

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year October 1, 2011 through September 30, 2012

Indian River County
Florida

Indian River County's public transportation system is administered through a public-private partnership with the Senior Resource Association. In 2009, The Federal Transit Administration awarded Indian River County an American Recovery and Reinvestment Act (ARRA) grant in the amount of \$2.2 million for the construction of a new transit administration and bus parking facility on 43rd Avenue in Vero Beach. Construction of the Indian River County Transit Facility was completed in 2012, and the facility has since been certified as the County's first "green" building. To achieve "green" certification, the facility was designed to comply with the energy efficiency and sustainability standards as set forth by the Florida Green Building Coalition. In addition to using energy efficient systems for heating, cooling, and lighting, the facility was constructed of mostly recycled and recyclable materials. Other materials used in the construction were made in the United States, as per the Buy America and Buy American Acts which were also requirements of the grant.

INDIAN RIVER COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
OCTOBER 1, 2011
THROUGH
SEPTEMBER 30, 2012**

Jeffrey R. Smith, CPA, CGFO
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, 2012

Board of County Commissioners as of September 30, 2012

Gary C. Wheeler

Chairman

Peter D. O'Bryan

Vice-Chairman

Wesley S. Davis

Joseph E. Flescher

Bob Solari

Current Board of County Commissioners (as of November 20, 2012)

Joseph E. Flescher

Chairman

Wesley S. Davis

Vice-Chairman

Peter D. O'Bryan

Bob Solari

Tim Zorc

Constitutional Officers as of September 30, 2012

Jeffrey R. Smith

Clerk of the Circuit Court and Comptroller

David C. Nolte

Property Appraiser

Leslie R. Swan

Supervisor of Elections

Deryl Loar

Sheriff

Carole Jean Jordan

Tax Collector

County Management

Joseph A. Baird

County Administrator

Alan S. Polackwich Sr.

County Attorney

Michael Zito

Assistant County Administrator

Jason Brown

Budget Director

Chris Mora

Director of Public Works

Robert M. Keating

Director of Community Development

John W. King

Director of Emergency Services

Vincent Burke

Director of Utilities

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JEFFREY R. SMITH

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



March 15, 2013

To the Citizens of Indian River County:

The Comprehensive Annual Financial Report of Indian River County, Florida for the fiscal year ended September 30, 2012, 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.

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

Section 11.45, Florida Statutes, requires an annual audit of all County agencies. The unqualified opinion of the auditors, Rehmann Robson, Certified Public Accountants, of the County's financial statements for the year ended September 30, 2012 has been included in this report. The independent auditors' report is located at the front of the financial section of this report. The audit was also designed to meet the requirements of Government Auditing Standards, the Florida Single Audit Act, the Federal Single Audit Act of 1984, the Federal Single Audit Act Amendments of 1996, and 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. Indian River County is a non-charter county established under the Constitution and the Laws of the State of Florida. It is governed by a five member Board of County Commissioners (Board) elected at large from the five districts within the County. A County Administrator is appointed by the Board and is responsible for implementing the policies set forth by the Board. The Administrator is charged with the fiscal control of the resources of the County as well. In addition to the Board, there are five elected Constitutional Officers serving specific governmental functions: Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. Although the funding for all Constitutional Offices is part of the County's General Fund, the Board does not have direct responsibility for their operations. Each office is run separately within each of its respective legal guidelines.

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

The Clerk of the Circuit Court and Comptroller (Clerk), Sheriff, and Supervisor of Elections submit proposed operating budgets to the Board prior to May 1. The Florida Department of Revenue receives budgets from the Property Appraiser prior to June 1 and from the Tax Collector prior to August 1. Once these budgets are approved, they are forwarded to the Board. The court-related function of the Clerk submits a budget to the Florida Clerks of Court Operations Corporation (CCOC) prior to October 1. These operating budgets include proposed expenditures and the sources to finance them as set forth in Chapters 129 and 28.36 of the Florida Statutes.

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

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

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

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

Local Economy

According to the 2010 Census, Indian River County had a population of 138,028, which is a 53% increase over the 1990 population of 90,208. While the population of the County has been steadily increasing, so has the median age of residents living here. Nationally, average ages have risen due to the increasing age of the baby boomer generation as well as the increase in life expectancy for all Americans. In addition, Florida continues to be a popular destination for retirees. Based on the Bureau of Economic Research, University of Florida, persons ages 15-44 make up the largest percentage of residents in the County, followed by ages 45-64 and 65+ respectively with persons ages 14 and under comprising the smallest portion of the population.

Indian River County's economy is made up of agriculture (citrus and cattle), tourism, light manufacturing, wholesale and retail trade. Piper Aircraft, Inc., whose headquarters for aircraft research, development and manufacturing operations are located in Vero Beach, is the largest manufacturing employer in the area. CVS Pharmacy operates a distribution center which provides the distribution of products to all CVS locations in the southern half of Florida. In 2012, INEOS New Planet BioEnergy opened a state of the art center in Indian River County. The facility converts low-cost organic materials such as household and vegetative waste into bioethanol for use as a renewable road transport fuel (ethanol) while generating renewable power for export to the local electricity grid. This new technology will reduce greenhouse gas emissions from cars and energy generation in addition to reducing the amount of waste going into our landfills. The Atlantic beaches and the Indian River, along with the comfortable climate provide the basis for a year-round tourism industry. Residents can enjoy these resources at any of the forty-one County parks, the Sebastian Inlet State Park or the Pelican Island Wildlife Refuge.

The effects of the decline in the national economy continued to affect Indian River County in 2012. Property tax values decreased from \$14.1 billion in 2011 to \$13.2 billion in 2012. Construction activity had a slight increase over 2011, which is the third consecutive year of positive growth since the peak activity in 2005. Please see Statistical Schedule 19 for more information.

The unemployment rate decreased from 13.7% in 2011 to 11.3 % in 2012.

Although Indian River County is a major producer of citrus with approximately 32,820 acres dedicated to citrus production, over the last ten years production has decreased dramatically from 19.1 million boxes in 2002 to 9.4 million in 2012.

Long Term Financial Planning and Major Initiatives

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

- **Fire/EMS Station 13** – Construction of an additional station is planned to serve the expanding south county population. The Emergency Services District reserves will provide \$426,000 with the remaining \$1.7 million being funded by impact fees. The operating expense will be approximately \$2.1 million beginning in fiscal year 2014.
- **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 intergenerational facility will be constructed at a cost of \$5.5 million with impact fees and one cent sales tax providing the funding. Ad valorem tax proceeds and user fees as well as partnering agency contributions will fund increased operating costs which are estimated to be about \$118,000 per year.
- **66th Avenue Widening** – This roadway is scheduled for widening from State Road 60 in Vero Beach to 49th Street. 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 \$19.8 million. Funding will be from traffic impact fees, gas taxes and grants. In the future, the County plans to expand 66th Avenue from 49th Street to the Sebastian City limits.
- **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. Funding will be from traffic impact fees and gas taxes.
- **Crime Scene Unit Building** – This is a renovation and expansion of an existing structure next to the Sheriff's Office for additional evidence storage. Funding in the amount of \$2.4 million will be provided by both optional sales tax and impact fees.

Effective October 2008, the Board of County Commissioners decided that Indian River County shall become a “green” county under the auspices of the Florida Green Building Coalition, Inc. with a goal of becoming a sustainable community and county. Since there is an important public interest in promoting the construction of energy-efficient and sustainable buildings, it is the County’s policy to promote these standards and demonstrate commitment to energy conservation, saving taxpayer money and raising public awareness of environmental concerns. Indian River County has been certified as a “Gold” Status Florida Green County since 2009. The Indian River County Transit Facility, whose construction was completed in 2012, has been certified as the County’s first “green” building. The facility was designed and constructed in compliance with the Florida Green Building Coalition Standards for commercial buildings. Some operational standards include controls that enhance indoor air quality and insure proper ventilation for employees, design specifications for energy reduction of 25% below normal, recycling of at least 75% of the construction waste, drought tolerant landscape materials, and furnishings made with 25% recycled content.

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 fiscal year 2012, County investments had yields ranging from 0.025% to 2.500%. The overall annual yield of the portfolio as of September 30, 2012 was 0.49%. The County continues to earn high financial strength bond ratings awarded by two major rating agencies due to these strong, conservative policies.

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 April 6, 2010. 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 change in net position for the OPEB Trust for the fiscal year was \$2.4 million. In addition, interest, dividend and mark-to-market adjustments resulted in net investment income of \$929,639. Yields ranged from 0.00% to 31.82% throughout the year.

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

On September 21, 2010 the Board adopted a revised fund balance and reserve policy due to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed the categories and terminology used to describe fund balance. The new categories change the focus from "financial resources available for appropriation" to "the extent to which the government is bound to honor constraints on the specific purposes for which the amounts in the fund can be spent". Please see County Note 19 for more information regarding fund balance.

In summary, Indian River County completed the year financially strong and well positioned. In a time of a strained world-wide economy and low investment returns, the County stood committed to manage funds and services for its citizens.

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, 2011. This was the 29th 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 2011-2012 fiscal year. This was the 21st 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.

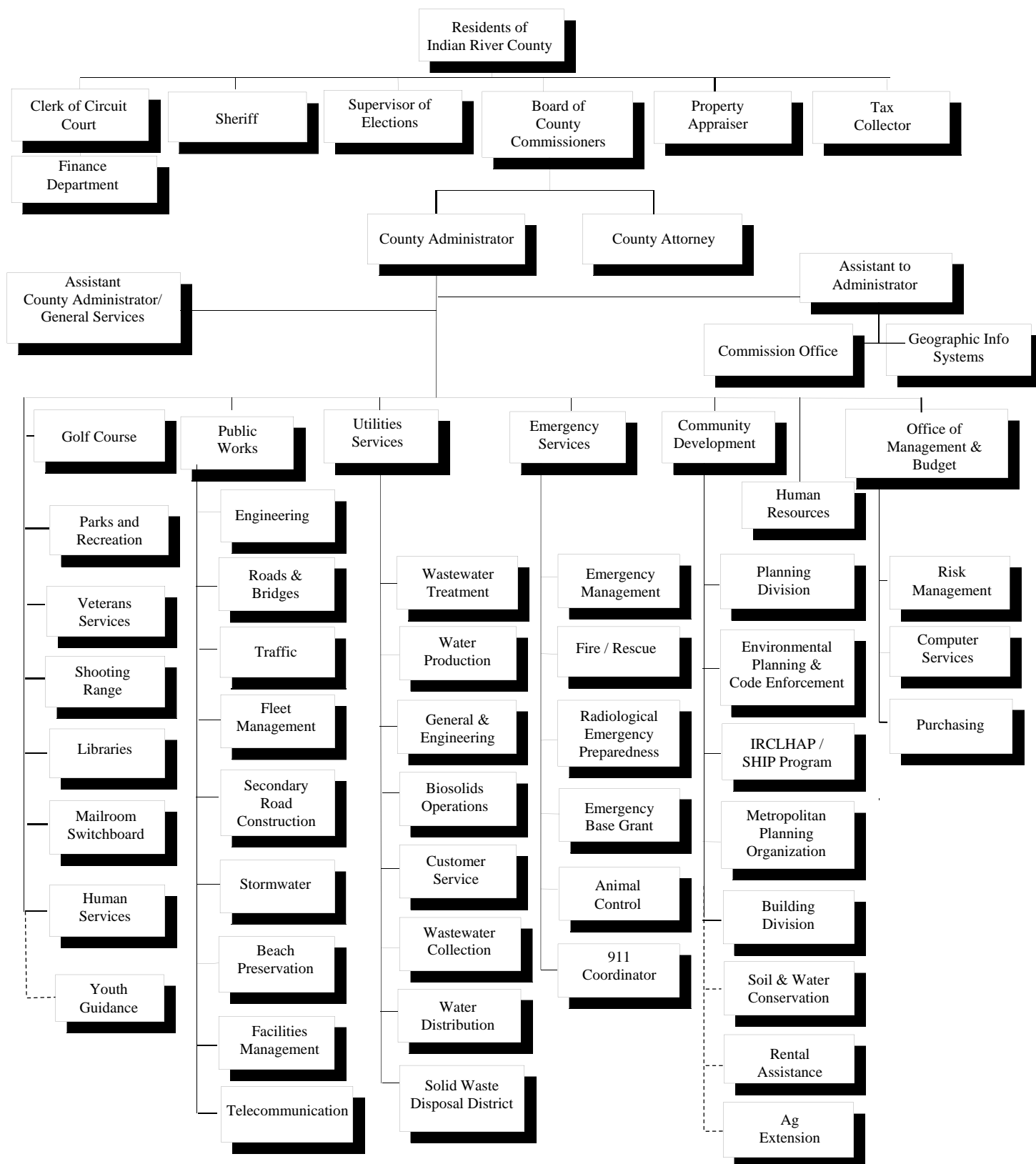
I would like to thank the entire staff of the Finance Department for their invaluable assistance in the preparation of this report. I would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and support in planning and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

Respectfully submitted,

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

Jeffrey R. Smith, CPA, CGFO
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, 2011

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



Christopher P. Morrell

President

Jeffrey R. Enen

Executive Director

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, 2012, 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, 2012, 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 12, 2013 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.



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. The combining and individual fund financial statements and schedules, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

A handwritten signature in black ink that reads "Rehmann Johnson".

Vero Beach, Florida
March 12, 2013

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2012

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, 2012. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The County's overall financial position improved over 2011.
- The assets and deferred outflows of resources of the County exceeded its liabilities by \$1,006.6 million (net position). Of this amount, \$146.8 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1.5 million. Governmental activities accounted for \$4.3 million of this increase, which was offset by a \$2.8 million decrease in business-type activities net position.
- Governmental activities expenses reflected a 0.3% increase (\$147.0 million in 2011 to \$147.4 million in 2012) and business-type activities expenses reflected a 0.1% increase (\$48.3 million in 2011 to \$48.9 million in 2012).
- Unassigned fund balance for the general fund was \$48.7 million, or a 44.5% increase from the prior year general fund unassigned balance. One of the factors for the increase in the unassigned amount was the change in the designation of \$8.0 million in committed economic incentives fund balance to unassigned fund balance due to the company not meeting the required timelines in the agreement. The other factor was the change in the designation of over \$10.0 million of emergency and budget stabilization reserves to unassigned fund balance due to clarification of the use of the committed fund balance category.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

The government-wide financial statements include not only the Board of County Commissioners, 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 35 individual governmental funds. Information is presented *separately* in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, four special revenue funds, and one capital project fund. All are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation.

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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 101-151 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 153-157 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 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 43-98 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 99 of this report.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by \$1,006.6 million at the close of the fiscal year. By far, the largest portion of the County's net position (72%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, intangibles, machinery, and equipment), less any related outstanding debt used to acquire those assets 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 Position (In Millions)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 228.7	\$ 242.3	\$ 108.7	\$ 107.0	\$ 337.4	\$ 349.3
Capital assets	553.4	544.7	257.3	267.1	810.7	811.8
Total assets	782.1	787.0	366.0	374.1	1,148.1	1,161.1
Deferred outflows of resources	-	-	2.8	-	2.8	-
Total deferred outflows	-	-	2.8	-	2.8	-
Current liabilities	21.3	23.6	13.5	12.0	34.8	35.6
Other liabilities	54.0	60.8	55.5	58.9	109.5	119.7
Total liabilities	75.3	84.4	69.0	70.9	144.3	155.3
Net position:						
Net investment in capital assets	509.1	492.3	211.6	217.9	720.7	710.2
Restricted	121.2	125.4	17.9	24.3	139.1	149.7
Unrestricted	76.5	84.9	70.3	61.0	146.8	145.9
Total net position	\$ 706.8	\$ 702.6	\$ 299.8	\$ 303.2	\$ 1,006.6	\$ 1,005.8

A portion of the County's net position (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position (\$146.8 million) may be used to meet the government's ongoing obligations to citizens and creditors. Overall, the County's net position increased less than 1%. In governmental activities, the decrease in unrestricted net position was due to the early payoff of bonds and the increase in net investment in capital assets was a result of right of way purchases and construction of roads and beach restoration projects. In business-type activities, the increase in unrestricted net position and decrease in net investment in capital assets, was a net result of decreasing book value of capital assets and the decreasing amount of debt outstanding.

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Indian River County Changes in Net Position (In Millions)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 15.7	\$ 16.2	\$ 42.9	\$ 41.8	\$ 58.6	\$ 58.0
Operating grants/contributions	8.2	7.9	-	-	8.2	7.9
Capital grants/contributions	7.1	1.9	2.5	2.0	9.6	3.9
General revenues:						
Property taxes	70.3	75.5	-	-	70.3	75.5
Sales taxes	20.1	19.3	-	-	20.1	19.3
Franchise fees	8.6	8.7	-	-	8.6	8.7
State shared revenues	18.0	17.3	-	-	18.0	17.3
Other	3.7	4.4	0.7	1.3	4.4	5.7
Total revenues	<u>151.7</u>	<u>151.2</u>	<u>46.1</u>	<u>45.1</u>	<u>197.8</u>	<u>196.3</u>
Expenses:						
General government	19.1	21.3	-	-	19.1	21.3
Public safety	66.5	67.4	-	-	66.5	67.4
Physical environment	2.4	1.3	-	-	2.4	1.3
Transportation	23.7	22.3	-	-	23.7	22.3
Economic environment	2.0	2.1	-	-	2.0	2.1
Human services	7.7	7.8	-	-	7.7	7.8
Culture/recreation	18.1	16.5	-	-	18.1	16.5
Court related	5.6	5.8	-	-	5.6	5.8
Interest and fiscal charges	2.3	2.5	-	-	2.3	2.5
Water and sewer	-	-	34.3	33.8	34.3	33.8
Solid waste	-	-	10.7	10.4	10.7	10.4
Golf course	-	-	2.4	2.5	2.4	2.5
Building	-	-	1.5	1.6	1.5	1.6
Total expenses	<u>147.4</u>	<u>147.0</u>	<u>48.9</u>	<u>48.3</u>	<u>196.3</u>	<u>195.3</u>
Increase (decrease) in net position before transfers	4.3	4.2	(2.8)	(3.2)	1.5	1.0
Transfers	<u>(0.03)</u>	<u>(0.6)</u>	<u>0.03</u>	<u>0.6</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	4.3	3.6	(2.8)	(2.6)	1.5	1.0
Net position – October 1, 2011	702.6	699.0	303.2	305.8	1,005.8	1,004.8
Adjustments – pollution remediation	(0.1)	-	-	(0.03)	(0.1)	(0.03)
Adjustments – deferred outflows/inflows	-	-	(0.6)	-	(0.6)	-
Net position - September 30, 2012	<u>\$ 706.8</u>	<u>\$ 702.6</u>	<u>\$ 299.8</u>	<u>\$ 303.2</u>	<u>\$ 1,006.6</u>	<u>\$ 1,005.8</u>

**Indian River County, Florida
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Governmental Activities

Governmental activities net position increased by \$4.3 million. Key elements of this increase are as follows:

- Overall program revenues increased \$5.0 million.
 - 1) Charges for services decreased by \$0.5 million or 3%, due to a one time reimbursement of court fees from the federal government in fiscal year 2011.
 - 2) Operating grant and contribution revenues in 2012 were \$0.3 million higher, an increase of 4% from 2011. This was the net effect of a decrease in housing assistance grants and an increase in contributions for beach and park improvements.
 - 3) Capital grants were \$5.2 million higher in 2012 than in 2011, an overall increase of 273%. This was largely due to increased physical environment capital grants (\$1.0 million higher) for an environmental land purchase and increased transportation capital grants (\$4.1 million higher) for the completion of the County's transit administration building and a sidewalk project.
- Overall general revenues decreased by \$4.5 million mainly due to decreased property tax values.
- The governmental activities expenses were \$0.4 million higher in 2012 than in 2011. Increases of \$1.4 million in transportation and \$1.6 million in culture and recreation expenses were mainly due to impact fee refunds. Increases of \$1.1 million in physical environment were due to an environmental land purchase. Budget reductions resulted in decreases of \$2.2 million in general government expenses, \$0.9 million in public safety expenses, and \$0.6 million in the remaining expenses.

Business-type Activities

Business-type activities net position decreased by \$2.8 million. Key elements of this decrease are as follows:

- Overall program revenues increased \$1.6 million.
 - 1) Charges for services increased by \$1.1 million or 3%. A gradual improvement in the local economy has attributed to the following increases over 2011 revenues: water and sewer charges increased by \$0.5 million or 2%, solid waste revenues increased \$0.4 million or 4%, the golf course revenues increased by \$0.05 million or 2%, and the building revenues increased by \$0.15 million or 9%.
 - 2) Capital grants and contributions were \$0.5 million higher in 2012 than in 2011, an overall increase of 25%. This was largely due to a \$0.4 million increase in customer impact fee contributions from 2011 to 2012 in the water and sewer fund.
- Interest earnings decreased by \$0.1 million or 17% from the preceding year due to lower interest rates.

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- Other miscellaneous general revenues decreased by \$0.6 million from the preceding year. This was due to the sale of numerous solid waste capital assets in fiscal year 2011 upon privatization of the County's landfill.
- Overall expenses were \$0.6 million or 1% higher in 2012 than in 2011. The golf course had \$0.1 million or 4% lower expenses in 2012 than in 2011 and the building department had \$0.1 million or 6% lower expenses in 2012 than in 2011 due to staff and benefit cost reductions. The water and sewer utilities expenses were \$0.5 million or 1% higher in 2012 than in 2011 due to the write off of bond issuance costs and the loss on the demolition of two water and sewer buildings. The solid waste expenses were \$0.3 million or 3% higher in 2012 than in 2011 due to an increase in the recycling services contract.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds

Unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. Approximately 26% of this total amount (\$48.5 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 (\$0.9 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 (\$117.5 million), 3) a committed category for constraints imposed by approval of ordinances and contracts by Board of County Commissioners (\$3.8 million), and 4) an assigned category for constraints by the County's intent to use for specific purposes (\$13.1 million).

The two largest restricted amounts are in the Impact Fees Fund with a \$23.1 million restricted fund balance and the Optional Sales Tax Fund with a \$50.5 million restricted fund balance. The fund balance of the Secondary Roads Construction Fund (\$12.7 million), sixty percent of the Impact Fees Fund (\$13.8 million) and seventy-five percent of the Optional Sales Tax Fund is slated for major road expansions throughout the County.

The County's governmental funds reported a combined fund balance of \$183.8 million, which is a decrease of \$13.2 million over the prior year of \$197.0 million. Contributing factors to the \$13.2 million decrease in fund balance are:

- Fund balance in the General Fund decreased by \$2.5 million. This decrease was mainly due to the early payoff of the general obligation bonds.

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- Fund balance in the Emergency Services District Fund decreased by \$1.9 million, largely the result of decreased revenue from property tax values.
- In the Impact Fees Fund, fund balance decreased \$9.4 million. This was largely due to the \$2.9 million in refunds issued to County residents for impact fees paid but remained unspent after six years and the \$9.0 million in transportation spending due to major road construction and right-of-way purchases.
- Fund balance in the Optional Sales Tax Fund increased by \$6.2 million due to budgeted projects not yet completed.

Proprietary funds

Unrestricted net position at the end of the year amounted to \$16.0 million in the Solid Waste Disposal District Fund, (\$0.01) million in the Golf Course Fund, \$4.1 million in the County Building Fund, and \$50.2 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 a \$7 million increase in appropriations between the original and final amended budget. The main components are as follows:

- \$3,536,293 grants appropriations and prior year rollovers for the Senior Resource Association to provide County-wide public transportation.
- \$3,050,000 to call the remaining Land Acquisition G.O. Bonds, Series 2001.
- \$123,000 Local Jobs Grants
- \$111,500 Homeland Security Grants

Actual revenues exceeded final budget by \$3.6 million for the following reasons:

- \$1,000,000 Windsor donation reclassified from escrow fund to general fund
- \$556,845 Ad Valorem actual at 96.4% - budgeted at 95%
- \$437,000 Reimbursement for lower than anticipated insurance claims

Actual expenditures were \$3.3 million lower than anticipated for the following reasons:

- \$1,100,000 Senior Resource Association grants budgeted but not expended in FY 11/12
- \$233,470 Medicaid invoices backlogged 2 months

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

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For the Year Ended September 30, 2012**

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, 2012, amounts to \$810.7 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%.

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

- An increase in infrastructure primarily due to the capitalization of the Sector 3 Beach Restoration Project (\$12.9 million), the 53rd Street road expansion project from Kings Highway to US 1 (\$9.0 million), the 82nd Avenue bridge over the Lateral "D" Canal (\$1.3 million), and a bridge (\$2.2 million) and sidewalk (\$1.2 million) along Old Dixie Highway.
- An increase in buildings and improvements primarily due to the completion of the Quadrangle Softball Fields at Vero Beach Sports Village (\$2.4 million), and the Senior Resource Association transit facility (\$2.3 million).
- An increase in land due to the purchase of the Pressley Ranch property (\$1.0 million).

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 North County Reverse Osmosis Plant Wells 4-9 Project (\$4.0 million), the North County Wastewater Treatment Plant Storage/Repump Facility (\$2.1 million), and the North County reverse osmosis plant brine line (\$0.9 million).
- An increase in land due to the purchase of 13 acres for the South County brine project (\$0.7 million).

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 139.6	\$ 138.4	\$ 21.3	\$ 20.5	\$ 160.9	\$ 158.9
Right-of-way	54.7	53.7	-	-	54.7	53.7
Buildings and improvements	149.0	148.1	226.1	232.5	375.1	380.6
Equipment	26.3	26.2	1.6	1.9	27.9	28.1
Intangibles	1.7	1.3	1.8	1.9	3.5	3.2
Infrastructure	153.9	133.0	-	-	153.9	133.0
Construction in progress	28.2	44.0	6.5	10.3	34.7	54.3
Total	<u>\$ 553.4</u>	<u>\$ 544.7</u>	<u>\$ 257.3</u>	<u>\$ 267.1</u>	<u>\$ 810.7</u>	<u>\$ 811.8</u>

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

Debt Administration – Long-term debt

At the end of the current fiscal year, the County had total *bonded* debt outstanding of \$92.8 million. Of this amount, \$33.2 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	
	2012	2011	2012	2011	2012	2011
<u>General Obligation Debt:</u>						
General Obligation, Series 2001	\$ -	\$ 4.4	\$ -	\$ -	\$ -	\$ 4.4
Limited General Oblig., Series 2006	33.2	36.3	-	-	33.2	36.3
<u>Revenue Bonds:</u>						
Spring Training Facility, Series 2001	11.1	11.7	-	-	11.1	11.7
Recreational Revenue Ref., Series 2003	-	-	2.1	2.6	2.1	2.6
Water and Sewer Ref. Rev., Series 2005	-	-	19.6	21.2	19.6	21.2
Water and Sewer Ref. Rev., Series 2009	-	-	26.8	28.7	26.8	28.7
Total	<u>\$ 44.3</u>	<u>\$ 52.4</u>	<u>\$ 48.5</u>	<u>\$ 52.5</u>	<u>\$ 92.8</u>	<u>\$ 104.9</u>

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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 & Poors is "AAA" and "A-" 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 74-83 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In order to address an expected decrease in property values and other County revenues, Board departments, Constitutional Officers, and outside agencies were asked to trim their budgets by 3% from the previous year. Many cost saving measures have been taken to adjust for declining revenues. For example, mid-year privatization of County Beach Park's Maintenance and related operations resulted in the elimination of four (4) full-time positions and an annual savings of \$163,613. In summary, staff has undertaken a critical review of all functions to streamline operations as much as possible without impacting service levels. The total proposed budget is \$252,135,490, a decrease of \$54,879,451 or 17.9% from the current year. This represents a drop of 46.6% from the approved FY 2006/07 amount of \$472,420,328.

The single greatest individual expense in the budget is personnel services. In order to balance the budget with the reduced revenues, seven (7) full-time (FT) positions were eliminated in mid-year of FY 11/12. Additional decreases of nine (9) full-time (FT) positions have been proposed for next fiscal year.

Indian River County, like the nation overall, has been experiencing a continuation of the economic slowdown this year. Some revenues have leveled off and are even showing signs of a slight increase. Therefore, our revenue projections for next year are mixed. For example, Half-Cent Sales Tax is increasing \$202,234 or 2.8%, while interest earnings are expected to drop \$58,000 or 4.3%. State shared revenues are expected to increase by \$61,952 or 2.4%.

The tax roll is decreasing by 3.6% compared to a decrease of 6.6% last year. Building permit revenues are expected to increase \$50,000 or 5.0%. Franchise fees are decreasing by \$132,500 or 1.5%. Advanced life support charges are expected to increase by \$360,000 next year. Many of the revenue increases are following five years of substantial decline.

During the current fiscal year, the County approved paying off the remaining bonds early at the July 1, 2012 call date. This will provide a savings of about \$250,000 in interest payments over the next four years. Additionally, this allows for the elimination of the millage needed to service these bonds, allowing for an additional decrease of \$949,364 in taxes levied.

Total debt service expenses are budgeted at \$4,754,745, an increase of \$6,304, or 0.1%. The millage rate is 0.3799, an increase of 0.0152, or 4.2%. This millage needs to be increased to generate the same revenues as last year in order to fund the debt service amount.

Solid waste disposal district assessment rates remain unchanged, along with the street lighting and M.S.B.U. districts.

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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 Position
September 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 200,153,652	\$ 57,642,357	\$ 257,796,009
Investments	691,980	-	691,980
Accounts receivable - net	2,243,219	2,977,799	5,221,018
Internal balances	399,255	(399,255)	-
Due from other governments	16,950,318	15,431	16,965,749
Interest receivable	233,730	538,139	771,869
Inventories	266,242	950,479	1,216,721
Other assets held for resale	658,000	-	658,000
Prepaid expenses	1,554,345	211,858	1,766,203
Current restricted assets:			
Cash and cash equivalents	4,940,591	42,192,730	47,133,321
Total current assets	<u>228,091,332</u>	<u>104,129,538</u>	<u>332,220,870</u>
Non-current assets:			
Net other postemployment benefits asset	321,681	-	321,681
Capital assets - non-depreciable	226,629,449	29,252,222	255,881,671
Capital assets - depreciable	556,857,658	435,586,230	992,443,888
Capital assets - accumulated depreciation	(230,134,470)	(207,517,593)	(437,652,063)
Non-current restricted assets:			
Special assessments receivable	310,506	1,007,420	1,317,926
Impact fees receivable	-	744,116	744,116
Liens receivable	-	2,819,565	2,819,565
Total non-current assets	<u>553,984,824</u>	<u>261,891,960</u>	<u>815,876,784</u>
Total assets	<u>782,076,156</u>	<u>366,021,498</u>	<u>1,148,097,654</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refundings	-	2,875,239	2,875,239
Total deferred outflows of resources	<u>-</u>	<u>2,875,239</u>	<u>2,875,239</u>
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	6,435,150	2,793,188	9,228,338
Retainage payable	438	242,016	242,454
Claims payable	2,197,855	-	2,197,855
Due to other governments	578,215	2,856,263	3,434,478
Other deposits held in escrow	323,847	1,000	324,847
Unearned revenues	189,294	29,652	218,946
Accrued compensated absences	6,532,620	644,945	7,177,565
Pollution remediation costs payable	137,003	2,510	139,513
Current liabilities (payable from current restricted assets):			
Accounts payable	-	59,013	59,013
Retainage payable	792,526	35,364	827,890
Accrued interest payable	373,065	180,344	553,409
Customer deposits	-	2,895,754	2,895,754
Bonds payable	3,775,000	3,760,000	7,535,000
Total current liabilities	<u>21,335,013</u>	<u>13,500,049</u>	<u>34,835,062</u>
Non-current liabilities:			
Accrued compensated absences	4,466,032	212,192	4,678,224
Pollution remediation costs payable	2,475,997	6,290	2,482,287
Claims payable	5,876,145	-	5,876,145
Due to other governments	632,347	-	632,347
Closure and maintenance costs payable	-	10,513,736	10,513,736
Bonds payable, net of premium and discount	40,500,714	44,804,569	85,305,283
Total non-current liabilities	<u>53,951,235</u>	<u>55,536,787</u>	<u>109,488,022</u>
Total liabilities	<u>75,286,248</u>	<u>69,036,836</u>	<u>144,323,084</u>
NET POSITION			
Net investment in capital assets	509,076,923	211,631,529	720,708,452
Restricted for:			
Transportation/road projects	27,006,817	-	27,006,817
Public safety	17,781,161	-	17,781,161
Court related costs	3,612,381	-	3,612,381
Housing assistance	1,737,207	-	1,737,207
Capital projects	50,757,842	17,941,773	68,699,615
Beach renourishment	6,093,395	-	6,093,395
Culture/recreation	7,946,240	-	7,946,240
Debt service	2,387,548	-	2,387,548
Environmental conservation/preservation	258,095	-	258,095
Special assessment projects	1,738,510	-	1,738,510
Other purposes	1,870,032	-	1,870,032
Unrestricted	76,523,757	70,286,599	146,810,356
Total net position	<u>\$ 706,789,908</u>	<u>\$ 299,859,901</u>	<u>\$ 1,006,649,809</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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 19,069,181	\$ 5,304,385	\$ 454,253	\$ 3,370
Public safety	66,456,674	5,852,093	459,292	985,197
Physical environment	2,424,109	20,923	-	1,022,876
Transportation	23,629,799	2,345,186	2,790,719	5,033,657
Economic environment	1,986,091	-	358,879	-
Human services	7,749,253	358,279	2,825,859	-
Culture/recreation	18,089,432	1,397,660	1,297,718	8,394
Court related	5,635,245	414,356	43,691	-
Interest and fiscal charges	2,350,241	-	-	-
Total governmental activities	<u>147,390,025</u>	<u>15,692,882</u>	<u>8,230,411</u>	<u>7,053,494</u>
Business-type activities:				
Water and sewer	34,246,967	28,361,246	-	2,545,759
Solid waste	10,659,004	9,582,955	-	-
Golf course	2,451,603	3,216,471	-	-
Building	1,487,515	1,735,713	-	-
Total business-type activities	<u>48,845,089</u>	<u>42,896,385</u>	<u>-</u>	<u>2,545,759</u>
Total primary government	<u>\$ 196,235,114</u>	<u>\$ 58,589,267</u>	<u>\$ 8,230,411</u>	<u>\$ 9,599,253</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 position
Net position - beginning, as restated (Note 21C)
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (13,307,173)	\$ -	\$ (13,307,173)
(59,160,092)	-	(59,160,092)
(1,380,310)	-	(1,380,310)
(13,460,237)	-	(13,460,237)
(1,627,212)	-	(1,627,212)
(4,565,115)	-	(4,565,115)
(15,385,660)	-	(15,385,660)
(5,177,198)	-	(5,177,198)
(2,350,241)	-	(2,350,241)
(116,413,238)	-	(116,413,238)
-	(3,339,962)	(3,339,962)
-	(1,076,049)	(1,076,049)
-	764,868	764,868
-	248,198	248,198
-	(3,402,945)	(3,402,945)
(116,413,238)	(3,402,945)	(119,816,183)
64,753,566	-	64,753,566
5,574,183	-	5,574,183
20,144,820	-	20,144,820
8,620,401	-	8,620,401
17,908,806	-	17,908,806
668,012	600,116	1,268,128
3,079,701	8,400	3,088,101
120,749,489	608,516	121,358,005
(32,957)	32,957	-
120,716,532	641,473	121,358,005
4,303,294	(2,761,472)	1,541,822
702,486,614	302,621,373	1,005,107,987
\$ 706,789,908	\$ 299,859,901	\$ 1,006,649,809

Indian River County, Florida
Balance Sheet
Governmental Funds
September 30, 2012

	General	Impact Fees	Secondary Roads Construction
ASSETS			
Cash and cash equivalents	\$ 53,924,172	\$ 25,056,533	\$ 12,569,189
Investments	691,980	-	-
Accounts receivable - net	662,278	-	-
Special assessments receivable	-	-	-
Due from other funds	498,704	-	-
Due from other governments	2,223,819	62,718	288,980
Inventories	48,046	-	-
Prepaid items	74,779	-	-
Other assets held for resale	-	-	-
Advance to other funds	188,416	-	255,000
Total assets	<u>\$ 58,312,194</u>	<u>\$ 25,119,251</u>	<u>\$ 13,113,169</u>
LIABILITIES			
Accounts payable	\$ 2,720,121	\$ 1,569,517	\$ 409,289
Retainage payable	438	398,820	30,634
Due to other funds	415,573	-	-
Due to other governments	397,300	22,828	-
Unearned revenues	173,532	-	-
Other deposits	268,183	-	-
Total liabilities	<u>3,975,147</u>	<u>1,991,165</u>	<u>439,923</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	48,046	-	-
Prepaid items	74,779	-	-
Advances to other funds	188,416	-	255,000
Restricted for:			
Transportation/road improvements	-	13,817,620	12,418,246
Court-related costs and improvements	120,087	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	1,325,474	-
Fire/emergency services	-	1,618,259	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	345,201	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Sports Village repairs/improvements	-	-	-
Solid waste projects	-	25,802	-
Parks/recreational projects	1,000,000	4,437,723	-
Other purposes	-	1,558,007	-
Committed to:			
Economic incentives	2,343,213	-	-
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	4,244	-	-
Court operations	-	-	-
Other purposes	27,333	-	-
Assigned to:			
Subsequent year's budget appropriation of fund balance	1,808,000	-	-
Transportation/road improvements	-	-	-
Unassigned	<u>48,722,929</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>54,337,047</u>	<u>23,128,086</u>	<u>12,673,246</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 58,312,194</u>	<u>\$ 25,119,251</u>	<u>\$ 13,113,169</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
\$ 8,738,192	\$ 11,846,281	\$ 38,776,874	\$ 22,215,507	\$ 173,126,748
-	-	-	-	691,980
-	-	-	12,606	674,884
310,506	-	-	-	310,506
-	239,268	-	77,940	815,912
232,096	12,190	12,656,159	124,851	15,600,813
-	-	-	-	48,046
-	-	-	302,128	376,907
-	-	-	658,000	658,000
-	-	-	-	443,416
<u>\$ 9,280,794</u>	<u>\$ 12,097,739</u>	<u>\$ 51,433,033</u>	<u>\$ 23,391,032</u>	<u>\$ 192,747,212</u>
\$ 226,686	\$ 171,827	\$ 614,954	\$ 519,864	\$ 6,232,258
-	-	335,285	27,787	792,964
-	-	-	219,500	635,073
-	-	-	-	420,128
-	6,620	-	9,142	189,294
-	-	-	55,664	323,847
<u>226,686</u>	<u>178,447</u>	<u>950,239</u>	<u>831,957</u>	<u>8,593,564</u>
310,506	-	-	-	310,506
<u>310,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,506</u>
-	-	-	-	48,046
-	-	-	302,128	376,907
-	-	-	-	443,416
-	-	-	-	26,235,866
-	-	-	3,449,680	3,569,767
-	-	-	1,597,356	1,597,356
-	-	-	2,912,503	4,237,977
-	9,374,292	-	-	10,992,551
-	-	-	381,152	381,152
-	-	-	6,093,395	6,093,395
-	-	-	1,084,470	1,084,470
-	-	-	144,490	489,691
-	-	-	258,095	258,095
-	-	-	1,738,510	1,738,510
-	-	-	2,477,447	2,477,447
-	-	50,482,794	-	50,482,794
-	-	-	553,204	553,204
-	-	-	-	25,802
-	-	-	-	5,437,723
-	-	-	286,223	1,844,230
-	-	-	-	2,343,213
-	-	-	1,058,569	1,058,569
-	-	-	391,568	395,812
-	-	-	33,256	33,256
-	-	-	-	27,333
-	2,545,000	-	-	4,353,000
8,743,602	-	-	-	8,743,602
-	-	-	(202,971)	48,519,958
<u>8,743,602</u>	<u>11,919,292</u>	<u>50,482,794</u>	<u>22,559,075</u>	<u>183,843,142</u>
<u>\$ 9,280,794</u>	<u>\$ 12,097,739</u>	<u>\$ 51,433,033</u>	<u>\$ 23,391,032</u>	<u>\$ 192,747,212</u>

