. 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, 2011.

14. 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.

15. Unamortized Bond Costs

Bond issuance costs and legal fees associated with the issuance of proprietary fund revenue bonds are amortized over the life of the bonds using the straight-line method of accounting.

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 Assets 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.

18. New Accounting Pronouncements

Effective October 1, 2010, the County implemented the provisions of GASB Statement No. 61 *The Financial Reporting Entity: Omnibus* and GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

“Total fund balances” of the County’s governmental funds, \$197,026,127 differs from “net assets” of governmental activities, \$702,613,714, reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet.

Capital related items

When capital assets (property, plant, equipment, intangibles) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets included those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 756,686,926
Accumulated depreciation	<u>(212,363,221)</u>
Net Total	<u>\$ 544,323,705</u>

Long-term debt transactions

Long-term liabilities applicable to the County’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets.

Balances at September 30, 2011 were:

Bonds payable:	
General Obligation Bonds, Series 2001	\$ (4,430,000)
Limited General Obligation Bonds, Series 2006	(35,385,000)
Spring Training Facility Bonds, Series 2001	(11,705,000)
Bond premium payable:	
Limited General Obligation Bonds, Series 2006	(908,939)
Pollution remediation payable	(2,569,200)
Compensated absences	<u>(10,724,684)</u>
Total	<u>\$ (65,722,823)</u>

Accrued interest

Accrued liabilities in the statement of net assets differs from the amount reported in governmental funds due to accrued interest on General Obligation Bonds, Series 2001, and Limited General Obligation Bonds, Series 2006.

\$ (448,907)

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - Continued

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets - Continued

Unearned revenues

Unearned revenues in the statement of net assets differ from the amount reported in governmental funds due to special assessments. Governmental fund financial statements report revenues, which are measurable but not available as unearned revenues. However, unearned revenues in governmental funds are susceptible to full accrual on government-wide financial statements.

Unearned revenues	<u>\$ 73,796</u>
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Internal service funds

Internal service funds are used by management to charge the costs of fleet management, insurance activities, and GIS services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets because they primarily serve governmental activities of the County.

Internal service funds	<u>\$ 25,951,709</u>
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Accrued grant revenues

Some grant revenues are not recognized in the current period because the resources are not available; therefore, these revenues are not reported in the fund.

Accrued grant revenues	<u>\$ 959,650</u>
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Accrued interest revenues

Some interest revenues are not recognized in the current period because the resources are not available; therefore, these revenues are not reported in the fund.

Accrued interest revenues	<u>\$ 260,873</u>
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Net OPEB Obligation

The net OPEB obligation asset resulting from contributions in excess of the annual required contribution is not a financial resource; therefore, it is not reported in the fund.

OPEB asset	<u>\$ 189,584</u>
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Elimination of interfund receivables/payables

Interfund receivables and payables in the amount of \$898,202 between governmental funds must be eliminated for the statement of net assets.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - Continued

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds, (\$4,957,891), differs from the “change in net assets” for governmental activities, \$3,630,779 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 26,732,809
Depreciation expense	(18,494,913)
Transfers to business-type activities	(643,144)
Capital contributions	264,710
Loss on assets	(109,833)
Difference	<u>\$ 7,749,629</u>

Long-term debt transactions

Payments of bond principal, bond premium, and pollution remediation costs are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. However, the payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Bond principal payments made	\$ 4,270,000
Bond premium payments made	93,224
Pollution remediation costs	(71,000)
Total	<u>\$ 4,292,224</u>

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

Net accrued OPEB expense	\$ (130,146)
Net accrued bond interest payable	36,260
Total	<u>\$ (93,886)</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - Continued

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities - Continued

Long-term debt transactions – Continued

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

Net change in compensated absences	<u>\$ (573,108)</u>
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Special assessment revenues

Revenues collected on special assessments are reported in the governmental funds. However, in the statement of activities, the assessment revenues are recognized when they are earned.

Special assessment revenues	<u>\$ (21,796)</u>
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Internal service funds operating gain

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets because they primarily serve governmental activities of the County. The net costs of the internal service funds are reported with governmental activities.

Internal service funds operating gain	<u>\$ 1,839,206</u>
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Accrued grant revenues

Some grant revenues are not recognized in the current period because the resources are not available; therefore, these revenues are not reported in the fund. This number is a net number of prior year accrual and current year accrual.

Net accrued grant revenues	<u>\$ (4,563,078)</u>
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Accrued interest revenues

Some interest revenues are not recognized in the current period because the resources are not available; therefore, these revenues are not reported in the fund. This number is a net number of prior year accrual and current year accrual.

Net accrued interest revenues	<u>\$ (40,521)</u>
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Reclassification and Eliminations

The governmental funds recognize revenues in the amount of \$2,178,791 for the general administrative charges to the general government, public safety, transportation, culture/recreation, and court related functions. These revenues and expenditures must be eliminated to avoid double counting. Transfers in and transfers out in the amount of \$8,918,267 between governmental activities should be eliminated. Capital projects costs in the amount of \$5,825,287 must be distributed to the related expenditure functions.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 3 - 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 Department of Revenue, State of Florida, a proposed operating budget for the fiscal year commencing the following October 1. 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 for all but two nonmajor governmental funds, the Supervisor of Elections Special Revenue Fund and the Disaster Recovery Grants Fund. 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 4 - CASH AND CASH EQUIVALENTS

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.

A. Deposits

At September 30, 2011, the carrying amount of the primary government's deposits was \$24,020,955 and the bank balance was \$27,567,107. 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, 2011, accrued interest for the County's portfolio totaled \$318,844. The remaining accrued interest is reflected in utilities and road paving assessments.

C. Investments

On August 12, 2008, the County, with the exception of the Tax Collector and the Clerk of the Circuit Court, updated their investment policy pursuant to Section 218.415, Florida Statutes, which established permitted investments, asset allocation limits, issuer limits, credit ratings requirements and maturity limits to protect the County's cash and investments. The Tax Collector adopted a formal investment policy in February 2005, and revised the policy in November 2009 and August 2011. The Clerk of the Circuit Court and Comptroller (Clerk) elected not to adopt a formal investment policy and selected the alternative investment guidelines as provided by Florida Statutes subsection 17, 218.415.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

C. Investments - Continued

As of September 30, 2011, 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	\$ 99,264,382	1.04	33.06 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	39,215,167	1.39	13.06	AA+
Federal Home Loan Bank	50,091,446	1.00	16.68	AA+
Federal Home Loan Mortgage	18,991,294	1.41	6.32	AA+
Federal National Mortgage Assoc.	36,996,709	0.65	12.32	AA+
Other Fixed Rate Investments:				
Florida PRIME (Formerly Fund A)	142,678	0.08	0.05	AAAm
Fund B Surplus Funds Trust Fund	554,425	4.82	0.18	Not Rated
Florida Local Government				AAAf and
Investment Trust Fund	9,960,868	0.08	3.32	S-1**
Other Market Rate Investments:				
Regions Bank Money Market	13,897,326	0.08	4.63	N/A
Suntrust Bank NOW Account	7,567,072	0.08	2.52	N/A
Florida Trust Day to Day Fund	17,678,067	0.08	5.89	AAAm
Certificate of Deposit	251,880	0.50	0.08	N/A
Certificate of Deposit	252,512	1.00	0.08	N/A
Fidelity American US Treas. Fund	3,066	0.08	0.00	AAAm
W&S Sinking Fund Reserve:				
Treasury Bills/Note	3,724,922	0.98	1.24	N/A
Federal Home Loan Bank	1,678,826	0.39	0.57	AA+
Fidelity Institutional Money Market	11,200	0.08	0.00	AAAm
Total Fair Value	\$ 300,281,840		100.00 %	
		0.90		

* 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).

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

C. Investments - Continued

Florida PRIME (formerly known as the Local Government Surplus Funds Trust Investment (SBA) Fund A) is a money market fund classified as a “2a-7 like fund” using the SEC investment requirements for 2a-7 funds. The fund was established by Florida Statute 218.405 and is administered by the Florida State Board of Administration. At September 30, 2011, the County had \$732,555 invested in Fund B Surplus Funds Trust Fund, a fluctuating net asset value pool. The State Board of Administration (SBA) determined a negative fair market value adjustment of 24.32% of the portfolio balance, or \$178,130, was needed to represent the fair market value of the participation. Consequently, the net investment in Fund B is reported at \$554,425.

The Florida Local Government Investment Trust Fund is a pool of various securities with maturities of less than five years. The fund was established by Florida Statute 163.01, is administered by the Florida Association of Court Clerks, and is marked to market daily.

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 follow this policy. The Tax Collector’s policy is to limit maturities to 12 months or less and maintain 95% of the portfolio in readily available funds.

Credit Risks

Florida Statutes Section 218.415 and the County’s investment policy limit investments to the following:

1. Direct obligations of the United States Treasury;
2. Florida PRIME (formerly known as Fund A) and Fund B Surplus Funds Trust Fund (Fund B);
3. Florida Local Government Investment Trust Fund;
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, 2011

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

C. Investments - Continued

Credit Risks - 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.

Currently, Fund B participants are permitted to withdraw scheduled amounts as assets become liquid. Full realization of the principal value of Fund B assets is uncertain and dependent upon the collateralized securities underlying each holding and is contingent upon future market conditions.

Concentration Risk

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

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 (CD) and no more than \$3 million of the portfolio may be placed in certificates of deposit with any one financial institution. No more than 5% of the portfolio may be placed in any one money market fund, mutual fund, or intergovernmental investment pool.

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

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

The Clerk's investment in the Florida Trust Day to Day Fund of \$3.738 million, the Tax Collector's investment of \$25,204, and the Board's investment of \$13.915 million have a combined total of \$17.678 million.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 4 - CASH AND CASH EQUIVALENTS - 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, 2011, the County's investment portfolio in U.S. Treasuries, U.S. Agencies, and money market fund, was held by The Bank of New York/Mellon with the exception of the following: the SunTrust NOW account, the Regions Bank Money Market, CenterState Bank certificates of deposit, and the Florida Trust Day to Day Fund. The Florida Trust Day to Day Fund was held by UMB Bank.

D. OPEB Trust Investments

Funds are held in the name of the Indian River County OPEB Trust (IRCOT), an irrevocable trust, by a third party custodian, Bank of New York/Mellon. 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 IRCOT assets on February 3, 2009 (amended on May 12, 2009). The County adopted a broadly diversified portfolio composition consisting of equity, debt, and cash and cash equivalents. Asset allocations are divided between short-term and long-term investments. Short-term asset allocations include cash and cash equivalents 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 cash equivalents.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

D. OPEB Trust Investments - Continued

The contribution of \$2.82 million for the year ended September 30, 2011 was invested in the various funds listed below. As of September 30, 2011, the Indian River County OPEB Trust (IRCOT) had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>	<u>Portfolio Percentage</u>	<u>Credit Risks*</u>
<u>Short-Term Portion:</u>				
Fidelity Treasury Money Market	\$ 1,496,119	0.12	17.70 %	AAAm
<u>Long-Term Portion:</u>				
Vanguard 500 Index	1,552,052	N/A	18.36	N/A
Vanguard All World Ex-US	1,174,299	N/A	13.89	N/A
Vanguard Mid Cap Index	335,441	N/A	3.97	N/A
Vanguard Small Cap Index	164,898	N/A	1.95	N/A
Vanguard Short-Term Treasury	1,768,214	2.60	20.92	AA+
Vanguard Intermediate Treasury	1,230,290	5.40	14.56	AA+
Vanguard Prime Money Market	525,143	0.16	6.21	A-1
Vanguard Federal Money Market	205,544	0.15	2.44	A-1
Total Fair Value	\$ <u>8,452,000</u>		<u>100.00</u> %	

* Ratings based upon Standard and Poor's

NOTE 5 - 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 2010-2011 fiscal year were levied in October 2010. 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, 2011

NOTE 6 - CAPITAL ASSETS

A. Governmental Activities

Primary Government	Beginning			Ending
Governmental activities:	Balance	Additions	Deletions	Balance
Capital assets, not being depreciated:				
Land	\$ 138,413,559	\$ -	\$ (25,000)	\$ 138,388,559
Construction in progress	43,708,168	17,321,671	(17,003,713)	44,026,126
Right-of-way	48,989,397	4,751,124	-	53,740,521
Intangibles	554,456	-	-	554,456
Infrastructure	<u>3,575,067</u>	<u>-</u>	<u>-</u>	<u>3,575,067</u>
Total capital assets, not being depreciated	<u>235,240,647</u>	<u>22,072,795</u>	<u>(17,028,713)</u>	<u>240,284,729</u>
Capital assets, being depreciated:				
Buildings and improvements	186,433,065	744,123	-	187,177,188
Equipment	56,528,883	3,986,214	(1,416,698)	59,098,399
Intangibles	2,599,955	283,908	-	2,883,863
Infrastructure	<u>251,862,449</u>	<u>16,400,540</u>	<u>-</u>	<u>268,262,989</u>
Total capital assets, being depreciated	<u>497,424,352</u>	<u>21,414,785</u>	<u>(1,416,698)</u>	<u>517,422,439</u>
Less accumulated depreciation for:				
Buildings and improvements	(33,706,183)	(5,342,863)	-	(39,049,046)
Equipment	(31,058,776)	(3,314,770)	1,409,213	(32,964,333)
Intangibles	(800,794)	(1,367,268)	-	(2,168,062)
Infrastructure	<u>(130,063,345)</u>	<u>(8,733,142)</u>	<u>-</u>	<u>(138,796,487)</u>
Total accumulated depreciation	<u>(195,629,098)</u>	<u>(18,758,043)</u>	<u>1,409,213</u>	<u>(212,977,928)</u>
Total capital assets, being depreciated, net	<u>301,795,254</u>	<u>2,656,742</u>	<u>(7,485)</u>	<u>304,444,511</u>
Governmental activities capital assets, net	<u>\$ 537,035,901</u>	<u>\$ 24,729,537</u>	<u>\$ (17,036,198)</u>	<u>\$ 544,729,240</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 6 - 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	\$ 3,167,052
Public safety	2,822,534
Physical environment	563,409
Transportation	6,084,233
Economic environment	937
Human service	139,976
Culture/recreation	5,729,270
Court related	97,336
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>153,296</u>
Total depreciation expense – governmental activities	<u>\$ 18,758,043</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 6 - CAPITAL ASSETS – Continued

B. Business-type Activities

Primary Government	Beginning			Ending
Business-type activities:	Balance	Additions	Deletions	Balance
Capital assets, not being depreciated:				
Land	\$ 19,312,400	\$ 1,218,032	\$ -	\$ 20,530,432
Intangibles	1,288,410	99,969	-	1,388,379
Construction in progress	9,270,970	6,872,593	(5,803,425)	10,340,138
Total capital assets, not being depreciated	29,871,780	8,190,594	(5,803,425)	32,258,949
Capital assets, being depreciated:				
Buildings, distribution systems, & improvements	408,355,013	4,453,232	(8,945)	412,799,300
Intangibles	402,133	500,374	(2,140)	900,367
Equipment	18,794,461	918,902	(5,364,985)	14,348,378
Total capital assets, being depreciated	427,551,607	5,872,508	(5,376,070)	428,048,045
Less accumulated depreciation for:				
Buildings, distribution systems, & improvements	(165,486,630)	(14,822,503)	-	(180,309,133)
Intangibles	(401,122)	(6,400)	1,783	(405,739)
Equipment	(15,447,249)	(894,970)	3,885,529	(12,456,690)
Total accumulated depreciation	(181,335,001)	(15,723,873)	3,887,312	(193,171,562)
Total capital assets, being depreciated, net	246,216,606	(9,851,365)	(1,488,758)	234,876,483
Business-type activities capital assets, net	\$ 276,088,386	\$ (1,660,771)	\$ (7,292,183)	\$ 267,135,432

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	\$ 987,673
Golf Course	122,977
County Utilities	14,602,614
County Building	<u>10,609</u>

Total depreciation expense – business-type activities \$ 15,723,873

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 7 - RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Various bond covenants, resolutions, and state regulations require that the County restrict cash and cash equivalents and investments within the business-type activities. Restricted cash and cash equivalents and investments are as follows:

	Primary Government			
	Solid Waste			
	Disposal	Golf	County	
	District	Course	Utilities	Total
Sinking funds	\$ -	\$ 470,664	\$ 6,159,070	\$ 6,629,734
Renewal and replacement	3,347,112	-	3,485,928	6,833,040
Customer deposits	127,141	-	2,471,418	2,598,559
Capital construction	-	-	14,221,313	14,221,313
Closure and maintenance costs	10,016,236	-	-	10,016,236
Total	\$ 13,490,489	\$ 470,664	\$ 26,337,729	\$ 40,298,882

Cash totaling \$14,220,716 is reported as restricted on the Statement of Net Assets for governmental activities. Of that amount, \$6,220,716 is restricted for current liabilities such as retainage payable, accrued interest payable, and the current year portion of bonds payable. The remaining \$8,000,000 is restricted for future payments to a local aircraft manufacturer as part of an incentive agreement to retain the company in Vero Beach.

NOTE 8 - PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from the County's business-type activities restricted assets are as follows:

	Primary Government			
	Solid Waste			
	Disposal	Golf	County	
	District	Course	Utilities	Total
Accounts payable	\$ -	\$ -	\$ 287,331	\$ 287,331
Retainage payable	-	-	136,260	136,260
Accrued interest payable	-	8,580	182,787	191,367
Bonds payable (current)	-	535,000	3,090,000	3,625,000
Closure and maintenance costs payable	10,016,236	-	-	10,016,236
Customer deposits	127,141	-	2,477,787	2,604,928
Total	\$ 10,143,377	\$ 543,580	\$ 6,174,165	\$ 16,861,122

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 9 - INTERFUND BALANCES

Interfund balances at September 30, 2011, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 272,000
General Fund	Golf Course Enterprise Fund	52,604
General Fund	Fleet Internal Service Fund	190,000
		<u>\$ 514,604</u>

In October 2010, the General Fund loaned \$ 333,050 to the Golf Course Fund to purchase new golf carts. 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 2012. The remaining amount due from the Golf Course Fund is reported as an interfund advance. The amounts due from the Fleet Internal Service Fund and the Nonmajor Governmental Funds represent short-term cash loans that will be repaid within the next twelve months.

Receivable Fund	Payable Fund	Amount
Major Governmental Fund:		
Emergency Services District Fund	General Fund	\$ <u>260,414</u>
Major Enterprise Fund:		
Solid Waste Disposal District Fund	General Fund	\$ <u>96,850</u>
Nonmajor Governmental Funds:		
Land Acquisition Bonds Fund	General Fund	\$ 75,290
Street Lighting Districts Fund	General Fund	2,406
Vero Lake Estates Fund	General Fund	1,230
East Gifford Stormwater Fund	General Fund	12
Total Nonmajor Governmental Funds		<u>\$ 78,938</u>
	Total:	<u>\$ 436,202</u>

Amounts due from the General Fund represent excess fees and payments of the constitutional officers remitted to various funds subsequent to September 30, 2011.

Interfund advances at September 30, 2011, consisted of the following:

Receivable Fund	Payable Fund	Amount
Secondary Roads Construction Fund	Golf Course Fund	\$ 510,000
General Fund	Golf Course Fund	242,751
		<u>\$ 752,751</u>

These amounts are considered long-term advances between major funds expected to be paid over the course of several years. These amounts have been presented as nonspendable on the General and Secondary Roads Construction Funds Balance Sheets.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 10 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2011, consisted of the following:

	Transfers In:				Total
	General Fund	Transportation Fund	Nonmajor Governmental Funds	Internal Service Fund	
<u>Transfers Out:</u>					
General Fund	\$ -	\$ 7,953,026	\$ 118,809	\$ 55,298	\$ 8,127,133
Emergency Services District Fund	402,837	-	-	-	402,837
Nonmajor Governmental Funds	317,632	-	70,665	-	388,297
Total	<u>\$ 720,469</u>	<u>\$ 7,953,026</u>	<u>\$ 189,474</u>	<u>\$ 55,298</u>	<u>\$ 8,918,267</u>

Transfers are used for the following purposes: 1) use unrestricted general fund revenues to finance transportation activities which must be 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) provide matching funds for grants, 4) move revenues from the fund that state law requires to collect them to the fund that state law requires to expend them, and 5) use unrestricted general fund revenues to offset a portion of salaries and benefits expenses for an employee accounted for in the health insurance fund.

NOTE 11 – DUE FROM OTHER GOVERNMENTS

Governmental Funds

On November 18, 2008, the Board entered into a locally funded agreement with the Florida Department of Transportation (FDOT) to advance the six-laning of State Road 60 from 82nd Avenue to I-95 (Segment Two). The agreement obligated the Board to pay \$14,429,754 to the FDOT. Payment was made in November 2008 to the FDOT. Funding was from the Optional Sales Tax Fund.

Reimbursement by the FDOT for Segment Two will be in ten quarterly installments over a three-year period which began in July 2011. Repayments to the Board will include principal and any accumulated interest earnings that have not been used for supplemental costs of the project.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 11 – DUE FROM OTHER GOVERNMENTS - Continued

Governmental Funds - Continued

	Optional Sales Tax Fund
Segment Two Amount Advance Funded	\$ 14,429,754
Less: Reimbursements received as of 9/30/2011	(500,000)
Balance Due from FDOT SR60 Agreement	13,929,754
Additional Funds Due from other governments	1,213,941
Total Due from other governments	\$ 15,143,695

NOTE 12 – ACCOUNTS PAYABLE

Payables

Payables at September 30, 2011, were as follows:

	Vendors	Salaries and Benefits	Total Payables
Governmental Activities:			
General	\$ 1,529,293	\$ 1,255,225	\$ 2,784,518
Impact Fees	747,711	17,616	765,327
Secondary Roads Construction	688,779	774	689,553
Transportation	132,818	23,032	155,850
Emergency Services	438,263	66,917	505,180
Optional Sales Tax	903,954	-	903,954
Other governmental	815,991	15,513	831,504
Total Governmental Activities	<u>\$ 5,256,809</u>	<u>\$ 1,379,077</u>	<u>\$ 6,635,886</u>

Business-Type Activities:

Payable from current assets:

Solid Waste	\$ 989,811	\$ 1,782	\$ 991,593
Golf Course	24,508	1,867	26,375
Utilities	513,153	23,375	536,528
Building	3,532	3,295	6,827

Payable from restricted assets:

Utilities	287,331	-	287,331
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Total Business-Type Activities	<u>\$ 1,818,335</u>	<u>\$ 30,319</u>	<u>\$ 1,848,654</u>
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The County has not engaged in any short-term debt activity during fiscal year 2011 other than that listed in Note 9.

Due To Other Governments – Utilities Fund

On August 25, 2010, the County received notification from the State Division of Emergency Management that a repayment of \$2,827,524 may be due to the Federal Emergency Management Agency (FEMA) for disallowed costs related to a sewer project. The County has appealed FEMA's decision. As of September 30, 2011, the County recorded these costs as a liability, Due to Other Governments, in the Utilities proprietary fund while awaiting FEMA's response to the appeal.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Limited General Obligation Bonds - Series 2006	\$ 38,270,000	\$ -	\$ 2,885,000	\$ 35,385,000	\$ 3,000,000
General Obligation Bonds – Series 2001	5,210,000	-	780,000	4,430,000	810,000
Spring Training Facility Revenue Bonds - Series 2001	12,310,000	-	605,000	11,705,000	630,000
Subtotal	55,790,000	-	4,270,000	51,520,000	4,440,000
Add: Unamortized bonds premium	1,002,163	-	93,224	908,939	-
Total bonds payable	56,792,163	-	4,363,224	52,428,939	4,440,000
Other liabilities:					
Pollution remediation	2,498,200	71,000	-	2,569,200	136,373
Claims payable	7,899,000	12,901,425	12,923,425	7,877,000	2,395,278
Compensated absences	10,198,660	7,533,952	6,964,127	10,768,485	5,916,426
Total other liabilities	20,595,860	20,506,377	19,887,552	21,214,685	8,448,077
Governmental activities long-term liabilities	\$ <u>77,388,023</u>	\$ <u>20,506,377</u>	\$ <u>24,250,776</u>	\$ <u>73,643,624</u>	\$ <u>12,888,077</u>
Business-type Activities:					
Bonds payable:					
Recreational Refunding Revenue Bonds - Series 2003	\$ 3,175,000	\$ -	\$ 520,000	\$ 2,655,000	\$ 535,000
Water & Sewer Refunding Revenue Bonds - Series 1993A	1,555,000	-	1,555,000	-	-
Series 2005	21,925,000	-	1,435,000	20,490,000	1,480,000
Series 2009	26,370,000	-	-	26,370,000	1,610,000
Subtotal	53,025,000	-	3,510,000	49,515,000	3,625,000
Add: Unamortized bonds premium	3,166,507	-	236,904	2,929,603	-
Less: Unamortized bonds discount	(27,386)	-	(4,629)	(22,757)	-
Total bonds payable	56,164,121	-	3,742,275	52,421,846	3,625,000
Other liabilities:					
Landfill closure and maintenance costs	9,518,736	497,500	-	10,016,236	-
Pollution remediation	41,600	23,400	-	65,000	17,720
Compensated absences	1,027,790	679,872	886,584	821,078	667,833
Total other liabilities	10,588,126	1,200,772	886,584	10,902,314	685,553
Business-type activities long-term liabilities	\$ <u>66,752,247</u>	\$ <u>1,200,772</u>	\$ <u>4,628,859</u>	\$ <u>63,324,160</u>	\$ <u>4,310,553</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - 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, 2011, are as follows:

Fiscal Year Ending September 30	Limited General Obligation Bonds Series 2006		General Obligation Refunding Bonds Series 2001		Spring Training Facility Revenue Bonds Series 2001	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 3,000,000	\$1,612,263	\$ 810,000	\$ 183,368	\$ 630,000	\$ 593,423
2013	3,120,000	1,492,263	845,000	151,778	655,000	566,333
2014	3,255,000	1,367,463	885,000	117,977	685,000	537,513
2015	3,390,000	1,204,712	925,000	80,807	725,000	501,550
2016	3,545,000	1,035,212	965,000	41,495	760,000	463,487
2017-2021	19,075,000	2,667,762	-	-	4,435,000	1,676,412
2022-2026	-	-	-	-	1,695,000	793,000
2027-2031	-	-	-	-	2,120,000	324,750
Total	<u>35,385,000</u>	<u>9,379,675</u>	<u>4,430,000</u>	<u>575,425</u>	<u>11,705,000</u>	<u>5,456,468</u>
Less:						
Current portion	3,000,000	-	810,000	-	630,000	-
Add:						
Unamortized bond premium	908,939	-	-	-	-	-
Total	<u>\$ 33,293,939</u>	<u>\$ 9,379,675</u>	<u>\$ 3,620,000</u>	<u>\$575,425</u>	<u>\$ 11,075,000</u>	<u>\$ 5,456,468</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Limited General Obligation Bonds

Purpose – On July 6, 2006, the County issued \$48,600,000 of Limited General Obligation Bonds, Series 2006. The issuance of the Series 2006 bonds was approved by a majority of votes cast in a bond referendum held on November 2, 2004, by the qualified electors of the County. The referendum authorized a total of \$50,000,000 aggregate principal amount of limited general obligation bonds. The proceeds of this issue will provide funds to acquire interest in lands to protect water resources and/or drinking water sources, environmentally sensitive lands, historic sites, and/or agricultural lands together with the necessary preservation, restoration, remediation and reclamation activities to preserve, protect, or enhance such property.

Pledge of revenues – The principal and interest on the bonds are payable from 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.

Bonds Issued - At September 30, 2011, Limited General Obligation Bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2011
Limited General Obligation Bonds, Series 2006	4.00%-5.00% 1/1 and 7/1	2021	\$ 48,600,000	<u>\$ 35,385,000</u>

Optional Redemption – The Limited General Obligation Bonds, Series 2006, maturing on or after July 1, 2017, are subject to redemption prior to maturity, at the option of the County on and after July 1, 2016, in whole or in part, at any time, on any date at a redemption price of 100% of the principal amount thereof, together with accrued interest thereon to the redemption date.

General Obligation Bonds

Purpose - On November 29, 2001, the County issued the additional \$11,000,000 of General Obligation Bonds, Series 2001. The issuance of the Series 1995 bonds and the Series 2001 bonds were approved by a majority of votes cast in a bond referendum held on November 2, 1992, by the qualified electors of the County. The referendum authorized a total of \$26,000,000 aggregate principal amount of general obligation bonds, in one or more series, of which the Series 1995 bonds are the first (in the amount of \$15,000,000) and the Series 2001 bonds are the second. The proceeds of this issue will provide funds to acquire environmentally sensitive lands, together with the necessary restoration, remediation and reclamation activities to preserve and enhance such property.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

General Obligation Bonds - Continued

On July 1, 2003, the County issued \$7,800,000 of General Obligation Refunding Bonds, Series 2003. The bonds were issued to provide funds, together with \$600,000, to refund and redeem the entire outstanding principal amount of the County's \$15,000,000 General Obligation Bonds, Series 1995. Proceeds of the bonds will also be used to pay the cost of issuance of the bonds, including the premiums for guaranty insurance.

Pledge of Revenues - The principal and interest on the bonds are payable from ad valorem taxes levied by the County upon the taxable real and personal property of the County and are pledged for the remaining term of the bonds.

Bonds Issued - At September 30, 2011, General Obligation Bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2011
General Obligation Bonds, Series 2001	2.50%-4.30% 1/1 and 7/1	2016	<u>\$ 11,000,000</u>	<u>\$ 4,430,000</u>

Optional Redemption - The General Obligation Bonds, Series 2001, maturing on or after July 1, 2013, are subject to redemption prior to maturity, at the option of the County on and after July 1, 2012, in whole or in part, at any time, on any date at par plus accrued interest plus a premium ranging between 0% to 1% depending on the year of redemption.

Please refer to the Subsequent Event Note 24 for an early call announcement of these bonds.

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 "Vero Beach Sports Village (formerly known as 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, 2011

NOTE 13 - LONG-TERM LIABILITIES - Continued

A. 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.

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 \$1,223,432 represent eighteen percent of total pledged revenues. All three revenue sources totaled \$6,967,824 for the current fiscal year. The County applied 100% of the first two pledged revenue sources and six percent of the Half-Cent Sales Tax to the debt service payments. The total principal and interest remaining to be paid on the bonds is \$17,161,468.

Bonds Issued - At September 30, 2011, Spring Training Facility Revenue Bonds consisted of the following:

<u>Description</u>	<u>Interest Rates and Date</u>	<u>Maturity</u>	<u>Issue</u>	<u>Outstanding at September 30, 2011</u>
Spring Training Facility Revenue Bonds, Series 2001	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	<u>\$ 11,705,000</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Spring Training Facility Revenue Bonds - Continued

Optional Redemption - The Series 2001 bonds maturing on or after April 1, 2012, were subject to redemption at the option of the County in whole or in part, on April 1, 2011, or on any date thereafter at par plus accrued interest and plus a premium ranging between 0% to 1% depending on the year of the redemption.

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, 2015

<u>Date</u>	<u>Principal Amount</u>
April 1, 2014	\$ 685,000
April 1, 2015	725,000

Term Bonds due April 1, 2017

<u>Date</u>	<u>Principal Amount</u>
April 1, 2016	\$ 760,000
April 1, 2017	795,000

Term Bonds due April 1, 2021

<u>Date</u>	<u>Principal Amount</u>
April 1, 2018	\$ 840,000
April 1, 2019	890,000
April 1, 2020	930,000
April 1, 2021	980,000

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - 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, 2011 are as follows:

Fiscal Year Ending September 30	Recreational Revenue Refunding Bonds Series 2003		Water and Sewer Revenue Refunding Bonds Series 2005		Water and Sewer Revenue Refunding Bonds Series 2009	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$535,000	\$102,964	\$ 1,480,000	\$925,250	\$ 1,610,000	\$ 1,268,200
2013	555,000	83,169	1,530,000	877,150	1,675,000	1,203,800
2014	580,000	62,356	1,605,000	800,650	1,745,000	1,136,800
2015	600,000	39,881	1,670,000	736,450	1,815,000	1,067,000
2016	385,000	15,881	1,750,000	652,950	1,905,000	976,250
2017-2021	-	-	10,145,000	1,878,300	11,050,000	3,353,750
2022-2026	-	-	2,310,000	92,400	6,570,000	596,500
Total	2,655,000	304,251	20,490,000	5,963,150	26,370,000	9,602,300
Less:						
Current portion	535,000	-	1,480,000	-	1,610,000	-
Unamortized bond discount	22,757	-	-	-	-	-
Add:						
Unamortized bond premium	-	-	671,967	-	2,257,636	-
Total	\$2,097,243	\$304,251	\$19,681,967	\$5,963,150	\$ 27,017,636	\$9,602,300

Recreational (Golf Course) Revenue Refunding Bonds, Series 2003

Purpose - On October 15, 2003, the Series 2003 bonds were issued to redeem \$6,735,000 of the County's outstanding Recreational Revenue Bonds, Series 1993. The Series 2003 bonds are being issued by the County to provide funds, together with \$583,790, to retire all of the outstanding 1993 Series bonds and to pay for all bond issuance costs. The previous bonds were issued to build a County-owned golf course.

The aggregate difference in debt service between the Series 1993 debt (\$9,284,290) and Series 2003 debt (\$8,060,911) is \$1,223,379. The net economic gain was \$348,450.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Recreational (Golf Course) Revenue Refunding Bonds, Series 2003 - Continued

Pledge of Revenues - The revenue bonds are secured by liens, for the remaining term of the bonds, in the following order: (1) the net revenues derived from the operations of the golf course, (2) one hundred percent of racetrack and Jai Alai Fronton funds, and (3) seven percent of the half-cent sales tax accruing annually to the County.

The financial strength of our municipal bond insurer, AMBAC, was downgraded to Baa1 in November 2008. This downgrade required the County to fully cash fund the debt service reserve. The County elected to pledge the Racetrack and Jai Alai Fronton funds to meet this bond covenant. The total annual amount of the required debt service reserve is \$417,500 was cash funded.

The current principal and interest payments of \$639,864 represent sixty-nine percent of net revenues (\$923,691) of the golf course. The total principal and interest remaining to be paid on the bonds is \$2,959,251. All three pledged revenue sources totaled \$1,865,448 for the current fiscal year. The County did not utilize the second and third revenue sources toward the current year principal and interest payments.

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

Bonds Issued - At September 30, 2011, the revenue bonds consisted of the following:

<u>Description</u>	<u>Interest Rates and Date</u>	<u>Maturity</u>	<u>Issue</u>	<u>Outstanding at September 30, 2011</u>
2003 Recreational Revenue Refunding Bonds	2.00 – 4.125% 3/1 and 9/1	9/1/16	\$ 6,455,000	<u>\$ 2,655,000</u>

Optional Redemption - The revenue bonds, maturing on or after September 1, 2014, are subject to redemption prior to maturity, at the option of the County on and after September 1, 2013, in whole or in part, at any time thereafter at the redemption price of par, plus interest accrued to the date of redemption.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Water and Sewer Revenue Refunding Bonds, Series 2005

Purpose - The Series 2005 bonds were issued to defease \$31,680,000 of the County's outstanding Water and Sewer Revenue Bonds, Series 1996. These bonds were issued by the County to provide funds, together with \$5,000,000, to retire 95 percent of the 1996 Series and to pay for all bond issuance costs. The September 1, 2005 and 2006 principal installments were not subject to early call and consequently paid at their respective maturity dates. The 1996 bonds were issued to acquire an existing water and sewer facility, as well as for capital improvements to the existing system.

The aggregate difference in debt service between the Series 1996 (\$40,585,193) and Series 2005 (\$39,619,193) is \$966,000. The net economic gain was \$2,944,661, which included shortening the term of the bonds by four years and lowering average annual debt service by \$242,000.

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.

Annual principal and interest payments of \$2,405,800 represent approximately eighteen percent of net revenues (\$13,158,703) of the utility system. The total principal and interest remaining to be paid on the bonds is \$26,453,150.

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, 2011, the revenue bonds consisted of the following:

<u>Description</u>	<u>Interest Rates and Date</u>	<u>Maturity</u>	<u>Issue</u>	<u>Outstanding at September 30, 2011</u>
Water and Sewer Revenue Refunding Bonds, Series 2005	3-5% 3/1 and 9/1	2022	\$ 27,675,000	<u>\$ 20,490,000</u>

Outstanding In-Substance Defeased Debt - The proceeds from the refunding have been invested in federal securities and were placed in an escrow account with J.P. Morgan. All of the defeased bonds (\$31,680,000) were called on September 1, 2006 at 102% of the outstanding principal amount.

Optional Redemption - The Series 2005 bonds maturing after September 1, 2015, are subject to redemption by the County on or after September 1, 2015, in whole or in part, at par, plus accrued interest to date of redemption.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

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.

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 was \$1,368,427, which lowered average annual debt service by \$126,000.

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 interest payments of \$1,268,200 represent approximately ten percent of net revenues (\$13,158,703) of the utility system. The total principal and interest remaining to be paid on the bonds is \$35,972,300.

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, 2011, the revenue bonds consisted of the following:

<u>Description</u>	<u>Interest Rates and Date</u>	<u>Maturity</u>	<u>Issue</u>	<u>Outstanding at September 30, 2011</u>
Water and Sewer Revenue Refunding Bonds, Series 2009	4-5% 3/1 and 9/1	2024	\$ 26,370,000	<u>\$ 26,370,000</u>

Outstanding In-Substance Defeased Debt - The proceeds from the refunding were invested in federal securities and were placed in an escrow account with Bank of New York/Mellon. All of the defeased bonds (\$28,270,000) were called on September 1, 2009 at 101% of the outstanding principal amount.

