

Indian River County Florida



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year

October 1, 2012 through September 30, 2013

The Lagoon Greenway is a public conservation area on the west shore of the Indian River lagoon. The Greenway is open to the public, with a trailhead located at 850 Indian River Boulevard. It is a three-mile eco-friendly trail system for hiking, jogging or bike riding.

The public access improvements for the Greenway were completed in January 2013. Funding was provided by County parks impact fees and a matching grant from the Florida Inland Navigation District.

The Lagoon Greenway was developed by the County in partnership with the Indian River Land Trust, with cooperative assistance from the Florida Inland Navigation District, Indian River Mosquito Control District, and St. John's River Water Management District.

INDIAN RIVER COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
OCTOBER 1, 2012
THROUGH
SEPTEMBER 30, 2013**

Jeffrey R. Smith, CPA, CGFO, CGMA
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, 2013

Board of County Commissioners as of September 30, 2013

Joseph E. Flescher
Chairman
Wesley S. Davis
Vice-Chairman

Peter D. O'Bryan
Bob Solari
Tim Zorc

Current Board of County Commissioners (as of November 19, 2013)

Peter D. O'Bryan
Chairman
Wesley S. Davis
Vice-Chairman

Joseph E. Flescher
Bob Solari
Tim Zorc

Constitutional Officers as of September 30, 2013

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

Dylan Reingold
County Attorney

Michael Zito
Assistant County Administrator

Jason Brown
Budget Director

Chris Mora
Director of Public Works

Stan Boling
Director of Community Development

John W. King
Director of Emergency Services

Vincent Burke
Director of Utilities

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
Fiscal Year Ended September 30, 2013

INTRODUCTORY SECTION

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Impact Fees Fund.....	30
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Secondary Roads Construction Fund	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -Transportation Fund	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Emergency Services District Fund	33
Statement of Fund Net Position - Proprietary Funds	35

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS - CONTINUED
Fiscal Year Ended September 30, 2013

**Page
Number**

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	36
Statement of Cash Flows - Proprietary Funds	38
Statement of Fiduciary Net Position - Fiduciary Funds.....	42
Statement of Changes in Fiduciary Net Position - Other Postemployment Benefits Trust Fund.....	43
Notes to the Financial Statements	45
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress - Other Postemployment Benefits Plan.....	100
Schedule of Employer Contributions - Other Postemployment Benefits Plan	100
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet - Nonmajor Governmental Funds.....	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	114
Budgetary Comparison Schedules	122
Combining Statement of Net Position - Internal Service Funds.....	154
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	155
Combining Statement of Cash Flows - Internal Service Funds.....	156
Combining Statement of Changes in Assets and Liabilities - Agency Fund.....	160

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS- CONTINUED
Fiscal Year Ended September 30, 2013

STATISTICAL SECTION

**Page
Number**

SCHEDULE 1	Net Position by Component - Last Ten Fiscal Years.....	162
SCHEDULE 2	Changes in Net Position - Last Ten Fiscal Years	164
SCHEDULE 3	Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	168
SCHEDULE 4	Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	170
SCHEDULE 5	Tax Revenues by Source, Governmental Funds - Last Ten Fiscal Years.....	172
SCHEDULE 6	Assessed Value and Actual Values of Taxable Property - Last Ten Fiscal Years.....	173
SCHEDULE 7	Property Tax Rates - Direct and Overlapping Tax Rates - Last Ten Fiscal Years.....	174
SCHEDULE 8	Principal Property Taxpayers - Year 2013 and Year 2004	176
SCHEDULE 9	Property Tax Levies and Collections - Last Ten Fiscal Years.....	177
SCHEDULE 10	Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	178
SCHEDULE 11	Ratio of Net General Bonded Debt Outstanding to Taxable Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years.....	180
SCHEDULE 12	Computation of Legal Debt Margin.....	181
SCHEDULE 13	Direct and Overlapping Governmental Activities Debt.....	182
SCHEDULE 14	Pledged Revenue Coverage - Water and Sewer Revenue Bonds - Last Ten Fiscal Years.....	184

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS- CONTINUED
Fiscal Year Ended September 30, 2013

**Page
Number**

SCHEDULE 15	Demographic and Economic Statistics - Last Ten Years.....	186
SCHEDULE 16	Principal Employers - Year 2013 and Year 2004	187
SCHEDULE 17	Building Permits - Last Ten Fiscal Years	188
SCHEDULE 18	Operating Indicators by Function/Program - Last Ten Fiscal Years	190
SCHEDULE 19	Full Time Equivalent County Government Employees by Function/Program - Last Ten Fiscal Years	194
SCHEDULE 20	Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	196
SCHEDULE 21	Department of Utility Services - Historical Rate Structure - Last Ten Fiscal Years.....	200
SCHEDULE 22	Water and Wastewater Customers - Last Ten Fiscal Years.....	201
SCHEDULE 23	Top 10 High Volume Customers of Utility Services.....	202
SCHEDULE 24	Capacity Charges - Utilities Department - Last Ten Fiscal Years.....	203
SCHEDULE 25	Pledged Revenues for Spring Training Facility Revenue Bonds, Series 2001 - Last Ten Fiscal Years.....	204

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS- CONTINUED
Fiscal Year Ended September 30, 2013

COMPLIANCE SECTION

	Page Number
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	205
County Management Letter	207
Federal and State Grants:	
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, <i>Rules of the Auditor General</i>	209
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards and State Projects Required by OMB Circular A-133 and Chapter 10.550, <i>Rules of the Auditor General</i>	212
Schedule of Expenditures of Federal Awards and State Projects	213
Notes to Schedule of Expenditures of Federal Awards and State Projects.....	218
Schedule of Findings and Questioned Costs.....	219
Impact Fee Affidavit	221

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS- CONTINUED
Fiscal Year Ended September 30, 2013

AUDITOR GENERAL REPORTS SECTION

**Page
Number**

BOARD OF COUNTY COMMISSIONERS

Independent Auditors' Report.....	224
Fund Financial Statements.....	226
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	288
Management Letter	290

CLERK OF THE CIRCUIT COURT AND COMPTROLLER

Independent Auditors' Report.....	294
Fund Financial Statements.....	296
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	307
Management Letter	309

PROPERTY APPRAISER

Independent Auditors' Report.....	312
Fund Financial Statements.....	314
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	320
Management Letter	322

Indian River County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS-CONTINUED
Fiscal Year Ended September 30, 2013

**Page
Number**

SHERIFF

Independent Auditors' Report.....	326
Fund Financial Statements.....	328
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	338
Management Letter	340

SUPERVISOR OF ELECTIONS

Independent Auditors' Report.....	344
Fund Financial Statements.....	346
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	354
Management Letter	356

TAX COLLECTOR

Independent Auditors' Report.....	360
Fund Financial Statements.....	362
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	373
Management Letter	375



JEFFREY R. SMITH, CPA, CGFO, CGMA

Clerk of Circuit Court & Comptroller

1801 27th Street

Vero Beach, FL 32960

Telephone: (772) 226-1945



March 7, 2014

To the Citizens of Indian River County:

The Comprehensive Annual Financial Report of Indian River County, Florida for the fiscal year ended September 30, 2013, 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 218.39, Florida Statutes, requires an annual audit of all local governments. The unqualified opinion of the auditors (Rehmann, Certified Public Accountants) on the County's financial statements for the year ended September 30, 2013 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 located on the central Atlantic coast of Florida, approximately 100 miles southeast of Orlando and 135 miles north of Miami. The County is bordered by Brevard County to the north, St. Lucie County to the south, and Osceola and Okeechobee Counties on the west. There are approximately 100 miles of waterfront land in the County, including 23 miles of Atlantic beaches.

The City of Vero Beach is the seat of County government. Indian River County is a non-charter county established under the Constitution and the Laws of the State of Florida. It is governed by a five member Board of County Commissioners (Board) elected at large from the five districts within the County. A County Administrator is appointed by the Board and is responsible for implementing the policies set forth by the Board. The Administrator is charged with the fiscal control of the resources of the County as well. In addition to the Board, there are five elected Constitutional Officers serving specific governmental functions: Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. Although the funding for all Constitutional 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 June 1. These operating budgets include proposed expenditures and the sources to finance them as set forth in 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

Indian River County's population of 139,586 in 2013 has increased 10% over the last ten years. 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 2010 census, 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. 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 County parks, the Sebastian Inlet State Park or the Pelican Island National Wildlife Refuge.

The effects of the decline in the national economy continued to affect Indian River County in 2013. Total property tax values continued to decrease from \$13.2 billion in 2012 to \$12.7 billion in 2013; however, construction activity saw a significant increase with 30% more building permits issued in 2013 over 2012. Please see Statistical Schedules 6 and 17 for more information.

The unemployment rate decreased from 11.3% in 2012 to 8.8% in 2013.

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 by 45% from 14.8 million boxes in 2003 to 8.2 million in 2013.

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 six 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 underway to serve the expanding south county population. The Emergency Services District reserves will provide \$530,000 with the remaining \$1.6 million being funded by impact fees. The operating expense will be approximately \$2.1 million.
- **Osprey Marsh** - The County is constructing the second algal turf scrubber (ATS) system called the “Osprey Marsh” for the south relief canal. The ATS will remove dissolved nitrogen and phosphorous from the water and return the treated water back to the Indian River lagoon where it will enhance water quality and thereby support the resurgence of sea grasses in the lagoon. This project is a collaborative effort between the Utilities Department and the Stormwater Division. It is being funded through a combination of capacity charges, one cent sales tax and grants at an estimated cost of \$8.6 million.
- **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 \$6.9 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** – Construction has begun to widen 66th Avenue 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 \$20 million. Funding is 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 is derived 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 is provided by both optional sales tax and impact fees.

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 2013, County investments had yields ranging from 0.11% to 2.50%. The overall annual yield of the portfolio as of September 30, 2013 was 0.31%.