Indian River County, Florida
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
September 30, 2012

Total governmental fund balances:	\$ 183,843,142
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	553,000,546
Long-term liabilities, including bonds payable (\$44,275,714), accrued compensated absences (\$10,953,682) medicaid settlement funds payable (\$790,434) and pollution remediation costs (\$2,613,000) are not due and payable in the current period and, therefore, are not reported in the fund	(58,632,830)
Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the fund.	(373,065)
Special assessment receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	310,506
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.	133,794
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 position	26,879,571
Grant revenues are not recognized in the current period because the resources are not available and therefore, are not reported in the fund.	1,222,541
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.	321,681
Interest revenues are not recognized in the current period because the resources are not available and, therefore, are not reported in the fund.	84,022
Net position of governmental activities	\$ <u>706,789,908</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, 2012

	General	Impact Fees	Secondary Roads Construction
REVENUES			
Taxes	\$ 48,402,789	\$ -	\$ 3,329,183
Permits, fees and special assessments	8,771,351	2,267,920	44,705
Intergovernmental	16,528,034	43,731	991,722
Charges for services	8,347,171	-	6,340
Judgments, fines and forfeits	324,186	-	-
Interest	224,265	72,788	39,860
Miscellaneous	2,425,574	484,908	23,916
Total revenues	<u>85,023,370</u>	<u>2,869,347</u>	<u>4,435,726</u>
EXPENDITURES			
Current:			
General government	17,197,033	272,699	-
Public safety	39,937,404	472,131	-
Physical environment	257,820	-	-
Transportation	3,305,565	9,068,091	4,955,169
Economic environment	362,868	-	-
Human services	3,154,028	-	-
Culture/recreation	8,054,600	2,326,872	-
Court related	5,227,709	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>77,497,027</u>	<u>12,139,793</u>	<u>4,955,169</u>
Excess of revenues over (under) expenditures	7,526,343	(9,270,446)	(519,443)
OTHER FINANCING SOURCES (USES)			
Transfers in	700,562	-	-
Transfers out	(10,699,149)	(100,000)	-
Total other financing sources (uses)	<u>(9,998,587)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	(2,472,244)	(9,370,446)	(519,443)
Fund balances at beginning of year	<u>56,809,291</u>	<u>32,498,532</u>	<u>13,192,689</u>
Fund balances at end of year	<u>\$ 54,337,047</u>	<u>\$ 23,128,086</u>	<u>\$ 12,673,246</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
\$ -	\$ 17,848,785	\$ 13,708,911	\$ 7,182,901	\$ 90,472,569
106,427	-	22,353	273,479	11,486,235
2,723,247	95,560	261,342	9,116,196	29,759,832
118,731	4,779,183	-	1,508,700	14,760,125
-	7,000	-	408,089	739,275
35,865	55,920	111,762	72,563	613,023
1,151,450	140,939	223,465	787,174	5,237,426
4,135,720	22,927,387	14,327,833	19,349,102	153,068,485
273,897	-	-	2,734,269	20,477,898
-	24,473,608	-	2,878,842	67,761,985
395,508	-	-	1,098,295	1,751,623
11,520,797	-	-	208,688	29,058,310
-	-	-	1,658,316	2,021,184
-	-	-	3,734,855	6,888,883
-	-	-	3,426,831	13,808,303
-	-	-	633,216	5,860,925
-	-	-	8,060,000	8,060,000
-	-	-	2,426,083	2,426,083
-	-	8,108,370	-	8,108,370
12,190,202	24,473,608	8,108,370	26,859,395	166,223,564
(8,054,482)	(1,546,221)	6,219,463	(7,510,293)	(13,155,079)
7,499,582	-	-	3,394,934	11,595,078
-	(379,401)	-	(444,434)	(11,622,984)
7,499,582	(379,401)	-	2,950,500	(27,906)
(554,900)	(1,925,622)	6,219,463	(4,559,793)	(13,182,985)
9,298,502	13,844,914	44,263,331	27,118,868	197,026,127
\$ 8,743,602	\$ 11,919,292	\$ 50,482,794	\$ 22,559,075	\$ 183,843,142

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, 2012

Net change in fund balances - total governmental funds \$ (13,182,985)

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	27,751,553	
Less current year loss on assets	(948,213)	
Less current year depreciation	(20,004,763)	6,798,577

Governmental funds do not report capital assets contributed from outside the entity. However, those assets are recognized in the statement of net position and the capital contribution is recognized in the statement of activities.	1,918,753
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Assets transferred from governmental funds to proprietary funds must be recognized as a transfer out on the statement of activities.	(40,489)
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Payments of bond principal, pollution remediation, and medicaid settlement costs are expenditures in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.

Bond principal payment	8,060,000	
Bond premium payment	93,225	
Medicaid settlement	(790,434)	
Pollution remediation costs	83,300	7,446,091

Changes in accrued compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(228,998)
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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	75,842	
Accrued OPEB expense	132,097	207,939

Some revenues reported in the governmental funds have been recognized as revenues in the prior fiscal year in the statement of activities.	236,710
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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.	927,862
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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.	262,891
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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.	(43,057)
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Change in net position of governmental activities	\$ 4,303,294
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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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 47,634,737	\$ 47,634,736	\$ 48,402,789	\$ 768,053
Permits, fees and special assessments	8,530,525	8,530,525	8,771,351	240,826
Intergovernmental	13,225,516	16,127,139	16,528,034	400,895
Charges for services	9,835,794	7,926,505	8,347,171	420,666
Judgments, fines and forfeits	303,525	303,525	324,186	20,661
Interest	268,875	268,875	224,265	(44,610)
Miscellaneous	449,113	634,045	2,425,574	1,791,529
Total revenues	<u>80,248,085</u>	<u>81,425,350</u>	<u>85,023,370</u>	<u>3,598,020</u>
EXPENDITURES				
Current:				
General government	17,731,501	18,144,543	17,197,033	947,510
Public safety	41,133,399	40,085,775	39,937,404	148,371
Physical environment	255,043	266,143	257,820	8,323
Transportation	845,286	4,467,615	3,305,565	1,162,050
Economic environment	349,264	444,074	362,868	81,206
Human services	3,178,533	3,572,249	3,154,028	418,221
Culture/recreation	8,177,728	8,485,377	8,054,600	430,777
Court related	5,223,336	5,378,385	5,227,709	150,676
Total expenditures	<u>76,894,090</u>	<u>80,844,161</u>	<u>77,497,027</u>	<u>3,347,134</u>
Excess of revenues over (under) expenditures	3,353,995	581,189	7,526,343	6,945,154
OTHER FINANCING SOURCES (USES)				
Transfers in	193,141	946,166	700,562	(245,604)
Transfers out	(7,649,218)	(10,699,218)	(10,699,149)	69
Total other financing sources (uses)	<u>(7,456,077)</u>	<u>(9,753,052)</u>	<u>(9,998,587)</u>	<u>(245,535)</u>
Net change in fund balances	(4,102,082)	(9,171,863)	(2,472,244)	<u>\$ 6,699,619</u>
Fund balances at beginning of year	<u>4,102,082</u>	<u>9,171,863</u>	<u>56,809,291</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,337,047</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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 1,363,250	\$ 1,363,250	\$ 2,267,920	\$ 904,670
Intergovernmental	-	-	43,731	43,731
Interest	114,000	114,000	72,788	(41,212)
Miscellaneous	-	-	484,908	484,908
Total revenues	<u>1,477,250</u>	<u>1,477,250</u>	<u>2,869,347</u>	<u>1,392,097</u>
EXPENDITURES				
Current:				
General government	277,891	480,142	272,699	207,443
Public safety	90,000	3,218,460	472,131	2,746,329
Physical environment	25,000	25,000	-	25,000
Transportation	7,435,837	17,419,285	9,068,091	8,351,194
Culture/recreation	<u>2,050,000</u>	<u>8,052,554</u>	<u>2,326,872</u>	<u>5,725,682</u>
Total expenditures	<u>9,878,728</u>	<u>29,195,441</u>	<u>12,139,793</u>	<u>17,055,648</u>
Excess of revenues over (under) expenditures	(8,401,478)	(27,718,191)	(9,270,446)	18,447,745
OTHER FINANCING USES				
Transfers out	-	(100,000)	(100,000)	-
Total other financing uses	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	(8,401,478)	(27,818,191)	(9,370,446)	<u>\$ 18,447,745</u>
Fund balances at beginning of year	<u>8,401,478</u>	<u>27,818,191</u>	<u>32,498,532</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,128,086</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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 3,220,500	\$ 3,220,500	\$ 3,329,183	\$ 108,683
Permits, fees and special assessments	-	-	44,705	44,705
Intergovernmental	-	3,697,186	991,722	(2,705,464)
Charges for services	-	-	6,340	6,340
Interest	52,250	52,250	39,860	(12,390)
Miscellaneous	23,750	23,750	23,916	166
Total revenues	<u>3,296,500</u>	<u>6,993,686</u>	<u>4,435,726</u>	<u>(2,557,960)</u>
EXPENDITURES				
Current:				
Transportation	<u>11,026,726</u>	<u>16,806,158</u>	<u>4,955,169</u>	<u>11,850,989</u>
Total expenditures	<u>11,026,726</u>	<u>16,806,158</u>	<u>4,955,169</u>	<u>11,850,989</u>
Net change in fund balances	(7,730,226)	(9,812,472)	(519,443)	\$ <u>9,293,029</u>
Fund balances at beginning of year	<u>7,730,226</u>	<u>9,812,472</u>	<u>13,192,689</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>12,673,246</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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 118,750	\$ 118,750	\$ 106,427	\$ (12,323)
Intergovernmental	2,492,800	2,500,263	2,723,247	222,984
Charges for services	87,875	87,875	118,731	30,856
Interest	49,400	49,400	35,865	(13,535)
Miscellaneous	792,750	793,793	1,151,450	357,657
Total revenues	<u>3,541,575</u>	<u>3,550,081</u>	<u>4,135,720</u>	<u>585,639</u>
EXPENDITURES				
Current:				
General government	285,958	286,656	273,897	12,759
Physical environment	544,058	647,434	395,508	251,926
Transportation	11,461,141	12,459,867	11,520,797	939,070
Total expenditures	<u>12,291,157</u>	<u>13,393,957</u>	<u>12,190,202</u>	<u>1,203,755</u>
Excess of revenues over (under) expenditures	(8,749,582)	(9,843,876)	(8,054,482)	1,789,394
OTHER FINANCING SOURCES				
Transfers in	7,499,582	7,499,582	7,499,582	-
Total other financing sources	<u>7,499,582</u>	<u>7,499,582</u>	<u>7,499,582</u>	<u>-</u>
Net change in fund balances	(1,250,000)	(2,344,294)	(554,900)	\$ <u><u>1,789,394</u></u>
Fund balances at beginning of year	<u>1,250,000</u>	<u>2,344,294</u>	<u>9,298,502</u>	
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>8,743,602</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
Emergency Services District Fund
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 17,580,683	\$ 17,580,683	\$ 17,848,785	\$ 268,102
Intergovernmental	33,250	105,627	95,560	(10,067)
Charges for services	4,186,175	4,186,175	4,779,183	593,008
Judgments, fines and forfeits	1,900	1,900	7,000	5,100
Interest	90,250	90,250	55,920	(34,330)
Miscellaneous	14,527	14,527	140,939	126,412
Total revenues	<u>21,906,785</u>	<u>21,979,162</u>	<u>22,927,387</u>	<u>948,225</u>
EXPENDITURES				
Current:				
Public safety	<u>24,659,507</u>	<u>25,896,332</u>	<u>24,473,608</u>	<u>1,422,724</u>
Total expenditures	<u>24,659,507</u>	<u>25,896,332</u>	<u>24,473,608</u>	<u>1,422,724</u>
Excess of revenues over (under) expenditures	(2,752,722)	(3,917,170)	(1,546,221)	2,370,949
OTHER FINANCING USES				
Transfers out	<u>(451,068)</u>	<u>(451,068)</u>	<u>(379,401)</u>	<u>71,667</u>
Total other financing uses	<u>(451,068)</u>	<u>(451,068)</u>	<u>(379,401)</u>	<u>71,667</u>
Net change in fund balances	(3,203,790)	(4,368,238)	(1,925,622)	<u><u>2,442,616</u></u>
Fund balances at beginning of year	<u>3,203,790</u>	<u>4,368,238</u>	<u>13,844,914</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,919,292</u>	

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



Indian River County, Florida
Statement of Net Position
Proprietary Funds
September 30, 2012

	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	\$ 14,760,597	\$ 183,390	\$ 38,463,042	\$ 4,235,328	\$ 57,642,357	\$ 31,967,495
Accounts receivable - net	113,820	-	2,863,979	-	2,977,799	1,568,335
Due from other funds	98,365	-	-	-	98,365	-
Due from other governments	-	11,100	4,331	-	15,431	126,964
Interest receivable	9,608	438	525,988	2,105	538,139	15,914
Inventories	-	56,673	893,806	-	950,479	218,196
Prepaid items	-	-	211,858	-	211,858	1,177,438
Current restricted assets:						
Cash and cash equivalents	13,869,807	470,681	27,852,242	-	42,192,730	-
Total current assets	28,852,197	722,282	70,815,246	4,237,433	104,627,158	35,074,342
Non-current assets:						
Capital assets - non-depreciable	18,755,620	786,611	9,709,991	-	29,252,222	-
Capital assets - depreciable	21,836,756	8,314,248	404,979,117	456,109	435,586,230	1,119,934
Capital assets - accumulated depreciation	(8,710,425)	(1,811,236)	(196,570,779)	(425,153)	(207,517,593)	(767,843)
Non-current restricted assets:						
Special assessments receivable	-	-	1,007,420	-	1,007,420	-
Impact fees receivable	-	-	744,116	-	744,116	-
Liens receivable	-	-	2,819,565	-	2,819,565	-
Total non-current assets	31,881,951	7,289,623	222,689,430	30,956	261,891,960	352,091
Total assets	60,734,148	8,011,905	293,504,676	4,268,389	366,519,118	35,426,433
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts on refundings	-	107,215	2,768,024	-	2,875,239	-
Total deferred outflows of resources	-	107,215	2,768,024	-	2,875,239	-
LIABILITIES						
Current liabilities (payable from current assets):						
Accounts payable	1,973,276	139,328	660,621	19,963	2,793,188	202,892
Retainage payable	216,211	4,987	20,818	-	242,016	-
Due to other funds	-	54,204	-	-	54,204	225,000
Claims payable	-	-	-	-	-	2,197,855
Due to other governments	-	7,771	2,833,946	14,546	2,856,263	-
Other deposits	-	1,000	-	-	1,000	-
Unearned revenues	-	29,652	-	-	29,652	-
Pollution remediation payable	-	-	2,510	-	2,510	-
Accrued compensated absences	36,275	36,579	492,621	79,470	644,945	33,005
Total current liabilities (payable from current assets)	2,225,762	273,521	4,010,516	113,979	6,623,778	2,658,752
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	59,013	-	59,013	-
Retainage payable	-	-	35,364	-	35,364	-
Accrued interest payable	-	6,931	173,413	-	180,344	-
Bonds payable	-	555,000	3,205,000	-	3,760,000	-
Customer deposits	126,626	-	2,769,128	-	2,895,754	-
Total current liabilities (payable from restricted assets)	126,626	561,931	6,241,918	-	6,930,475	-
Total current liabilities	2,352,388	835,452	10,252,434	113,979	13,554,253	2,658,752
Non-current liabilities:						
Accrued compensated absences	5,998	6,456	180,217	19,521	212,192	11,965
Advance from other funds	-	443,416	-	-	443,416	-
Claims payable	-	-	-	-	-	5,876,145
Pollution remediation payable	-	-	6,290	-	6,290	-
Closure and maintenance costs payable	10,513,736	-	-	-	10,513,736	-
Bonds payable - net of unamortized discount/premium	-	1,546,871	43,257,698	-	44,804,569	-
Total non-current liabilities	10,519,734	1,996,743	43,444,205	19,521	55,980,203	5,888,110
Total liabilities	12,872,122	2,832,195	53,696,639	133,500	69,534,456	8,546,862
NET POSITION						
Net investment in capital assets	31,881,951	5,294,967	174,423,655	30,956	211,631,529	352,091
Restricted for:						
Capital projects	-	-	17,941,773	-	17,941,773	-
Unrestricted	15,980,075	(8,042)	50,210,633	4,103,933	70,286,599	26,527,480
Total net position	\$ 47,862,026	\$ 5,286,925	\$ 242,576,061	\$ 4,134,889	\$ 299,859,901	\$ 26,879,571

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

Indian River County, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2012

	Business-type Activities -	
	Solid Waste Disposal District	Golf Course
OPERATING REVENUES		
Charges for services	\$ 9,582,955	\$ -
Charges for services pledged as security for revenue bonds	-	3,216,471
Total operating revenues	<u>9,582,955</u>	<u>3,216,471</u>
OPERATING EXPENSES		
Personal services	533,291	537,390
Material, supplies, services and other operating	9,283,395	1,643,574
Depreciation	842,318	129,906
Total operating expenses	<u>10,659,004</u>	<u>2,310,870</u>
Operating income (loss)	(1,076,049)	905,601
NONOPERATING REVENUES (EXPENSES)		
Interest income	268,633	-
Interest income pledged as security for revenue bonds	-	4,088
Gain on disposal of equipment	-	625
Interest expense	-	(109,301)
Bond amortization expense	-	(31,432)
Loss on disposal of equipment	-	-
Total nonoperating revenues (expenses)	<u>268,633</u>	<u>(136,020)</u>
Income (loss) before transfers and capital contributions	(807,416)	769,581
Capital contributions	-	-
Capital grants	-	-
Transfers in	-	-
Transfers out	-	(7,532)
Change in net position	<u>(807,416)</u>	<u>762,049</u>
Total net position - beginning, as restated (Note 21C)	48,669,442	4,524,876
Total net position - ending	<u>\$ 47,862,026</u>	<u>\$ 5,286,925</u>

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

Enterprise Funds			Governmental
County	County	Total	Activities
Utilities	Building		Internal
			Service Funds
\$ -	\$ 1,735,713	\$ 11,318,668	\$ 21,563,550
28,361,246	-	31,577,717	-
28,361,246	1,735,713	42,896,385	21,563,550
7,315,133	1,038,946	9,424,760	2,471,801
10,059,161	445,023	21,431,153	18,143,414
14,414,302	3,546	15,390,072	155,207
31,788,596	1,487,515	46,245,985	20,770,422
(3,427,350)	248,198	(3,349,600)	793,128
-	12,018	280,651	98,046
315,377	-	319,465	-
7,775	-	8,400	1,250
(2,184,076)	-	(2,293,377)	-
(25,828)	-	(57,260)	-
(248,467)	-	(248,467)	-
(2,135,219)	12,018	(1,990,588)	99,296
(5,562,569)	260,216	(5,340,188)	892,424
2,513,774	-	2,513,774	-
72,474	-	72,474	-
-	-	-	35,438
-	-	(7,532)	-
(2,976,321)	260,216	(2,761,472)	927,862
245,552,382	3,874,673	302,621,373	25,951,709
\$ 242,576,061	\$ 4,134,889	\$ 299,859,901	\$ 26,879,571

Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2012

	Business-type	
	Solid Waste Disposal District	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,575,399	\$ 3,217,549
Cash paid to suppliers for goods and services	(7,804,212)	(1,566,655)
Cash paid to employees for services	(530,952)	(559,077)
Net cash provided by (used in) operating activities	<u>1,240,235</u>	<u>1,091,817</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	-	(7,532)
Proceeds from advances from other funds	-	-
Payments for advances from other funds	-	(307,604)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(315,136)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments - bonds/notes	-	(535,000)
Interest paid on long-term debt	-	(111,081)
Proceeds from sales of capital assets	501	625
Purchase of capital assets	(2,648,473)	(84,625)
Bond paying agent fees	-	-
Capital contributed by others	-	-
Net cash provided by (used in) capital and related financing activities	<u>(2,647,972)</u>	<u>(730,081)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	274,658	4,224
Net cash provided by investing activities	<u>274,658</u>	<u>4,224</u>
Net increase (decrease) in cash and cash equivalents	(1,133,079)	50,824
Cash and cash equivalents at beginning of year	29,763,483	603,247
Cash and cash equivalents at end of year	<u>\$ 28,630,404</u>	<u>\$ 654,071</u>
Classified as:		
Current assets	\$ 14,760,597	\$ 183,390
Restricted assets	13,869,807	470,681
Totals	<u>\$ 28,630,404</u>	<u>\$ 654,071</u>

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

Activities - Enterprise Funds

County			Governmental
Utilities	Building	Total	Activities
			Internal
			Service Funds
\$ 28,212,318	\$ 1,736,088	\$ 42,741,354	\$ 21,545,354
(9,469,003)	(428,657)	(19,268,527)	(18,109,270)
(7,263,059)	(1,035,613)	(9,388,701)	(2,470,632)
<u>11,480,256</u>	<u>271,818</u>	<u>14,084,126</u>	<u>965,452</u>
-	-	(7,532)	35,438
-	-	-	35,000
-	-	(307,604)	-
<u>-</u>	<u>-</u>	<u>(315,136)</u>	<u>70,438</u>
(3,090,000)	-	(3,625,000)	-
(2,193,450)	-	(2,304,531)	-
7,775	-	8,901	1,250
(2,773,381)	(29,465)	(5,535,944)	(101,763)
(1,620)	-	(1,620)	-
1,626,811	-	1,626,811	-
<u>(6,423,865)</u>	<u>(29,465)</u>	<u>(9,831,383)</u>	<u>(100,513)</u>
325,697	12,925	617,504	105,524
<u>325,697</u>	<u>12,925</u>	<u>617,504</u>	<u>105,524</u>
5,382,088	255,278	4,555,111	1,040,901
60,933,196	3,980,050	95,279,976	30,926,594
<u>\$ 66,315,284</u>	<u>\$ 4,235,328</u>	<u>\$ 99,835,087</u>	<u>\$ 31,967,495</u>
\$ 38,463,042	\$ 4,235,328	\$ 57,642,357	\$ 31,967,495
27,852,242	-	42,192,730	-
<u>\$ 66,315,284</u>	<u>\$ 4,235,328</u>	<u>\$ 99,835,087</u>	<u>\$ 31,967,495</u>

Continued

Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2012

	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)	\$ (1,076,049)	\$ 905,601
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Work in progress reclassified as expense	-	-
Depreciation	842,318	129,906
(Increase) Decrease in assets:		
Accounts receivable	(5,526)	-
Due from other funds	(1,515)	-
Due from other governments	-	(300)
Inventories	-	(2,211)
Liens receivable	-	-
Impact fees receivable	-	-
Special assessments receivable	-	-
Prepaid expenses	-	-
Increase (Decrease) in liabilities:		
Accounts payable	981,683	79,104
Due to other governments	-	26
Retainage payable	-	-
Customer deposits	(515)	-
Closure and maintenance costs payable	497,500	-
Pollution remediation costs payable	-	-
Unearned revenues	-	1,378
Claims payable	-	-
Accrued compensated absences	2,339	(21,687)
Total adjustments	2,316,284	186,216
Net cash provided by (used in) operating activities	\$ 1,240,235	\$ 1,091,817
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in fair value of investments	\$ (8,175)	\$ (373)
Contributed property, infrastructure and equipment	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 773,815	\$ -

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

Enterprise Funds			Governmental
County	County		Activities
Utilities	Building	Total	Internal
			Service Funds
\$ (3,427,350)	\$ 248,198	\$ (3,349,600)	\$ 793,128
458,343	-	458,343	-
14,414,302	3,546	15,390,072	155,207
(37,426)	375	(42,577)	(3,759)
-	-	(1,515)	-
(4,280)	-	(4,580)	(14,437)
(17,547)	-	(19,758)	(8,529)
(686,120)	-	(686,120)	-
31,919	-	31,919	-
249,216	-	249,216	-
(30,694)	-	(30,694)	(141,768)
239,702	13,136	1,313,625	(12,559)
6,422	3,230	9,678	-
(3,446)	-	(3,446)	-
291,341	-	290,826	-
-	-	497,500	-
(56,200)	-	(56,200)	-
-	-	1,378	-
-	-	-	197,000
52,074	3,333	36,059	1,169
14,907,606	23,620	17,433,726	172,324
\$ 11,480,256	\$ 271,818	\$ 14,084,126	\$ 965,452
\$ (25,536)	\$ (1,791)	\$ (35,875)	\$ (13,539)
\$ 926,147	\$ -	\$ 926,147	\$ -
\$ 231,834	\$ -	\$ 1,005,649	\$ -

Indian River County, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2012

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
ASSETS		
Cash and cash equivalents	\$ 11,550,559	\$ -
Investments, at fair value:		
Surplus Funds Trust Fund - Fund B	79,993	-
Index funds	-	4,748,954
U.S. government securities funds	-	5,379,116
Prime money market fund	-	705,586
Total assets	<u>\$ 11,630,552</u>	<u>10,833,656</u>
 LIABILITIES		
Accounts payable	\$ 637,964	-
Benefits payable	-	1,459,609
Due to other governments	5,114,411	-
Other deposits held in escrow	5,878,177	-
Total liabilities	<u>\$ 11,630,552</u>	<u>1,459,609</u>
 NET POSITION		
Net position held in trust for other postemployment benefits		9,374,047
Total net position		<u>\$ 9,374,047</u>

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

Indian River County, Florida
Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust Fund
For the Year Ended September 30, 2012

ADDITIONS

Employer contributions	\$ 2,948,661
Investment income	930,584
Investment expense	<u>(945)</u>
Total additions	<u>3,878,300</u>

DEDUCTIONS

Benefits paid to participants	<u>1,459,609</u>
Total deductions	<u>1,459,609</u>

Change in net position	2,418,691
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Net position - beginning	<u>6,955,356</u>
Net position - ending	<u><u>\$ 9,374,047</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, 2012

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Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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 from the Board of County Commissioners. The Constitution of the State of Florida, Article VIII, Section 1(d) created the constitutional officers and Article VIII, Section 1(e), created the Board of County Commissioners.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The 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, 2012

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, deferred outflows/inflows of resources, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – Accounting and Financial Reporting for Nonexchange Transactions.

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

1. Government-wide Financial Statements - Continued

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

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

2. Fund Financial Statements

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

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 51 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the County receives cash.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

2. Fund Financial Statements - Continued

Governmental Funds - Continued

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

Non-current portions of special assessments due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Non-current portions of 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 fund balances, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

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

Proprietary Funds

The County’s enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or 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 position. 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

Proprietary Funds - Continued

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

Fiduciary Funds

The fiduciary funds financial statements include financial information for the agency fund and the other postemployment benefit trust fund. The agency fund of the County primarily represents assets held by the County in a custodial capacity for other individuals or governments. The other postemployment benefits trust fund (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, deferred outflows/inflows of resources, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB 34 minimum criteria for major fund determination and has also electively disclosed funds that either had debt outstanding or specific community focus as major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

1. Governmental Major Funds

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Presentation - Continued

1. Governmental Major Funds - Continued

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.

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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Presentation – Continued

4. Non-current Governmental Assets/Liabilities:

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

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

1. Cash and 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.

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

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, 2012, 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, 2012.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

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, 2012, seven 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 Net Position

Certain resources of the County are classified as restricted net position on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position. Further information on the restrictions can be found in Note 19.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

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

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

<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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports the deferred charge on refundings in the amount of \$2,875,239 in this category on the government-wide statement of net position. A deferred charge on refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County only has one item, unavailable revenue, which arises under the modified accrual basis of accounting and is reported on the governmental funds balance sheet. The source of the unavailable revenue is a special assessment on road paving. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

12. Unearned Revenues

Unearned revenues represent revenues, which are available but unearned. At September 30, 2012, the total amount of unearned revenues reported on the statement of net position for the governmental activities is \$189,294 and for the business-type activities is \$29,652.

13. Accrued Compensated Absences

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

14. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the “revenue reduction” approach in accounting for rebatable arbitrage. This approach treats excess earnings as a reduction of revenue. The County has no arbitrage liability outstanding as of September 30, 2012.

15. Landfill Closure Costs

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

16. Unamortized Bond Discounts and Premiums

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

17. Capital Contributions

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

18. New Accounting Pronouncements

Effective October 1, 2011, the Board implemented the provisions of GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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 Position

“Total fund balances” of the County’s governmental funds, \$183,843,142 differs from “net position” of governmental activities, \$706,789,908, reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds 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 position included those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 782,367,173
Accumulated depreciation	<u>(229,366,627)</u>
Net Total	<u>\$ 553,000,546</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 position.

Balances at September 30, 2012 were:

Bonds payable:	
Limited General Obligation Bonds, Series 2006	\$ (32,385,000)
Spring Training Facility Bonds, Series 2001	(11,075,000)
Bond premium payable:	
Limited General Obligation Bonds, Series 2006	(815,714)
Medicaid settlement payable	(790,434)
Pollution remediation payable	(2,613,000)
Compensated absences	<u>(10,953,682)</u>
Total	<u>\$ (58,632,830)</u>

Accrued interest

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

\$ (373,065)

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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 Position - Continued

Deferred Inflow of Resources – Unavailable Revenue

Deferred inflows of resources reported on the statement of net position 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 unavailable revenue, a deferred inflow of resources. However, unavailable revenues in governmental funds are susceptible to full accrual on government-wide financial statements.

Unavailable revenues	\$ <u>310,506</u>
----------------------	-------------------

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 position because they primarily serve governmental activities of the County.

Internal service funds	\$ <u>26,879,571</u>
------------------------	----------------------

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>1,222,541</u>
------------------------	---------------------

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>217,816</u>
---------------------------	-------------------

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>321,681</u>
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Elimination of interfund receivables/payables

Interfund receivables and payables in the amount of \$860,073 between governmental funds must be eliminated for the statement of net position.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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, (\$13,182,985), differs from the “change in net position” for governmental activities, \$4,303,294 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 position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ 27,751,553
Depreciation expense	(20,004,763)
Transfers to business-type activities	(40,489)
Capital contributions	1,918,753
Loss on assets	(948,213)
Difference	<u>\$ 8,676,841</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 position and do not result in an expense in the statement of activities.

Bond principal payments made	\$ 8,060,000
Bond premium payments made	93,225
Medicaid settlement costs	(790,434)
Pollution remediation costs	83,300
Total	<u>\$ 7,446,091</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	\$ 132,097
Net accrued bond interest payable	75,842
Total	<u>\$ 207,939</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

**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>\$ (228,998)</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>\$ 236,710</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 position 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>\$ 927,862</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>\$ 262,891</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>\$ (43,057)</u>
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Reclassification and Eliminations

The governmental funds recognize revenues in the amount of \$3,562,046 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 \$11,630,516 between governmental activities should be eliminated. Capital projects costs in the amount of \$8,108,370 must be distributed to the related expenditure functions.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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 Florida Department of Revenue and the Florida Clerks of Court Operations Corporation, a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them, as set forth in Chapter 129 of the Florida Statutes.
- (2) The Department of Revenue, State of Florida, has the final authority on the operating budgets for the Tax Collector and the Property Appraiser included in the General Fund.
- (3) Constitutional officers, all departments controlled by the Board, and outside state and local agencies submit their proposed budgets to the Office of Management and Budget for assistance, review and compilation. The County Administrator then reviews all County departments, state agencies and nonprofit organization's budgets and makes his budget recommendation to the Board.
- (4) On or before July 15 of each year, the County Administrator and the Director of the Office of Management and Budget, as the Board's designated budget officer, submit to the Board a tentative budget for the ensuing fiscal year. The tentative budget includes proposed expenditures and the means of financing them. The Board then holds workshops to review the tentative budget by fund on a departmental level.
- (5) During September, public hearings are held pursuant to Section 200.065 of the Florida Statutes in order for the Board to receive public input on the tentative budget. At the end of the last public hearing, the Board enacts ordinances to legally adopt the budgets at the fund level for all but one nonmajor governmental fund, the Supervisor of Elections Special Revenue 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, 2012

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, 2012, the carrying amount of the primary government's deposits was \$31,412,676 and the bank balance was \$36,557,919. 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. Cash on hand at September 30, 2012 was \$25,859.

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, 2012, accrued interest for the County's portfolio totaled \$143,142. 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, 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 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, 2012

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

C. Investments - Continued

As of September 30, 2012, 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	\$ 97,027,307	0.80	33.96 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	45,054,504	1.24	15.77	AA+
Federal Home Loan Bank	49,021,782	0.88	17.16	AA+
Federal Home Loan Mortgage	23,001,426	0.59	8.05	AA+
Federal National Mortgage Assoc.	10,991,812	0.55	3.85	AA+
Other Fixed Rate Investments:				
Florida PRIME (Formerly Fund A)	161,276	0.08	0.06	AAAm
Fund B Surplus Funds Trust Fund	572,104	4.08	0.20	Not Rated
Florida Local Government				AAAf and
Investment Trust Fund	10,442,551	0.08	3.66	S-1**
Other Market Rate Investments:				
Regions Bank Money Market	13,210,015	0.08	4.62	N/A
Suntrust Bank NOW Account	13,579,733	0.08	4.75	N/A
Florida Trust Day to Day Fund	16,669,554	0.08	5.84	AAAm
Certificate of Deposit	251,043	1.84	0.09	N/A
Certificate of Deposit	254,413	1.00	0.09	N/A
W&S Sinking Fund Reserve:				
U.S. Treasuries	5,410,103	1.03	1.89	N/A
Fidelity Institutional Money Market	22,562	0.08	0.01	AAAm
Total Fair Value	\$ <u>285,670,185</u>		<u>100.00</u> %	
Weighted Average Maturity of Investments		<u>0.73</u>		

* Ratings based upon Standard and Poor's

** AAAf credit quality, S-1 Market Volatility

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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, 2012, the County had \$602,869 invested in Fund B Surplus Funds Trust Fund (Fund B), a fluctuating net asset value pool. The State Board of Administration (SBA) determined that Fund B did not meet the requirements of a SEC 2a7-like fund; therefore, a fair value factor (total net asset value of Fund B divided by total participant balances) was provided for reporting the value of the County’s participation in Fund B at fiscal year-end. This resulted in a negative adjustment of 5.1% of the portfolio balance, or \$30,765. Consequently, the net investment in Fund B is reported at \$572,104.

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 24 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 Funds;
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, 2012

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 cash and 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 \$4.205 million, the Tax Collector's investment of \$25,248, and the Board's investment of \$12.439 million have a combined total of \$16.670 million.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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, 2012, the County's investment portfolio in U.S. Treasuries, U.S. Agencies, and money market funds, was held by The Bank of New York/Mellon. Additional investments include the following: the SunTrust NOW account, the Regions Bank Money Markets, CenterState Bank certificates of deposit, the Florida Local Government Investment Trust (held by the Bank of New York/Mellon) and the Florida Trust Day to Day Fund (held by UMB Bank).

D. OPEB Trust Investments

Funds are held in the name of the Indian River County OPEB Trust (OPEB Trust), an irrevocable trust, by a third party custodian, Bank of New York/Mellon. The investments are reported at fair value based upon market-close price on the last business day of each month.