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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 - LONG-TERM LIABILITIES - Continued

C. Summary of Defeased Debt Outstanding

The last installment of the Capital Improvement Revenue Bonds Series 1980 totaling \$390,000 was defeased on October 1, 2010. Since governmental obligations are held in escrow for the payment of principal and interest, the bonds are not liabilities of the County.

D. Compensated Absences

Both Governmental Activities and Business-type Activities compensated absences are paid by the fund which normally pays the personnel services costs of the employee.

E. Conduit Debt Obligations

Indian River County issued various Industrial Revenue Bonds over the years which provide financial assistance to private-sector entities for the acquisition, construction and equipping of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. *Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.*

NOTE 14 - 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 \$3.9 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 14 - PROVISION FOR CLOSURE COSTS – Continued

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	56%	2030	\$ 6,501,947
Construction and Demolition - Cell I	89%	2017	1,101,366
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	2,238,435
Construction and Demolition - Cell I	N/A	N/A	174,488
Total account balance at 9/30/11:			\$ <u><u>10,016,236</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, 2011, \$9,960,868 was on deposit at the Florida Local Government Investment Trust and \$55,368 was on deposit in the County's Operating account.

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

	<u>Balance 10/01/10</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance 09/30/11</u>
Closure and long-term care costs	<u>\$ 9,518,736</u>	<u>\$ 497,500</u>	<u>\$ -</u>	<u>\$10,016,236</u>

Of the \$10,016,236 liability for closure and long-term care costs, management estimates that no funds will be due and payable within one year.

NOTE 15 – POLLUTION REMEDIATION

In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, a consultant evaluated six 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 six sites requiring the County (using the consultant's services) to attempt to accrue a liability for pollution remediation. The liability totaled \$2,634,200 at September 30, 2011 for all six 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 15 – POLLUTION REMEDIATION - Continued

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 Florida Department of Environmental Protection (FDEP). The amount of the estimated year end liability is \$2,450,000.
- 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 \$38,900.
- 3) ***Cattle dip site*** – The nature of the pollution remediation obligation is arsenic contamination. The consultant will conduct monitoring and assessment. The amount of the estimated year end liability is \$75,300.
- 4) ***Former Cumberland Farms*** – The nature of the pollution remediation obligation is closed underground storage tank petroleum contamination. The consultant will conduct the well abandonment and obtain the final No Further Action. The amount of the estimated year end liability is \$5,000.

Total Governmental Activities liability: \$2,569,200

Business-type Activities:

- 5) ***North County Reverse Osmosis plant*** – The nature of the pollution remediation obligation is groundwater inorganics contamination. The consultant will conduct monitoring and assessment. The amount of the estimated year end liability is \$43,200.
- 6) ***Old Savannah Lift Station*** – The nature of the pollution remediation obligation is petroleum impacts (diesel) due to a leaky filter on an emergency generator. The consultant will conduct monitoring and assessment. The amount of the estimated year end liability is \$21,800.

Total Business-type Activities liability: \$65,000

Due to the addition of the Old Savannah Lift Station site in fiscal year 2011, beginning net assets for the Utilities Fund needed to be restated. Please see Note 21-C for information regarding the restatement of beginning net assets for the proprietary funds as it relates to the pollution remediation liability. The difference between the Utilities Fund restated beginning net assets of \$35,281 and the liability of \$21,800 was expensed during the current year.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 16 - PENSION PLANS

Florida Retirement System

Plan Description: The County'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. 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 (regular class 4.91%, senior class 6.27%, and elected official class 11.14%).

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.

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.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed five years after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Florida Statutes Chapter 121, as may be amended from time to time by the state legislature, determines contribution rates for the various membership classes of the FRS. The FRS issues a publicly available financial report that includes financial statements, ten-year historical trend information and other required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, Attention: Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website at www.dms.myflorida.com.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 16 - PENSION PLANS - Continued

Florida Retirement System - Continued

Funding Policy: The FRS has six classes of membership with descriptions and contribution rates in effect during the period ended September 30, 2011, as follows (contribution rates are in agreement with the actuarially determined rates):

	<u>07/01/06 to 6/30/10</u>	<u>07/1/10 to 6/30/11</u>	<u>07/01/11 to 09/30/11</u>
<u>Regular Class -</u> Members not qualifying for other classes.	9.85%	10.77%	7.91%
<u>Senior Management Service Class -</u> Members of senior management who do not elect the optional annuity management program.	13.12%	14.57%	9.27%
<u>Special Risk Class -</u> Members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class.	20.92%	23.25%	17.10%
<u>Special Risk Administrative Support Class -</u> Special risk members who are transferred or reassigned to non-special risk and meet the criteria.	12.55%	13.24%	9.04%
<u>Elected County Officer's Class -</u> Certain elected county officials.	16.53%	18.64%	14.14%
<u>Deferred Retirement Option Program -</u> Members who are eligible for normal retirement that have elected to participate in the deferred retirement option program.	10.91%	12.25%	4.42%

Contributions to the FRS for the fiscal years ended September 30, 2009, 2010, and 2011, were equal to 14.15%, 14.71%, and 14.15% of the annual covered payroll. Contributions to the FRS for the fiscal years ended September 30, 2009, 2010, and 2011 were \$10,734,876, \$10,736,848, and \$9,810,332 respectively, which are equal to 100% of the required contribution for each year. Employee contributions for the time period July 1, 2011 through September 30, 2011 were \$455,378.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The Indian River County OPEB Trust (IRCOT) was established by resolution on September 23, 2008 for the Board of County Commissioners and the five constitutional officers (Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector). The Indian River County Board of County Commissioners acts as the OPEB Board of Trustees and delegates the administration of the IRCOT to an OPEB Trust Board. The OPEB Trust Board consists of the Clerk of the Circuit Court and Comptroller, Budget Director, Finance Director, County Administrator, and Human Resources Director.

Resolution 2008-163 gave authority to establish the IRCOT as a single-employer defined benefit plan (OPEB Plan). The IRCOT's financial statements are reported using the accrual basis of accounting. The IRCOT trustees can amend the benefit provisions. 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 the plan members). Employees hired on or after February 1, 2006 will not be eligible for any subsidy, regardless of years of service or Medicare eligibility. Life insurance is available to retirees at a flat rate per \$1,000 of coverage. The premium rate is contingent upon age and date of retirement. Only the implicit rate subsidy applies to retiree life insurance coverage since retirees are responsible for the full premium of their life insurance policy.

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 implicit rate subsidy also applies to health insurance coverage since the premiums charged are based upon a blending of younger, active employees and older, retired employees. Active participants as well as retirees are subject to the same benefits and rules. Health insurance premiums, effective October 1, 2008, range from \$198 for Medicare participants to \$735 for family coverage. The County subsidizes the cost of the premiums for each retiree based upon their years of service and employment date; a 2% discount for each year of service based upon the following table:

Retirement Date	Years of Service	Under Age 65	Medicare Eligible
Before 01/01/04	N/A	No subsidy	60% subsidy
01/01/04 - 10/01/04	Less than 15 years	No subsidy	60% subsidy
01/01/04 - 10/01/04	15 or more years	2%/yr-max 40%	20% in addition to yrs of service - max 60% subsidy
10/01/04 - 01/31/09	Less than 15 years	No subsidy	20% subsidy
10/01/04 - 01/31/09	15 or more years	2%/yr-max 40%	20% in addition to yrs of service - max 60% subsidy
02/01/09 and after	Less than 15 years	No subsidy	No subsidy
02/01/09 and after	15 or more years	2%/yr-max 40%	No subsidy

The retiree has the option to continue with the County group health plan or elect the Medicare Advantage Plan. The subsidy will apply to either plan.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

A. Plan Description - Continued

At October 1, 2009, the date of the latest actuarial valuation, plan participation consisted of:

Active participants	1,452
Retired participants	<u>286</u>
Total participants	<u>1,738</u>

There are two classes of participants at October 1, 2009:

Regular and senior management	1,153
Special risk	<u>585</u>
Total participants	<u>1,738</u>

The average employer's contribution was \$2,031 per employee, approximately 4% of current payroll. Financial statements for the IRCOT are included in this report and can be found on pages 40-41. A separate, stand-alone financial report is not issued by the County. The IRCOT investments can be found in Note 4D.

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 IRCOT is advance funded by the County. For the year ended September 30, 2011, the County contributed \$2.82 million to the qualifying IRCOT. Plan members receiving benefits contributed \$1.12 million or approximately 45 percent of total premiums. It is the County's policy to base future IRCOT contributions on the annual required contribution (ARC) in subsequent annual actuarial reports. Custodial and individual fund administrative fees are paid from the portfolio dividend and interest income.

C. Annual OPEB Cost and Net OPEB Obligation

The employer's contribution (i.e. annual cost or expense) to the County's IRCOT 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 IRCOT cost for the year, the amount actually contributed, and the changes in the net obligation.

	<u>FY 2010/2011</u>	<u>FY 2009/2010</u>	<u>FY 2008/2009</u>
Annual Required Contribution	\$ 2,948,682	\$ 2,814,435	\$ 2,810,092
Interest on Net OPEB Obligation	(22,381)	(7,272)	(6,587)
Adjustment to Annual Required Contribution	<u>23,385</u>	<u>7,779</u>	<u>6,082</u>
Annual OPEB Cost (expense)	2,949,686	2,814,942	2,809,587
Contributions	<u>(2,819,540)</u>	<u>(3,030,792)</u>	<u>(2,819,373)</u>
Change in Net OPEB obligation	130,146	(215,850)	(9,786)
Net OPEB obligation – beginning of year	<u>(319,730)</u>	<u>(103,880)</u>	<u>(94,094)</u>
Net OPEB obligation – end of year	\$ <u>(189,584)</u>	\$ <u>(319,730)</u>	\$ <u>(103,880)</u>
Percentage of Annual OPEB Cost Contributed	95.59%	107.67%	100.35%

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

D. Funded Status and Funding Progress

The contribution made to the IRCOT for the current fiscal year was 95.6% of the annual OPEB cost. Information is available for the two preceding fiscal years. As of the October 1, 2009 actuarial valuation date, the IRCOT was 11.37% funded, the actuarial accrued liability for benefits was \$32.5 million, and the actuarial value of assets was \$3.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$28.8 million. The covered payroll (annual payroll of active employees covered by the IRCOT) was \$70.6 million, and the ratio of the UAAL to the covered payroll was 40.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress and schedule of employer contributions, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial methods are:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll projected to grow 4% per year
Amortization period (closed)	17 years
Asset valuation method	Market Value

The actuarial assumptions are:

Investment rate of return	7%	(net administrative expenses)
Projected annual salaries increase	4.0% - 9.47%	(dependent on years of service and age)
Healthcare cost trend rate (post-retirement benefit)	9%	
Inflation rate	Included in the Healthcare cost trend rate	

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 18 - OPERATING LEASES

The County has entered into non-cancelable operating leases, both as lessor and lessee. Lease terms vary from 1 to 50 years. Lease revenues totaled \$574,277 and lease expenditures totaled \$273,494 for the year ended September 30, 2011. 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

<u>Year</u>	<u>Amount</u>
2012	\$ 495,535
2013	448,437
2014	453,203
2015	467,377
2016	453,612
2017-2021	2,310,869
2022-2026	1,495,460
2027-2031	777,865
2032-2036	207,259
2037-2038	55,300
Total future minimum lease receipts:	<u>\$ 7,164,917</u>

The property being leased is included in the statement of net assets governmental activities and business-type activities columns and has a cost of \$25,824,960 and a carrying value of \$17,857,037. Current year depreciation on property being leased was \$708,293.

B. Future Minimum Lease Payments

The following is a schedule of minimum future rentals to be paid by the County for various noncancelable operating leases of office space, park land, and office equipment as of September 30, 2011:

<u>Year</u>	<u>Amount</u>
2012	\$ 270,886
2013	248,919
2014	124,090
2015	75,951
2016	23,132
2017-2021	70,596
2022-2026	3,000
2027-2031	3,000
2032-2036	3,000
2037-2041	3,000
2042-2046	3,000
2047-2048	900
Total future minimum lease payments:	<u>\$ 829,474</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 19 - 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 formal action of the Board of County Commissioners, including resolution or ordinance. This category includes 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. 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. This reserve is presented as committed fund balance in those funds.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 19 - 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. This reserve is presented as committed fund balance in those funds. 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.

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 Emergency/Disaster Relief and Budget Stabilization Reserve amounts may only be revised by the Board of County Commissioners. 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 20 - FUND BALANCE DEFICIT

The following funds had a deficit in fund balance at September 30, 2011:

Fund	Deficit
Nonmajor Governmental Funds:	
Metropolitan Planning Organization Fund	\$ 107,412
Federal/State Grants Fund	229,275
CDBG Neighborhood Stabilization Program 3 Grant Fund	11,108
Total Deficit	<u>\$ 347,795</u>

The deficits for these three funds will be eliminated by grant proceeds in fiscal year 2012.

NOTE 21 – NET ASSETS

A. Restricted Net Assets

The County has established certain restrictions within the net assets section of the proprietary funds. Restricted net assets at September 30, 2011 consist of the following:

Restricted for Debt Service:

Golf Course Fund	\$ 44,583
County Utilities Fund	253,750
Total	<u>\$ 298,333</u>

Restricted for Capital Projects:

County Utilities Fund	\$ <u>23,931,768</u>
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B. Net Assets Restricted by Enabling Legislation

The government-wide statement of net assets for the primary government reports \$149,682,617 of restricted net assets, of which \$78,874,091 is restricted by enabling legislation.

C. Restatement of Beginning Net Assets

In accordance with the requirements of GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, beginning net assets for the Utilities Fund was restated. Due to the addition of the Old Savannah Lift Station and based on the consultant's report, the Utilities Fund's portion of the estimated liability at October 1, 2010 was \$35,281; therefore, beginning net assets was reduced by that amount. For more information on the County's pollution remediation obligation, please see Note 15.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 22 - 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:

	04/01/08 to <u>09/30/08</u>	10/01/08 to <u>04/30/11</u>	05/01/11 to <u>09/30/11</u>
Worker's Compensation	\$ 300,000	\$ 350,000	\$ 350,000
General Liability	250,000	250,000	200,000
Auto Liability	250,000	250,000	200,000
Property Damage	500-25,000	250,000	200,000
Error or Omissions	250,000	250,000	200,000
Annual Aggregate	1,000,000	2,000,000	2,000,000
Liquor Liability	1,000,000	1,000,000	1,000,000

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. The County has not incurred any settlements in excess of the insurance coverage listed above in the past four fiscal years. 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 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. For worker's compensation, the plan assumes all risk for claims up to \$350,000 per occurrence. The County has purchased a reinsurance policy to cover claims in excess of these limits. There were no claims in excess of these limits for the 2009, 2010, and 2011 fiscal years.

The claims liability of \$7,877,000 reported at September 30, 2011, 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, \$2,395,278 will be liquidated over the next twelve months.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 22 - RISK MANAGEMENT - Continued

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

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

	Balance at Fiscal Year <u>Beginning</u>	Claims and Changes <u>in Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year End</u>
2007-2008	\$ 6,559,000	\$ 14,209,397	\$ (13,873,397)	\$ 6,895,000
2008-2009	6,895,000	15,637,406	(14,657,406)	7,875,000
2009-2010	7,875,000	13,940,099	(13,916,099)	7,899,000
2010-2011	7,899,000	12,901,425	(12,923,425)	7,877,000

Included in the charges to other funds is an amount to fund future catastrophic losses not actuarially determined and at September 30, 2011, unreserved net assets of \$23,254,165 have been designated for this purpose. The County has elected to accrue the larger of the discounted liability or undiscounted liability excluding non-incremental claims adjustment expenses. At September 30, 2011, the undiscounted liability was the greater of the two amounts. The discount rate used in the calculation was 2.5 percent.

NOTE 23 - 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.

B. Contracts and Other Commitments

The County has various contracts and commitments outstanding at September 30, 2011. In the General Fund, contracts are for custodial services and external auditing services. In the Special Revenue Funds, contracts are for Sector 3 beach restoration, Old Dixie Highway bridge replacement, 43rd Avenue and 66th Avenue roadway expansions as well as a variety of other road paving and drainage projects. In the Capital Projects Fund, contracts are for the expansion of the 800 Mhz radio system, Vero Beach Sports Village quadrangle softball fields, 53rd Street roadway improvements, and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for the North County Reverse Osmosis 3.0 MG reuse storage tank and pumping facility, Spoonbill Marsh Wetlands, Utility software implementation and various other water and sewer projects.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 23 - COMMITMENTS AND CONTINGENCIES - Continued

B. Contracts and Other Commitments - Continued

A summary of these projects at September 30, 2011, is as follows:

	<u>Total Contract Price</u>	<u>Total Paid as of September 30, 2011</u>	<u>Remaining Balance at September 30, 2011</u>
General	\$ 1,089,709	\$ (908,091)	\$ 181,618
Special Revenue	38,297,381	(25,545,251)	12,752,130
Capital Projects	15,977,924	(9,213,629)	6,764,295
Enterprise	7,031,103	(4,985,823)	2,045,280
Internal Service	<u>109,200</u>	<u>(27,300)</u>	<u>81,900</u>
Total	\$ <u><u>62,505,317</u></u>	\$ <u><u>(40,680,094)</u></u>	\$ <u><u>21,825,223</u></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.

NOTE 24 – SUBSEQUENT EVENTS

On February 14, 2012 the County approved beginning the process of early payoff of the remaining Land Acquisition General Obligation Bonds, Series 2001. The County approved payment of \$3,620,000 from the General Fund on July 1, 2012. These bonds will be called at a 1% redemption fee.

Indian River County, Florida
Required Supplementary Information
For the Year Ended September 30, 2011

Other Postemployment Benefits Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2007 *	\$ -	\$ 29,098,337	\$ 29,098,337	0.00%	\$ 64,847,001	44.87%
10/01/2009	\$ 3,690,592	\$ 32,456,186	\$ 28,765,594	11.37%	\$ 70,558,251	40.77%

* First year of Indian River County Other Postemployment Benefits Trust (IRCOT)

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Amount Contributed	Percentage Contributed	Net OPEB Obligation
9/30/2008	\$ 2,626,254	\$ 2,720,348	103.58%	\$ (94,094)
9/30/2009	\$ 2,809,587	\$ 2,819,373	100.35%	\$ (103,880)
9/30/2010	\$ 2,814,942	\$ 3,030,792	107.67%	\$ (319,730)
9/30/2011	\$ 2,949,686	\$ 2,819,540	95.59%	\$ (189,584)

In the current fiscal year, there have not been any factors, such as changes in benefit provisions, the size or composition of the population covered by the plan or the actuarial methods and assumptions used, that would significantly affect the identification of trends in the amounts reported. See Note 17 for more information on the IRCOT.

**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.
Vero Beach Sports Village Reserve-	To provide additional improvements to the Vero Beach Sports Village facility. The City of Vero Beach contributed \$1,400,000 and the County contributed \$600,000. This fund was previously known as the Dodgertown Capital Reserve Fund in prior fiscal years.
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.
Disaster Recovery Grants-	To account for revenues and expenditures of grants received in response to disasters, such as hurricanes.
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.

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, 2011

	Special Revenue		
	Court Facilities	Section 8 Rental Assistance	Special Law Enforcement
ASSETS			
Cash and cash equivalents	\$ 1,229,785	\$ 341,238	\$ 270,318
Accounts receivable	-	6,114	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Other assets held for resale	-	-	-
Total Assets	<u>\$ 1,229,785</u>	<u>\$ 347,352</u>	<u>\$ 270,318</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 58,096	\$ 3,828	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	-
Total Liabilities	<u>58,096</u>	<u>3,828</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	1,171,689	-	-
Housing assistance	-	343,524	-
Law enforcement/public safety	-	-	270,318
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Voting/election activities	-	-	-
Debt service	-	-	-
Environmental conservation/preservation	-	-	-
Sports Village repairs/improvements	-	-	-
Other purposes	-	-	-
Committed to:			
Court operations	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>1,171,689</u>	<u>343,524</u>	<u>270,318</u>
Total Liabilities and Fund Balances	<u>\$ 1,229,785</u>	<u>\$ 347,352</u>	<u>\$ 270,318</u>

Special Revenue				
Tree Ordinance Fines	Tourist Development	911 Surcharge	Drug Abuse	State Housing Initiatives Partnership
\$ 206,142	\$ 455,133	\$ 2,599,501	\$ 174,977	\$ 1,317,365
-	-	-	-	-
-	-	-	-	-
-	-	63,088	19,787	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 206,142</u>	<u>\$ 455,133</u>	<u>\$ 2,662,589</u>	<u>\$ 194,764</u>	<u>\$ 1,317,365</u>
\$ -	\$ 72,755	\$ 1,128	\$ 11,572	\$ 1,343
-	-	-	-	-
-	-	-	-	-
-	-	1,014,138	-	-
<u>-</u>	<u>72,755</u>	<u>1,015,266</u>	<u>11,572</u>	<u>1,343</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,316,022
-	-	1,647,323	-	-
-	382,378	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
206,142	-	-	-	-
-	-	-	-	-
-	-	-	183,192	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>206,142</u>	<u>382,378</u>	<u>1,647,323</u>	<u>183,192</u>	<u>1,316,022</u>
<u>\$ 206,142</u>	<u>\$ 455,133</u>	<u>\$ 2,662,589</u>	<u>\$ 194,764</u>	<u>\$ 1,317,365</u>

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue		
	Metropolitan Planning Organization	Multi- Jurisdictional Law Enforcement	Native Uplands Land Acquisition
ASSETS			
Cash and cash equivalents	\$ 1,686	\$ 112,760	\$ 834,690
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	7,200	-	-
Other assets held for resale	-	-	-
Total Assets	<u>\$ 8,886</u>	<u>\$ 112,760</u>	<u>\$ 834,690</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,298	\$ -	\$ -
Retainage payable	-	-	-
Due to other funds	115,000	-	-
Deferred revenues	-	-	-
Total Liabilities	<u>116,298</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Prepaid items	7,200	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	112,760	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Voting/election activities	-	-	-
Debt service	-	-	-
Environmental conservation/preservation	-	-	834,690
Sports Village repairs/improvements	-	-	-
Other purposes	-	-	-
Committed to:			
Court operations	-	-	-
Unassigned	<u>(114,612)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(107,412)</u>	<u>112,760</u>	<u>834,690</u>
Total Liabilities and Fund Balances	<u>\$ 8,886</u>	<u>\$ 112,760</u>	<u>\$ 834,690</u>

Special Revenue					
Beach Restoration	CDBG Neighborhood Stabilization Pgm	Florida Boating Improv. Program	Library Bequests	Disabled Access Program	
\$ 8,132,308	\$ 251,036	\$ 1,024,233	\$ 130,694	\$ 61,228	
-	37	-	-	-	
-	-	-	-	-	
33,761	-	-	-	-	
-	-	-	-	-	
-	1,106,716	-	-	-	
\$ 8,166,069	\$ 1,357,789	\$ 1,024,233	\$ 130,694	\$ 61,228	
\$ 62,179	\$ 10,286	\$ -	\$ -	\$ -	
481,812	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
543,991	10,286	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	1,347,503	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
7,622,078	-	-	-	-	
-	-	1,024,233	-	-	
-	-	-	130,694	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	61,228	
-	-	-	-	-	
-	-	-	-	-	
7,622,078	1,347,503	1,024,233	130,694	61,228	
\$ 8,166,069	\$ 1,357,789	\$ 1,024,233	\$ 130,694	\$ 61,228	

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue		
	Federal/State Grants	Traffic Education Program	Land Acquisition
ASSETS			
Cash and cash equivalents	\$ 818	\$ 37,126	\$ 311,322
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	170,886	-	-
Prepaid items	-	-	-
Other assets held for resale	-	-	-
Total Assets	<u>\$ 171,704</u>	<u>\$ 37,126</u>	<u>\$ 311,322</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 215,926	\$ 1,780	\$ 120
Retainage payable	40,053	-	-
Due to other funds	145,000	-	-
Deferred revenues	-	-	-
Total Liabilities	<u>400,979</u>	<u>1,780</u>	<u>120</u>
Fund Balances:			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	-	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	311,202
Stormwater, street lighting, and other special assessments	-	-	-
Voting/election activities	-	-	-
Debt service	-	-	-
Environmental conservation/preservation	-	-	-
Sports Village repairs/improvements	-	-	-
Other purposes	-	35,346	-
Committed to:			
Court operations	-	-	-
Unassigned	<u>(229,275)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(229,275)</u>	<u>35,346</u>	<u>311,202</u>
Total Liabilities and Fund Balances	<u>\$ 171,704</u>	<u>\$ 37,126</u>	<u>\$ 311,322</u>

Special Revenue					
East Gifford Stormwater	Vero Lake Estates	Vero Beach Sports Village Reserve	Clerk Special Revenue	Sheriff Special Revenue	
\$ 16,144	\$ 1,147,775	\$ 1,069,363	\$ 2,456,416	\$ 2,053,592	
-	-	-	85	-	
12	1,230	-	-	-	
-	-	-	-	7,584	
-	-	-	902	-	
-	-	-	-	-	
<u>\$ 16,156</u>	<u>\$ 1,149,005</u>	<u>\$ 1,069,363</u>	<u>\$ 2,457,403</u>	<u>\$ 2,061,176</u>	
\$ -	\$ 26	\$ 122,105	\$ 12,100	\$ 33,796	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	69	
<u>-</u>	<u>26</u>	<u>122,105</u>	<u>12,100</u>	<u>33,865</u>	
-	-	-	902	-	
-	-	-	2,383,255	-	
-	-	-	-	-	
-	-	-	-	2,027,311	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
16,156	1,148,979	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	947,258	-	-	
-	-	-	-	-	
-	-	-	61,146	-	
-	-	-	-	-	
<u>16,156</u>	<u>1,148,979</u>	<u>947,258</u>	<u>2,445,303</u>	<u>2,027,311</u>	
<u>\$ 16,156</u>	<u>\$ 1,149,005</u>	<u>\$ 1,069,363</u>	<u>\$ 2,457,403</u>	<u>\$ 2,061,176</u>	

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue		
	Supervisor of Elections Special Revenue	Street Lighting Districts	CDBG NSP3 Grant
ASSETS			
Cash and cash equivalents	\$ 25,929	\$ 500,936	\$ 901
Accounts receivable	-	-	-
Due from other funds	-	2,406	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Other assets held for resale	-	-	-
Total Assets	<u>\$ 25,929</u>	<u>\$ 503,342</u>	<u>\$ 901</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ -	\$ 7,706	\$ 9
Retainage payable	-	-	-
Due to other funds	-	-	12,000
Deferred revenues	18,185	-	-
Total Liabilities	<u>18,185</u>	<u>7,706</u>	<u>12,009</u>
Fund Balances:			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	-	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	495,636	-
Voting/election activities	7,744	-	-
Debt service	-	-	-
Environmental conservation/preservation	-	-	-
Sports Village repairs/improvements	-	-	-
Other purposes	-	-	-
Committed to:			
Court operations	-	-	-
Unassigned	-	-	(11,108)
Total Fund Balances	<u>7,744</u>	<u>495,636</u>	<u>(11,108)</u>
Total Liabilities and Fund Balances	<u>\$ 25,929</u>	<u>\$ 503,342</u>	<u>\$ 901</u>

Debt Service			
Spring Training Facility Bonds	Land Acquisition Bonds	Total Nonmajor Governmental Funds	
\$ 1,300,070	\$ 1,668,490	\$ 27,731,976	
-	-	6,236	
-	75,290	78,938	
37,392	1	332,499	
296,711	-	304,813	
-	-	1,106,716	
<u>\$ 1,634,173</u>	<u>\$ 1,743,781</u>	<u>\$ 29,561,178</u>	
\$ -	\$ -	\$ 616,053	
-	-	521,865	
-	-	272,000	
-	-	1,032,392	
<u>-</u>	<u>-</u>	<u>2,442,310</u>	
296,711	-	304,813	
-	-	3,554,944	
-	-	3,007,049	
-	-	4,057,712	
-	-	382,378	
-	-	7,622,078	
-	-	1,024,233	
-	-	130,694	
-	-	311,202	
-	-	1,660,771	
-	-	7,744	
1,337,462	1,743,781	3,081,243	
-	-	1,040,832	
-	-	947,258	
-	-	279,766	
-	-	61,146	
-	-	(354,995)	
<u>1,634,173</u>	<u>1,743,781</u>	<u>27,118,868</u>	
<u>\$ 1,634,173</u>	<u>\$ 1,743,781</u>	<u>\$ 29,561,178</u>	

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	<u>Special Revenue</u>		
	<u>Court Facilities</u>	<u>Section 8 Rental Assistance</u>	<u>Special Law Enforcement</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	-	2,004,715	-
Charges for services	485,747	87,345	36,082
Judgments, fines and forfeits	-	-	42,049
Interest	7,101	1,893	1,419
Miscellaneous	-	-	-
Total revenues	<u>492,848</u>	<u>2,093,953</u>	<u>79,550</u>
EXPENDITURES			
Current:			
General government	11,393	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	29,604	-
Human services	-	2,078,888	-
Culture/recreation	-	-	-
Court related	314,205	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>325,598</u>	<u>2,108,492</u>	<u>-</u>
Excess of revenues over (under) expenditures	167,250	(14,539)	79,550
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(10,523)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(10,523)</u>
Net change in fund balances	167,250	(14,539)	69,027
Fund balances at beginning of year	<u>1,004,439</u>	<u>358,063</u>	<u>201,291</u>
Fund balances at end of year	\$ <u>1,171,689</u>	\$ <u>343,524</u>	\$ <u>270,318</u>

Special Revenue				
Tree Ordinance Fines	Tourist Development	911 Surcharge	Drug Abuse	State Housing Initiatives Partnership
\$ -	\$ 578,978	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	860,568	114,331	350,000
-	-	-	-	143,255
-	-	-	13,838	-
1,282	2,690	13,063	1,024	8,379
-	-	1,093	-	4,328
<u>1,282</u>	<u>581,668</u>	<u>874,724</u>	<u>129,193</u>	<u>505,962</u>
-	-	-	-	-
-	-	697,552	59,005	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	27,686	1,310,400
42,709	640,975	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>42,709</u>	<u>640,975</u>	<u>697,552</u>	<u>86,691</u>	<u>1,310,400</u>
(41,427)	(59,307)	177,172	42,502	(804,438)
-	-	-	-	-
-	-	(193,141)	-	-
<u>-</u>	<u>-</u>	<u>(193,141)</u>	<u>-</u>	<u>-</u>
(41,427)	(59,307)	(15,969)	42,502	(804,438)
<u>247,569</u>	<u>441,685</u>	<u>1,663,292</u>	<u>140,690</u>	<u>2,120,460</u>
\$ <u>206,142</u>	\$ <u>382,378</u>	\$ <u>1,647,323</u>	\$ <u>183,192</u>	\$ <u>1,316,022</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, 2011

	<u>Special Revenue</u>		
	<u>Metropolitan Planning Organization</u>	<u>Multi- Jurisdictional Law Enforcement</u>	<u>Native Uplands Land Acquisition</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	457,034	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	29,832	-
Interest	-	569	5,023
Miscellaneous	-	-	-
Total revenues	<u>457,034</u>	<u>30,401</u>	<u>5,023</u>
EXPENDITURES			
Current:			
General government	444,247	-	-
Public safety	-	11,260	-
Physical environment	-	-	2,500
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>444,247</u>	<u>11,260</u>	<u>2,500</u>
Excess of revenues over (under) expenditures	12,787	19,141	2,523
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(60,142)	-
Total other financing sources (uses)	<u>-</u>	<u>(60,142)</u>	<u>-</u>
Net change in fund balances	12,787	(41,001)	2,523
Fund balances at beginning of year	<u>(120,199)</u>	<u>153,761</u>	<u>832,167</u>
Fund balances at end of year	\$ <u>(107,412)</u>	\$ <u>112,760</u>	\$ <u>834,690</u>

Special Revenue				
<u>Beach Restoration</u>	<u>CDBG Neighborhood Stabilization Pgm</u>	<u>Florida Boating Improv. Program</u>	<u>Library Bequests</u>	<u>Disabled Access Program</u>
\$ 544,849	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
636,645	1,635,846	69,332	-	-
-	-	-	-	-
-	-	-	-	641
55,010	274	6,021	826	366
1,366	664,965	-	-	-
<u>1,237,870</u>	<u>2,301,085</u>	<u>75,353</u>	<u>826</u>	<u>1,007</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,645,660	-	-	-
-	-	-	-	-
4,923,566	-	17,767	80,578	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,923,566</u>	<u>1,645,660</u>	<u>17,767</u>	<u>80,578</u>	<u>-</u>
(3,685,696)	655,425	57,586	(79,752)	1,007
116,407	-	-	-	-
-	-	-	-	-
<u>116,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,569,289)	655,425	57,586	(79,752)	1,007
<u>11,191,367</u>	<u>692,078</u>	<u>966,647</u>	<u>210,446</u>	<u>60,221</u>
\$ <u><u>7,622,078</u></u>	\$ <u><u>1,347,503</u></u>	\$ <u><u>1,024,233</u></u>	\$ <u><u>130,694</u></u>	\$ <u><u>61,228</u></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, 2011

	<u>Special Revenue</u>		
	<u>Federal/State Grants</u>	<u>Traffic Education Program</u>	<u>Land Acquisition</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	1,053,950	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	384	-
Interest	-	241	1,836
Miscellaneous	-	-	39,982
Total revenues	<u>1,053,950</u>	<u>625</u>	<u>41,818</u>
EXPENDITURES			
Current:			
General government	434,374	-	-
Public safety	-	-	-
Physical environment	-	-	32,111
Transportation	-	7,565	-
Economic environment	-	-	-
Human services	772,062	-	-
Culture/recreation	31,094	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>1,237,530</u>	<u>7,565</u>	<u>32,111</u>
Excess of revenues over (under) expenditures	(183,580)	(6,940)	9,707
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(183,580)	(6,940)	9,707
Fund balances at beginning of year	<u>(45,695)</u>	<u>42,286</u>	<u>301,495</u>
Fund balances at end of year	<u>\$ (229,275)</u>	<u>\$ 35,346</u>	<u>\$ 311,202</u>

Special Revenue				
East Gifford Stormwater	Vero Lake Estates	Vero Beach Sports Village Reserve	Clerk Special Revenue	Sheriff Special Revenue
\$ 53	\$ 179	\$ -	\$ -	\$ -
861	94,015	-	-	-
-	-	-	-	72,998
-	-	-	326,662	298,258
-	-	-	173,363	204,053
95	6,845	-	4,600	3,495
-	-	-	-	-
1,009	101,039	-	504,625	578,804
-	-	-	303,589	-
-	-	-	-	653,732
-	-	-	-	-
-	10,485	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	290,643	-	-
-	-	-	374,546	38,717
-	-	-	-	-
-	-	-	-	-
-	10,485	290,643	678,135	692,449
1,009	90,554	(290,643)	(173,510)	(113,645)
-	-	-	-	70,665
(49)	(2,830)	-	-	-
(49)	(2,830)	-	-	70,665
960	87,724	(290,643)	(173,510)	(42,980)
15,196	1,061,255	1,237,901	2,618,813	2,070,291
\$ 16,156	\$ 1,148,979	\$ 947,258	\$ 2,445,303	\$ 2,027,311

Continued

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Special Revenue		
	Supervisor of Elections Special Revenue	Street Lighting Districts	Disaster Recovery Grants
REVENUES			
Taxes	\$ -	\$ 2,654	\$ -
Permits, fees and special assessments	-	181,080	-
Intergovernmental	4,522	-	33,248
Charges for services	-	-	-
Judgments, fines and forfeits	-	-	-
Interest	3	3,243	-
Miscellaneous	-	2,440	-
Total revenues	<u>4,525</u>	<u>189,417</u>	<u>33,248</u>
EXPENDITURES			
Current:			
General government	4,539	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	188,218	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>4,539</u>	<u>188,218</u>	<u>-</u>
Excess of revenues over (under) expenditures	(14)	1,199	33,248
OTHER FINANCING SOURCES (USES)			
Transfers in	2,402	-	-
Transfers out	-	(5,199)	-
Total other financing sources (uses)	<u>2,402</u>	<u>(5,199)</u>	<u>-</u>
Net change in fund balances	2,388	(4,000)	33,248
Fund balances at beginning of year	<u>5,356</u>	<u>499,636</u>	<u>(33,248)</u>
Fund balances at end of year	<u>\$ 7,744</u>	<u>\$ 495,636</u>	<u>\$ -</u>