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 \$2.2 million. In addition, interest, dividend and mark-to-market adjustments resulted in net investment income of \$926,404. The OPEB Trust annual yield was 8.58%.

Standard and Poor's Rating Services (S&P) revised its outlook from AA stable to AA+ on the 2006 Limited General Obligation Bonds in August 2013. S&P awarded the one notch increase due to the County's strong financial position with a long history of positive operations, proactive financial management policies and practices, and low debt burden.

In December 2012, the 2005 and 2009 water and sewer systems debt issues were also reviewed by S&P who reaffirmed the AA stable rating. S&P considered both systems to have ample capacity to accommodate additional growth, low debt and low additional capital needs.

In fiscal year 2013, the Board of County Commissioners approved the general fund to partially pay down \$2,275,000 of the Series 2001 Spring Training Facility Revenue Bonds. The early call of these bonds provides approximately \$380,000 in additional half-cent sales tax revenue available each year as well as a reduction in annual interest expenses.

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. Information on the County's fund balance policy can be found in County Note 19.

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, 2012. This was the 30th 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 2012-2013 fiscal year. This was the 22nd 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.

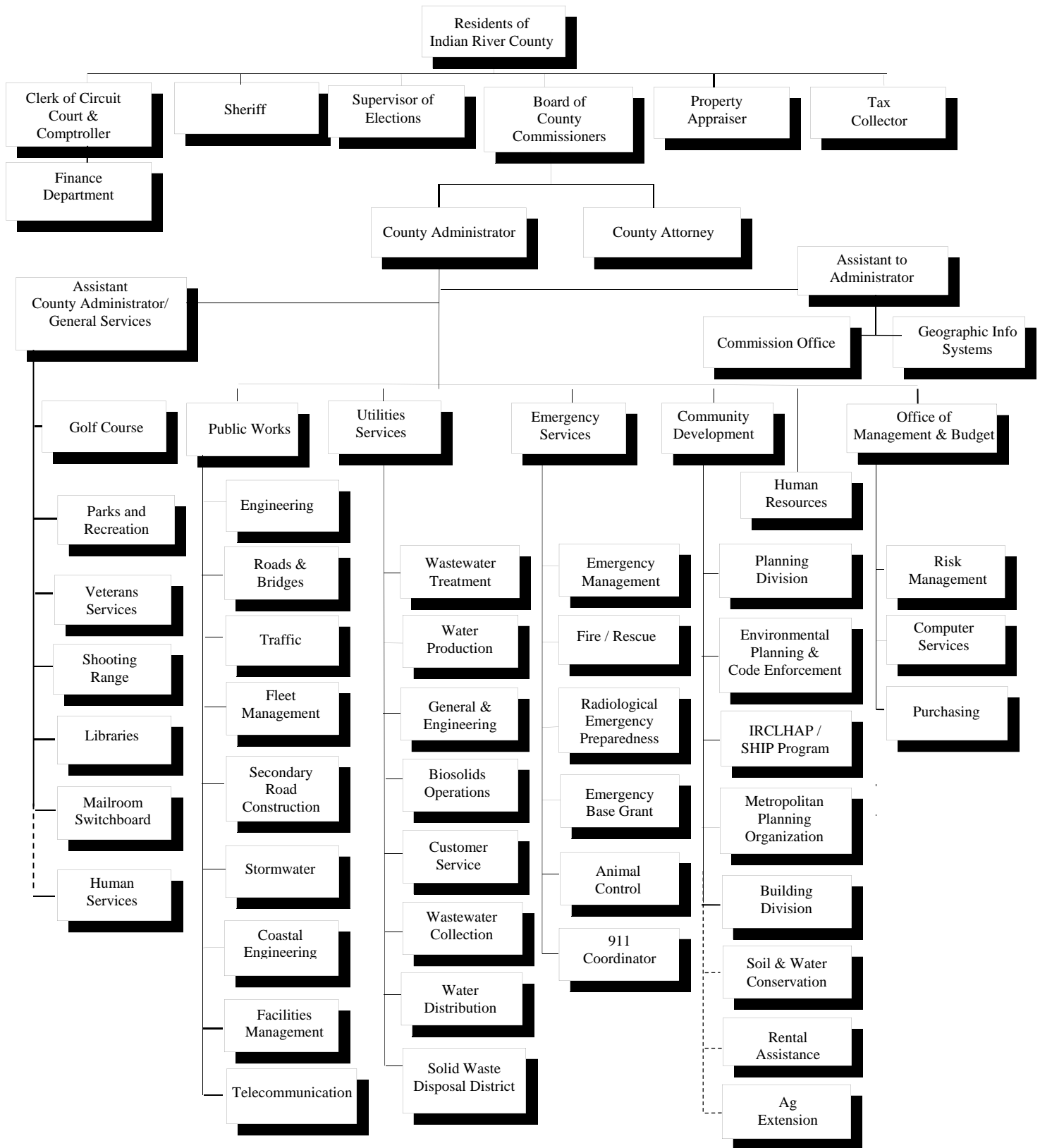
I would like to thank the entire staff of the Finance Department for their invaluable assistance in the preparation of this report. I would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and support in planning and 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 stylized than the last name "Smith".

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

Indian River County BCC Departmental Organization





Government Finance Officers Association

**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, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is written in a cursive, flowing style.

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

March 3, 2014

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Indian River County, Florida**, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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, 2013,

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the postemployment benefit plans, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated *March 3 2014* on our consideration of *Indian River County*, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *Indian River County*, internal control over financial reporting and compliance.



**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**

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, 2013. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

- The County's overall financial position improved over 2012.
- The assets and deferred outflows of resources of the County exceeded its liabilities by \$1,007.7 million (net position). Of this amount, \$140.5 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 \$1.0 million. Governmental activities accounted for \$0.5 million of this increase and business-type activities accounted for \$0.5 million of this increase. Further information can found on page 6.
- Governmental activities expenses reflected a 2.8% increase (\$147.4 million in 2012 to \$151.6 million in 2013) and business-type activities expenses reflected a 1.2% decrease (\$48.9 million in 2012 to \$48.3 million in 2013). Further information can found on page 8.
- Unassigned fund balance for the general fund was \$44.4 million, or an 8.8% decrease from the prior year general fund unassigned balance of \$48.7 million. Contributing to this decrease was the \$2.275 million in unassigned fund balance used to pay off a portion of the Spring Training bonds and \$1.565 loaned to the Golf Course Fund to call the balance of the Recreational Revenue Bonds.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013

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

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

The government-wide financial statements include not only the Board of County Commissioners (BCC), but also the Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. The government-wide financial statements can be found on pages 19-21 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.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013

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 22-33 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 35-41 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 42-43 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 45-99 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 100 of this report.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**

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 \$1,007.7 million at the close of the fiscal year.

Indian River County Net Position (In Millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 223.8	\$ 228.8	\$ 111.1	\$ 108.7	\$ 334.9	\$ 337.5
Capital assets	<u>556.4</u>	<u>553.4</u>	<u>251.3</u>	<u>257.3</u>	<u>807.7</u>	<u>810.7</u>
Total assets	<u>780.2</u>	<u>782.2</u>	<u>362.4</u>	<u>366.0</u>	<u>1,142.6</u>	<u>1,148.2</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>2.5</u>	<u>2.8</u>	<u>2.5</u>	<u>2.8</u>
Total deferred outflows	<u>-</u>	<u>-</u>	<u>2.5</u>	<u>2.8</u>	<u>2.5</u>	<u>2.8</u>
Current liabilities	23.8	21.3	13.7	13.5	37.5	34.8
Other liabilities	<u>49.0</u>	<u>54.0</u>	<u>50.9</u>	<u>55.5</u>	<u>99.9</u>	<u>109.5</u>
Total liabilities	<u>72.8</u>	<u>75.3</u>	<u>64.6</u>	<u>69.0</u>	<u>137.4</u>	<u>144.3</u>
Net position:						
Net investment in capital assets	518.3	509.1	210.7	211.6	729.0	720.7
Restricted	117.3	121.2	20.9	17.9	138.2	139.1
Unrestricted	<u>71.8</u>	<u>76.6</u>	<u>68.7</u>	<u>70.3</u>	<u>140.5</u>	<u>146.9</u>
Total net position	<u>\$ 707.4</u>	<u>\$ 706.9</u>	<u>\$ 300.3</u>	<u>\$ 299.8</u>	<u>\$ 1,007.7</u>	<u>\$ 1,006.7</u>

Overall, the County's net position increased \$1.0 or less than 1%. Governmental and business-type activities net position each increased by \$0.5 million.