The County approved a separate investment policy for the OPEB Trust assets on February 3, 2009 (last amended on April 6, 2010). 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, 2012

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

D. OPEB Trust Investments - Continued

The contribution of \$2.96 million for the year ended September 30, 2012 was invested in the various funds listed below. As of September 30, 2012, the OPEB Trust had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>	<u>Portfolio Percentage</u>	<u>Credit Risks*</u>
<u>Short-Term Portion:</u>				
Fidelity Treasury Money Market	\$ 1,493,663	0.15	13.79 %	AAAm
<u>Long-Term Portion:</u>				
Vanguard 500 Index	2,105,515	N/A	19.43	N/A
Vanguard All World Ex-US	1,948,813	N/A	17.99	N/A
Vanguard Mid Cap Index	466,038	N/A	4.30	N/A
Vanguard Small Cap Index	228,588	N/A	2.11	N/A
Vanguard Short-Term Treasury	2,179,647	2.20	20.12	AA+
Vanguard Intermediate Treasury	1,500,241	5.50	13.85	AA+
Vanguard Prime Money Market	705,586	0.16	6.51	A-1
Vanguard Federal Money Market	<u>205,565</u>	0.16	<u>1.90</u>	A-1
Total Fair Value	\$ <u>10,833,656</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 2011-2012 fiscal year were levied in October 2011. 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, 2012

NOTE 6 - CAPITAL ASSETS

A. Governmental Activities

Primary Government	Beginning			Ending
Governmental activities:	Balance	Additions	Deletions	Balance
Capital assets, not being depreciated:				
Land	\$ 138,388,559	\$ 1,295,487	\$ (50,796)	\$ 139,633,250
Construction in progress	44,026,126	21,545,261	(37,446,190)	28,125,197
Right-of-way	53,740,521	2,045,707	(1,067,626)	54,718,602
Intangibles	554,456	22,877	-	577,333
Infrastructure	<u>3,575,067</u>	<u>-</u>	<u>-</u>	<u>3,575,067</u>
Total capital assets, not being depreciated	<u>240,284,729</u>	<u>24,909,332</u>	<u>(38,564,612)</u>	<u>226,629,449</u>
Capital assets, being depreciated:				
Buildings and improvements	187,177,188	7,485,489	(167,323)	194,495,354
Equipment	59,098,399	4,717,316	(5,051,209)	58,764,506
Intangibles	2,883,863	669,256	(102,351)	3,450,768
Infrastructure	<u>268,262,989</u>	<u>31,884,041</u>	<u>-</u>	<u>300,147,030</u>
Total capital assets, being depreciated	<u>517,422,439</u>	<u>44,756,102</u>	<u>(5,320,883)</u>	<u>556,857,658</u>
Less accumulated depreciation for:				
Buildings and improvements	(40,396,475)	(5,269,277)	150,224	(45,515,528)
Equipment	(31,616,904)	(3,708,795)	2,881,440	(32,444,259)
Intangibles	(2,168,062)	(256,078)	102,351	(2,321,789)
Infrastructure	<u>(138,796,487)</u>	<u>(11,056,407)</u>	<u>-</u>	<u>(149,852,894)</u>
Total accumulated depreciation	<u>(212,977,928)</u>	<u>(20,290,557)</u>	<u>3,134,015</u>	<u>(230,134,470)</u>
Total capital assets, being depreciated, net	<u>304,444,511</u>	<u>24,465,545</u>	<u>(2,186,868)</u>	<u>326,723,188</u>
Governmental activities capital assets, net	<u>\$ 544,729,240</u>	<u>\$ 49,374,877</u>	<u>\$ (40,751,480)</u>	<u>\$ 553,352,637</u>

The beginning balance reported for accumulated depreciation for the buildings and improvements was increased by \$1,347,429 and the beginning balance for equipment was decreased by \$1,347,429 to reflect the reclassification of a capital asset from equipment to improvement.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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	\$ 3,122,120
Public safety	2,390,586
Physical environment	592,849
Transportation	6,513,763
Economic environment	922
Human service	139,558
Culture/recreation	7,315,635
Court related	59,917
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>155,207</u>
Total depreciation expense – governmental activities	<u>\$ 20,290,557</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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	\$ 20,530,432	\$ 755,578	\$ -	\$ 21,286,010
Intangibles	1,388,379	42,733	-	1,431,112
Construction in progress	10,340,138	4,904,009	(8,709,047)	6,535,100
Total capital assets, not being depreciated	<u>32,258,949</u>	<u>5,702,320</u>	<u>(8,709,047)</u>	<u>29,252,222</u>
Capital assets, being depreciated:				
Buildings, distribution systems, & improvements	412,799,300	8,606,837	(1,194,636)	420,211,501
Intangibles	900,367	6,980	-	907,347
Equipment	14,348,378	316,148	(197,144)	14,467,382
Total capital assets, being depreciated	<u>428,048,045</u>	<u>8,929,965</u>	<u>(1,391,780)</u>	<u>435,586,230</u>
Less accumulated depreciation for:				
Buildings, distribution systems, & improvements	(180,309,133)	(14,717,296)	870,445	(194,155,984)
Intangibles	(423,473)	(69,298)	-	(492,771)
Equipment	(12,438,956)	(603,478)	173,596	(12,868,838)
Total accumulated depreciation	<u>(193,171,562)</u>	<u>(15,390,072)</u>	<u>1,044,041</u>	<u>(207,517,593)</u>
Total capital assets, being depreciated, net	<u>234,876,483</u>	<u>(6,460,107)</u>	<u>(347,739)</u>	<u>228,068,637</u>
Business-type activities capital assets, net	<u>\$ 267,135,432</u>	<u>\$ (757,787)</u>	<u>\$ (9,056,786)</u>	<u>\$ 257,320,859</u>

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

Solid Waste Disposal District	\$ 842,318
Golf Course	129,906
County Utilities	14,414,302
County Building	<u>3,546</u>

Total depreciation expense – business-type activities \$ 15,390,072

The beginning balance reported for accumulated depreciation for the intangibles was increased by \$17,734 and the beginning balance for equipment was decreased by \$17,734 to reflect the reclassification of capital assets from equipment to improvement.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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	\$ -	\$ 470,681	\$ 6,176,994	\$ 6,647,675
Renewal and replacement	3,229,445	-	3,485,928	6,715,373
Customer deposits	126,626	-	2,769,128	2,895,754
Capital construction	-	-	15,420,192	15,420,192
Closure and maintenance costs	10,513,736	-	-	10,513,736
Total	\$ 13,869,807	\$ 470,681	\$ 27,852,242	\$ 42,192,730

Cash totaling \$4,940,591 is reported as restricted on the Statement of Net Position for governmental activities. These funds are restricted for current liabilities such as retainage payable, accrued interest payable, and the current year portion of bonds payable.

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	\$ -	\$ -	\$ 59,013	\$ 59,013
Retainage payable	-	-	35,364	35,364
Accrued interest payable	-	6,931	173,413	180,344
Customer deposits	126,626	-	2,769,128	2,895,754
Bonds payable (current)	-	555,000	3,205,000	3,760,000
Closure and maintenance costs payable	10,513,736	-	-	10,513,736
Total	\$ 10,640,362	\$ 561,931	\$ 6,241,918	\$ 17,444,211

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 9 - INTERFUND BALANCES

Interfund balances at September 30, 2012, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 219,500
General Fund	Golf Course Enterprise Fund	54,204
General Fund	Fleet Internal Service Fund	225,000
		<u>\$ 498,704</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 2013. 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>239,268</u>
Major Enterprise Fund:		
Solid Waste Disposal District Fund	General Fund	\$ <u>98,365</u>
Nonmajor Governmental Funds:		
Land Acquisition Bonds Fund	General Fund	\$ 74,417
Street Lighting Districts Fund	General Fund	2,317
Vero Lake Estates Fund	General Fund	1,193
East Gifford Stormwater Fund	General Fund	13
Total Nonmajor Governmental Funds		\$ <u>77,940</u>
	Total:	\$ <u>415,573</u>

Amounts due from the General Fund represent excess fees and payments of the constitutional officers remitted to various funds subsequent to September 30, 2012.

Interfund advances at September 30, 2012, consisted of the following:

Receivable Fund	Payable Fund	Amount
Secondary Roads Construction Fund	Golf Course Fund	\$ 255,000
General Fund	Golf Course Fund	188,416
		<u>\$ 443,416</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, 2012

NOTE 10 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2012, consisted of the following:

	Transfers In:				Total
	General Fund	Transportation Fund	Nonmajor Governmental Funds	Internal Service Fund	
<u>Transfers Out:</u>					
General Fund	\$ -	\$ 7,499,582	\$ 3,164,129	\$ 35,438	\$ 10,699,149
Impact Fees Fund	-	-	100,000	-	100,000
Emergency Services District Fund	379,401	-	-	-	379,401
Nonmajor Governmental Funds	313,629	-	130,805	-	444,434
Golf Course Fund	7,532	-	-	-	7,532
Total	<u>\$ 700,562</u>	<u>\$ 7,499,582</u>	<u>\$ 3,394,934</u>	<u>\$ 35,438</u>	<u>\$ 11,630,516</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, 5) use unrestricted general fund revenues to pay off a bond issue, 6) reimburse the general fund for a golf course server, and 7) use unrestricted general fund revenues to offset a portion of salaries and benefits expenses for an employee accounted for in the health insurance fund.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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.

	Optional Sales Tax Fund
Segment Two Amount Advance Funded	\$ 14,429,754
Less: Reimbursements received as of 9/30/2012	(3,000,000)
Balance Due from FDOT SR60 Agreement	11,429,754
Additional Funds Due from other governments	1,226,405
Total Due from other governments	\$ <u>12,656,159</u>

NOTE 12 – ACCOUNTS PAYABLE

Payables

Payables at September 30, 2012, were as follows:

	Vendors	Salaries and Benefits	Total Payables
Governmental Activities:			
General	\$ 1,518,079	\$ 1,202,042	\$ 2,720,121
Impact Fees	1,569,237	280	1,569,517
Secondary Roads Construction	408,482	807	409,289
Transportation	204,782	21,904	226,686
Emergency Services	109,067	62,760	171,827
Optional Sales Tax	614,954	-	614,954
Other governmental	708,587	14,169	722,756
Total Governmental Activities	\$ <u>5,133,188</u>	\$ <u>1,301,962</u>	\$ <u>6,435,150</u>
Business-Type Activities:			
Payable from current assets:			
Solid Waste	\$ 1,971,588	\$ 1,688	\$ 1,973,276
Golf Course	137,825	1,503	139,328
Utilities	637,379	23,242	660,621
Building	16,588	3,375	19,963
Payable from restricted assets:			
Utilities	59,013	-	59,013
Total Business-Type Activities	\$ <u>2,822,393</u>	\$ <u>29,808</u>	\$ <u>2,852,201</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 12 – ACCOUNTS PAYABLE - Continued

The County has not engaged in any short-term debt activity during fiscal year 2012 other than that listed in Note 9.

Due To Other Governments – Governmental Activities

On August 21, 2012, the County approved a 5-year payment plan agreement with the State of Florida to pay back \$790,434 in disputed Medicaid billings. Monthly payments began on October 5, 2012. The County recorded these payments as a liability, Due to Other Governments, in the government-wide Statement of Net Position at September 30, 2012.

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, 2012, 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, 2012

NOTE 13 - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Limited General Obligation Bonds - Series 2006	\$ 35,385,000	\$ -	\$ 3,000,000	\$ 32,385,000	\$ 3,120,000
General Obligation Bonds – Series 2001	4,430,000	-	4,430,000	-	-
Spring Training Facility Revenue Bonds - Series 2001	11,705,000	-	630,000	11,075,000	655,000
Subtotal	51,520,000	-	8,060,000	43,460,000	3,775,000
Add: Unamortized bonds premium	908,939	-	93,225	815,714	-
Total bonds payable	52,428,939	-	8,153,225	44,275,714	3,775,000
Other liabilities:					
Pollution remediation	2,569,200	43,800	-	2,613,000	137,003
Claims payable	7,877,000	13,967,831	13,770,831	8,074,000	2,197,855
Compensated absences	10,768,485	7,170,075	6,939,908	10,998,652	6,532,620
Total other liabilities	21,214,685	21,181,706	20,710,739	21,685,652	8,867,478
Governmental activities long-term liabilities	\$ 73,643,624	\$ 21,181,706	\$ 28,863,964	\$ 65,961,366	\$ 12,642,478
Business-type Activities:					
Bonds payable:					
Recreational Refunding Revenue Bonds - Series 2003	\$ 2,655,000	\$ -	\$ 535,000	\$ 2,120,000	\$ 555,000
Water & Sewer Refunding Revenue Bonds - Series 2005	20,490,000	-	1,480,000	19,010,000	1,530,000
Series 2009	26,370,000	-	1,610,000	24,760,000	1,675,000
Subtotal	49,515,000	-	3,625,000	45,890,000	3,760,000
Add: Unamortized bonds premium	2,929,603	-	236,905	2,692,698	-
Less: Unamortized bonds discount	(22,757)	-	(4,628)	(18,129)	-
Total bonds payable	52,421,846	-	3,857,277	48,564,569	3,760,000
Other liabilities:					
Landfill closure and maintenance costs	10,016,236	497,500	-	10,513,736	-
Pollution remediation	65,000	-	56,200	8,800	2,510
Compensated absences	821,078	712,995	676,936	857,137	644,945
Total other liabilities	10,902,314	1,210,495	733,136	11,379,673	647,455
Business-type activities long-term liabilities	\$ 63,324,160	\$ 1,210,495	\$ 4,590,413	\$ 59,944,242	\$ 4,407,455

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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, 2012, are as follows:

Fiscal Year Ending September 30	Limited General Obligation Bonds Series 2006		Spring Training Facility Revenue Bonds Series 2001	
	Principal	Interest	Principal	Interest
2013	\$ 3,120,000	\$ 1,492,263	\$ 655,000	\$ 566,333
2014	3,255,000	1,367,463	685,000	537,513
2015	3,390,000	1,204,712	725,000	501,550
2016	3,545,000	1,035,212	760,000	463,487
2017	3,705,000	893,413	795,000	423,587
2018-2022	15,370,000	1,774,350	3,945,000	1,443,575
2023-2027	-	-	1,780,000	708,250
2028-2031	-	-	1,730,000	218,750
Total	<u>32,385,000</u>	<u>7,767,413</u>	<u>11,075,000</u>	<u>4,863,045</u>
Less:				
Current portion	3,120,000	-	655,000	-
Add:				
Unamortized bond premium	<u>815,714</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 30,080,714</u>	<u>\$ 7,767,413</u>	<u>\$ 10,420,000</u>	<u>\$ 4,863,045</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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, 2012, Limited General Obligation Bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2012
Limited General Obligation Bonds, Series 2006	4.00%-5.00% 1/1 and 7/1	2021	\$ 48,600,000	<u>\$ 32,385,000</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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

General Obligation Bonds (GOB)

Purpose – On November 2, 1992, County voters approved a bond referendum authorizing a total of \$26,000,000 aggregate principal amount of general obligation bonds, in one or more series, to acquire environmentally sensitive lands, together with the necessary restoration, remediation, and reclamation activities to preserve and enhance such property.

On November 29, 2001, the County issued the second series of GOBs in the amount of \$11,000,000. The remaining outstanding principal balance of \$3,620,000 was called early on July 1, 2012.

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 were used to pay the cost of issuance of the bonds, including the premiums for guaranty insurance. The last installment of these GOBs was paid on July 1, 2010.

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, 2012

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Spring Training Facility Revenue Bonds - Continued

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

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

The foregoing are collectively referred to herein as the “pledged revenues”. These revenue streams are pledged for the remaining term of the bonds and are listed on Schedule 27 in the statistical section.

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

The current principal and interest payments of \$1,223,432 represent seventeen percent of total pledged revenues. All three revenue sources totaled \$7,276,317 for the current fiscal year. The County applied 100% of the first two pledged revenue sources and five 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 \$15,938,045.

Bonds Issued - At September 30, 2012, 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, 2012</u>
Spring Training Facility Revenue Bonds, Series 2001	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	<u>\$ 11,075,000</u>

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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - 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
Notes To Financial Statements
Year Ended September 30, 2012

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, 2012 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
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	-	-	1,840,000	565,450	2,000,000	881,000
2018-2022	-	-	10,615,000	1,405,250	11,600,000	2,801,250
2023-2024	-	-	-	-	4,020,000	268,000
Total	2,120,000	201,287	19,010,000	5,037,900	24,760,000	8,334,100
Less:						
Current portion	555,000	-	1,530,000	-	1,675,000	-
Unamortized bond discount	18,129	-	-	-	-	-
Add:						
Unamortized bond premium	-	-	610,413	-	2,082,285	-
Total	\$ 1,546,871	\$ 201,287	\$ 18,090,413	\$ 5,037,900	\$ 25,167,285	\$ 8,334,100

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 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2012 is \$107,215 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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. Refer to Schedule 26 of the statistical section for historical data on the pledged revenues.

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, \$417,500, was cash funded.

The current principal and interest payments of \$637,964 represent sixty-one percent of net revenues of \$1,039,595 of the golf course. The total principal and interest remaining to be paid on the bonds is \$2,321,287. All three pledged revenue sources totaled \$2,004,997 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, 2012, the revenue bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2012
2003 Recreational Revenue Refunding Bonds	2.00 – 4.125% 3/1 and 9/1	9/1/16	\$ 6,455,000	<u>\$ 2,120,000</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.

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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Water and Sewer Revenue Refunding Bonds, Series 2005 - Continued

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, which included shortening the term of the bonds by four years and lowering average annual debt service by \$242,000, was \$2,944,661 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2012 is \$1,684,686 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Pledge of Revenues - The revenue bonds are collateralized, for the remaining term of the bonds, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments.

Annual principal and interest payments of \$2,405,250 represent approximately eighteen percent of net revenues of \$13,217,926 of the utility system. The total principal and interest remaining to be paid on the bonds is \$24,047,900.

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, 2012, 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, 2012</u>
Water and Sewer Revenue Refunding Bonds, Series 2005	3-5% 3/1 and 9/1	2022	\$ 27,675,000	<u>\$ 19,010,000</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.

Water and Sewer Revenue Refunding Bonds, Series 2009

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Water and Sewer Revenue Refunding Bonds, Series 2009 - Continued

The aggregate difference in debt service between the Series 1993A (\$80,434,415) and Series 2009 (\$78,755,772) is \$1,678,643. The net economic gain, which lowered average annual debt service by \$126,000, was \$1,368,427 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2012 is \$1,083,338 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Pledge of Revenues – The revenue bonds are collateralized, for the remaining term of the bonds, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments.

The interest payments of \$2,878,200 represent approximately twenty two percent of net revenues of \$13,217,926 of the utility system. The total principal and interest remaining to be paid on the bonds is \$33,094,100.

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, 2012, the revenue bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2012
Water and Sewer	4-5%			
Revenue Refunding Bonds,	3/1 and 9/1	2024	\$ 26,370,000	<u>\$ 24,760,000</u>
Series 2009				

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.

C. Compensated Absences

For the governmental activities compensated absences liability, the general fund normally liquidates 71 percent, and the Transportation and Emergency Services District funds normally liquidate 6 percent and 9 percent, respectively. The remaining 14 percent is liquidated by the other governmental and internal service funds.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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 \$3.6 million. These costs will be recognized in future periods as the remaining capacity is filled. The County's policy is to fund 100% of the current year's allocation (based upon the consulting engineers' report) of both closure and post-closure care.

Required closure and post-closure sub-accounts:

	<u>Capacity Used</u>	<u>Estimated Closing</u>	<u>Amount</u>
<u>Closure Costs</u>			
Class I - Segments I and II	58%	2030	\$ 6,801,947
Construction and Demolition - Cell I	89%	2017	1,118,866
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	2,413,435
Construction and Demolition - Cell I	N/A	N/A	179,488
Total account balance at 9/30/12:			\$ <u>10,513,736</u>

All amounts recognized are based on what it would cost to perform all closure and post-closure functions in current dollars. Actual costs may be different due to inflation, deflation, changes in technology, or changes in laws and regulations. The SWDD is required by FDEP to annually show proof of ability to finance closure and post-closure costs. The SWDD is making annual deposits to a closure and post-closure cost escrow account to provide for the financing of future closure-related expenses. At September 30, 2012, \$10,442,551 was on deposit at the Florida Local Government Investment Trust and \$71,185 was on deposit in the County's Operating account.

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

	<u>Balance 10/01/11</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance 09/30/12</u>
Closure and long-term care costs	\$ 10,016,236	\$ 497,500	\$ _____ -	\$10,513,736

Of the \$10,513,736 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
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 15 – POLLUTION REMEDIATION

In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, a consultant evaluated five 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 five sites requiring the County (using the consultant's services) to attempt to accrue a liability for pollution remediation. The liability totaled \$2,621,800 at September 30, 2012 for all five sites. The pollution remediation obligation is an estimate and subject to changes resulting from price increases and reductions, technology, and changes in applicable laws or regulations. There are no estimated recoveries that would reduce the liability.

Governmental Activities:

- 1) ***South Gifford Road closed landfill*** – The nature of the pollution remediation obligation is chlorinated solvent contamination. The consultant will conduct monitoring, bioremediation and reporting with the Florida Department of Environmental Protection (FDEP). The amount of the estimated year end liability is \$2,425,000 and will be paid from the Optional Sales Tax Fund.
- 2) ***Old Administration Building*** – The nature of the pollution remediation obligation is closed underground storage tank contamination. The consultant will conduct monitoring and reporting with the FDEP. The amount of the estimated year end liability is \$32,000 and will be paid from the General Fund.
- 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 \$73,200 and will be paid from the Impact Fees Fund.
- 4) ***Shadowbrook Estates*** – The nature of the pollution remediation obligation is arsenic and lead contamination in two areas of a former citrus grove. The consultant will conduct the additional assessment and natural attenuation monitoring. The amount of the estimated year end liability is \$82,800 and will be paid from a nonmajor fund, the Land Acquisition Fund.

Total Governmental Activities liability: \$2,613,000

Business-type Activities:

- 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 \$8,800 and will be paid from the County Utilities Fund.

Total Business-type Activities liability: \$8,800

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 15 – POLLUTION REMEDIATION - Continued

Due to the addition of the Shadowbrook Estates site in fiscal year 2012, beginning net position for the governmental activities needed to be restated. The difference between the governmental activities restated beginning net position of \$127,100 and the liability of \$82,800 was expensed during the current year. Please see Note 21-C for more information regarding the restatement of beginning net position.

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. Employer rates effective as of July 1, 2012 were as follows: regular class 5.18%, senior class 6.30%, special risk 14.90% and elected official class 10.23%.

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, 2012

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, 2012, as follows (contribution rates are in agreement with the actuarially determined rates):

	<u>10/01/09 to 6/30/10</u>	<u>07/01/10 to 6/30/11</u>	<u>07/01/11 to 6/30/12</u>	<u>07/01/12 to 9/30/12</u>
<u>Regular Class -</u>				
Members not qualifying for other classes.	9.85%	10.77%	7.91%	8.18%
<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%	9.30%
<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%	17.90%
<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%	8.91%
<u>Elected County Officer's Class -</u>				
Certain elected county officials.	16.53%	18.64%	14.14%	13.23%
<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%	5.44%

Contributions to the FRS for the fiscal years ended September 30, 2010, 2011, and 2012, were equal to 14.71%, 14.15%, and 8.64% of the annual covered payroll. Contributions to the FRS for the fiscal years ended September 30, 2010, 2011, and 2012 were \$10,736,848, \$9,810,332, and \$5,845,997 respectively. Employee contributions for the fiscal years ended September 30, 2011 and 2012 were \$455,378 and \$1,789,315. Both employer and employee contributions were equal to 100% of the required contribution for each year.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

A. Plan Description

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

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

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

The implicit rate subsidy applies to health and life insurance coverage since the premiums charged are based upon a blending of younger active employees and older retired employees. Health insurance premiums, effective October 1, 2011 range from \$198 for Medicare participants to \$735 for family coverage. Life insurance is available to retirees at a flat rate of \$.20 per \$1000 of coverage (to a maximum of \$20,000 until the age of 70). After 70, the maximum amount of life insurance is \$10,000.

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

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

A. Plan Description - Continued

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

At October 1, 2011, the date of the latest actuarial valuation, plan participation consisted of:

Active participants	1,428
Retired participants	<u>371</u>
Total participants	<u>1,799</u>

There are two classes of participants at October 1, 2011:

Regular and senior management	1,127
Special risk	<u>672</u>
Total participants	<u>1,799</u>

The average employer's contribution was \$1,981 per employee, approximately 4.5% of current payroll. Financial statements for the OPEB Trust 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 OPEB Trust 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 OPEB Trust is advance funded by the County. For the year ended September 30, 2012, the County contributed \$2.96 million to the qualifying OPEB Trust. Plan members receiving benefits contributed \$1.5 million, or approximately 51 percent of the total premiums. It is the County's policy to base future OPEB Trust 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 OPEB Trust is based on the ARC calculation. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 20 years. The following table shows the components of the County's annual cost for the current and two preceding years, the amount actually contributed, and the changes in the net obligation.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

C. Annual OPEB Cost and Net OPEB Obligation - Continued

	FY 2011/2012	FY 2010/2011	FY 2009/2010
Annual Required Contribution	\$ 2,828,452	\$ 2,948,682	\$ 2,814,435
Interest on Net OPEB Obligation	(12,323)	(22,381)	(7,272)
Adjustment to Annual Required Contribution	14,075	23,385	7,779
Annual OPEB Cost (expense)	2,830,204	2,949,686	2,814,942
Contributions	(2,962,301)	(2,819,540)	(3,030,792)
Change in Net OPEB Obligation	(132,097)	130,146	(215,850)
Net OPEB Obligation – beginning of year	(189,584)	(319,730)	(103,880)
Net OPEB Obligation – end of year	\$ (321,681)	\$ (189,584)	\$ (319,730)
Percentage of Annual OPEB Cost Contributed	104.67%	95.59%	107.67%

D. Funded Status and Funding Progress

The Schedule of Funding Progress and Schedule of Employer Contributions, presented as required supplementary information immediately following the County Notes to the Financial Statements (on page 99), presents multi-year trend information regarding liabilities, funding, and payroll. The data also reflects whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This information includes the current and past two actuarial valuations and five years of funding data.

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.

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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

E. Actuarial Methods and Assumptions - Continued

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)	16 years
Asset valuation method	Market Value

The actuarial assumptions are:

Investment rate of return	6.5%	(net administrative expenses)
Projected annual salaries increase	4.0%-9.47%	(dependent on years of service and age)
Healthcare cost trend rate	8.5%	(decreasing ½% each year & thereafter to the ultimate value of 5.32%)
Inflation rate	3%	

NOTE 18 - OPERATING LEASES

The County has entered into non-cancelable operating leases, both as lessor and lessee. Lease terms vary from 1 to 99 years. Lease revenues totaled \$587,765 and lease expenditures totaled \$281,415 for the year ended September 30, 2012. 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>
2013	\$ 492,658
2014	458,600
2015	471,411
2016	456,234
2017	443,383
2018-2022	2,121,034
2023-2027	1,298,906
2028-2032	721,056
2033-2037	132,600
2038	27,900
Total future minimum lease receipts:	<u>\$ 6,623,782</u>

The property being leased is included in the statement of net position governmental activities and business-type activities columns and has a cost of \$29,060,384 and a carrying value of \$20,723,566. Current year depreciation on property being leased was \$368,896.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 18 - OPERATING LEASES - Continued

B. Future Minimum Lease Payments

The following is a schedule of minimum future rentals to be paid by the County for various noncancelable operating leases of office space, park land, and office equipment as of September 30, 2012:

<u>Year</u>	<u>Amount</u>
2013	\$ 261,565
2014	136,872
2015	86,670
2016	32,295
2017	28,162
2018-2022	54,840
2023-2027	7,500
2028-2032	7,500
2033-2037	6,900
2038-2042	4,500
2043-2047	4,500
2048-2052	3,300
2053-2057	3,000
2058-2062	2,400
2063-2067	1,500
2068-2072	1,500
2073-2077	<u>1,500</u>
Total future minimum lease payments:	<u>\$ 644,504</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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 the approval of a County ordinance by the Board of County Commissioners. This category also includes existing resources on hand to satisfy the obligations that arise from contractual obligations entered into by the Board of County Commissioners.

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

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

B. Fund Balance Policy

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

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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. Funds utilized due to revenue declines will be replenished over a five-year period. Funds utilized for unfunded mandates or unanticipated expenditures cannot be used for more than a three-year period and must be replenished within five-years after the three-year period.

At September 30, 2012, reserve amounts for those funds were:

	<u>Disaster Relief</u>	<u>Budget Stabilization</u>	<u>Total</u>
General Fund	\$ 5,200,000	\$ 5,200,000	\$ 10,400,000
Transportation Fund	700,000	700,000	1,400,000
Emergency Services District Fund	<u>1,400,000</u>	<u>1,400,000</u>	<u>2,800,000</u>
Total	<u><u>\$ 7,300,000</u></u>	<u><u>\$ 7,300,000</u></u>	<u><u>\$ 14,600,000</u></u>

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

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

C. Spending Hierarchy

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 20 - FUND BALANCE DEFICIT

The following funds had a deficit in fund balance at September 30, 2012:

Fund	Deficit
Nonmajor Governmental Funds:	
Metropolitan Planning Organization Fund	\$ 190,688
Federal/State Grants Fund	5,083
Total Deficit	<u>\$ 195,771</u>

The deficits for these two funds will be eliminated by grant proceeds in fiscal year 2013.

NOTE 21 – NET POSITION

A. Restricted Net Position

The County has established a restriction within the net position section of the proprietary funds for capital projects. Restricted net position at September 30, 2012 consist of the following:

Restricted for Capital Projects:

County Utilities Fund \$ 17,941,773

B. Net Position Restricted by Enabling Legislation

The government-wide statement of net position for the primary government reports \$139,131,001 of restricted net position, of which \$82,688,060 is restricted by enabling legislation.

C. Restatement of Beginning Net Position

In accordance with the requirements of GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, beginning net position for governmental activities was restated. Due to the addition of the Shadowbrook Estates site and based on the consultant's report, the governmental activities' portion of the estimated liability at October 1, 2011 was \$127,100; therefore, beginning net position was reduced by that amount. For more information on the County's pollution remediation obligation, please see Note 15.

In accordance with the requirements of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, beginning net position for the Golf Course and Utilities Funds was restated. The Statement required the expensing of any outstanding bond issuance costs, which had previously been reported as an asset and amortized over the life of the bond issue. At October 1, 2011, this results in the reduction of the Golf Course Fund's beginning net position by \$49,523 and the reduction of the Utilities Fund's net position by \$477,430.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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>09/30/12</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. All departments of the County participate in the program. Payments are made by various funds to the Self Insurance Fund based on past experience and actual estimates of the amounts needed to pay current year claims. The County has received one reimbursement, for a liability claim in excess of the general liability limit, in the amount of \$134,820 in fiscal year 2012. The prior two fiscal years did not incur any excess settlements.

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. 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 current and prior two fiscal years.

The claims liability of \$8,074,000 reported at September 30, 2012, 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, \$2,197,855 will be liquidated over the next twelve months.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

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 Year End
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
2011-2012	7,877,000	13,967,831	(13,770,831)	8,074,000

Included in the charges to other funds is an amount to fund future catastrophic losses not actuarially determined and at September 30, 2012, unreserved net position of \$24,330,918 has 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, 2012, 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, 2012. In the General Fund, contracts are for janitorial services, beach park landscape and custodial maintenance and external auditing services. In the Special Revenue Funds, contracts are for the construction of Fire Station 13 in the southern part of the County on 4th Street and 43rd Avenue, Oslo Road Widening from 43rd Avenue to 27th Avenue (Phase II) and from 58th Avenue to 43rd Avenue (Phase III), 66th Avenue Roadway Improvements from 16th Street to 4th Street, 27th Avenue Milling and Resurfacing, as well as a variety of other road paving and drainage projects. In the Capital Projects Fund, contracts are for the South County Regional Park Intergenerational Recreation Facility, PC South Algal Turf Scrubber Nutrient Recovery System and several sidewalk and road improvement projects throughout the County.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 23 - COMMITMENTS AND CONTINGENCIES - Continued

B. Contracts and Other Commitments - Continued

In the Enterprise Funds, contracts are for Sandridge Golf Club driving range tee renovations, Segment III Landfill Expansion, Repaving of the Winter Beach, Roseland and Gifford customer convenience centers, West Wabasso gravity sewer system, South County Brine Disposal project and various other water and sewer projects.

A summary of these projects at September 30, 2012, is as follows:

	<u>Total Contract Price</u>	<u>Total Paid as of September 30, 2012</u>	<u>Remaining Balance at September 30, 2012</u>
General	\$ 570,803	\$ (339,750)	\$ 231,053
Special Revenue	32,783,500	(16,365,467)	16,418,033
Capital Projects	10,110,328	(7,292,557)	2,817,771
Enterprise	<u>8,107,986</u>	<u>(4,590,047)</u>	<u>3,517,939</u>
Total	\$ <u>51,572,617</u>	\$ <u>(28,587,821)</u>	\$ <u>22,984,796</u>

C. Grants

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

Indian River County, Florida
Required Supplementary Information
For the Year Ended September 30, 2012

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%
10/01/2011	\$ 6,955,356	\$ 33,877,613	\$ 26,922,257	20.53%	\$ 62,739,616	42.91%

* 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)
9/30/2012	\$ 2,830,204	\$ 2,962,301	104.67%	\$ (321,681)

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.
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, 2012

	Special Revenue		
	Court Facilities	Section 8 Rental Assistance	Special Law Enforcement
ASSETS			
Cash and cash equivalents	\$ 1,181,842	\$ 350,254	\$ 242,175
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	529	-
Prepaid items	-	-	-
Other assets held for resale	-	-	-
Total Assets	<u>\$ 1,181,842</u>	<u>\$ 350,783</u>	<u>\$ 242,175</u>
LIABILITIES			
Accounts payable	\$ 25,574	\$ 2,233	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Other deposits	-	-	-
Total Liabilities	<u>25,574</u>	<u>2,233</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	1,156,268	-	-
Housing assistance	-	348,550	-
Law enforcement/public safety	-	-	242,175
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Sports Village repairs/improvements	-	-	-
Other purposes	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	-	-	-
Court operations	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>1,156,268</u>	<u>348,550</u>	<u>242,175</u>
Total Liabilities and Fund Balances	<u>\$ 1,181,842</u>	<u>\$ 350,783</u>	<u>\$ 242,175</u>

Special Revenue					
Tree Ordinance Fines	Tourist Development	911 Surcharge	Drug Abuse	State Housing Initiatives Partnership	
\$ 219,708	\$ 439,500	\$ 1,042,827	\$ 199,640	\$ 690,479	
1,500	-	-	-	3,628	
-	-	-	-	-	
-	-	57,839	6,588	-	
-	-	-	-	-	
-	-	-	-	-	
\$ 221,208	\$ 439,500	\$ 1,100,666	\$ 206,228	\$ 694,107	
\$ -	\$ 58,348	\$ 26,155	\$ 9,069	\$ 540	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	58,348	26,155	9,069	540	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	693,567	
-	-	1,074,511	-	-	
-	381,152	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	197,159	-	
221,208	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
221,208	381,152	1,074,511	197,159	693,567	
\$ 221,208	\$ 439,500	\$ 1,100,666	\$ 206,228	\$ 694,107	

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2012

	Special Revenue		
	Metropolitan Planning Organization	Multi- Jurisdictional Law Enforcement	Native Uplands Land Acquisition
ASSETS			
Cash and cash equivalents	\$ 120	\$ 90,719	\$ 837,361
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	7,200	-	-
Other assets held for resale	-	-	-
Total Assets	<u>\$ 7,320</u>	<u>\$ 90,719</u>	<u>\$ 837,361</u>
LIABILITIES			
Accounts payable	\$ 40,508	\$ -	\$ -
Retainage payable	-	-	-
Due to other funds	157,500	-	-
Unearned revenues	-	-	-
Other deposits	-	-	-
Total Liabilities	<u>198,008</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	-	90,719	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Sports Village repairs/improvements	-	-	-
Other purposes	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	837,361
Law enforcement/public safety	-	-	-
Court operations	-	-	-
Unassigned	<u>(197,888)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(190,688)</u>	<u>90,719</u>	<u>837,361</u>
Total Liabilities and Fund Balances	<u>\$ 7,320</u>	<u>\$ 90,719</u>	<u>\$ 837,361</u>

Special Revenue					
Beach Restoration	CDBG Neighborhood Stabilization Pgm	Florida Boating Improv. Program	Library Bequests	Disabled Access Program	
\$ 6,133,776	\$ 165	\$ 1,084,470	\$ 144,622	\$ 62,302	
-	-	-	-	-	
-	-	-	-	-	
8,030	-	-	-	-	
-	-	-	-	-	
-	658,000	-	-	-	
\$ 6,141,806	\$ 658,165	\$ 1,084,470	\$ 144,622	\$ 62,302	
\$ 20,624	\$ 76,061	\$ -	\$ 132	\$ -	
27,787	-	-	-	-	
-	56,000	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
48,411	132,061	-	132	-	
-	-	-	-	-	
-	-	-	-	-	
-	526,104	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
6,093,395	-	-	-	-	
-	-	1,084,470	-	-	
-	-	-	144,490	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	62,302	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
6,093,395	526,104	1,084,470	144,490	62,302	
\$ 6,141,806	\$ 658,165	\$ 1,084,470	\$ 144,622	\$ 62,302	

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2012

	Special Revenue		
	Federal/State Grants	Traffic Education Program	Land Acquisition
ASSETS			
Cash and cash equivalents	\$ 917	\$ 26,762	\$ 314,034
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	9,571	-	-
Prepaid items	-	-	-
Other assets held for resale	-	-	-
Total Assets	<u>\$ 10,488</u>	<u>\$ 26,762</u>	<u>\$ 314,034</u>
LIABILITIES			
Accounts payable	\$ 9,571	\$ -	\$ 275
Retainage payable	-	-	-
Due to other funds	6,000	-	-
Unearned revenues	-	-	-
Other deposits	-	-	55,664
Total Liabilities	<u>15,571</u>	<u>-</u>	<u>55,939</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	-	-	258,095
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Sports Village repairs/improvements	-	-	-
Other purposes	-	26,762	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	-	-	-
Court operations	-	-	-
Unassigned	(5,083)	-	-
Total Fund Balances	<u>(5,083)</u>	<u>26,762</u>	<u>258,095</u>
Total Liabilities and Fund Balances	<u>\$ 10,488</u>	<u>\$ 26,762</u>	<u>\$ 314,034</u>

Special Revenue					
East Gifford Stormwater	Vero Lake Estates	Vero Beach Sports Village Reserve	Clerk Special Revenue	Sheriff Special Revenue	
\$ 17,192	\$ 1,232,966	\$ 658,559	\$ 2,335,415	\$ 2,002,061	
-	-	-	-	7,422	
13	1,193	-	-	-	
-	-	-	-	5,633	
-	-	-	11,762	-	
-	-	-	-	-	
<u>\$ 17,205</u>	<u>\$ 1,234,159</u>	<u>\$ 658,559</u>	<u>\$ 2,347,177</u>	<u>\$ 2,015,116</u>	
\$ -	\$ 915	\$ 105,355	\$ 8,747	\$ 118,450	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<u>-</u>	<u>915</u>	<u>105,355</u>	<u>8,747</u>	<u>118,450</u>	
-	-	-	11,762	-	
-	-	-	2,293,412	-	
-	-	-	-	-	
-	-	-	-	1,505,098	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
17,205	1,233,244	-	-	-	
-	-	-	-	-	
-	-	553,204	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	391,568	
-	-	-	33,256	-	
-	-	-	-	-	
<u>17,205</u>	<u>1,233,244</u>	<u>553,204</u>	<u>2,338,430</u>	<u>1,896,666</u>	
<u>\$ 17,205</u>	<u>\$ 1,234,159</u>	<u>\$ 658,559</u>	<u>\$ 2,347,177</u>	<u>\$ 2,015,116</u>	

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2012

	Special Revenue		
	Supervisor of Elections Special Revenue	Street Lighting Districts	CDBG NSP3 Grant
ASSETS			
Cash and cash equivalents	\$ 9,142	\$ 494,573	\$ 37,557
Accounts receivable	-	-	56
Due from other funds	-	2,317	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Other assets held for resale	-	-	-
Total Assets	<u>\$ 9,142</u>	<u>\$ 496,890</u>	<u>\$ 37,613</u>
LIABILITIES			
Accounts payable	\$ -	\$ 8,829	\$ 8,478
Retainage payable	-	-	-
Due to other funds	-	-	-
Unearned revenues	9,142	-	-
Other deposits	-	-	-
Total Liabilities	<u>9,142</u>	<u>8,829</u>	<u>8,478</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	29,135
Law enforcement/public safety	-	-	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	488,061	-
Debt service	-	-	-
Sports Village repairs/improvements	-	-	-
Other purposes	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	-	-	-
Court operations	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>-</u>	<u>488,061</u>	<u>29,135</u>
Total Liabilities and Fund Balances	<u>\$ 9,142</u>	<u>\$ 496,890</u>	<u>\$ 37,613</u>