<u>Special Revenue</u>		<u>Debt Service</u>		<u>Total</u>
<u>CDBG</u>		<u>Spring Training</u>	<u>Land</u>	<u>Nonmajor</u>
<u>NSP3 Grant</u>		<u>Facility Bonds</u>	<u>Acquisition</u>	<u>Governmental</u>
			<u>Bonds</u>	<u>Funds</u>
\$	-	\$ 363,233	\$ 5,600,767	\$ 7,090,713
	-	-	-	275,956
	-	948,706	-	8,241,895
	-	-	-	1,377,349
	-	-	-	464,160
	-	7,661	22,654	155,613
	-	-	-	714,174
	-	<u>1,319,600</u>	<u>5,623,421</u>	<u>18,319,860</u>
	-	-	-	1,198,142
	-	-	-	1,421,549
	-	-	-	34,611
	-	-	-	206,268
11,108	-	-	-	1,686,372
	-	-	-	4,189,036
	-	-	-	6,027,332
	-	-	-	727,468
	-	605,000	3,665,000	4,270,000
	-	618,833	1,943,541	2,562,374
	11,108	<u>1,223,833</u>	<u>5,608,541</u>	<u>22,323,152</u>
(11,108)		95,767	14,880	(4,003,292)
	-	-	-	189,474
	-	-	(116,413)	(388,297)
	-	-	(116,413)	(198,823)
(11,108)		95,767	(101,533)	(4,202,115)
	-	<u>1,538,406</u>	<u>1,845,314</u>	<u>31,320,983</u>
\$ <u>(11,108)</u>		\$ <u>1,634,173</u>	\$ <u>1,743,781</u>	\$ <u>27,118,868</u>

Indian River County, Florida
Budgetary Comparison Schedule
Court Facilities
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 451,276	\$ 485,747	\$ 34,471
Interest	4,000	7,101	3,101
Total revenues	<u>455,276</u>	<u>492,848</u>	<u>37,572</u>
EXPENDITURES			
General government	45,000	11,393	33,607
Court related	443,284	314,205	129,079
Total expenditures	<u>488,284</u>	<u>325,598</u>	<u>162,686</u>
Net change in fund balances	(33,008)	167,250	200,258
Fund balances at beginning of year	<u>33,008</u>	<u>1,004,439</u>	<u>971,431</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>1,171,689</u></u>	\$ <u><u>1,171,689</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Section 8 Rental Assistance
For the Year Ended September 30, 2011

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 2,065,194	\$ 2,004,715	\$ (60,479)
Charges for services	-	87,345	87,345
Interest	-	1,893	1,893
Total revenues	<u>2,065,194</u>	<u>2,093,953</u>	<u>28,759</u>
EXPENDITURES			
Economic environment	29,604	29,604	-
Human services	<u>2,085,480</u>	<u>2,078,888</u>	<u>6,592</u>
Total expenditures	<u>2,115,084</u>	<u>2,108,492</u>	<u>6,592</u>
 Net change in fund balances	 (49,890)	 (14,539)	 35,351
 Fund balances at beginning of year	 <u>49,890</u>	 <u>358,063</u>	 <u>308,173</u>
 Fund balances at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 343,524</u></u>	 <u><u>\$ 343,524</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Special Law Enforcement
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 36,082	\$ 36,082
Judgments, fines and forfeits	10,523	42,049	31,526
Interest	-	1,419	1,419
Total revenues	<u>10,523</u>	<u>79,550</u>	<u>69,027</u>
EXPENDITURES			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	10,523	79,550	69,027
OTHER FINANCING USES			
Transfers out	(10,523)	(10,523)	-
Total other financing uses	<u>(10,523)</u>	<u>(10,523)</u>	<u>-</u>
Net change in fund balances	-	69,027	69,027
Fund balances at beginning of year	<u>-</u>	<u>201,291</u>	<u>201,291</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 270,318</u>	<u>\$ 270,318</u>

Indian River County, Florida
Budgetary Comparison Schedule
Tree Ordinance Fines
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 1,282	\$ 1,282
Total revenues	<u>-</u>	<u>1,282</u>	<u>1,282</u>
EXPENDITURES			
Culture/recreation	<u>75,000</u>	<u>42,709</u>	<u>32,291</u>
Total expenditures	<u>75,000</u>	<u>42,709</u>	<u>32,291</u>
Net change in fund balances	(75,000)	(41,427)	33,573
Fund balances at beginning of year	<u>75,000</u>	<u>247,569</u>	<u>172,569</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 206,142</u>	<u>\$ 206,142</u>

Indian River County, Florida
Budgetary Comparison Schedule
Tourist Development
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 489,250	\$ 578,978	\$ 89,728
Interest	9,500	2,690	(6,810)
Total revenues	<u>498,750</u>	<u>581,668</u>	<u>82,918</u>
EXPENDITURES			
Culture/recreation	<u>693,162</u>	<u>640,975</u>	<u>52,187</u>
Total expenditures	<u>693,162</u>	<u>640,975</u>	<u>52,187</u>
Net change in fund balances	(194,412)	(59,307)	135,105
Fund balances at beginning of year	<u>194,412</u>	<u>441,685</u>	<u>247,273</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 382,378</u>	<u>\$ 382,378</u>

Indian River County, Florida
Budgetary Comparison Schedule
911 Surcharge
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,188,570	\$ 860,568	\$ (328,002)
Interest	-	13,063	13,063
Miscellaneous	-	1,093	1,093
Total revenues	<u>1,188,570</u>	<u>874,724</u>	<u>(313,846)</u>
EXPENDITURES			
Public safety	<u>2,321,469</u>	<u>697,552</u>	<u>1,623,917</u>
Total expenditures	<u>2,321,469</u>	<u>697,552</u>	<u>1,623,917</u>
Excess of revenues over (under) expenditures	(1,132,899)	177,172	1,310,071
OTHER FINANCING USES			
Transfers out	<u>(193,141)</u>	<u>(193,141)</u>	<u>-</u>
Total other financing uses	<u>(193,141)</u>	<u>(193,141)</u>	<u>-</u>
Net change in fund balances	(1,326,040)	(15,969)	1,310,071
Fund balances at beginning of year	<u>1,326,040</u>	<u>1,663,292</u>	<u>337,252</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,647,323</u>	\$ <u>1,647,323</u>

Indian River County, Florida
Budgetary Comparison Schedule
Drug Abuse
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 117,686	\$ 114,331	\$ (3,355)
Judgments, fines and forfeits	-	13,838	13,838
Interest	-	1,024	1,024
Total revenues	<u>117,686</u>	<u>129,193</u>	<u>11,507</u>
EXPENDITURES			
Public safety	90,000	59,005	30,995
Human services	<u>27,686</u>	<u>27,686</u>	<u>-</u>
Total expenditures	<u>117,686</u>	<u>86,691</u>	<u>30,995</u>
Net change in fund balance	-	42,502	42,502
Fund balances at beginning of year	<u>-</u>	<u>140,690</u>	<u>140,690</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 183,192</u>	<u>\$ 183,192</u>

Indian River County, Florida
Budgetary Comparison Schedule
State Housing Initiatives Partnership
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,715,215	\$ 350,000	\$ (1,365,215)
Charges for services	75,000	143,255	68,255
Interest	7,000	8,379	1,379
Miscellaneous	-	4,328	4,328
Total revenues	<u>1,797,215</u>	<u>505,962</u>	<u>(1,291,253)</u>
EXPENDITURES			
Human services	<u>1,868,902</u>	<u>1,310,400</u>	<u>558,502</u>
Total expenditures	<u>1,868,902</u>	<u>1,310,400</u>	<u>558,502</u>
Net change in fund balances	(71,687)	(804,438)	(732,751)
Fund balances at beginning of year	<u>71,687</u>	<u>2,120,460</u>	<u>2,048,773</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,316,022</u>	\$ <u>1,316,022</u>

Indian River County, Florida
Budgetary Comparison Schedule
Metropolitan Planning Organization
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 660,846	\$ 457,034	\$ (203,812)
Total revenues	<u>660,846</u>	<u>457,034</u>	<u>(203,812)</u>
EXPENDITURES			
General government	660,846	444,247	216,599
Total expenditures	<u>660,846</u>	<u>444,247</u>	<u>216,599</u>
Net change in fund balances	-	12,787	12,787
Fund balances at beginning of year	<u>-</u>	<u>(120,199)</u>	<u>(120,199)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (107,412)</u>	<u>\$ (107,412)</u>

Indian River County, Florida
Budgetary Comparison Schedule
Multi-Jurisdictional Law Enforcement
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ 71,403	\$ 29,832	\$ (41,571)
Interest	-	569	569
Total revenues	<u>71,403</u>	<u>30,401</u>	<u>(41,002)</u>
EXPENDITURES			
Public safety	<u>11,260</u>	<u>11,260</u>	<u>-</u>
Total expenditures	<u>11,260</u>	<u>11,260</u>	<u>-</u>
Excess of revenues over (under) expenditures	60,143	19,141	(41,002)
OTHER FINANCING USES			
Transfers out	<u>(60,143)</u>	<u>(60,142)</u>	<u>1</u>
Total other financing uses	<u>(60,143)</u>	<u>(60,142)</u>	<u>1</u>
Net change in fund balances	-	(41,001)	(41,001)
Fund balances at beginning of year	<u>-</u>	<u>153,761</u>	<u>153,761</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 112,760</u>	<u>\$ 112,760</u>

**Indian River County, Florida
Budgetary Comparison Schedule
Native Uplands Land Acquisition
For the Year Ended September 30, 2011**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 5,023	\$ 5,023
Total revenues	<u>-</u>	<u>5,023</u>	<u>5,023</u>
EXPENDITURES			
Physical environment	55,000	2,500	52,500
Total expenditures	<u>55,000</u>	<u>2,500</u>	<u>52,500</u>
Net change in fund balances	(55,000)	2,523	57,523
Fund balances at beginning of year	<u>55,000</u>	<u>832,167</u>	<u>777,167</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 834,690</u>	<u>\$ 834,690</u>

Indian River County, Florida
Budgetary Comparison Schedule
Beach Restoration
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 489,250	\$ 544,849	\$ 55,599
Intergovernmental	-	636,645	636,645
Interest	42,750	55,010	12,260
Miscellaneous	-	1,366	1,366
Total revenues	<u>532,000</u>	<u>1,237,870</u>	<u>705,870</u>
EXPENDITURES			
Culture/recreation	<u>6,529,317</u>	<u>4,923,566</u>	<u>1,605,751</u>
Total expenditures	<u>6,529,317</u>	<u>4,923,566</u>	<u>1,605,751</u>
Excess of revenues over (under) expenditures	(5,997,317)	(3,685,696)	2,311,621
OTHER FINANCING SOURCES			
Transfers in	<u>116,407</u>	<u>116,407</u>	-
Total other financing sources	<u>116,407</u>	<u>116,407</u>	-
Net change in fund balances	(5,880,910)	(3,569,289)	2,311,621
Fund balances at beginning of year	<u>5,880,910</u>	<u>11,191,367</u>	<u>5,310,457</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>7,622,078</u>	\$ <u>7,622,078</u>

Indian River County, Florida
Budgetary Comparison Schedule
CDBG Neighborhood Stabilization Program
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,635,845	\$ 1,635,846	\$ 1
Interest	-	274	274
Miscellaneous	675,411	664,965	(10,446)
Total revenues	<u>2,311,256</u>	<u>2,301,085</u>	<u>(10,171)</u>
EXPENDITURES			
Economic environment	<u>2,307,323</u>	<u>1,645,660</u>	<u>661,663</u>
Total expenditures	<u>2,307,323</u>	<u>1,645,660</u>	<u>661,663</u>
Excess of revenues over (under) expenditures	3,933	655,425	651,492
OTHER FINANCING USES			
Transfers out	<u>(3,933)</u>	<u>-</u>	<u>3,933</u>
Total other financing uses	<u>(3,933)</u>	<u>-</u>	<u>3,933</u>
Net change in fund balances	-	655,425	655,425
Fund balances at beginning of year	<u>-</u>	<u>692,078</u>	<u>692,078</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>1,347,503</u></u>	\$ <u><u>1,347,503</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Florida Boating Improvement Program
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 35,000	\$ 69,332	\$ 34,332
Interest	-	6,021	6,021
Total revenues	<u>35,000</u>	<u>75,353</u>	<u>40,353</u>
EXPENDITURES			
Culture/recreation	<u>285,884</u>	<u>17,767</u>	<u>268,117</u>
Total expenditures	<u>285,884</u>	<u>17,767</u>	<u>268,117</u>
Net change in fund balances	(250,884)	57,586	308,470
Fund balances at beginning of year	<u>250,884</u>	<u>966,647</u>	<u>715,763</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,024,233</u>	\$ <u>1,024,233</u>

Indian River County, Florida
Budgetary Comparison Schedule
Library Bequests
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 826	\$ 826
Total revenues	<u>-</u>	<u>826</u>	<u>826</u>
EXPENDITURES			
Culture/recreation	<u>86,797</u>	<u>80,578</u>	<u>6,219</u>
Total expenditures	<u>86,797</u>	<u>80,578</u>	<u>6,219</u>
Net change in fund balances	(86,797)	(79,752)	7,045
Fund balances at beginning of year	<u>86,797</u>	<u>210,446</u>	<u>123,649</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 130,694</u>	<u>\$ 130,694</u>

Indian River County, Florida
Budgetary Comparison Schedule
Disabled Access Program
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 641	\$ 641
Interest	-	366	366
Total revenues	<u>-</u>	<u>1,007</u>	<u>1,007</u>
EXPENDITURES			
Human services	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net change in fund balances	(20,000)	1,007	21,007
Fund balances at beginning of year	<u>20,000</u>	<u>60,221</u>	<u>40,221</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 61,228</u>	<u>\$ 61,228</u>

Indian River County, Florida
Budgetary Comparison Schedule
Federal/State Grants
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 3,302,123	\$ 1,053,950	\$ (2,248,173)
Total revenues	<u>3,302,123</u>	<u>1,053,950</u>	<u>(2,248,173)</u>
EXPENDITURES			
General government	1,918,953	434,374	1,484,579
Transportation	76,087	-	76,087
Human services	1,307,083	772,062	535,021
Culture/recreation	<u>-</u>	<u>31,094</u>	<u>(31,094)</u>
Total expenditures	<u>3,302,123</u>	<u>1,237,530</u>	<u>2,064,593</u>
Net change in fund balances	-	(183,580)	(183,580)
Fund balances at beginning of year	<u>-</u>	<u>(45,695)</u>	<u>(45,695)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (229,275)</u>	<u>\$ (229,275)</u>

Indian River County, Florida
Budgetary Comparison Schedule
Traffic Education Program
For the Year Ended September 30, 2011

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 384	\$ 384
Interest	-	241	241
Total revenues	<u>-</u>	<u>625</u>	<u>625</u>
EXPENDITURES			
Transportation	<u>40,268</u>	<u>7,565</u>	<u>32,703</u>
Total expenditures	<u>40,268</u>	<u>7,565</u>	<u>32,703</u>
Net change in fund balances	(40,268)	(6,940)	33,328
Fund balances at beginning of year	<u>40,268</u>	<u>42,286</u>	<u>2,018</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 35,346</u>	<u>\$ 35,346</u>

Indian River County, Florida
Budgetary Comparison Schedule
Land Acquisition
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 1,836	\$ 1,836
Miscellaneous	18,518	39,982	21,464
Total revenues	<u>18,518</u>	<u>41,818</u>	<u>23,300</u>
EXPENDITURES			
Physical environment	58,518	32,111	26,407
Total expenditures	<u>58,518</u>	<u>32,111</u>	<u>26,407</u>
Net change in fund balances	(40,000)	9,707	49,707
Fund balances at beginning of year	<u>40,000</u>	<u>301,495</u>	<u>261,495</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>311,202</u></u>	\$ <u><u>311,202</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
East Gifford Stormwater
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 53	\$ 53
Permits, fees and special assessments	1,330	861	(469)
Interest	-	95	95
Total revenues	<u>1,330</u>	<u>1,009</u>	<u>(321)</u>
EXPENDITURES			
Transportation	<u>1,928</u>	-	<u>1,928</u>
Total expenditures	<u>1,928</u>	<u>-</u>	<u>1,928</u>
Excess of revenues over expenditures	(598)	1,009	1,607
OTHER FINANCING USES			
Transfers out	<u>(58)</u>	<u>(49)</u>	<u>9</u>
Total other financing uses	<u>(58)</u>	<u>(49)</u>	<u>9</u>
Net change in fund balances	(656)	960	1,616
Fund balances at beginning of year	<u>656</u>	<u>15,196</u>	<u>14,540</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>16,156</u></u>	\$ <u><u>16,156</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Vero Lake Estates
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 179	\$ 179
Permits, fees and special assessments	88,174	94,015	5,841
Interest	4,750	6,845	2,095
Total revenues	<u>92,924</u>	<u>101,039</u>	<u>8,115</u>
EXPENDITURES			
Physical environment	141,037	-	141,037
Transportation	293,903	10,485	283,418
Total expenditures	<u>434,940</u>	<u>10,485</u>	<u>424,455</u>
Excess of revenues over (under) expenditures	(342,016)	90,554	432,570
OTHER FINANCING USES			
Transfers out	(4,718)	(2,830)	1,888
Total other financing uses	<u>(4,718)</u>	<u>(2,830)</u>	<u>1,888</u>
Net change in fund balances	(346,734)	87,724	434,458
Fund balances at beginning of year	<u>346,734</u>	<u>1,061,255</u>	<u>714,521</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,148,979</u>	\$ <u>1,148,979</u>

Indian River County, Florida
Budgetary Comparison Schedule
Vero Beach Sports Village Reserve
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Culture/recreation	1,237,899	290,643	947,256
Total expenditures	<u>1,237,899</u>	<u>290,643</u>	<u>947,256</u>
Net change in fund balances	(1,237,899)	(290,643)	947,256
Fund balances at beginning of year	<u>1,237,899</u>	<u>1,237,901</u>	<u>2</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 947,258</u>	<u>\$ 947,258</u>

Indian River County, Florida
Budgetary Comparison Schedule
Clerk Special Revenue
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 455,000	\$ 326,662	\$ (128,338)
Judgments, fines and forfeits	270,000	173,363	(96,637)
Interest	2,600	4,600	2,000
Miscellaneous	101,494	-	(101,494)
Total revenues	<u>829,094</u>	<u>504,625</u>	<u>(324,469)</u>
EXPENDITURES			
General government	372,594	303,589	69,005
Court related	391,893	374,546	17,347
Total expenditures	<u>764,487</u>	<u>678,135</u>	<u>86,352</u>
Excess of revenues over (under) expenditures	64,607	(173,510)	(238,117)
OTHER FINANCING USES			
Transfers out	(64,607)	-	64,607
Total other financing uses	<u>(64,607)</u>	<u>-</u>	<u>64,607</u>
Net change in fund balances	-	(173,510)	(173,510)
Fund balances at beginning of year	<u>-</u>	<u>2,618,813</u>	<u>2,618,813</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,445,303</u>	<u>\$ 2,445,303</u>

Indian River County, Florida
Budgetary Comparison Schedule
Sheriff Special Revenue
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 72,998	\$ 72,998	\$ -
Charges for services	333,136	298,258	(34,878)
Judgments, fines and forfeits	215,000	204,053	(10,947)
Interest	3,400	3,495	95
Total revenues	<u>624,534</u>	<u>578,804</u>	<u>(45,730)</u>
EXPENDITURES			
Public safety	655,700	653,732	1,968
Court related	39,500	38,717	783
Total expenditures	<u>695,200</u>	<u>692,449</u>	<u>2,751</u>
Excess of revenues over (under) expenditures	(70,666)	(113,645)	(42,979)
OTHER FINANCING SOURCES			
Transfers in	70,666	70,665	(1)
Total other financing sources	<u>70,666</u>	<u>70,665</u>	<u>(1)</u>
Net change in fund balances	-	(42,980)	(42,980)
Fund balances at beginning of year	<u>-</u>	<u>2,070,291</u>	<u>2,070,291</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,027,311</u>	<u>\$ 2,027,311</u>

Indian River County, Florida
Budgetary Comparison Schedule
Supervisor of Elections Special Revenue
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 4,522	\$ 4,522
Interest	-	3	3
Total revenues	<u>-</u>	<u>4,525</u>	<u>4,525</u>
EXPENDITURES			
General government	-	4,539	(4,539)
Total expenditures	<u>-</u>	<u>4,539</u>	<u>(4,539)</u>
Excess of revenues under expenditures	-	(14)	(14)
OTHER FINANCING SOURCES			
Transfers in	-	2,402	2,402
Total other financing sources	<u>-</u>	<u>2,402</u>	<u>2,402</u>
Net change in fund balances	-	2,388	2,388
Fund balances at beginning of year	<u>-</u>	<u>5,356</u>	<u>5,356</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 7,744</u>	<u>\$ 7,744</u>

Indian River County, Florida
Budgetary Comparison Schedule
Street Lighting Districts
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 2,654	\$ 2,654
Permits, fees and special assessments	173,877	181,080	7,203
Interest	3,602	3,243	(359)
Miscellaneous	3,205	2,440	(765)
Total revenues	<u>180,684</u>	<u>189,417</u>	<u>8,733</u>
EXPENDITURES			
Transportation	<u>227,948</u>	<u>188,218</u>	<u>39,730</u>
Total expenditures	<u>227,948</u>	<u>188,218</u>	<u>39,730</u>
Excess of revenues over (under) expenditures	(47,264)	1,199	48,463
OTHER FINANCING USES			
Transfers out	<u>(6,441)</u>	<u>(5,199)</u>	<u>1,242</u>
Total other financing uses	<u>(6,441)</u>	<u>(5,199)</u>	<u>1,242</u>
Net change in fund balances	(53,705)	(4,000)	49,705
Fund balances at beginning of year	<u>53,705</u>	<u>499,636</u>	<u>445,931</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>495,636</u>	\$ <u>495,636</u>

Indian River County, Florida
Budgetary Comparison Schedule
Disaster Recovery Grants
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 33,248	\$ 33,248
Total revenues	<u>-</u>	<u>33,248</u>	<u>33,248</u>
EXPENDITURES			
Economic environment	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	33,248	33,248
Fund balances at beginning of year	<u>-</u>	<u>(33,248)</u>	<u>(33,248)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Indian River County, Florida
Budgetary Comparison Schedule
CDBG NSP3 Grant
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,500,428	\$ -	\$ (1,500,428)
Total revenues	<u>1,500,428</u>	<u>-</u>	<u>(1,500,428)</u>
EXPENDITURES			
Economic environment	<u>1,500,428</u>	<u>11,108</u>	<u>1,489,320</u>
Total expenditures	<u>1,500,428</u>	<u>11,108</u>	<u>1,489,320</u>
Net change in fund balances	-	(11,108)	(11,108)
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ (11,108)</u></u>	<u><u>\$ (11,108)</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Spring Training Facility Bonds
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 326,166	\$ 363,233	\$ 37,067
Intergovernmental	901,267	948,706	47,439
Interest	11,400	7,661	(3,739)
Total revenues	<u>1,238,833</u>	<u>1,319,600</u>	<u>80,767</u>
EXPENDITURES			
Debt service:			
Principal	605,000	605,000	-
Interest	633,833	618,833	15,000
Total expenditures	<u>1,238,833</u>	<u>1,223,833</u>	<u>15,000</u>
Net change in fund balances	-	95,767	95,767
Fund balances at beginning of year	<u>-</u>	<u>1,538,406</u>	<u>1,538,406</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,634,173</u>	<u>\$ 1,634,173</u>

Indian River County, Florida
Budgetary Comparison Schedule
Land Acquisition Bonds
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 5,492,551	\$ 5,600,767	\$ 108,216
Interest	43,700	22,654	(21,046)
Total revenues	<u>5,536,251</u>	<u>5,623,421</u>	<u>87,170</u>
EXPENDITURES			
Debt service:			
Principal	3,665,000	3,665,000	-
Interest	1,960,670	1,943,541	17,129
Total expenditures	<u>5,625,670</u>	<u>5,608,541</u>	<u>17,129</u>
Excess of revenues over (under) expenditures	(89,419)	14,880	104,299
OTHER FINANCING USES			
Transfers out	(160,006)	(116,413)	43,593
Total other financing uses	<u>(160,006)</u>	<u>(116,413)</u>	<u>43,593</u>
Net change in fund balances	(249,425)	(101,533)	147,892
Fund balances at beginning of year	<u>249,425</u>	<u>1,845,314</u>	<u>1,595,889</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,743,781</u>	\$ <u>1,743,781</u>

Indian River County, Florida
Budgetary Comparison Schedule
Optional Sales Tax
For the Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 11,400,000	\$ 12,942,483	\$ 1,542,483
Permits, fees and special assessments	-	56,850	56,850
Intergovernmental	1,475,591	2,202,063	726,472
Interest	237,500	165,265	(72,235)
Miscellaneous	3,412,163	8,137	(3,404,026)
Total revenues	<u>16,525,254</u>	<u>15,374,798</u>	<u>(1,150,456)</u>
EXPENDITURES			
Capital projects	<u>28,018,210</u>	<u>5,825,287</u>	<u>22,192,923</u>
Total expenditures	<u>28,018,210</u>	<u>5,825,287</u>	<u>22,192,923</u>
Net change in fund balances	(11,492,956)	9,549,511	21,042,467
Fund balances at beginning of year	<u>11,492,956</u>	<u>34,713,820</u>	<u>23,220,864</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>44,263,331</u>	\$ <u>44,263,331</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.

Geographic Information System-

To account for the expenses incurred for maintaining the County's geographic information system. Revenues are generated by charging user departments for their use of the geographic information system.

Indian River County, Florida
Combining Statement of Net Assets
Internal Service Funds
September 30, 2011

	Fleet Management	Self Insurance	Geographic Information Systems	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 489	\$ 28,628,693	\$ 2,297,412	\$ 30,926,594
Accounts receivable - net	62,980	1,501,596	-	1,564,576
Due from other governments	112,527	-	-	112,527
Interest receivable	-	21,640	1,752	23,392
Inventories	209,667	-	-	209,667
Prepaid expenses	-	1,010,474	25,196	1,035,670
Total current assets	<u>385,663</u>	<u>31,162,403</u>	<u>2,324,360</u>	<u>33,872,426</u>
Non-current assets:				
Capital assets - depreciable	274,003	16,901	729,338	1,020,242
Accumulated depreciation	(169,597)	(16,901)	(428,209)	(614,707)
Total non-current assets	<u>104,406</u>	<u>-</u>	<u>301,129</u>	<u>405,535</u>
Total assets	<u>490,069</u>	<u>31,162,403</u>	<u>2,625,489</u>	<u>34,277,961</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	150,925	29,248	35,278	215,451
Claims payable	-	2,395,278	-	2,395,278
Due to other funds	190,000	-	-	190,000
Accrued compensated absences	17,212	1,698	3,933	22,843
Total current liabilities (payable from current assets)	<u>358,137</u>	<u>2,426,224</u>	<u>39,211</u>	<u>2,823,572</u>
Non-current liabilities:				
Claims payable	-	5,481,722	-	5,481,722
Accrued compensated absences	11,695	292	8,971	20,958
Total non-current liabilities	<u>11,695</u>	<u>5,482,014</u>	<u>8,971</u>	<u>5,502,680</u>
Total liabilities	<u>369,832</u>	<u>7,908,238</u>	<u>48,182</u>	<u>8,326,252</u>
NET ASSETS				
Invested in capital assets, net of related debt	104,406	-	301,129	405,535
Unrestricted	15,831	23,254,165	2,276,178	25,546,174
Total net assets	<u>\$ 120,237</u>	<u>\$ 23,254,165</u>	<u>\$ 2,577,307</u>	<u>\$ 25,951,709</u>

Indian River County, Florida
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2011

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Geographic Information Systems</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services:				
Vehicle maintenance	\$ 3,426,504	\$ -	\$ -	\$ 3,426,504
Self insurance	-	17,711,022	-	17,711,022
Geographic information systems	-	-	357,500	357,500
Total revenues	<u>3,426,504</u>	<u>17,711,022</u>	<u>357,500</u>	<u>21,495,026</u>
OPERATING EXPENSES				
Personal services	529,726	1,502,217	268,926	2,300,869
Material, supplies, services and other operating	3,065,869	14,328,757	32,839	17,427,465
Depreciation	35,585	1,217	116,494	153,296
Total operating expenses	<u>3,631,180</u>	<u>15,832,191</u>	<u>418,259</u>	<u>19,881,630</u>
Operating income (loss)	(204,676)	1,878,831	(60,759)	1,613,396
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	154,060	13,252	167,312
Gain on disposal of equipment	3,200	-	-	3,200
Total nonoperating revenues	<u>3,200</u>	<u>154,060</u>	<u>13,252</u>	<u>170,512</u>
Income (loss) before transfers	(201,476)	2,032,891	(47,507)	1,783,908
Transfers in	-	55,298	-	55,298
Change in net assets	(201,476)	2,088,189	(47,507)	1,839,206
Total net assets - beginning	<u>321,713</u>	<u>21,165,976</u>	<u>2,624,814</u>	<u>24,112,503</u>
Total net assets - ending	<u>\$ 120,237</u>	<u>\$ 23,254,165</u>	<u>\$ 2,577,307</u>	<u>\$ 25,951,709</u>

Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2011

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Geographic Information Systems</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,382,026	\$ 17,536,084	\$ 357,500	\$ 21,275,610
Cash paid to suppliers for goods and services	(3,016,466)	(14,259,562)	(30,655)	(17,306,683)
Cash paid to employees for services	(537,077)	(1,501,203)	(265,872)	(2,304,152)
Net cash provided by (used in) operating activities	<u>(171,517)</u>	<u>1,775,319</u>	<u>60,973</u>	<u>1,664,775</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	-	55,298	-	55,298
Proceeds from advances from other funds	190,000	-	-	190,000
Net cash provided by noncapital financing activities	<u>190,000</u>	<u>55,298</u>	<u>-</u>	<u>245,298</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	3,200	-	-	3,200
Purchase of capital assets	(41,106)	-	(55,900)	(97,006)
Net cash provided by (used in) capital and related financing activities	<u>(37,906)</u>	<u>-</u>	<u>(55,900)</u>	<u>(93,806)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	98	155,674	13,960	169,732
Net cash provided by investing activities	<u>98</u>	<u>155,674</u>	<u>13,960</u>	<u>169,732</u>
Net increase (decrease) in cash and cash equivalents	(19,325)	1,986,291	19,033	1,985,999
Cash and cash equivalents at beginning of year	<u>19,814</u>	<u>26,642,402</u>	<u>2,278,379</u>	<u>28,940,595</u>
Cash and cash equivalents at end of year	<u>\$ 489</u>	<u>\$ 28,628,693</u>	<u>\$ 2,297,412</u>	<u>\$ 30,926,594</u>
Classified as:				
Current assets	<u>\$ 489</u>	<u>\$ 28,628,693</u>	<u>\$ 2,297,412</u>	<u>\$ 30,926,594</u>

Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2011

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Geographic Information Systems</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (204,676)	\$ 1,878,831	\$ (60,759)	\$ 1,613,396
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	35,585	1,217	116,494	153,296
(Increase) Decrease in assets:				
Accounts receivable	(12,846)	(174,938)	-	(187,784)
Due from other governments	(31,632)	-	-	(31,632)
Inventories	(53,469)	-	-	(53,469)
Deposits	-	133,645	(25,196)	108,449
Increase (Decrease) in liabilities:				
Accounts payable	102,872	(42,450)	27,380	87,802
Claims payable	-	(22,000)	-	(22,000)
Accrued compensated absences	(7,351)	1,014	3,054	(3,283)
Total adjustments	33,159	(103,512)	121,732	51,379
Net cash provided by (used in) operating activities	\$ (171,517)	\$ 1,775,319	\$ 60,973	\$ 1,664,775
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in fair value of investments	\$ -	\$ 26,384	\$ 2,136	\$ 28,520



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, 2011

	Balance October 1, 2010		Additions		Deductions		Balance September 30, 2011
ASSETS							
Cash and cash equivalents	\$ 14,599,180	\$	351,504,571	\$	353,532,592	\$	12,571,159
Investments	91,189		37,782		51,450		77,521
Accounts receivable	-		697		-		697
Total assets	<u>\$ 14,690,369</u>	<u>\$</u>	<u>351,543,050</u>	<u>\$</u>	<u>353,584,042</u>	<u>\$</u>	<u>12,649,377</u>
LIABILITIES							
Accounts payable	\$ 461,889	\$	58,086,227	\$	57,726,757	\$	821,359
Due to other governments	5,483,574		315,210,495		315,754,154		4,939,915
Other deposits held in escrow	8,744,906		26,144,838		28,001,641		6,888,103
Total liabilities	<u>\$ 14,690,369</u>	<u>\$</u>	<u>399,441,560</u>	<u>\$</u>	<u>401,482,552</u>	<u>\$</u>	<u>12,649,377</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.	160-170
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.	171-175
Debt Capacity (Schedules 10 – 15) 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.	176-184
Demographic and Economic Information (Schedules 16 – 17) These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	185-186
Operating Information (Schedules 18 – 21) 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.	188-199
Additional Bond Disclosures (Schedules 22 – 27) These schedules provide information for required continuing disclosure for the water and sewer, golf course and spring training bonds.	200-205

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 Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$ 225,179,898	\$ 227,795,289	\$ 242,057,257	\$ 264,193,976
Restricted	113,252,580	112,083,712	128,024,220	150,019,583
Unrestricted	<u>17,559,989</u>	<u>20,389,245</u>	<u>22,697,741</u>	<u>60,737,524</u>
Total governmental activities net assets	<u>\$ 355,992,467</u>	<u>\$ 360,268,246</u>	<u>\$ 392,779,218</u>	<u>\$ 474,951,083</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 106,004,641	\$ 113,354,198	\$ 122,280,348	\$ 134,402,945
Restricted	31,179,151	42,971,494	57,825,011	81,084,337
Unrestricted	<u>45,137,431</u>	<u>47,079,296</u>	<u>44,084,834</u>	<u>52,553,913</u>
Total business-type activities net assets	<u>\$ 182,321,223</u>	<u>\$ 203,404,988</u>	<u>\$ 224,190,193</u>	<u>\$ 268,041,195</u>
Primary government				
Invested in capital assets, net of related debt	\$ 331,184,539	\$ 341,149,487	\$ 364,337,605	\$ 398,596,921
Restricted	144,431,731	155,055,206	185,849,231	231,103,920
Unrestricted	<u>62,697,420</u>	<u>67,468,541</u>	<u>66,782,575</u>	<u>113,291,437</u>
Total primary government net assets	<u>\$ 538,313,690</u>	<u>\$ 563,673,234</u>	<u>\$ 616,969,411</u>	<u>\$ 742,992,278</u>

(A) Completed construction and renovations for beach renourishment, county administration buildings, emergency operations center, five fire stations, county park improvements, and the purchase of environmentally sensitive lands.

(B) The County reclassified special revenue funds from unrestricted to restricted net assets.