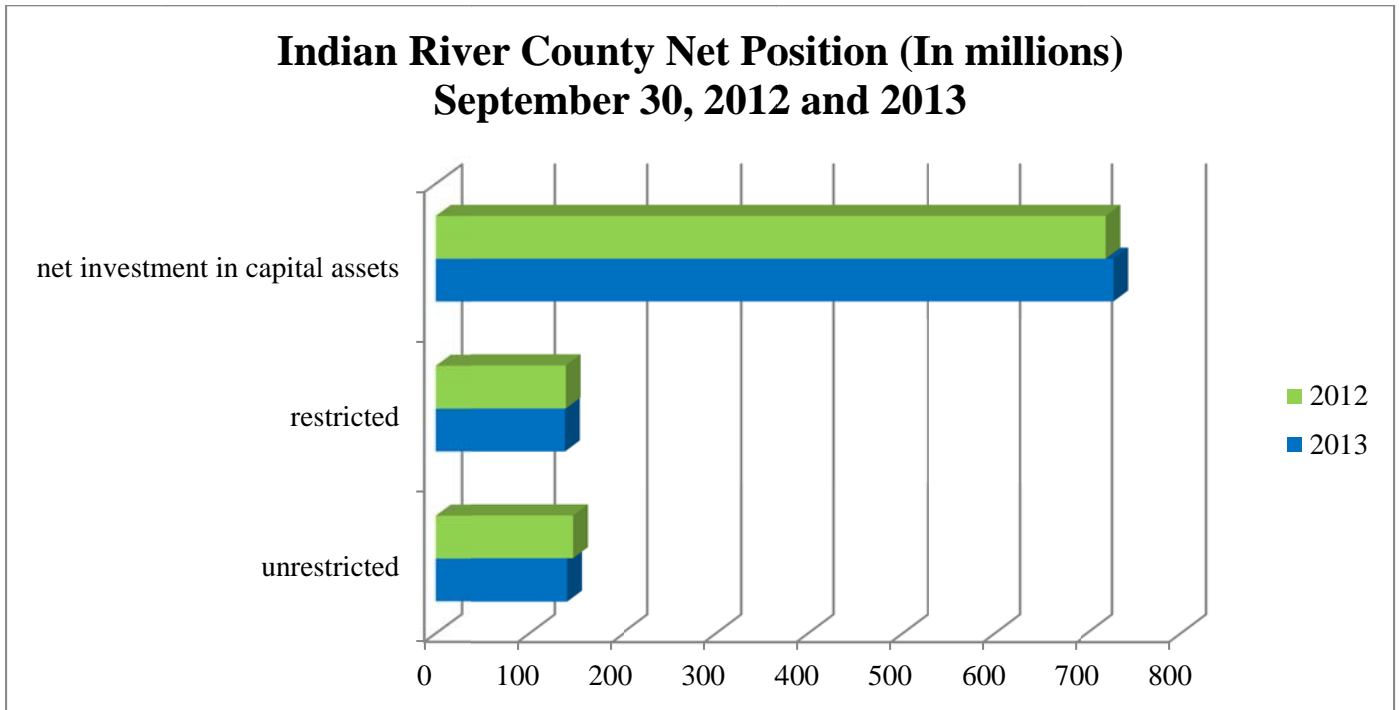
Governmental Activities

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 and decrease in restricted net position was a result of right of way purchases and construction of roads and beach restoration projects.

Business-type Activities

In business-type activities, the decrease in unrestricted net position was due to funds spent on maintenance projects. The decrease in net investment in capital assets was due to depreciation expense. The increase in restricted net position was due to increased water and sewer impact fee collections.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**



By far, the largest portion of the County's net position (72% or \$729.0 million) reflects its investment in capital assets (e.g., land, buildings, infrastructure, intangibles, machinery, and equipment), less any related outstanding debt used to acquire those assets 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.

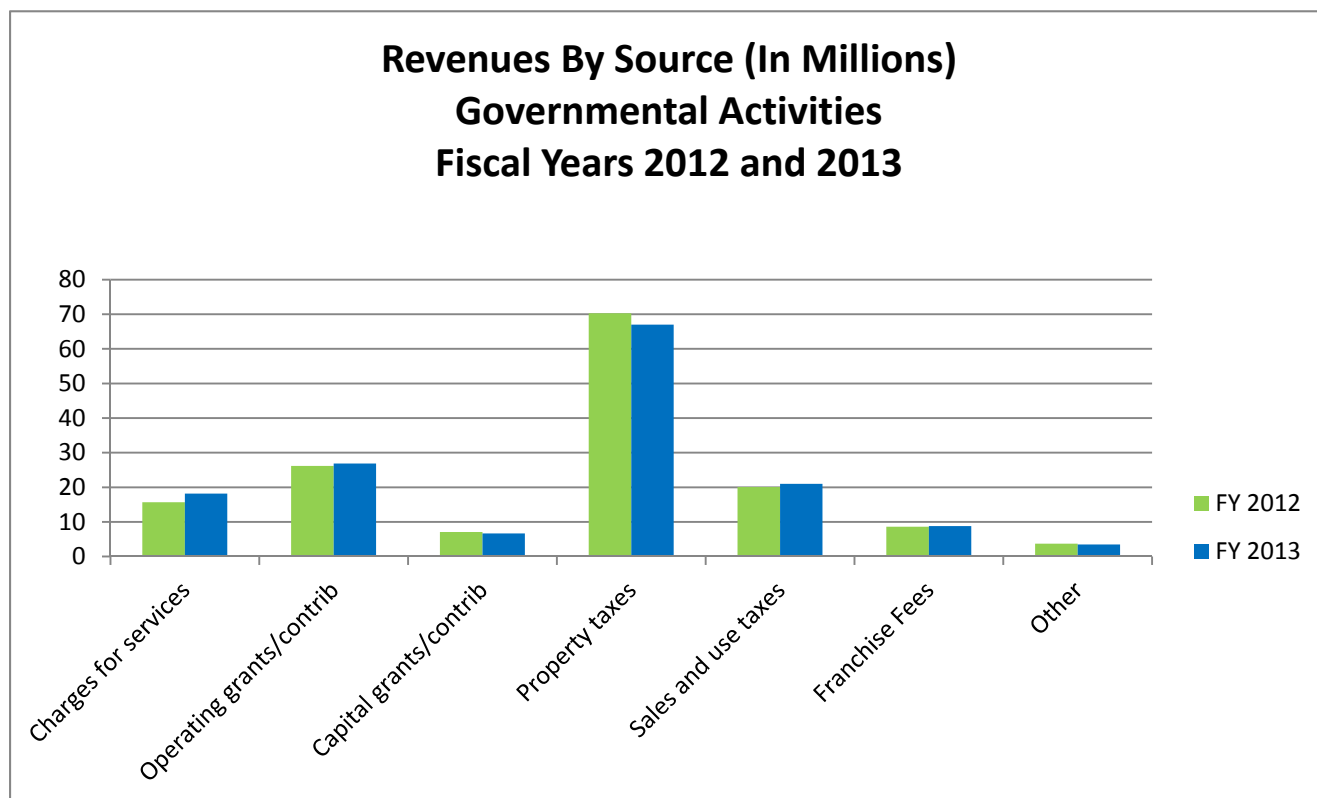
A portion of the County's net position (14% or \$138.2 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position (\$140.5 million) may be used to meet the government's ongoing obligations to citizens and creditors.

Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013

Indian River County Changes in Net Position (In Millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 18.2	\$ 15.7	\$ 43.6	\$ 42.9	\$ 61.8	\$ 58.6
Operating grants/contributions	26.9	26.2	-	-	26.9	26.2
Capital grants/contributions	6.7	7.1	4.7	2.5	11.4	9.6
General revenues:						
Property taxes	67.0	70.3	-	-	67.0	70.3
Sales taxes	21.0	20.1	-	-	21.0	20.1
Franchise fees	8.8	8.6	-	-	8.8	8.6
Other	3.5	3.7	0.5	0.7	4.0	4.4
Total revenues	<u>152.1</u>	<u>151.7</u>	<u>48.8</u>	<u>46.1</u>	<u>200.9</u>	<u>197.8</u>
Expenses:						
General government	20.6	19.1	-	-	20.6	19.1
Public safety	66.2	66.5	-	-	66.2	66.5
Physical environment	1.9	2.4	-	-	1.9	2.4
Transportation	26.3	23.7	-	-	26.3	23.7
Economic environment	2.5	2.0	-	-	2.5	2.0
Human services	6.8	7.7	-	-	6.8	7.7
Culture/recreation	19.4	18.1	-	-	19.4	18.1
Court related	5.8	5.6	-	-	5.8	5.6
Interest and fiscal charges	2.1	2.3	-	-	2.1	2.3
Water and sewer	-	-	33.8	34.3	33.8	34.3
Solid waste	-	-	10.4	10.7	10.4	10.7
Golf course	-	-	2.5	2.4	2.5	2.4
Building	-	-	1.6	1.5	1.6	1.5
Total expenses	<u>151.6</u>	<u>147.4</u>	<u>48.3</u>	<u>48.9</u>	<u>199.9</u>	<u>196.3</u>
Increase (decrease) in net position before transfers	0.5	4.3	0.5	(2.8)	1.0	1.5
Transfers	<u>-</u>	<u>(0.03)</u>	<u>-</u>	<u>0.03</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	0.5	4.3	0.5	(2.8)	1.0	1.5
Net position – October 1, 2012	706.8	702.6	299.8	303.2	1,006.6	1,005.8
Adjustments to beginning net position	<u>0.1</u>	<u>(0.1)</u>	<u>-</u>	<u>(0.6)</u>	<u>0.1</u>	<u>(0.7)</u>
Net position - September 30, 2013	<u>\$ 707.4</u>	<u>\$ 706.8</u>	<u>\$ 300.3</u>	<u>\$ 299.8</u>	<u>\$ 1,007.7</u>	<u>\$ 1,006.6</u>