Debt Service				
	Spring Training Facility Bonds	Land Acquisition Bonds		Total Nonmajor Governmental Funds
\$	1,438,246	\$ 928,123	\$	22,215,507
	-	-		12,606
	-	74,417		77,940
	36,661	-		124,851
	283,166	-		302,128
	-	-		658,000
\$	<u>1,758,073</u>	<u>\$ 1,002,540</u>	\$	<u>23,391,032</u>
\$	-	\$ -	\$	519,864
	-	-		27,787
	-	-		219,500
	-	-		9,142
	-	-		55,664
	<u>-</u>	<u>-</u>		<u>831,957</u>
	283,166	-		302,128
	-	-		3,449,680
	-	-		1,597,356
	-	-		2,912,503
	-	-		381,152
	-	-		6,093,395
	-	-		1,084,470
	-	-		144,490
	-	-		258,095
	-	-		1,738,510
	1,474,907	1,002,540		2,477,447
	-	-		553,204
	-	-		286,223
	-	-		1,058,569
	-	-		391,568
	-	-		33,256
	-	-		(202,971)
	<u>1,758,073</u>	<u>1,002,540</u>		<u>22,559,075</u>
\$	<u><u>1,758,073</u></u>	<u><u>\$ 1,002,540</u></u>	\$	<u><u>23,391,032</u></u>

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2012

	Special Revenue		
	Court Facilities	Section 8 Rental Assistance	Special Law Enforcement
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	-	1,901,583	-
Charges for services	465,669	37,413	35,424
Judgments, fines and forfeits	-	-	40,040
Interest	3,838	1,138	818
Miscellaneous	-	-	-
Total revenues	<u>469,507</u>	<u>1,940,134</u>	<u>76,282</u>
EXPENDITURES			
Current:			
General government	10,164	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	1,935,108	-
Culture/recreation	-	-	-
Court related	474,764	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>484,928</u>	<u>1,935,108</u>	<u>-</u>
Excess of revenues over (under) expenditures	(15,421)	5,026	76,282
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(104,425)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(104,425)</u>
Net change in fund balances	(15,421)	5,026	(28,143)
Fund balances at beginning of year	<u>1,171,689</u>	<u>343,524</u>	<u>270,318</u>
Fund balances at end of year	<u>\$ 1,156,268</u>	<u>\$ 348,550</u>	<u>\$ 242,175</u>

Special Revenue					
Tree Ordinance Fines		Tourist Development		911 Surcharge	
				Drug Abuse	
				State Housing Initiatives Partnership	
\$	-	\$	601,845	\$	-
	-		-		-
	-		-	1,539,602	67,451
	-		-		306,626
	14,400		-	13,364	-
	666		1,172	603	3,041
	-		1,061	-	3,528
	15,066		604,078	81,418	313,195
	-		-	-	-
	-		-	45,025	-
	-		-	-	-
	-		-	-	-
	-		-	-	-
	-		-	22,426	935,650
	-		605,304	-	-
	-		-	-	-
	-		-	-	-
	-		-	-	-
	-		605,304	67,451	935,650
	15,066		(1,226)	13,967	(622,455)
	-		-	-	-
	-		-	-	-
	-		-	-	-
	15,066		(1,226)	13,967	(622,455)
	206,142		382,378	183,192	1,316,022
\$	221,208	\$	381,152	\$	693,567

Continued

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2012

	<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	385,202	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	4,000	-
Interest	-	339	2,671
Miscellaneous	-	-	-
Total revenues	<u>385,202</u>	<u>4,339</u>	<u>2,671</u>
EXPENDITURES			
Current:			
General government	468,478	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>468,478</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	(83,276)	4,339	2,671
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(26,380)	-
Total other financing sources (uses)	<u>-</u>	<u>(26,380)</u>	<u>-</u>
Net change in fund balances	(83,276)	(22,041)	2,671
Fund balances at beginning of year	<u>(107,412)</u>	<u>112,760</u>	<u>834,690</u>
Fund balances at end of year	\$ <u>(190,688)</u>	\$ <u>90,719</u>	\$ <u>837,361</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>
\$ 601,845	\$ -	\$ -	\$ -	-
-	-	-	-	-
101,232	74,959	70,177	-	-
-	-	-	-	-
-	-	-	-	876
21,718	240	3,397	494	198
2,128	621,161	-	60,134	-
<u>726,923</u>	<u>696,360</u>	<u>73,574</u>	<u>60,628</u>	<u>1,074</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,517,759	-	-	-
-	-	-	-	-
2,367,304	-	13,337	46,832	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,367,304</u>	<u>1,517,759</u>	<u>13,337</u>	<u>46,832</u>	<u>-</u>
(1,640,381)	(821,399)	60,237	13,796	1,074
111,698	-	-	-	-
-	-	-	-	-
<u>111,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,528,683)	(821,399)	60,237	13,796	1,074
<u>7,622,078</u>	<u>1,347,503</u>	<u>1,024,233</u>	<u>130,694</u>	<u>61,228</u>
\$ <u>6,093,395</u>	\$ <u>526,104</u>	\$ <u>1,084,470</u>	\$ <u>144,490</u>	\$ <u>62,302</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, 2012

	Special Revenue		
	Federal/State Grants	Traffic Education Program	Land Acquisition
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	2,815,342	-	1,000,000
Charges for services	-	-	-
Judgments, fines and forfeits	-	213	-
Interest	-	103	852
Miscellaneous	-	-	44,336
Total revenues	<u>2,815,342</u>	<u>316</u>	<u>1,045,188</u>
EXPENDITURES			
Current:			
General government	1,749,479	-	-
Public safety	-	-	-
Physical environment	-	-	1,098,295
Transportation	-	8,900	-
Economic environment	-	-	-
Human services	841,671	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>2,591,150</u>	<u>8,900</u>	<u>1,098,295</u>
Excess of revenues over (under) expenditures	224,192	(8,584)	(53,107)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	224,192	(8,584)	(53,107)
Fund balances at beginning of year	<u>(229,275)</u>	<u>35,346</u>	<u>311,202</u>
Fund balances at end of year	<u>\$ (5,083)</u>	<u>\$ 26,762</u>	<u>\$ 258,095</u>

Special Revenue					
	East Gifford Stormwater	Vero Lake Estates	Vero Beach Sports Village Reserve	Clerk Special Revenue	Sheriff Special Revenue
\$	153	\$ 473	\$ -	\$ -	\$ -
	889	93,397	-	-	-
	-	-	-	-	64,478
	-	-	-	354,884	308,684
	-	-	-	152,058	183,138
	54	3,902	-	6,539	23
	-	-	-	-	-
	<u>1,096</u>	<u>97,772</u>	<u>-</u>	<u>513,481</u>	<u>556,323</u>
	-	-	-	470,723	-
	-	-	-	-	908,952
	-	-	-	-	-
	-	10,756	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	394,054	-	-
	-	-	-	149,631	8,821
	-	-	-	-	-
	-	-	-	-	-
	<u>-</u>	<u>10,756</u>	<u>394,054</u>	<u>620,354</u>	<u>917,773</u>
	1,096	87,016	(394,054)	(106,873)	(361,450)
	-	-	-	-	230,805
	<u>(47)</u>	<u>(2,751)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(47)</u>	<u>(2,751)</u>	<u>-</u>	<u>-</u>	<u>230,805</u>
	1,049	84,265	(394,054)	(106,873)	(130,645)
	<u>16,156</u>	<u>1,148,979</u>	<u>947,258</u>	<u>2,445,303</u>	<u>2,027,311</u>
\$	<u><u>17,205</u></u>	<u><u>1,233,244</u></u>	<u><u>553,204</u></u>	<u><u>2,338,430</u></u>	<u><u>1,896,666</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, 2012

	Special Revenue		
	Supervisor of Elections Special Revenue	Street Lighting Districts	CDBG NSP3 Grant
REVENUES			
Taxes	\$ -	\$ 3,172	\$ -
Permits, fees and special assessments	-	179,193	-
Intergovernmental	25,250	-	129,519
Charges for services	-	-	-
Judgments, fines and forfeits	-	-	-
Interest	-	1,712	23
Miscellaneous	-	2,440	51,258
Total revenues	<u>25,250</u>	<u>186,517</u>	<u>180,800</u>
EXPENDITURES			
Current:			
General government	35,425	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	189,032	-
Economic environment	-	-	140,557
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>35,425</u>	<u>189,032</u>	<u>140,557</u>
Excess of revenues over (under) expenditures	(10,175)	(2,515)	40,243
OTHER FINANCING SOURCES (USES)			
Transfers in	2,431	-	-
Transfers out	-	(5,060)	-
Total other financing sources (uses)	<u>2,431</u>	<u>(5,060)</u>	<u>-</u>
Net change in fund balances	(7,744)	(7,575)	40,243
Fund balances at beginning of year	<u>7,744</u>	<u>495,636</u>	<u>(11,108)</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>488,061</u>	\$ <u>29,135</u>

Debt Service			Total Nonmajor Governmental Funds
Spring Training Facility Bonds	Land Acquisition Bonds		
\$ 401,230	\$ 5,574,183		\$ 7,182,901
-	-		273,479
941,401	-		9,116,196
-	-		1,508,700
-	-		408,089
4,692	9,866		72,563
-	-		787,174
<u>1,347,323</u>	<u>5,584,049</u>		<u>19,349,102</u>
-	-		2,734,269
-	-		2,878,842
-	-		1,098,295
-	-		208,688
-	-		1,658,316
-	-		3,734,855
-	-		3,426,831
-	-		633,216
630,000	7,430,000		8,060,000
593,423	1,832,660		2,426,083
<u>1,223,423</u>	<u>9,262,660</u>		<u>26,859,395</u>
123,900	(3,678,611)		(7,510,293)
-	3,050,000		3,394,934
-	(112,630)		(444,434)
<u>-</u>	<u>2,937,370</u>		<u>2,950,500</u>
123,900	(741,241)		(4,559,793)
<u>1,634,173</u>	<u>1,743,781</u>		<u>27,118,868</u>
\$ <u><u>1,758,073</u></u>	\$ <u><u>1,002,540</u></u>		\$ <u><u>22,559,075</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Court Facilities
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 450,000	\$ 465,669	\$ 15,669
Interest	3,000	3,838	838
Total revenues	<u>453,000</u>	<u>469,507</u>	<u>16,507</u>
EXPENDITURES			
General government	30,000	10,164	19,836
Court related	520,909	474,764	46,145
Total expenditures	<u>550,909</u>	<u>484,928</u>	<u>65,981</u>
Net change in fund balances	(97,909)	(15,421)	82,488
Fund balances at beginning of year	<u>97,909</u>	<u>1,171,689</u>	<u>1,073,780</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,156,268</u>	\$ <u>1,156,268</u>

Indian River County, Florida
Budgetary Comparison Schedule
Section 8 Rental Assistance
For the Year Ended September 30, 2012

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 1,934,707	\$ 1,901,583	\$ (33,124)
Charges for services	-	37,413	37,413
Interest	-	1,138	1,138
Total revenues	<u>1,934,707</u>	<u>1,940,134</u>	<u>5,427</u>
EXPENDITURES			
Human services	<u>1,949,407</u>	<u>1,935,108</u>	<u>14,299</u>
Total expenditures	<u>1,949,407</u>	<u>1,935,108</u>	<u>14,299</u>
 Net change in fund balances	 (14,700)	 5,026	 19,726
 Fund balances at beginning of year	 <u>14,700</u>	 <u>343,524</u>	 <u>328,824</u>
 Fund balances at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 348,550</u></u>	 <u><u>\$ 348,550</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Special Law Enforcement
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 35,424	\$ 35,424
Judgments, fines and forfeits	104,426	40,040	(64,386)
Interest	-	818	818
Total revenues	<u>104,426</u>	<u>76,282</u>	<u>(28,144)</u>
EXPENDITURES			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	104,426	76,282	(28,144)
OTHER FINANCING USES			
Transfers out	(104,426)	(104,425)	1
Total other financing uses	<u>(104,426)</u>	<u>(104,425)</u>	<u>1</u>
Net change in fund balances	-	(28,143)	(28,143)
Fund balances at beginning of year	<u>-</u>	<u>270,318</u>	<u>270,318</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>242,175</u></u>	\$ <u><u>242,175</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Tree Ordinance Fines
For the Year Ended September 30, 2012

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 14,400	\$ 14,400
Interest	-	666	666
Total revenues	<u>-</u>	<u>15,066</u>	<u>15,066</u>
EXPENDITURES			
Culture/recreation	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
 Net change in fund balances	 (50,000)	 15,066	 65,066
 Fund balances at beginning of year	 <u>50,000</u>	 <u>206,142</u>	 <u>156,142</u>
 Fund balances at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 221,208</u></u>	 <u><u>\$ 221,208</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Tourist Development
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 508,250	\$ 601,845	\$ 93,595
Interest	9,500	1,172	(8,328)
Miscellaneous	-	1,061	1,061
Total revenues	<u>517,750</u>	<u>604,078</u>	<u>86,328</u>
EXPENDITURES			
Culture/recreation	<u>663,660</u>	<u>605,304</u>	<u>58,356</u>
Total expenditures	<u>663,660</u>	<u>605,304</u>	<u>58,356</u>
Net change in fund balances	(145,910)	(1,226)	144,684
Fund balances at beginning of year	<u>145,910</u>	<u>382,378</u>	<u>236,468</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 381,152</u>	<u>\$ 381,152</u>

Indian River County, Florida
Budgetary Comparison Schedule
911 Surcharge
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,768,107	\$ 1,539,602	\$ (228,505)
Interest	-	4,464	4,464
Miscellaneous	-	1,128	1,128
Total revenues	<u>1,768,107</u>	<u>1,545,194</u>	<u>(222,913)</u>
EXPENDITURES			
Public safety	<u>2,991,033</u>	<u>1,924,865</u>	<u>1,066,168</u>
Total expenditures	<u>2,991,033</u>	<u>1,924,865</u>	<u>1,066,168</u>
Excess of revenues over (under) expenditures	(1,222,926)	(379,671)	843,255
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	(1,416,067)	(572,812)	843,255
Fund balances at beginning of year	<u>1,416,067</u>	<u>1,647,323</u>	<u>231,256</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,074,511</u>	\$ <u>1,074,511</u>

Indian River County, Florida
Budgetary Comparison Schedule
Drug Abuse
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 67,451	\$ 67,451
Judgments, fines and forfeits	-	13,364	13,364
Interest	-	603	603
Total revenues	<u>-</u>	<u>81,418</u>	<u>81,418</u>
EXPENDITURES			
Public safety	57,934	45,025	12,909
Human services	<u>35,508</u>	<u>22,426</u>	<u>13,082</u>
Total expenditures	<u>93,442</u>	<u>67,451</u>	<u>25,991</u>
Net change in fund balance	(93,442)	13,967	107,409
Fund balances at beginning of year	<u>93,442</u>	<u>183,192</u>	<u>89,750</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 197,159</u>	<u>\$ 197,159</u>

Indian River County, Florida
Budgetary Comparison Schedule
State Housing Initiatives Partnership
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 46,000	\$ 306,626	\$ 260,626
Interest	4,000	3,041	(959)
Miscellaneous	-	3,528	3,528
Total revenues	<u>50,000</u>	<u>313,195</u>	<u>263,195</u>
EXPENDITURES			
Human services	<u>1,002,525</u>	<u>935,650</u>	<u>66,875</u>
Total expenditures	<u>1,002,525</u>	<u>935,650</u>	<u>66,875</u>
Net change in fund balances	(952,525)	(622,455)	330,070
Fund balances at beginning of year	<u>952,525</u>	<u>1,316,022</u>	<u>363,497</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 693,567</u>	<u>\$ 693,567</u>

**Indian River County, Florida
Budgetary Comparison Schedule
Metropolitan Planning Organization
For the Year Ended September 30, 2012**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 678,664	\$ 385,202	\$ (293,462)
Total revenues	<u>678,664</u>	<u>385,202</u>	<u>(293,462)</u>
EXPENDITURES			
General government	678,664	468,478	210,186
Total expenditures	<u>678,664</u>	<u>468,478</u>	<u>210,186</u>
Net change in fund balances	-	(83,276)	(83,276)
Fund balances at beginning of year	<u>-</u>	<u>(107,412)</u>	<u>(107,412)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (190,688)</u>	<u>\$ (190,688)</u>

Indian River County, Florida
Budgetary Comparison Schedule
Multi-Jurisdictional Law Enforcement
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ 26,381	\$ 4,000	\$ (22,381)
Interest	-	339	339
Total revenues	<u>26,381</u>	<u>4,339</u>	<u>(22,042)</u>
EXPENDITURES			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	26,381	4,339	(22,042)
OTHER FINANCING USES			
Transfers out	(26,381)	(26,380)	1
Total other financing uses	<u>(26,381)</u>	<u>(26,380)</u>	<u>1</u>
Net change in fund balances	-	(22,041)	(22,041)
Fund balances at beginning of year	<u>-</u>	<u>112,760</u>	<u>112,760</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 90,719</u>	<u>\$ 90,719</u>

**Indian River County, Florida
Budgetary Comparison Schedule
Native Uplands Land Acquisition
For the Year Ended September 30, 2012**

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 2,671	\$ 2,671
Total revenues	<u>-</u>	<u>2,671</u>	<u>2,671</u>
EXPENDITURES			
Physical environment	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total expenditures	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Net change in fund balances	(55,000)	2,671	57,671
Fund balances at beginning of year	<u>55,000</u>	<u>834,690</u>	<u>779,690</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 837,361</u>	<u>\$ 837,361</u>

Indian River County, Florida
Budgetary Comparison Schedule
Beach Restoration
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 508,250	\$ 601,845	\$ 93,595
Intergovernmental	-	101,232	101,232
Interest	28,500	21,718	(6,782)
Miscellaneous	1,000	2,128	1,128
Total revenues	<u>537,750</u>	<u>726,923</u>	<u>189,173</u>
EXPENDITURES			
Culture/recreation	<u>3,900,394</u>	<u>2,367,304</u>	<u>1,533,090</u>
Total expenditures	<u>3,900,394</u>	<u>2,367,304</u>	<u>1,533,090</u>
Excess of revenues over (under) expenditures	(3,362,644)	(1,640,381)	1,722,263
OTHER FINANCING SOURCES			
Transfers in	<u>111,698</u>	<u>111,698</u>	<u>-</u>
Total other financing sources	<u>111,698</u>	<u>111,698</u>	<u>-</u>
Net change in fund balances	(3,250,946)	(1,528,683)	1,722,263
Fund balances at beginning of year	<u>3,250,946</u>	<u>7,622,078</u>	<u>4,371,132</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>6,093,395</u>	\$ <u>6,093,395</u>

Indian River County, Florida
Budgetary Comparison Schedule
CDBG Neighborhood Stabilization Program
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 74,959	\$ 74,959
Interest	-	240	240
Miscellaneous	1,256,221	621,161	(635,060)
Total revenues	<u>1,256,221</u>	<u>696,360</u>	<u>(559,861)</u>
EXPENDITURES			
Economic environment	1,911,370	1,517,759	393,611
Total expenditures	<u>1,911,370</u>	<u>1,517,759</u>	<u>393,611</u>
Net change in fund balances	(655,149)	(821,399)	(166,250)
Fund balances at beginning of year	<u>655,149</u>	<u>1,347,503</u>	<u>692,354</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 526,104</u>	<u>\$ 526,104</u>

Indian River County, Florida
Budgetary Comparison Schedule
Florida Boating Improvement Program
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 35,000	\$ 70,177	\$ 35,177
Interest	-	3,397	3,397
Total revenues	<u>35,000</u>	<u>73,574</u>	<u>38,574</u>
EXPENDITURES			
Culture/recreation	<u>235,000</u>	<u>13,337</u>	<u>221,663</u>
Total expenditures	<u>235,000</u>	<u>13,337</u>	<u>221,663</u>
Net change in fund balances	(200,000)	60,237	260,237
Fund balances at beginning of year	<u>200,000</u>	<u>1,024,233</u>	<u>824,233</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,084,470</u>	<u>\$ 1,084,470</u>

Indian River County, Florida
Budgetary Comparison Schedule
Library Bequests
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 494	\$ 494
Miscellaneous	-	60,134	60,134
Total revenues	<u>-</u>	<u>60,628</u>	<u>60,628</u>
EXPENDITURES			
Culture/recreation	<u>56,193</u>	<u>46,832</u>	<u>9,361</u>
Total expenditures	<u>56,193</u>	<u>46,832</u>	<u>9,361</u>
Net change in fund balances	(56,193)	13,796	69,989
Fund balances at beginning of year	<u>56,193</u>	<u>130,694</u>	<u>74,501</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 144,490</u>	<u>\$ 144,490</u>

Indian River County, Florida
Budgetary Comparison Schedule
Disabled Access Program
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 876	\$ 876
Interest	-	198	198
Total revenues	<u>-</u>	<u>1,074</u>	<u>1,074</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)	1,074	21,074
Fund balances at beginning of year	<u>20,000</u>	<u>61,228</u>	<u>41,228</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 62,302</u>	<u>\$ 62,302</u>

Indian River County, Florida
Budgetary Comparison Schedule
Federal/State Grants
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 2,978,598	\$ 2,815,342	\$ (163,256)
Total revenues	<u>2,978,598</u>	<u>2,815,342</u>	<u>(163,256)</u>
EXPENDITURES			
General government	1,815,315	1,749,479	65,836
Human services	<u>1,256,883</u>	<u>841,671</u>	<u>415,212</u>
Total expenditures	<u>3,072,198</u>	<u>2,591,150</u>	<u>481,048</u>
Net change in fund balances	(93,600)	224,192	317,792
Fund balances at beginning of year	<u>93,600</u>	<u>(229,275)</u>	<u>(322,875)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (5,083)</u>	<u>\$ (5,083)</u>

Indian River County, Florida
Budgetary Comparison Schedule
Traffic Education Program
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 213	\$ 213
Interest	-	103	103
Total revenues	<u>-</u>	<u>316</u>	<u>316</u>
EXPENDITURES			
Transportation	<u>32,703</u>	<u>8,900</u>	<u>23,803</u>
Total expenditures	<u>32,703</u>	<u>8,900</u>	<u>23,803</u>
Net change in fund balances	(32,703)	(8,584)	24,119
Fund balances at beginning of year	<u>32,703</u>	<u>35,346</u>	<u>2,643</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 26,762</u>	<u>\$ 26,762</u>

Indian River County, Florida
Budgetary Comparison Schedule
Land Acquisition
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ -
Interest	-	852	852
Miscellaneous	100,000	44,336	(55,664)
Total revenues	<u>1,100,000</u>	<u>1,045,188</u>	<u>(54,812)</u>
EXPENDITURES			
Physical environment	<u>1,206,300</u>	<u>1,098,295</u>	<u>108,005</u>
Total expenditures	<u>1,206,300</u>	<u>1,098,295</u>	<u>108,005</u>
Net change in fund balances	(106,300)	(53,107)	53,193
Fund balances at beginning of year	<u>106,300</u>	<u>311,202</u>	<u>204,902</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>258,095</u>	\$ <u>258,095</u>

Indian River County, Florida
Budgetary Comparison Schedule
East Gifford Stormwater
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 153	\$ 153
Permits, fees and special assessments	1,330	889	(441)
Interest	-	54	54
Total revenues	<u>1,330</u>	<u>1,096</u>	<u>(234)</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)	1,096	1,694
OTHER FINANCING USES			
Transfers out	<u>(55)</u>	<u>(47)</u>	<u>8</u>
Total other financing uses	<u>(55)</u>	<u>(47)</u>	<u>8</u>
Net change in fund balances	(653)	1,049	1,702
Fund balances at beginning of year	<u>653</u>	<u>16,156</u>	<u>15,503</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>17,205</u></u>	\$ <u><u>17,205</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Vero Lake Estates
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 473	\$ 473
Permits, fees and special assessments	88,174	93,397	5,223
Interest	3,325	3,902	577
Total revenues	<u>91,499</u>	<u>97,772</u>	<u>6,273</u>
EXPENDITURES			
Physical environment	141,037	-	141,037
Transportation	271,061	10,756	260,305
Total expenditures	<u>412,098</u>	<u>10,756</u>	<u>401,342</u>
Excess of revenues over (under) expenditures	(320,599)	87,016	407,615
OTHER FINANCING USES			
Transfers out	(4,401)	(2,751)	1,650
Total other financing uses	<u>(4,401)</u>	<u>(2,751)</u>	<u>1,650</u>
Net change in fund balances	(325,000)	84,265	409,265
Fund balances at beginning of year	<u>325,000</u>	<u>1,148,979</u>	<u>823,979</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,233,244</u>	\$ <u>1,233,244</u>

Indian River County, Florida
Budgetary Comparison Schedule
Vero Beach Sports Village Reserve
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Culture/recreation	947,253	394,054	553,199
Total expenditures	<u>947,253</u>	<u>394,054</u>	<u>553,199</u>
Net change in fund balances	(947,253)	(394,054)	553,199
Fund balances at beginning of year	<u>947,253</u>	<u>947,258</u>	<u>5</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 553,204</u>	<u>\$ 553,204</u>

Indian River County, Florida
Budgetary Comparison Schedule
Clerk Special Revenue
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 434,632	\$ 354,884	\$ (79,748)
Judgments, fines and forfeits	181,000	152,058	(28,942)
Interest	5,026	6,539	1,513
Total revenues	<u>620,658</u>	<u>513,481</u>	<u>(107,177)</u>
EXPENDITURES			
General government	470,893	470,723	170
Court related	149,765	149,631	134
Total expenditures	<u>620,658</u>	<u>620,354</u>	<u>304</u>
Net change in fund balances	-	(106,873)	(106,873)
Fund balances at beginning of year	<u>-</u>	<u>2,445,303</u>	<u>2,445,303</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,338,430</u>	<u>\$ 2,338,430</u>

Indian River County, Florida
Budgetary Comparison Schedule
Sheriff Special Revenue
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 64,478	\$ 64,478	\$ -
Charges for services	390,000	308,684	(81,316)
Judgments, fines and forfeits	234,000	183,138	(50,862)
Interest	3,715	23	(3,692)
Total revenues	<u>692,193</u>	<u>556,323</u>	<u>(135,870)</u>
EXPENDITURES			
Public safety	914,000	908,952	5,048
Court related	9,000	8,821	179
Total expenditures	<u>923,000</u>	<u>917,773</u>	<u>5,227</u>
Excess of revenues over (under) expenditures	(230,807)	(361,450)	(130,643)
OTHER FINANCING SOURCES			
Transfers in	230,807	230,805	(2)
Total other financing sources	<u>230,807</u>	<u>230,805</u>	<u>(2)</u>
Net change in fund balances	-	(130,645)	(130,645)
Fund balances at beginning of year	<u>-</u>	<u>2,027,311</u>	<u>2,027,311</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,896,666</u>	\$ <u>1,896,666</u>

Indian River County, Florida
Budgetary Comparison Schedule
Supervisor of Elections Special Revenue
For the Year Ended September 30, 2012

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 25,250	\$ 25,250
Total revenues	<u>-</u>	<u>25,250</u>	<u>25,250</u>
EXPENDITURES			
General government	-	35,425	(35,425)
Total expenditures	<u>-</u>	<u>35,425</u>	<u>(35,425)</u>
Excess of revenues under expenditures	-	(10,175)	(10,175)
OTHER FINANCING SOURCES			
Transfers in	-	2,431	2,431
Total other financing sources	<u>-</u>	<u>2,431</u>	<u>2,431</u>
Net change in fund balances	-	(7,744)	(7,744)
Fund balances at beginning of year	<u>-</u>	<u>7,744</u>	<u>7,744</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Indian River County, Florida
Budgetary Comparison Schedule
Street Lighting Districts
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 3,172	\$ 3,172
Permits, fees and special assessments	173,876	179,193	5,317
Interest	1,084	1,712	628
Miscellaneous	3,205	2,440	(765)
Total revenues	<u>178,165</u>	<u>186,517</u>	<u>8,352</u>
EXPENDITURES			
Transportation	<u>227,496</u>	<u>189,032</u>	<u>38,464</u>
Total expenditures	<u>227,496</u>	<u>189,032</u>	<u>38,464</u>
Excess of revenues over (under) expenditures	(49,331)	(2,515)	46,816
OTHER FINANCING USES			
Transfers out	<u>(6,227)</u>	<u>(5,060)</u>	<u>1,167</u>
Total other financing uses	<u>(6,227)</u>	<u>(5,060)</u>	<u>1,167</u>
Net change in fund balances	(55,558)	(7,575)	47,983
Fund balances at beginning of year	<u>55,558</u>	<u>495,636</u>	<u>440,078</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>488,061</u>	\$ <u>488,061</u>

Indian River County, Florida
Budgetary Comparison Schedule
CDBG NSP3 Grant
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,489,319	\$ 129,519	\$ (1,359,800)
Interest	-	23	23
Miscellaneous	51,258	51,258	-
Total revenues	<u>1,540,577</u>	<u>180,800</u>	<u>(1,359,777)</u>
EXPENDITURES			
Economic environment	1,540,577	140,557	1,400,020
Total expenditures	<u>1,540,577</u>	<u>140,557</u>	<u>1,400,020</u>
Net change in fund balances	-	40,243	40,243
Fund balances at beginning of year	<u>-</u>	<u>(11,108)</u>	<u>(11,108)</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>29,135</u></u>	\$ <u><u>29,135</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Spring Training Facility Bonds
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 338,834	\$ 401,230	\$ 62,396
Intergovernmental	892,939	941,401	48,462
Interest	6,650	4,692	(1,958)
Total revenues	<u>1,238,423</u>	<u>1,347,323</u>	<u>108,900</u>
EXPENDITURES			
Debt service:			
Principal	630,000	630,000	-
Interest	608,423	593,423	15,000
Total expenditures	<u>1,238,423</u>	<u>1,223,423</u>	<u>15,000</u>
Net change in fund balances	-	123,900	123,900
Fund balances at beginning of year	<u>-</u>	<u>1,634,173</u>	<u>1,634,173</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,758,073</u>	<u>\$ 1,758,073</u>

Indian River County, Florida
Budgetary Comparison Schedule
Land Acquisition Bonds
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 5,488,937	\$ 5,574,183	\$ 85,246
Interest	17,100	9,866	(7,234)
Total revenues	<u>5,506,037</u>	<u>5,584,049</u>	<u>78,012</u>
EXPENDITURES			
Debt service:			
Principal	7,430,000	7,430,000	-
Interest	1,856,830	1,832,660	24,170
Total expenditures	<u>9,286,830</u>	<u>9,262,660</u>	<u>24,170</u>
Excess of revenues over (under) expenditures	(3,780,793)	(3,678,611)	102,182
OTHER FINANCING SOURCES (USES)			
Transfers in	3,050,000	3,050,000	-
Transfers out	(155,407)	(112,630)	42,777
Total other financing uses	<u>2,894,593</u>	<u>2,937,370</u>	<u>42,777</u>
Net change in fund balances	(886,200)	(741,241)	144,959
Fund balances at beginning of year	<u>886,200</u>	<u>1,743,781</u>	<u>857,581</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,002,540</u>	\$ <u>1,002,540</u>

Indian River County, Florida
Budgetary Comparison Schedule
Optional Sales Tax
For the Year Ended September 30, 2012

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 12,349,349	\$ 13,708,911	\$ 1,359,562
Permits, fees and special assessments	-	22,353	22,353
Intergovernmental	6,858,149	261,342	(6,596,807)
Interest	118,750	111,762	(6,988)
Miscellaneous	2,386,000	223,465	(2,162,535)
Total revenues	<u>21,712,248</u>	<u>14,327,833</u>	<u>(7,384,415)</u>
EXPENDITURES			
Capital projects	<u>32,629,242</u>	<u>8,108,370</u>	<u>24,520,872</u>
Total expenditures	<u>32,629,242</u>	<u>8,108,370</u>	<u>24,520,872</u>
Net change in fund balances	(10,916,994)	6,219,463	17,136,457
Fund balances at beginning of year	<u>10,916,994</u>	<u>44,263,331</u>	<u>33,346,337</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>50,482,794</u>	\$ <u>50,482,794</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 Position
Internal Service Funds
September 30, 2012

	Fleet Management	Self Insurance	Geographic Information Systems	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 257	\$ 29,813,294	\$ 2,153,944	\$ 31,967,495
Accounts receivable - net	90,499	1,477,836	-	1,568,335
Due from other governments	123,851	3,113	-	126,964
Interest receivable	-	14,826	1,088	15,914
Inventories	218,196	-	-	218,196
Prepaid items	-	1,144,903	32,535	1,177,438
Total current assets	<u>432,803</u>	<u>32,453,972</u>	<u>2,187,567</u>	<u>35,074,342</u>
Non-current assets:				
Capital assets - depreciable	279,125	16,901	823,908	1,119,934
Accumulated depreciation	(204,414)	(16,901)	(546,528)	(767,843)
Total non-current assets	<u>74,711</u>	<u>-</u>	<u>277,380</u>	<u>352,091</u>
Total assets	<u>507,514</u>	<u>32,453,972</u>	<u>2,464,947</u>	<u>35,426,433</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	167,674	33,322	1,896	202,892
Claims payable	-	2,197,855	-	2,197,855
Due to other funds	225,000	-	-	225,000
Accrued compensated absences	14,706	11,046	7,253	33,005
Total current liabilities (payable from current assets)	<u>407,380</u>	<u>2,242,223</u>	<u>9,149</u>	<u>2,658,752</u>
Non-current liabilities:				
Claims payable	-	5,876,145	-	5,876,145
Accrued compensated absences	-	4,686	7,279	11,965
Total non-current liabilities	<u>-</u>	<u>5,880,831</u>	<u>7,279</u>	<u>5,888,110</u>
Total liabilities	<u>407,380</u>	<u>8,123,054</u>	<u>16,428</u>	<u>8,546,862</u>
NET POSITION				
Net investment in capital assets	74,711	-	277,380	352,091
Unrestricted	25,423	24,330,918	2,171,139	26,527,480
Total net position	<u>\$ 100,134</u>	<u>\$ 24,330,918</u>	<u>\$ 2,448,519</u>	<u>\$ 26,879,571</u>

Indian River County, Florida
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2012

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Geographic Information Systems</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 3,802,280	\$ 17,434,016	\$ 327,254	\$ 21,563,550
Total revenues	<u>3,802,280</u>	<u>17,434,016</u>	<u>327,254</u>	<u>21,563,550</u>
OPERATING EXPENSES				
Personal services	444,851	1,762,663	264,287	2,471,801
Material, supplies, services and other operating	3,343,965	14,721,721	77,728	18,143,414
Depreciation	<u>34,817</u>	<u>-</u>	<u>120,390</u>	<u>155,207</u>
Total operating expenses	<u>3,823,633</u>	<u>16,484,384</u>	<u>462,405</u>	<u>20,770,422</u>
Operating income (loss)	(21,353)	949,632	(135,151)	793,128
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	91,683	6,363	98,046
Gain on disposal of equipment	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>1,250</u>
Total nonoperating revenues	<u>1,250</u>	<u>91,683</u>	<u>6,363</u>	<u>99,296</u>
Income (loss) before transfers	(20,103)	1,041,315	(128,788)	892,424
Transfers in	<u>-</u>	<u>35,438</u>	<u>-</u>	<u>35,438</u>
Change in net position	(20,103)	1,076,753	(128,788)	927,862
Total net position - beginning	<u>120,237</u>	<u>23,254,165</u>	<u>2,577,307</u>	<u>25,951,709</u>
Total net position - ending	<u>\$ 100,134</u>	<u>\$ 24,330,918</u>	<u>\$ 2,448,519</u>	<u>\$ 26,879,571</u>

Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2012

	Fleet Management	Self Insurance	Geographic Information Systems	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,763,437	\$ 17,454,663	\$ 327,254	\$ 21,545,354
Cash paid to suppliers for goods and services	(3,335,745)	(14,655,076)	(118,449)	(18,109,270)
Cash paid to employees for services	(459,052)	(1,748,921)	(262,659)	(2,470,632)
Net cash provided by (used in) operating activities	<u>(31,360)</u>	<u>1,050,666</u>	<u>(53,854)</u>	<u>965,452</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	-	35,438	-	35,438
Proceeds from advances from other funds	35,000	-	-	35,000
Net cash provided by noncapital financing activities	<u>35,000</u>	<u>35,438</u>	<u>-</u>	<u>70,438</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	1,250	-	-	1,250
Purchase of capital assets	(5,122)	-	(96,641)	(101,763)
Net cash provided by (used in) capital and related financing activities	<u>(3,872)</u>	<u>-</u>	<u>(96,641)</u>	<u>(100,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	-	98,497	7,027	105,524
Net cash provided by investing activities	<u>-</u>	<u>98,497</u>	<u>7,027</u>	<u>105,524</u>
Net increase (decrease) in cash and cash equivalents	(232)	1,184,601	(143,468)	1,040,901
Cash and cash equivalents at beginning of year	<u>489</u>	<u>28,628,693</u>	<u>2,297,412</u>	<u>30,926,594</u>
Cash and cash equivalents at end of year	<u>\$ 257</u>	<u>\$ 29,813,294</u>	<u>\$ 2,153,944</u>	<u>\$ 31,967,495</u>
Classified as:				
Current assets	<u>\$ 257</u>	<u>\$ 29,813,294</u>	<u>\$ 2,153,944</u>	<u>\$ 31,967,495</u>

Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2012

	<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)	\$ (21,353)	\$ 949,632	\$ (135,151)	\$ 793,128
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	34,817	-	120,390	155,207
(Increase) Decrease in assets:				
Accounts receivable	(27,519)	23,760	-	(3,759)
Due from other governments	(11,324)	(3,113)	-	(14,437)
Inventories	(8,529)	-	-	(8,529)
Deposits	-	(134,429)	(7,339)	(141,768)
Increase (Decrease) in liabilities:				
Accounts payable	16,749	4,074	(33,382)	(12,559)
Claims payable	-	197,000	-	197,000
Accrued compensated absences	(14,201)	13,742	1,628	1,169
Total adjustments	(10,007)	101,034	81,297	172,324
Net cash provided by (used in) operating activities	\$ (31,360)	\$ 1,050,666	\$ (53,854)	\$ 965,452
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in fair value of investments	\$ -	\$ (12,613)	\$ (926)	\$ (13,539)