2006	2007	2008	2009	2010	2011
\$ 278,213,361	\$ 374,501,758 (A)	\$ 445,541,175	\$ 461,709,848	\$ 480,243,738	\$ 492,300,301
158,046,966	173,236,941 (B)	163,119,085	158,306,364	132,928,838	125,452,516
<u>121,561,389</u>	<u>60,726,026 (B)</u>	<u>55,081,576</u>	<u>55,914,407</u>	<u>85,810,359</u>	<u>84,860,897</u>
<u>\$ 557,821,716</u>	<u>\$ 608,464,725</u>	<u>\$ 663,741,836</u>	<u>\$ 675,930,619</u>	<u>\$ 698,982,935</u>	<u>\$ 702,613,714</u>
\$ 152,168,135	\$ 174,540,682	\$ 206,069,196	\$ 223,273,040	\$ 223,375,337	\$ 217,876,742
89,071,967	83,840,471	75,814,407	51,021,928	27,898,292	24,230,101
<u>53,751,547</u>	<u>47,338,783</u>	<u>24,624,779</u>	<u>37,122,462</u>	<u>54,592,201</u>	<u>61,041,483</u>
<u>\$ 294,991,649</u>	<u>\$ 305,719,936</u>	<u>\$ 306,508,382</u>	<u>\$ 311,417,430</u>	<u>\$ 305,865,830</u>	<u>\$ 303,148,326</u>
\$ 430,381,496	\$ 549,042,440	\$ 651,610,371	\$ 684,982,888	\$ 703,619,075	\$ 710,177,043
247,118,933	257,077,412	238,933,492	209,328,292	160,827,130	149,682,617
<u>175,312,936</u>	<u>108,064,809</u>	<u>79,706,355</u>	<u>93,036,869</u>	<u>140,402,560</u>	<u>145,902,380</u>
<u>\$ 852,813,365</u>	<u>\$ 914,184,661</u>	<u>\$ 970,250,218</u>	<u>\$ 987,348,049</u>	<u>\$ 1,004,848,765</u>	<u>\$ 1,005,762,040</u>

Indian River County, Florida

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	2002	2003	2004	2005
<u>Expenses</u>				
Governmental activities:				
General government	\$ 17,942,122	\$ 20,323,241	\$ 23,287,533 (C)	\$ 18,165,441
Public safety	45,186,455	46,409,761	54,052,726 (C)	54,271,542
Physical environment	1,648,446	791,383	1,039,550	2,850,738
Transportation	14,878,771	16,264,468	21,335,262 (C)	21,726,741
Economic environment	357,911	587,227	639,826	696,448
Human service	5,975,775	6,165,603	7,664,422 (C)	7,385,726
Cultural/recreation	8,157,505	8,711,251	9,616,323 (C)	10,775,291
Court related	5,472,095	6,144,728	6,221,983	5,704,361
Interest on long-term debt	1,710,405	1,549,957	1,313,340	1,246,237
Total governmental activities expenses	<u>101,329,485</u>	<u>106,947,619</u>	<u>125,170,965</u>	<u>122,822,525</u>
Business-type activities:				
Water and sewer	23,240,123	25,015,125	26,907,959	30,260,577
Solid waste	8,043,106	8,589,141	14,103,641 (C)	19,156,896 (C)
Golf course	2,777,519	2,842,907	2,806,115	2,939,321
Other	1,882,038	2,033,754	2,532,617	3,768,301
Total business-type activities expenses	<u>35,942,786</u>	<u>38,480,927</u>	<u>46,350,332</u>	<u>56,125,095</u>
Total primary government expenses	\$ <u>137,272,271</u>	\$ <u>145,428,546</u>	\$ <u>171,521,297</u>	\$ <u>178,947,620</u>
<u>Program Revenues</u>				
Governmental activities:				
Charges for services:				
General government	\$ 5,349,797	\$ 6,513,557	\$ 7,593,486	\$ 8,779,557
Public safety	4,120,093	4,288,357	3,927,664	4,712,594
Physical environment	64,314	29,260	92,354	631,456
Transportation	4,476,914	5,584,999	11,182,015	37,384,003 (D)
Human service	186,290	302,998	604,379	821,811
Cultural/recreation	473,043	776,829	813,827	800,555
Court related	1,515,840	1,458,688	1,449,771	2,294,908
Operating grants and contributions	5,425,369	5,175,499	9,270,478	16,310,024 (C)
Capital grants and contributions	4,818,626	19,908,254 (A)	11,784,511 (C)	6,069,586
Total governmental activities program revenues	<u>26,430,286</u>	<u>44,038,441</u>	<u>46,718,485</u>	<u>77,804,494</u>
Business-type activities:				
Charges for services:				
Water and sewer	19,962,496	21,210,935	22,984,883	25,579,512
Solid waste	9,897,222	10,187,432	11,160,368	16,874,618
Golf course	2,897,502	3,112,087	3,099,287	3,247,815
Other	2,009,737	2,432,420	3,202,380	4,535,869
Operating grants and contributions	-	271,662	5,760,512	8,518,757
Capital grants and contributions	11,256,039	19,796,906 (B)	19,138,278 (B)	38,112,182 (B)
Total business-type activities program revenues	<u>46,022,996</u>	<u>57,011,442</u>	<u>65,345,708</u>	<u>96,868,753</u>
Total primary government program revenues	\$ <u>72,453,282</u>	\$ <u>101,049,883</u>	\$ <u>112,064,193</u>	\$ <u>174,673,247</u>

Notes:

- (A) County received grants for the purchase of environmentally sensitive lands and beach erosion; recorded as capital assets.
 (B) Contributions for water and sewer services by developers due to significant increase in County population.
 (C) Increase in revenue and related expenses due to hurricane Frances and Jeanne in 2004; and hurricane Wilma in 2005.
 (D) Impact fees increased with building boom.
 (E) Environmentally sensitive lands purchased with bond proceeds.
 (F) Significant increase in SHIP programs due to population growth and building boom in 2005.
 (G) Issued new Limited G.O.B. debt for \$48,600,000.
 (H) Completed sections of beach renourishment program.
 (I) Grants received for beach renourishment, environmental sensitive lands, and various road projects.
 (J) Includes adjustment for prior years' public safety expenses.
 (K) Includes full year impact of increase in personnel, raises, and the depreciation and operating cost of new jail.
 (L) Piper incentive of \$4 million.
 (M) Increase in operating costs due to maintenance projects.
 (N) Received \$16 million grant reimbursements for physical environment grants including beach restoration and stormwater.
 (O) Increase due to \$5 million contribution towards joint use library and increased depreciation for beach restoration projects.
 (P) Decrease due to reduced impact fees collections (slowdown in construction activity).

2006	2007	2008	2009	2010	2011
\$ 14,642,124	\$ 15,506,424	\$ 7,416,850	\$ 25,837,007	\$ 23,506,576	\$ 21,324,680
58,578,985	42,050,455 (J)	70,973,212 (K)	71,221,082	68,235,492	67,393,943
8,490,570 (E)	34,998,512 (E)	27,974,837	813,580	1,405,690	1,353,074
22,011,006	26,173,989	25,742,974	23,711,653	20,861,672	22,300,819
1,077,731	950,024	4,583,763 (L)	661,897	2,525,988	2,056,453
12,270,899 (F)	13,925,599	12,590,578	8,453,562	7,370,995	7,762,962
11,546,217	31,196,252 (H)	9,510,029	24,559,117 (O)	16,009,122	16,484,242
6,014,793	6,870,466	7,265,471	6,765,203	6,251,773	5,774,032
2,315,372 (G)	3,220,907 (G)	2,764,803	2,906,802	2,714,422	2,526,114
<u>136,947,697</u>	<u>174,892,628</u>	<u>168,822,517</u>	<u>164,929,903</u>	<u>148,881,730</u>	<u>146,976,319</u>
33,387,825	37,518,226	41,354,025 (M)	37,523,097	34,748,276	33,818,640
11,558,323	10,331,431	11,355,697	10,407,437	10,683,984	10,370,476
3,058,307	3,084,837	2,775,497	2,937,141	2,715,607	2,537,665
4,202,588	<u>3,703,658</u>	<u>3,010,668</u>	<u>2,168,894</u>	<u>1,858,420</u>	<u>1,623,862</u>
<u>52,207,043</u>	<u>54,638,152</u>	<u>58,495,887</u>	<u>53,036,569</u>	<u>50,006,287</u>	<u>48,350,643</u>
\$ <u>189,154,740</u>	\$ <u>229,530,780</u>	\$ <u>227,318,404</u>	\$ <u>217,966,472</u>	\$ <u>198,888,017</u>	\$ <u>195,326,962</u>
\$ 10,437,774	\$ 7,957,770	\$ 6,943,354	\$ 6,028,321	\$ 5,889,678	\$ 5,845,567
7,151,354	5,728,644	5,754,082	5,884,118	5,267,209	6,076,085
854,219	1,447,553	972,865	636,219	21,006	24,204
16,619,853	5,618,055	5,478,734	2,157,456 (P)	1,514,132	2,090,194
754,916	545,305	331,856	204,299	295,812	346,689
5,480,612	2,425,679	1,730,471	1,322,785	1,328,225	1,340,550
2,466,882	2,800,680	2,971,093	2,375,430	545,967	501,980
13,420,891	25,561,608 (I)	15,227,659	11,077,388	15,772,265	7,926,832
13,081,116	13,441,915	29,165,641 (N)	15,032,731	7,016,429	1,937,488
<u>70,267,617</u>	<u>65,527,209</u>	<u>68,575,755</u>	<u>44,718,747</u>	<u>37,650,723</u>	<u>26,089,589</u>
28,029,062	27,541,849	27,876,971	26,957,649	27,738,920	27,842,092
13,741,864	11,946,566	10,758,812	9,713,883	8,972,136	9,221,396
3,306,424	3,374,772	3,313,994	3,279,135	3,148,029	3,163,062
4,746,668	3,250,585	2,726,888	1,572,693	1,612,870	1,588,934
1,235,413	72,828	217,751	1,194,994	-	-
26,781,118 (B)	<u>9,729,371</u>	<u>10,802,859</u>	<u>3,748,585</u>	<u>1,713,074</u>	<u>1,923,271</u>
<u>77,840,549</u>	<u>55,915,971</u>	<u>55,697,275</u>	<u>46,466,939</u>	<u>43,185,029</u>	<u>43,738,755</u>
\$ <u>148,108,166</u>	\$ <u>121,443,180</u>	\$ <u>124,273,030</u>	\$ <u>91,185,686</u>	\$ <u>80,835,752</u>	\$ <u>69,828,344</u>

Continued

Indian River County, Florida

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	2002	2003	2004	2005
Net (Expense)/Revenue				
Governmental activities	\$ (74,899,199)	\$ (62,909,178)	\$ (78,452,480) (A)	\$ (45,018,031)
Business-type activities	10,080,210	18,530,515 (B)	18,995,376 (B)	40,743,658 (B)
Total primary government net expenses	\$ (64,818,989)	\$ (44,378,663)	\$ (59,457,104)	\$ (4,274,373)
<u>General Revenues and Other Changes in Net Assets</u>				
Governmental activities:				
Property taxes, levied for general purposes	\$ 55,407,180	\$ 60,139,514	\$ 67,701,525	\$ 71,698,850
Property taxes, levied for debt service	1,581,362	2,595,265	2,427,908	2,480,497
Sales and use taxes	16,983,678	17,162,979	18,825,771	21,892,558
Franchise fees	5,797,407	6,222,326	6,720,166	7,941,020
State shared revenues	12,914,452	10,605,656	11,608,557	14,022,896
Insurance recoveries	-	-	-	3,666,960
Interest earnings	5,189,432	2,787,928	2,536,347	4,444,772
Miscellaneous	1,103,457	1,761,754	1,336,789	1,235,708
Transfers	(1,403,301)	(157,870)	(193,611)	(193,365)
Total governmental activities	97,573,667	101,117,552	110,963,452	127,189,896
Business-type activities:				
State shared revenues	-	-	-	-
Interest earnings	3,790,253	2,332,013	1,590,203	2,861,308
Miscellaneous	15,100	63,367	6,015	52,671
Transfers	158,048	157,870	193,611	193,365
Total business-type activities	3,963,401	2,553,250	1,789,829	3,107,344
Total primary government	\$ 101,537,068	\$ 103,670,802	\$ 112,753,281	\$ 130,297,240
<u>Change in Net Assets</u>				
Governmental activities	\$ 22,674,468	\$ 38,208,374	\$ 32,510,972	\$ 82,171,865
Business-type activities	14,043,611	21,083,765	20,785,205	43,851,002
Total primary government change in net assets	\$ 36,718,079	\$ 59,292,139	\$ 53,296,177	\$ 126,022,867

Notes:

(A) Hurricanes Frances and Jeanne FEMA reimbursements had not yet been received.

(B) Growth in water and sewer services due to expansion of County population.

(C) Taxable values increased by \$2 billion.

(D) Transfers for proportionate share of new county administration building.

2006	2007	2008	2009	2010	2011
\$ (66,680,080)	\$ (109,365,419)	\$ (100,246,762)	\$ (120,211,156)	\$ (111,231,007)	\$ (120,886,730)
<u>25,633,506</u>	<u>1,277,819</u>	<u>(2,798,612)</u>	<u>(6,569,630)</u>	<u>(6,821,258)</u>	<u>(4,611,888)</u>
\$ <u>(41,046,574)</u>	\$ <u>(108,087,600)</u>	\$ <u>(103,045,374)</u>	\$ <u>(126,780,786)</u>	\$ <u>(118,052,265)</u>	\$ <u>(125,498,618)</u>
\$ 82,448,807 (C)	\$ 92,592,309	\$ 92,483,561	\$ 87,265,989	\$ 78,670,463	\$ 69,856,750
2,465,462	7,094,485	7,343,180	7,131,231	5,933,535	5,600,767
21,855,885	20,738,502	20,088,899	19,292,179	19,022,728	19,261,033
9,318,394	9,732,773	9,443,399	9,670,169	9,254,621	8,730,861
13,043,670	12,368,421	11,596,227	11,227,450	17,487,653	17,328,867
1,104,116	-	-	-	-	-
12,163,993	16,004,890	10,347,019	5,747,573	2,079,873	1,299,894
2,089,540	1,583,343	2,170,033	2,018,901	2,061,415	3,082,481
5,060,846 (D)	(106,295)	2,051,555	(7,452,905)	(25,965)	(643,144)
<u>149,550,713</u>	<u>160,008,428</u>	<u>155,523,873</u>	<u>134,900,587</u>	<u>134,484,323</u>	<u>124,517,509</u>
-	-	-	417,500	-	-
6,335,240	9,209,517	5,553,239	3,685,805	1,173,512	723,870
42,554	134,656	85,374	7,893	70,181	562,651
(5,060,846) (D)	106,295	(2,051,555)	7,452,905	25,965	643,144
<u>1,316,948</u>	<u>9,450,468</u>	<u>3,587,058</u>	<u>11,564,103</u>	<u>1,269,658</u>	<u>1,929,665</u>
\$ <u>150,867,661</u>	\$ <u>169,458,896</u>	\$ <u>159,110,931</u>	\$ <u>146,464,690</u>	\$ <u>135,753,981</u>	\$ <u>126,447,174</u>
\$ 82,870,633	\$ 50,643,009	\$ 55,277,111	\$ 14,689,431	\$ 23,253,316	\$ 3,630,779
<u>26,950,454</u>	<u>10,728,287</u>	<u>788,446</u>	<u>4,994,473</u>	<u>(5,551,600)</u>	<u>(2,682,223)</u>
\$ <u>109,821,087</u>	\$ <u>61,371,296</u>	\$ <u>56,065,557</u>	\$ <u>19,683,904</u>	\$ <u>17,701,716</u>	\$ <u>948,556</u>

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

	2002	2003	2004	2005
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>18,244,725</u>	<u>20,104,115</u>	<u>20,623,340</u>	<u>30,152,425</u>
Total general fund	<u>\$ 18,244,725</u>	<u>\$ 20,104,115</u>	<u>\$ 20,623,340</u>	<u>\$ 30,152,425</u>
All other governmental funds				
Reserved	\$ 40,013,059	\$ 40,667,031	\$ 47,458,489	\$ 50,257,972
Unreserved, reported in:				
Special revenue funds	<u>75,879,893</u>	<u>69,317,385</u>	<u>74,344,120</u>	<u>115,822,479</u>
Total all other governmental funds	<u>\$ 115,892,952</u>	<u>\$ 109,984,416</u>	<u>\$ 121,802,609</u>	<u>\$ 166,080,451</u>
Total governmental funds	<u><u>\$ 134,137,677</u></u>	<u><u>\$ 130,088,531</u></u>	<u><u>\$ 142,425,949</u></u>	<u><u>\$ 196,232,876</u></u>
General Fund				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total general fund				
All other governmental funds				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total all other governmental funds				
Total governmental funds				

Notes:

(A) The County implemented GASB Statement 54 in fiscal year 2010.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 (A)</u>	<u>2011</u>
\$ -	\$ -	\$ 8,000,000	\$ 8,000,000	\$ N/A	N/A
<u>45,300,882</u>	<u>50,321,956</u>	<u>44,874,259</u>	<u>47,616,773</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>45,300,882</u>	\$ <u>50,321,956</u>	\$ <u>52,874,259</u>	\$ <u>55,616,773</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ 38,075,117	\$ 23,047,708	\$ 49,667,320	\$ 53,252,040	\$ N/A	N/A
<u>183,318,603</u>	<u>149,564,925</u>	<u>96,950,614</u>	<u>91,600,421</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>221,393,720</u>	\$ <u>172,612,633</u>	\$ <u>146,617,934</u>	\$ <u>144,852,461</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ <u>266,694,602</u>	\$ <u>222,934,589</u>	\$ <u>199,492,193</u>	\$ <u>200,469,234</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
				\$ 162,760	363,619
				18,290	50,015
				21,757,565	21,041,045
				1,415,000	1,660,000
				<u>33,160,873</u>	<u>33,694,612</u>
				\$ <u>56,514,488</u>	<u>56,809,291</u>
				\$ 2,316,373	814,858
				130,175,284	125,082,370
				4,691,573	4,661,146
				9,471,022	10,013,457
				<u>(1,184,722)</u>	<u>(354,995)</u>
				\$ <u>145,469,530</u>	<u>140,216,836</u>
				\$ <u>201,984,018</u>	<u>197,026,127</u>

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

	2002	2003	2004	2005
Revenues				
Taxes	\$ 80,488,343	\$ 86,120,084	\$ 95,675,370	\$ 104,012,925
Permits, fees, and special assessments	4,746,172	5,499,533	11,788,168	38,043,246
Intergovernmental	20,802,982	35,213,140	26,588,303	35,973,818
Charges for services	11,368,399	13,683,108	14,282,587	18,151,546
Judgments, fines and forfeits	1,421,542	1,584,737	1,508,786	1,715,875
Interest	5,007,150	2,999,915	1,999,574	4,083,164
Miscellaneous	2,362,780	1,964,177	1,791,613	1,398,166
Total Revenues	126,197,368	147,064,694	153,634,401	203,378,740
Expenditures				
Current:				
General government	16,979,694	18,446,787	19,996,339	20,107,020
Public safety	45,352,323	47,565,048	55,792,130	57,045,359
Physical environment	1,473,749	17,613,489	1,751,551	2,989,117
Transportation	16,686,374	19,442,909	21,928,790	21,285,597
Economic environment	347,096	583,850	627,914	713,019
Human service	5,756,579	6,178,917	7,185,411	7,270,391
Culture/recreation	9,117,900	18,378,068	13,179,751	15,062,134
Court related	5,802,798	5,998,260	6,210,614	5,630,734
Debt service:				
Principal	2,229,201	2,881,492	2,394,142	2,239,663
Interest and fiscal charges	1,621,178	1,639,145	1,333,392	1,255,837
Capital outlay	20,767,383	12,228,005	10,994,900	15,779,577
Total Expenditures	126,134,275	150,955,970	141,394,934	149,378,448
Excess of revenues over (under) expenditures	63,093	(3,891,276)	12,239,467	54,000,292
Other Financing Sources (Uses)				
Debt issuance	11,000,000	7,800,000	-	-
Payments to escrow agent	-	(7,800,000)	-	-
Payments from capital leases	275,000	-	291,562	-
Transfers out	(302,227)	(157,870)	(193,611)	(193,365)
Transfers in	-	-	-	-
Total other financing sources (uses)	10,972,773	(157,870)	97,951	(193,365)
Net change in fund balances	\$ 11,035,866	\$ (4,049,146)	\$ 12,337,418	\$ 53,806,927
Debt service as a percentage of noncapital expenditures	4.0%	4.4%	3.1%	3.0%

	2006		2007		2008		2009		2010		2011
\$	116,088,548	\$	130,158,069	\$	119,915,640	\$	113,689,399	\$	103,626,726	\$	94,718,550
	26,285,557		8,397,437		15,888,780		12,433,598		11,322,039		11,189,393
	38,261,489		54,252,074		49,065,955		34,305,682		37,687,574		30,453,182
	18,204,600		18,997,529		18,678,544		16,852,653		14,665,805		15,030,329
	2,069,593		2,403,093		2,137,413		1,792,517		852,012		936,995
	10,574,489		15,777,318		10,052,801		5,721,869		2,061,385		1,173,103
	4,597,369		3,495,610		2,449,035		2,489,532		2,383,493		4,175,614
	<u>216,081,645</u>		<u>233,481,130</u>		<u>218,188,168</u>		<u>187,285,250</u>		<u>172,599,034</u>		<u>157,677,166</u>
	21,831,839		24,815,255		25,323,595		22,566,113		20,894,116		19,271,196
	65,975,870		72,907,822		73,982,636		74,813,164		71,489,613		70,432,615
	8,955,262		34,324,331		28,111,033		910,213		1,131,173		1,371,734
	30,610,413		49,503,680		50,231,090		38,111,512		27,497,907		28,432,207
	1,054,239		968,227		4,579,574		653,547		2,520,339		2,099,698
	12,470,222		13,862,463		12,619,575		8,621,760		7,267,406		7,625,369
	16,380,438		23,751,173		21,068,267		15,450,688		18,453,642		14,706,194
	5,915,727		6,649,724		6,940,682		6,620,830		6,214,831		5,983,085
	2,615,659		4,870,876		5,069,591		5,120,000		5,315,000		4,270,000
	1,790,431		3,255,767		2,803,585		2,948,758		2,758,138		2,562,374
	37,848,475		42,489,997		11,617,867		10,435,212		7,487,068		5,825,287
	<u>205,448,575</u>		<u>277,399,315</u>		<u>242,347,495</u>		<u>186,251,797</u>		<u>171,029,233</u>		<u>162,579,759</u>
	10,633,070		(43,918,185)		(24,159,327)		1,033,453		1,569,801		(4,902,593)
	49,996,735		-		-		-		-		-
	-		-		-		-		-		-
	-		264,467		126,000		-		-		-
	(236,067)		(19,736,023)		(13,254,013)		(14,366,145)		(17,057,014)		(8,918,267)
	10,067,988		19,629,728		13,844,944		14,309,733		17,001,997		8,862,969
	<u>59,828,656</u>		<u>158,172</u>		<u>716,931</u>		<u>(56,412)</u>		<u>(55,017)</u>		<u>(55,298)</u>
\$	<u>70,461,726</u>	\$	<u>(43,760,013)</u>	\$	<u>(23,442,396)</u>	\$	<u>977,041</u>	\$	<u>1,514,784</u>	\$	<u>(4,957,891)</u>
	3.4%		4.8%		5.0%		5.4%		5.6%		5.0%

Indian River County, Florida
Tax Revenues by Source, Governmental Funds
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>Franchise (B)</u>	<u>Gasoline</u>	<u>Other</u>	<u>Total</u>
2002	\$ 56,988,542	\$ 11,399,491	\$ 1,410,409	\$ 5,797,407	\$ 3,967,345	\$ 925,149	80,488,343
2003	62,734,779	11,678,272	1,286,885	6,222,326	3,222,742	975,080	86,120,084
2004	70,129,433	12,850,023	1,443,271	6,720,166	3,497,894	1,034,583	95,675,370
2005	74,179,347	15,582,689	1,675,781	7,941,020	3,573,036	1,061,052	104,012,925
2006	84,914,269	15,736,078	1,517,360	9,318,394	3,526,774	1,075,673	116,088,548
2007	99,686,794	14,549,834	1,449,083	9,732,773	3,482,514	1,257,071	130,158,069
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

(A) The County 's primary source of revenue is property taxes, amounting to 80 percent of Governmental Funds tax revenues in 2011. Consequently, supplemental required schedules are provided only for property tax revenues.

(B) Effective 10/01/07, the State of Florida changed its uniform accounting manual to remove franchise fees from the taxes designation.

Indian River County, Florida
Assessed Value and Actual Value of Taxable Property
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
2002	\$ 10,539,705,283	\$ 707,941,621	\$ 11,247,646,904	\$ 2,706,441,764	\$ 8,541,205,140	5.5234
2003	11,985,128,952	694,305,280	12,679,434,232	3,178,543,019	9,500,891,213	5.4713
2004	13,547,372,018	693,374,322	14,240,746,340	3,556,717,407	10,684,028,933	5.5181
2005	15,716,463,269	699,716,008	16,416,179,277	4,236,183,618	12,179,995,659	5.1563
2006	19,265,033,998	712,011,582	19,977,045,580	5,734,060,645	14,242,984,935	4.9173
2007	25,458,676,130	755,187,275	26,213,863,405	8,366,701,791	17,847,161,614	4.3250
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

Source: Indian River County Property Appraiser; values are established as of January 1 of the previous calendar year, i.e., January 1, 2010 taxable values apply to the fiscal year ending September 30, 2011.

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
Last Ten Fiscal Years

	2002	2003	2004	2005
<u>County direct rate</u>				
General fund	4.0501	3.8729	3.8377	3.6233
Municipal service	1.4733	1.5984	1.6804	1.5330
Total direct rate (A)	5.5234	5.4713	5.5181	5.1563
County-wide district school board rate	9.0820	8.7320	8.7100	8.4990
<u>Other County-wide rates</u>				
Emergency Management Services District	2.3660	2.2750	2.1871	1.9836
Land acquisition bond	0.1947	0.2839	0.2344	0.2106
Total other County-wide rates	2.5607	2.5589	2.4215	2.1942
Total County-wide rate (B)	17.1661	16.7622	16.6496	15.8495
<u>City rates</u>				
Fellsmere	5.7500	5.7500	5.7500	5.7500
Indian River Shores	1.4284	1.4370	1.4730	1.4730
Sebastian	4.5904	4.5904	4.5904	4.5904
Orchid	1.3430	0.9354	0.8954	0.7508
Vero Beach	2.1425	2.1425	2.1425	2.1425
Average of cities rates	3.0509	2.9711	2.9703	2.9413
Other special district rates	1.6105	1.9008	2.1548	1.8923

(A) Per Florida State Statute 200.071, 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

2006	2007	2008	2009	2010	2011
3.5204	3.1914	3.0202	3.0689	3.0892	3.0892
1.3969	1.1336	1.0835	1.0804	1.0774	1.0733
4.9173	4.3250	4.1037	4.1493	4.1666	4.1625
8.2400	7.4430	7.5380	7.0400	7.5960	8.2500
1.9911	1.7639	1.7201	1.7148	1.7148	1.7148
0.1789	0.4108	0.4082	0.4220	0.3879	0.4087
2.1700	2.1747	2.1283	2.1368	2.1027	2.1235
15.3273	13.9427	13.7700	13.3261	13.8653	14.5360
5.7500	5.7500	4.4301	4.4300	4.4300	4.4300
1.4730	1.4730	1.3923	1.3923	1.3923	1.4105
3.9325	3.0519	2.9917	3.3456	3.3456	3.3041
0.6900	0.4525	0.4494	0.4550	0.4550	0.4550
2.2925	2.1425	1.9367	1.9367	1.9367	1.9367
2.8276	2.5740	2.2400	2.3119	2.3119	2.3073
1.6082	1.4795	1.3817	1.5362	1.7515	1.7663

Indian River County, Florida

Principal Property Taxpayers

Year 2011 and Year 2002

Schedule 8

Taxpayer	2011			2002		
	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation
Florida Power & Light	\$ 91,400,547	1	0.65	\$ 61,098,500	2	0.71
Disney Vacation Dev. Inc.	72,961,084	2	0.52	69,069,073	1	0.81
BellSouth Telecomm Inc.	42,197,328	3	0.30	58,655,192	3	0.69
Johns Island Club Inc.	40,527,089	4	0.29	30,849,571	7	0.36
I.R. Mall Association, Ltd.	38,298,008	5	0.27	47,574,020	5	0.56
Adult Community Total Services	36,637,750	6	0.26	30,514,130	8	0.36
Windsor Properties	31,266,657	7	0.22	50,376,579	4	0.59
Sebastian Hospital Inc.	30,009,649	8	0.21	-	-	-
Fellsmere Joint Venture	25,909,620	9	0.18	-	-	-
CVS Vero FL Distribution LLC	21,769,006	10	0.15	-	-	-
The New Piper Aircraft	-	-	-	34,121,169	6	0.40
Horizon Outlet Center Ltd.	-	-	-	29,737,070	9	0.35
Wal-Mart Stores	-	-	-	28,577,908	10	0.33
Total Principal Property Taxpayers Real Property Assessed Valuation	\$ <u>430,976,738</u>		<u>3.05%</u>	\$ <u>440,573,212</u>		<u>5.16%</u>
Total County Taxable Valuation (from schedule 6)	\$ <u>14,139,034,830</u>			\$ <u>8,541,205,140</u>		

Source: Indian River County Property Appraiser

Indian River County, Florida
Property Tax Levies And Collections
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
2002	\$ 59,184,019	\$ 56,856,770	96.07%	\$ 95,364	\$ 56,952,134	96.23%
2003	65,289,186	62,668,552	95.99	7,797	62,676,349	96.00
2004	72,306,331	69,906,761	96.68	176,345	70,083,106	96.93
2005	76,748,078	73,991,702	96.41	111,220	74,102,922	96.55
2006	87,754,823	84,736,835	96.56	34,344	84,771,179	96.60
2007	102,986,045	99,404,127	96.52	61,566	99,465,693	96.58
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

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.

Source: Indian River County Property Appraiser and Tax Collector provided the above information; consequently, the reported collections on this schedule will vary from the actual collections as reported on Schedule 5. The Tax Collector does not report the interest earnings on the collections, however, the Board includes those interest earnings as part of the total tax collection.

Indian River County, Florida
Ratios of Outstanding Debt by Type
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)
2002	\$ 19,810,000	\$ 754,009	\$ 16,450,000	\$ 7,110,000	\$ -	\$ 74,525,000
2003	17,725,000	417,518	15,990,000	6,735,000	-	72,760,000
2004	16,080,000	434,938	15,515,000	6,045,000	-	70,905,000
2005	14,385,000	380,275	15,025,000	5,595,000	263,237	64,880,000
2006	61,255,000	-	14,520,000	5,135,000	193,786	62,490,000
2007	57,160,000	8,591	14,000,000	4,660,000	110,025	59,985,000
2008	52,770,000	-	13,455,000	4,175,000	28,126	57,365,000
2009	48,210,000	-	12,895,000	3,685,000	-	52,720,000
2010	43,480,000	-	12,310,000	3,175,000	-	49,850,000
2011	39,815,000	-	11,705,000	2,655,000	-	46,860,000

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

This information is also presented on Schedule 11.

(B) Recreational Revenue Refunding Bonds, Series 2003

(C) Water & Sewer Bonds include Series 1993, Refunding Series 2005, and Series 2009.

(D) Information not available

(E) Refer to Schedule 16 for personal income and population information

Further information on these notes may be found in Note 13.

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

<u>Total Primary Government</u>	<u>Percentage of Total Debt to Personal Income (E)</u>	<u>Debt Per Capita (E)</u>
\$ 118,649,009	2.54%	\$ 1,004
113,627,518	2.33	938
108,979,938	1.86	859
100,528,512	1.57	773
143,593,786	2.05	1,062
135,923,616	1.74	973
127,793,126	1.67	902
117,510,000	1.54	831
108,815,000	(D)	788
101,035,000	(D)	728

Indian River County, Florida

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

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
2002	118,149	\$ 8,541,205,140	\$ 19,810,000	\$ 1,085,999	\$ 18,724,001	0.0022	158.4779
2003	121,274	9,500,891,213	17,725,000	684,016	17,040,984	0.0018	140.5164
2004	126,829	10,684,028,933	16,080,000	867,776	15,212,224	0.0014	119.9428
2005	130,043	12,179,995,659	14,385,000	1,106,353	13,278,647	0.0011	102.1097
2006	135,262	14,242,984,935	61,255,000	1,375,837	59,879,163	0.0042	442.6902
2007	139,757	17,847,161,614	57,160,000	1,956,189	55,203,811	0.0031	394.9985
2008	141,667	18,580,296,938	52,770,000	2,530,612	50,239,388	0.0027	354.6301
2009	141,475	17,449,270,077	48,210,000	2,841,769	45,368,231	0.0026	320.6802
2010	138,028	* 15,796,158,693	43,480,000	1,845,314	41,634,686	0.0026	301.6394
2011	138,694	14,139,034,830	39,815,000	1,743,781	38,071,219	0.0027	274.4980

(A) Columns are provided as additional information for General Obligation Bonds (G.O.B.), Series 2001 and Limited G.O.B., Series 2006. Total taxable values are also presented in Schedule 6.

Gross G.O.B. debt is also presented on Schedule 10.

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

* 2010 population adjusted due to the recent census.

Indian River County, Florida
Computation of Legal Debt Margin
September 30, 2011

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
September 30, 2011

Schedule 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Indian River County General Obligation Bonds, Series 2001	\$ 3,576,442 (A)	100%	\$ 3,576,442
Indian River County Limited General Obligation Bonds, Series 2006	34,494,777 (B)	100	<u>34,494,777</u>
Total direct debt of County:			<u>38,071,219</u>
Indian River County School District General Obligation Bonds, 2002 Refunding	8,493,998 (C)	100	8,493,998
Other debt:			
Indian River County School District Certificates of Participation	131,346,000 (C)	100	131,346,000
Indian River County School District Capital Lease Payable	1,062,988 (C)	100	<u>1,062,988</u>
Total overlapping debt:			<u>140,902,986</u>
Total direct and overlapping debt:			<u>\$ 178,974,205</u>

(A) Ending General Obligation, Series 2001 balance	\$ 4,430,000
Less: Fund balance available in debt service fund	<u>(853,558)</u>
Net debt outstanding	<u>3,576,442</u>

(B) Ending Limited General Obligation, Series 2006 balance	35,385,000
Less: Fund balance available in debt service fund	<u>(890,223)</u>
Net debt outstanding	<u>34,494,777</u>

Total direct debt of County: \$ 38,071,219

(C) Indian River County School District, as of June 30, 2011

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
Water and Sewer Revenue Bonds
(Series 1993A, 1996, 2005, 2009)
Last Ten Fiscal Years

	2002	2003	2004	2005
<u>Uniform Charges</u>				
Water sales	\$ 9,373,866	\$ 10,108,045	\$ 11,037,623	\$ 12,146,416
Wastewater sales	8,534,228	8,940,200	9,439,597	10,437,091
Other	<u>1,684,506</u>	<u>1,314,453</u>	<u>1,426,112</u>	<u>1,685,502</u>
Total uniform charges	19,592,600	20,362,698	21,903,332	24,269,009
Septage/Sludge	381,741	348,320	278,897	269,575
Surcharges	247,137	243,342	234,746	242,451
Interest earnings	2,983,032	1,797,260	1,269,838	2,264,132
1989/1990 Special assessments	9,409	11,650	1,564	-
1996 Special assessments	<u>2,619,805</u>	<u>2,752,661</u>	<u>1,539,600</u>	<u>722,922</u>
Gross revenues	25,833,724	25,515,931	25,227,977	27,768,089
Less: Direct expenses	<u>9,662,508</u>	<u>10,723,548</u>	<u>12,507,398</u>	<u>12,853,872</u>
Net revenues available for debt service	\$ <u>16,171,216</u>	\$ <u>14,792,383</u>	\$ <u>12,720,579</u>	\$ <u>14,914,217</u>
Annual debt service				
Principal	\$ 1,690,000	\$ 1,765,000	\$ 1,855,000	\$ 2,020,000
Interest	<u>4,102,839</u>	<u>4,021,989</u>	<u>3,936,019</u>	<u>3,525,573</u>
Total debt service payment	\$ <u>5,792,839</u>	\$ <u>5,786,989</u>	\$ <u>5,791,019</u>	\$ <u>5,545,573</u>
Debt service coverage	2.79x	2.56x	2.20x	2.69x

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 13.

	2006		2007		2008		2009		2010		2011
\$	13,336,623	\$	13,529,341	\$	13,435,398	\$	13,001,743	\$	13,570,657	\$	13,565,766
	11,634,181		12,003,677		12,128,706		11,954,333		12,375,346		12,203,750
	<u>1,744,486</u>		<u>1,386,198</u>		<u>1,460,143</u>		<u>1,285,605</u>		<u>1,430,966</u>		<u>1,639,985</u>
	26,715,290		26,919,216		27,024,247		26,241,681		27,376,969		27,409,501
	332,329		290,955		256,785		294,459		302,187		314,969
	244,166		243,919		245,343		244,619		245,011		245,245
	4,554,419		6,576,873		3,650,480		2,110,031		686,776		491,260
	60,229		21,138		112		413		438		8,718
	<u>350,712</u>		<u>268,883</u>		<u>220,754</u>		<u>184,272</u>		<u>151,316</u>		<u>93,513</u>
	32,257,145		34,320,984		31,397,721		29,075,475		28,762,697		28,563,206
	<u>14,270,414</u>		<u>16,226,651</u>		<u>17,147,444</u>		<u>17,057,273</u>		<u>16,007,055</u>		<u>15,404,503</u>
\$	<u><u>17,986,731</u></u>	\$	<u><u>18,094,333</u></u>	\$	<u><u>14,250,277</u></u>	\$	<u><u>12,018,202</u></u>	\$	<u><u>12,755,642</u></u>	\$	<u><u>13,158,703</u></u>
\$	2,390,000	\$	2,505,000	\$	2,620,000	\$	2,745,000	\$	2,870,000	\$	2,990,000
	<u>3,157,260</u>		<u>3,041,150</u>		<u>2,922,950</u>		<u>2,047,513</u>		<u>2,510,910</u>		<u>2,324,525</u>
\$	<u><u>5,547,260</u></u>	\$	<u><u>5,546,150</u></u>	\$	<u><u>5,542,950</u></u>	\$	<u><u>4,792,513</u></u>	\$	<u><u>5,380,910</u></u>	\$	<u><u>5,314,525</u></u>
	3.24x		3.26x		2.57x		2.51x		2.37x		2.48x

Indian River County, Florida
Pledged Revenue Coverage
Recreational Revenue Refunding Bonds, Series 2003
Last Ten Fiscal Years

Schedule 15

Golf Course Operations								
Fiscal Year	Revenues Gross (A)	Less: Expenses Operating (B)	Net Available Revenues	Debt Service Requirements			Coverage	
				Principal	Interest	Total		
2002	\$ 2,928,157	\$ 2,188,791	\$ 739,366	\$ 360,000	\$ 375,148	\$ 735,148		1.01
2003	3,135,478	2,326,179	809,299	375,000	357,103	732,103		1.11
2004	3,105,806	2,474,969	630,837	410,000	202,155	612,155		1.03
2005	3,252,414	2,590,759	661,655	450,000	188,307	638,307		1.04
2006	3,324,127	2,554,640	769,487	460,000	179,291	639,291		1.20
2007	3,396,639	2,670,309	726,330	475,000	170,016	645,016		1.13
2008	3,327,236	2,390,018	937,218	485,000	159,753	644,753		1.45
2009	3,292,170	2,581,254	710,916	490,000	147,516	637,516		1.12
2010	3,157,520	2,393,964	763,556	510,000	133,889	643,889		1.19
2011	3,163,062	2,246,881	916,181	520,000	126,302	646,302		1.42

(A) Gross revenues include charges for services of the golf course as well as interest income.

Insurance recoveries and gain on disposal of equipment are excluded.

(B) Operating expenses include all expenses except depreciation, amortization, interest expense, and loss on disposal of equipment.

Note: Details regarding the County's outstanding debt can be found in the Notes to the Financial Statements.