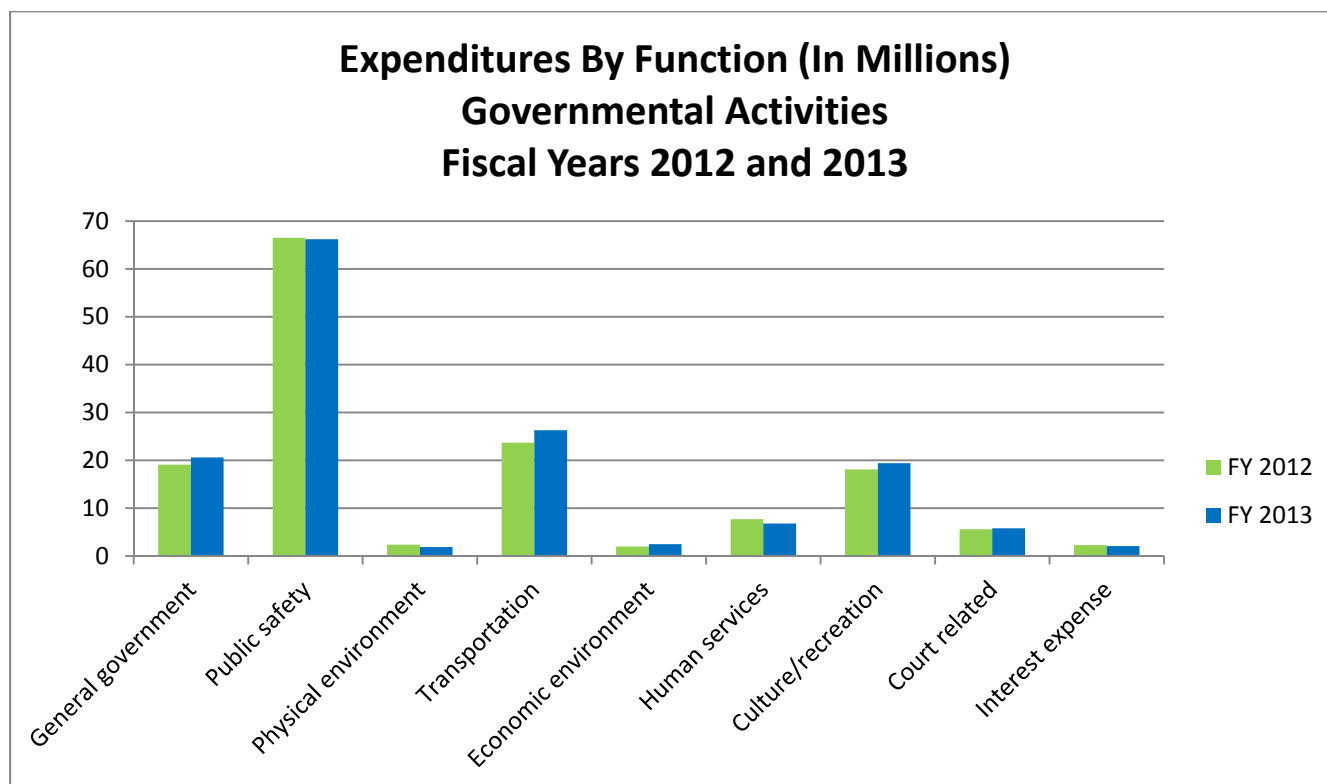
**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**



Governmental Activities

- Overall program revenues increased \$2.8 million.
 - 1) Charges for services increased by \$2.5 million or 16%, due to an increase in ambulance service charges (\$0.8 million), impact fee collections (\$1.0 million), and court revenues previously required to be remitted to the State for distribution to County Clerk of Circuit Courts (\$0.7 million).
 - 2) The remaining \$0.3 million increase resulted from a \$0.7 million increase in operating grants and contributions revenue that was offset by a \$0.4 million decrease in capital grant and contribution revenues.
- Overall general revenues decreased by \$2.4 million mainly due to decreased property tax values and tax rates (reduction of \$3.3 million or 5%) which was then offset by an increase in sales taxes (\$0.9 million or 4%).

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**



- The governmental activities expenses were \$4.2 million higher in 2013 than in 2012. Major increases included: \$1.5 million in general government expenses due to the crime scene building renovation and the jail fire alarm system, \$2.6 million in transportation expenses mainly due to the 66th Avenue road construction project and \$1.3 million in culture and recreation due to the write off of a portion of a beach restoration project due to its asset impairment caused by Hurricane Sandy. The major decrease in human services expenses of \$0.9 million was due to a Medicaid settlement recorded in fiscal year 2012. Budget reductions resulted in an overall net decrease of \$0.3 million in public safety, physical environment, court related, and interest expenses.

Business-type Activities

Business-type activities net position increased by \$0.5 million. Key elements of this increase are as follows:

- Overall program revenues increased \$2.9 million.
 - 1) Charges for services increased by \$0.7 million or 2%. A gradual improvement in the local economy has attributed to the following increases over 2012 revenues: water and sewer charges increased by \$0.1 million or less than 1%, solid waste revenues increased \$0.4 million or 4%, and the building revenues increased by \$0.3 million or 16%. These increases were offset by a \$0.1 million decrease in golf course revenues or 4% due to lower tourism in the early part of the season.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**

- 2) Capital grants and contributions were \$2.2 million higher in 2013 than in 2012, an overall increase of 85%. This was largely due to a \$0.7 million capital grant for the West Wabasso Sewer Project and a \$1.5 million increase in customer impact fee contributions from 2012 to 2013 in the water and sewer fund.
- Interest earnings decreased by \$0.2 million or 28% from the preceding year due to lower interest rates.
 - Overall expenses were \$0.6 million or 1% lower in 2013 than in 2012. The water and sewer utilities expenses were \$0.5 million or 1% lower in 2013 than in 2012 due to a prior year loss on capital asset sales and lower bond interest expenses. The solid waste expenses were \$0.3 million or 3% lower in 2013 than in 2012 due to reduced engineering costs. The golf course had \$0.1 million or 4% higher expenses in 2013 than in 2012 due to maintenance projects completed during the fiscal year. The building department had \$0.1 million or 7% higher expenses in 2013 than in 2012 due to staffing increases.

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 25% of this total amount (\$44.0 million) constitutes unassigned fund balance, which is available for spending at the County's discretion.

The remainder of fund balance is presented in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The County had fund balance in 1) a nonspendable category for inventories, prepaid items, and advances to other funds (\$1.3 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 (\$113.5 million), 3) a committed category for constraints imposed by approval of ordinances and contracts by Board of County Commissioners (\$3.9 million), and 4) an assigned category for constraints by the County's intent to use for specific purposes (\$9.9 million).

The two largest restricted amounts are in the Impact Fees Fund with a \$17.0 million restricted fund balance and the Optional Sales Tax Fund with a \$52.4 million restricted fund balance. Fifty-eight percent of the Impact Fees Fund (\$9.9 million) and fifty percent (\$25.6 million) 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 \$172.6 million, which is a decrease of \$11.3 million over the prior year of \$183.9 million. Contributing factors to the \$11.3 million decrease in fund balance are:

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**

- Fund balance in the General Fund decreased by \$4.5 million. This decrease was mainly due to the payoff of a portion of the Spring Training Bonds (\$2.3 million), delayed transportation grant reimbursements (\$1.1 million), and decreased property tax revenues.
- Fund balance in the Emergency Services District Fund decreased by \$2.5 million, largely the result of decreased revenue from property tax values and interest income.
- In the Impact Fees Fund, fund balance decreased \$6.1 million. This was largely due to the \$7.0 million in transportation spending for major road construction and right-of-way purchases.
- Fund balance in the Optional Sales Tax Fund increased by \$2.0 million due to budgeted projects not yet completed.

Proprietary funds

Unrestricted net position at the end of the year amounted to \$12.5 million in the Solid Waste Disposal District (SWDD) Fund, (\$1.4) million in the Golf Course Fund, \$4.6 million in the County Building Fund, and \$52.9 million in the County Utilities Fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was an \$8 million increase in appropriations between the original and final amended budget. The main components are as follows:

- \$4,303,610 grants appropriations and prior year rollovers for the Senior Resource Association to provide County-wide public transportation.
- \$2,275,000 to call a portion of the Spring Training Bonds, Series 2001.
- \$189,334 Local Jobs Grants
- \$156,073 Homeland Security Grants

Actual revenues exceeded final budget by \$1.5 million for the following reasons:

- \$613,016 Ad Valorem actual at 96.5% - budgeted at 95%
- \$328,199 Half Cent Sales Tax exceeded budgeted amount

Actual expenditures were \$2.7 million lower than anticipated for the following reasons:

- \$601,346 Senior Resource Association capital budgeted but not expended
- \$558,071 in reserves not fully expended
- \$292,672 in Medicaid invoices backlogged for two months
- \$255,055 in contractual services expenses lower than expected
- \$243,536 lower than expected communication expenses due to new towers installed mid-year
- \$198,332 lower than expected Tax Collector expenses

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual is shown on page 29.

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, 2013, amounts to \$807.7 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%.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 140.7	\$ 139.6	\$ 27.3	\$ 27.3	\$ 168.0	\$ 166.9
Right-of-way	55.7	54.7	-	-	55.7	54.7
Buildings and improvements	146.7	149.0	207.2	220.1	353.9	369.1
Equipment	23.7	26.3	1.6	1.6	25.3	27.9
Intangibles	1.7	1.7	1.8	1.8	3.5	3.5
Infrastructure	150.9	153.9	-	-	150.9	153.9
Construction in progress	37.0	28.2	13.4	6.5	50.4	34.7
Total	<u>\$ 556.4</u>	<u>\$ 553.4</u>	<u>\$ 251.3</u>	<u>\$ 257.3</u>	<u>\$ 807.7</u>	<u>\$ 810.7</u>