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, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
ASSETS				
Cash and cash equivalents	\$ 12,571,159	\$ 348,629,283	\$ 349,649,883	\$ 11,550,559
Investments	77,521	24,909	22,437	79,993
Accounts receivable	697	2,615	3,312	-
Total assets	<u>\$ 12,649,377</u>	<u>\$ 348,656,807</u>	<u>\$ 349,675,632</u>	<u>\$ 11,630,552</u>
LIABILITIES				
Accounts payable	\$ 821,359	\$ 52,860,563	\$ 53,043,958	\$ 637,964
Due to other governments	4,939,915	315,657,815	315,483,319	5,114,411
Other deposits held in escrow	6,888,103	23,384,277	24,394,203	5,878,177
Total liabilities	<u>\$ 12,649,377</u>	<u>\$ 391,902,655</u>	<u>\$ 392,921,480</u>	<u>\$ 11,630,552</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.	162-172
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.	173-177
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.	178-186
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.	187-188
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.	190-201
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.	202-207

Sources:

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

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

	2003	2004	2005	2006
Governmental activities				
Net investment in capital assets	\$ 227,795,289	\$ 242,057,257	\$ 264,193,976	\$ 278,213,361
Restricted	112,083,712	128,024,220	150,019,583	158,046,966
Unrestricted	<u>20,389,245</u>	<u>22,697,741</u>	<u>60,737,524</u>	<u>121,561,389</u>
Total governmental activities net position	<u>\$ 360,268,246</u>	<u>\$ 392,779,218</u>	<u>\$ 474,951,083</u>	<u>\$ 557,821,716</u>
Business-type activities				
Net investment in capital assets	\$ 113,354,198	\$ 122,280,348	\$ 134,402,945	\$ 152,168,135
Restricted	42,971,494	57,825,011	81,084,337	89,071,967
Unrestricted	<u>47,079,296</u>	<u>44,084,834</u>	<u>52,553,913</u>	<u>53,751,547</u>
Total business-type activities net position	<u>\$ 203,404,988</u>	<u>\$ 224,190,193</u>	<u>\$ 268,041,195</u>	<u>\$ 294,991,649</u>
Primary government				
Net investment in capital assets	\$ 341,149,487	\$ 364,337,605	\$ 398,596,921	\$ 430,381,496
Restricted	155,055,206	185,849,231	231,103,920	247,118,933
Unrestricted	<u>67,468,541</u>	<u>66,782,575</u>	<u>113,291,437</u>	<u>175,312,936</u>
Total primary government net position	<u>\$ 563,673,234</u>	<u>\$ 616,969,411</u>	<u>\$ 742,992,278</u>	<u>\$ 852,813,365</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 position.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 374,501,758 (A)	\$ 445,541,175	\$ 461,709,848	\$ 480,243,738	\$ 492,300,301	\$ 509,076,923
173,236,941 (B)	163,119,085	158,306,364	132,928,838	125,452,516	121,189,228
<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>76,523,757</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>	<u>\$ 706,789,908</u>
\$ 174,540,682	\$ 206,069,196	\$ 223,273,040	\$ 223,375,337	\$ 217,876,742	\$ 211,631,529
83,840,471	75,814,407	51,021,928	27,898,292	24,230,101	17,941,773
<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>70,286,599</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>	<u>\$ 299,859,901</u>
\$ 549,042,440	\$ 651,610,371	\$ 684,982,888	\$ 703,619,075	\$ 710,177,043	\$ 720,708,452
257,077,412	238,933,492	209,328,292	160,827,130	149,682,617	139,131,001
<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>146,810,356</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>	<u>\$ 1,006,649,809</u>

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

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 20,323,241	\$ 23,287,533 (C)	\$ 18,165,441	\$ 14,642,124
Public safety	46,409,761	54,052,726 (C)	54,271,542	58,578,985
Physical environment	791,383	1,039,550	2,850,738	8,490,570 (E)
Transportation	16,264,468	21,335,262 (C)	21,726,741	22,011,006
Economic environment	587,227	639,826	696,448	1,077,731
Human service	6,165,603	7,664,422 (C)	7,385,726	12,270,899 (F)
Cultural/recreation	8,711,251	9,616,323 (C)	10,775,291	11,546,217
Court related	6,144,728	6,221,983	5,704,361	6,014,793
Interest on long-term debt	1,549,957	1,313,340	1,246,237	2,315,372 (G)
Total governmental activities expenses	106,947,619	125,170,965	122,822,525	136,947,697
Business-type activities:				
Water and sewer	25,015,125	26,907,959	30,260,577	33,387,825
Solid waste	8,589,141	14,103,641 (C)	19,156,896 (C)	11,558,323
Golf course	2,842,907	2,806,115	2,939,321	3,058,307
Other	2,033,754	2,532,617	3,768,301	4,202,588
Total business-type activities expenses	38,480,927	46,350,332	56,125,095	52,207,043
Total primary government expenses	\$ 145,428,546	\$ 171,521,297	\$ 178,947,620	\$ 189,154,740
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 6,513,557	\$ 7,593,486	\$ 8,779,557	\$ 10,437,774
Public safety	4,288,357	3,927,664	4,712,594	7,151,354
Physical environment	29,260	92,354	631,456	854,219
Transportation	5,584,999	11,182,015	37,384,003 (D)	16,619,853
Human service	302,998	604,379	821,811	754,916
Cultural/recreation	776,829	813,827	800,555	5,480,612
Court related	1,458,688	1,449,771	2,294,908	2,466,882
Operating grants and contributions	5,175,499	9,270,478	16,310,024 (C)	13,420,891
Capital grants and contributions	19,908,254 (A)	11,784,511 (C)	6,069,586	13,081,116
Total governmental activities program revenues	44,038,441	46,718,485	77,804,494	70,267,617
Business-type activities:				
Charges for services:				
Water and sewer	21,210,935	22,984,883	25,579,512	28,029,062
Solid waste	10,187,432	11,160,368	16,874,618	13,741,864
Golf course	3,112,087	3,099,287	3,247,815	3,306,424
Other	2,432,420	3,202,380	4,535,869	4,746,668
Operating grants and contributions	271,662	5,760,512	8,518,757	1,235,413
Capital grants and contributions	19,796,906 (B)	19,138,278 (B)	38,112,182 (B)	26,781,118 (B)
Total business-type activities program revenues	57,011,442	65,345,708	96,868,753	77,840,549
Total primary government program revenues	\$ 101,049,883	\$ 112,064,193	\$ 174,673,247	\$ 148,108,166

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).
 (Q) Received Neighborhood Stabilization Grant of \$2.6 million.
 (R) Contribution of \$4.2 million for Sector 3 beach renourishment from Sebastian Inlet District.

2007	2008	2009	2010	2011	2012
\$ 15,506,424	\$ 7,416,850	\$ 25,837,007	\$ 23,506,576	\$ 21,324,680	\$ 19,069,181
42,050,455 (J)	70,973,212 (K)	71,221,082	68,235,492	67,393,943	66,456,674
34,998,512 (E)	27,974,837	813,580	1,405,690	1,353,074	2,424,109
26,173,989	25,742,974	23,711,653	20,861,672	22,300,819	23,629,799
950,024	4,583,763 (L)	661,897	2,525,988	2,056,453	1,986,091
13,925,599	12,590,578	8,453,562	7,370,995	7,762,962	7,749,253
31,196,252 (H)	9,510,029	24,559,117 (O)	16,009,122	16,484,242	18,089,432
6,870,466	7,265,471	6,765,203	6,251,773	5,774,032	5,635,245
3,220,907 (G)	2,764,803	2,906,802	2,714,422	2,526,114	2,350,241
<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>	<u>147,390,025</u>
37,518,226	41,354,025 (M)	37,523,097	34,748,276	33,818,640	34,246,967
10,331,431	11,355,697	10,407,437	10,683,984	10,370,476	10,659,004
3,084,837	2,775,497	2,937,141	2,715,607	2,537,665	2,451,603
3,703,658	3,010,668	2,168,894	1,858,420	1,623,862	1,487,515
<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>48,845,089</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>	<u>\$ 196,235,114</u>
\$ 7,957,770	\$ 6,943,354	\$ 6,028,321	\$ 5,889,678	\$ 5,845,567	\$ 5,304,385
5,728,644	5,754,082	5,884,118	5,267,209	6,076,085	5,852,093
1,447,553	972,865	636,219	21,006	24,204	20,923
5,618,055	5,478,734	2,157,456 (P)	1,514,132 (P)	2,090,194	2,345,186
545,305	331,856	204,299	295,812	346,689	358,279
2,425,679	1,730,471	1,322,785	1,328,225	1,340,550	1,397,660
2,800,680	2,971,093	2,375,430	545,967	501,980	414,356
25,561,608 (I)	15,227,659	11,077,388	15,772,265 (Q)	7,926,832	8,230,411
13,441,915	29,165,641 (N)	15,032,731	7,016,429 (R)	1,937,488	7,053,494
<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>	<u>30,976,787</u>
27,541,849	27,876,971	26,957,649	27,738,920	27,842,092	28,361,246
11,946,566	10,758,812	9,713,883	8,972,136	9,221,396	9,582,955
3,374,772	3,313,994	3,279,135	3,148,029	3,163,062	3,216,471
3,250,585	2,726,888	1,572,693	1,612,870	1,588,934	1,735,713
72,828	217,751	1,194,994	-	-	-
<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>2,545,759</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>45,442,144</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>	<u>\$ 76,418,931</u>

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

	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental activities	\$ (62,909,178)	\$ (78,452,480) (A)	\$ (45,018,031)	\$ (66,680,080)
Business-type activities	<u>18,530,515 (B)</u>	<u>18,995,376 (B)</u>	<u>40,743,658 (B)</u>	<u>25,633,506</u>
Total primary government net expenses	<u>\$ (44,378,663)</u>	<u>\$ (59,457,104)</u>	<u>\$ (4,274,373)</u>	<u>\$ (41,046,574)</u>
<u>General Revenues and Other Changes in Net Position</u>				
Governmental activities:				
Property taxes, levied for general purposes	\$ 60,139,514	\$ 67,701,525	\$ 71,698,850	\$ 82,448,807 (C)
Property taxes, levied for debt service	2,595,265	2,427,908	2,480,497	2,465,462
Sales and use taxes	17,162,979	18,825,771	21,892,558	21,855,885
Franchise fees	6,222,326	6,720,166	7,941,020	9,318,394
State shared revenues	10,605,656	11,608,557	14,022,896	13,043,670
Insurance recoveries	-	-	3,666,960	1,104,116
Interest earnings	2,787,928	2,536,347	4,444,772	12,163,993
Miscellaneous	1,761,754	1,336,789	1,235,708	2,089,540
Transfers	<u>(157,870)</u>	<u>(193,611)</u>	<u>(193,365)</u>	<u>5,060,846 (D)</u>
Total governmental activities	<u>101,117,552</u>	<u>110,963,452</u>	<u>127,189,896</u>	<u>149,550,713</u>
Business-type activities:				
State shared revenues	-	-	-	-
Interest earnings	2,332,013	1,590,203	2,861,308	6,335,240
Miscellaneous	63,367	6,015	52,671	42,554
Transfers	<u>157,870</u>	<u>193,611</u>	<u>193,365</u>	<u>(5,060,846) (D)</u>
Total business-type activities	<u>2,553,250</u>	<u>1,789,829</u>	<u>3,107,344</u>	<u>1,316,948</u>
Total primary government	<u>\$ 103,670,802</u>	<u>\$ 112,753,281</u>	<u>\$ 130,297,240</u>	<u>\$ 150,867,661</u>
<u>Change in Net Position</u>				
Governmental activities	\$ 38,208,374	\$ 32,510,972	\$ 82,171,865	\$ 82,870,633
Business-type activities	<u>21,083,765</u>	<u>20,785,205</u>	<u>43,851,002</u>	<u>26,950,454</u>
Total primary government change in net position	<u>\$ 59,292,139</u>	<u>\$ 53,296,177</u>	<u>\$ 126,022,867</u>	<u>\$ 109,821,087</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ (109,365,419)	\$ (100,246,762)	\$ (120,211,156)	\$ (111,231,007)	\$ (120,886,730)	\$ (116,413,238)
<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>(3,402,945)</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>	\$ <u>(119,816,183)</u>
\$ 92,592,309	\$ 92,483,561	\$ 87,265,989	\$ 78,670,463	\$ 69,856,750	\$ 64,753,566
7,094,485	7,343,180	7,131,231	5,933,535	5,600,767	5,574,183
20,738,502	20,088,899	19,292,179	19,022,728	19,261,033	20,144,820
9,732,773	9,443,399	9,670,169	9,254,621	8,730,861	8,620,401
12,368,421	11,596,227	11,227,450	17,487,653	17,328,867	17,908,806
-	-	-	-	-	-
16,004,890	10,347,019	5,747,573	2,079,873	1,299,894	668,012
1,583,343	2,170,033	2,018,901	2,061,415	3,082,481	3,079,701
<u>(106,295)</u>	<u>2,051,555</u>	<u>(7,452,905)</u>	<u>(25,965)</u>	<u>(643,144)</u>	<u>(32,957)</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>	<u>120,716,532</u>
-	-	417,500	-	-	-
9,209,517	5,553,239	3,685,805	1,173,512	723,870	600,116
134,656	85,374	7,893	70,181	562,651 (E)	8,400
<u>106,295</u>	<u>(2,051,555)</u>	<u>7,452,905</u>	<u>25,965</u>	<u>643,144</u>	<u>32,957</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>641,473</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>	\$ <u>121,358,005</u>
\$ 50,643,009	\$ 55,277,111	\$ 14,689,431	\$ 23,253,316	\$ 3,630,779	\$ 4,303,294
<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>(2,761,472)</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>	\$ <u>1,541,822</u>

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

	2003	2004	2005	2006
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>20,104,115</u>	<u>20,623,340</u>	<u>30,152,425</u>	<u>45,300,882</u>
Total general fund	<u>\$ 20,104,115</u>	<u>\$ 20,623,340</u>	<u>\$ 30,152,425</u>	<u>\$ 45,300,882</u>
All other governmental funds				
Reserved	\$ 40,667,031	\$ 47,458,489	\$ 50,257,972	\$ 38,075,117
Unreserved, reported in:				
Special revenue funds	<u>69,317,385</u>	<u>74,344,120</u>	<u>115,822,479</u>	<u>183,318,603</u>
Total all other governmental funds	<u>\$ 109,984,416</u>	<u>\$ 121,802,609</u>	<u>\$ 166,080,451</u>	<u>\$ 221,393,720</u>
Total governmental funds	<u>\$ 130,088,531</u>	<u>\$ 142,425,949</u>	<u>\$ 196,232,876</u>	<u>\$ 266,694,602</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.

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 (A)</u>	<u>2011</u>	<u>2012</u>
\$ -	\$ 8,000,000	\$ 8,000,000	\$ N/A	\$ N/A	\$ N/A
<u>50,321,956</u>	<u>44,874,259</u>	<u>47,616,773</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>50,321,956</u>	\$ <u>52,874,259</u>	\$ <u>55,616,773</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ 23,047,708	\$ 49,667,320	\$ 53,252,040	\$ N/A	\$ N/A	\$ N/A
<u>149,564,925</u>	<u>96,950,614</u>	<u>91,600,421</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</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>N/A</u>
\$ <u>222,934,589</u>	\$ <u>199,492,193</u>	\$ <u>200,469,234</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
			\$ 162,760	\$ 363,619	\$ 311,241
			18,290	50,015	1,120,087
			21,757,565	21,041,045	2,374,790 (B)
			1,415,000	1,660,000	1,808,000
			<u>33,160,873</u>	<u>33,694,612</u>	<u>48,722,929 (B)</u>
			\$ <u>56,514,488</u>	\$ <u>56,809,291</u>	\$ <u>54,337,047</u>
			\$ 2,316,373	\$ 814,858	\$ 557,128
			130,175,284	125,082,370	116,379,943
			4,691,573	4,661,146	1,483,393
			9,471,022	10,013,457	11,288,602
			<u>(1,184,722)</u>	<u>(354,995)</u>	<u>(202,971)</u>
			\$ <u>145,469,530</u>	\$ <u>140,216,836</u>	\$ <u>129,506,095</u>
			\$ <u>201,984,018</u>	\$ <u>197,026,127</u>	\$ <u>183,843,142</u>

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

	2003	2004	2005	2006
Revenues				
Taxes	\$ 86,120,084	\$ 95,675,370	\$ 104,012,925	\$ 116,088,548
Permits, fees, and special assessments	5,499,533	11,788,168	38,043,246	26,285,557
Intergovernmental	35,213,140	26,588,303	35,973,818	38,261,489
Charges for services	13,683,108	14,282,587	18,151,546	18,204,600
Judgments, fines and forfeits	1,584,737	1,508,786	1,715,875	2,069,593
Interest	2,999,915	1,999,574	4,083,164	10,574,489
Miscellaneous	1,964,177	1,791,613	1,398,166	4,597,369
Total Revenues	147,064,694	153,634,401	203,378,740	216,081,645
Expenditures				
Current:				
General government	18,446,787	19,996,339	20,107,020	21,831,839
Public safety	47,565,048	55,792,130	57,045,359	65,975,870
Physical environment	17,613,489	1,751,551	2,989,117	8,955,262
Transportation	19,442,909	21,928,790	21,285,597	30,610,413
Economic environment	583,850	627,914	713,019	1,054,239
Human service	6,178,917	7,185,411	7,270,391	12,470,222
Culture/recreation	18,378,068	13,179,751	15,062,134	16,380,438
Court related	5,998,260	6,210,614	5,630,734	5,915,727
Debt service:				
Principal	2,881,492	2,394,142	2,239,663	2,615,659
Interest and fiscal charges	1,639,145	1,333,392	1,255,837	1,790,431
Capital outlay	12,228,005	10,994,900	15,779,577	37,848,475
Total Expenditures	150,955,970	141,394,934	149,378,448	205,448,575
Excess of revenues over (under) expenditures	(3,891,276)	12,239,467	54,000,292	10,633,070
Other Financing Sources (Uses)				
Debt issuance	7,800,000	-	-	49,996,735
Payments to escrow agent	(7,800,000)	-	-	-
Payments from capital leases	-	291,562	-	-
Transfers out	(157,870)	(193,611)	(193,365)	(236,067)
Transfers in	-	-	-	10,067,988
Total other financing sources (uses)	(157,870)	97,951	(193,365)	59,828,656
Net change in fund balances	\$ (4,049,146) \$	12,337,418 \$	53,806,927 \$	70,461,726
Debt service as a percentage of noncapital expenditures	4.4%	3.1%	3.0%	3.4%

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

	2007	2008	2009	2010	2011	2012
\$	130,158,069	\$ 119,915,640	\$ 113,689,399	\$ 103,626,726	\$ 94,718,550	\$ 90,472,569
	8,397,437	15,888,780	12,433,598	11,322,039	11,189,393	11,486,235
	54,252,074	49,065,955	34,305,682	37,687,574	30,453,182	29,759,832
	18,997,529	18,678,544	16,852,653	14,665,805	15,030,329	14,760,125
	2,403,093	2,137,413	1,792,517	852,012	936,995	739,275
	15,777,318	10,052,801	5,721,869	2,061,385	1,173,103	613,023
	3,495,610	2,449,035	2,489,532	2,383,493	4,175,614	5,237,426
	<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>	<u>153,068,485</u>
	24,815,255	25,323,595	22,566,113	20,894,116	19,271,196	20,477,898
	72,907,822	73,982,636	74,813,164	71,489,613	70,432,615	67,761,985
	34,324,331	28,111,033	910,213	1,131,173	1,371,734	1,751,623
	49,503,680	50,231,090	38,111,512	27,497,907	28,432,207	29,058,310
	968,227	4,579,574	653,547	2,520,339	2,099,698	2,021,184
	13,862,463	12,619,575	8,621,760	7,267,406	7,625,369	6,888,883
	23,751,173	21,068,267	15,450,688	18,453,642	14,706,194	13,808,303
	6,649,724	6,940,682	6,620,830	6,214,831	5,983,085	5,860,925
	4,870,876	5,069,591	5,120,000	5,315,000	4,270,000	8,060,000 (A)
	3,255,767	2,803,585	2,948,758	2,758,138	2,562,374	2,426,083
	42,489,997	11,617,867	10,435,212	7,487,068	5,825,287	8,108,370
	<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>	<u>166,223,564</u>
	(43,918,185)	(24,159,327)	1,033,453	1,569,801	(4,902,593)	(13,155,079)
	-	-	-	-	-	-
	-	-	-	-	-	-
	264,467	126,000	-	-	-	-
	(19,736,023)	(13,254,013)	(14,366,145)	(17,057,014)	(8,918,267)	(11,622,984)
	19,629,728	13,844,944	14,309,733	17,001,997	8,862,969	11,595,078
	<u>158,172</u>	<u>716,931</u>	<u>(56,412)</u>	<u>(55,017)</u>	<u>(55,298)</u>	<u>(27,906)</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>	<u>(13,182,985)</u>
	4.8%	5.0%	5.4%	5.6%	5.0%	7.6%

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

Schedule 5

<u>Fiscal Year</u>	<u>Property (A)</u>	<u>Sales & Use</u>	<u>Tourist</u>	<u>Franchise (B)</u>	<u>Gasoline</u>	<u>Other</u>	<u>Total</u>
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
2012	70,327,749	13,708,911	1,604,920	-	3,329,183	1,501,806	90,472,569

(A) The County 's primary source of revenue is property taxes, amounting to 78 percent of Governmental Funds tax revenues in 2012. 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 (Unaudited)
Last Ten Fiscal Years

Schedule 6

Fiscal Year	Real Property Actual Value	Personal Property Actual Value	Total Actual Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2012	17,291,910,945	644,205,795	17,936,116,740	4,731,112,173	13,205,004,567	4.1625

Source: Indian River County Property Appraiser; values are established as of January 1 of the previous calendar year, i.e., January 1, 2011 taxable values apply to the fiscal year ending September 30, 2012.

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

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

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

	2003	2004	2005	2006
<u>County direct rate</u>				
General fund	3.8729	3.8377	3.6233	3.5204
Municipal service	1.5984	1.6804	1.5330	1.3969
Total direct rate (A)	5.4713	5.5181	5.1563	4.9173
County-wide district school board rate	8.7320	8.7100	8.4990	8.2400
<u>Other County-wide rates</u>				
Emergency Management Services District	2.2750	2.1871	1.9836	1.9911
Land acquisition bond	0.2839	0.2344	0.2106	0.1789
Total other County-wide rates	2.5589	2.4215	2.1942	2.1700
Total County-wide rate (B)	16.7622	16.6496	15.8495	15.3273
<u>City rates</u>				
Fellsmere	5.7500	5.7500	5.7500	5.7500
Indian River Shores	1.4370	1.4730	1.4730	1.4730
Sebastian	4.5904	4.5904	4.5904	3.9325
Orchid	0.9354	0.8954	0.7508	0.6900
Vero Beach	2.1425	2.1425	2.1425	2.2925
Average of cities rates	2.9711	2.9703	2.9413	2.8276
Other special district rates	1.9008	2.1548	1.8923	1.6082

(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

2007	2008	2009	2010	2011	2012
3.1914	3.0202	3.0689	3.0892	3.0892	3.0892
1.1336	1.0835	1.0804	1.0774	1.0733	1.0733
4.3250	4.1037	4.1493	4.1666	4.1625	4.1625
7.4430	7.5380	7.0400	7.5960	8.2500	8.2440
1.7639	1.7201	1.7148	1.7148	1.7148	1.7148
0.4108	0.4082	0.4220	0.3879	0.4087	0.4364
2.1747	2.1283	2.1368	2.1027	2.1235	2.1512
13.9427	13.7700	13.3261	13.8653	14.5360	14.5577
5.7500	4.4301	4.4300	4.4300	4.4300	5.2455
1.4730	1.3923	1.3923	1.3923	1.4105	1.4731
3.0519	2.9917	3.3456	3.3456	3.3041	3.3041
0.4525	0.4494	0.4550	0.4550	0.4550	0.4550
2.1425	1.9367	1.9367	1.9367	1.9367	2.0336
2.5740	2.2400	2.3119	2.3119	2.3073	2.5023
1.4795	1.3817	1.5362	1.7515	1.7663	1.6856

Indian River County, Florida
Principal Property Taxpayers (Unaudited)
Year 2012 and Year 2003

Schedule 8

Taxpayer	2012			2003		
	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation
Florida Power & Light	\$ 91,641,112	1	0.69	\$ 61,098,500	2	0.64
Disney Vacation Dev. Inc.	72,277,441	2	0.55	69,069,073	1	0.73
Windsor Properties	41,937,736	3	0.32	50,376,579	4	0.53
Johns Island Club Inc.	39,861,626	4	0.30	30,849,571	7	0.32
BellSouth Telecomm Inc.	39,388,979	5	0.30	58,655,192	3	0.62
Adult Community Services Inc.	32,998,710	6	0.25	30,514,130	8	0.32
Sebastian Hospital Inc.	29,529,181	7	0.22			
I.R. Mall Associates Ltd.	26,761,350	8	0.20	47,574,020	5	0.50
Fellsmere Joint Venture	25,721,703	9	0.19			
Health Care REIT Inc	23,000,900	10	0.17			
The New Piper Aircraft	-		-	34,121,169	6	0.36
Horizon Outlet Center Ltd.	-		-	29,737,070	9	0.31
Wal-Mart Stores	-		-	28,577,908	10	0.30
Total Principal Property Taxpayers Real Property Assessed Valuation	\$ <u>423,118,738</u>		<u>3.20%</u>	\$ <u>440,573,212</u>		<u>4.64%</u>
Total County Taxable Valuation (from schedule 6)	\$ <u>13,205,004,567</u>			\$ <u>9,500,891,213</u>		

Source: Indian River County Property Appraiser

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

Schedule 9

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
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
2012	72,668,518	70,200,922	96.60	133,385	70,334,307	96.79

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

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

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

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 (Unaudited)
Last Ten Fiscal Years

Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds (A)	Capital Leases	Spring Training Facility Bonds 2001 Series	Recreational Revenue Bonds (B)	Capital Leases	Water & Sewer Bonds (C)
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
2012	32,385,000	-	11,075,000	2,120,000	-	43,770,000

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

The remaining balance of the 2001 issue was called early on July 1, 2012.

This information is also presented on Schedules 11 and 13.

(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 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>
\$ 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	1.62	788
101,035,000	1.43	728
89,350,000	(D)	644

Indian River County, Florida

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

Last Ten Fiscal Years

Schedule 11

Fiscal Year	Population (A)	Taxable Value (A)	Gross General Obligation Bonded Debt	Debt Service Monies Available (A)	Net Bonded Debt	Ratio Of Net Bonded Debt To Taxable Value	Net Bonded Debt Per Capita
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
2012	138,694	* 13,205,004,567	32,385,000	1,002,540	31,382,460	0.0024	226.2712

(A) Columns are provided as additional information for General Obligation Bonds (G.O.B.), Series 2001 and Limited G.O.B., Series 2006. The remaining balance of the 2001 issue was called early on July 1, 2012. Total taxable values are also presented in Schedule 6.

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

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

* 2012 population unchanged from 2011 due to data not available at time of printing

Indian River County, Florida
Computation of Legal Debt Margin (Unaudited)
September 30, 2012

Schedule 12

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

Indian River County, Florida
Direct and Overlapping Governmental Activities Debt (Unaudited)
September 30, 2012

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 Limited General Obligation Bonds, Series 2006	\$ 33,200,714	100	\$ 33,200,714
Total direct debt of County:			<u>33,200,714</u>
Indian River County School District General Obligation Bonds, 2002 Refunding	4,750,000 (A)	100	4,750,000
Other debt:			
Indian River County School District Certificates of Participation	127,629,571 (A)	100	127,629,571
Indian River County School District Capital Lease Payable	689,849 (A)	100	<u>689,849</u>
Total overlapping debt:			<u>133,069,420</u>
Total direct and overlapping debt:			<u>\$ 166,270,134</u>

(A) Indian River County School District, as of June 30, 2012

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



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

	2003	2004	2005	2006
<u>Uniform Charges</u>				
Water sales	\$ 10,108,045	\$ 11,037,623	\$ 12,146,416	\$ 13,336,623
Wastewater sales	8,940,200	9,439,597	10,437,091	11,634,181
Other	<u>1,314,453</u>	<u>1,426,112</u>	<u>1,685,502</u>	<u>1,744,486</u>
Total uniform charges	20,362,698	21,903,332	24,269,009	26,715,290
Septage/Sludge	348,320	278,897	269,575	332,329
Surcharges	243,342	234,746	242,451	244,166
Interest earnings	1,797,260	1,269,838	2,264,132	4,554,419
1989/1990 Special assessments	11,650	1,564	-	60,229
1996 Special assessments	<u>2,752,661</u>	<u>1,539,600</u>	<u>722,922</u>	<u>350,712</u>
Gross revenues	25,515,931	25,227,977	27,768,089	32,257,145
Less: Direct expenses	<u>10,723,548</u>	<u>12,507,398</u>	<u>12,853,872</u>	<u>14,270,414</u>
Net revenues available for debt service	\$ <u>14,792,383</u>	\$ <u>12,720,579</u>	\$ <u>14,914,217</u>	\$ <u>17,986,731</u>
Annual debt service				
Principal	\$ 1,765,000	\$ 1,855,000	\$ 2,020,000	\$ 2,390,000
Interest	<u>4,021,989</u>	<u>3,936,019</u>	<u>3,525,573</u>	<u>3,157,260</u>
Total debt service payment	\$ <u>5,786,989</u>	\$ <u>5,791,019</u>	\$ <u>5,545,573</u>	\$ <u>5,547,260</u>
Debt service coverage	2.56x	2.20x	2.69x	3.24x

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.

	2007	2008	2009	2010	2011	2012
\$	13,529,341	\$ 13,435,398	\$ 13,001,743	\$ 13,570,657	\$ 13,565,766	\$ 13,621,878
	12,003,677	12,128,706	11,954,333	12,375,346	12,203,750	12,515,394
	<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>	<u>1,727,411</u>
	26,919,216	27,024,247	26,241,681	27,376,969	27,409,501	27,864,683
	290,955	256,785	294,459	302,187	314,969	373,616
	243,919	245,343	244,619	245,011	245,245	246,298
	6,576,873	3,650,480	2,110,031	686,776	491,260	315,377
	21,138	112	413	438	8,718	-
	<u>268,883</u>	<u>220,754</u>	<u>184,272</u>	<u>151,316</u>	<u>93,513</u>	<u>75,037</u>
	34,320,984	31,397,721	29,075,475	28,762,697	28,563,206	28,875,011
	<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>15,657,085</u>
\$	<u>18,094,333</u>	<u>14,250,277</u>	<u>12,018,202</u>	<u>12,755,642</u>	<u>13,158,703</u>	<u>13,217,926</u>
\$	2,505,000	\$ 2,620,000	\$ 2,745,000	\$ 2,870,000	\$ 2,990,000	\$ 3,090,000
	<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>2,193,450</u>
\$	<u>5,546,150</u>	<u>5,542,950</u>	<u>4,792,513</u>	<u>5,380,910</u>	<u>5,314,525</u>	<u>5,283,450</u>
	3.26x	2.57x	2.51x	2.37x	2.48x	2.50x

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

Schedule 15

Golf Course Operations													
Fiscal Year	Revenues		Less: Expenses		Net Available		Debt Service Requirements						
	Gross (A)		Operating (B)		Revenues		Principal	Interest (C)	Total	Coverage			
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		3,170,572		2,246,881		923,691		520,000		126,302		646,302	1.43
2012		3,220,559		2,180,964		1,039,595		535,000		109,301		644,301	1.61

(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.

(C) Effective 1/1/11, interest expense includes 3% interest paid on an interfund loan for the purchase of golf carts.

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 (Unaudited)
Last Ten Years

Schedule 16

Year	Population (A)		Total Personal Income (B)		Per Capita Personal Income (B)	Unemployment Rate (C)
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		47,689	15.2
2010	138,028		6,737,286,000		48,726	15.2
2011	138,694		7,080,348,000		50,977	13.7
2012	138,694	*	(D)		(D)	11.3

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

* 2012 population unchanged from 2011 due to data not available at time of printing

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

Indian River County, Florida
Principal Employers (Unaudited)
Year 2012 and Nine Years Ago

Schedule 17

Employer	2012	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	2,013	3.55
Indian River County *	1,354	2.39
Indian River Medical Center	1,608	2.83
Publix Supermarkets	1,006	1.77
Piper Aircraft Inc.	700	1.23
Sebastian River Medical Center	569	1.00
John's Island	550	0.97
City of Vero Beach	492	0.87
Visiting Nurse Association	399	0.70
Indian River Estates	350	0.62
Total	9,041	15.93%
Total County Employees	56,732	

Employer	2003	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	1,940	3.81
Indian River Memorial Hospital	1,451	2.85
Indian River County*	1,372	2.70
The New Piper Aircraft	1,000	1.96
Publix Supermarkets	715	1.40
City of Vero Beach	681	1.34
Wal-Mart	672	1.32
Hale Groves	500	0.98
John's Island	475	0.93
Gracewood Fruit	465	0.91
Total	9,271	18.20%
Total County Employees	50,904	

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 (Unaudited)
Last Ten Fiscal Years

	Indian River County					Munici-			
Fiscal Year	# of Permits		New Construction	# of Permits		Additions & Alterations	# of Permits		New Construction
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
2012	421		95,703,031	2,591		25,060,272	150		37,380,374

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
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
3,271	43,011,051	571	133,083,405	5,862	68,071,323

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

Function/Program	2003	2004	2005	2006
General Government				
Purchasing	2,563	2,800	2,554	2,734
Purchase orders issued				
Probation	731	N/A	N/A	N/A
New cases received				
Public Safety				
Fire rescue				
Vehicle rescue response	10,700	11,467	10,602	6,880
Fire code inspections	2,497	2,514	2,215	2,420
Advanced life support calls	6,697	7,222	5,623	10,728
Basic life support calls (transport only)	4,090	4,340	4,606	11,105
Sheriff				
Arrests	4,181	4,979	5,172	5,211
Violent crimes	290	359	300	652
Non-violent crimes	2,979	2,805	3,930	3,462
Total calls for service	149,202	130,847	122,893	131,489
Building department				
Construction permits issued	2,084	3,889	4,770	3,760
Estimated value of construction (millions)	\$ 386.5	\$ 642.0	\$ 704.0	\$ 754.8
Physical Environment				
Solid waste				
Waste stream tonnage received	277,622	349,538	529,238	380,109
Total recycled material (tons)	81,006	72,568	129,869	70,919
Utilities - water & sewer				
Number of water customers	27,849	33,793	34,867	43,477
Number of wastewater customers	17,293	19,786	20,237	25,943
Water ERUs	44,420	46,254	53,032	54,070
Wastewater ERUs	32,432	33,250	38,387	41,351
Water consumption (Average Daily Demand)	7,586,000	7,660,000	7,780,000	8,370,000

(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.

2007	2008	2009	2010	2011	2012
2,753	2,520	2,463	1,970	1,805	1,852
N/A	N/A	N/A	N/A	N/A	N/A
32,488 (A)	33,845	34,480	34,529	37,550	39,316
2,593	3,527	5,917	2,358	2,239	1,874
7,537	5,862	9,085	9,751	10,935	10,904
3,643	5,759	3,486	3,269	3,077	3,406
5,012	5,620	4,331	5,065	4,464	3,144
338	353	340	310	394	107
6,192	6,383	6,099	5,719	6,058	6,063
126,490	129,389	138,998	154,480	162,944	176,170
1,404	857	442	394	416	421
\$ 280.1	\$ 222.2	\$ 97.7	\$ 83.0	\$ 96.3	\$ 95.7
295,977	239,296	207,344	201,561	180,434	205,355
57,247	42,088	40,931	45,298	30,424	53,255
41,101	42,000	42,972	43,723	44,254	44,571
24,666	25,000	25,192	25,205	25,465	25,773
61,494	61,558	63,147	64,146	64,391	64,820
45,396	45,785	45,319	45,427	45,863	46,107
8,790,000	8,603,000	8,700,000	8,225,000	8,198,000	7,798,000

Continued

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

Function/Program	2003	2004	2005	2006
Transportation				
Public works				
Projects under design	8	3	4	5
Projects awarded for construction	2	3	0	4
Construction projects completed	3	5	0	4
County engineering				
Roads designed	12	12	6	11
Miles of roads designed	6.40	6.50	1.71	6.50
Traffic engineering				
Site plans reviewed	1,053	1,103	1,274	1,135
Culture/Recreation				
Library				
Circulation (County-wide)	1,012,852	1,012,241	1,079,206	1,140,904
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	101,182	95,711	89,000	93,088
Shooting range				
Safety/Registration cards issued	4,929	4,616	3,718	6,036
Golf course				
Rounds played	108,684	106,871	97,465	107,048
Court Related				
Law library				
Circulation	21,172	25,627	26,481	26,255

2007	2008	2009	2010	2011	2012
5	6	29	13	26	19
5	5	5	7	7	10
5	5	12	6	8	8
7	8	5	6	4	4
3.50	6.00	5.00	6.00	1.00	8.00
520	332	423	271	218	290
1,188,366	1,250,075	1,314,372	1,403,367	1,362,857	1,277,253
N/A	415,051	437,302	467,434	449,213	420,609
N/A	8,673	14,730	23,750	24,112	23,979
90,503	90,475	89,787	87,107	98,515	97,965
6,784	6,784	9,050	6,471	8,176	8,302
100,539	104,716	101,810	96,593	94,713	96,723
24,759	21,107	18,512	13,079	9,168	9,428

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

	2003	2004	2005	2006
General Government				
Board of County Commissioners	10	10	10	10
County Attorney	6	6	6	6
Administration	3	3	3	3
Financial/Administrative Service	23.5	23.5	23.5	24.5
Comprehensive Planning	19	20	23	23
Other	50	46	42	50
Clerk of Circuit Court	104.5	106	108	113
Property Appraiser	47	47	47	49
Supervisor of Elections	10	11.5	11.5	11.5
Tax Collector	35	40	40	40
Public Safety				
Fire Department	142.5	142.5	144.5	233
Advanced Life Support	82	82	82	- (A)
Sheriff - Corrections	121	128	130	200
Sheriff - Court Service	37.5	25.5	25.5	26
Sheriff - Law Enforcement	261	273	276	276
Building Department	23	29	45	49
Other	22	19.5	17.5	11
Physical Environment				
Solid Waste	54	54	53	53
Utilities - water and sewer	122	125	126	131
Other	8	8	11	13
Transportation				
Road and Bridges	98	99	100	103
County Engineering	28	29	33	39
Traffic Engineering	20	20	22	24
Real Estate Acquisition	0	0	0	0
Economic Environment	6	6	6	6
Human Services	14	15	15	17
Culture/Recreation				
Libraries	51	51	51	51
Parks	37	37	39	43
Recreation Department	54	55	56.5	56
Coastal Engineering	0	0	3	3
Shooting Range	6	6	6	6
Golf Course	26.5	22.5	22	21.5
Court Related				
Law Library	1	1	1	1
Total	1,522.5	1,541	1,579	1,692.5

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.