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

Schedule 16

Year	Population (A)		Total Personal Income (B)		Per Capita Personal Income (B)	Unemployment Rate (C)
2002	118,149	\$	4,680,414,000	\$	39,717	7.7%
2003	121,274		4,886,086,000		40,757	8.2
2004	126,829		5,870,597,000		47,286	6.9
2005	130,043		6,386,893,000		50,369	4.7
2006	135,262		7,002,160,000		54,045	4.7
2007	139,757		7,810,408,000		59,419	7.3
2008	141,667		7,669,062,000		57,107	10.1
2009	141,475		7,610,327,000		56,303	15.2
2010	138,028		(D)		(D)	15.2
2011	138,694		(D)		(D)	13.7

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

Year 2011 and Nine Years Ago

Schedule 17

Employer	2011	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	2,013	3.85
Indian River County *	1,354	2.59
Indian River Medical Center	1,608	3.07
Publix Supermarkets	1,006	1.92
Piper Aircraft Inc.	700	1.34
Sebastian River Medical Center	569	1.09
John's Island	550	1.05
City of Vero Beach	492	0.94
Visiting Nurse Association	399	0.76
Indian River Estates	350	0.67
Total	9,041	17.28%
Total County Employees	52,318	

Employer	2002	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	1,940	4.20
Indian River Memorial Hospital	1,451	3.14
Indian River County*	1,372	2.97
The New Piper Aircraft	1,000	2.17
Publix Supermarkets	715	1.55
City of Vero Beach	681	1.48
Wal-Mart	672	1.46
Hale Groves	500	1.08
John's Island	475	1.03
Gracewood Fruit	465	1.01
Total	9,271	20.09%
Total County Employees	46,154	

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, Supervisor of Elections, Property Appraiser, Sheriff, and the Tax Collector.



Indian River County, Florida

Building Permits

Last Ten Fiscal Years

Fiscal Year	Indian River County				Munici-		
	# of Permits	New Construction	# of Permits	Additions & Alterations	# of Permits	New Construction	
2002	1,658	\$ 291,543,816	1,334	\$ 32,118,404	599	\$ 142,231,044	
2003	2,084	386,495,461	1,382	28,817,520	770	128,376,076	
2004	3,889	642,032,168	1,935	46,173,846	773	182,843,901	
2005	4,770	703,972,409	4,409	57,549,895	1,147	262,135,977	
2006	3,760	754,817,641	5,630	43,898,675	826	185,556,022	
2007	1,404	280,056,839	3,899	38,290,132	269	107,099,115	
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	

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.

palities		Countywide			
# of Permits	Additions & Alterations	# of Permits	New Construction	# of Permits	Additions & Alterations
3,588	\$ 27,333,128	2,257	\$ 433,774,860	4,922	\$ 59,451,532
4,141	37,578,377	2,854	514,871,537	5,523	66,395,897
4,395	47,075,876	4,662	824,876,069	6,330	93,249,722
13,062	119,403,505	5,917	966,108,386	17,471	176,953,400
7,072	65,822,951	4,586	940,373,663	12,702	109,721,626
3,712	53,482,334	1,673	387,155,954	7,611	91,772,466
2,850	40,039,893	1,063	326,379,830	5,536	70,771,128
2,188	34,072,491	564	138,734,040	3,913	51,174,803
2,948	32,545,131	516	113,044,340	4,965	53,268,856
2,973	42,087,897	528	124,114,377	5,261	68,455,917

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

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Government				
Purchasing	2,742	2,563	2,800	2,554
Purchase orders issued				
Probation	1,156	731	N/A	N/A
New cases received				
Public Safety				
Fire rescue				
Vehicle rescue response	10,671	10,700	11,467	10,602
Fire code inspections	1,886	2,497	2,514	2,215
Advanced life support calls	6,681	6,697	7,222	5,623
Basic life support calls (transport only)	3,788	4,090	4,340	4,606
Sheriff				
Arrests	2,648	4,181	4,979	5,172
Violent crimes	305	290	359	300
Non-violent crimes	2,870	2,979	2,805	3,930
Total calls for service	156,179	149,202	130,847	122,893
Building department				
Construction permits issued	1,658	2,084	3,889	4,770
Estimated value of construction (millions)	\$ 291.5	\$ 386.5	\$ 642.0	\$ 704.0
Physical Environment				
Solid waste				
Waste stream tonnage received	274,604	277,622	349,538	529,238
Total recycled material (tons)	79,362	81,006	72,568	129,869
Utilities - water & sewer				
Number of water customers	27,632	27,849	33,793	34,867
Number of wastewater customers	16,737	17,293	19,786	20,237
Water ERUs	41,242	44,420	46,254	53,032
Wastewater ERUs	30,297	32,432	33,250	38,387
Water consumption (Average Daily Demand)	6,897,000	7,586,000	7,660,000	7,780,000

(A) Effective September 18, 2006, fire and advanced life support combined into fire rescue.

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

2006	2007	2008	2009	2010	2011
2,734	2,753	2,520	2,463	1,970	1,805
N/A	N/A	N/A	N/A	N/A	N/A
6,880	32,488 (A)	33,845	34,480	34,529	37,550
2,420	2,593	3,527	5,917	2,358	2,239
10,728	7,537	5,862	9,085	9,751	10,935
11,105	3,643	5,759	3,486	3,269	3,077
5,211	5,012	5,620	4,331	5,065	4,464
652	338	353	340	310	394
3,462	6,192	6,383	6,099	5,719	6,058
131,489	126,490	129,389	138,998	154,480	162,944
3,760	1,404	857	442	394	416
\$ 754.8	\$ 280.1	\$ 222.2	\$ 97.7	\$ 83.0	\$ 96.3
380,109	295,977	239,296	207,344	201,561	180,434
70,919	57,247	42,088	40,931	45,298	30,424
43,477	41,101	42,000	42,972	43,723	44,094
25,943	24,666	25,000	25,192	25,205	25,465
54,070	61,494	61,558	63,147	64,146	64,391
41,351	45,396	45,785	45,319	45,427	45,863
8,370,000	8,790,000	8,603,000	8,700,000	8,225,000	8,198,000

Continued

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

Function/Program	2002	2003	2004	2005
Transportation				
Public works				
Projects under design	8	8	3	4
Projects awarded for construction	5	2	3	0
Construction projects completed	3	3	5	0
County engineering				
Roads designed	11	12	12	6
Miles of roads designed	4.00	6.40	6.50	1.71
Traffic engineering				
Site plans reviewed	916	1,053	1,103	1,274
Culture/Recreation				
Library				
Circulation (County-wide)	862,783	1,012,852	1,012,241	1,079,206
Recreation department				
Total beach park attendance	N/A	N/A	N/A	N/A
Athletic and event attendance	N/A	N/A	N/A	N/A
Aquatic centers attendance	21,369	101,182	95,711	89,000
Shooting range				
Safety/Registration cards issued	5,961	4,929	4,616	3,718
Golf course				
Rounds played	110,514	108,684	106,871	97,465
Court Related				
Law library				
Circulation	21,529	21,172	25,627	26,481

2006	2007	2008	2009	2010	2011
5	5	6	29	13	26
4	5	5	5	7	7
4	5	5	12	6	8
11	7	8	5	6	4
6.50	3.50	6.00	5.00	6.00	1.00
1,135	520	332	423	271	218
1,140,904	1,188,366	1,250,075	1,314,372	1,403,367	1,362,857
N/A	N/A	415,051	437,302	467,434	449,213
N/A	N/A	8,673	14,730	23,750	24,112
93,088	90,503	90,475	89,787	87,107	98,515
6,036	6,784	6,784	9,050	6,471	8,176
107,048	100,539	104,716	101,810	96,593	95,601
26,255	24,759	21,107	18,512	13,079	9,168

Indian River County, Florida
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

	2002	2003	2004	2005
General Government				
Board of County Commissioners	10	10	10	10
County Attorney	6	6	6	6
Administration	3	3	3	3
Financial/Administrative Service	22.5	23.5	23.5	23.5
Comprehensive Planning	19	19	20	23
Other	51	50	46	42
Clerk of Circuit Court	99.5	104.5	106	108
Property Appraiser	47	47	47	47
Supervisor of Elections	10	10	11.5	11.5
Tax Collector	35	35	40	40
Public Safety				
Fire Department	141.5	142.5	142.5	144.5
Advanced Life Support	82	82	82	82
Sheriff - Corrections	128	121	128	130
Sheriff - Court Service	26.5	37.5	25.5	25.5
Sheriff - Law Enforcement	265	261	273	276
Building Department	21.5	23	29	45
Other	22	22	19.5	17.5
Physical Environment				
Solid Waste	53	54	54	53
Utilities - water and sewer	120	122	125	126
Other	8	8	8	11
Transportation				
Road and Bridges	98	98	99	100
County Engineering	27	28	29	33
Traffic Engineering	19	20	20	22
Real Estate Acquisition	0	0	0	0
Economic Environment	6	6	6	6
Human Services	14	14	15	15
Culture/Recreation				
Libraries	50.5	51	51	51
Parks	35	37	37	39
Recreation Department	28.5	54	55	56.5
Coastal Engineering	0	0	0	3
Shooting Range	6	6	6	6
Golf Course	26.5	26.5	22.5	22
Court Related				
Law Library	1	1	1	1
Total	1,482	1,522.5	1,541	1,579

Source: Indian River County, Florida annual budgets

Method: Using 1.0 for each full-time employee, and 0.50 for each part-time/seasonal employee.

(A) The fire department and advanced life support unions were consolidated on September 18, 2006.

2006	2007	2008	2009	2010	2011
10	10	11	10	10	10
6	7	7	7	6	6
3	3	3	3	2.72	2.35
24.5	25.5	26.5	22.5	21.5	19.85
23	23	23	19	16	14.32
50	62	49	44.5	36.5	34
113	118	116	99.5	98.5	98
49	50	45	40	40	36
11.5	12	12	9.5	9.5	8
40	40	38	38	38	38
233	232	241	240	246	244
- (A)					
200	197	197	195	198	207
26	29.5	29.5	29.5	29.5	29.5
276	301	301	301	301	301
49	50	33	18	17	15
11	12	12	10	9	6.68
53	53	51	49	49	10
131	139	130	128	118	112.5
13	14	15	9	9	8
103	106	100	86.5	80	77
39	42	42	33	28	27
24	26	24	21	21	20
0	0	3	2	2.28	1
6	6	4.5	3.5	3.5	2.5
17	15	15	14.5	13	13
51	52.5	50	45.5	47.5	46.5
43	42	41	39	37	34
56	58.5	57.5	46	37.5	33.3
3	3	3	3	2	2
6	6	5.5	5.5	5.5	5
21.5	21.5	18	16.5	15.5	15.5
1	1	1	1	1	1
1,692.5	1,757.5	1,704.5	1,589.5	1,549	1,478

Indian River County, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005
General Government				
Buildings and grounds				
Total square footage maintained	483,470	493,270	493,270	493,270
Number of facilities and sites maintained	42	42	43	43
Vehicles	12	13	17	18
General government				
Vehicles	21	23	27	32
Planning				
Vehicles	3	3	3	6
GIS				
Vehicles				
Public Safety				
Fire department				
Vehicles	30	35	41	43
Fire stations	11	11	11	11
Advanced life support				
Vehicles	16	19	21	25
E911 Center				
Vehicles				
Sheriff				
Vehicles	214	227	241	252
Building department				
Vehicles	8	13	16	27
Physical Environment				
Solid waste				
Vehicles	26	28	32	32
Telecommunications				
Vehicles				
Ag Extension				
Vehicles	1	1	2	2
Utilities - water and sewer				
Vehicles	54	62	74	84
Water treatment plants	2	2	2	2
Wastewater treatment facilities	7	7	7	7
Water main - miles	N/A	N/A	N/A	N/A
Force main - miles	N/A	N/A	N/A	N/A
Gravity sewer lines - miles	N/A	N/A	N/A	N/A
Transportation				
Road and bridge				
Miles maintained (paved & unpaved)	658	601	609	614
Bridges maintained	78	78	78	78
Vehicles	48	51	59	61

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

2006	2007	2008	2009	2010	2011
493,270	715,215	715,215	715,215	715,215	715,215
43	47	47	47	47	47
18	17	17	15	15	15
36	37	28	27	26	31
6	7	7	7	7	7
		1	1	1	1
49	54	53	54	51	51
11	11	11	11	12	12
24	21	20	20	17	18
		1	1	1	1
274	276	295	291	288	298
29	22	13	9	9	9
33	34	32	30	30	1
		1	1	1	1
2	2	2	2	1	1
90	86	82	82	81	81
2	2	2	2	2	2
7	6	6	6	6	6
737	769	780	819	845	839
188	217	240	230	226	229
250	259	261	262	269	271
614	617	625	628	636	636
78	78	78	78	78	78
66	68	65	65	64	67

Continued

Indian River County, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005
Transportation - continued:				
Senior Resource Association				
Vehicles	7	9	10	20
Engineering				
Vehicles	6	8	9	9
Traffic engineering				
Traffic signals operated	110	114	119	122
Beacons operated	36	41	42	37
Vehicles	5	5	6	6
Traffic operations				
Vehicles	9	10	10	10
 Human Services				
Health department				
Vehicles	13	14	14	17
Animal Control				
Vehicles	1	2	5	5
Rental Assistance				
Vehicles	2	2	2	3
 Culture/Recreation				
Libraries				
Locations	2	2	2	2
Parks				
Number of neighborhood parks	12	12	12	12
Number of County parks	35	37	35	47
Acreage	3,857	3,869	3,857	3,994
Picnic shelters maintained	59	62	59	64
Boat ramps maintained	8	8	8	8
Vehicles	15	16	20	22
Recreation				
Vehicles	2	4	4	4
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	1	1	2	2

2006	2007	2008	2009	2010	2011
22	25	23	25	32	34
11	12	17	16	16	16
125	132	133	133	137	137
42	42	41	48	48	53
6	3	5	3	1	1
10	16	16	15	16	18
16	16	16	16	15	15
6	7	7	7	7	7
3	2	2	2	2	2
2	2	2	2	3	3
12	12	12	12	12	12
47	47	47	47	47	47
4,004	4,014	4,014	4,014	4,014	4,014
66	69	69	69	69	69
8	8	8	8	8	8
23	25	24	25	24	25
5	5	5	5	5	5
0	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	2	2

Indian River County, Florida
Department of Utility Services
Historical Rate Structure
Last Ten Fiscal Years

Schedule 22

	Fiscal Years 2002-2011 *
<u>WATER RATES</u>	
Billing charges	
Base facilities charges (per ERU)	\$ 1.29
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
3,000-7,000 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
<u>SEWER RATES</u>	
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

In addition to the charges shown above, users of the North Beach Water System are subject to a \$13 per ERU per month surcharge.

Indian River County, Florida
Water and Wastewater Customers
Last Ten Fiscal Years

Schedule 23

The number of County water and wastewater customers, expressed as the number of equivalent residential units (ERUs), for the years 2002 through 2011 as set forth below:

<u>Fiscal Year</u>	<u>Water ERUs</u>	<u>Wastewater ERUs</u>
2002	41,242	30,297
2003	44,420	32,432
2004	46,254	33,250
2005	53,032	38,387
2006	54,070	41,351
2007	61,494	45,396
2008	61,558	45,785
2009	63,147	45,319
2010	64,146	45,427
2011	64,391	45,863

Source: Indian River County Utilities Department

Indian River County, Florida
Top 10 High Volume Customers of Utility Services
Fiscal Year 2011

Schedule 24

Below is a table depicting the ten highest volume customers of the utility system for the fiscal year ended September 30, 2011:

<u>Customer</u>	<u>Annual Water Volume (x 1,000 gals.)</u>	<u>Annual Wastewater Volume (x 1,000 gals.)</u>
1. Vista Royale	24,907	24,907
2. ACTS Inc	24,549	24,549
3. City of Fellsmere (Wastewater Only)	-	23,813
4. IRC School Board	23,350	20,310
5. Village Green	20,750	20,750
6. Disney's Vero Beach Resort	19,747	19,747
7. IRC Facilities Management / Jail	16,030	16,030
8. Encore RV Park	13,758	13,758
9. Vista Gardens	12,028	12,028
10. Sebastian River Medical Center	11,912	11,912

Source: Indian River County Utilities Department

Indian River County, Florida
Capacity Charges - Utilities Department
Last Ten Fiscal Years

Schedule 25

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>
2002	\$ 2,687,997	\$ 2,423,583	\$ 5,111,580
2003	4,182,272	5,448,827	9,631,099
2004	5,464,809	7,559,916	13,024,725
2005	11,036,369	19,109,246	30,145,615 (A)
2006	4,758,320	8,287,244	13,045,564
2007	1,159,803	620,915	1,780,718
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

(A) Large increase in capacity charges due to construction boom.

Indian River County, Florida
Pledged Revenues for Recreational Revenue Refunding Bonds, Series 2003
Last Ten Fiscal Years

Schedule 26

Fiscal Year		Racetrack and Jai Alai Fronton Funds		7% of Half-Cent Sales Tax
2002	\$	446,500	\$	483,509
2003		446,500		490,138
2004		446,500		529,488
2005		446,500		612,279
2006		446,500		614,368
2007		446,500		568,608
2008		446,500		531,138
2009		446,500		490,033
2010		446,500		485,062
2011		446,500		495,257

Racetrack and Jai Alai fronton funds and 7% of the Half-Cent Sales Tax are pledged as security for payment on these bonds. This is in addition to the net revenues of the golf course. Refer to pledged revenue coverage ratio on Schedule 15 and County Note 13 for more information.

Indian River County, Florida**Pledged Revenues for Spring Training Facility Revenue Bonds, Series 2001****Last Ten Fiscal Years****Schedule 27**

<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>
2002	\$ 500,004	\$ 1,410,409	\$ 347,710	\$ 6,917,278
2003	500,004	1,286,885	321,721	7,001,976
2004	500,004	1,443,272	360,818	7,564,109
2005	500,004	1,675,781	418,945	8,746,849
2006	500,004	1,517,360	379,340	8,776,684
2007	500,004	1,449,083	362,271	8,122,976
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

(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 on County Note 13A.





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

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida (the “County”) as of and for the year ended September 30, 2011, and have issued our report thereon dated March 9, 2012. 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.

Internal Control over Financial Reporting

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

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

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



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The Honorable Board of County Commissioners
Indian River County, Florida
Page two

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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of County Commissioners, management, the Auditor General of the State of Florida, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



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Management Letter

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida as of and for the year ended September 30, 2011 and have issued our report thereon dated March 9, 2012.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and Major State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 9, 2012, should be considered in conjunction with this management letter.

We have also issued separate management letters dated March 9, 2012 for each County agency not included in this letter, which should also be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local government entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedules.

In accordance with the *Rules of the Auditor General* (Section 10.554(1)(i)1.), it is noted that there were no recommendations made in the preceding audit report.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Board of County Commissioners complied with Section 218.415, Florida Statutes.

The *Rules of the Auditor General* (Section 10.554(1)(i)3.) require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

The *Rules of the Auditor General* (Section 10.554(1)(i)4.) require that we address violations of provisions of contracts and 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 more than inconsequential. In connection with our audit, we did not have any such findings.



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The Honorable Board of County Commissioners
Indian River County, Florida
Page two

The *Rules of the Auditor General* (Section 10.554(1)(i)5.) provide that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* (Section 10.554(1)(i)6.) require 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 disclosure has been included in the notes to the financial statements.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)7.a.), none of the conditions described in Section 218.503(1), Florida Statutes, were met during the fiscal year ended September 30, 2011.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)7.b.), the annual financial report required to be filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a) of the Florida Statutes has been completed and is in agreement with the annual financial audit report.

As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)7.c. and 10.556(7)), we applied financial condition assessment procedures relating to Indian River 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and others within the entity, the Board of County Commissioners, the Auditor General of the State of Florida, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



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**Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major
Federal Program and Major State Project and on
Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550,
*Rules of the Auditor General***

The Honorable Board of County Commissioners
Indian River County, Florida

Compliance

We have audited the compliance of Indian River County, Florida (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011. Indian River County, Florida'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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on Indian River County, Florida's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Indian River County, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its federal programs and major state projects for the year ended September 30, 2011.

Internal Control over Compliance

Management of Indian River County, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 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.



The Honorable Board of County Commissioners
Indian River County, Florida
Page two

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 or state project 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards and State Projects

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indian River County, Florida as of and for the year ended September 30, 2011, and have issued our report thereon dated March 9, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by OMB Circular A-133 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 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 financial statements or to the 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 financial statements as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, the Auditor General of the State of Florida, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2011

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:				
Section 8 Housing Choice Vouchers	14.871	FL-132-VO-014 to 017	\$ 2,108,492	
Shelter Plus Care	14.238	FL29C509001	71,406	
Shelter Plus Care	14.238	FL29C709001	64,491	
Shelter Plus Care	14.238	FL0360C4H091001	23,138	
Shelter Plus Care	14.238	FL0380C4H091000	950	
Shelter Plus Care	14.238	FL0338C4H090900	49,220	
Shelter Plus Care	14.238	FL0113CH090800	59,932	
Shelter Plus Care	14.238	FL0114CH090802	38,111	
Shelter Plus Care	14.238	FL0114CH091003	34,703	
Shelter Plus Care	14.238	FL0119CH090802	100,522	
Shelter Plus Care	14.238	FL0119CH091003	18,740	
Shelter Plus Care	14.238	FL0120CH090802	137,324	
Shelter Plus Care	14.238	FL0120CH091003	36,890	
Subtotal CFDA - 14.238			<u>635,427</u>	
Supportive Housing Program-				
Homeless Management Information Systems	14.235	FL308B4H090901	25,856	
Homeless Management Information Systems	14.235	FL0115BH090802	50,332	
Homeless Management Information Systems	14.235	FL0115BH091003	23,354	
Homeless Management Information Systems	14.235	FL0116BH090802	36,177	
Homeless Management Information Systems	14.235	FL0116BH091003	915	
Subtotal CFDA - 14.235			<u>136,634</u>	
Comm. Dev. Block Grant - Neighborhood Stabilization Pgm #3	14.228	B-11-UN-12-0022	11,108	
Indirect Programs:				
Passed through Florida Dept. of Economic Opportunity:				
Comm. Dev. Block Grant - Neighborhood Stabilization Program	14.228	10DB-4X-10-40-01-F13	650,037	
CDBG NSP Program Income Expenditures	14.228	Program Income	424,682	
Subtotal CFDA - 14.228			<u>1,085,827</u>	
Total Department of Housing and Urban Development			<u>3,966,380</u>	
Federal Transit Administration:				
Direct Programs:				
ARRA - Federal Transit Formula Section 5307 Grant	20.507	FL-96-X018-00	\$	364,598
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X756		956,035
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X739		337,703
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X717		360,334
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X702		24,411
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X611		12,847
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X500		69,776
Total Federal Transit Administration				<u>2,125,704</u>
Department of Transportation:				
Indirect Programs:				
Passed through Florida Department of Transportation:				
8th Street Sidewalk From 18th Ct/Old Dixie (<i>prior year costs</i>)	20.205	AP106	15,503	
8th Street Sidewalk From US 1 to 6 Ave	20.205	APY52	35,229	
FDOT IR Boulevard Sidewalk	20.205	APK04	283,746	
Metropolitan Planning Organization	20.205	AA080	392,638	
Subtotal CFDA - 20.205			<u>727,116</u>	
Federal Transit Metropolitan Planning Grant	20.505	AQ212	53,469	
Section 5311 Non-Urbanized Public Transit	20.509	APT03	52,536	
Passed through Florida Department of Environmental Protection:				
Trans-Florida Rail-Trail Greenway	20.219	T2925	7,977	
Total Department of Transportation			<u>841,098</u>	

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2011

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
Department of Justice:				
Direct Programs:				
State Criminal Alien Assistance Program	16.606	2009-F8319-FL-AP	\$ 144,874	
ARRA - 2009 COPS Hiring	16.710	2009RKWX0223	314,918	
2009 Local Solicitation Justice Assistance Grant	16.738	2009-DJ-BX-0913	1,500	
2009 Local Solicitation Justice Assistance Grant	16.738	2010_DJ-BX-1593	31,145	
Indirect Programs:				
Passed through Florida Department of Law Enforcement:				
Bryne Formula Grant Program				
Multi-Agency Drug Enforcement Unit	16.738	2011-JAGC-INRI-2-B2-115	59,006	
Drug Testing Program Grant	16.738	2011-JAGC-INRI-1-B2-231	27,686	
Subtotal CFDA - 16.738			<u>119,337</u>	
Passed through Office of the Attorney General:				
Crime Victim Assistance Program	16.575	V10050	<u>40,353</u>	
Total Department of Justice			<u>619,482</u>	
Elections Assistance Commission:				
Indirect Programs:				
Passed through Florida Dept of State:				
Division of Elections:				
Federal Elections Activities 2008/2009	90.401	N/A	<u>4,522</u>	
Total Elections Assistance Commission			<u>4,522</u>	
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	9,200	
Child Support Enforcement-Title IV D	93.563	CD331	<u>409,456</u>	
Total Office of Child Support Enforcement			<u>418,656</u>	
Department of Homeland Security:				
Indirect Programs:				
Passed through Division of Emergency Management:				
Emergency Management Homeland Security	97.067	09-DS-51-10-40-01-421	30,500	
Emergency Management Performance Grant	97.042	11-FG-7W-10-40-01-050	<u>63,237</u>	
Total Department of Homeland Security			<u>93,737</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS:			\$ <u>5,943,875</u>	\$ <u>2,125,704</u>

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2011

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:				
Hazardous Materials Analysis Grant	52.023	11-CP-03-10-40-01-216	\$ 1,483	
Emergency Management Programs				
Emergency Management Preparedness and Assistance	52.008	11-BG-05-10-40-01-150	74,290	
Emergency Management Preparedness and Assistance	52.008	12-BG-05-10-40-01-031	21,031	
Subtotal CSFA - 52.008			<u>95,321</u>	
Total Division of Emergency Management			<u>96,804</u>	
Florida Housing Finance Corporation:				
Direct Projects:				
State Housing Initiatives Partnership	52.901	N/A	<u>1,310,400</u>	
Total Florida Housing Finance Corporation			<u>1,310,400</u>	
Department of State:				
Division of Library Services:				
Direct Project:				
State Aid to Libraries	45.030	11-ST-22	<u>118,924</u>	
Total Department of State			<u>118,924</u>	
Department of Transportation:				
Direct Projects:				
Transportation Disadvantaged Planning Grant	55.002	AQB41	2,981	
Transportation Disadvantaged Planning Grant	55.002	AQ040	<u>14,904</u>	
Subtotal CSFA - 55.002			<u>17,885</u>	
Small County Outreach Program (SCOP) - Old Dixie Hwy	55.009	APS88	227,337	
Fl Public Transit Block Grant	55.010	APT70	342,368	
FDOT Service Development Grant	55.012	A0185	22,519	
Transit Corridor Grant	55.013	AOX67	196,500	
Transit Corridor Grant	55.013	AP049/AP050	<u>77,400</u>	
Subtotal CSFA - 55.013			<u>273,900</u>	
Access Improvements to Aviation Boulevard	55.014	ANP77	20,898	
Enhancement & Operation Computerized Traffic Control	55.023	APG29	100,374	
Intersection Improvements (TRIP)	55.026	AP105	77,126	
Total Department of Transportation			<u>1,082,407</u>	
Department of Environmental Protection:				
Direct Projects:				
Wabasso Beach Restoration	37.003	07IR2	19,313	
Ambersand Beach Renourishment	37.003	07IR3	<u>120,518</u>	
Subtotal CSFA - 37.003			<u>139,831</u>	
Pollution Control South	37.039	LP31010	86,765	
Total Department of Environmental Protection			<u>226,596</u>	

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2011

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	C9031	\$ 40,205	
Total Department of Health			<u>40,205</u>	
Department of Management Services:				
Direct Project:				
E911 State Grant Program	72.002	S3-10-11-01	79,142	
Total Department of Management Services			<u>79,142</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>3,454,482</u>	\$ <u>-</u>

Indian River County, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Projects
For the Fiscal Year Ended September 30, 2011

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 the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Circular A-133.

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.

C. Program Clusters

OMB Circular A-133 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.

Indian River County, Florida
Schedule of Findings and Questioned Costs
Year Ended September 30, 2011

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No	

Federal Awards and State Projects

Internal control over major programs and projects:			
Material weakness(es) identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported	
Type of auditors’ report issued on compliance for major federal programs and state projects	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes	<u> X </u> No	

Identification of major federal programs and state projects:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.238	HUD - Shelter Plus Care
14.871	HUD Section 8
16.606	DOJ - Criminal Alien Assistance
16.710 ARRA	DOJ COPS
20.507 ARRA	DOT FTA Section 5307
 <u>CSFA Number</u>	 <u>Name of State Project</u>
52.901	FHFA SHIP
55.013	FDOT Transit Corridor
73.016	FDOR - Spring Training Facility

Dollar threshold used to distinguish between Type A and Type B programs		\$300,000 (Federal)	
		\$300,000 (State)	
Auditee qualified as low-risk auditee?	<u> X </u>	Yes	<u> </u> No

Section II – Financial Statement Findings
There were no financial statement findings.

Section III – Federal or State Award Findings and Questioned Costs
There were no federal or state award findings or questioned costs.

Section IV – Prior Year Findings and Questioned Costs
There were no prior year findings or questioned costs.

JEFFREY K. BARTON

Clerk of Circuit Court and Comptroller
Finance Department
1801 27th Street, Building A
Vero Beach, Florida 32960
Telephone (772) 226-1945



AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Jeffrey K. Barton, who being duly sworn, deposes and says on oath that:

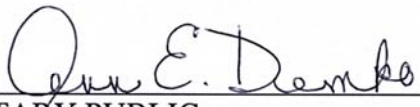
1. I am the Chief Financial Officer of Indian River County which is a local governmental entity of the State of Florida;
2. Indian River County adopted Ordinance No. **2005-015** on May 17, 2005 implementing an impact fee. The impact fee was subsequently amended as follows: on March 24, 2009 in Ordinance 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 eight original impact fees from April 1, 2009 through March 31, 2011. On March 15, 2011 in Ordinance **2011-002**, the impact fee was amended to suspend three of the eight original impact fees from April 1, 2011 through March 31, 2012.
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 5th day of MARCH, 2012.


NOTARY PUBLIC
Print Name ANN E. DEMKO

Personally known ☒ or produced identification _____

Type of identification produced: N/A

My Commission Expires:

AUG. 5, 2013

NOTARY PUBLIC-STATE OF FLORIDA
Ann E. Demko
Commission # DD908571
Expires: AUG. 05, 2013
BONDED THRU ATLANTIC BONDING CO., INC.



BOARD OF COUNTY COMMISSIONERS





**Harris, Cotherman,
Jones, Price & Associates**

Certified Public Accountants - Chartered

5070 North Highway A1A, Suite 250

Vero Beach, FL 32963

Tel 772-234-8484

Fax 772-234-8488

**Independent Auditors' Report on Special Purpose Financial Statements Prepared in Compliance
with a Regulatory Provision That Results in an Incomplete Presentation But One That Is
Otherwise in Conformity with Generally Accepted Accounting Principles**

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the accompanying special purpose financial statements of Indian River County, Florida Board of County Commissioners as of and for the fiscal year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Board of County Commissioners' management. Our responsibility is to express an opinion on the 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 fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the presentation of the fund financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying fund financial statements present the financial position of only the Board of County Commissioners at September 30, 2011 and the results of operations for the year then ended. These financial statements are not intended to be a complete presentation of the financial position of Indian River County.

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the financial position of the Board of County Commissioners as of September 30, 2011 and the results of operations for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued reports dated March 9, 2012 on our consideration of the Board of County Commissioners' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements.

This report is intended solely for the information and use of management, the Board of County Commissioners, the Auditor General of the State of Florida, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida

March 9, 2012

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Private Companies Practice Section

Member FICPA

Indian River County, Florida
Board of County Commissioners
Balance Sheet
Governmental Funds
September 30, 2011

	General	Impact Fees	Secondary Roads Construction
ASSETS			
Cash and cash equivalents	\$ 51,964,170	\$ 33,565,477	\$ 13,143,118
Accounts receivable	496,315	-	-
Special assessments receivable	-	-	-
Due from other funds	514,604	-	-
Due from other governments	4,668,884	60,940	271,875
Inventories	42,883	-	-
Prepaid expenses	40,224	-	-
Other assets held for resale	-	-	-
Advances to other funds	242,751	-	510,000
Total assets	<u>\$ 57,969,831</u>	<u>\$ 33,626,417</u>	<u>\$ 13,924,993</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 977,522	\$ 765,327	\$ 689,553
Retainage payable	-	362,558	42,751
Due to other funds	-	-	-
Due to other governments	10,347	-	-
Deferred revenues	94,759	-	-
Other deposits	160,058	-	-
Total liabilities	<u>1,242,686</u>	<u>1,127,885</u>	<u>732,304</u>
Fund Balances:			
Nonspendable:			
Inventories	42,883	-	-
Prepaid items	40,224	-	-
Advances to other funds	242,751	-	510,000
Restricted for:			
Transportation/road improvements	-	20,758,946	12,682,689
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	1,499,416	-
Fire/emergency services	-	1,787,799	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	221,127	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Environmental conservation/preservation	-	-	-
Sports Village repairs/improvements	-	-	-
Solid waste projects	-	25,781	-
Parks/recreational projects	-	6,465,939	-
Other purposes	-	1,739,524	-
Committed to:			
Economic incentives	9,762,653	-	-
Emergency/disaster relief	5,600,000	-	-
Budget stabilization	5,600,000	-	-
Other purposes	78,392	-	-
Assigned to:			
FY 2012 budget appropriation	1,660,000	-	-
Transportation/road improvements	-	-	-
Unassigned	<u>33,700,242</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 56,727,145</u>	<u>\$ 32,498,532</u>	<u>\$ 13,192,689</u>
Total liabilities and fund balances	<u>\$ 57,969,831</u>	<u>\$ 33,626,417</u>	<u>\$ 13,924,993</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
\$ 9,250,801	\$ 14,061,089	\$ 30,428,225	\$ 23,058,355	\$ 175,471,235
692	-	-	6,151	503,158
367,111	-	-	-	367,111
-	-	-	-	514,604
202,814	291,640	15,143,695	541,537	21,181,385
-	-	-	-	42,883
45	-	-	303,911	344,180
-	-	-	1,106,716	1,106,716
-	-	-	-	752,751
<u>\$ 9,821,463</u>	<u>\$ 14,352,729</u>	<u>\$ 45,571,920</u>	<u>\$ 25,016,670</u>	<u>\$ 200,284,023</u>
\$ 155,850	\$ 505,180	\$ 903,954	\$ 570,157	\$ 4,567,543
-	-	404,635	521,865	1,331,809
-	-	-	272,000	272,000
-	-	-	-	10,347
367,111	2,635	-	1,014,138	1,478,643
-	-	-	-	160,058
<u>522,961</u>	<u>507,815</u>	<u>1,308,589</u>	<u>2,378,160</u>	<u>7,820,400</u>
-	-	-	-	42,883
45	-	-	303,911	344,180
-	-	-	-	752,751
-	-	-	-	33,441,635
-	-	-	1,171,689	1,171,689
-	-	-	3,007,049	3,007,049
-	-	-	2,030,401	3,529,817
-	8,529,914	-	-	10,317,713
-	-	-	382,378	382,378
-	-	-	7,622,078	7,622,078
-	-	-	1,024,233	1,024,233
-	-	-	130,694	351,821
-	-	-	311,202	311,202
-	-	-	1,660,771	1,660,771
-	-	-	3,081,243	3,081,243
-	-	44,263,331	-	44,263,331
-	-	-	1,040,832	1,040,832
-	-	-	947,258	947,258
-	-	-	-	25,781
-	-	-	-	6,465,939
-	-	-	279,766	2,019,290
-	-	-	-	9,762,653
800,000	1,500,000	-	-	7,900,000
800,000	1,500,000	-	-	7,900,000
-	-	-	-	78,392
-	2,315,000	-	-	3,975,000
7,698,457	-	-	-	7,698,457
-	-	-	(354,995)	33,345,247
<u>\$ 9,298,502</u>	<u>\$ 13,844,914</u>	<u>\$ 44,263,331</u>	<u>\$ 22,638,510</u>	<u>\$ 192,463,623</u>
<u>\$ 9,821,463</u>	<u>\$ 14,352,729</u>	<u>\$ 45,571,920</u>	<u>\$ 25,016,670</u>	<u>\$ 200,284,023</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, 2011