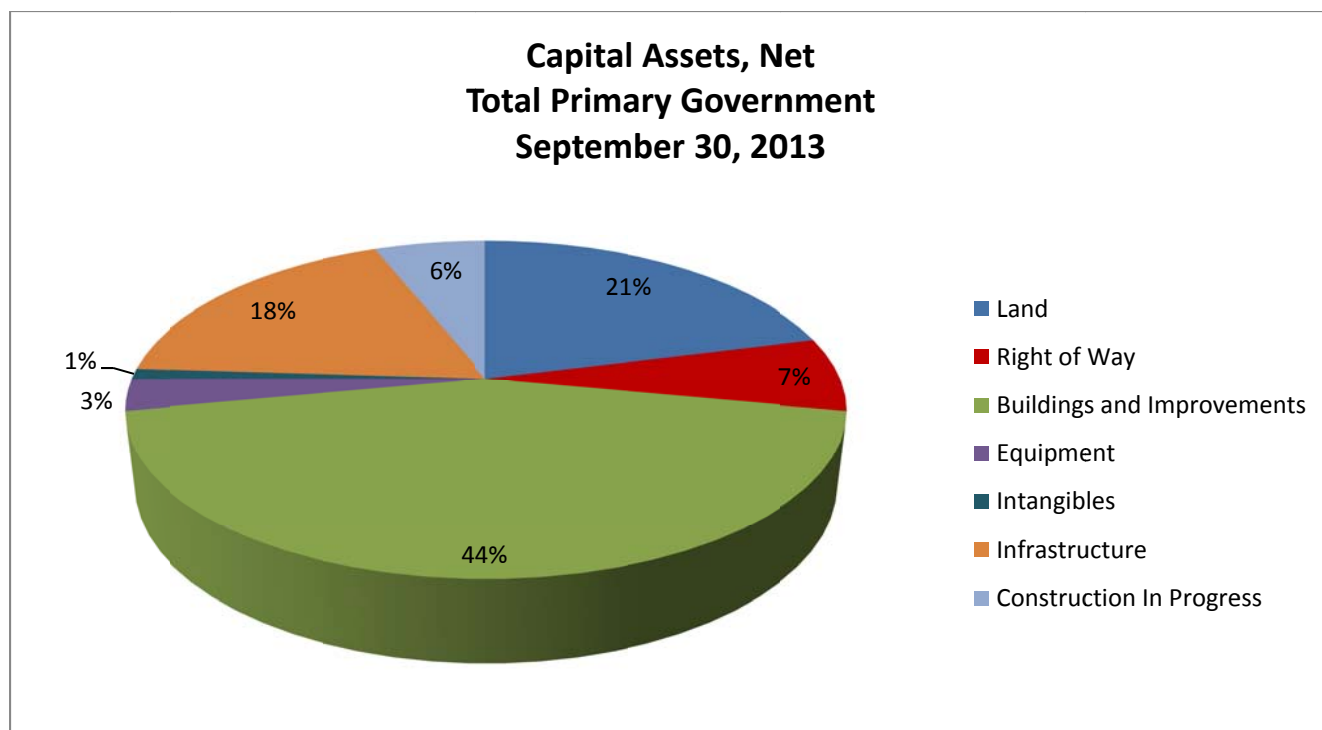
Governmental activities had the following major increases during the fiscal year:

- An increase in construction in progress primarily due to the following continuing project costs: South County Multi-Purpose Fields (\$1.9 million) and the 66th Avenue road expansion project from SR60 to 49th Street (\$7.3 million) and from 12th Street to 4th Street (\$4.1 million).

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

- An increase in construction in progress was due to the following continuing project costs: the Oslo Customer Convenience Center (\$2.2 million), Segment 3 Lateral Expansion Project (\$1.7 million), the West Wabasso Gravity Sewer Project (\$0.9 million), the Osprey Marsh Project (\$0.5 million) and the West Regional Wastewater Treatment Plant Odor Improvements Project (\$0.5 million).

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**



Additional information on the County's capital assets can be found in Note 6 on pages 68-70 of this report.

Debt Administration – Long-term debt

At the end of the current fiscal year, the County had total *bonded* debt outstanding of \$81.1 million. Of this amount, \$30.0 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	
	2013	2012	2013	2012	2013	2012
<u>General Obligation Debt:</u>						
Limited General Oblig., Series 2006	\$ 30.0	\$ 33.2	\$ -	\$ -	\$ 30.0	\$ 33.2
<u>Revenue Bonds:</u>						
Spring Training Facility, Series 2001	8.1	11.1	-	-	8.1	11.1
Recreational Revenue Ref., Series 2003	-	-	-	2.1	-	2.1
Water and Sewer Ref. Rev., Series 2005	-	-	18.0	19.6	18.0	19.6
Water and Sewer Ref. Rev., Series 2009	-	-	25.0	26.8	25.0	26.8
Total	\$ 38.1	\$ 44.3	\$ 43.0	\$ 48.5	\$ 81.1	\$ 92.8

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**

The County received an increase in all of their bond ratings with the recalibration of the bond rating system. The County's General Obligation underlying rating from Standard & Poor's is "AAA". 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 76-84 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County has been making adjustments to account for reduced revenues for the previous six years. The proposed budget for FY 2013/14 includes a moderate increase in total property taxes for the first time since fiscal year 2006/07. The County tax roll is increasing by approximately 1.4% from last year. While the tax roll is still substantially below the peak in 2007, this marks an increase in ad valorem revenues. In accordance with the County's fund balance policy and sound fiscal practices, staff recommends that the County begin phasing out the use of fund reserves to help balance the budget. This change along with increasing Florida Retirement System (FRS) rates and Constitutional Officer increases have resulted in the recommended ad valorem increases for FY 2013/14.

The General Fund and Emergency Services District millage rates are increasing in order to address rising costs and the phase-out of fund balance usage. The Municipal Services Taxing Unit Fund millage rate remains the same as the current year and the Land Acquisition Fund millage is decreasing slightly. After accounting for the ad valorem increases proposed, the County's total ad valorem taxes are still down over \$29 million since FY 2006/07 (from \$103.3 million to \$74 million).

In an effort to hold the line on taxes, BCC departments, Constitutional Officers, and outside agencies were asked to maintain budgets at or below the level for the previous year. The BCC departments have met this goal, as well as the Clerk of the Circuit Court and Comptroller. However, the Sheriff, Property Appraiser, Tax Collector and Supervisor of Elections all requested budget increases.

The total proposed budget is \$255,107,975, a decrease of \$36,684,220 or 12.6% from the current year. This represents a drop of 46.0% from the approved FY 2006/07 amount of \$472,420,328.

The single greatest individual expense in the budget is Personnel Services. In total, four (4) additional full-time (FT) positions are proposed for FY 13/14. BCC departments are increasing by three (3) full-time positions, while Constitutional Officers show a net increase of one (1) position. This results in an additional cost of \$128,616 (BCC only). Two of the three positions are in non-taxing funds.

The proposed budget includes a contingency for a potential (modest) salary increase for BCC employees. Staff is currently negotiating contracts for next fiscal year with the two collective bargaining units (Teamsters and IAFF). If union negotiations result in raises, the proposed agreements will be submitted to the BCC for final approval.

Staff proposes a slight increase in SWDD assessment rates. Four (4) of the County's nineteen (19) street lighting and drainage Municipal Services Benefit Unit funds reflect a rate increase. Otherwise, no increases in rates or fees are proposed for the upcoming fiscal year.

**Indian River County, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2013**

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, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 196,460,153	\$ 59,613,712	\$ 256,073,865
Investments	837,078	-	837,078
Accounts receivable - net	1,123,458	2,690,015	3,813,473
Internal balances	1,652,243	(1,652,243)	-
Due from other governments	15,932,575	11,000	15,943,575
Interest receivable	274,525	567,949	842,474
Inventories	241,168	903,988	1,145,156
Prepaid expenses	1,325,011	219,152	1,544,163
Current restricted assets:			
Cash and cash equivalents	5,432,485	43,682,848	49,115,333
Total current assets	<u>223,278,696</u>	<u>106,036,421</u>	<u>329,315,117</u>
Non-current assets:			
Net other postemployment benefits asset	300,606	-	300,606
Capital assets - non-depreciable	237,834,350	42,133,928	279,968,278
Capital assets - depreciable	567,627,376	431,355,241	998,982,617
Capital assets - accumulated depreciation	(249,073,518)	(222,202,427)	(471,275,945)
Non-current restricted assets:			
Special assessments receivable	298,361	837,768	1,136,129
Impact fees receivable	-	1,069,667	1,069,667
Liens receivable	-	3,155,552	3,155,552
Total non-current assets	<u>556,987,175</u>	<u>256,349,729</u>	<u>813,336,904</u>
Total assets	<u>780,265,871</u>	<u>362,386,150</u>	<u>1,142,652,021</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refundings	-	2,506,911	2,506,911
Total deferred outflows of resources	<u>-</u>	<u>2,506,911</u>	<u>2,506,911</u>
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	9,221,578	3,326,581	12,548,159
Retainage payable	-	218,329	218,329
Claims payable	2,197,855	-	2,197,855
Due to other governments	830,466	2,850,115	3,680,581
Other deposits held in escrow	101,536	1,000	102,536
Unearned revenues	259,013	30,744	289,757
Accrued compensated absences	5,648,031	616,316	6,264,347
Pollution remediation costs payable	120,190	5,167	125,357
Current liabilities (payable from current restricted assets):			
Accounts payable	-	106,718	106,718
Retainage payable	1,390,920	26,557	1,417,477
Accrued interest payable	341,565	161,454	503,019
Customer deposits	-	2,983,394	2,983,394
Bonds payable	3,700,000	3,350,000	7,050,000
Total current liabilities	<u>23,811,154</u>	<u>13,676,375</u>	<u>37,487,529</u>
Non-current liabilities:			
Accrued compensated absences	5,656,718	198,316	5,855,034
Pollution remediation costs payable	2,607,210	5,333	2,612,543
Claims payable	5,876,145	-	5,876,145
Due to other governments	474,260	-	474,260
Closure and maintenance costs payable	-	11,011,736	11,011,736
Bonds payable, net of premium and discount	34,432,489	39,670,793	74,103,282
Total non-current liabilities	<u>49,046,822</u>	<u>50,886,178</u>	<u>99,933,000</u>
Total liabilities	<u>72,857,976</u>	<u>64,562,553</u>	<u>137,420,529</u>
NET POSITION			
Net investment in capital assets	518,255,719	210,772,860	729,028,579
Restricted for:			
Transportation/road projects	25,856,763	-	25,856,763
Public safety	15,147,917	-	15,147,917
Court related costs	3,362,563	-	3,362,563
Housing assistance	1,253,616	-	1,253,616
Capital projects	53,881,701	20,871,037	74,752,738
Beach renourishment	6,174,870	-	6,174,870
Culture/recreation	7,343,966	-	7,343,966
Debt service	2,288,289	-	2,288,289
Environmental conservation/preservation	212,171	-	212,171
Special assessment projects	1,799,899	-	1,799,899
Unrestricted	71,830,421	68,686,611	140,517,032
Total net position	<u>\$ 707,407,895</u>	<u>\$ 300,330,508</u>	<u>\$ 1,007,738,403</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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 20,637,750	\$ 5,482,814	\$ 12,452,713	\$ 152,520
Public safety	66,178,467	6,625,924	1,385,495	-
Physical environment	1,858,307	5,900	-	-
Transportation	26,286,998	2,768,107	6,023,308	6,343,966
Economic environment	2,550,157	-	938,486	-
Human services	6,818,023	213,485	3,313,327	-
Culture/recreation	19,369,326	1,765,912	285,843	184,935
Court related	5,835,184	1,301,135	2,522,342	-
Interest and fiscal charges	2,087,204	-	-	-
Total governmental activities	151,621,416	18,163,277	26,921,514	6,681,421
Business-type activities:				
Water and sewer	33,815,749	28,522,667	-	4,700,473
Solid waste	10,405,143	9,998,410	-	-
Golf course	2,537,525	3,072,332	-	-
Building	1,547,815	2,018,104	-	-
Total business-type activities	48,306,232	43,611,513	-	4,700,473
Total primary government	\$ 199,927,648	\$ 61,774,790	\$ 26,921,514	\$ 11,381,894