Totals include unfilled positions.

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

2007	2008	2009	2010	2011	2012
10	11	10	10	10	8.5
7	7	7	6	6	6
3	3	3	2.72	2.35	2.35
25.5	26.5	22.5	21.5	19.85	19.85
23	23	19	16	14.32	15
62	49	44.5	36.5	34	34.75
118	116	99.5	98.5	98	96
50	45	40	40	36	35
12	12	9.5	9.5	8	8.5
40	38	38	38	38	38
232	241	240	246	244	243
197	197	195	198	207	163
29.5	29.5	29.5	29.5	29.5	27.5
301	301	301	301	301	303
50	33	18	17	15	14
12	12	10	9	6.68	6
53	51	49	49	10	9
139	130	128	118	112.5	112.5
14	15	9	9	8	8
106	100	86.5	80	77	77.25
42	42	33	28	27	26
26	24	21	21	20	20
0	3	2	2.28	1	1
6	4.5	3.5	3.5	2.5	2.5
15	15	14.5	13	13	13
52.5	50	45.5	47.5	46.5	42
42	41	39	37	34	28
58.5	57.5	46	37.5	33.3	39.8
3	3	3	2	2	2
6	5.5	5.5	5.5	5	5
21.5	18	16.5	15.5	15.5	15
1	1	1	1	1	1
1,757.5	1,704.5	1,589.5	1,549	1,478	1,422.5

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

Function/Program	2003	2004	2005	2006
General Government				
Buildings and grounds				
Total square footage maintained	493,270	493,270	493,270	493,270
Number of facilities and sites maintained	42	43	43	43
Vehicles	13	17	18	18
General government				
Vehicles	23	27	32	36
Planning				
Vehicles	3	3	6	6
GIS				
Vehicles				
Public Safety				
Fire department				
Vehicles	35	41	43	49
Fire stations	11	11	11	11
Advanced life support				
Vehicles	19	21	25	24
E911 Center				
Vehicles				
Sheriff				
Vehicles	227	241	252	274
Building department				
Vehicles	13	16	27	29
Physical Environment				
Solid waste				
Vehicles	28	32	32	33
Telecommunications				
Vehicles				
Ag Extension				
Vehicles	1	2	2	2
Utilities - water and sewer				
Vehicles	62	74	84	90
Water treatment plants	2	2	2	2
Wastewater treatment facilities	7	7	7	7
Water main - miles	N/A	N/A	N/A	737
Force main - miles	N/A	N/A	N/A	188
Gravity sewer lines - miles	N/A	N/A	N/A	250
Transportation				
Road and bridge				
Miles maintained (paved & unpaved)	601	609	614	614
Bridges maintained	78	78	78	78
Vehicles	51	59	61	66

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

2007	2008	2009	2010	2011	2012
715,215	715,215	715,215	715,215	715,215	720,215
47	47	47	47	47	48
17	17	15	15	15	15
37	28	27	26	31	31
7	7	7	7	7	6
	1	1	1	1	1
54	53	54	51	51	51
11	11	11	12	12	12
21	20	20	17	18	18
	1	1	1	1	1
276	295	291	288	298	295
22	13	9	9	9	9
34	32	30	30	1	1
	1	1	1	1	1
2	2	2	1	1	1
86	82	82	81	81	85
2	2	2	2	2	2
6	6	6	6	6	6
769	780	819	845	839	843
217	240	230	226	229	223
259	261	262	269	271	270
617	625	628	636	636	638
78	78	78	78	78	78
68	65	65	64	67	67

Continued

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

Function/Program	2003	2004	2005	2006
Transportation - continued:				
Senior Resource Association				
Vehicles	9	10	20	22
Engineering				
Vehicles	8	9	9	11
Traffic engineering				
Traffic signals operated	114	119	122	125
Beacons operated	41	42	37	42
Vehicles	5	6	6	6
Traffic operations				
Vehicles	10	10	10	10
Human Services				
Health department				
Vehicles	14	14	17	16
Animal Control				
Vehicles	2	5	5	6
Rental Assistance				
Vehicles	2	2	3	3
Culture/Recreation				
Libraries				
Locations	2	2	2	2
Parks				
Number of neighborhood parks	12	12	12	12
Number of County parks	37	35	47	47
Acreage	3,869	3,857	3,994	4,004
Picnic shelters maintained	62	59	64	66
Boat ramps maintained	8	8	8	8
Vehicles	16	20	22	23
Recreation				
Vehicles	4	4	4	5
Shooting range				
Vehicles	1	1	1	0
Rifle range stations	29	29	29	0
Pistol range stations	35	35	35	35
Golf Course				
Holes maintained	36	36	36	36
Vehicles	1	2	2	2

2007	2008	2009	2010	2011	2012
25	23	25	32	34	34
12	17	16	16	16	13
132	133	133	137	137	137
42	41	48	48	53	46
3	5	3	1	1	1
16	16	15	16	18	18
16	16	16	15	15	17
7	7	7	7	7	7
2	2	2	2	2	2
2	2	2	3	3	3
12	12	12	12	12	12
47	47	47	47	47	47
4,014	4,014	4,014	4,014	4,014	4,014
69	69	69	69	69	69
8	8	8	8	8	8
25	24	25	24	25	24
5	5	5	5	5	5
1	1	1	1	1	1
29	29	29	29	29	29
35	35	35	35	35	35
36	36	36	36	36	36
2	2	2	2	2	2

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

Schedule 22

	Fiscal Years 2003-2012 *
<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 (Unaudited)
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 2003 through 2012 as set forth below:

<u>Fiscal Year</u>	<u>Water ERUs</u>	<u>Wastewater ERUs</u>
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
2012	64,820	46,107

Source: Indian River County Utilities Department

Indian River County, Florida
Top 10 High Volume Customers of Utility Services (Unaudited)
Fiscal Year 2012

Schedule 24

Below is a table depicting the ten highest volume customers of the utility system for the fiscal year ended September 30, 2012:

<u>Customer</u>	<u>Annual Water Volume (x 1,000 gals.)</u>	<u>Annual Wastewater Volume (x 1,000 gals.)</u>
1. Vista Royale	27,601	27,601
2. IRC School Board	25,145	20,364
3. City of Fellsmere (Wastewater Only)	-	23,372
4. Acts, Inc	23,078	23,078
5. Disney's Vero Beach Resort	21,843	21,843
6. MHC Village Green LLC	20,121	20,121
7. IRC Facilities Management / Jail	15,050	15,050
8. Vista Plantation	11,773	11,773
9. Vista Gardens	11,765	11,765
10. Palms of Vero Beach LTD	11,621	11,621

Source: Indian River County Utilities Department

Indian River County, Florida
Capacity Charges - Utilities Department (Unaudited)
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>
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
2012	585,490	755,838	1,341,328

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

Indian River County, Florida**Pledged Revenues for Recreational Revenue Refunding Bonds, Series 2003 (Unaudited)****Last Ten Fiscal Years****Schedule 26**

<u>Fiscal Year</u>		<u>Racetrack and Jai Alai Fronton Funds</u>		<u>7% of Half-Cent Sales Tax</u>
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
2012		446,500		518,902

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 (Unaudited)****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>
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
2012	500,004	1,604,919	401,230	7,412,887

(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.



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

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Indian River County, Florida*** (the "County") as of and for the year ended September 30, 2012, and have issued our report thereon dated March 12, 2013. 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 County is responsible for establishing and maintaining effective 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.

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.



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

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.

A handwritten signature in black ink that reads 'Rehmann Johnson'.

Vero Beach, Florida
March 12, 2013

Management Letter

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Indian River County, Florida** (the "County") as of and for the year ended September 30, 2012 and have issued our report thereon dated March 12, 2013.

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 12, 2013, should be considered in conjunction with this management letter.

We have also issued separate management letters dated March 12, 2013 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.), 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 make any such recommendations.

The Honorable Board of County Commissioners
Indian River County, Florida
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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 identify any such findings.

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 identify 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, 2012.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)7.b.), the annual financial report for the fiscal year September 30, 2012, 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other state granting agencies, and applicable management within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



Vero Beach, Florida
March 12, 2013

Independent Auditors' 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 *OMB Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. 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 the County'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, 2012.

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



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

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 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.

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.

A handwritten signature in black ink that reads "Rehmann Johnson".

Vero Beach, Florida
March 12, 2013

INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Indian River County, Florida** (the "County") as of and for the year ended September 30, 2012, which collectively comprise the basic financial statements, and have issued our report thereon dated March 12, 2013. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

A handwritten signature in black ink, reading "Rehmann Johnson", written in a cursive style.

Vero Beach, Florida
March 12, 2013



Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2012

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	\$ 1,935,108	
Shelter Plus Care	14.238	FL29C709001	60,826	
Shelter Plus Care	14.238	FL0360C4H091001	75,862	
Shelter Plus Care	14.238	FL0360C4H091102	20,158	
Shelter Plus Care	14.238	FL0380C4H091000	67,866	
Shelter Plus Care	14.238	FL0113CH090800	60,293	
Shelter Plus Care	14.238	FL0114CH091003	42,241	
Shelter Plus Care	14.238	FL0114CH091104	30,939	
Shelter Plus Care	14.238	FL0338CH090900	68,737	
Shelter Plus Care	14.238	FL0119CH091003	98,260	
Shelter Plus Care	14.238	FL0119CH091104	15,196	
Shelter Plus Care	14.238	FL0120CH091003	134,110	
Shelter Plus Care	14.238	FL0120CH091104	35,111	
Subtotal CFDA - 14.238			<u>709,599</u>	
Supportive Housing Program-				
Homeless Management Information Systems	14.235	FL0116B4H091002	35,262	
Homeless Management Information Systems	14.235	FL0116B4H091104	890	
Transitional Housing	14.235	FL0115B4H091003	46,709	
Transitional Housing	14.235	FL0115B4H091104	23,355	
Homeless Management Information Systems	14.235	FL0308B4H091002	25,856	
Subtotal CFDA - 14.235			<u>132,072</u>	
Comm. Dev. Block Grant - Neighborhood Stabilization Pgm #3	14.228	B-11-UN-12-0022	118,411	
CDBG NSP #3 Program Income Expenditures	14.228	Program Income	22,146	
Indirect Programs:				
Passed through Florida Dept. of Economic Opportunity:				
Comm. Dev. Block Grant - Neighborhood Revitalization	14.228	12DB-OH-10-40-01-N01	9,443	
Comm. Dev. Block Grant - Neighborhood Stabilization Program	14.228	10DB-4X-10-40-01-F13	209,726	
CDBG NSP Program Income Expenditures	14.228	Program Income	859,316	
Subtotal CFDA - 14.228			<u>1,219,042</u>	
Total Department of Housing and Urban Development			<u>3,995,821</u>	
Federal Transit Administration:				
Direct Programs:				
ARRA - Federal Transit Formula Section 5307 Grant	20.507	FL-96-X018-00	\$ 1,688,342	
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X799	1,166,272	
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X792	57,062	
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X756	133,332	
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X739	54,164	
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X717	51,862	
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X702	30,227	
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X611	1,500	
Total Federal Transit Administration			<u>3,182,761</u>	

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2012

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
Department of Transportation:				
Indirect Programs:				
Passed through Florida Department of Transportation:				
Indian River Blvd Sidewalk	20.205	APK04	\$ 140,947	
Indian River Blvd/17th Street Improvements	20.205	AQ920	94,984	
Old Dixie Highway Sidewalk	20.205	AQ822	1,068,499	
Metropolitan Planning Organization	20.205	AA080	345,675	
Subtotal CFDA - 20.205			<u>1,650,105</u>	
Federal Transit Metropolitan Planning Grant	20.505	AQ212	40,200	
Section 5311 Non-Urbanized Public Transit	20.509	APT03	69,067	
Safe Routes to School	20.600	AQJ07	43,136	
Passed through Florida Department of Environmental Protection:				
Trans-Florida Rail-Trail Greenway	20.219	T29025	198,686	
Total Department of Transportation			<u>2,001,194</u>	
Department of Justice:				
Direct Programs:				
State Criminal Alien Assistance Program	16.606	2011-AP-BX-0140	88,050	
ARRA - 2009 COPS Hiring	16.710	2009RKWX0223	338,320	
2011 Local Solicitation Justice Assistance Grant	16.738	2011-DJ-BX-3341	25,000	
Indirect Programs:				
Passed through Florida Department of Law Enforcement:				
Bryne Formula Grant Program				
Multi-Agency Drug Enforcement Unit	16.738	2012-JAGC-INRI-1-C4-130	45,025	
Drug Testing Program Grant	16.738	2012-JAGC-INRI-2-C4-105	22,426	
Subtotal CFDA - 16.738			<u>92,451</u>	
Passed through Office of the Attorney General:				
Crime Victim Assistance Program	16.575	V11050	39,478	
Total Department of Justice			<u>558,299</u>	
Elections Assistance Commission:				
Indirect Programs:				
Passed through Florida Dept of State				
Division of Elections:				
Federal Elections Activities 2008/2009	90.401	N/A	349	
Federal Elections Activities 2009/2010	90.401	N/A	1,823	
Federal Elections Activities 2010/2011	90.401	N/A	16,013	
Federal Elections Activities 2011/2012	90.401	N/A	7,065	
Total Elections Assistance Commission - Subtotal CFDA 16.738			<u>25,250</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	5,544	
Child Support Enforcement-Title IV D	93.563	CD331	450,994	
Total Office of Child Support Enforcement			<u>456,538</u>	

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2012

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
U.S. Environmental Protection Agency:				
Indirect Program:				
Passed through St. Johns River Water Management District:				
Pollution Control South	66.456	27199	\$ 11,349	
Total U.S. Environmental Protection Agency:			<u>11,349</u>	
U.S. Department of the Interior Fish and Wildlife Service:				
Direct Program:				
St Johns River Headwaters Project	15.623	FL-N171	1,000,000	
Total U.S. Department of the Interior Fish and Wildlife Service:			<u>1,000,000</u>	
Department of Homeland Security:				
Direct Project:				
Assistance to Firefighters Grant	97.044	EMW-2011-F0-01142	1,103	
Indirect Programs:				
Passed through Division of Emergency Management:				
Emergency Management Homeland Security	97.067	10-DS-39-10-40-01-250	45,100	
Emergency Management Homeland Security	97.067	11-DS-9Z-39-10-40-386	12,132	
Emergency Management Homeland Security	97.067	12-CI-24-10-40-01-407	1,700	
Subtotal CFDA - 97.067			<u>58,932</u>	
Emergency Management Performance Grant	97.042	12-FG-R3-10-40-01-098	69,425	
Total Department of Homeland Security			<u>129,460</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS:			\$ <u>8,177,911</u>	\$ <u>3,182,761</u>

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2012

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	12-CP-03-10-40-01-196	\$ 2,189	
Emergency Management Programs				
Emergency Management Preparedness and Assistance	52.008	12-BG-05-10-40-01-031	80,963	
Emergency Management Preparedness and Assistance	52.008	13-BG-06-10-40-01-031	21,219	
Subtotal CSFA - 52.008			<u>102,182</u>	
Total Division of Emergency Management			<u>104,371</u>	
Florida Housing Finance Corporation:				
Direct Projects:				
State Housing Initiatives Partnership	52.901	N/A	935,650	
Total Florida Housing Finance Corporation			<u>935,650</u>	
Department of State:				
Division of Library Services:				
Direct Project:				
State Aid to Libraries	45.030	12-ST-21	113,999	
Total Department of State			<u>113,999</u>	
Department of Transportation:				
Direct Projects:				
Transportation Disadvantaged Planning Grant	55.002	AQB41	16,928	
Transportation Disadvantaged Planning Grant	55.002	AQP41	2,974	
Subtotal CSFA - 55.002			<u>19,902</u>	
Small County Outreach Program (SCOP) - 27th Ave Road	55.009	AQL69	33,468	
Fl Public Transit Block Grant	55.010	APT70	301,165	
FDOT Service Development Grant	55.012	AQG07	155,517	
Transit Corridor Grant	55.013	AOX67	126,887	
Transit Corridor Grant	55.013	AP049	166,000	
Subtotal CSFA - 55.013			<u>292,887</u>	
Intermodal Improvements to Aviation Boulevard	55.014	ANP77	11,977	
Total Department of Transportation			<u>814,916</u>	
Department of Environmental Protection:				
Direct Projects:				
Ambersand Beach Renourishment	37.003	07IR3	55,007	
Pollution Control South	37.039	LP31010	7,235	
Total Department of Environmental Protection			<u>62,242</u>	

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2012

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	C0031	\$ 16,655	
Total Department of Health			<u>16,655</u>	
Department of Management Services:				
Direct Project:				
E911 State Grant Program	72.002	S3-10-11-01	335,188	
E911 State Grant Program	72.002	S4-11-06-02	432,268	
Total Department of Management Services			<u>767,456</u>	
Department of Highway Safety and Motor Vehicles:				
Indirect Program:				
Passed through St. Johns River Water Management District:				
Pollution Control South	76.010	27199	44,446	
Total Department of Highway Safety and Motor Vehicles			<u>44,446</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>3,359,739</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, 2012

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, 2012

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>
15.623	DOI North American Wetland Conversation
16.710 ARRA	DOJ Public Safety Partnership
20.FTC ARRA	DOT Federal Transit Cluster
93.563	DHHS Child Support Enforcement

Indian River County, Florida
Schedule of Findings and Questioned Costs
Page two

CSFA Number	Name of State Project
52.008	FDCA EM Base Grant
52.901	FDCA SHIP
55.010	FDOT FL Public Transit Block Grant
72.002	FDMS E911 Grant

Dollar threshold used to distinguish
between Type A and Type B programs

\$340,820	(Federal)
\$300,000	(State)

Auditee qualified as low-risk auditee? X Yes 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.

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



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

1. I am the Chief Financial Officer of Indian River County which is a local governmental entity of the State of Florida;
2. Indian River County adopted Ordinance No. **2005-015** on May 17, 2005 implementing 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 No. **2011-002**, the impact fee was amended to suspend three of the eight original impact fees from April 1, 2011 through March 31, 2012. On March 13, 2012, Ordinance No. **2012-003** continued this suspension from April 1, 2012 through March 31, 2014.
3. Indian River County has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

(Chief Financial Officer of the Entity)

SWORN TO AND SUBSCRIBED before me this 5th day of MARCH, 2013.

Ann E. Demko
NOTARY PUBLIC
Print Name Ann E. Demko

Personally known ☒ or produced identification ☐

Type of identification produced: _____

AUG. 5, 2013

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



BOARD OF COUNTY COMMISSIONERS



Independent Auditors' Report

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

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the **Indian River County, Florida Board of County of Commissioners** (the "Board") as of and for the year ended September 30, 2012, which collectively comprise the Board's fund financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of County of 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 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 fund financial statements present only the funds of the Board of County of Commissioners and do not purport to, and do not, present fairly the financial position of Indian River County as of September 30, 2012, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the fund financial statements referred to previously present fairly, in all material respects, the financial position of the funds of the Board of County of Commissioners as of September 30, 2012, and the changes in financial position thereof 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 12, 2013 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of management, the Board of County of Commissioners, 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.

A handwritten signature in black ink that reads "Rehmann Johnson".

Vero Beach, Florida
March 12, 2013

Indian River County, Florida
Board of County Commissioners
Balance Sheet
Governmental Funds
September 30, 2012

	General	Impact Fees	Secondary Roads Construction
ASSETS			
Cash and cash equivalents	\$ 49,078,178	\$ 25,056,533	\$ 12,569,189
Accounts receivable	459,653	-	-
Special assessments receivable	-	-	-
Due from other funds	498,704	-	-
Due from other governments	4,783,024	62,718	288,980
Inventories	46,893	-	-
Prepaid expenses	45,901	-	-
Other assets held for resale	-	-	-
Advances to other funds	188,416	-	255,000
Total assets	<u>\$ 55,100,769</u>	<u>\$ 25,119,251</u>	<u>\$ 13,113,169</u>
LIABILITIES			
Accounts payable	\$ 725,776	\$ 1,569,517	\$ 409,289
Retainage payable	438	398,820	30,634
Due to other funds	-	-	-
Due to other governments	9,473	22,828	-
Unearned revenues	141,047	-	-
Other deposits	29,211	-	-
Total liabilities	<u>905,945</u>	<u>1,991,165</u>	<u>439,923</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	46,893	-	-
Prepaid items	45,901	-	-
Advances to other funds	188,416	-	255,000
Restricted for:			
Transportation/road improvements	-	13,817,620	12,418,246
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	1,325,474	-
Fire/emergency services	-	1,618,259	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	345,201	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Sports Village repairs/improvements	-	-	-
Solid waste projects	-	25,802	-
Parks/recreational projects	1,000,000	4,437,723	-
Other purposes	-	1,558,007	-
Committed to:			
Economic incentives	2,343,213	-	-
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	4,244	-	-
Other purposes	27,333	-	-
Assigned to:			
Subsequent year's budget appropriation of fund balance	1,808,000	-	-
Transportation/road improvements	-	-	-
Unassigned	<u>48,730,824</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 54,194,824</u>	<u>\$ 23,128,086</u>	<u>\$ 12,673,246</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 55,100,769</u>	<u>\$ 25,119,251</u>	<u>\$ 13,113,169</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
\$ 8,738,192	\$ 11,844,418	\$ 38,776,874	\$ 17,736,580	\$ 163,799,964
-	-	-	5,184	464,837
310,506	-	-	-	310,506
-	-	-	-	498,704
232,096	253,321	12,656,159	329,467	18,605,765
-	-	-	-	46,893
-	-	-	290,366	336,267
-	-	-	658,000	658,000
-	-	-	-	443,416
<u>\$ 9,280,794</u>	<u>\$ 12,097,739</u>	<u>\$ 51,433,033</u>	<u>\$ 19,019,597</u>	<u>\$ 185,164,352</u>
\$ 226,686	\$ 171,827	\$ 614,954	\$ 392,667	\$ 4,110,716
-	-	335,285	27,787	792,964
-	-	-	219,500	219,500
-	-	-	-	32,301
-	6,620	-	-	147,667
-	-	-	55,664	84,875
<u>226,686</u>	<u>178,447</u>	<u>950,239</u>	<u>695,618</u>	<u>5,388,023</u>
<u>310,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,506</u>
<u>310,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,506</u>
-	-	-	-	46,893
-	-	-	290,366	336,267
-	-	-	-	443,416
-	-	-	-	26,235,866
-	-	-	1,156,268	1,156,268
-	-	-	1,597,356	1,597,356
-	-	-	1,407,405	2,732,879
-	9,374,292	-	-	10,992,551
-	-	-	381,152	381,152
-	-	-	6,093,395	6,093,395
-	-	-	1,084,470	1,084,470
-	-	-	144,490	489,691
-	-	-	258,095	258,095
-	-	-	1,738,510	1,738,510
-	-	-	2,477,447	2,477,447
-	-	50,482,794	-	50,482,794
-	-	-	553,204	553,204
-	-	-	-	25,802
-	-	-	-	5,437,723
-	-	-	286,223	1,844,230
-	-	-	-	2,343,213
-	-	-	1,058,569	1,058,569
-	-	-	-	4,244
-	-	-	-	27,333
-	2,545,000	-	-	4,353,000
8,743,602	-	-	-	8,743,602
-	-	-	(202,971)	48,527,853
<u>\$ 8,743,602</u>	<u>\$ 11,919,292</u>	<u>\$ 50,482,794</u>	<u>\$ 18,323,979</u>	<u>\$ 179,465,823</u>
<u>\$ 9,280,794</u>	<u>\$ 12,097,739</u>	<u>\$ 51,433,033</u>	<u>\$ 19,019,597</u>	<u>\$ 185,164,352</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, 2012

	<u>General</u>	<u>Impact Fees</u>	<u>Secondary Roads Construction</u>
REVENUES			
Taxes	\$ 48,402,789	\$ -	\$ 3,329,183
Permits, fees and special assessments	8,771,351	2,267,920	44,705
Intergovernmental	13,231,323	43,731	991,722
Charges for services	5,372,003	-	6,340
Judgments, fines and forfeits	324,186	-	-
Interest	215,413	72,788	39,860
Miscellaneous	2,391,809	484,908	23,916
Total revenues	<u>78,708,874</u>	<u>2,869,347</u>	<u>4,435,726</u>
EXPENDITURES			
Current:			
General government	8,838,897	272,699	-
Public safety	4,305,345	472,131	-
Physical environment	257,820	-	-
Transportation	3,305,565	9,068,091	4,955,169
Economic environment	362,868	-	-
Human services	3,154,028	-	-
Culture/recreation	8,054,600	2,326,872	-
Court related	193,053	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>28,472,176</u>	<u>12,139,793</u>	<u>4,955,169</u>
Excess of revenues over (under) expenditures	50,236,698	(9,270,446)	(519,443)
OTHER FINANCING SOURCES (USES)			
Transfers in	7,532	-	-
Transfers out	(10,696,718)	-	-
Transfers to constitutional officers	(42,079,833)	(100,000)	-
Total other financing sources (uses)	<u>(52,769,019)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	(2,532,321)	(9,370,446)	(519,443)
Fund balances at beginning of year	<u>56,727,145</u>	<u>32,498,532</u>	<u>13,192,689</u>
Fund balances at end of year	<u>\$ 54,194,824</u>	<u>\$ 23,128,086</u>	<u>\$ 12,673,246</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
\$ -	\$ 17,848,785	\$ 13,708,911	\$ 7,182,901	\$ 90,472,569
106,427	-	22,353	273,479	11,486,235
2,723,247	95,560	261,342	9,026,468	26,373,393
118,731	4,779,183	-	845,132	11,121,389
-	7,000	-	72,893	404,079
35,865	55,920	111,762	66,001	597,609
1,151,450	140,939	223,465	787,174	5,203,661
<u>4,135,720</u>	<u>22,927,387</u>	<u>14,327,833</u>	<u>18,254,048</u>	<u>145,658,935</u>
273,897	-	-	2,228,121	11,613,614
-	24,473,608	-	1,969,890	31,220,974
395,508	-	-	1,098,295	1,751,623
11,520,797	-	-	208,688	29,058,310
-	-	-	1,658,316	2,021,184
-	-	-	3,734,855	6,888,883
-	-	-	3,426,831	13,808,303
-	-	-	474,764	667,817
-	-	-	8,060,000	8,060,000
-	-	-	2,426,083	2,426,083
-	-	8,108,370	-	8,108,370
<u>12,190,202</u>	<u>24,473,608</u>	<u>8,108,370</u>	<u>25,285,843</u>	<u>115,625,161</u>
(8,054,482)	(1,546,221)	6,219,463	(7,031,795)	30,033,774
7,499,582	-	-	3,161,698	10,668,812
-	-	-	-	(10,696,718)
-	(379,401)	-	(444,434)	(43,003,668)
<u>7,499,582</u>	<u>(379,401)</u>	<u>-</u>	<u>2,717,264</u>	<u>(43,031,574)</u>
(554,900)	(1,925,622)	6,219,463	(4,314,531)	(12,997,800)
<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><u>8,743,602</u></u>	\$ <u><u>11,919,292</u></u>	\$ <u><u>50,482,794</u></u>	\$ <u><u>18,323,979</u></u>	\$ <u><u>179,465,823</u></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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 47,634,737	\$ 47,634,736	\$ 48,402,789	\$ 768,053
Permits and fees	8,530,525	8,530,525	8,771,351	240,826
Intergovernmental	9,897,915	12,799,538	13,231,323	431,785
Charges for services	5,147,534	5,239,006	5,372,003	132,997
Judgments, fines and forfeits	303,525	303,525	324,186	20,661
Interest	258,875	258,875	215,413	(43,462)
Miscellaneous	449,113	572,019	2,391,809	1,819,790
Total revenues	<u>72,222,224</u>	<u>75,338,224</u>	<u>78,708,874</u>	<u>3,370,650</u>
EXPENDITURES				
Current:				
General government	9,211,574	9,514,363	8,838,897	675,466
Public safety	4,249,605	4,449,655	4,305,345	144,310
Physical environment	255,043	266,143	257,820	8,323
Transportation	845,286	4,467,615	3,305,565	1,162,050
Economic environment	349,264	444,074	362,868	81,206
Human services	3,178,533	3,572,249	3,154,028	418,221
Culture/recreation	8,177,728	8,485,377	8,054,600	430,777
Court related	229,285	229,491	193,053	36,438
Total expenditures	<u>26,496,318</u>	<u>31,428,967</u>	<u>28,472,176</u>	<u>2,956,791</u>
Excess of revenues over expenditures	45,725,906	43,909,257	50,236,698	6,327,441
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,600	7,532	(68)
Transfers out	(7,646,718)	(10,696,718)	(10,696,718)	-
Transfers to constitutional officers	(42,181,270)	(42,392,002)	(42,079,833)	312,169
Total other financing uses	<u>(49,827,988)</u>	<u>(53,081,120)</u>	<u>(52,769,019)</u>	<u>312,101</u>
Net change in fund balances	(4,102,082)	(9,171,863)	(2,532,321)	\$ <u>6,639,542</u>
Fund balances at beginning of year	<u>4,102,082</u>	<u>9,171,863</u>	<u>56,727,145</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>54,194,824</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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 1,363,250	\$ 1,363,250	\$ 2,267,920	\$ 904,670
Intergovernmental	-	-	43,731	43,731
Interest	114,000	114,000	72,788	(41,212)
Miscellaneous	-	-	484,908	484,908
Total revenues	<u>1,477,250</u>	<u>1,477,250</u>	<u>2,869,347</u>	<u>1,392,097</u>
EXPENDITURES				
Current:				
General government	277,891	480,142	272,699	207,443
Public safety	90,000	3,218,460	472,131	2,746,329
Physical environment	25,000	25,000	-	25,000
Transportation	7,435,837	17,419,285	9,068,091	8,351,194
Culture/recreation	2,050,000	8,052,554	2,326,872	5,725,682
Total expenditures	<u>9,878,728</u>	<u>29,195,441</u>	<u>12,139,793</u>	<u>17,055,648</u>
Excess of revenues over (under) expenditures	(8,401,478)	(27,718,191)	(9,270,446)	18,447,745
OTHER FINANCING USES				
Transfers out	-	(100,000)	(100,000)	-
Total other financing uses	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	(8,401,478)	(27,818,191)	(9,370,446)	\$ <u>18,447,745</u>
Fund balances at beginning of year	<u>8,401,478</u>	<u>27,818,191</u>	<u>32,498,532</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,128,086</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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 3,220,500	\$ 3,220,500	\$ 3,329,183	\$ 108,683
Permits, fees and special assessments	-	-	44,705	44,705
Intergovernmental	-	3,697,186	991,722	(2,705,464)
Charges for services	-	-	6,340	6,340
Interest	52,250	52,250	39,860	(12,390)
Miscellaneous	23,750	23,750	23,916	166
Total revenues	<u>3,296,500</u>	<u>6,993,686</u>	<u>4,435,726</u>	<u>(2,557,960)</u>
EXPENDITURES				
Current:				
Transportation	<u>11,026,726</u>	<u>16,806,158</u>	<u>4,955,169</u>	<u>11,850,989</u>
Total expenditures	<u>11,026,726</u>	<u>16,806,158</u>	<u>4,955,169</u>	<u>11,850,989</u>
Net change in fund balances	(7,730,226)	(9,812,472)	(519,443)	\$ <u>9,293,029</u>
Fund balances at beginning of year	<u>7,730,226</u>	<u>9,812,472</u>	<u>13,192,689</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>12,673,246</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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 118,750	\$ 118,750	\$ 106,427	\$ (12,323)
Intergovernmental	2,492,800	2,500,263	2,723,247	222,984
Charges for services	87,875	87,875	118,731	30,856
Interest	49,400	49,400	35,865	(13,535)
Miscellaneous	792,750	793,793	1,151,450	357,657
Total revenues	3,541,575	3,550,081	4,135,720	585,639
EXPENDITURES				
Current:				
General government	285,958	286,656	273,897	12,759
Physical environment	544,058	647,434	395,508	251,926
Transportation	11,461,141	12,459,867	11,520,797	939,070
Total expenditures	12,291,157	13,393,957	12,190,202	1,203,755
Excess of revenues under expenditures	(8,749,582)	(9,843,876)	(8,054,482)	1,789,394
OTHER FINANCING SOURCES				
Transfers in	7,499,582	7,499,582	7,499,582	-
Total other financing sources	7,499,582	7,499,582	7,499,582	-
Net change in fund balances	(1,250,000)	(2,344,294)	(554,900)	\$ 1,789,394
Fund balances at beginning of year	1,250,000	2,344,294	9,298,502	
Fund balances at end of year	\$ -	\$ -	\$ 8,743,602	

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 17,580,683	\$ 17,580,683	\$ 17,848,785	\$ 268,102
Intergovernmental	33,250	105,627	95,560	(10,067)
Charges for services	4,186,175	4,186,175	4,779,183	593,008
Judgments, fines and forfeits	1,900	1,900	7,000	5,100
Interest	90,250	90,250	55,920	(34,330)
Miscellaneous	14,527	14,527	140,939	126,412
Total revenues	<u>21,906,785</u>	<u>21,979,162</u>	<u>22,927,387</u>	<u>948,225</u>
EXPENDITURES				
Current:				
Public safety	<u>24,659,507</u>	<u>25,896,332</u>	<u>24,473,608</u>	<u>1,422,724</u>
Total expenditures	<u>24,659,507</u>	<u>25,896,332</u>	<u>24,473,608</u>	<u>1,422,724</u>
Excess of revenues over (under) expenditures	(2,752,722)	(3,917,170)	(1,546,221)	2,370,949
OTHER FINANCING USES				
Transfers to constitutional officers	<u>(451,068)</u>	<u>(451,068)</u>	<u>(379,401)</u>	<u>71,667</u>
Total other financing uses	<u>(451,068)</u>	<u>(451,068)</u>	<u>(379,401)</u>	<u>71,667</u>
Net change in fund balances	(3,203,790)	(4,368,238)	(1,925,622)	\$ <u>2,442,616</u>
Fund balances at beginning of year	<u>3,203,790</u>	<u>4,368,238</u>	<u>13,844,914</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,919,292</u>	

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

Indian River County, Florida
Board of County Commissioners
Statement of Net Position
Proprietary Funds
September 30, 2012

	Enterprise Funds					
	Solid Waste Disposal District	Golf Course	County Utilities	County Building	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 14,759,997	\$ 183,390	\$ 38,463,042	\$ 4,235,328	\$ 57,641,757	\$ 31,967,495
Accounts receivable - net	113,820	-	2,808,184	-	2,922,004	1,568,335
Due from other governments	98,965	11,100	64,457	-	174,522	126,964
Interest receivable	9,608	438	525,988	2,105	538,139	15,914
Inventories	-	56,673	893,806	-	950,479	218,196
Prepaid items	-	-	211,858	-	211,858	1,177,438
Current restricted assets:						
Cash and cash equivalents	13,869,807	470,681	27,852,242	-	42,192,730	-
Total current assets	28,852,197	722,282	70,819,577	4,237,433	104,631,489	35,074,342
Non-current assets:						
Capital assets- non-depreciable	18,755,620	786,611	9,709,991	-	29,252,222	-
Capital assets-depreciable	21,836,756	8,314,248	404,979,117	456,109	435,586,230	1,119,934
Accumulated depreciation	(8,710,425)	(1,811,236)	(196,570,779)	(425,153)	(207,517,593)	(767,843)
Non-current restricted assets:						
Special assessments receivable	-	-	1,007,420	-	1,007,420	-
Impact fees receivable	-	-	739,785	-	739,785	-
Liens receivable	-	-	2,819,565	-	2,819,565	-
Total non-current assets	31,881,951	7,289,623	222,685,099	30,956	261,887,629	352,091
Total assets	60,734,148	8,011,905	293,504,676	4,268,389	366,519,118	35,426,433
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts on refundings	-	107,215	2,768,024	-	2,875,239	-
Total deferred outflows of resources	-	107,215	2,768,024	-	2,875,239	-
LIABILITIES						
Current liabilities (payable from current assets):						
Accounts payable	1,973,276	139,328	660,621	19,963	2,793,188	202,892
Retainage payable	216,211	4,987	20,818	-	242,016	-
Claims payable	-	-	-	-	-	2,197,855
Due to other funds	-	54,204	-	-	54,204	225,000
Due to other governments	-	7,771	2,833,946	14,546	2,856,263	-
Unearned revenues	-	29,652	-	-	29,652	-
Other deposits	-	1,000	-	-	1,000	-
Pollution remediation costs payable	-	-	2,510	-	2,510	-
Accrued compensated absences	36,275	36,579	492,621	79,470	644,945	33,005
Total current liabilities (payable from current assets)	2,225,762	273,521	4,010,516	113,979	6,623,778	2,658,752
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	59,013	-	59,013	-
Retainage payable	-	-	35,364	-	35,364	-
Accrued interest payable	-	6,931	173,413	-	180,344	-
Bonds payable	-	555,000	3,205,000	-	3,760,000	-
Customer deposits	126,626	-	2,769,128	-	2,895,754	-
Total current liabilities (payable from restricted assets)	126,626	561,931	6,241,918	-	6,930,475	-
Total current liabilities	2,352,388	835,452	10,252,434	113,979	13,554,253	2,658,752
Non-current liabilities:						
Accrued compensated absences	5,998	6,456	180,217	19,521	212,192	11,965
Advance from other funds	-	443,416	-	-	443,416	-
Claims payable	-	-	-	-	-	5,876,145
Pollution remediation costs payable	-	-	6,290	-	6,290	-
Closure and maintenance costs payable	10,513,736	-	-	-	10,513,736	-
Bonds payable - net of discount and premium	-	1,546,871	43,257,698	-	44,804,569	-
Total non-current liabilities	10,519,734	1,996,743	43,444,205	19,521	55,980,203	5,888,110
Total liabilities	12,872,122	2,832,195	53,696,639	133,500	69,534,456	8,546,862
NET POSITION						
Net investment in capital assets	31,881,951	5,294,967	174,423,655	30,956	211,631,529	352,091
Restricted for:						
Capital projects	-	-	17,941,773	-	17,941,773	-
Unrestricted	15,980,075	(8,042)	50,210,633	4,103,933	70,286,599	26,527,480
Total net position	\$ 47,862,026	\$ 5,286,925	\$ 242,576,061	\$ 4,134,889	\$ 299,859,901	\$ 26,879,571