	<u>General</u>	<u>Impact Fees</u>	<u>Secondary Roads Construction</u>
REVENUES			
Taxes	\$ 51,978,308	\$ -	\$ 3,346,362
Permits, fees and special assessments	8,882,669	1,741,302	113,700
Intergovernmental	13,719,067	214,084	227,337
Charges for services	4,925,596	-	150,530
Judgments, fines and forfeits	469,935	-	-
Interest	396,760	194,070	70,233
Miscellaneous	1,486,495	64,507	86,070
Total revenues	<u>81,858,830</u>	<u>2,213,963</u>	<u>3,994,232</u>
EXPENDITURES			
Current:			
General government	8,904,208	172,123	-
Public safety	4,331,270	1,217,805	-
Physical environment	259,310	643,144	-
Transportation	3,655,363	8,492,314	5,024,531
Economic environment	413,326	-	-
Human services	3,436,333	-	-
Culture/recreation	8,603,256	75,606	-
Court related	234,098	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>29,837,164</u>	<u>10,600,992</u>	<u>5,024,531</u>
Excess of revenues over (under) expenditures	52,021,666	(8,387,029)	(1,030,299)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(8,124,731)	-	-
Transfers to constitutional officers	(43,430,780)	-	-
Total other financing sources (uses)	<u>(51,555,511)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	466,155	(8,387,029)	(1,030,299)
Fund balances at beginning of year	<u>56,260,990</u>	<u>40,885,561</u>	<u>14,222,988</u>
Fund balances at end of year	<u>\$ 56,727,145</u>	<u>\$ 32,498,532</u>	<u>\$ 13,192,689</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
\$ -	\$ 19,360,684	\$ 12,942,483	\$ 7,090,713	\$ 94,718,550
118,916	-	56,850	275,956	11,189,393
2,582,152	84,072	2,202,063	8,164,375	27,193,150
105,531	5,123,675	-	752,429	11,057,761
-	2,900	-	86,744	559,579
60,436	115,872	165,265	147,515	1,150,151
1,215,642	594,390	8,137	714,174	4,169,415
<u>4,082,677</u>	<u>25,281,593</u>	<u>15,374,798</u>	<u>17,231,906</u>	<u>150,037,999</u>
319,958	-	-	890,014	10,286,303
-	26,288,863	-	767,817	32,605,755
434,669	-	-	34,611	1,371,734
11,053,731	-	-	206,268	28,432,207
-	-	-	1,686,372	2,099,698
-	-	-	4,189,036	7,625,369
-	-	-	6,027,332	14,706,194
-	-	-	314,205	548,303
-	-	-	4,270,000	4,270,000
-	-	-	2,562,374	2,562,374
-	-	5,825,287	-	5,825,287
<u>11,808,358</u>	<u>26,288,863</u>	<u>5,825,287</u>	<u>20,948,029</u>	<u>110,333,224</u>
(7,725,681)	(1,007,270)	9,549,511	(3,716,123)	39,704,775
7,953,026	-	-	116,407	8,069,433
-	-	-	-	(8,124,731)
-	(402,837)	-	(388,297)	(44,221,914)
<u>7,953,026</u>	<u>(402,837)</u>	<u>-</u>	<u>(271,890)</u>	<u>(44,277,212)</u>
227,345	(1,410,107)	9,549,511	(3,988,013)	(4,572,437)
<u>9,071,157</u>	<u>15,255,021</u>	<u>34,713,820</u>	<u>26,626,523</u>	<u>197,036,060</u>
\$ <u>9,298,502</u>	\$ <u>13,844,914</u>	\$ <u>44,263,331</u>	\$ <u>22,638,510</u>	\$ <u>192,463,623</u>

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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 51,000,471	\$ 51,000,470	\$ 51,978,308	\$ 977,838
Permits and fees	9,037,350	9,037,350	8,882,669	(154,681)
Intergovernmental	9,328,051	12,252,030	13,719,067	1,467,037
Charges for services	5,488,431	5,542,718	4,925,596	(617,122)
Judgments, fines and forfeits	294,500	294,500	469,935	175,435
Interest	541,500	541,500	396,760	(144,740)
Miscellaneous	436,659	695,122	1,486,495	791,373
Total revenues	<u>76,126,962</u>	<u>79,363,690</u>	<u>81,858,830</u>	<u>2,495,140</u>
EXPENDITURES				
Current:				
General government	9,684,921	10,048,193	8,904,208	1,143,985
Public safety	4,473,503	4,733,657	4,331,270	402,387
Physical environment	263,084	271,529	259,310	12,219
Transportation	912,008	3,941,649	3,655,363	286,286
Economic environment	354,850	8,426,160	413,326	8,012,834
Human services	3,500,439	3,557,671	3,436,333	121,338
Culture/recreation	8,566,753	9,071,777	8,603,256	468,521
Court related	299,333	300,735	234,098	66,637
Total expenditures	<u>28,054,891</u>	<u>40,351,371</u>	<u>29,837,164</u>	<u>10,514,207</u>
Excess of revenues over expenditures	48,072,071	39,012,319	52,021,666	13,009,347
OTHER FINANCING USES				
Transfers out	(8,124,731)	(8,209,256)	(8,124,731)	84,525
Transfers to constitutional officers	<u>(43,805,715)</u>	<u>(43,965,069)</u>	<u>(43,430,780)</u>	<u>534,289</u>
Total other financing uses	<u>(51,930,446)</u>	<u>(52,174,325)</u>	<u>(51,555,511)</u>	<u>618,814</u>
Net change in fund balances	(3,858,375)	(13,162,006)	466,155	\$ <u>13,628,161</u>
Fund balances at beginning of year	<u>3,858,375</u>	<u>13,162,006</u>	<u>56,260,990</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>56,727,145</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
Impact Fees Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 1,329,963	\$ 1,329,963	\$ 1,741,302	\$ 411,339
Intergovernmental	-	17,845	214,084	196,239
Interest	270,000	270,000	194,070	(75,930)
Miscellaneous	-	-	64,507	64,507
Total revenues	<u>1,599,963</u>	<u>1,617,808</u>	<u>2,213,963</u>	<u>596,155</u>
EXPENDITURES				
Current:				
General government	282,163	195,997	172,123	23,874
Public safety	-	1,291,975	1,217,805	74,170
Physical environment	-	643,144	643,144	-
Transportation	1,377,500	17,507,010	8,492,314	9,014,696
Culture/recreation	-	3,929,912	75,606	3,854,306
Total expenditures	<u>1,659,663</u>	<u>23,568,038</u>	<u>10,600,992</u>	<u>12,967,046</u>
Net change in fund balances	(59,700)	(21,950,230)	(8,387,029)	\$ <u><u>13,563,201</u></u>
Fund balances at beginning of year	<u>59,700</u>	<u>21,950,230</u>	<u>40,885,561</u>	
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>32,498,532</u></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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 3,297,174	\$ 3,297,174	\$ 3,346,362	\$ 49,188
Permits, fees and special assessments	-	-	113,700	113,700
Intergovernmental	-	1,925,602	227,337	(1,698,265)
Charges for services	-	-	150,530	150,530
Interest	80,000	80,000	70,233	(9,767)
Miscellaneous	5,958,341	6,006,995	86,070	(5,920,925)
Total revenues	<u>9,335,515</u>	<u>11,309,771</u>	<u>3,994,232</u>	<u>(7,315,539)</u>
EXPENDITURES				
Current:				
Transportation	<u>9,335,515</u>	<u>14,686,453</u>	<u>5,024,531</u>	<u>9,661,922</u>
Total expenditures	<u>9,335,515</u>	<u>14,686,453</u>	<u>5,024,531</u>	<u>9,661,922</u>
Net change in fund balances	-	(3,376,682)	(1,030,299)	\$ <u>2,346,383</u>
Fund balances at beginning of year	-	3,376,682	14,222,988	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,192,689</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 123,500	\$ 123,500	\$ 118,916	\$ (4,584)
Intergovernmental	2,318,950	2,318,950	2,582,152	263,202
Charges for services	86,925	86,925	105,531	18,606
Interest	90,250	90,250	60,436	(29,814)
Miscellaneous	792,750	792,750	1,215,642	422,892
Total revenues	3,412,375	3,412,375	4,082,677	670,302
EXPENDITURES				
Current:				
General government	304,650	333,967	319,958	14,009
Physical environment	576,834	590,866	434,669	156,197
Transportation	11,658,917	14,001,859	11,053,731	2,948,128
Total expenditures	12,540,401	14,926,692	11,808,358	3,118,334
Excess of revenues under expenditures	(9,128,026)	(11,514,317)	(7,725,681)	3,788,636
OTHER FINANCING SOURCES				
Transfers in	7,953,026	7,953,026	7,953,026	-
Total other financing sources	7,953,026	7,953,026	7,953,026	-
Net change in fund balances	(1,175,000)	(3,561,291)	227,345	\$ 3,788,636
Fund balances at beginning of year	1,175,000	3,561,291	9,071,157	
Fund balances at end of year	\$ -	\$ -	\$ 9,298,502	

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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 18,981,402	\$ 18,981,402	\$ 19,360,684	\$ 379,282
Intergovernmental	28,500	80,729	84,072	3,343
Charges for services	4,099,250	4,099,250	5,123,675	1,024,425
Judgments, fines and forfeits	-	-	2,900	2,900
Interest	194,750	194,750	115,872	(78,878)
Miscellaneous	14,298	14,298	594,390	580,092
Total revenues	<u>23,318,200</u>	<u>23,370,429</u>	<u>25,281,593</u>	<u>1,911,164</u>
EXPENDITURES				
Current:				
Public safety	<u>25,439,789</u>	<u>28,190,377</u>	<u>26,288,863</u>	<u>1,901,514</u>
Total expenditures	<u>25,439,789</u>	<u>28,190,377</u>	<u>26,288,863</u>	<u>1,901,514</u>
Excess of revenues over (under) expenditures	(2,121,589)	(4,819,948)	(1,007,270)	3,812,678
OTHER FINANCING SOURCES (USES)				
Transfers in	-	64,020	-	(64,020)
Transfers to constitutional officers	<u>(466,987)</u>	<u>(466,987)</u>	<u>(402,837)</u>	<u>64,150</u>
Total other financing uses	<u>(466,987)</u>	<u>(402,967)</u>	<u>(402,837)</u>	<u>130</u>
Net change in fund balances	(2,588,576)	(5,222,915)	(1,410,107)	\$ <u>3,812,808</u>
Fund balances at beginning of year	<u>2,588,576</u>	<u>5,222,915</u>	<u>15,255,021</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,844,914</u>	

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

Indian River County, Florida
Board of County Commissioners
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Enterprise Funds						
	Solid Waste Disposal District	Golf Course	County Utilities	County Building	Total	Internal Service Funds	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 16,272,939	\$ 132,583	\$ 34,595,467	\$ 3,980,050	\$ 54,981,039	\$ 30,926,594	
Accounts receivable - net	108,294	-	2,770,758	375	2,879,427	1,564,576	
Due from other governments	96,905	10,800	26,887	-	134,592	112,527	
Interest receivable	15,633	574	536,308	3,012	555,527	23,392	
Inventories	-	54,462	876,259	-	930,721	209,667	
Prepaid expenses	-	-	181,164	-	181,164	1,035,670	
Current restricted assets:							
Cash and cash equivalents	13,490,489	470,664	26,337,729	-	40,298,882	-	
Total current assets	29,984,260	669,083	65,324,572	3,983,437	99,961,352	33,872,426	
Non-current assets:							
Unamortized bond costs	-	49,523	477,430	-	526,953	-	
Deferred amounts on refundings	-	134,019	3,029,137	-	3,163,156	-	
Capital assets- non-depreciable	15,940,391	669,630	15,648,928	-	32,258,949	27,300	
Capital assets-depreciable	21,807,067	8,356,251	397,458,084	426,643	428,048,045	992,942	
Accumulated depreciation	(7,887,372)	(1,729,813)	(183,132,771)	(421,606)	(193,171,562)	(614,707)	
Non-current restricted assets:							
Special assessments receivable	-	-	1,256,636	-	1,256,636	-	
Impact fees receivable	-	-	771,704	-	771,704	-	
Liens receivable	-	-	2,133,445	-	2,133,445	-	
Total non-current assets	29,860,086	7,479,610	237,642,593	5,037	274,987,326	405,535	
Total assets	59,844,346	8,148,693	302,967,165	3,988,474	374,948,678	34,277,961	
LIABILITIES							
Current liabilities (payable from current assets):							
Accounts payable	991,593	26,375	536,528	6,827	1,561,323	215,451	
Retainage payable	-	-	13,769	-	13,769	-	
Claims payable	-	-	-	-	-	2,395,278	
Due to other funds	-	52,604	-	-	52,604	190,000	
Due to other governments	-	7,745	2,827,524	11,316	2,846,585	-	
Unearned revenues	-	28,274	-	-	28,274	-	
Other deposits	-	1,000	-	-	1,000	-	
Pollution remediation costs payable	-	-	17,720	-	17,720	-	
Accrued compensated absences	39,934	36,580	526,173	65,146	667,833	22,843	
Total current liabilities (payable from current assets)	1,031,527	152,578	3,921,714	83,289	5,189,108	2,823,572	
Current liabilities (payable from restricted assets):							
Accounts payable	-	-	287,331	-	287,331	-	
Retainage payable	-	-	136,260	-	136,260	-	
Accrued interest payable	-	8,580	182,787	-	191,367	-	
Bonds payable	-	535,000	3,090,000	-	3,625,000	-	
Customer deposits	127,141	-	2,477,787	-	2,604,928	-	
Total current liabilities (payable from restricted assets)	127,141	543,580	6,174,165	-	6,844,886	-	
Total current liabilities	1,158,668	696,158	10,095,879	83,289	12,033,994	2,823,572	
Non-current liabilities:							
Accrued compensated absences	-	28,142	94,591	30,512	153,245	20,958	
Advance from other funds	-	752,751	-	-	752,751	-	
Claims payable	-	-	-	-	-	5,481,722	
Pollution remediation costs payable	-	-	47,280	-	47,280	-	
Closure and maintenance costs payable	10,016,236	-	-	-	10,016,236	-	
Bonds payable - net of discount and premium	-	2,097,243	46,699,603	-	48,796,846	-	
Total non-current liabilities	10,016,236	2,878,136	46,841,474	30,512	59,766,358	5,502,680	
Total liabilities	11,174,904	3,574,294	56,937,353	113,801	71,800,352	8,326,252	
NET ASSETS							
Invested in capital assets, net of related debt	29,860,086	4,797,844	183,213,775	5,037	217,876,742	405,535	
Restricted for:							
Debt service	-	44,583	253,750	-	298,333	-	
Capital projects	-	-	23,931,768	-	23,931,768	-	
Unrestricted	18,809,356	(268,028)	38,630,519	3,869,636	61,041,483	25,546,174	
Total net assets	\$ 48,669,442	\$ 4,574,399	\$ 246,029,812	\$ 3,874,673	\$ 303,148,326	\$ 25,951,709	

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 Assets
Proprietary Funds
For the Year Ended September 30, 2011

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
OPERATING REVENUES		
Charges for services	\$ 9,221,396	\$ -
Charges for services pledged as security for revenue bonds	-	3,163,062
Total operating revenues	<u>9,221,396</u>	<u>3,163,062</u>
OPERATING EXPENSES		
Personal services	1,200,617	585,330
Material, supplies, services and other operating	8,180,639	1,661,551
Depreciation	987,673	122,977
Total operating expenses	<u>10,368,929</u>	<u>2,369,858</u>
Operating income (loss)	(1,147,533)	793,204
NONOPERATING REVENUES (EXPENSES)		
Interest income	203,253	-
Interest income pledged as security for revenue bonds	-	7,510
Gain on disposal of equipment	530,241	12,640
Interest expense	-	(126,302)
Bond amortization expense	-	(41,505)
Loss on disposal of equipment	(1,547)	-
Total nonoperating revenues (expenses)	<u>731,947</u>	<u>(147,657)</u>
Income (loss) before transfers and capital contributions	(415,586)	645,547
Capital contributions	643,144	-
Capital grants		
Transfers in	-	-
Change in net assets	<u>227,558</u>	<u>645,547</u>
Total net assets - beginning	<u>48,441,884</u>	<u>3,928,852</u>
Total net assets - ending	<u>\$ 48,669,442</u>	<u>\$ 4,574,399</u>

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

County Utilities	County Building	Total	Internal Service Funds
\$ -	\$ 1,588,934	\$ 10,810,330	\$ 21,495,026
27,842,092	-	31,005,154	-
<u>27,842,092</u>	<u>1,588,934</u>	<u>41,815,484</u>	<u>21,495,026</u>
7,601,131	1,132,608	10,519,686	2,300,869
9,227,181	480,645	19,550,016	17,427,465
14,602,614	10,609	15,723,873	153,296
<u>31,430,926</u>	<u>1,623,862</u>	<u>45,793,575</u>	<u>19,881,630</u>
(3,588,834)	(34,928)	(3,978,091)	1,613,396
-	21,847	225,100	167,312
491,260	-	498,770	-
19,770	-	562,651	3,200
(2,313,602)	-	(2,439,904)	-
(74,112)	-	(115,617)	-
-	-	(1,547)	-
<u>(1,876,684)</u>	<u>21,847</u>	<u>(1,270,547)</u>	<u>170,512</u>
(5,465,518)	(13,081)	(5,248,638)	1,783,908
1,836,506	-	2,479,650	-
86,765	-	-	55,298
<u>-</u>	<u>-</u>	<u>-</u>	<u>55,298</u>
(3,542,247)	(13,081)	(2,768,988)	1,839,206
249,572,059	3,887,754	305,830,549	24,112,503
<u>\$ 246,029,812</u>	<u>\$ 3,874,673</u>	<u>\$ 303,148,326</u>	<u>\$ 25,951,709</u>

Indian River County, Florida
Board of County Commissioners
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,163,709	\$ 3,164,408
Cash paid to suppliers for goods and services	(7,137,512)	(1,693,577)
Cash paid to employees for services	(1,379,205)	(589,688)
Net cash provided by (used in) operating activities	<u>646,992</u>	<u>881,143</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Proceeds from advances from other funds	-	333,050
Payments on advances from other funds	-	(150,431)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>182,619</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments - bonds/notes	-	(520,000)
Interest paid on long-term debt	-	(126,975)
Proceeds from sales of capital assets	1,990,772	12,640
Purchase of capital assets	(2,369,252)	(336,146)
Bond paying agent and arbitrage fees	-	-
Capital contributed by others	643,144	-
Net cash provided by (used in) capital and related financing activities	<u>264,664</u>	<u>(970,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	<u>209,661</u>	<u>7,612</u>
Net cash provided by investing activities	<u>209,661</u>	<u>7,612</u>
Net increase (decrease) in cash and cash equivalents	1,121,317	100,893
Cash and cash equivalents at beginning of year	<u>28,642,111</u>	<u>502,354</u>
Cash and cash equivalents at end of year	<u>\$ 29,763,428</u>	<u>\$ 603,247</u>
Classified as:		
Current assets	\$ 16,272,939	\$ 132,583
Restricted assets	<u>13,490,489</u>	<u>470,664</u>
Totals	<u>\$ 29,763,428</u>	<u>\$ 603,247</u>

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

<u>County Utilities</u>	<u>County Building</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 27,663,095	\$ 1,588,559	\$ 41,579,771	\$ 21,275,610
(9,731,633)	(507,369)	(19,070,091)	(17,306,683)
(7,622,783)	(1,134,722)	(10,726,398)	(2,304,152)
<u>10,308,679</u>	<u>(53,532)</u>	<u>11,783,282</u>	<u>1,664,775</u>
-	-	-	55,298
-	-	333,050	190,000
-	-	(150,431)	-
<u>-</u>	<u>-</u>	<u>182,619</u>	<u>245,298</u>
(2,990,000)	-	(3,510,000)	-
(2,324,573)	-	(2,451,548)	-
19,770	-	2,023,182	3,200
(5,981,088)	-	(8,686,486)	(97,006)
(5,100)	-	(5,100)	-
1,252,512	-	1,895,656	-
<u>(10,028,479)</u>	<u>-</u>	<u>(10,734,296)</u>	<u>(93,806)</u>
500,094	23,295	740,662	169,732
<u>500,094</u>	<u>23,295</u>	<u>740,662</u>	<u>169,732</u>
780,294	(30,237)	1,972,267	1,985,999
60,152,902	4,010,287	93,307,654	28,940,595
<u>\$ 60,933,196</u>	<u>\$ 3,980,050</u>	<u>\$ 95,279,921</u>	<u>\$ 30,926,594</u>
\$ 34,595,467	\$ 3,980,050	\$ 54,981,039	\$ 30,926,594
26,337,729	-	40,298,882	-
<u>\$ 60,933,196</u>	<u>\$ 3,980,050</u>	<u>\$ 95,279,921</u>	<u>\$ 30,926,594</u>

Continued

Indian River County, Florida
Board of County Commissioners
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

	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)	\$ (1,147,533)	\$ 793,204
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	987,673	122,977
(Increase) Decrease in assets:		
Accounts receivable	(44,008)	-
Due from other governments	(1,394)	500
Inventories	-	(7,628)
Liens receivable	-	-
Impact fees receivable	-	-
Special assessments receivable	-	-
Prepaid items	-	-
Increase (Decrease) in liabilities:		
Accounts payable	545,627	(24,632)
Due to other governments	-	234
Retainage payable	-	-
Customer deposits	(12,285)	-
Closure and maintenance costs payable	497,500	-
Pollution remediation costs payable	-	-
Unearned revenues	-	846
Claims payable	-	-
Accrued compensated absences	(178,588)	(4,358)
Total adjustments	1,794,525	87,939
Net cash provided by (used in) operating activities	\$ 646,992	\$ 881,143
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in fair value of investments	\$ 19,061	\$ 700
Contributed property, infrastructure and equipment	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 236,816	\$ -

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

<u>County Utilities</u>	<u>County Building</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (3,588,834)	\$ (34,928)	\$ (3,978,091)	\$ 1,613,396
14,602,614	10,609	15,723,873	153,296
5,190	(375)	(39,193)	(187,784)
(50)	-	(944)	(31,632)
27,908	-	20,280	(53,469)
(563,702)	-	(563,702)	-
43,869	-	43,869	-
311,792	-	311,792	-
(147,831)	-	(147,831)	108,449
(359,162)	(33,428)	128,405	87,802
(18,575)	6,704	(11,637)	-
5,089	-	5,089	-
23,904	-	11,619	-
-	-	497,500	-
(11,881)	-	(11,881)	-
-	-	846	-
-	-	-	(22,000)
(21,652)	(2,114)	(206,712)	(3,283)
13,897,513	(18,604)	15,761,373	51,379
\$ <u>10,308,679</u>	\$ <u>(53,532)</u>	\$ <u>11,783,282</u>	\$ <u>1,664,775</u>

\$ 51,334	\$ 3,673	\$ 74,768	\$ 28,520
\$ 643,922	\$ -	\$ 643,922	\$ -
\$ 194,045	\$ -	\$ 430,861	\$ -

Indian River County, Florida
Board of County Commissioners
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2011

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
ASSETS		
Cash and cash equivalents	\$ 5,581,531	\$ -
Investments, at fair value:		
Index funds	-	3,226,690
U.S. government securities funds	-	4,700,167
Prime money market fund	-	525,143
Total assets	<u>\$ 5,581,531</u>	<u>8,452,000</u>
 LIABILITIES		
Accounts payable	\$ 818,509	525
Benefits payable	-	1,496,119
Other deposits held in escrow	4,763,022	-
Total liabilities	<u>\$ 5,581,531</u>	<u>1,496,644</u>
 NET ASSETS		
Assets held in trust for other postemployment benefits		<u>6,955,356</u>
Total net assets		<u>\$ 6,955,356</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 Assets
Other Postemployment Benefits Trust Fund
For the Year Ended September 30, 2011

ADDITIONS

Employer contributions	\$ 2,948,358
Investment loss	(84,217)
Investment expense	<u>(2,130)</u>
Total additions	<u>2,862,011</u>

DEDUCTIONS

Benefits payments	<u>1,496,119</u>
Total deductions	<u>1,496,119</u>

Change in net assets	1,365,892
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Net assets - beginning	<u>5,589,464</u>
Net assets - ending	<u>\$ 6,955,356</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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of County Commissioners (the “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 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 Board. The Board is financially accountable if an organization is fiscally dependent on the Board 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, Board management examined all organizations, which are legally separate, in order to determine which organizations, if any, should be included in the Board’s financial statements. 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 Board for the SWDD and 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 Board for the EMS and sets the millage rate for 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, 2011

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, liabilities, 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 Assets presents assets held by the Board in a custodial capacity for other individuals or organizations.

See Note 17 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 and current liabilities 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 current assets. 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 17 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, 2011

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 and all liabilities (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 assets. The Board applies all GASB Pronouncements as well as all FASB and AICPA Pronouncements.

Proprietary fund operating revenues, such as charges for services, 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.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expense. Proceeds of long-term debt are 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 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 (Trust) accounts for activities of the 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Fund Financial Statements - Continued

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 required to be accounted for 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.

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 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Fund Financial Statements - Continued

Other Fund Types

Internal Service Funds – Internal Service Funds account for Fleet Management, Self Insurance and Geographic Information Systems 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 accounts for activities of the 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 Cash Equivalents

Cash and cash equivalents include deposits and all highly liquid investments with maturities of ninety days or less when purchased. 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 cash equivalents 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 cash equivalents on these statements.

D. Investments

Investments consist of U.S. Treasury Securities, U.S. Government Agency Securities, money market funds, Florida PRIME Fund (formerly known as the Local Government Surplus Funds Trust Fund Investment (SBA) Fund A), Fund B Surplus Funds Trust Fund, and the Florida Local Government Investment Trust Fund (FLGIT). Investments are reported at fair value based upon the average price obtained from three brokers/dealers. The SBA and FLGIT values are based upon the fair market value per share of the underlying portfolio. Refer to Note 2-C, Investments, for further information on individual investments.

E. Allowance for Doubtful Accounts

The Board provides an allowance for water and sewer accounts receivables that may become uncollectable. At September 30, 2011, this allowance was \$424,493. No other allowances for doubtful accounts are maintained since other accounts receivable are considered collectable as reported at September 30, 2011.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Inventories

Inventories are valued at cost, which approximates market, using the “first-in, first-out” method of accounting, with the exception of the Shooting Range 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. Prepaid Items

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.

H. Other Assets Held For Resale

This account represents assets the Board has purchased with the intent to resell. In fiscal year 2009, the Board was allocated \$4.6 million from the U.S. Department of Housing and Urban Development’s Neighborhood Stabilization Program under a Community Development Block Grant. This funding was to be used by local governments for acquiring, redeveloping, and reselling foreclosed properties that might otherwise become sources of abandonment within their communities. At September 30, 2011, ten homes remain unsold. The Board intends to resell these homes in the next fiscal year. They are reported at the lower of cost or market value on the balance sheet of the Board’s governmental funds.

I. 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 are recorded at estimated fair market value at the date of donations. 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, 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Capital Assets - Continued

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

J. 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.

K. Unamortized Bond Costs

Bond issuance costs and legal fees associated with the issuance of Proprietary Fund revenue bonds are amortized over the life of the bonds using the straight-line method of accounting.

L. 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.

M. 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N. Deferred Revenues

In governmental fund financial statements (in accordance with the modified accrual basis of accounting), deferred revenues represent revenues, which are measurable but not available, or received and unearned.

O. 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 financial statements of the County. Proprietary fund types accrue compensated absences in the period they are earned.

P. 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, 2011.

Q. New Accounting Pronouncements

Effective October 1, 2010, the Board implemented the provisions of GASB Statement No. 61 *The Financial Reporting Entity: Omnibus* and GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*.

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 Department of Revenue, State of Florida, a proposed operating budget for the fiscal year commencing the following October 1. 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

R. Budgets and Budgetary Accounting - Continued

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.

NOTE 2 - CASH AND CASH EQUIVALENTS

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, 2011, the carrying value of the Board's deposits with banks was \$11,381,758 and the bank balance was \$13,082,244. 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, 2011, accrued interest for the Board's portfolio totaled \$181,454 and was allocated to the funds based on their average monthly balance for September.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

C. Investments

On August 12, 2008, the Indian River County Board of County Commissioners modified the investment policy pursuant to Section 218.415, Florida Statutes, that established permitted investments, asset allocation limits, issuer limits, credit ratings requirements and maturity limits to protect the Board's cash and investments.

As of September 30, 2011, the Board had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>	<u>Portfolio Percentage</u>	<u>Credit Risks*</u>
<u>Fixed Rate Debt Instruments:</u>				
U.S. Treasuries	\$ 99,264,382	1.04	33.56 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	39,215,167	1.39	13.26	AA+
Federal Home Loan Bank	50,091,446	1.00	16.94	AA+
Federal Home Loan Mortgage	18,991,294	1.41	6.42	AA+
Federal National Mortgage Assoc.	36,996,709	0.65	12.51	AA+
<u>Other Fixed Rate Investments:</u>				
Fund B Surplus Funds Trust Fund	458,460	4.82	0.16	Not Rated
Florida Local Government				AAAf and
Investment Trust Fund	9,960,868	0.08	3.37	S-1**
<u>Other Market Rate Investments:</u>				
Regions Bank Money Market	13,897,326	0.08	4.70	N/A
Suntrust Bank NOW Account	7,567,072	0.08	2.55	N/A
Florida Trust Day to Day Fund	13,914,862	0.08	4.70	AAAm
<u>W&S Sinking Fund Reserve:</u>				
U.S. Treasuries	3,724,922	0.98	1.26	N/A
Federal Home Loan Bank	1,678,827	0.39	0.57	AA+
Fidelity Institutional Money Market	11,200	0.08	0.00	AAAm
Total Fair Value	\$ <u>295,772,535</u>		<u>100.00</u> %	
		0.91		

* 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).

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

C. Investments – Continued

At September 30, 2011, the Board had \$605,757 invested in Fund B Surplus Funds Trust Fund, a fluctuating net asset value pool. The State Board of Administration (SBA) determined a negative fair market value adjustment of 24.32% of the portfolio balance, or \$147,297, was needed to represent the fair market value of the participation. Consequently, the net investment in Fund B is reported at \$458,460.

The Florida Local Government Investment Trust Fund is a pool of various securities with maturities of less than five years. The fund was established by Florida Statute 163.01, is administered by the Florida Association of Court Clerks, and is marked to market daily.

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. Florida PRIME (formerly known as Fund A) and Fund B Surplus Funds Trust Fund (Fund B);
3. Florida Local Government Investment Trust Fund;
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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

C. Investments – 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.

Currently, Fund B participants are permitted to withdraw scheduled amounts as assets become liquid. Full realization of the principal value of Fund B assets is uncertain and dependent upon the collateralized securities underlying each holding and is contingent upon future market conditions.

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 \$3 million of the portfolio may be placed in certificates of deposit with any one financial institution. No more than 5% 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, 2011, the Board's investment portfolio in U.S. Treasuries, U.S. Agencies, and money market fund, was held by The Bank of New York/Mellon with the exception of the following: the SunTrust NOW account, the Regions Bank Money Market, and the Florida Trust Day to Day Fund. The Florida Trust Day to Day Fund was held by UMB Bank.

D. OPEB Trust Investments

Funds are held in the name of the Indian River County OPEB Trust (IRCOT), an irrevocable trust, by a third party custodian, Bank of New York/Mellon. 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 IRCOT assets on February 3, 2009 (amended on May 12, 2009). The County adopted a broadly diversified portfolio composition consisting of equity, debt, and cash and cash equivalents. Asset allocations are divided between short term and long term investments. Short term asset allocations include cash and cash equivalents 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 cash equivalents.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

D. OPEB Trust Investments - Continued

The contribution of \$2.82 million for year ended September 30, 2011 was invested in the various funds listed below. As of September 30, 2011, the Indian River County OPEB Trust (IRCOT) had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>	<u>Portfolio Percentage</u>	<u>Credit Risks*</u>
<u>Short-Term Portion:</u>				
Fidelity Treasury Money Market	\$ 1,496,119	0.12	17.70 %	AAAm
<u>Long-Term Portion:</u>				
Vanguard 500 Index	1,552,052	N/A	18.36	N/A
Vanguard All World Ex-US	1,174,299	N/A	13.89	N/A
Vanguard Mid Cap Index	335,441	N/A	3.97	N/A
Vanguard Small Cap Index	164,898	N/A	1.95	N/A
Vanguard Short Term Treasury	1,768,214	2.60	20.92	AA+
Vanguard Intermediate Treasury	1,230,290	5.40	14.56	AA+
Vanguard Prime Money Market	525,143	0.16	6.21	A-1
Vanguard Federal Money Market	205,544	0.15	2.44	A-1
Total Fair Value	\$ <u>8,452,000</u>		<u>100.00</u> %	

* Ratings based upon Standard and Poor's

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. Property tax revenues recognized for the 2010-2011 fiscal year were levied in October 2010. 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

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 10/1/2010	\$ 138,413,559	\$ 186,414,912	\$ 38,222,682	\$ 2,620,522	\$ 8,949,193	\$ 1,126,677	\$ 375,747,545
Additions	-	744,123	2,795,697	231,302	37,500	4,147,490	7,956,112
Deletions	(25,000)	-	(1,329,694)	-	-	(640,673)	(1,995,367)
Balance 9/30/2011	<u>\$ 138,388,559</u>	<u>\$ 187,159,035</u>	<u>\$ 39,688,685</u>	<u>\$ 2,851,824</u>	<u>\$ 8,986,693</u>	<u>\$ 4,633,494</u>	<u>\$ 381,708,290</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.

B. Proprietary Fund Type Capital Assets

A summary of changes in the proprietary fund type capital assets is as follows:

	Land	Buildings And Improvements	Equipment	Intangibles	Construction In Progress	Total
Balance at 10/1/2010	\$ 19,312,400	\$ 408,373,165	\$ 19,182,375	\$ 2,224,432	\$ 9,270,970	\$ 458,363,342
Additions	1,218,032	4,453,232	941,761	652,949	6,899,893	14,165,867
Deletions	-	(8,945)	(5,387,463)	(2,140)	(5,803,425)	(11,201,973)
	20,530,432	412,817,452	14,736,673	2,875,241	10,367,438	461,327,236
Less:						-
Accumulated Depreciation	-	(180,327,286)	(12,734,932)	(724,051)	-	(193,786,269)
Balance at 9/30/2011	<u>\$ 20,530,432</u>	<u>\$ 232,490,166</u>	<u>\$ 2,001,741</u>	<u>\$ 2,151,190</u>	<u>\$ 10,367,438</u>	<u>\$ 267,540,967</u>

Indian River County, Florida
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Notes To Financial Statements
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NOTE 5 – RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

	Solid Waste Disposal District	Golf Course	County Utilities	Total
Sinking funds	\$ -	\$ 470,664	\$ 6,159,070	\$ 6,629,734
Renewal and replacement	3,347,112	-	3,485,928	6,833,040
Customer deposits	127,141	-	2,471,418	2,598,559
Capital construction	-	-	14,221,313	14,221,313
Closure and maintenance cost	10,016,236	-	-	10,016,236
Total	<u>\$ 13,490,489</u>	<u>\$ 470,664</u>	<u>\$ 26,337,729</u>	<u>\$ 40,298,882</u>

NOTE 6 – PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from the Board's Enterprise Funds restricted assets above are as follows:

	Solid Waste Disposal District	Golf Course	County Utilities	Total
Accounts payable	\$ -	\$ -	\$ 287,331	\$ 287,331
Retainage payable	-	-	136,260	136,260
Accrued interest payable	-	8,580	182,787	191,367
Bonds payable (current portion)	-	535,000	3,090,000	3,625,000
Closure/maint. costs payable	10,016,236	-	-	10,016,236
Customer deposits	127,141	-	2,477,787	2,604,928
Total	<u>\$ 10,143,377</u>	<u>\$ 543,580</u>	<u>\$ 6,174,165</u>	<u>\$ 16,861,122</u>

Indian River County, Florida
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NOTE 7 - INTERFUND BALANCES

Interfund balances at September 30, 2011, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 272,000
General Fund	Golf Course Enterprise Fund	52,604
General Fund	Fleet Internal Service Fund	190,000
		<u>\$ 514,604</u>

In October 2010, the General Fund loaned \$ 333,050 to the Golf Course Fund to purchase new golf carts. 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 2012. The remaining amount due from the Golf Course Fund is reported as an interfund advance. The amounts due from the Fleet Internal Service Fund and the Nonmajor Governmental Funds represent short-term cash loans that will be repaid within the next twelve months.

Interfund advances at September 30, 2011, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Secondary Roads Construction Fund	Golf Course Fund	\$ 510,000
General Fund	Golf Course Fund	242,751
		<u>\$ 752,751</u>

These amounts are considered long-term advances between major funds expected to be paid over the course of several years. These amounts have been presented as nonspendable on the General and Secondary Roads Construction Funds Balance Sheets.

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2011, consisted of the following:

	<u>Transfers In:</u>			
	<u>Transportation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
<u>Transfers Out:</u>				
General Fund	\$ 7,953,026	\$ 116,407	\$ 55,298	\$ 8,124,731

Indian River County, Florida
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Notes To Financial Statements
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NOTE 8 - INTERFUND TRANSFERS - Continued

Transfers are used for the following purposes: 1) use unrestricted general fund revenues to finance transportation activities which must be 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, and 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.

NOTE 9 – DUE FROM OTHER GOVERNMENTS

Governmental Funds

On November 18, 2008, the Board entered into a locally funded agreement with the Florida Department of Transportation (FDOT) to advance the six-laning of State Road 60 from 82nd Avenue to I-95 (Segment Two). The agreement obligated the Board to pay \$14,429,754 to the FDOT. Payment was made in November 2008 to the FDOT. Funding was from the Optional Sales Tax Fund.

Reimbursement by the FDOT for Segment Two will be in ten quarterly installments over a three-year period which began in July 2011. Repayments to the Board will include principal and any accumulated interest earnings that have not been used for supplemental costs of the project.