General Revenues:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Sales and use taxes
Franchise fees, levied on gross receipts
Interest earnings
Miscellaneous
Total general revenues
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
\$ (2,549,703)	\$ -	\$ (2,549,703)
(58,167,048)	-	(58,167,048)
(1,852,407)	-	(1,852,407)
(11,151,617)	-	(11,151,617)
(1,611,671)	-	(1,611,671)
(3,291,211)	-	(3,291,211)
(17,132,636)	-	(17,132,636)
(2,011,707)	-	(2,011,707)
(2,087,204)	-	(2,087,204)
(99,855,204)	-	(99,855,204)
-	(592,609)	(592,609)
-	(406,733)	(406,733)
-	534,807	534,807
-	470,289	470,289
-	5,754	5,754
(99,855,204)	5,754	(99,849,450)
62,305,177	-	62,305,177
4,664,885	-	4,664,885
21,035,360	-	21,035,360
8,818,952	-	8,818,952
637,099	427,041	1,064,140
2,903,771	37,812	2,941,583
100,365,244	464,853	100,830,097
510,040	470,607	980,647
706,897,855	299,859,901	1,006,757,756
\$ 707,407,895	\$ 300,330,508	\$ 1,007,738,403

Indian River County, Florida
Balance Sheet
Governmental Funds
September 30, 2013

	General	Impact Fees	Secondary Roads Construction
ASSETS			
Cash and cash equivalents	\$ 48,254,145	\$ 17,916,841	\$ 14,399,563
Investments	837,078	-	-
Accounts receivable - net	981,653	-	-
Special assessments receivable	-	-	-
Due from other funds	1,412,853	-	-
Due from other governments	1,295,110	107,486	287,929
Interest receivable	19,165	6,858	5,558
Inventories	39,598	-	-
Prepaid items	72,810	-	-
Advances to other funds	1,112,427	-	-
Total assets	<u>\$ 54,024,839</u>	<u>\$ 18,031,185</u>	<u>\$ 14,693,050</u>
LIABILITIES			
Accounts payable	\$ 2,805,482	\$ 386,800	\$ 1,501,314
Retainage payable	-	565,049	81,742
Due to other funds	393,334	-	-
Due to other governments	609,168	63,216	-
Unearned revenues	234,731	-	-
Other deposits	101,536	-	-
Total liabilities	<u>4,144,251</u>	<u>1,015,065</u>	<u>1,583,056</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	39,598	-	-
Prepaid items	72,810	-	-
Advances to other funds	1,112,427	-	-
Restricted for:			
Transportation/road improvements	-	9,954,310	13,109,994
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	499,166	-
Fire/emergency services	-	1,228,245	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	590,970	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Capital projects	-	1,411,963	-
Dodgertown repairs/improvements	-	-	-
Solid waste projects	-	25,875	-
Parks/recreational projects	1,000,000	3,305,591	-
Committed to:			
Economic incentives	2,323,013	-	-
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	3,832	-	-
Parks/recreational projects	43,234	-	-
Assigned to:			
Subsequent year's budget appropriation of fund balance	900,000	-	-
Law enforcement/public safety	-	-	-
Transportation/road improvements	-	-	-
Unassigned	<u>44,385,674</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>49,880,588</u>	<u>17,016,120</u>	<u>13,109,994</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 54,024,839</u>	<u>\$ 18,031,185</u>	<u>\$ 14,693,050</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
\$ 8,467,140	\$ 9,746,508	\$ 45,471,581	\$ 23,103,144	\$ 167,358,922
-	-	-	-	837,078
156	3,296	-	4,120	989,225
298,361	-	-	-	298,361
-	226,983	-	65,314	1,705,150
230,683	-	10,413,615	371,946	12,706,769
145,257	4,009	17,662	6,734	205,243
-	-	-	24,610	64,208
-	10,645	-	15,533	98,988
-	-	-	-	1,112,427
<u>\$ 9,141,597</u>	<u>\$ 9,991,441</u>	<u>\$ 55,902,858</u>	<u>\$ 23,591,401</u>	<u>\$ 185,376,371</u>
\$ 336,901	\$ 589,926	\$ 2,744,699	\$ 737,029	\$ 9,102,151
2,624	-	714,296	27,209	1,390,920
-	-	-	455,000	848,334
-	-	-	-	672,384
1,750	18,920	-	3,612	259,013
-	-	-	-	101,536
<u>341,275</u>	<u>608,846</u>	<u>3,458,995</u>	<u>1,222,850</u>	<u>12,374,338</u>
440,587	-	-	-	440,587
<u>440,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,587</u>
-	-	-	24,610	64,208
-	10,645	-	15,533	98,988
-	-	-	-	1,112,427
-	-	-	-	23,064,304
-	-	-	3,326,242	3,326,242
-	-	-	1,193,022	1,193,022
-	-	-	3,491,312	3,990,478
-	8,871,950	-	-	10,100,195
-	-	-	356,409	356,409
-	-	-	5,986,911	5,986,911
-	-	-	1,140,627	1,140,627
-	-	-	99,168	690,138
-	-	-	212,171	212,171
-	-	-	1,799,899	1,799,899
-	-	-	2,629,854	2,629,854
-	-	52,443,863	-	53,855,826
-	-	-	846,201	846,201
-	-	-	-	25,875
-	-	-	-	4,305,591
-	-	-	-	2,323,013
-	-	-	1,103,200	1,103,200
-	-	-	378,112	381,944
-	-	-	-	43,234
-	500,000	-	-	1,400,000
-	-	-	104,503	104,503
8,359,735	-	-	-	8,359,735
-	-	-	(339,223)	44,046,451
<u>8,359,735</u>	<u>9,382,595</u>	<u>52,443,863</u>	<u>22,368,551</u>	<u>172,561,446</u>
<u>\$ 9,141,597</u>	<u>\$ 9,991,441</u>	<u>\$ 55,902,858</u>	<u>\$ 23,591,401</u>	<u>\$ 185,376,371</u>

Indian River County, Florida
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
September 30, 2013

Total governmental fund balances:	\$ 172,561,446
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.	556,174,809
Long-term liabilities, including bonds payable (\$38,132,489), accrued compensated absences (\$11,250,922), medicaid settlement funds payable (\$632,342) and accrued pollution remediation costs (\$2,727,400) are not due and payable in the current period and, therefore, are not reported in the fund.	(52,743,153)
Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the fund.	(341,565)
Special assessment receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	440,587
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.	47,564
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.	27,854,227
Grant revenues are not recognized in the current period because the resources are not available and, therefore, are not reported in the fund.	3,113,374
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.	<div style="border-top: 1px solid black;">300,606</div>
Net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 707,407,895</div>