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

Indian River County, Florida
Board of County Commissioners
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2012

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
OPERATING REVENUES		
Charges for services	\$ 9,582,955	\$ -
Charges for services pledged as security for revenue bonds	-	3,216,471
Total operating revenues	<u>9,582,955</u>	<u>3,216,471</u>
OPERATING EXPENSES		
Personal services	533,291	537,390
Material, supplies, services and other operating	9,283,395	1,643,574
Depreciation	842,318	129,906
Total operating expenses	<u>10,659,004</u>	<u>2,310,870</u>
Operating income (loss)	(1,076,049)	905,601
NONOPERATING REVENUES (EXPENSES)		
Interest income	268,633	-
Interest income pledged as security for revenue bonds	-	4,088
Gain on disposal of equipment	-	625
Interest expense	-	(109,301)
Bond amortization expense	-	(31,432)
Loss on disposal of equipment	-	-
Total nonoperating revenues (expenses)	<u>268,633</u>	<u>(136,020)</u>
Income (loss) before transfers and capital contributions	(807,416)	769,581
Capital contributions	-	-
Capital grants	-	-
Transfers	-	(7,532)
Change in net position	<u>(807,416)</u>	<u>762,049</u>
Total net position - beginning, as restated (Note 19B)	<u>48,669,442</u>	<u>4,524,876</u>
Total net position - ending	<u>\$ 47,862,026</u>	<u>\$ 5,286,925</u>

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

County Utilities	County Building	Total	Internal Service Funds
\$ -	\$ 1,735,713	\$ 11,318,668	\$ 21,563,550
28,361,246	-	31,577,717	-
<u>28,361,246</u>	<u>1,735,713</u>	<u>42,896,385</u>	<u>21,563,550</u>
7,315,133	1,038,946	9,424,760	2,471,801
10,059,161	445,023	21,431,153	18,143,414
14,414,302	3,546	15,390,072	155,207
<u>31,788,596</u>	<u>1,487,515</u>	<u>46,245,985</u>	<u>20,770,422</u>
(3,427,350)	248,198	(3,349,600)	793,128
-	12,018	280,651	98,046
315,377	-	319,465	-
7,775	-	8,400	1,250
(2,184,076)	-	(2,293,377)	-
(25,828)	-	(57,260)	-
(248,467)	-	(248,467)	-
<u>(2,135,219)</u>	<u>12,018</u>	<u>(1,990,588)</u>	<u>99,296</u>
(5,562,569)	260,216	(5,340,188)	892,424
2,513,774	-	2,513,774	-
72,474	-	72,474	-
-	-	(7,532)	35,438
<u>(2,976,321)</u>	<u>260,216</u>	<u>(2,761,472)</u>	<u>927,862</u>
245,552,382	3,874,673	302,621,373	25,951,709
<u>\$ 242,576,061</u>	<u>\$ 4,134,889</u>	<u>\$ 299,859,901</u>	<u>\$ 26,879,571</u>

Indian River County, Florida
Board of County Commissioners
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2012

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,574,854	\$ 3,217,549
Cash paid to suppliers for goods and services	(7,804,212)	(1,566,655)
Cash paid to employees for services	(530,952)	(559,077)
Net cash provided by (used in) operating activities	<u>1,239,690</u>	<u>1,091,817</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers out	-	(7,532)
Proceeds from advances from other funds	-	-
Payments on advances from other funds	-	(307,604)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(315,136)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments - bonds/notes	-	(535,000)
Interest paid on long-term debt	-	(111,081)
Proceeds from sales of capital assets	501	625
Purchase of capital assets	(2,648,473)	(84,625)
Bond paying agent and arbitrage fees	-	-
Capital grants and contributions	-	-
Net cash provided by (used in) capital and related financing activities	<u>(2,647,972)</u>	<u>(730,081)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	<u>274,658</u>	<u>4,224</u>
Net cash provided by investing activities	<u>274,658</u>	<u>4,224</u>
Net increase (decrease) in cash and cash equivalents	(1,133,624)	50,824
Cash and cash equivalents at beginning of year	<u>29,763,428</u>	<u>603,247</u>
Cash and cash equivalents at end of year	<u>\$ 28,629,804</u>	<u>\$ 654,071</u>
Classified as:		
Current assets	\$ 14,759,997	\$ 183,390
Restricted assets	<u>13,869,807</u>	<u>470,681</u>
Totals	<u>\$ 28,629,804</u>	<u>\$ 654,071</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>
\$ 28,212,318	\$ 1,736,088	\$ 42,740,809	\$ 21,545,354
(9,469,003)	(428,657)	(19,268,527)	(18,109,270)
(7,263,059)	(1,035,613)	(9,388,701)	(2,470,632)
<u>11,480,256</u>	<u>271,818</u>	<u>14,083,581</u>	<u>965,452</u>
-	-	-	35,438
-	-	(7,532)	-
-	-	-	35,000
-	-	(307,604)	-
-	-	(315,136)	70,438
(3,090,000)	-	(3,625,000)	-
(2,193,450)	-	(2,304,531)	-
7,775	-	8,901	1,250
(2,773,381)	(29,465)	(5,535,944)	(101,763)
(1,620)	-	(1,620)	-
1,626,811	-	1,626,811	-
<u>(6,423,865)</u>	<u>(29,465)</u>	<u>(9,831,383)</u>	<u>(100,513)</u>
<u>325,697</u>	<u>12,925</u>	<u>617,504</u>	<u>105,524</u>
<u>325,697</u>	<u>12,925</u>	<u>617,504</u>	<u>105,524</u>
5,382,088	255,278	4,554,566	1,040,901
<u>60,933,196</u>	<u>3,980,050</u>	<u>95,279,921</u>	<u>30,926,594</u>
<u>\$ 66,315,284</u>	<u>\$ 4,235,328</u>	<u>\$ 99,834,487</u>	<u>\$ 31,967,495</u>
\$ 38,463,042	\$ 4,235,328	\$ 57,641,757	\$ 31,967,495
27,852,242	-	42,192,730	-
<u>\$ 66,315,284</u>	<u>\$ 4,235,328</u>	<u>\$ 99,834,487</u>	<u>\$ 31,967,495</u>

Continued

Indian River County, Florida
Board of County Commissioners
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2012

	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)	\$ (1,076,049)	\$ 905,601
Adjustments to reconcile operating income to net cash provided by operating activities:		
Work in progress reclassified as expense	-	-
Depreciation	842,318	129,906
(Increase) Decrease in assets:		
Accounts receivable	(5,526)	-
Due from other governments	(2,060)	(300)
Inventories	-	(2,211)
Liens receivable	-	-
Impact fees receivable	-	-
Special assessments receivable	-	-
Prepaid items	-	-
Increase (Decrease) in liabilities:		
Accounts payable	981,683	79,104
Due to other governments	-	26
Retainage payable	-	-
Customer deposits	(515)	-
Closure and maintenance costs payable	497,500	-
Pollution remediation costs payable	-	-
Unearned revenues	-	1,378
Claims payable	-	-
Accrued compensated absences	2,339	(21,687)
Total adjustments	2,315,739	186,216
Net cash provided by (used in) operating activities	\$ 1,239,690	\$ 1,091,817
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in fair value of investments	\$ (8,175)	\$ (373)
Contributed property, infrastructure and equipment	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 773,815	\$ -

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>
\$ (3,427,350)	\$ 248,198	\$ (3,349,600)	\$ 793,128
458,343	-	458,343	-
14,414,302	3,546	15,390,072	155,207
(37,426)	375	(42,577)	(3,759)
(4,280)	-	(6,640)	(14,437)
(17,547)	-	(19,758)	(8,529)
(686,120)	-	(686,120)	-
31,919	-	31,919	-
249,216	-	249,216	-
(30,694)	-	(30,694)	(141,768)
239,702	13,136	1,313,625	(12,559)
6,422	3,230	9,678	-
(3,446)	-	(3,446)	-
291,341	-	290,826	-
-	-	497,500	-
(56,200)	-	(56,200)	-
-	-	1,378	-
-	-	-	197,000
52,074	3,333	36,059	1,169
14,907,606	23,620	17,433,181	172,324
\$ <u>11,480,256</u>	\$ <u>271,818</u>	\$ <u>14,083,581</u>	\$ <u>965,452</u>

\$ (25,536)	\$ (1,791)	\$ (35,875)	\$ (13,539)
\$ 926,147	\$ -	\$ 926,147	\$ -
\$ 231,834	\$ -	\$ 1,005,649	\$ -

Indian River County, Florida
Board of County Commissioners
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2012

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
ASSETS		
Cash and cash equivalents	\$ 3,224,907	\$ -
Investments, at fair value:		
Index funds	-	4,748,954
U.S. government securities funds	-	5,379,116
Prime money market fund	-	705,586
Total assets	<u>\$ 3,224,907</u>	<u>10,833,656</u>
 LIABILITIES		
Accounts payable	\$ 637,575	-
Benefits payable	-	1,459,609
Other deposits held in escrow	2,587,332	-
Total liabilities	<u>\$ 3,224,907</u>	<u>1,459,609</u>
 NET POSITION		
Net position held in trust for other postemployment benefits		<u>9,374,047</u>
Total net position		<u>\$ 9,374,047</u>

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

Indian River County, Florida
Board of County Commissioners
Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust Fund
For the Year Ended September 30, 2012

ADDITIONS

Employer contributions	\$ 2,948,661
Investment loss	930,584
Investment expense	(945)
Total additions	<u>3,878,300</u>

DEDUCTIONS

Benefits payments	<u>1,459,609</u>
Total deductions	<u>1,459,609</u>

Change in net position	2,418,691
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Net position - beginning	<u>6,955,356</u>
Net position - ending	<u>\$ 9,374,047</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, 2012

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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Fund Financial Statements

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

Fund financial statements for the Board's governmental, proprietary, and fiduciary funds are presented. Governmental accounting standards set forth minimum criteria (percentage of the assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The Statement of Fiduciary Net Position presents assets held by the Board in a custodial capacity for other individuals or organizations.

See Note 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 51 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Board.

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

Long-term receivables are reported on their balance sheets in spite of their spending measurement focus. Advances and notes to other funds are offset as nonspendable fund balance. See Note 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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Fund Financial Statements – Continued

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

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

Proprietary Funds

The Board's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. 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, 2012

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, 2012

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, 2012, 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, 2012.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2012

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, 2012, seven 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. Transfers of capital assets within the Board are recorded at their carrying value at the time of the transfer. The costs of normal maintenance and repairs that do not add to the value of the asset nor materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Board holds legal title to the capital assets used in the operations of the Board, Clerk of the Circuit Court, 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, 2012

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. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported on the Statement of Net Position for the Proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding debt.

Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Board only has one type of item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The source of the unavailable revenue is a special assessment on road paving. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

N. Unearned Revenues

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

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, 2012.

Q. New Accounting Pronouncements

Effective October 1, 2011, the Board implemented the provisions of GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

R. Budgets and Budgetary Accounting

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

1. The constitutional officers submit, at various times, to the Board and to certain divisions within the Florida Department of Revenue and the Florida Clerks of Court Operations Corporation, a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them, as set forth in Chapter 129 of the Florida Statutes.
2. The Department of Revenue, State of Florida, has the final authority on the operating budgets for the Tax Collector and the Property Appraiser included in the General Fund.
3. Constitutional officers, all departments controlled by the Board, and outside state and local agencies submit their proposed budgets to the Office of Management and Budget for assistance, review, and compilation. The County Administrator then reviews all County departments, state agencies, and nonprofit organization's budgets and makes 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 resolutions to legally adopt the budgets at the fund level for all governmental and proprietary fund types. The budgets legally adopted by the Board set forth the anticipated revenues by source and the appropriations by function.
6. Formal budgetary integration on an object level is used as a management control device for the governmental and proprietary funds of the Board. Management is authorized to transfer budgeted amounts between objects and departments in any fund as long as management does not exceed the total appropriations of a fund. Board approval to amend the budget is only required when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations of a fund.
7. Budgets for the governmental and proprietary fund types are adopted on a basis consistent with generally accepted accounting principles.
8. Appropriations for the Board lapse at the close of the fiscal year.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2012

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, 2012, the carrying value of the Board's deposits was \$18,001,674 and the bank balance was \$20,538,877. 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". Cash on hand at September 30, 2012 was \$8,240.

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, 2012, accrued interest for the Board's portfolio totaled \$143,142 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, 2012

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, 2012, the Board had the following investments:

Investment Type	Fair Value	Weighted Average Maturity In Years	Portfolio Percentage	Credit Risks*
Fixed Rate Debt Instruments:				
U.S. Treasuries	\$ 97,027,307	0.80	34.57 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	45,054,504	1.24	16.05	AA+
Federal Home Loan Bank	49,021,782	0.88	17.47	AA+
Federal Home Loan Mortgage	23,001,426	0.59	8.20	AA+
Federal National Mortgage Assoc.	10,991,812	0.55	3.92	AA+
Other Fixed Rate Investments:				
Fund B Surplus Funds Trust Fund	473,079	4.08	0.17	Not Rated
Florida Local Government				AAAf and
Investment Trust Fund	10,442,551	0.08	3.72	S-1**
Other Market Rate Investments:				
Regions Bank Money Market	13,210,015	0.08	4.71	N/A
Suntrust Bank NOW Account	13,579,733	0.08	4.84	N/A
Florida Trust Day to Day Fund	12,438,923	0.08	4.43	AAAm
W&S Sinking Fund Reserve:				
U.S. Treasuries	5,410,103	1.03	1.92	N/A
Fidelity Institutional Money Market	22,562	0.08	0.00	AAAm
Total Fair Value	\$ 280,673,797		100.00 %	
Weighted Average Maturity of Investments		0.74		

* 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, 2012

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

C. Investments – Continued

At September 30, 2012, the Board had \$498,519 invested in Fund B Surplus Funds Trust Fund (Fund B), a fluctuating net asset value pool. The State Board of Administration (SBA) determined that Fund B did not meet the requirements of a SEC 2a7-like fund; therefore, a fair value factor (total net asset value of Fund B divided by total participant balances) was provided for reporting the value of the Board's participation in Fund B at fiscal year-end. This resulted in a negative adjustment of 5.1% of the portfolio balance, or \$25,440. Consequently, the net investment in Fund B is reported at \$473,079.

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, 2012

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, 2012, 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. Additional investments include the following: the SunTrust NOW account, the Regions Bank Money Markets, the Florida Local Government Investment Trust (held by the Bank of New York/Mellon) and the Florida Trust Day to Day Fund (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 (last amended on April 6, 2010). The Board 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, 2012

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

D. OPEB Trust Investments - Continued

The contribution of \$2.96 million for the year ended September 30, 2012 was invested in the various funds listed below. As of September 30, 2012, 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	\$ 1,493,663	0.15	13.79 %	AAAm
<u>Long-Term Portion:</u>				
Vanguard 500 Index	2,105,515	N/A	19.43	N/A
Vanguard All World Ex-US	1,948,813	N/A	17.99	N/A
Vanguard Mid Cap Index	466,038	N/A	4.30	N/A
Vanguard Small Cap Index	228,588	N/A	2.11	N/A
Vanguard Short Term Treasury	2,179,647	2.20	20.12	AA+
Vanguard Intermediate Treasury	1,500,241	5.50	13.85	AA+
Vanguard Prime Money Market	705,586	0.16	6.51	A-1
Vanguard Federal Money Market	205,565	0.16	1.90	A-1
Total Fair Value	\$ <u>10,833,656</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 2011-2012 fiscal year were levied in October 2011. 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, 2012

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 10/1/2011	\$ 138,388,559	\$ 187,159,035	\$ 39,688,685	\$ 2,851,824	\$ 8,986,693	\$ 4,633,494	\$ 381,708,290
Additions	1,295,487	7,485,490	2,999,139	582,932	-	8,552,682	20,915,730
Deletions	(50,796)	(167,323)	(3,495,620)	(102,351)	-	(7,626,843)	(11,442,933)
Balance 9/30/2012	<u>\$ 139,633,250</u>	<u>\$ 194,477,202</u>	<u>\$ 39,192,204</u>	<u>\$ 3,332,405</u>	<u>\$ 8,986,693</u>	<u>\$ 5,559,333</u>	<u>\$ 391,181,087</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 10/1/2011	\$ 20,530,432	\$ 412,817,452	\$ 14,736,673	\$ 2,875,241	\$ 10,367,438	\$ 461,327,236
Additions	755,578	8,606,838	336,011	158,912	4,985,908	14,843,247
Deletions	-	(1,194,636)	(199,214)	-	(8,818,247)	(10,212,097)
	21,286,010	420,229,654	14,873,470	3,034,153	6,535,099	465,958,386
Less:						-
Accumulated Depreciation	-	(194,174,136)	(13,211,389)	(899,911)	-	(208,285,436)
Balance at 9/30/2012	<u>\$ 21,286,010</u>	<u>\$ 226,055,518</u>	<u>\$ 1,662,081</u>	<u>\$ 2,134,242</u>	<u>\$ 6,535,099</u>	<u>\$ 257,672,950</u>

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NOTE 5 – RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

	Solid Waste Disposal District	Golf Course	County Utilities	Total
Sinking funds	\$ -	\$ 470,681	\$ 6,176,994	\$ 6,647,675
Renewal and replacement	3,229,445	-	3,485,928	6,715,373
Customer deposits	126,626	-	2,769,128	2,895,754
Capital construction	-	-	15,420,192	15,420,192
Closure and maintenance cost	10,513,736	-	-	10,513,736
Total	<u>\$ 13,869,807</u>	<u>\$ 470,681</u>	<u>\$ 27,852,242</u>	<u>\$ 42,192,730</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	\$ -	\$ -	\$ 59,013	\$ 59,013
Retainage payable	-	-	35,364	35,364
Accrued interest payable	-	6,931	173,413	180,344
Bonds payable (current portion)	-	555,000	3,205,000	3,760,000
Closure/maint. costs payable	10,513,736	-	-	10,513,736
Customer deposits	126,626	-	2,769,128	2,895,754
Total	<u>\$ 10,640,362</u>	<u>\$ 561,931</u>	<u>\$ 6,241,918</u>	<u>\$ 17,444,211</u>

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NOTE 7 - INTERFUND BALANCES

Interfund balances at September 30, 2012, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 219,500
General Fund	Golf Course Enterprise Fund	54,204
General Fund	Fleet Internal Service Fund	225,000
		<u>\$ 498,704</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 2013. 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, 2012, consisted of the following:

Receivable Fund	Payable Fund	Amount
Secondary Roads Construction Fund	Golf Course Fund	\$ 255,000
General Fund	Golf Course Fund	188,416
		<u>\$ 443,416</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, 2012, consisted of the following:

	Transfers In:				
	General Fund	Transportation Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Transfers Out:					
General Fund	\$ -	\$ 7,499,582	\$ 3,161,698	\$ 35,438	\$ 10,696,718
Golf Course Fund	7,532	-	-	-	7,532
Total	<u>\$ 7,532</u>	<u>\$ 7,499,582</u>	<u>\$ 3,161,698</u>	<u>\$ 35,438</u>	<u>\$ 10,704,250</u>

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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, 3) use unrestricted general fund revenues to pay off a bond issue, 4) use unrestricted general fund revenues to offset a portion of salaries and benefits expenses for an employee accounted for in the health insurance fund, and 5) to reimburse the general fund for a golf course server.

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 9/30/2012	(3,000,000)
Balance Due from FDOT SR60 Agreement	11,429,754
Additional Funds Due from other governments	1,226,405
Total Due from other governments	\$ 12,656,159

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NOTE 10 – ACCOUNTS PAYABLE

Accounts Payable at September 30, 2012, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total Accounts Payable</u>
Governmental Funds:			
General	\$ 688,876	\$ 36,900	\$ 725,776
Impact Fees	1,569,236	281	1,569,517
Secondary Roads Construction	408,483	806	409,289
Transportation	204,782	21,904	226,686
Emergency Services	109,067	62,760	171,827
Optional Sales Tax	614,954	-	614,954
Other Governmental	389,933	2,734	392,667
Total Governmental Funds	<u>\$ 3,985,331</u>	<u>\$ 125,385</u>	<u>\$ 4,110,716</u>
Proprietary Funds:			
Payable from current assets:			
Solid Waste	\$ 1,971,588	\$ 1,688	\$ 1,973,276
Golf Course	137,826	1,502	139,328
Utilities	637,379	23,242	660,621
Building	16,588	3,375	19,963
Other Proprietary	199,858	3,034	202,892
Payable from restricted assets:			
Utilities	59,013	-	59,013
Total Proprietary Funds	<u>\$ 3,022,252</u>	<u>\$ 32,841</u>	<u>\$ 3,055,093</u>

The Board has not engaged in any short-term debt activity during fiscal year 2012 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, 2012, 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
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Notes To Financial Statements
Year Ended September 30, 2012

NOTE 11 - LONG-TERM LIABILITIES

A. Governmental Long-Term Debt

Changes in Long-Term Liabilities

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Accrued Compensated Absences:	\$ 4,163,758	\$ 3,066,993	\$ 3,048,565	\$ 4,182,186
Bonds Payable:				
Limited General Obligation				
Bonds - 2006 Series	35,385,000	-	3,000,000	32,385,000
General Obligation				
Bonds - 2001 Series	4,430,000	-	4,430,000	-
Spring Training Facility				
Revenue Bonds - 2001 Series	11,705,000	-	630,000	11,075,000
Total Bonds Payable	51,520,000	-	8,060,000	43,460,000
Grand Total	<u>\$ 55,683,758</u>	<u>\$ 3,066,993</u>	<u>\$ 11,108,565</u>	<u>\$ 47,642,186</u>

Of the \$4,182,186 liability for accrued compensated absences, management estimates that \$3,293,589 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 Balances of Nonmajor Governmental Funds).

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

Annual Debt Service Payments

The annual debt service payments for bonds outstanding at September 30, 2012, are as follows:

Fiscal Year Ending September 30	Limited General Obligation Bonds Series 2006		Spring Training Facility Revenue Bonds Series 2001	
	Principal	Interest	Principal	Interest
2013	\$ 3,120,000	\$ 1,492,263	\$ 655,000	\$ 566,333
2014	3,255,000	1,367,463	685,000	537,513
2015	3,390,000	1,204,712	725,000	501,550
2016	3,545,000	1,035,212	760,000	463,487
2017	3,705,000	893,413	795,000	423,587
2018-2022	15,370,000	1,774,350	3,945,000	1,443,575
2023-2027	-	-	1,780,000	708,250
2028-2031	-	-	1,730,000	218,750
Total	<u>32,385,000</u>	<u>7,767,413</u>	<u>11,075,000</u>	<u>4,863,045</u>
Less:				
Current portion	3,120,000	-	655,000	-
Add:				
Unamortized bond premium	815,714	-	-	-
Total	<u>\$ 30,080,714</u>	<u>\$ 7,767,413</u>	<u>\$ 10,420,000</u>	<u>\$ 4,863,045</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
Year Ended September 30, 2012

NOTE 11 - LONG-TERM LIABILITIES – Continued

A. Governmental Long-Term Debt - Continued

Limited General Obligation Bonds - Continued

Bonds Issued - At September 30, 2012, 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, 2012</u>
Limited General Obligation Bonds, 2006 Series	4.00%-5.00% 1/1 and 7/1	2021	\$ 48,600,000	<u>\$ 32,385,000</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 (GOB)

Purpose – On November 2, 1992, County voters approved a bond referendum authorizing a total of \$26,000,000 aggregate principal amount of general obligation bonds, in one or more series, to acquire environmentally sensitive lands, together with the necessary restoration, remediation, and reclamation activities to preserve and enhance such property.

On November 29, 2001, the Board issued the second series of GOBs in the amount of \$11,000,000. The remaining outstanding principal balance of \$3,620,000 was called early on July 1, 2012.

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 were used to pay the cost of issuance of the bonds, including the premiums for guaranty insurance. The last installment of these GOBs was paid on July 1, 2010.

Spring Training Facility Revenue Bonds

Purpose - On August 15, 2001, the Board issued \$16,810,000 of Spring Training Facility Revenue Bonds, Series 2001. The Series 2001 bonds are being issued by the Board to provide funds, together with other available funds, to (1) finance a portion of the cost of acquisition and expansion of a spring training facility currently known as "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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 11 - LONG-TERM LIABILITIES - Continued

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

The foregoing is collectively referred to herein as the “pledged revenues”. These revenue streams are pledged for the remaining term of the bonds.

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

The current principal and interest payments of \$1,223,423 represent seventeen percent of total pledged revenues. All three pledged revenue sources totaled \$7,276,317 for the current fiscal year. The Board 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 \$15,938,045.

Bonds Issued - At September 30, 2012, 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, 2012</u>
Spring Training Facility Revenue Bonds, 2001 Series	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	<u>\$ 11,075,000</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.

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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

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NOTE 11 - LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long-Term Debt

Changes in Long-Term Liabilities

	Balance October 1, 2011		Additions		Deletions		Balance September 30, 2012
Accrued Compensated Absences	\$ 864,879	\$	714,164	\$	676,936	\$	902,107
Bonds Payable:							
Recreational Revenue Refunding Series 2003	2,655,000		-		535,000		2,120,000
Water & Sewer Revenue Refunding Series 2005	20,490,000		-		1,480,000		19,010,000
Water & Sewer Revenue Refunding Series 2009	26,370,000		-		1,610,000		24,760,000
Total Bonds Payable	49,515,000		-		3,625,000		45,890,000
Grand Total	\$ 50,379,879	\$	714,164	\$	4,301,936	\$	46,792,107

Annual Debt Service Payments

The annual debt service payments for bonds outstanding at September 30, 2012 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
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	-	-	1,840,000	565,450	2,000,000	881,000
2018-2022	-	-	10,615,000	1,405,250	11,600,000	2,801,250
2023-2024	-	-	-	-	4,020,000	268,000
Total	2,120,000	201,287	19,010,000	5,037,900	24,760,000	8,334,100
Less:						
Current portion	555,000	-	1,530,000	-	1,675,000	-
Unamortized bond discount	18,129	-	-	-	-	-
Add:						
Unamortized bond premium	-	-	610,413	-	2,082,285	-
Total	\$1,546,871	\$201,287	\$18,090,413	\$ 5,037,900	\$ 25,167,285	\$8,334,100

Indian River County, Florida
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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 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2012 is \$107,215 and is reflected as a deferred outflow of resources on the Statement of Net Position.

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 \$637,964 represent sixty-one percent of net revenues of \$1,039,595 of the golf course. The total principal and interest remaining to be paid on the bonds is \$2,321,287. All three pledged revenue sources totaled \$2,004,997 for the current fiscal year. The Board 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, 2012, 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, 2012</u>
Recreational Revenue Refunding Bonds, Series 2003	2.00 – 4.125% 3/1 and 9/1	9/1/16	\$ 6,455,000	<u>\$ 2,120,000</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, which included shortening the term of the bonds by four years and lowering average annual debt service by \$242,000, was \$2,944,661 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2012 is \$1,684,686 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Pledge of Revenues – The revenue bonds are collateralized, for the remaining term of the bonds, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments.

Annual principal and interest payments of \$2,405,250 represent approximately eighteen percent of net revenues of \$13,217,926 of the utility system. The total principal and interest remaining to be paid on the bonds is \$24,047,900.

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, 2012, 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, 2012</u>
Water and Sewer Revenue Bonds, Series 2005	3-5% 3/1 and 9/1	2022	\$ 27,675,000	<u>\$ 19,010,000</u>

Outstanding In-Substance Defeased Debt - The proceeds from the refunding were invested in Federal Securities and 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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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, which lowered average annual debt service by \$126,000, was \$1,368,427 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2012 is \$1,083,338 and is reflected as a deferred outflow of resources on the Statement of Net Position.

Pledge of Revenues – The revenue bonds are collateralized, for the remaining term of the bonds, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments.

The current principal and interest payments of \$2,878,200 represent approximately twenty two percent of net revenues of \$13,217,926 of the utility system. The total principal and interest remaining to be paid on the bonds is \$33,094,100.

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, 2012, 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, 2012</u>
Water and Sewer Revenue Bonds, Series 2009	4-5% 3/1 and 9/1	2024	\$ 26,370,000	<u>\$ 24,760,000</u>

Outstanding In-Substance Defeased Debt - The proceeds from the refunding were invested in Federal Securities and 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
Year Ended September 30, 2012

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 \$3.6 million. These costs will be recognized in future periods as the remaining capacity is filled. The Board's policy is to fund 100% of the current year's allocation (based upon the consulting engineers' report) of both closure and post-closure care.

Required closure and post-closure sub-accounts:

	<u>Capacity Used</u>	<u>Estimated Closing</u>	<u>Amount</u>
<u>Closure Costs</u>			
Class I - Segments I and II	58%	2030	\$ 6,801,947
Construction and Demolition - Cell I	89%	2017	1,118,866
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	2,413,435
Construction and Demolition - Cell I	N/A	N/A	179,488
Total account balance at 9/30/12:			\$ <u>10,513,736</u>

All amounts recognized are based on what it would cost to perform all closure and post-closure functions in current dollars. Actual costs may be different due to inflation, deflation, changes in technology, or changes in laws and regulations. The SWDD is required by FDEP to annually show proof of ability to finance closure and post-closure costs. The SWDD is making annual deposits to a closure and post-closure cost escrow account to provide for the financing of future closure-related expenses. At September 30, 2012, \$10,442,551 was on deposit at the Florida Local Government Investment Trust and \$71,185 was on deposit in the Board's Operating account.

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

	<u>Balance 10/01/11</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance 09/30/12</u>
Closure and long-term care costs	\$ 10,016,236	\$ 497,500	\$ -	\$10,513,736

Of the \$10,513,736 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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Notes To Financial Statements
Year Ended September 30, 2012

NOTE 13 – POLLUTION REMEDIATION

In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, a consultant evaluated five 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 five sites requiring the Board (using the consultant's services) to attempt to accrue a liability for pollution remediation. The liability totaled \$2,621,800 at September 30, 2012 for all five 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 \$2,425,000 and will be paid from the Optional Sales Tax Fund.
- 2) ***Old Administration Building*** – The nature of the pollution remediation obligation is closed underground storage tank contamination. The consultant will conduct monitoring and reporting with the FDEP. The amount of the estimated year end liability is \$32,000 and will be paid from the General Fund.
- 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 \$73,200 and will be paid from the Impact Fees Fund.
- 4) ***Shadowbrook Estates*** – The nature of the pollution remediation obligation is arsenic and lead contamination in two areas of a former citrus grove. The consultant will conduct the additional assessment and natural attenuation monitoring. The amount of the estimated year end liability is \$82,800 and will be paid from a nonmajor fund, the Land Acquisition Fund.

Total governmental funds liability: \$2,613,000

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 \$8,800 and will be paid from the County Utilities Fund.

Total proprietary funds liability: \$8,800

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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. Employer rates effective as of July 1, 2012 were as follows: regular class 5.18%, senior class 6.30%, special risk 14.90%, and elected official class 10.23%.

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.

Employer contributions to the FRS for the fiscal years ended September 30, 2010, 2011 and 2012, were equal to 13.4%, 12.8%, and 7.7% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2010, 2011, and 2012, were \$5,602,795, \$4,975,937 and \$2,894,804 respectively. Employee contributions for the fiscal years ended September 30, 2011 and 2012 were \$259,425 and \$956,266. Both employer and employee contributions were equal to 100% of the required contribution for each year.

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.

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2012

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

A. Plan Description

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

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

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

The implicit rate subsidy applies to health and life insurance coverage since the premiums charged are based upon a blending of younger active employees and older retired employees. Health insurance premiums, effective October 1, 2011 range from \$198 for Medicare participants to \$735 for family coverage. Life insurance is available to retirees at a flat rate of \$.20 per \$1000 of coverage (to a maximum of \$20,000 until the age of 70). After 70, the maximum amount of life insurance is \$10,000.

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

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

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2012

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN – Continued

A. Plan Description – Continued

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

At October 1, 2011, the date of the latest actuarial valuation, plan participation consisted of:

Active participants	1,428
Retired participants	<u>371</u>
Total participants	<u>1,799</u>

There are two classes of participants at October 1, 2011:

Regular and senior management	1,127
Special risk	<u>672</u>
Total participants	<u>1,799</u>

The average employer's contribution was \$1,981 per employee, approximately 4.5% of current payroll. Financial statements for the OPEB Trust 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; however, the OPEB Trust investments can be found in Note 2D and the Schedule of Funding Progress can be found on page 99.

B. Funding Policy

The Board of County Commissioners, in concert with the OPEB Board of Trustees, has the authority to establish and amend the funding policy of the OPEB Plan. The OPEB Trust is advance funded by the Board. For the year ended September 30, 2012, the County contributed \$2.96 million to the qualifying OPEB Trust. Plan members receiving benefits contributed \$1.5 million, or approximately 51 percent of the total premiums. It is the Board's policy to base future 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 OPEB Trust is based on the ARC calculation. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 20 years. The following table shows the components of the County's annual cost for the current and two preceding years, the amount actually contributed, and the changes in the net obligation.

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2012

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

C. Annual OPEB Cost and Net OPEB Obligation - Continued

	<u>FY 2011/2012</u>	<u>FY 2010/2011</u>	<u>FY 2009/2010</u>
Annual Required Contribution	\$ 2,828,452	\$ 2,948,682	\$ 2,814,435
Interest on Net OPEB Obligation	(12,323)	(22,381)	(7,272)
Adjustment to Annual Required Contribution	14,075	23,385	7,779
Annual OPEB Cost (expense)	<u>2,830,204</u>	<u>2,949,686</u>	<u>2,814,942</u>
Contributions	(2,962,301)	(2,819,540)	(3,030,792)
Change in Net OPEB Obligation	(132,097)	130,146	(215,850)
Net OPEB Obligation – beginning of year	(189,584)	(319,730)	(103,880)
Net OPEB Obligation – end of year	<u>\$ (321,681)</u>	<u>\$ (189,584)</u>	<u>\$ (319,730)</u>
Percentage of Annual OPEB Cost Contributed	104.67%	95.59%	107.67%

D. Funded Status and Funding Progress

The Schedule of Funding Progress and Schedule of Employer Contributions, presented as required supplementary information immediately following the County Notes to the Financial Statements (on page 99), presents multi-year trend regarding liabilities, funding, and payroll. The data also reflects whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This information includes the current and past two actuarial valuations and five years of funding data.

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.

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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
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NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

E. Actuarial Methods and Assumptions - Continued

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)	16 years
Asset valuation method	Market Value

The actuarial assumptions are:

Investment rate of return	6.5%	(net administrative expenses)
Projected annual salaries increase	4.0%-9.47%	(dependent on years of service and age)
Healthcare cost trend rate	8.5%	(decreasing ½% each year & thereafter to the ultimate value of 5.32%)
Inflation rate	3%	

NOTE 16 - OPERATING LEASES

The Board has entered into noncancelable operating leases, both as lessor and lessee. Lease terms vary from 1 to 99 years. Lease revenues totaled \$587,765 and lease expenditures totaled \$76,908 for the year ended September 30, 2012. 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>
2013	\$ 492,658
2014	458,600
2015	471,411
2016	456,234
2017	443,383
2018-2022	2,121,034
2023-2027	1,298,906
2028-2032	721,056
2033-2037	132,600
2038	27,900
Total future minimum receipts:	<u>\$ 6,623,782</u>

The property being leased is reported in the financial statements of County and has a cost of \$29,060,384, and a carrying value of \$20,723,566. Current year depreciation on property being leased was \$368,896.

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2012

NOTE 16 - OPERATING LEASES - Continued

B. Future Minimum Lease Payments

The following is a schedule, by years, of minimum future rentals to be paid by the Board for various noncancelable operating leases as of September 30, 2012:

<u>Year</u>	<u>Amount</u>
2013	\$ 80,114
2014	42,739
2015	25,170
2016	25,170
2017	25,170
2018-2022	54,840
2023-2027	7,500
2028-2032	7,500
2033-2037	6,900
2038-2042	4,500
2043-2047	4,500
2048-2052	3,300
2053-2057	2,400
2058-2062	1,500
2063-2067	1,500
2068-2072	1,500
2073-2077	1,500
Total future minimum lease payments:	<u>\$ 295,803</u>

Indian River County, Florida
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Notes To Financial Statements
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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 the approval of a County ordinance by the Board of County Commissioners. This category also includes existing resources on hand to satisfy the obligations that arise from contractual obligations entered into by the Board of County Commissioners.

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

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

B. Fund Balance Policy

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

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

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2012

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. Funds utilized due to revenue declines will be replenished over a five-year period. Funds utilized for unfunded mandates or unanticipated expenditures cannot be used for more than a three-year period and must be replenished within five-years after the three-year period.

At September 30, 2012, reserve amounts for those funds were:

	<u>Disaster Relief</u>	<u>Budget Stabilization</u>	<u>Total</u>
General Fund	\$ 5,200,000	\$ 5,200,000	\$ 10,400,000
Transportation Fund	700,000	700,000	1,400,000
Emergency Services District Fund	<u>1,400,000</u>	<u>1,400,000</u>	<u>2,800,000</u>
Total	<u><u>\$ 7,300,000</u></u>	<u><u>\$ 7,300,000</u></u>	<u><u>\$ 14,600,000</u></u>

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

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

C. Spending Hierarchy

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

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 18 - FUND BALANCE DEFICIT

The following funds had a deficit in fund balance at September 30, 2012:

Fund	Deficit
Nonmajor Governmental Funds:	
Metropolitan Planning Organization Fund	\$ 190,689
Federal/State Grants Fund	5,083
Total Deficit	<u>\$ 195,772</u>

The deficits for these two funds will be eliminated by grant proceeds in fiscal year 2013.

NOTE 19 – NET POSITION

A. Restricted Net Position

The Board has established a restriction within the net position section of the proprietary funds for capital projects. Restricted net position at September 30, 2012 consist of the following:

Restricted for Capital Projects:

County Utilities Fund \$ 17,941,773

B. Restatement of Beginning Net Position

In accordance with the requirements of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, beginning net position for the Golf Course and Utilities Funds were restated. Due to the write off of the unamortized bond issuance costs outstanding at September 30, 2011, the Golf Course Fund's beginning net position was reduced by \$49,523 and the Utilities Fund's beginning net position was reduced by \$477,430.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2012

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>09/30/12</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 liability coverage listed above. There is a 5% deductible per location for property damages arising due to a hurricane under the reinsurance policy. All departments of the Board participate in the program. Payments are made by various funds to the Self Insurance Fund based on past experience and actual estimates of the amounts needed to pay current year claims. The Board has received one reimbursement, for a liability claim in excess of the general liability limit, in the amount of \$134,820 in fiscal year 2012. The prior two fiscal years did not incur any excess settlements.