	Optional Sales Tax Fund
Segment Two Amount Advance Funded	\$ 14,429,754
Less: Reimbursements received as of 9/30/2011	(500,000)
Balance Due from FDOT SR60 Agreement	13,929,754
Additional Funds Due from other governments	1,213,941
Total Due from other governments	\$ 15,143,695

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2011

NOTE 10 – ACCOUNTS PAYABLE

Accounts Payable at September 30, 2011, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total Accounts Payable</u>
Governmental Funds:			
General	\$ 939,268	\$ 38,254	\$ 977,522
Impact Fees	747,711	17,616	765,327
Secondary Roads Construction	688,779	774	689,553
Transportation	132,818	23,032	155,850
Emergency Services	438,263	66,917	505,180
Optional Sales Tax	903,954	-	903,954
Other Governmental	<u>567,412</u>	<u>2,745</u>	<u>570,157</u>
Total Governmental Funds	<u>\$ 4,418,205</u>	<u>\$ 149,338</u>	<u>\$ 4,567,543</u>
Proprietary Funds:			
Payable from current assets:			
Solid Waste	\$ 989,811	\$ 1,782	\$ 991,593
Golf Course	24,508	1,867	26,375
Utilities	513,153	23,375	536,528
Building	3,532	3,295	6,827
Other Proprietary	212,563	2,888	215,451
Payable from restricted assets:			
Utilities	<u>287,331</u>	<u>-</u>	<u>287,331</u>
Total Proprietary Funds	<u>\$ 2,030,898</u>	<u>\$ 33,207</u>	<u>\$ 2,064,105</u>

The Board has not engaged in any short-term debt activity during fiscal year 2011 other than that listed in Note 7.

Due To Other Governments – Utilities Fund

On August 25, 2010, the Board received notification from the State Division of Emergency Management that a repayment of \$2,827,524 may be due to the Federal Emergency Management Agency (FEMA) for disallowed costs related to a sewer project. The Board has appealed FEMA's decision. As of September 30, 2011, the Board recorded these costs as a liability, Due to Other Governments, in the Utilities proprietary fund while awaiting FEMA's response to the appeal.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 11 - LONG-TERM LIABILITIES

A. Governmental Long-Term Debt

Changes in Long-Term Liabilities

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
Accrued Compensated Absences:	\$ 4,520,819	\$ 2,494,479	\$ 2,851,540	\$ 4,163,758
Bonds Payable:				
Limited General Obligation				
Bonds - 2006 Series	38,270,000	-	2,885,000	35,385,000
General Obligation				
Bonds - 2001 Series	5,210,000	-	780,000	4,430,000
Spring Training Facility				
Revenue Bonds - 2001 Series	12,310,000	-	605,000	11,705,000
Total Bonds Payable	55,790,000	-	4,270,000	51,520,000
Grand Total	<u>\$ 60,310,819</u>	<u>\$ 2,494,479</u>	<u>\$ 7,121,540</u>	<u>\$ 55,683,758</u>

Of the \$4,163,758 liability for accrued compensated absences, management estimates that \$2,000,000 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 by the fund which normally pays the personnel service costs of the employee.

The General Obligation Bonds 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 above general obligation and 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 Balance of Nonmajor Governmental Funds).

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 11 - LONG-TERM LIABILITIES – Continued

A. Governmental Long-Term Debt - Continued

Annual Debt Service Payments

The annual debt service payments for bonds outstanding at September 30, 2011, are as follows:

Fiscal Year Ending September 30	Limited General Obligation Bonds Series 2006		General Obligation Bonds Series 2001		Spring Training Facility Revenue Bonds Series 2001	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 3,000,000	\$1,612,263	\$ 810,000	\$ 183,368	\$ 630,000	\$ 593,423
2013	3,120,000	1,492,263	845,000	151,778	655,000	566,333
2014	3,255,000	1,367,463	885,000	117,977	685,000	537,513
2015	3,390,000	1,204,712	925,000	80,807	725,000	501,550
2016	3,545,000	1,035,212	965,000	41,495	760,000	463,487
2017-2021	19,075,000	2,667,762	-	-	4,435,000	1,676,412
2022-2026	-	-	-	-	1,695,000	793,000
2027-2031	-	-	-	-	2,120,000	324,750
Total	35,385,000	9,379,675	4,430,000	575,425	11,705,000	5,456,468
Less:						
Current portion	3,000,000	-	810,000	-	630,000	-
Add:						
Unamortized bond premium	908,939	-	-	-	-	-
Total	<u>\$ 33,293,939</u>	<u>\$ 9,379,675</u>	<u>\$ 3,620,000</u>	<u>\$ 575,425</u>	<u>\$ 11,075,000</u>	<u>\$ 5,456,468</u>

Limited General Obligation Bonds

Purpose – On July 6, 2006, the Board issued \$48,600,000 of Limited General Obligation Bonds, Series 2006. The issuance of the Series 2006 bonds was approved by a majority of votes cast in a bond referendum held on November 2, 2004, by the qualified electors of the County. The referendum authorized a total of \$50,000,000 aggregate principal amount of limited general obligation bonds. The proceeds of this issue will provide funds to acquire interest in lands to protect water resources and/or drinking water sources, environmentally sensitive lands, historic sites, and/or agricultural lands together with the necessary preservation, restoration, remediation and reclamation activities to preserve and enhance such property.

Pledge of revenues - The principal and interest on the bonds are payable from ad valorem taxes not exceeding ½ mil and having a maturity not exceeding fifteen years, which are levied by the Board upon the taxable real and personal property of the Board.

Indian River County, Florida
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Notes To Financial Statements
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NOTE 11 - LONG-TERM LIABILITIES – Continued

A. Governmental Long-Term Debt - Continued

Limited General Obligation Bonds - Continued

Bonds Issued - At September 30, 2011, Limited General Obligation Bonds consisted of the following:

<u>Description</u>	<u>Interest Rates and Date</u>	<u>Maturity</u>	<u>Issue</u>	<u>Outstanding at September 30, 2011</u>
Limited General Obligation Bonds, 2006 Series	4.00%-5.00% 1/1 and 7/1	2021	\$ 48,600,000	<u>\$ 35,385,000</u>

Optional Redemption - The Limited General Obligation Bonds, Series 2006, maturing on or after July 1, 2017, are subject to redemption prior to maturity, at the option of the Board on and after July 1, 2016, in whole or in part, at any time, on any date at a redemption price of par, together with accrued interest to the redemption date.

General Obligation Bonds

Purpose – On November 29, 2001, the Board issued the additional \$11,000,000 of General Obligation Bonds, Series 2001. The issuance of the Series 1995 bonds and the Series 2001 bonds were approved by a majority of votes cast in a bond referendum held on November 2, 1992, by the qualified electors of the County. The referendum authorized a total of \$26,000,000 aggregate principal amount of general obligation bonds, in one or more series, for which the Series 1995 bonds are the first (in the amount of \$15,000,000) and the Series 2001 bonds are the second. The proceeds of this issue will provide funds to acquire environmentally sensitive lands, together with the necessary restoration, remediation, and reclamation activities to preserve and enhance such property.

On July 1, 2003, the Board issued \$7,800,000 of General Obligation Refunding Bonds, Series 2003. The bonds were issued to provide funds, together with \$600,000, to refund and redeem the entire outstanding principal amount of the Board's \$15,000,000 General Obligation Bonds, Series 1995. Proceeds of the bonds will also be used to pay the cost of issuance of the bonds, including the premiums for guaranty insurance. The Series 2003 bonds were paid in full on July 1, 2010.

Pledge of Revenues - The principal and interest on the bonds are payable from ad valorem taxes levied by the Board upon the taxable real and personal property of the Board and are pledged for the remaining term of the bonds.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 11 - LONG-TERM LIABILITIES - Continued

A. Governmental Long-Term Debt - Continued

General Obligation Bonds - Continued

Bonds Issued - At September 30, 2011, General Obligation Bonds consisted of the following:

<u>Description</u>	<u>Interest Rates and Date</u>	<u>Maturity</u>	<u>Issue</u>	<u>Outstanding at September 30, 2011</u>
General Obligation Bonds, 2001 Series	2.50%-4.30% 1/1 and 7/1	2016	\$ 11,000,000	<u>\$ 4,430,000</u>

Optional Redemption - The General Obligation Bonds, Series 2001, maturing on or after July 1, 2013, are subject to redemption prior to maturity, at the option of the Board on and after July 1, 2012, in whole or in part, at any time, on any date at par plus accrued interest and plus a premium ranging between 0% to 1% depending on the year of redemption. The Board elected to early call these bonds. See Subsequent Event Note 22 for further information.

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 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 “Vero Beach Sports Village (formerly known as 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 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 is collectively referred to herein as the “pledged revenues”. These revenue streams are pledged for the remaining term of the bonds.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
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NOTE 11 - LONG-TERM LIABILITIES - Continued

A. Governmental Long-Term Debt - Continued

Spring Training Facility Revenue Bonds - Continued

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 \$1,223,423 represent eighteen percent of total pledged revenues. All three pledged revenue sources totaled \$6,967,824 for the current fiscal year. The County applied 100% of the first two pledged revenues and six percent of the Half-Cent Sales Tax to the debt service payments. The total principal and interest remaining to be paid on the bonds is \$17,161,468.

Bonds Issued - At September 30, 2011, Spring Training Facility Revenue Bonds consisted of the following:

<u>Description</u>	<u>Interest Rates and Date</u>	<u>Maturity</u>	<u>Issue</u>	<u>Outstanding at September 30, 2011</u>
Spring Training Facility Revenue Bonds, 2001 Series	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	<u>\$ 11,705,000</u>

Optional Redemption - The Series 2001 bonds maturing on or after April 1, 2012, were subject to redemption at the option of the Board, in whole or in part, on April 1, 2011, or on any date thereafter at par plus accrued interest and plus a premium ranging between 0% to 1% depending on the year of the redemption.

Indian River County, Florida
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Notes To Financial Statements
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NOTE 11 - LONG-TERM LIABILITIES - Continued

A. Governmental Long-Term Debt – Continued

Spring Training Facility Revenue Bonds - Continued

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, 2015	
<u>Date</u>	<u>Principal Amount</u>
April 1, 2014	\$ 685,000
April 1, 2015	725,000
Term Bonds due April 1, 2017	
<u>Date</u>	<u>Principal Amount</u>
April 1, 2016	\$ 760,000
April 1, 2017	795,000
Term Bonds due April 1, 2021	
<u>Date</u>	<u>Principal Amount</u>
April 1, 2018	\$ 840,000
April 1, 2019	890,000
April 1, 2020	930,000
April 1, 2021	980,000
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

Indian River County, Florida
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Notes To Financial Statements
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NOTE 11 - LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long Term Debt

Changes in Long-Term Liabilities

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
Accrued Compensated Absences	\$ 1,074,872	\$ 710,942	\$ 920,935	\$ 864,879
Bonds Payable:				
Recreational Revenue Refunding Series 2003	3,175,000	-	520,000	2,655,000
Water & Sewer Revenue Series 1993	1,555,000	-	1,555,000	-
Water & Sewer Revenue Refunding Series 2005	21,925,000	-	1,435,000	20,490,000
Water & Sewer Revenue Refunding Series 2009	26,370,000	-	-	26,370,000
Total Bonds Payable	<u>53,025,000</u>	<u>-</u>	<u>3,510,000</u>	<u>49,515,000</u>
Grand Total	<u>\$ 54,099,872</u>	<u>\$ 710,942</u>	<u>\$ 4,430,935</u>	<u>\$ 50,379,879</u>

Annual Debt Service Payments

The annual debt service payments for bonds outstanding at September 30, 2011 are as follows:

Fiscal Year	Recreational		Water and Sewer		Water and Sewer	
Ending	Revenue Refunding		Revenue Refunding		Revenue Refunding	
September 30	Bonds Series 2003		Bonds Series 2005		Bonds Series 2009	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$535,000	\$102,964	\$ 1,480,000	\$925,250	\$1,610,000	\$ 1,268,200
2013	555,000	83,169	1,530,000	877,150	1,675,000	1,203,800
2014	580,000	62,356	1,605,000	800,650	1,745,000	1,136,800
2015	600,000	39,881	1,670,000	736,450	1,815,000	1,067,000
2016	385,000	15,881	1,750,000	652,950	1,905,000	976,250
2017-2021	-	-	10,145,000	1,878,300	11,050,000	3,353,750
2022-2026	-	-	2,310,000	92,400	6,570,000	596,500
Total	2,655,000	304,251	20,490,000	5,963,150	26,370,000	9,602,300
Less:						
Current portion	535,000	-	1,480,000	-	1,610,000	-
Unamortized						
bond discount	22,757	-	-	-	-	-
Add:						
Unamortized						
bond premium	-	-	671,967	-	2,257,636	-
Total	\$2,097,243	\$304,251	\$19,681,967	\$ 5,963,150	\$ 27,017,636	\$9,602,300

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2011

NOTE 11 – LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long Term Debt - Continued

Recreational (Golf Course) Revenue Refunding Bonds, Series 2003

Purpose - On October 15, 2003, the Series 2003 bonds were issued to redeem \$6,735,000 of the Board's outstanding Recreational Revenue Bonds, Series 1993. The Series 2003 bonds are being issued by the Board to provide funds, together with \$583,790, to retire all of the outstanding 1993 Series bonds and to pay for all bond issuance costs. The previous bonds were issued to build a County-owned golf course.

The aggregate difference in debt service between the Series 1993 debt (\$9,284,290) and Series 2003 debt (\$8,060,911) is \$1,223,379. The net economic gain was \$348,450.

Pledge of Revenue - The revenue bonds are secured by liens, for the remaining term of the bonds, in the following order: (1) the net revenues derived from the operations of the golf course, (2) one hundred percent of racetrack and Jai Alai Fronton funds, and (3) seven percent of the half-cent sales tax accruing annually to the County.

The financial strength of our municipal bond insurer, AMBAC, was downgraded to Baa1 in November 2008. This downgrade required the Board to fully cash fund the debt service reserve. The Board elected to pledge the Racetrack and Jai Alai Fronton funds to meet this bond covenant. The total annual amount of the required debt service reserve of \$417,500 was cash funded.

The current principal and interest payments of \$639,864 represent sixty-nine percent of net revenues of \$923,691 of the golf course. The total principal and interest remaining to be paid on the bonds is \$2,959,251. All three pledged revenue sources totaled \$1,865,448 for the current fiscal year. The County did not utilize the second and third revenue sources toward the current year principal and interest payments.

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

Bonds Issued - At September 30, 2011, the revenue bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2011
Recreational Revenue Refunding Bonds, Series 2003	2.00 – 4.125% 3/1 and 9/1	9/1/16	\$ 6,455,000	<u>\$ 2,655,000</u>

Optional Redemption - The revenue bonds, maturing on or after September 1, 2014, are subject to redemption prior to maturity, at the option of the Board on and after September 1, 2013, in whole or in part, at any time thereafter at the redemption price of par, plus interest accrued to the date of redemption.

Indian River County, Florida
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Notes To Financial Statements
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NOTE 11 – LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long Term Debt - Continued

Water and Sewer Revenue Refunding Bonds, Series 2005

Purpose - The Series 2005 bonds were issued to defease \$31,680,000 of the Board's outstanding Water and Sewer Revenue Bonds, Series 1996. These bonds were issued by the Board to provide funds, together with \$5,000,000, to retire 95 percent of the 1996 Series and to pay for all bond issuance costs. The September 1, 2005 and 2006 principal installments were not subject to early call and consequently paid at their respective maturity dates. The 1996 bonds were issued to acquire an existing water and sewer facility, as well as for capital improvements to the existing system.

The aggregate difference in debt service between the Series 1996 (\$40,585,193) and Series 2005 (\$39,619,193) is \$966,000. The net economic gain was \$2,944,661, which included shortening the term of the bonds by four years and lowering average annual debt service by \$242,000.

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.

Annual principal and interest payments of \$2,405,800 represent approximately eighteen percent of net revenues of \$13,158,703 of the utility system. The total principal and interest remaining to be paid on the bonds is \$26,453,150.

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

Bonds Issued - At September 30, 2011, the revenue bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2011
Water and Sewer Revenue Bonds, Series 2005	3-5% 3/1 and 9/1	2022	\$ 27,675,000	<u>\$ 20,490,000</u>

Outstanding In-Substance Defeased Debt - The proceeds from the refunding was invested in Federal Securities and was placed in an escrow account with J.P. Morgan. All of the defeased bonds (\$31,680,000) were called on September 1, 2006 at 102% of the outstanding principal amount.

Optional Redemption - The Series 2005 bonds maturing after September 1, 2015, are subject to redemption by the Board on or after September 1, 2015, in whole or in part, at par, plus accrued interest to date of redemption.

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2011

NOTE 11 - LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long Term Debt – Continued

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 was \$1,368,427, which lowered average annual debt service by \$126,000.

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 interest payments of \$1,268,200 represent approximately ten percent of net revenues of \$13,158,703 of the utility system. The total principal and interest remaining to be paid on the bonds is \$35,972,300.

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

Bonds Issued - At September 30, 2011, the revenue bonds consisted of the following:

<u>Description</u>	<u>Interest Rates and Date</u>	<u>Maturity</u>	<u>Issue</u>	<u>Outstanding at September 30, 2011</u>
Water and Sewer Revenue Bonds, Series 2009	4-5% 3/1 and 9/1	2024	\$ 26,370,000	<u>\$ 26,370,000</u>

Outstanding In-Substance Defeased Debt - The proceeds from the refunding was invested in Federal Securities and was placed in an escrow account with Bank of New York/Mellon. All of the defeased bonds (\$28,270,000) were called on September 1, 2009 at 101% of the outstanding principal amount.

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
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Notes To Financial Statements
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NOTE 11 - LONG-TERM LIABILITIES - Continued

C. Summary of Defeased Debt Outstanding

The last installment of the Capital Improvement Revenue Bonds Series 1980 totaling \$390,000 was defeased on October 1, 2010. Since governmental obligations are held in escrow for the payment of principal and interest, the bonds are not liabilities of the Board.

D. Conduit Debt Obligations

Indian River County issued various Industrial Revenue Bonds over the years which provide financial assistance to private-sector entities for the acquisition, construction, and equipping of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. *Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.*

NOTE 12 - 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 \$3.9 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
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NOTE 12 - PROVISION FOR CLOSURE COSTS - Continued

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	56%	2030	\$ 6,501,947
Construction and Demolition - Cell I	89%	2017	1,101,366
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	2,238,435
Construction and Demolition - Cell I	N/A	N/A	174,488
Total account balance at 9/30/11:			\$ <u>10,016,236</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, 2011, \$9,960,868 was on deposit at the Florida Local Government Investment Trust and \$55,368 was on deposit in the Board's Operating account.

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

	<u>Balance 10/01/10</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance 09/30/11</u>
Closure and long-term care costs	\$ 9,518,736	\$ 497,500	\$ -	\$10,016,236

Of the \$10,016,236 liability for closure and long-term care costs, management estimates that no funds will be due and payable within one year.

Indian River County, Florida
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NOTE 13 – POLLUTION REMEDIATION

In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, a consultant evaluated six 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 six sites requiring the Board (using the consultant's services) to attempt to accrue a liability for pollution remediation. The liability totaled \$2,634,200 at September 30, 2011 for all six 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 Florida Department of Environmental Protection (FDEP). The amount of the estimated year end liability is \$2,450,000.
- 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 \$38,900.
- 3) ***Cattle dip site*** – The nature of the pollution remediation obligation is arsenic contamination. The consultant will conduct monitoring and assessment. The amount of the estimated year end liability is \$75,300.
- 4) ***Former Cumberland Farms*** – The nature of the pollution remediation obligation is closed underground storage tank petroleum contamination. The consultant will conduct the well abandonment and obtain the final No Further Action Notice. The amount of the estimated year end liability is \$5,000.

Total governmental funds liability: \$2,569,200

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2011

NOTE 13 – POLLUTION REMEDIATION - Continued

Proprietary Funds:

- 5) *North County Reverse Osmosis plant* – The nature of the pollution remediation obligation is groundwater inorganic contamination. The consultant will conduct monitoring and assessment. The amount of the estimated year end liability is \$43,200.
- 6) *Old Savannah Lift Station* – The nature of the pollution remediation obligation is petroleum impacts (diesel) due to a leaky filter on an emergency generator. The consultant will conduct monitoring and assessment. The amount of the estimated year end liability is \$21,800.

Total proprietary funds liability: \$65,000

Due to the addition of the Old Savannah Lift Station site in fiscal year 2011, beginning net assets for the Utilities Fund needed to be restated. Please see Note 19-B for information regarding the restatement of beginning net assets for the proprietary funds as it relates to the pollution remediation liability. The difference between the Utilities Fund restated beginning net assets of \$35,281 and the liability of \$21,800 was expensed during the current year.

NOTE 14 – PENSION PLANS

Florida Retirement System

Plan Description: The Board'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. 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 (regular class 4.91%, senior class 6.27%, and elected official class 11.14%).

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
Board of County Commissioners
Notes To Financial Statements
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NOTE 14 – PENSION PLANS - Continued

Florida Retirement System - Continued

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.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed five years after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010 and 2011, were equal to 13.1%, 13.4%, and 12.8% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, and 2011, were \$5,630,401, \$5,602,795 and \$4,975,937 respectively, which are equal to 100% of the required contribution for each year. Employee contributions for the time period July 1, 2011 through September 30, 2011 were \$259,425.

Florida Statutes Chapter 121, as may be amended from time to time by the state legislature, determines contribution rates for the various membership classes of the FRS. The FRS issues a publicly available financial report that includes financial statements, ten-year historical trend information and other required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, Attention: Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website at www.dms.myflorida.com. The funding policy is described in detail in the Florida Retirement System note in the County-wide financial statements.

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The Indian River County OPEB Trust (IRCOT) was established by resolution on September 23, 2008 for the Board of County Commissioners and the five constitutional officers (Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector). The Indian River County Board of County Commissioners acts as the OPEB Board of Trustees and delegates the administration of the IRCOT to an OPEB Trust Board. The OPEB Trust Board consists of the Clerk of the Circuit Court, Budget Director, Finance Director, County Administrator, and Human Resources Director.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

A. Plan Description - Continued

Resolution 2008-163 gave authority to establish the IRCOT as a single-employer defined benefit plan (OPEB Plan). The Trust's financial statements are reported using the accrual basis of accounting. The IRCOT trustees can amend the benefit provisions. 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 the plan members). Employees hired on or after February 1, 2006 will not be eligible for any subsidy, regardless of years of service or Medicare eligibility. Life insurance is available to retirees at a flat rate per \$1,000 of coverage. The premium rate is contingent upon age and date of retirement. Only the implicit rate subsidy applies to retiree life insurance coverage since the retirees are responsible for the full premium of their life insurance coverage.

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 implicit rate subsidy also applies to health insurance coverage since the premiums charged are based upon a blending of younger, active employees and older, retired employees. Active participants as well as retirees are subject to the same benefits and rules. Health insurance premiums, effective October 1, 2008, range from \$198 for Medicare participants to \$735 for family coverage. The Board subsidizes the cost of the premiums for each retiree based upon their years of service and employment date; a 2% discount for each year of service based upon the following table:

Retirement Date	Years of Service	Under Age 65	Medicare Eligible
Before 01/01/04	N/A	No subsidy	60% subsidy
01/01/04 - 10/01/04	Less than 15 years	No subsidy	60% subsidy
01/01/04 - 10/01/04	15 or more years	2%/yr-max 40%	20% in addition to yrs of service-max 60% subsidy
10/01/04 - 01/31/09	Less than 15 years	No subsidy	20% subsidy
10/01/04 - 01/31/09	15 or more years	2%/yr-max 40%	20% in addition to yrs of service-max 60% subsidy
02/01/09 and after	Less than 15 years	No subsidy	No subsidy
02/01/09 and after	15 or more years	2%/yr-max 40%	No subsidy

The retiree has the option to continue with the Board group health plan or elect the Medicare Advantage Plan. The subsidy will apply to either plan.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN – Continued

A. Plan Description – Continued

At October 1, 2009, the date of the latest actuarial valuation, plan participation consisted of:

Active participants	1,452
Retired participants	<u>286</u>
Total participants	<u>1,738</u>

There are two classes of participants at October 1, 2009:

Regular and senior management	1,153
Special risk	<u>585</u>
Total participants	<u>1,738</u>

The average employer's contribution was \$2,031 per employee, approximately 4% of current payroll. Financial statements for the IRCOT are included in this report and can be found on pages 40-41. A separate, stand-alone financial report is not issued by the Board. The IRCOT 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 IRCOT is advance funded by the Board. For the year ended September 30, 2011, the County contributed \$2.82 million to the qualifying IRCOT. Plan members receiving benefits contributed \$1.12 million, or approximately 45 percent of the total premiums. It is the County's policy to base future IRCOT contributions on the annual required contribution (ARC) in subsequent annual actuarial reports. Custodial and individual fund administrative fees are paid from the portfolio dividend and interest income.

C. Annual OPEB Cost and Net OPEB Obligation

The employer's contribution (i.e. annual cost or expense) to the County's IRCOT 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 IRCOT cost for the year and two preceding years, the amount actually contributed, and the changes in the net obligation.

	<u>FY 2010/2011</u>	<u>FY 2009/2010</u>	<u>FY 2008/2009</u>
Annual Required Contribution	\$ 2,948,682	\$ 2,814,435	\$ 2,810,092
Interest on Net OPEB Obligation	(22,381)	(7,272)	(6,587)
Adjustment to Annual Required Contribution	<u>23,385</u>	<u>7,779</u>	<u>6,082</u>
Annual OPEB Cost (expense)	2,949,686	2,814,942	2,809,587
Contributions	<u>(2,819,540)</u>	<u>(3,030,792)</u>	<u>(2,819,373)</u>
Change in Net OPEB obligation	130,146	(215,850)	(9,786)
Net OPEB obligation – beginning of year	<u>(319,730)</u>	<u>(103,880)</u>	<u>(94,094)</u>
Net OPEB obligation – end of year	\$ <u>(189,584)</u>	\$ <u>(319,730)</u>	\$ <u>(103,880)</u>
Percentage of Annual OPEB Cost Contributed	95.59%	107.67%	100.35%

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2011

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

D. Funded Status and Funding Progress

The contribution made to the IRCOT for the current fiscal year was 95.6% of the annual OPEB cost. Information is available for the two preceding fiscal years. As of the October 1, 2009 actuarial valuation date, the IRCOT was 11.37% funded, the actuarial accrued liability for benefits was \$32.5 million, and the actuarial value of assets was \$3.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$28.8 million. The covered payroll (annual payroll of active employees covered by the IRCOT) was \$70.6 million, and the ratio of the UAAL to the covered payroll was 40.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress and schedule of employer contributions, presented as required supplementary information following the County notes to the financial statements, presents information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial methods are:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll projected to grow 4% per year
Amortization period (closed)	17 years
Asset valuation method	Market Value

The actuarial assumptions are:

Investment rate of return	7%	(net administrative expenses)
Projected annual salaries increase	4.0%-9.47%	(dependent on years of service and age)
Healthcare cost trend rate (post-retirement benefit)	9%	
Inflation rate	Included in the Healthcare cost trend rate	

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2011

NOTE 16 - OPERATING LEASES

The Board has entered into noncancelable operating leases, both as lessor and lessee. Lease terms vary from 1 to 50 years. Lease revenues totaled \$574,277 and lease expenditures totaled \$72,326 for the year ended September 30, 2011. 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

<u>Year</u>	<u>Amount</u>
2012	\$ 495,535
2013	448,437
2014	453,203
2015	467,377
2016	453,612
2017-2021	2,310,869
2022-2026	1,495,460
2027-2031	777,865
2032-2036	207,259
2037-2038	55,300
Total future minimum receipts:	<u>\$ 7,164,917</u>

The property being leased is reported in the financial statements of County and has a cost of \$25,824,960, and a carrying value of \$17,857,037. Current year depreciation on property being leased was \$708,293.

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, 2011:

<u>Year</u>	<u>Amount</u>
2012	\$ 75,201
2013	78,076
2014	40,701
2015	23,132
2016	23,132
2017-2021	70,596
2022-2026	3,000
2027-2031	3,000
2032-2036	3,000
2037-2041	3,000
2042-2046	3,000
2047-2048	900
Total future minimum lease payments:	<u>\$ 326,738</u>

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2011

NOTE 17 - 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 formal action of the Board of County Commissioners, including resolution or ordinance. This category includes 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. 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. This reserve is presented as committed fund balance in those funds.

Indian River County, Florida
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Notes To Financial Statements
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NOTE 17 - 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. This reserve is presented as committed fund balance in those funds. 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.

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 Emergency/Disaster Relief and Budget Stabilization Reserve amounts may only be revised by the Board of County Commissioners. 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 18 - FUND BALANCE DEFICIT

The following funds had a deficit in fund balance at September 30, 2011:

Fund	Deficit
Nonmajor Governmental Funds:	
Metropolitan Planning Organization Fund	\$ 107,412
Federal/State Grants Fund	229,275
CDBG Neighborhood Stabilization Program 3 Grant Fund	11,108
Total Deficit	<u>\$ 347,795</u>

The deficits for these three funds will be eliminated by grant proceeds in fiscal year 2012.

NOTE 19 – NET ASSETS

A. Restricted Net Assets

The Board has established certain restrictions within the net assets section of the proprietary funds. Restricted net assets at September 30, 2011 consist of the following:

Restricted for Debt Service:	
Golf Course Fund	\$ 44,583
County Utilities Fund	253,750
Total	<u>\$ 298,333</u>

Restricted for Capital Projects:	
County Utilities Fund	<u>\$ 23,931,768</u>

B. Restatement of Beginning Net Assets

In accordance with the requirements of GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, beginning net assets for the Utilities Fund was restated. Due to the addition of the Old Savannah Lift Station and based on the consultant's report, the Utilities Fund's portion of the estimated liability at October 1, 2010 was \$35,281; therefore, beginning net assets was reduced by that amount. For more information on the Board's pollution remediation obligation, please see Note 12.

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2011

NOTE 20 - 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:

	<u>04/01/08 to</u> <u>09/30/08</u>	<u>10/01/08 to</u> <u>04/30/11</u>	<u>05/01/11 to</u> <u>09/30/11</u>
Worker's Compensation	\$ 300,000	\$ 350,000	\$ 350,000
General Liability	250,000	250,000	200,000
Auto Liability	250,000	250,000	200,000
Property Damage	500 - 25,000	250,000	200,000
Error or Omissions	250,000	250,000	200,000
Annual Aggregate	1,000,000	2,000,000	2,000,000
Liquor Liability	1,000,000	1,000,000	1,000,000

The Board purchases excess insurance to cover claims in excess of the coverage listed above. There is a 5% deductible per location for property damages arising due to a hurricane under the reinsurance policy. The Board has not incurred any settlements in excess of the insurance coverage listed above in the past four fiscal years. 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 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 plan assumes all risk for claims, other than worker's compensation, up to \$250,000 per occurrence. For worker's compensation, the plan assumes all risk for claims up to \$350,000 per occurrence. The Board has purchased a reinsurance policy to cover claims in excess of these limits. There were no claims in excess of these limits for the 2009, 2010, and 2011 fiscal years.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 20 - RISK MANAGEMENT - Continued

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

The claims liability of \$7,877,000 reported at September 30, 2011, 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, 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, \$2,395,278 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 <u>Beginning</u>	Claims and Changes <u>in Estimates</u>	Claims <u>Payments</u>	Balance at Fiscal <u>Year End</u>
2007-2008	\$ 6,559,000	\$14,209,397	\$ (13,873,397)	\$ 6,895,000
2008-2009	6,895,000	15,637,406	(14,657,406)	7,875,000
2009-2010	7,875,000	13,940,099	(13,916,099)	7,899,000
2010-2011	7,899,000	12,901,425	(12,923,425)	7,877,000

Included in the charges to other funds is an amount to fund future catastrophic losses not actuarially determined; and at September 30, 2011, unrestricted net assets of \$23,254,165 have been designated for this purpose. The Board has elected to accrue the larger of the discounted liability or undiscounted liability. At September 30, 2011, the undiscounted liability was the greater of the two amounts. The discount rate used in the calculation was 2.5 percent.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 21 - 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.

B. Contracts and Other Commitments

The Board has various contracts and commitments outstanding at September 30, 2011. In the General Fund, contracts are for custodial services and external auditing services. In the Special Revenue Funds, contracts are for Sector 3 beach restoration, Old Dixie Highway bridge replacement, 43rd Avenue and 66th Avenue roadway expansions as well as a variety of other road paving and drainage projects. In the Capital Projects Fund, contracts are for the expansion of the 800 Mhz radio system, Vero Beach Sports Village quadrangle softball fields, 53rd Street roadway improvements, and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for the North County Reverse Osmosis 3.0 MG reuse storage tank and pumping facility, Spoonbill Marsh Wetlands, Utility software implementation and various other water and sewer projects.

A summary of these projects at September 30, 2011, is as follows:

	<u>Total</u> <u>Contract Price</u>	<u>Total Paid as of</u> <u>September 30, 2011</u>	<u>Remaining</u> <u>Balance at</u> <u>September 30, 2011</u>
General	\$ 1,089,709	\$ (908,091)	\$ 181,618
Special Revenue	38,297,381	(25,545,251)	12,752,130
Capital Projects	15,977,924	(9,213,629)	6,764,295
Enterprise	7,031,103	(4,985,823)	2,045,280
Internal Service	<u>109,200</u>	<u>(27,300)</u>	<u>81,900</u>
Total	\$ <u>62,505,317</u>	\$ <u>(40,680,094)</u>	\$ <u>21,825,223</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 21 - COMMITMENTS AND CONTINGENCIES - Continued

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.

NOTE 22 – SUBSEQUENT EVENTS

On February 14, 2012 the Board approved beginning the process of early payoff of the remaining Land Acquisition General Obligation Bonds, Series 2001. The Board approved payment of \$3,620,000 from the General Fund on July 1, 2012. These bonds will be called at a 1% redemption fee.



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

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the special purpose financial statements of the Board of County Commissioners (the "Board"), as of and for the year ended September 30, 2011 and have issued our report thereon dated March 9, 2012. 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.

Internal Control over Financial Reporting

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

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

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



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The Honorable Board of County Commissioners
Indian River County, Florida
Page two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's special purpose 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*.

This report is intended solely for the information and use of the Board of County Commissioners, management, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



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Jones, Price & Associates**

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Management Letter

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the special purpose financial statements of the Board of County Commissioners, as of and for the year ended September 30, 2011 and have issued our report thereon dated March 9, 2012.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and Major State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 9, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local government entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedules.

In accordance with the *Rules of the Auditor General* (Section 10.554(1)(i)1.), we have noted that findings and recommendations made in the preceding annual financial audit appear to be appropriately resolved.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Board of County Commissioners complied with Section 218.415, Florida Statutes.

The *Rules of the Auditor General* (Section 10.554(1)(i)3.) require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

The *Rules of the Auditor General* (Section 10.554(1)(i)4.) require that we address violations of provisions of contracts and 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 more than inconsequential. In connection with our audit, we did not have any such findings.



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The Honorable Board of County Commissioners
Indian River County, Florida
Page two

The *Rules of the Auditor General* (Section 10.554(1)(i)5.) provide that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* (Section 10.554(1)(i)6.) require 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 disclosure has been included in the notes to the financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and others within the entity, the Board of County Commissioners, the Auditor General of the State of Florida, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012

**CLERK OF THE CIRCUIT COURT AND
COMPTROLLER**



**Harris, Cotherman,
Jones, Price & Associates**

Certified Public Accountants - Chartered

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**Independent Auditors' Report on Special Purpose Financial Statements Prepared in Compliance
with a Regulatory Provision That Results in an Incomplete Presentation But One That is
Otherwise in Conformity with Generally Accepted Accounting Principles**

The Honorable Jeffrey K. Barton
Clerk of the Circuit Court
Indian River County, Florida

We have audited the accompanying fund financial statements of Indian River County, Florida Clerk of the Circuit Court (the "Clerk of the Circuit Court") as of and for the year ended September 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the Clerk of the Circuit Court's management. Our responsibility is to express an opinion on the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying fund financial statements present the financial position of only the Clerk of the Circuit Court at September 30, 2011 and the results of its operations for the year then ended. These statements are not intended to be a complete presentation of the financial position of Indian River County.

In our opinion, the accompanying fund financial statements present fairly, in all material respects, the financial position of the Clerk of the Circuit Court as of September 30, 2011 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2012 on our consideration of the Clerk of the Circuit Court's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements.