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, 2013

	General	Impact Fees	Secondary Roads Construction
REVENUES			
Taxes	\$ 46,721,964	\$ -	\$ 3,303,751
Permits, fees and special assessments	9,010,223	3,214,992	91,136
Intergovernmental	16,747,325	726,779	1,745,127
Charges for services	8,750,267	-	-
Judgments, fines and forfeits	345,320	-	-
Interest	181,776	60,387	42,234
Miscellaneous	996,578	184,518	687,249
Total revenues	<u>82,753,453</u>	<u>4,186,676</u>	<u>5,869,497</u>
EXPENDITURES			
Current:			
General government	17,454,089	260,520	-
Public safety	39,425,892	1,142,356	-
Physical environment	235,111	-	-
Transportation	4,685,702	6,961,531	5,432,749
Economic environment	368,786	-	-
Human services	3,625,268	-	-
Culture/recreation	7,972,993	1,613,204	-
Court related	5,262,432	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>79,030,273</u>	<u>9,977,611</u>	<u>5,432,749</u>
Excess of revenues over (under) expenditures	3,723,180	(5,790,935)	436,748
OTHER FINANCING SOURCES (USES)			
Transfers in	1,706,554	-	-
Transfers out	(9,886,193)	(321,031)	-
Total other financing sources (uses)	<u>(8,179,639)</u>	<u>(321,031)</u>	<u>-</u>
Net change in fund balances	(4,456,459)	(6,111,966)	436,748
Fund balances at beginning of year, as restated (Note 19D)	<u>54,337,047</u>	<u>23,128,086</u>	<u>12,673,246</u>
Fund balances at end of year	<u>\$ 49,880,588</u>	<u>\$ 17,016,120</u>	<u>\$ 13,109,994</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
\$ -	\$ 17,146,131	\$ 14,422,829	\$ 6,410,747	\$ 88,005,422
132,937	-	45,568	274,988	12,769,844
2,719,157	60,620	1,392,962	6,694,509	30,086,479
117,224	5,488,112	-	1,531,638	15,887,241
-	11,600	-	421,655	778,575
36,824	45,571	138,786	64,981	570,559
806,299	16,296	416,131	734,223	3,841,294
<u>3,812,441</u>	<u>22,768,330</u>	<u>16,416,276</u>	<u>16,132,741</u>	<u>151,939,414</u>
267,631	-	-	1,074,082	19,056,322
-	24,968,230	-	1,371,850	66,908,328
474,551	-	-	62,280	771,942
10,914,008	-	-	229,239	28,223,229
-	-	-	2,212,615	2,581,401
-	-	-	3,327,192	6,952,460
-	-	-	1,952,612	11,538,809
-	-	-	792,390	6,054,822
-	-	-	6,050,000	6,050,000
-	-	-	2,118,704	2,118,704
-	-	13,037,552	-	13,037,552
<u>11,656,190</u>	<u>24,968,230</u>	<u>13,037,552</u>	<u>19,190,964</u>	<u>163,293,569</u>
(7,843,749)	(2,199,900)	3,378,724	(3,058,223)	(11,354,155)
7,459,882	-	-	3,338,263	12,504,699
-	(336,797)	(1,417,655)	(578,511)	(12,540,187)
<u>7,459,882</u>	<u>(336,797)</u>	<u>(1,417,655)</u>	<u>2,759,752</u>	<u>(35,488)</u>
(383,867)	(2,536,697)	1,961,069	(298,471)	(11,389,643)
<u>8,743,602</u>	<u>11,919,292</u>	<u>50,482,794</u>	<u>22,667,022</u>	<u>183,951,089</u>
\$ <u><u>8,359,735</u></u>	\$ <u><u>9,382,595</u></u>	\$ <u><u>52,443,863</u></u>	\$ <u><u>22,368,551</u></u>	\$ <u><u>172,561,446</u></u>

Indian River County, Florida
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds \$ (11,389,643)

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

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

Expenditures for capital assets	26,899,512	
Less current year loss on assets	(554,631)	
Less current year depreciation	<u>(24,648,996)</u>	1,695,885

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.

1,478,378

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	6,050,000	
Bond premium payment	93,225	
Medicaid settlement	158,092	
Pollution remediation costs	<u>(114,400)</u>	6,186,917

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

(297,240)

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	31,500	
Accrued OPEB expense	<u>(21,075)</u>	10,425

Some revenues reported in the governmental funds have been recognized as revenues in the prior fiscal year in the statement of activities.

(12,145)

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.

974,656

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.

1,890,833

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.

(28,026)

Change in net position of governmental activities		\$ <u>510,040</u>
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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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 45,900,567	\$ 45,900,566	\$ 46,721,964	\$ 821,398
Permits, fees and special assessments	8,399,900	8,399,900	9,010,223	610,323
Intergovernmental	12,659,093	16,638,146	16,747,325	109,179
Charges for services	10,974,052	8,952,853	8,750,267	(202,586)
Judgments, fines and forfeits	292,790	292,790	345,320	52,530
Interest	266,975	266,975	181,776	(85,199)
Miscellaneous	467,252	790,392	996,578	206,186
Total revenues	<u>78,960,629</u>	<u>81,241,622</u>	<u>82,753,453</u>	<u>1,511,831</u>
EXPENDITURES				
Current:				
General government	17,434,337	18,444,870	17,454,089	990,781
Public safety	38,316,739	39,622,379	39,425,892	196,487
Physical environment	256,204	293,453	235,111	58,342
Transportation	786,859	5,170,966	4,685,702	485,264
Economic environment	369,164	371,657	368,786	2,871
Human services	3,959,071	4,008,633	3,625,268	383,365
Culture/recreation	7,844,612	8,438,476	7,972,993	465,483
Court related	4,268,141	5,364,613	5,262,432	102,181
Total expenditures	<u>73,235,127</u>	<u>81,715,047</u>	<u>79,030,273</u>	<u>2,684,774</u>
Excess of revenues over (under) expenditures	5,725,502	(473,425)	3,723,180	4,196,605
OTHER FINANCING SOURCES (USES)				
Transfers in	193,141	1,882,999	1,706,554	(176,445)
Transfers out	(10,253,681)	(9,886,193)	(9,886,193)	-
Total other financing sources (uses)	<u>(10,060,540)</u>	<u>(8,003,194)</u>	<u>(8,179,639)</u>	<u>(176,445)</u>
Net change in fund balances	(4,335,038)	(8,476,619)	(4,456,459)	<u>\$ 4,020,160</u>
Fund balances at beginning of year	<u>4,335,038</u>	<u>8,476,619</u>	<u>54,337,047</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,880,588</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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 1,684,872	\$ 1,684,872	\$ 3,214,992	\$ 1,530,120
Intergovernmental	-	265,000	726,779	461,779
Interest	117,750	117,750	60,387	(57,363)
Miscellaneous	-	-	184,518	184,518
Total revenues	<u>1,802,622</u>	<u>2,067,622</u>	<u>4,186,676</u>	<u>2,119,054</u>
EXPENDITURES				
Current:				
General government	748,164	573,623	260,520	313,103
Public safety	190,000	2,889,868	1,142,356	1,747,512
Physical environment	26,000	26,000	-	26,000
Transportation	5,260,613	10,747,366	6,961,531	3,785,835
Culture/recreation	<u>2,865,455</u>	<u>5,080,360</u>	<u>1,613,204</u>	<u>3,467,156</u>
Total expenditures	<u>9,090,232</u>	<u>19,317,217</u>	<u>9,977,611</u>	<u>9,339,606</u>
Excess of revenues over (under) expenditures	(7,287,610)	(17,249,595)	(5,790,935)	11,458,660
OTHER FINANCING USES				
Transfers out	-	(321,031)	(321,031)	-
Total other financing uses	<u>-</u>	<u>(321,031)</u>	<u>(321,031)</u>	<u>-</u>
Net change in fund balances	(7,287,610)	(17,570,626)	(6,111,966) \$	<u>11,458,660</u>
Fund balances at beginning of year	<u>7,287,610</u>	<u>17,570,626</u>	<u>23,128,086</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>17,016,120</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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 3,168,250	\$ 3,168,250	\$ 3,303,751	\$ 135,501
Permits, fees and special assessments	-	69,156	91,136	21,980
Intergovernmental	-	2,372,673	1,745,127	(627,546)
Interest	52,250	52,250	42,234	(10,016)
Miscellaneous	-	-	687,249	687,249
Total revenues	<u>3,220,500</u>	<u>5,662,329</u>	<u>5,869,497</u>	<u>207,168</u>
EXPENDITURES				
Current:				
Transportation	<u>6,655,887</u>	<u>11,390,304</u>	<u>5,432,749</u>	<u>5,957,555</u>
Total expenditures	<u>6,655,887</u>	<u>11,390,304</u>	<u>5,432,749</u>	<u>5,957,555</u>
Net change in fund balances	(3,435,387)	(5,727,975)	436,748	\$ <u>6,164,723</u>
Fund balances at beginning of year	<u>3,435,387</u>	<u>5,727,975</u>	<u>12,673,246</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,109,994</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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 118,750	\$ 118,750	\$ 132,937	\$ 14,187
Intergovernmental	2,251,500	2,471,500	2,719,157	247,657
Charges for services	96,425	96,425	117,224	20,799
Interest	49,875	49,875	36,824	(13,051)
Miscellaneous	834,850	836,425	806,299	(30,126)
Total revenues	<u>3,351,400</u>	<u>3,572,975</u>	<u>3,812,441</u>	<u>239,466</u>
EXPENDITURES				
Current:				
General government	269,600	273,039	267,631	5,408
Physical environment	581,708	611,784	474,551	137,233
Transportation	11,229,974	12,003,916	10,914,008	1,089,908
Total expenditures	<u>12,081,282</u>	<u>12,888,739</u>	<u>11,656,190</u>	<u>1,232,549</u>
Excess of revenues over (under) expenditures	(8,729,882)	(9,315,764)	(7,843,749)	1,472,015
OTHER FINANCING SOURCES				
Transfers in	7,459,882	7,459,882	7,459,882	-
Total other financing sources	<u>7,459,882</u>	<u>7,459,882</u>	<u>7,459,882</u>	<u>-</u>
Net change in fund balances	(1,270,000)	(1,855,882)	(383,867)	\$ <u>1,472,015</u>
Fund balances at beginning of year	<u>1,270,000</u>	<u>1,855,882</u>	<u>8,743,602</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>8,359,735</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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 16,908,731	\$ 16,908,731	\$ 17,146,131	\$ 237,400
Intergovernmental	38,000	77,936	60,620	(17,316)
Charges for services	4,506,325	4,656,325	5,488,112	831,787
Judgments, fines and forfeits	950	950	11,600	10,650
Interest	87,875	87,875	45,571	(42,304)
Miscellaneous	19,371	20,732	16,296	(4,436)
Total revenues	<u>21,561,252</u>	<u>21,752,549</u>	<u>22,768,330</u>	<u>1,015,781</u>
EXPENDITURES				
Current:				
Public safety	<u>24,681,406</u>	<u>25,878,175</u>	<u>24,968,230</u>	<u>909,945</u>
Total expenditures	<u>24,681,406</u>	<u>25,878,175</u>	<u>24,968,230</u>	<u>909,945</u>
Excess of revenues over (under) expenditures	(3,120,154)	(4,125,626)	(2,199,900)	1,925,726
OTHER FINANCING USES				
Transfers out	<u>(395,018)</u>	<u>(395,018)</u>	<u>(336,797)</u>	<u>58,221</u>
Total other financing uses	<u>(395,018)</u>	<u>(395,018)</u>	<u>(336,797)</u>	<u>58,221</u>
Net change in fund balances	(3,515,172)	(4,520,644)	(2,536,697)	<u><u>1,983,947</u></u>
Fund balances at beginning of year	<u>3,515,172</u>	<u>4,520,644</u>	<u>11,919,292</u>	
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>9,382,595</u></u>	