The Board is also self-insured for medical claims covering employees and their eligible dependents. As required by Section 112.081, Florida Statutes, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees; however, the retirees are responsible for payment of the premiums. Medical claims are paid from premiums contributed by employees, retirees, and by the Board. Premiums and contributions are determined by projected claims based on historical and actuarial experience. The self-insurance medical plan assumes all risk for claims, other than worker's compensation, up to \$250,000 per occurrence. The Board has purchased a reinsurance policy to cover claims in excess of these limits. There were no medical claims in excess of the \$250,000 limit for the current and prior two fiscal years.

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2012

NOTE 20 - RISK MANAGEMENT - Continued

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

The claims liability of \$8,074,000 reported at September 30, 2012, 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, \$2,197,855 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>
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
2011-2012	7,877,000	13,967,831	(13,770,831)	8,074,000

Included in the charges to other funds is an amount to fund future catastrophic losses not actuarially determined; and at September 30, 2012, unrestricted net position of \$24,330,918 has been designated for this purpose. The Board has elected to accrue the larger of the discounted liability or undiscounted liability. At September 30, 2012, the undiscounted liability was the greater of the two amounts. The discount rate used in the calculation was 2.5 percent.

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.

Indian River County, Florida
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Notes To Financial Statements
Year Ended September 30, 2012

NOTE 21 - COMMITMENTS AND CONTINGENCIES - Continued

B. Contracts and Other Commitments

The Board has various contracts and commitments outstanding at September 30, 2012. In the General Fund, contracts are for janitorial services, beach park landscape and custodial maintenance and external auditing services. In the Special Revenue Funds, contracts are for the construction of Fire Station 13 in the southern part of the County on 4th Street and 43rd Avenue, Oslo Road Widening from 43rd Avenue to 27th Avenue (Phase II) and from 58th Avenue to 43rd Avenue (Phase III), 66th Avenue Roadway Improvements from 16th Street to 4th Street, 27th Avenue Milling and Resurfacing, as well as a variety of other road paving and drainage projects. In the Capital Projects Fund, contracts are for the South County Regional Park Intergenerational Recreation Facility, PC South Algal Turf Scrubber Nutrient Recovery System and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for Sandridge Golf Club driving range tee renovations, Segment III Landfill Expansion, Repaving of the Winter Beach, Roseland and Gifford customer convenience centers, West Wabasso gravity sewer system, South County Brine Disposal project and various other water and sewer projects.

A summary of these projects at September 30, 2012, is as follows:

	<u>Total</u> <u>Contract Price</u>	<u>Total Paid as of</u> <u>September 30, 2012</u>	<u>Remaining</u> <u>Balance at</u> <u>September 30, 2012</u>
General	\$ 570,803	\$ (339,750)	\$ 231,053
Special Revenue	32,783,500	(16,365,467)	16,418,033
Capital Projects	10,110,328	(7,292,557)	2,817,771
Enterprise	<u>8,107,986</u>	<u>(4,590,047)</u>	<u>3,517,939</u>
Total	\$ <u><u>51,572,617</u></u>	\$ <u><u>(28,587,821)</u></u>	\$ <u><u>22,984,796</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 Board. In the opinion of management, any such adjustments would not be significant.

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

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of ***Indian River County, Florida Board of County of Commissioners*** (the "Board") as of and for the year ended September 30, 2012, which collectively comprise the Board's fund financial statements as listed in the table of contents. 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 Board is responsible for establishing and maintaining effective 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.



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 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.

A handwritten signature in black ink that reads "Rehmann Johnson".

Vero Beach, Florida
March 12, 2013

Management Letter

The Honorable Board of County Commissioners
Indian River County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Board of County of Commissioners* (the "Board") as of and for the year ended September 30, 2012 and have issued our report thereon dated March 12, 2013.

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 12, 2013, 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.), there were no findings and recommendations made in the preceding annual financial 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 make 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 identify any such findings.

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 identify 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.

This letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other state granting agencies, and applicable management within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



Vero Beach, Florida
March 12, 2013

**CLERK OF THE CIRCUIT COURT AND
COMPTROLLER**

Independent Auditors' Report

The Honorable Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller
Indian River County, Florida

We have audited the accompanying fund financial statements of the major funds and the aggregate remaining fund information of the *Indian River County, Florida Clerk of the Circuit Court* (the "Clerk") as of and for the year ended September 30, 2012, which collectively comprise the Clerk's fund financial statements as listed in the table of contents. These financial statements are the responsibility of the Clerk's management. Our responsibility is to express opinions 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 opinions.

As described in Note 1, the fund financial statements present only the funds of the Clerk and do not purport to, and do not, present fairly the financial position of Indian River County as of September 30, 2012 the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the fund financial statements referred to previously present fairly, in all material respects, the financial position of the major funds and the aggregate remaining fund information of the Clerk as of September 30, 2012, and the changes in financial position thereof 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 12, 2013 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of management, the Clerk, 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.

A handwritten signature in black ink that reads "Rehmann Robson".

Vero Beach, Florida
March 12, 2013

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Balance Sheet
Governmental Funds
September 30, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 307,357	\$ 2,335,415	\$ 2,642,772
Accounts receivable	78,565	-	78,565
Prepaid items	22,136	11,762	33,898
Due from other governments	3,995	-	3,995
Total assets	<u>\$ 412,053</u>	<u>\$ 2,347,177</u>	<u>\$ 2,759,230</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,081	\$ 8,747	\$ 12,828
Due to other governments	43,036	-	43,036
Other deposits held in escrow	222,713	-	222,713
Total liabilities	<u>269,830</u>	<u>8,747</u>	<u>278,577</u>
Fund Balances:			
Nonspendable:			
Prepaid items	22,136	11,762	33,898
Restricted for:			
Court-related costs and improvements	120,087	2,293,412	2,413,499
Committed to:			
Court operations	-	33,256	33,256
Total fund balances	<u>142,223</u>	<u>2,338,430</u>	<u>2,480,653</u>
Total liabilities and fund balances	<u>\$ 412,053</u>	<u>\$ 2,347,177</u>	<u>\$ 2,759,230</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, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 3,296,711	\$ -	\$ 3,296,711
Charges for services	1,108,511	354,884	1,463,395
Judgments, fines and forfeits	-	152,058	152,058
Interest	363	6,539	6,902
Total revenues	<u>4,405,585</u>	<u>513,481</u>	<u>4,919,066</u>
EXPENDITURES			
General government	1,709,019	470,723	2,179,742
Court related	<u>3,529,676</u>	<u>149,631</u>	<u>3,679,307</u>
Total expenditures	<u>5,238,695</u>	<u>620,354</u>	<u>5,859,049</u>
Excess of revenues over (under) expenditures	<u>(833,110)</u>	<u>(106,873)</u>	<u>(939,983)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	932,252	-	932,252
Transfers to Board of County Commissioners	(5,375)	-	(5,375)
Transfer to other governments	<u>(33,690)</u>	<u>-</u>	<u>(33,690)</u>
Total other financing sources (uses)	<u>893,187</u>	<u>-</u>	<u>893,187</u>
Net change in fund balances	60,077	(106,873)	(46,796)
Fund balances at beginning of year	<u>82,146</u>	<u>2,445,303</u>	<u>2,527,449</u>
Fund balances at end of year	<u>\$ 142,223</u>	<u>\$ 2,338,430</u>	<u>\$ 2,480,653</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, 2012

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 3,327,601	\$ 3,327,601	\$ 3,296,711	\$ (30,890)
Charges for services	940,000	940,000	1,108,511	168,511
Interest	-	-	363	363
Total revenues	<u>4,267,601</u>	<u>4,267,601</u>	<u>4,405,585</u>	<u>137,984</u>
EXPENDITURES				
General government	1,630,655	1,684,216	1,709,019	(24,803)
Court related	3,419,738	3,643,904	3,529,676	114,228
Total expenditures	<u>5,050,393</u>	<u>5,328,120</u>	<u>5,238,695</u>	<u>89,425</u>
Excess of revenues over (under) expenditures	<u>(782,792)</u>	<u>(1,060,519)</u>	<u>(833,110)</u>	<u>227,409</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	69,062	128,267	-	(128,267)
Transfers from Board of County Commissioners	932,252	932,252	932,252	-
Transfers to Board of County Commissioners	-	-	(5,375)	(5,375)
Transfers to other governments	<u>(218,522)</u>	<u>-</u>	<u>(33,690)</u>	<u>(33,690)</u>
Total other financing sources (uses)	<u>782,792</u>	<u>1,060,519</u>	<u>893,187</u>	<u>(167,332)</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	60,077	\$ <u>60,077</u>
Fund balances at beginning of year			<u>82,146</u>	
Fund balances at end of year			<u>\$ 142,223</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 Position
Agency Fund
September 30, 2012

ASSETS

Cash and cash equivalents	\$	4,426,491
Total assets	\$	<u>4,426,491</u>

LIABILITIES

Accounts payable	\$	389
Due to other governments		1,208,493
Escrow deposits		<u>3,217,609</u>
Total liabilities	\$	<u>4,426,491</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, 2012

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, 2012

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 and the budget relating to the requirements of the Clerk as Clerk to the Board of County Commissioners, County auditor, and custodian of all County funds and other County-related duties. The budget relating to the State court system is prepared by the Clerk and submitted to the Florida Clerks of Court Operations Corporation (CCOC) 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 Items

This account represents prepayments for services that will be used in future periods. The Clerk's policy is to record the expenditure for the services when they are used rather than when the cash is disbursed.

F. Capital Assets

Acquisitions of equipment are recorded as expenditures at the time of purchase for governmental fund financial statements. Tangible personal property used by the Clerk in operations is reported in the financial statements of the County. Refer to the County-wide note on capital assets for capitalization threshold, depreciation methodology and useful lives.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2012

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 \$128,267 from the public records modernization fund to subsidize court technology expenses. At year end, this amount was not needed due to recording fees exceeding budget.

The non-court operations (finance function and board meeting recordings) were funded by the Board of County Commissioners in the amount of \$932,252.

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 29, 2012, \$5,375 in unspent budget funds was returned to the Board. 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 \$33,690, 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, 2012 through September 30, 2012 were \$142,223; this amount is presented as fund balance of the General Fund at September 30, 2012.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 2 - CASH AND CASH EQUIVALENTS

A. Deposits

At September 30, 2012, the carrying value of the Clerk's deposits was \$2,842,948 and the bank balance was \$3,373,102. 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. Cash on hand at September 30, 2012 was \$1,900.

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

At September 30, 2012, the Clerk had \$20,055 invested in the Fund B Surplus Funds Trust Fund (Fund B), a fluctuating net asset value pool. The fund was established by Florida Statute 218.405 and is administered by the Florida State Board of Administration (SBA). The SBA determined that Fund B did not meet the requirements of a SEC 2a7-like fund; therefore, a fair value factor (total net asset value of Fund B divided by total participant balances) was provided for reporting the value of the Clerk's participation in Fund B at fiscal year-end. This resulted in a negative adjustment of 5.1% of the portfolio balance, or \$1,023. Consequently, the net investment in Fund B is reported at \$19,032.

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 55 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 \$4,205,383 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 218.415, subsection 17, 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. Classes and rates in effect at July 1, 2012 were: regular class 5.18%, senior class 6.30%, DROP class 5.44%, and elected official class 10.23%.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 3 – PENSION PLAN - Continued

Florida Retirement System - 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, 2010, 2011 and 2012, were equal to 10.62%, 9.92% and 5.21% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2010, 2011 and 2012 were \$375,894, \$371,781 and \$186,001 respectively. Employee contributions for the fiscal years ended September 30, 2011 and 2012 were \$23,576 and \$91,895 respectively. Both employer and employee contributions were equal to 100% of the required contribution for each year.

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Clerk participated in the Indian River County Other Postemployment Benefits Trust (IRCOT). The Clerk's 2012 annual required contribution of \$165,045 was funded by the Board of County Commissioners in the amount of \$26,362; non-court revenue in the amount of \$25,176; court-related State expenditures in the amount of \$111,624; and the public modernization trust fund in the amount of \$1,883. 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.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2012

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 2012 at an annual cost of approximately \$716,634. Further details of this self-insurance program are discussed in the County-wide financial statements and County notes.

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, 2012:

	Beginning Balance <u>10/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>9/30/12</u>
Accrued Compensated Absences	\$ 281,148	\$ 350,541	\$ 346,201	\$ 285,488

Of the \$285,488 liability for accrued compensated absences, management estimates that \$75,000 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since they are not payable from available spendable resources. They are reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

**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 Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller
Indian River County, Florida

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the ***Indian River County, Florida Clerk of the Circuit Court*** (the "Clerk"), as of and for the year ended September 30, 2012, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated March 12, 2013. 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 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Clerk'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk'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.

The Honorable Jeffrey R. Smith
Clerk of Court and Comptroller
Page two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The 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, 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.



Vero Beach, Florida
March 12, 2013

Management Letter

The Honorable Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller
Indian River County, Florida

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the ***Indian River County, Florida Clerk of the Circuit Court*** (the "Clerk"), as of and for the year ended September 30, 2012, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated March 12, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 12, 2013, 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 auditors' 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 findings or recommendations 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 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 identify 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.

The Honorable Jeffrey R. Smith
Clerk of the Circuit Court and Comptroller
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 identify 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 complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

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



Vero Beach, Florida
March 12, 2013

PROPERTY APPRAISER

Independent Auditors' Report

The Honorable David C. Nolte
Property Appraiser
Indian River County, Florida

We have audited the accompanying fund financial statements of the major fund of the **Indian River County, Florida Property Appraiser** (the "Property Appraiser") as of and for the year ended September 30, 2012, which comprise the Property Appraiser's fund financial statements 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 fund financial statements present only the fund of the Property Appraiser and do not purport to, and do not, present fairly the financial position of Indian River County as of September 30, 2012 the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the fund financial statements referred to previously present fairly, in all material respects, the financial position of the funds of the Property Appraiser as of September 30, 2012, and the changes in financial position thereof 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 12, 2013 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

A handwritten signature in black ink that reads "Rehmann Robson".

Vero Beach, Florida
March 12, 2013

Indian River County, Florida
Property Appraiser
Balance Sheet
General Fund
September 30, 2012

ASSETS

Cash and cash equivalents	\$	171,932
Accounts receivable		3,385
Total assets	\$	<u>175,317</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	38,591
Due to other governments		121,391
Deposits		<u>15,335</u>
Total liabilities		<u>175,317</u>

Fund Balances:

Unassigned		<u>-</u>
Total fund balances		<u>-</u>

Total liabilities and fund balances	\$	<u>175,317</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, 2012

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 2,818,582	\$ 2,818,100	\$ 2,826,103	\$ 8,003
Interest	-	-	1,324	1,324
Total revenues	<u>2,818,582</u>	<u>2,818,100</u>	<u>2,827,427</u>	<u>9,327</u>
EXPENDITURES				
General government	<u>2,818,582</u>	<u>2,818,100</u>	<u>2,706,036</u>	<u>112,064</u>
Total expenditures	<u>2,818,582</u>	<u>2,818,100</u>	<u>2,706,036</u>	<u>112,064</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>121,391</u>	<u>121,391</u>
OTHER FINANCING USES				
Transfers to Board of County Commissioners	-	-	(109,762)	(109,762)
Transfers to other governments	<u>-</u>	<u>-</u>	<u>(11,629)</u>	<u>(11,629)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(121,391)</u>	<u>(121,391)</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, 2012

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, 2012

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 \$121,391 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, 2012, the carrying amount of the Property Appraiser's deposits was \$171,862 and the bank balance was \$214,123. 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. Cash on hand at September 30, 2012 was \$70.

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2012

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 5.18%, senior class 6.30%, and elected official class 10.23%).

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, 2010, 2011, and 2012, were equal to 10.73%, 10.02%, and 5.41% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2010, 2011, 2012 were \$224,920, \$195,025, and \$102,232 respectively. Employee contributions for the fiscal years ended September 30, 2011 and 2012 were \$13,320 and \$52,696 respectively. Both employer and employee contributions were equal to 100% of the required contribution for each year.

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Property Appraiser participated in the Indian River County Other Post Employment Benefits Trust (IRCOT). The Property Appraiser's 2012 annual required contribution of \$65,905 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, 2012

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 2012 at an annual cost of approximately \$271,260. 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>10/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/12</u>
Accrued Compensated Absences	<u>\$ 75,789</u>	<u>\$ 106,709</u>	<u>\$ 161,476</u>	<u>\$ 21,022</u>

Of the \$21,022 liability for accrued compensated absences, management estimates that \$10,000 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.

**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 fund financial statements of the major fund of the ***Indian River County, Florida Property Appraiser*** ("the Property Appraiser"), as of and for the year ended September 30, 2012, which comprises the Property Appraiser's fund financial statements and have issued our report thereon dated March 12, 2013. 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.

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.



Vero Beach, Florida
March 12, 2013

Management Letter

The Honorable David C. Nolte
Property Appraiser
Indian River County, Florida

We have audited the fund financial statements of the major fund information of the **Indian River County, Florida Property Appraiser** (the "Property Appraiser"), as of and for the year ended September 30, 2012, which comprises the Property Appraiser's fund financial statements and have issued our report thereon dated March 12, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 12, 2013, 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 auditors' 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 findings or recommendations 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 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 identify 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 identify any such findings.

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 identify 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.

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



Vero Beach, Florida
March 12, 2013

SHERIFF

Independent Auditors' Report

The Honorable Deryl Loar
Sheriff
Indian River County, Florida

We have audited the accompanying fund financial statements of the major funds and the aggregate remaining fund information of the *Indian River County, Florida Sheriff* (the "Sheriff") as of and for the year ended September 30, 2012, which collectively comprise the Sheriff's fund financial statements as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions 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 opinions.

As described in Note 1, the fund financial statements present only the funds of the Sheriff and do not purport to, and do not, present fairly the financial position of Indian River County as of September 30, 2012 the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the fund financial statements referred to previously present fairly, in all material respects, the financial position of the major funds and the aggregate remaining fund information of the Sheriff as of September 30, 2012, and the changes in financial position thereof 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 12, 2013 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

A handwritten signature in black ink that reads "Rehmann Robson".

Vero Beach, Florida
March 12, 2013

Indian River County, Florida
Sheriff
Balance Sheet
Governmental Funds
September 30, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,554,284	\$ 2,002,061	\$ 3,556,345
Accounts receivable - net	45,716	7,422	53,138
Due from other governments	-	5,633	5,633
Prepaid items	118	-	118
Total assets	<u>\$ 1,600,118</u>	<u>\$ 2,015,116</u>	<u>\$ 3,615,234</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,593,358	\$ 118,450	\$ 1,711,808
Due to other governments	6,760	-	6,760
Total liabilities	<u>1,600,118</u>	<u>118,450</u>	<u>1,718,568</u>
Fund Balances:			
Nonspendable:			
Prepaid items	118	-	118
Restricted for:			
Law enforcement/public safety	-	1,505,098	1,505,098
Committed for:			
Law enforcement/public safety	-	391,568	391,568
Unassigned	(118)	-	(118)
Total fund balances	<u>-</u>	<u>1,896,666</u>	<u>1,896,666</u>
Total liabilities and fund balances	<u>\$ 1,600,118</u>	<u>\$ 2,015,116</u>	<u>\$ 3,615,234</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, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ 64,478	\$ 64,478
Charges for services	-	308,684	308,684
Judgments, fines and forfeits	-	183,138	183,138
Interest	-	23	23
Miscellaneous	62,026	-	62,026
Total revenues	<u>62,026</u>	<u>556,323</u>	<u>618,349</u>
EXPENDITURES			
Public safety	35,632,059	908,952	36,541,011
Court related	1,504,980	8,821	1,513,801
Total expenditures	<u>37,137,039</u>	<u>917,773</u>	<u>38,054,812</u>
Excess of revenues over (under) expenditures	<u>(37,075,013)</u>	<u>(361,450)</u>	<u>(37,436,463)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	37,079,084	230,805	37,309,889
Transfers to Board of County Commissioners	(4,071)	-	(4,071)
Total other financing sources	<u>37,075,013</u>	<u>230,805</u>	<u>37,305,818</u>
Net change in fund balances	-	(130,645)	(130,645)
Fund balances at beginning of year	<u>-</u>	<u>2,027,311</u>	<u>2,027,311</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,896,666</u>	<u>\$ 1,896,666</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, 2012

	Budgeted Amount			Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
REVENUES				
Miscellaneous	\$ -	\$ 62,026	\$ 62,026	\$ -
Total revenues	-	62,026	62,026	-
EXPENDITURES				
Public safety	36,883,794	35,636,120	35,632,059	4,061
Court related	1,574,313	1,504,990	1,504,980	10
Total expenditures	38,458,107	37,141,110	37,137,039	4,071
Excess of revenues over (under) expenditures	(38,458,107)	(37,079,084)	(37,075,013)	4,071
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	38,458,107	37,079,084	37,079,084	-
Transfers to Board of County Commissioners	-	-	(4,071)	(4,071)
Total other financing sources	38,458,107	37,079,084	37,075,013	(4,071)
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances at beginning of year			-	
Fund balances at end of year			\$ -	

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

Indian River County, Florida
Sheriff
Statement of Fiduciary Net Position
Agency Fund
September 30, 2012

ASSETS

Cash and cash equivalents	\$	84,088
Total assets	\$	<u>84,088</u>

LIABILITIES

Escrow deposits	\$	84,088
Total liabilities	\$	<u>84,088</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, 2012

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, 2012

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. This unspent budget totaled \$4,071 and was reported as a transfer to the Board of County Commissioners at year end. These transfers are also included as due to other governments on the balance sheet.

F. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 2 - CASH

Deposits

At September 30, 2012, the carrying amount of the Sheriff's deposits was \$3,640,433, and the bank balance was \$5,700,087. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act.

The Sheriff's office elected not to adopt a formal investment policy and selects the alternative investment guidelines as provided by Florida Statutes 218.415, subsection 17. Refer to the County-wide Note 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>10/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/12</u>
Tangible Personal Property	<u>\$ 19,021,420</u>	<u>\$ 1,186,435</u>	<u>\$1,041,639</u>	<u>\$ 19,166,216</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, 2012

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 5.18%, special risk 14.90%, senior class 6.30%, and elected official class 10.23%).

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, 2010, 2011, and 2012 were equal to 18.29%, 17.87%, and 11.30% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2010, 2011, 2012 were \$4,294,161, \$4,048,292, and \$2,544,542 respectively. Employee contributions for the fiscal years ended September 30, 2011 and 2012 were \$146,774 and \$629,659 respectively. Both employer and employee contributions were equal to 100% of the required contribution for each year.

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS

The Sheriff participated in the Indian River County Other Post Employment Benefits Trust (IRCOT). The Sheriff's 2012 annual required contribution of \$1,101,834 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, 2012

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 2012 at an annual cost of approximately \$3,458,737. 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, 2012:

	Beginning Balance <u>10/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/12</u>
Accrued Compensated Absences	\$ 6,054,416	\$ 3,594,958	\$ 3,311,513	\$ 6,337,861

Of the \$6,337,861 liability for accrued compensated absences, management estimates that \$3,100,000 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 County-wide financial statements and County notes.

NOTE 8 – OPERATING LEASES

The Sheriff has entered into noncancelable operating leases as lessee of a building, hangar, mail machine, and copiers. Lease expenditures totaled \$105,639 for the year ended September 30, 2012.

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>
2013	\$ 82,987
2014	32,332
2015	11,482
2016	5,983
2017	<u>2,992</u>
Total Future Minimum Lease Payments	<u>\$ 135,776</u>

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2012

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.

**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 fund financial statements of the major fund and the aggregate remaining fund information of the ***Indian River County, Florida Sheriff*** (the “Sheriff”), as of and for the year ended September 30, 2012, which collectively comprise the Sheriff’s fund financial statements and have issued our report thereon dated March 12, 2013. 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.

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.



Vero Beach, Florida
March 12, 2013

Management Letter

The Honorable Deryl Loar
Sheriff
Indian River County, Florida

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the ***Indian River County, Florida Sheriff*** (the "Sheriff"), as of and for the year ended September 30, 2012, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated March 12, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 12, 2013, 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 auditors' 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 findings or recommendations 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 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 identify 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 identify any such findings.

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 identify 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.

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



Vero Beach, Florida
March 12, 2013

SUPERVISOR OF ELECTIONS

Independent Auditors' Report

The Honorable Leslie Rossway Swan
Supervisor of Elections
Indian River County, Florida

We have audited the accompanying fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Supervisor of Elections* (the "Supervisor of Elections") as of and for the year ended September 30, 2012, which collectively comprise the Supervisor of Election's fund financial statements 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 fund financial statements present only the funds of the Supervisor of Elections and do not purport to, and do not, present fairly the financial position of Indian River County as of September 30, 2012 the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the fund financial statements referred to previously present fairly, in all material respects, the financial position of the funds of the Supervisor of Elections as of September 30, 2012, and the changes in financial position thereof 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 12, 2013 on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

A handwritten signature in black ink that reads "Rehmann Robson".

Vero Beach, Florida
March 12, 2013

Indian River County, Florida
Supervisor of Elections
Balance Sheet
Governmental Funds
September 30, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 36,150	\$ 9,142	\$ 45,292
Prepaid items	4,803	-	4,803
Total assets	<u>\$ 40,953</u>	<u>\$ 9,142</u>	<u>\$ 50,095</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 16,659	\$ -	\$ 16,659
Due to other governments	24,294	-	24,294
Unearned revenue	-	9,142	9,142
Total liabilities	<u>40,953</u>	<u>9,142</u>	<u>50,095</u>
Fund Balances:			
Nonspendable:			
Prepaid items	4,803	-	4,803
Unassigned	(4,803)	-	(4,803)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 40,953</u>	<u>\$ 9,142</u>	<u>\$ 50,095</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, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ 25,250	\$ 25,250
Charges for services	5,003	-	5,003
Miscellaneous	52,708	-	52,708
Total revenues	<u>57,711</u>	<u>25,250</u>	<u>82,961</u>
EXPENDITURES			
General government	<u>1,166,995</u>	<u>35,425</u>	<u>1,202,420</u>
Total expenditures	<u>1,166,995</u>	<u>35,425</u>	<u>1,202,420</u>
Excess of revenues over (under) expenditures	<u>(1,109,284)</u>	<u>(10,175)</u>	<u>(1,119,459)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	1,136,009	-	1,136,009
Transfer from other funds	-	2,431	2,431
Transfers to Board of County Commissioners	(24,294)	-	(24,294)
Transfer to other funds	(2,431)	-	(2,431)
Total other financing sources (uses)	<u>1,109,284</u>	<u>2,431</u>	<u>1,111,715</u>
Net change in fund balances	-	(7,744)	(7,744)
Fund balances at beginning of year	<u>-</u>	<u>7,744</u>	<u>7,744</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 5,003	\$ 5,003
Miscellaneous	-	52,708	52,708	-
Total revenues	-	52,708	57,711	5,003
EXPENDITURES				
General government	1,133,509	1,186,217	1,166,995	19,222
Total expenditures	1,133,509	1,186,217	1,166,995	19,222
Excess of revenues over (under) expenditures	(1,133,509)	(1,133,509)	(1,109,284)	24,225
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	1,136,009	1,136,009	1,136,009	-
Transfers to Board of County Commissioners	-	-	(24,294)	(24,294)
Transfers to other funds	(2,500)	(2,500)	(2,431)	69
Total other financing sources (uses)	1,133,509	1,133,509	1,109,284	(24,225)
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, 2012

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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Prepaid Items

Deposits in the governmental funds represent prepayments for services that will be used in future periods. The Supervisor of 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. Unearned Revenues

Unearned revenues reported on the Supervisor of Election's balance sheet represent revenues which are available but not earned.

G. Compensated Absences

The Supervisor of Elections accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Supervisor of Elections does not, nor is 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.

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. This unspent budget totaled \$24,294 and was reported as transfers out. These transfers are also reflected as due to other governments on the balance sheet.

I. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 2 - CASH

Deposits

At September 30, 2012, the carrying amount of the Supervisor of Elections' deposits was \$45,167, and the bank balance was \$114,041. 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. Cash on hand at September 30, 2012 was \$125.

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 5.18%, senior class 6.30%, and elected official class 10.23%). 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, 2010, 2011, and 2012, were equal to 11.4%, 11.5%, and 6.19% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2010, 2011, 2012 were \$59,170, \$48,433 and \$28,013 respectively. Employee contributions for the fiscal years ended September 30, 2011 and 2012 were \$1,957 and \$13,585 respectively. Both employer and employee contributions were equal to 100% of the required contribution for each year.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2012

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 2012 annual required contribution of \$13,181 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 2012 at an annual cost of approximately \$42,320.

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, 2012:

	Beginning Balance <u>10/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/12</u>
Accrued Compensated Absences	<u>\$ 23,770</u>	<u>\$ 28,179</u>	<u>\$ 25,360</u>	<u>\$ 26,589</u>

Of the \$26,589 liability for accrued compensated absences, management estimates that \$8,315 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, 2012

NOTE 7 – OPERATING LEASES

The Supervisor of Elections has entered into noncancelable operating leases as lessee for a mail machine and letter opener. Lease expenditures totaled \$7,245 for the year ended September 30, 2012.

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>
2013	<u>3,379</u>
Total Future Minimum Lease Payments	\$ <u><u>3,379</u></u>

**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 Rossway Swan
Supervisor of Elections
Indian River County, Florida

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the ***Indian River County, Florida Supervisor of Elections*** (the “Supervisor of Elections”), as of and for the year ended September 30, 2012, which collectively comprise the Supervisor of Election’s fund financial statements and have issued our report thereon dated March 12, 2013. 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.

The Honorable Leslie Rossway Swan
Supervisor of Elections
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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.



Vero Beach, Florida
March 12, 2013

Management Letter

The Honorable Leslie Rossway Swan
Supervisor of Elections
Indian River County, Florida

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the ***Indian River County, Florida Supervisor of Elections*** (the "Supervisor of Elections"), as of and for the year ended September 30, 2012, which collectively comprise the Supervisor of Election's fund financial statements and have issued our report thereon dated March 12, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 12, 2013, 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 auditors' 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 findings or recommendations 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 Supervisor of Elections 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 identify 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 identify any such findings.

The Honorable Leslie Rossway 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 identify 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.

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



Vero Beach, Florida
March 12, 2013



TAX COLLECTOR

Independent Auditors' Report

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

We have audited the accompanying fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Tax Collector* (the "Tax Collector") as of and for the year ended September 30, 2012, which collectively comprise the Tax Collector's fund financial statements as listed in the table of contents. These financial statements are the responsibility of the Tax Collector's management. Our responsibility is to express opinions 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 opinions.

As described in Note 1, the fund financial statements present only the funds of the Tax Collector and do not purport to, and do not, present fairly the financial position of Indian River County as of September 30, 2012 the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the fund financial statements referred to previously present fairly, in all material respects, the financial position of the funds of the Tax Collector as of September 30, 2012, and the changes in financial position thereof 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 12, 2013 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

A handwritten signature in black ink that reads "Rehmann Robson".

Vero Beach, Florida
March 12, 2013

Indian River County, Florida
Tax Collector
Balance Sheet
General Fund
September 30, 2012

ASSETS

Cash and cash equivalents	\$	2,311,394
Investments		691,980
Accounts receivable		74,959
Inventories		1,153
Prepaid items		1,821
Total assets	\$	<u><u>3,081,307</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	341,656
Due to other governments		2,706,242
Unearned revenues		32,485
Other deposits held in escrow		924
Total liabilities		<u><u>3,081,307</u></u>

Fund Balances:

Nonspendable:		
Inventories		1,153
Prepaid items		1,821
Unassigned		<u>(2,974)</u>
Total fund balances		<u><u>-</u></u>

Total liabilities and fund balances	\$	<u><u>3,081,307</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, 2012

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 5,561,845	\$ 5,561,845	\$ 5,556,132	\$ (5,713)
Interest	10,000	10,000	7,165	(2,835)
Total revenues	<u>5,571,845</u>	<u>5,571,845</u>	<u>5,563,297</u>	<u>(8,548)</u>
EXPENDITURES				
General government	<u>2,937,181</u>	<u>2,941,647</u>	<u>2,857,055</u>	<u>84,592</u>
Total expenditures	<u>2,937,181</u>	<u>2,941,647</u>	<u>2,857,055</u>	<u>84,592</u>
Excess of revenues over (under) expenditures	<u>2,634,664</u>	<u>2,630,198</u>	<u>2,706,242</u>	<u>76,044</u>
OTHER FINANCING USES				
Transfers to Board of County Commissioners	(2,305,858)	(2,301,949)	(2,368,531)	(66,582)
Transfers to other governments	<u>(328,806)</u>	<u>(328,249)</u>	<u>(337,711)</u>	<u>(9,462)</u>
Total other financing uses	<u>(2,634,664)</u>	<u>(2,630,198)</u>	<u>(2,706,242)</u>	<u>(76,044)</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 Position
Agency Fund
September 30, 2012

ASSETS

Cash and cash equivalents	\$	4,414,722
Investments		<u>79,993</u>
Total assets	\$	<u><u>4,494,715</u></u>

LIABILITIES

Due to other governments	\$	<u>4,494,715</u>
Total liabilities	\$	<u><u>4,494,715</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, 2012

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.

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.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Budgetary Requirements - Continued

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 Items

This account represents prepayments for services that will be used in future periods. The Tax Collector's policy is to record the expenditure for the services when they are used rather than when the cash is disbursed.

F. Capital Assets

Acquisitions of equipment are recorded as expenditures at the time of purchase for governmental fund financial statements. Tangible personal property used by the Tax Collector in operations is reported in the financial statements of the County. Refer to the County-wide note on capital assets for capitalization threshold, depreciation methodology and useful lives.

G. Unearned Revenues

Unearned revenues reported on the Tax Collector's balance sheet represent revenues which are available but not earned.

H. Compensated Absences

The Tax Collector accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Tax Collector does not, nor is 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.

I. Transfer Out

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners and other governments. These "excess fees" are reported as transfers out and a liability and were \$2,706,242 at year-end.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

NOTE 2 - CASH AND CASH EQUIVALENTS

A. Deposits

At September 30, 2012, the carrying amount of the Tax Collector’s deposits was \$6,710,592 and the bank balance was \$6,617,689. 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. Cash on hand at September 30, 2012 was \$15,524.

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, 2012, 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)	\$ 161,276	.08	20.89%	AAAm
Fund B Surplus Funds Trust Fund	79,993	4.08	10.36	Not Rated
Other Market Rate Investments:				
Certificate of Deposit – 22 Month	251,043	1.84	32.52	N/A
Certificate of Deposit – 1 Year	254,413	1.00	32.96	N/A
Florida Trust Day to Day Fund	<u>25,248</u>	.08	<u>3.27</u>	AAAm
Total Fair Value	<u>\$ 771,973</u>		<u>100.00%</u>	
Portfolio weighted average maturity		1.37		

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2012

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

B. Investments - Continued

Concentration Risk

The Tax Collector's cash and 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 ("Florida PRIME" and "Fund B").

The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a-7 like fund. The Tax Collector's investment in the Florida PRIME 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, 2012, the Florida PRIME held a rating of AAAM by Standard and Poor's and had a weighted average days to maturity of 39 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 Florida PRIME, 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, 2012.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2012

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 Florida PRIME and Fund B.

At September 30, 2012, the Tax Collector had \$84,295 invested in Fund B Surplus Funds Trust Fund, a fluctuating net asset value pool. The State Board of Administration (SBA) determined that Fund B did not meet the requirements of a SEC 2a7-like fund; therefore, a fair value factor (total net asset value of Fund B divided by total participant balances) was provided for reporting the value of the Tax Collector’s participation in Fund B at fiscal year-end. This resulted in a negative adjustment of 5.1% of the portfolio balance, or \$4,302. Consequently, the net investment in Fund B is reported at \$79,993.

Interest Rate Risk

The Tax Collector will attempt to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twelve months and funds in excess of current operating needs may have maturities of no longer than twenty-four months.

Credit Risk

Florida Statutes authorize investments in certificates of deposit, savings accounts, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and direct obligations of the U.S. Treasury.

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 Florida PRIME which was held by BNY Mellon.

NOTE 3 - INVENTORIES

Inventories are valued at cost, which approximates market, using the “first-in, first-out” method of accounting. The costs of general fund inventory are recorded as an expenditure when consumed rather than when purchased. Inventory of the Tax Collector, included in the general fund, represents postage.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2012

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 5.18%, senior class 6.30%, and elected official class 10.23%).

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, 2010, 2011, and 2012, were equal to 11.44%, 10.69%, and 5.63% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2010, 2011, 2012 were \$179,908, \$170,864, and \$90,405 respectively. Employee contributions for the fiscal years 2011 and 2012 were \$10,326 and \$45,214. Both employer and employee contributions were equal to 100% of the required contribution for each year.

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS

The Tax Collector participated in the Indian River County Other Postemployment Benefits Trust (IRCOT). The Tax Collector paid their 2012 annual required contribution of \$80,969 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, 2012

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 2012 at an annual cost of approximately \$258,784. 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, 2012:

	Beginning Balance <u>10/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/12</u>
Accrued Compensated Absences	<u>\$ 125,804</u>	<u>\$ 21,525</u>	<u>\$ 46,793</u>	<u>\$ 100,536</u>

Of the \$100,536 liability for accrued compensated absences, management estimates that \$12,711 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 \$91,623 for the fiscal year ended September 30, 2012.

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, 2012:

<u>Year</u>	<u>Amount</u>
2013	\$ 95,085
2014	61,801
2015	50,018
2016	<u>1,142</u>
Total future minimum lease payments	<u>\$ 208,046</u>

**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 fund financial statements of the major fund and the aggregate remaining fund information of the ***Indian River County, Florida Tax Collector*** (the "Tax Collector"), as of and for the year ended September 30, 2012, which collectively comprise the Tax Collector's fund financial statements and have issued our report thereon dated March 12, 2013. 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.

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.



Vero Beach, Florida
March 12, 2013

Management Letter

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the **Indian River County, Florida Tax Collector** (the "Tax Collector"), as of and for the year ended September 30, 2012, which collectively comprise the Tax Collector's fund financial statements and have issued our report thereon dated March 12, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 12, 2013, 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 auditors' 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 findings or recommendations 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 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 identify 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 identify any such findings.

The Honorable Carole Jean Jordan
Tax Collector
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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 identify 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.

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



Vero Beach, Florida
March 12, 2013