This report is intended solely for the information and use of management, the Clerk of the Circuit Court, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida

March 9, 2012

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Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Balance Sheet
Governmental Funds
September 30, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 570,472	\$ 2,456,416	\$ 3,026,888
Accounts receivable	82,426	85	82,511
Prepaid expenses	32,131	902	33,033
Due from other governments	2,609	-	2,609
Total assets	<u>\$ 687,638</u>	<u>\$ 2,457,403</u>	<u>\$ 3,145,041</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,787	\$ 12,100	\$ 19,887
Due to other governments	352,241	-	352,241
Other deposits held in escrow	245,464	-	245,464
Total liabilities	<u>605,492</u>	<u>12,100</u>	<u>617,592</u>
Fund Balances:			
Nonspendable:			
Prepaid items	32,131	902	33,033
Restricted for:			
Court-related costs and improvements	50,015	2,383,255	2,433,270
Committed to:			
Court operations	-	61,146	61,146
Total fund balances	<u>82,146</u>	<u>2,445,303</u>	<u>2,527,449</u>
Total liabilities and fund balances	<u>\$ 687,638</u>	<u>\$ 2,457,403</u>	<u>\$ 3,145,041</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, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 3,182,512	\$ -	\$ 3,182,512
Charges for services	1,628,046	326,662	1,954,708
Judgments, fines and forfeits	-	173,363	173,363
Interest	-	4,600	4,600
Miscellaneous	19,411	-	19,411
Total revenues	<u>4,829,969</u>	<u>504,625</u>	<u>5,334,594</u>
EXPENDITURES			
General government	1,977,335	303,589	2,280,924
Court related	3,506,046	374,546	3,880,592
Total expenditures	<u>5,483,381</u>	<u>678,135</u>	<u>6,161,516</u>
Excess of revenues over (under) expenditures	<u>(653,412)</u>	<u>(173,510)</u>	<u>(826,922)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	972,818	-	972,818
Transfers to Board of County Commissioners	(309,737)	-	(309,737)
Transfer to other governments	(181,021)	-	(181,021)
Total other financing sources (uses)	<u>482,060</u>	<u>-</u>	<u>482,060</u>
Net change in fund balances	(171,352)	(173,510)	(344,862)
Fund balances at beginning of year	<u>253,498</u>	<u>2,618,813</u>	<u>2,872,311</u>
Fund balances at end of year	<u>\$ 82,146</u>	<u>\$ 2,445,303</u>	<u>\$ 2,527,449</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, 2011

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 3,338,148	\$ 3,336,047	\$ 3,182,512	\$ (153,535)
Charges for services	904,000	1,440,400	1,628,046	187,646
Miscellaneous	-	-	19,411	19,411
Total revenues	<u>4,242,148</u>	<u>4,776,447</u>	<u>4,829,969</u>	<u>53,522</u>
EXPENDITURES				
General government	1,691,638	2,212,741	1,977,335	235,406
Court related	3,663,235	3,676,431	3,506,046	170,385
Total expenditures	<u>5,354,873</u>	<u>5,889,172</u>	<u>5,483,381</u>	<u>405,791</u>
Excess of revenues over (under) expenditures	<u>(1,112,725)</u>	<u>(1,112,725)</u>	<u>(653,412)</u>	<u>459,313</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	139,907	139,907	-	(139,907)
Transfers from Board of County Commissioners	972,818	972,818	972,818	-
Transfers to Board of County Commissioners	-	-	(309,737)	(309,737)
Transfers to other governments	-	-	(181,021)	(181,021)
Total other financing sources (uses)	<u>1,112,725</u>	<u>1,112,725</u>	<u>482,060</u>	<u>(630,665)</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	(171,352)	\$ <u>(171,352)</u>
Fund balances at beginning of year			<u>253,498</u>	
Fund balances at end of year			\$ <u><u>82,146</u></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 Fiduciary Net Assets
Agency Fund
September 30, 2011

ASSETS

Cash and cash equivalents	\$	2,987,452
Accounts receivable		<u>697</u>
Total assets	\$	<u><u>2,988,149</u></u>

LIABILITIES

Accounts payable	\$	2,850
Due to other governments		933,269
Escrow deposits		<u>2,052,030</u>
Total liabilities	\$	<u><u>2,988,149</u></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, 2011

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.

As part of the 2009 Legislative changes, the Clerk's court-related functions are now funded through general revenue appropriations and by trust funds supported by filing fees, service charges, fines, and court costs assessed to parties using the court system. Under 2009-204, Laws of Florida, revenue collected by the Clerk is remitted to the Florida Department of Revenue and deposited in the Clerk of Court Trust Fund within the Justice Administrative Commission. The fiscal year for court operations is July 1 to June 30 and the fiscal year for non-court operations is October 1 to September 30.

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 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, 2011

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 in cash 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 his budget in two parts: the budget relating to the State court system, including recording; 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, including recording, is prepared by the Clerk and submitted to the Florida Clerks of Court Operations Corporation (CCOC) prior to October 1 of each year. 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 and Cash Equivalents

Cash and cash equivalents include deposits and all highly liquid investments with maturities of ninety days or less when purchased.

E. Prepaid Expenses

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, 2011

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 he legally required to, accumulate expendable available financial resources to liquidate this obligation. Accordingly, the liability for compensated absences is not reported in the Clerk financial statements. Additional information on the liability is reflected in subsequent Note 6.

H. Transfer In

The Clerk budgeted one transfer in the amount of \$139,907 from the public records modernization fund to subsidize court technology expenses. At year end, this amount was not needed due to an unexpected receipt of prior years' reimbursements from the federal government.

The non-court operations (finance function and board meeting recordings) were funded by the Board of County Commissioners in the amount of \$972,818.

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. On October 28, 2011, \$309,737 was returned to the Board as "excess fees". This transfer is also reported as due to other governments on the balance sheet.

With the change in fiscal year for court-related operations from September 30 to June 30, excess revenues over expenditures at June 30, in the amount of \$181,021, were submitted to the CCOC through the Department of Revenue for deposit to the Clerk of Court Trust Fund.

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.

Per 2009 Florida Senate Bills 1718 and 2108, excess fees for the court related function are determined on June 30 of each year to coincide with the State fiscal year. Court-related revenues in excess of expenditures from July 1, 2011 through September 30, 2011 were \$82,146; this amount is presented as fund balance of the General Fund at September 30, 2011.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - CASH AND CASH EQUIVALENTS

A. Deposits

At September 30, 2011, the carrying value of the Clerk's deposits was \$2,255,994, and the bank balance was \$2,611,887. 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 4, Cash and Cash Equivalents, for definition of custodial credit risk.

B. Investments

The Clerk participated in the Local Government Surplus Funds Trust Fund, a money market fund classified as a "2a7 like fund" using the SEC investment requirements for 2a7 funds. The fund was established by Florida Statute 218.405 and is administered by the Florida State Board of Administration (SBA). In November 2007, this trust fund was frozen due to an unprecedented run on withdrawals and lack of market liquidity. The SBA subsequently established two separate pools: Pool A (now known as Florida PRIME Fund) and Pool B (now known as Fund B). Pool B securities included asset-backed commercial paper which was subject to sub-prime mortgage risk. As these Fund B assets are liquidated, funds are remitted to participants. At September 30, 2011, the SBA determined a negative fair market value adjustment of 24.32% was needed for the Fund B portfolio balance. At year end, the cash balance in Fund B was \$24,370 with a fair market adjustment of \$5,926; consequently, the net investment in Fund B is reported at \$18,444.

The Clerk also participated in the Florida Trust Day to Day Fund, part of the Florida Local Government Investment Trust Fund. The Day to Day fund is a money market product of various securities with an average maturity of 50 days. It was established by Florida Statute 163.01, is administered by the Florida Association of Court Clerks, and is marked to market daily. At year end, the Clerk maintained a balance of \$3,738,002 in this trust fund.

The Clerk's office elected not to adopt a formal investment policy and selected the alternative investment guidelines as provided by Florida Statutes subsection 17, 218.415 which specifically permitted these State authorized pools. This statute, the County-wide investment policy, and credit risks are explained in Note 4 of the County-wide financial statements.

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. 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 (regular class 4.91%, senior class 6.27%, and elected official class 11.14%).

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 3 – PENSION PLAN - Continued

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.

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 County-wide Note 16, Pension Plans.

Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010 and 2011, were equal to 10.17%, 10.62%, and 9.92% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, and 2011 were \$432,578, \$375,894, and \$371,781 respectively. These amounts are equal to 100% of the required contribution for each year. Employee contributions for the time period July 1, 2011 through September 30, 2011 were \$23,576.

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Clerk participated in the Indian River County Other Postemployment Benefits Trust (IRCOT). The Clerk's 2011 annual required contribution of \$133,800 was funded by the Board of County Commissioners in the amount of \$21,014; non-court revenue in the amount of \$20,279; court-related State expenditures in the amount of \$91,006; and the public modernization trust fund in the amount of \$1,501. This contribution was considered part of a total contribution determined by the IRCOT actuary. Further information on the IRCOT 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 fiscal year 2011 at an annual cost of approximately \$716,799. Further details of this self-insurance program are discussed in the County-wide financial statements and County notes.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2011

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, 2011:

	Beginning Balance <u>10/01/10</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>9/30/11</u>
Accrued Compensated Absences	<u>\$ 247,289</u>	<u>\$ 339,516</u>	<u>\$ 305,657</u>	<u>\$ 281,148</u>

Of the \$281,148 liability for accrued compensated absences, management estimates that \$50,000 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.



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

The Honorable Jeffery K. Barton
Clerk of the Circuit Court
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Clerk of the Circuit Court, as of and for the year ended September 30, 2011 and issued our report thereon dated March 9, 2012. 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.

Internal Control over Financial Reporting

Management of the Clerk of the Circuit Court is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Clerk of the Circuit Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of the Circuit Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk of the Circuit Court's internal control over financial reporting.

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

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



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The Honorable Jeffery K. Barton
Clerk of the Circuit Court
Page two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of the Circuit Court'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*.

This report is intended solely for the information and use of management, the Clerk of the Circuit Court, Indian River County, others within the entity, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



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Management Letter

The Honorable Jeffrey K. Barton
Clerk of the Circuit Court
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Clerk of the Circuit Court, as of and for the year ended September 30, 2011 and have issued our report thereon dated March 9, 2012.

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. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 9, 2012, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned report:

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 recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk of the Circuit Court, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.



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The Honorable Jeffrey K. Barton
Clerk of the Circuit Court
Page two

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, or fraud, illegal acts, or abuse and, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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.

Section 10.554(1)(i)8., *Rules of the Auditor General*, requires a statement as to whether or not the Clerk of Courts complied with Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Clerk of the Circuit Court, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012

PROPERTY APPRAISER



**Harris, Cotherman,
Jones, Price & Associates**

Certified Public Accountants - Chartered

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**Independent Auditors' Report on Special Purpose Financial Statements Prepared in Compliance
with a Regulatory Provision That Results in an Incomplete Presentation But One That is
Otherwise in Conformity with Generally Accepted Accounting Principles**

The Honorable David C. Nolte
Property Appraiser
Indian River County, Florida

We have audited the accompanying fund financial statements of Indian River County, Florida Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the Property Appraiser's management. Our responsibility is to express an opinion on the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying fund financial statements present the financial position of only the Property Appraiser at September 30, 2011 and the results of its operations for the year then ended. These statements are not intended to be a complete presentation of the financial position of Indian River County.

In our opinion, the accompanying fund financial statements present fairly, in all material respects, the financial position of the Property Appraiser as of September 30, 2011 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2012 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements.

This report is intended solely for the information and use of management, the Property Appraiser, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida

March 9, 2012

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Indian River County, Florida
Property Appraiser
Balance Sheet
General Fund
September 30, 2011

ASSETS

Cash and cash equivalents	\$	89,498
Accounts receivable		9,227
Total assets	\$	<u>98,725</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	11,618
Due to other governments		74,005
Deposits		<u>13,102</u>
Total liabilities		<u>98,725</u>

Fund Balances:

Unassigned		<u>-</u>
Total fund balances		<u>-</u>

Total liabilities and fund balances	\$	<u>98,725</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, 2011

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 2,970,768	\$ 2,970,768	\$ 2,978,836	\$ 8,068
Interest	-	-	1,417	1,417
Total revenues	<u>2,970,768</u>	<u>2,970,768</u>	<u>2,980,253</u>	<u>9,485</u>
EXPENDITURES				
General government	<u>2,970,768</u>	<u>2,970,768</u>	<u>2,906,248</u>	<u>64,520</u>
Total expenditures	<u>2,970,768</u>	<u>2,970,768</u>	<u>2,906,248</u>	<u>64,520</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>74,005</u>	<u>74,005</u>
OTHER FINANCING USES				
Excess fees to Board of County Commissioners	-	-	(66,915)	(66,915)
Excess fees to other governments	<u>-</u>	<u>-</u>	<u>(7,090)</u>	<u>(7,090)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(74,005)</u>	<u>(74,005)</u>
Net change in fund balances	<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, 2011

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 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 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, 2011

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 he 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 \$74,005 and are reported as transfers out. These transfers are also reflected as due to other governments on the balance sheet.

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, 2011, the carrying amount of the Property Appraiser's deposits was \$89,428 and the bank balance was \$156,396. 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 4, Cash and Cash Equivalents, for definition of custodial credit risk.

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 3 – PENSION PLAN

Florida Retirement System

Plan Description: The Property Appraiser'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. 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 (regular class 4.91%, senior class 6.27%, and elected official class 11.14%).

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.

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 County-wide Note 15, Pension Plans.

Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, and 2011, were equal to 10.42%, 10.73%, and 10.02% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, 2011 were \$220,468, \$224,920, and \$195,025 respectively. These amounts are equal to 100% of the required contribution for each year. Employee contributions for the time period July 1, 2011 through September 30, 2011 were \$13,320.

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Property Appraiser participated in the Indian River County Other Post Employment Benefits Trust (IRCOT). The Property Appraiser's 2011 annual required contribution of \$54,036 was funded by the Board of County Commissioners as part of a total contribution determined by the IRCOT actuary. Further information on the IRCOT can be found in the County-wide financial statements and in the County notes.

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2011

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 2011 at an annual cost of approximately \$297,542. Further details on the self-insurance program are discussed in the County-wide financial statements and County notes.

NOTE 6 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities is as follows:

	Beginning Balance <u>10/01/10</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/11</u>
Accrued Compensated Absences	<u>\$ 84,421</u>	<u>\$ 105,634</u>	<u>\$ 114,266</u>	<u>\$ 75,789</u>

Of the \$75,789 liability for accrued compensated absences, management estimates that \$20,000 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.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Litigation

Various suits and claims are currently pending against the Property Appraiser. It is impossible for the Property Appraiser 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 Property Appraiser 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 Property Appraiser.



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

The Honorable David C. Nolte
Property Appraiser
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Property Appraiser, as of and for the year ended September 30, 2011 and issued our report thereon dated March 9, 2012. 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.

Internal Control over Financial Reporting

Management of the Property Appraiser is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting.

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

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



**Harris, Cotherman,
Jones, Price & Associates**
Certified Public Accountants - Chartered

The Honorable David C. Nolte
Property Appraiser
Page two

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*.

This report is intended solely for the information and use of management, the Property Appraiser, Indian River County, others within the entity, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



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Management Letter

The Honorable David C. Nolte
Property Appraiser
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Property Appraiser, as of and for the year ended September 30, 2011 and have issued our report thereon dated March 9, 2012.

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. We have issued our Report on Internal Control over Financial Reporting and on Compliance with Other Matters. Disclosures in that report, which is dated March 9, 2012, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned report:

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 recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.



Harris, Cotherman,
Jones, Price & Associates
Certified Public Accountants - Chartered

The Honorable David C. Nolte
Property Appraiser
Page two

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, or fraud, illegal acts, or abuse and, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Property Appraiser, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012

SHERIFF



**Harris, Cotherman,
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**Independent Auditors' Report on Special Purpose Financial Statements Prepared in Compliance
with a Regulatory Provision That Results in an Incomplete Presentation But One That is
Otherwise in Conformity with Generally Accepted Accounting Principles**

The Honorable Deryl Loar
Sheriff
Indian River County, Florida

We have audited the accompanying fund financial statements of Indian River County, Florida Sheriff (the "Sheriff") as of and for the year ended September 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express an opinion on the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying fund financial statements present the financial position of only the Sheriff at September 30, 2011 and the results of its operations for the year then ended. These statements are not intended to be a complete presentation of the financial position of Indian River County.

In our opinion, the accompanying fund financial statements present fairly, in all material respects, the financial position of the Sheriff as of September 30, 2011 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2012 on our consideration of the Sheriff's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements.

This report is intended solely for the information and use of management, the Sheriff, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012

Indian River County, Florida
Sheriff
Balance Sheet
Governmental Funds
September 30, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,394,825	\$ 2,053,592	\$ 3,448,417
Accounts receivable - net	77,893	-	77,893
Due from other governments	-	7,584	7,584
Total assets	<u>\$ 1,472,718</u>	<u>\$ 2,061,176</u>	<u>\$ 3,533,894</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,464,833	\$ 33,796	\$ 1,498,629
Due to other governments	7,885	-	7,885
Unearned revenue	-	69	69
Total liabilities	<u>1,472,718</u>	<u>33,865</u>	<u>1,506,583</u>
Fund Balances:			
Restricted for:			
Law enforcement/public safety	-	2,027,311	2,027,311
Total fund balances	<u>-</u>	<u>2,027,311</u>	<u>2,027,311</u>
Total liabilities and fund balances	<u>\$ 1,472,718</u>	<u>\$ 2,061,176</u>	<u>\$ 3,533,894</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, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ 72,998	\$ 72,998
Charges for services	-	298,258	298,258
Judgments, fines and forfeits	-	204,053	204,053
Interest	-	3,495	3,495
Miscellaneous	33,250	-	33,250
Total revenues	<u>33,250</u>	<u>578,804</u>	<u>612,054</u>
EXPENDITURES			
Public safety	37,173,128	653,732	37,826,860
Court related	1,515,473	38,717	1,554,190
Total expenditures	<u>38,688,601</u>	<u>692,449</u>	<u>39,381,050</u>
Excess of revenues over (under) expenditures	<u>(38,655,351)</u>	<u>(113,645)</u>	<u>(38,768,996)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	38,660,685	70,665	38,731,350
Transfers to Board of County Commissioners	(5,334)	-	(5,334)
Total other financing sources	<u>38,655,351</u>	<u>70,665</u>	<u>38,726,016</u>
Net change in fund balances	-	(42,980)	(42,980)
Fund balances at beginning of year	<u>-</u>	<u>2,070,291</u>	<u>2,070,291</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,027,311</u>	<u>\$ 2,027,311</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, 2011

	Budgeted Amount			Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
REVENUES				
Miscellaneous	\$ -	\$ 33,250	\$ 33,250	\$ -
Total revenues	-	33,250	33,250	-
EXPENDITURES				
Public safety	38,380,893	37,178,452	37,173,128	5,324
Court related	1,686,721	1,515,483	1,515,473	10
Total expenditures	40,067,614	38,693,935	38,688,601	5,334
Excess of revenues over (under) expenditures	(40,067,614)	(38,660,685)	(38,655,351)	5,334
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	40,067,614	38,660,685	38,660,685	-
Transfers to Board of County Commissioners	-	-	(5,334)	(5,334)
Total other financing sources	40,067,614	38,660,685	38,655,351	(5,334)
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 Assets
Agency Fund
September 30, 2011

ASSETS

Cash and cash equivalents	\$	<u>88,468</u>
Total assets	\$	<u><u>88,468</u></u>

LIABILITIES

Escrow deposits	\$	<u>88,468</u>
Total liabilities	\$	<u><u>88,468</u></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, 2011

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 or committed 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. These funds cannot be used to support the Sheriff'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 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.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2011

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 he 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 he 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 7.

E. 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. These "excess fees" totaled \$5,334 and are reported as a transfer to the Board of County Commissioners at year end.

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, 2011

NOTE 2 - CASH

Deposits

At September 30, 2011, the carrying amount of the Sheriff's deposits was \$3,536,885, and the bank balance was \$4,947,317. 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 subsection 17, 218.415. Refer to the County-wide Note 4, Cash and Cash Equivalents, 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 <u>10/01/10</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/11</u>
Tangible Personal Property	<u>\$ 17,918,288</u>	<u>\$ 1,658,135</u>	<u>\$ 555,003</u>	<u>\$ 19,021,420</u>

Refer to the County-wide Note on Capital Assets for capitalization threshold, depreciation methodology and useful lives.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 4 – 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. 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 (regular class 4.91%, senior class 6.27%, and elected official class 11.14%).

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.

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 County-wide Note 16, Pension Plans.

Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, and 2011 were equal to 17.27%, 18.29%, and 17.87% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, 2011 were \$4,221,209, \$4,294,161, and \$4,048,292 respectively. These amounts are equal to 100% of the required contribution for each year. Employee contributions for the time period July 1, 2011 through September 30, 2011 were \$146,774.

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS

The Sheriff participated in the Indian River County Other Post Employment Benefits Trust (IRCOT). The Sheriff's 2011 annual required contribution of \$1,101,833 was funded by the Board of County Commissioners as part of a total contribution determined by the IRCOT actuary. Further information on the IRCOT can be found in the County-wide financial statements and County notes.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2011

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 Sheriff participated in the County's self-insurance program during fiscal year 2011 at an annual cost of approximately \$3,484,153. Further details on this self-insurance program are disclosed in the County-wide financial statements and County notes.

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, 2011:

	Beginning Balance <u>10/01/10</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/11</u>
Accrued Compensated Absences	<u>\$ 5,112,867</u>	<u>\$ 4,510,527</u>	<u>\$ 3,568,978</u>	<u>\$ 6,054,416</u>

Of the \$6,054,416 liability for accrued compensated absences, management estimates that \$3,600,000 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 financial statements of the County.

NOTE 8 – OPERATING LEASES

The Sheriff has entered into noncancelable operating leases as lessee. Lease expenditures totaled \$92,159 for the year ended September 30, 2011.

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>
2012	\$ 100,584
2013	74,528
2014	23,873
2015	<u>5,086</u>
Total Future Minimum Lease Payments	<u>\$ 204,071</u>

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 9 – 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.



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

The Honorable Deryl Loar
Sheriff
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Sheriff, as of and for the year ended September 30, 2011 and issued our report thereon dated March 9, 2012. 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.

Internal Control Over Financial Reporting

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

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

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



Harris, Cotherman,
Jones, Price & Associates
Certified Public Accountants - Chartered

The Honorable Deryl Loar
Sheriff
Page two

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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Sheriff, Indian River County, others within the entity, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



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Management Letter

The Honorable Deryl Loar
Sheriff
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Sheriff, as of and for the year ended September 30, 2011 and have issued our report thereon dated March 9, 2012.

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. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 9, 2012, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned report:

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 recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.



**Harris, Cotherman,
Jones, Price & Associates**
Certified Public Accountants - Chartered

The Honorable Deryl Loar
Sheriff
Page two

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, or fraud, illegal acts, or abuse and, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Sheriff, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public accountants - Chartered

Vero Beach, Florida
March 9, 2012

SUPERVISOR OF ELECTIONS



**Harris, Cotherman,
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**Independent Auditors' Report on Special Purpose Financial Statements Prepared in Compliance
with a Regulatory Provision That Results in an Incomplete Presentation But One That is
Otherwise in Conformity with Generally Accepted Accounting Principles**

The Honorable Leslie Swan
Supervisor of Elections
Indian River County, Florida

We have audited the accompanying fund financial statements of Indian River County, Florida Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the Supervisor of Elections' management. Our responsibility is to express an opinion on the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying fund financial statements present the financial position of only the Supervisor of Elections at September 30, 2011 and the results of its operations for the year then ended. These statements are not intended to be a complete presentation of the financial position of Indian River County.

In our opinion, the accompanying fund financial statements present fairly, in all material respects, the financial position of the Supervisor of Elections as of September 30, 2011 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2012 on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements.

This report is intended solely for the information and use of management, the Supervisor of Elections, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered
Vero Beach, Florida
March 9, 2012

Indian River County, Florida
Supervisor of Elections
Balance Sheet
Governmental Funds
September 30, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 53,109	\$ 25,929	\$ 79,038
Accounts receivable - net	356	-	356
Prepaid expenses	5,585	-	5,585
Total assets	<u>\$ 59,050</u>	<u>\$ 25,929</u>	<u>\$ 84,979</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 17,923	\$ -	\$ 17,923
Due to other governments	41,127	-	41,127
Unearned revenue	-	18,185	18,185
Total liabilities	<u>59,050</u>	<u>18,185</u>	<u>77,235</u>
Fund Balances:			
Nonspendable:			
Prepaid items	5,585	-	5,585
Restricted for:			
Voting/elections activities	-	7,744	7,744
Unassigned	(5,585)	-	(5,585)
Total fund balances	<u>-</u>	<u>7,744</u>	<u>7,744</u>
Total liabilities and fund balances	<u>\$ 59,050</u>	<u>\$ 25,929</u>	<u>\$ 84,979</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, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ 4,522	\$ 4,522
Charges for services	622	-	622
Interest	264	3	267
Miscellaneous	13,578	-	13,578
Total revenues	<u>14,464</u>	<u>4,525</u>	<u>18,989</u>
EXPENDITURES			
General government	977,906	4,539	982,445
Total expenditures	<u>977,906</u>	<u>4,539</u>	<u>982,445</u>
Excess of revenues over (under) expenditures	<u>(963,442)</u>	<u>(14)</u>	<u>(963,456)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	1,006,971	-	1,006,971
Transfer from other funds	-	2,402	2,402
Transfers to Board of County Commissioners	(41,127)	-	(41,127)
Transfer to other funds	(2,402)	-	(2,402)
Total other financing sources (uses)	<u>963,442</u>	<u>2,402</u>	<u>965,844</u>
Net change in fund balances	-	2,388	2,388
Fund balances at beginning of year	<u>-</u>	<u>5,356</u>	<u>5,356</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 7,744</u>	<u>\$ 7,744</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, 2011

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 622	\$ 622
Interest	-	-	264	264
Miscellaneous	-	13,612	13,578	(34)
Total revenues	-	13,612	14,464	852
EXPENDITURES				
General government	990,371	1,018,181	977,906	40,275
Total expenditures	990,371	1,018,181	977,906	40,275
Excess of revenues over (under) expenditures	(990,371)	(1,004,569)	(963,442)	41,127
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	990,371	1,006,971	1,006,971	-
Transfers to Board of County Commissioners	-	-	(41,127)	(41,127)
Transfers to other funds	-	(2,402)	(2,402)	-
Total other financing sources (uses)	990,371	1,004,569	963,442	(41,127)
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, 2011

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 she 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Prepaid Expenses

Deposits in the governmental funds represent prepayments for services that will be used in future periods. The Supervisor of Election's 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. 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 she 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.

G. 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 \$41,127 and are reported as transfers out. These transfers are also reflected as due to other governments on the balance sheet.

H. 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, 2011

NOTE 2 - CASH

Deposits

At September 30, 2011, the carrying amount of the Supervisor of Elections' deposits was \$78,913, and the bank balance was \$115,983. 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 4, Cash and Cash Equivalents, for 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. 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 (regular class 4.91%, senior class 6.27%, and elected official class 11.14%). 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.

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 County-wide Note 16, Pension Plans.

Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, and 2011, were equal to 10.5%, 11.4%, and 11.5% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, 2011 were \$57,066, \$59,170 and \$48,433 respectively. These amounts are equal to 100% of the required contribution for each year. Employee contributions for the time period July 1, 2011 through September 30, 2011 were \$1,957.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Supervisor of Elections participated in the Indian River County Other Post Employment Benefit Trust (IRCOT). The Supervisor of Election's 2011 annual required contribution of \$10,507 was funded by the Board of County Commissioners as part of a total contribution determined by the IRCOT actuary. Further information on the IRCOT 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 2011 at an annual cost of approximately \$41,337.

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, 2011:

	Beginning Balance <u>10/01/10</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/11</u>
Accrued Compensated Absences	<u>\$ 36,454</u>	<u>\$ 25,490</u>	<u>\$ 38,174</u>	<u>\$ 23,770</u>

Of the \$23,770 liability for accrued compensated absences, management estimates that \$5,000 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, 2011

NOTE 7 – OPERATING LEASES

The Supervisor of Elections has entered into noncancelable operating leases as lessee for a mail machine, letter opener, and a ballot on demand machine. Lease expenditures totaled \$21,035 for the year ended September 30, 2011.

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>
2012	\$ 4,505
2013	<u>3,379</u>
Total Future Minimum Lease Payments	\$ <u>7,884</u>



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

The Honorable Leslie Swan
Supervisor of Elections
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Supervisor of Elections, as of and for the year ended September 30, 2011 and issued our report thereon dated March 9, 2012. 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.

Internal Control over Financial Reporting

Management of the Supervisor of Elections is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Supervisor of Elections' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting.

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

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



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The Honorable Leslie Swan
Supervisor of Elections
Page two

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 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*.

This report is intended solely for the information and use of management, the Supervisor of Elections, Indian River County, others within the entity, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



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Management Letter

The Honorable Leslie Swan
Supervisor of Elections
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Supervisor of Elections, as of and for the year ended September 30, 2011 and have issued our report thereon dated March 9, 2012.

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. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 9, 2012, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned report:

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. Corrective action has been taken to address recommendations made in the management letter for fiscal year ending September 30, 2010.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor of Elections, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.



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The Honorable Leslie Swan
Supervisor of Elections
Page two

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, or fraud, illegal acts, or abuse and, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Supervisor of Elections, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



TAX COLLECTOR



**Harris, Cotherman,
Jones, Price & Associates**

Certified Public Accountants - Chartered

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**Independent Auditors' Report on Special Purpose Financial Statements Prepared in Compliance
with a Regulatory Provision That Results in an Incomplete Presentation But One That is
Otherwise in Conformity with Generally Accepted Accounting Principles**

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

We have audited the accompanying fund financial statements of Indian River County, Florida Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the Tax Collector's management. Our responsibility is to express an opinion on the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying fund financial statements present the financial position of only the Tax Collector at September 30, 2011 and the results of its operations for the year then ended. These statements are not intended to be a complete presentation of the financial position of Indian River County.

In our opinion, the accompanying fund financial statements present fairly, in all material respects, the financial position of the Tax Collector as of September 30, 2011 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2012 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements.

This report is intended solely for the information and use of management, the Tax Collector, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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Vero Beach, Florida
March 9, 2012

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Indian River County, Florida
Tax Collector
Balance Sheet
General Fund
September 30, 2011

ASSETS

Cash and cash equivalents	\$	2,549,447
Investments		675,338
Accounts receivable		85,710
Inventories		33
Prepaid expenses		12
Total assets	\$	<u><u>3,310,540</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	304,835
Due to other governments		2,979,384
Deferred revenues		24,920
Other deposits held in escrow		1,401
Total liabilities		<u><u>3,310,540</u></u>

Fund Balances:

Nonspendable:		
Inventories		33
Prepaid items		12
Unassigned		<u>(45)</u>
Total fund balances		<u><u>-</u></u>

Total liabilities and fund balances	\$	<u><u>3,310,540</u></u>
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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, 2011

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 5,737,457	\$ 5,737,457	\$ 5,841,263	\$ 103,806
Interest	10,000	10,000	13,437	3,437
Total revenues	<u>5,747,457</u>	<u>5,747,457</u>	<u>5,854,700</u>	<u>107,243</u>
EXPENDITURES				
General government	<u>2,967,386</u>	<u>2,967,386</u>	<u>2,875,316</u>	<u>92,070</u>
Total expenditures	<u>2,967,386</u>	<u>2,967,386</u>	<u>2,875,316</u>	<u>92,070</u>
Excess of revenues over (under) expenditures	<u>2,780,071</u>	<u>2,780,071</u>	<u>2,979,384</u>	<u>199,313</u>
OTHER FINANCING SOURCES (USES)				
Excess fees to Board of County Commissioners	(2,424,500)	(2,424,500)	(2,598,238)	(173,738)
Excess fees to Other Governments	<u>(355,571)</u>	<u>(355,571)</u>	<u>(381,146)</u>	<u>(25,575)</u>
Total other financing sources (uses)	<u>(2,780,071)</u>	<u>(2,780,071)</u>	<u>(2,979,384)</u>	<u>(199,313)</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
Fund balances at beginning of year			-	
Fund balances at end of year			\$ <u>-</u>	

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

Indian River County, Florida
Tax Collector
Statement of Fiduciary Net Assets
Agency Fund
September 30, 2011

ASSETS

Cash and cash equivalents	\$	4,144,530
Investments		<u>77,521</u>
Total assets	\$	<u><u>4,222,051</u></u>

LIABILITIES

Due to other governments	\$	<u>4,222,051</u>
Total liabilities	\$	<u><u>4,222,051</u></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, 2011

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 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.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2011

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 her 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 and Cash Equivalents

Cash and cash equivalents include deposits and all highly liquid investments with maturities of ninety days or less when purchased.

E. Prepaid Expenses

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. 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 she 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.

H. 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" are reported as transfers out and a liability and were \$2,979,384 at year-end.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

NOTE 2 - CASH AND INVESTMENTS

A. Deposits

At September 30, 2011, the carrying amount of the Tax Collector's deposits was \$6,677,977 and the bank balance was \$6,898,588. 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.

B. Investments

The Tax Collector modified their investment and deposit policy in August 2011. 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 4, Cash and Cash Equivalents, for definition of custodial credit risk.

At September 30, 2011, the Tax Collector had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>	<u>Portfolio Percentage</u>	<u>Credit Risks</u>
Other Fixed Rate Investments:				
Florida PRIME (formerly Fund A)	\$ 142,678	.08	18.95%	AAAm
Fund B Surplus Funds Trust Fund	77,521	4.82	10.30	Not Rated
Other Market Rate Investments:				
Certificate of Deposit – Six Month	251,880	.50	33.45	N/A
Certificate of Deposit – One Year	252,512	1.00	33.54	N/A
Florida Trust Day to Day Fund	25,204	.08	3.35	AAAm
Fidelity American U.S. Treasury Fund	<u>3,064</u>	.08	<u>0.41</u>	AAA
Total Fair Value	<u>\$ 752,859</u>		<u>100.00%</u>	
Portfolio weighted average maturity		1.02		

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - CASH AND INVESTMENTS - Continued

B. Investments - Continued

The Tax Collector participated in a capital lease program in which funds are deposited into an escrow account and drawn upon as equipment is purchased. At September 30, 2011, \$3,064 of unspent capital lease proceeds remained in the escrow account.

Concentration Risk

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

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

The Tax Collector invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. During fiscal year 2008, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("LGIP" and "Fund B").

The LGIP has adopted operating procedures consistent with the requirements for a 2a-7 like fund. The Tax Collector's investment in the LGIP is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. At September 30, 2011, the LGIP held a rating of AAAM by Standard and Poor's and had a weighted average days to maturity of 38 days.

The investment objective for Fund B is to maximize the present value of distributions to participants, to the extent reasonable and prudent, net of fees; thus weight is given not only to the realized value of security sales, but also to the speed with which monies are distributed (liquidity). As cash becomes available in Fund B, it is distributed among participant accounts in the LGIP, according to each participant's pro rata share of Fund B. All distributions from Fund B are 100% available liquid balance (ALB) upon transfer.

Fund B is reported at fair value, determined by the fair value per share of the Pool's underlying portfolio. Fund B was unrated as of September 30, 2011.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2011

NOTE 2 - CASH AND INVESTMENTS - Continued

B. Investments – Continued

Concentration Risk - Continued

All funds held in Fund B are “on-behalf-of” (OBF) accounts. These OBF accounts were established on December 26, 2007 and held for the eleven taxing districts that did not have SBA accounts at the time of the restructuring of SBA funds into the LGIP and Fund B. At September 30, 2011, the State Board of Administration (SBA) determined a negative fair market value adjustment of 24.32% of the portfolio balance was needed for the Fund B portfolio balance. At year-end, the cash balance in Fund B was \$102,428 with a fair market adjustment of \$24,907; consequently, the net investment in Fund B is reported at \$77,521.

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.

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.

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 Bank, and the LGIP 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.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2011

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. 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 (regular class 4.91%, senior class 6.27%, and elected official class 11.14%).

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.

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 County-wide Note 16, Pension Plans.

Employer contributions to the FRS for the fiscal year ended September 30, 2009, 2010, and 2011, were equal to 10.69%, 11.44%, and 10.69% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2009, 2010, 2011 were \$173,154, \$179,908, \$170,864 respectively. These amounts are equal to 100% of the required contribution for each year. Employee contributions for the time period July 1, 2011 through September 30, 2011 were \$10,326.

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS

The Tax Collector participated in the Indian River County Other Postemployment Benefits Trust (IRCOT). The Tax Collector paid their 2011 annual required contribution of \$60,040 which was their part of the total contribution determined by the IRCOT actuary. Further information on the IRCOT can be found in the County-wide financial statements and County notes.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2011

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 2011 at an annual cost of approximately \$271,469. Further details of this self-insurance program are discussed in the risk management note in the County-wide financial statements.

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, 2011:

	Beginning Balance <u>10/01/10</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/11</u>
Accrued Compensated Absences	<u>\$ 149,726</u>	<u>\$ 27,236</u>	<u>\$ 51,158</u>	<u>\$ 125,804</u>

Of the \$125,804 liability for accrued compensated absences, management estimates that \$21,737 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 \$87,974 for the fiscal year ended September 30, 2011.

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, 2011:

<u>Year</u>	<u>Amount</u>
2012	\$ 90,596
2013	92,936
2014	59,516
2015	<u>47,733</u>
Total future minimum lease payments	<u>\$ 290,781</u>



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

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Tax Collector, as of and for the year ended September 30, 2011 and issued our report thereon dated March 9, 2012. 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.

Internal Control over Financial Reporting

Management of the Tax Collector is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control over financial reporting.

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

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



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The Honorable Carole Jean Jordan
Tax Collector
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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 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*.

This report is intended solely for the information and use of management, the Tax Collector, Indian River County, others within the entity, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012



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Management Letter

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

We have audited the financial statements of Indian River County, Florida, including the fund financial statements of the Tax Collector, as of and for the year ended September 30, 2011 and have issued our report thereon dated March 9, 2012.

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. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 9, 2012, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned report:

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 recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.



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The Honorable Carole Jean Jordan
Tax Collector
Page two

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, or fraud, illegal acts, or abuse and, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Tax Collector, Indian River County, the Florida Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Harris, Cotherman, Jones, Price & Associates
Certified Public Accountants - Chartered

Vero Beach, Florida
March 9, 2012