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



Indian River County, Florida
Statement of Fund Net Position
Proprietary Funds
September 30, 2013

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste Disposal District	Golf Course	County Utilities	County Building	Total	Activities Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 10,588,272	\$ 458,535	\$ 43,832,875	\$ 4,734,030	\$ 59,613,712	\$ 34,533,716
Accounts receivable - net	156,657	-	2,533,358	-	2,690,015	134,233
Due from other funds	101,037	-	-	-	101,037	-
Due from other governments	-	11,000	-	-	11,000	112,432
Interest receivable	9,758	423	554,613	3,155	567,949	21,718
Inventories	-	55,083	848,905	-	903,988	176,960
Prepaid items	-	595	218,557	-	219,152	1,226,023
Current restricted assets:						
Cash and cash equivalents	14,295,593	-	29,387,255	-	43,682,848	-
Total current assets	25,151,317	525,636	77,375,563	4,737,185	107,789,701	36,205,082
Non-current assets:						
Capital assets - non-depreciable	22,726,813	6,705,768	12,701,347	-	42,133,928	-
Capital assets - depreciable	21,813,929	2,353,176	406,820,447	367,689	431,355,241	1,125,695
Capital assets - accumulated depreciation	(9,528,840)	(1,873,546)	(210,462,840)	(337,201)	(222,202,427)	(912,296)
Non-current restricted assets:						
Special assessments receivable	-	-	837,768	-	837,768	-
Impact fees receivable	-	-	1,069,667	-	1,069,667	-
Liens receivable	-	-	3,155,552	-	3,155,552	-
Total non-current assets	35,011,902	7,185,398	214,121,941	30,488	256,349,729	213,399
Total assets	60,163,219	7,711,034	291,497,504	4,767,673	364,139,430	36,418,481
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts on refundings	-	-	2,506,911	-	2,506,911	-
Total deferred outflows of resources	-	-	2,506,911	-	2,506,911	-
LIABILITIES						
Current liabilities (payable from current assets):						
Accounts payable	1,360,470	41,868	1,881,612	42,631	3,326,581	119,427
Retainage payable	79,755	-	138,574	-	218,329	-
Due to other funds	-	640,853	-	-	640,853	317,000
Claims payable	-	-	-	-	-	2,197,855
Due to other governments	-	7,287	2,827,524	15,304	2,850,115	-
Other deposits	-	1,000	-	-	1,000	-
Unearned revenues	-	30,744	-	-	30,744	-
Pollution remediation payable	-	-	5,167	-	5,167	-
Accrued compensated absences	36,864	20,742	503,212	55,498	616,316	31,993
Total current liabilities (payable from current assets)	1,477,089	742,494	5,356,089	113,433	7,689,105	2,666,275
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	106,718	-	106,718	-
Retainage payable	-	-	26,557	-	26,557	-
Accrued interest payable	-	-	161,454	-	161,454	-
Bonds payable	-	-	3,350,000	-	3,350,000	-
Customer deposits	131,126	-	2,852,268	-	2,983,394	-
Total current liabilities (payable from restricted assets)	131,126	-	6,496,997	-	6,628,123	-
Total current liabilities	1,608,215	742,494	11,853,086	113,433	14,317,228	2,666,275
Non-current liabilities:						
Accrued compensated absences	2,163	31,396	129,168	35,589	198,316	21,834
Advance from other funds	-	1,112,427	-	-	1,112,427	-
Claims payable	-	-	-	-	-	5,876,145
Pollution remediation payable	-	-	5,333	-	5,333	-
Closure and maintenance costs payable	11,011,736	-	-	-	11,011,736	-
Bonds payable - net of unamortized discount/premium	-	-	39,670,793	-	39,670,793	-
Total non-current liabilities	11,013,899	1,143,823	39,805,294	35,589	51,998,605	5,897,979
Total liabilities	12,622,114	1,886,317	51,658,380	149,022	66,315,833	8,564,254
NET POSITION						
Net investment in capital assets	35,011,902	7,185,398	168,545,072	30,488	210,772,860	213,399
Restricted for:						
Capital projects	-	-	20,871,037	-	20,871,037	-
Unrestricted	12,529,203	(1,360,681)	52,929,926	4,588,163	68,686,611	27,640,828
Total net position	\$ 47,541,105	\$ 5,824,717	\$ 242,346,035	\$ 4,618,651	\$ 300,330,508	\$ 27,854,227

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, 2013

	Business-type Activities -	
	Solid Waste Disposal District	Golf Course
OPERATING REVENUES		
Charges for services	\$ 9,998,410	\$ 3,072,332
Charges for services pledged as security for revenue bonds	-	-
Total operating revenues	<u>9,998,410</u>	<u>3,072,332</u>
OPERATING EXPENSES		
Personal services	505,556	497,147
Material, supplies, services and other operating	9,058,346	1,704,741
Depreciation	840,661	122,648
Total operating expenses	<u>10,404,563</u>	<u>2,324,536</u>
Operating income (loss)	(406,153)	747,796
NONOPERATING REVENUES (EXPENSES)		
Interest income	85,812	2,555
Interest income pledged as security for revenue bonds	-	-
Gain on disposal of equipment	-	430
Interest expense	-	(87,645)
Bond amortization expense	-	(125,344)
Loss on disposal of equipment	(580)	-
Total nonoperating revenues (expenses)	<u>85,232</u>	<u>(210,004)</u>
Income (loss) before transfers and capital contributions	(320,921)	537,792
Capital contributions	-	-
Transfers	-	-
Change in net position	<u>(320,921)</u>	<u>537,792</u>
Total net position - beginning	47,862,026	5,286,925
Total net position - ending	<u>\$ 47,541,105</u>	<u>\$ 5,824,717</u>

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

Enterprise Funds			Governmental
County	County	Total	Activities
Utilities	Building		Internal
			Service Funds
\$ -	\$ 2,018,104	\$ 15,088,846	\$ 22,224,942
28,522,667	-	28,522,667	-
28,522,667	2,018,104	43,611,513	22,224,942
7,352,824	1,082,207	9,437,734	1,870,705
9,935,957	456,907	21,155,951	19,366,204
14,424,758	8,701	15,396,768	144,452
31,713,539	1,547,815	45,990,453	21,381,361
(3,190,872)	470,289	(2,378,940)	843,581
-	13,473	101,840	94,566
325,201	-	325,201	-
37,382	-	37,812	1,021
(2,070,241)	-	(2,157,886)	-
(24,209)	-	(149,553)	-
(7,760)	-	(8,340)	-
(1,739,627)	13,473	(1,850,926)	95,587
(4,930,499)	483,762	(4,229,866)	939,168
4,700,473	-	4,700,473	-
-	-	-	35,488
(230,026)	483,762	470,607	974,656
242,576,061	4,134,889	299,859,901	26,879,571
\$ 242,346,035	\$ 4,618,651	\$ 300,330,508	\$ 27,854,227

Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	Business-type	
	Solid Waste Disposal District	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,957,401	\$ 3,073,524
Cash paid to suppliers for goods and services	(9,173,152)	(1,801,690)
Cash paid to employees for services	(508,802)	(488,044)
Net cash provided by (used in) operating activities	<u>275,447</u>	<u>783,790</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	-	-
Proceeds from advances from other funds	-	1,564,999
Payments for advances from other funds	-	(309,809)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>1,255,190</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments - bonds/notes	-	(2,120,000)
Interest paid on long-term debt	-	(94,106)
Proceeds from sales of capital assets	-	430
Purchase of capital assets	(4,107,648)	(23,410)
Bond paying agent fees	-	-
Capital contributed by others	-	-
Net cash provided by (used in) capital and related financing activities	<u>(4,107,648)</u>	<u>(2,237,086)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	85,662	2,570
Net cash provided by investing activities	<u>85,662</u>	<u>2,570</u>
Net increase (decrease) in cash and cash equivalents	(3,746,539)	(195,536)
Cash and cash equivalents at beginning of year	28,630,404	654,071
Cash and cash equivalents at end of year	<u>\$ 24,883,865</u>	<u>\$ 458,535</u>
Classified as:		
Current assets	\$ 10,588,272	\$ 458,535
Restricted assets	14,295,593	-
Totals	<u>\$ 24,883,865</u>	<u>\$ 458,535</u>

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

Activities - Enterprise Funds

Activities - Enterprise Funds			Governmental Activities Internal Service Funds
County Utilities	County Building	Total	
\$ 28,731,963	\$ 2,018,104	\$ 43,780,992	\$ 23,673,576
(8,660,180)	(433,481)	(20,068,503)	(19,457,018)
(7,395,611)	(1,090,111)	(9,482,568)	(1,861,848)
<u>12,676,172</u>	<u>494,512</u>	<u>14,229,921</u>	<u>2,354,710</u>
-	-	-	35,488
-	-	1,564,999	92,000
-	-	(309,809)	-
<u>-</u>	<u>-</u>	<u>1,255,190</u>	<u>127,488</u>
(3,205,000)	-	(5,325,000)	-
(2,080,951)	-	(2,175,057)	-
37,382	-	37,812	1,021
(3,523,222)	(8,233)	(7,662,513)	(5,760)
(1,250)	-	(1,250)	-
2,705,139	-	2,705,139	-
<u>(6,067,902)</u>	<u>(8,233)</u>	<u>(12,420,869)</u>	<u>(4,739)</u>
296,576	12,423	397,231	88,762
<u>296,576</u>	<u>12,423</u>	<u>397,231</u>	<u>88,762</u>
6,904,846	498,702	3,461,473	2,566,221
66,315,284	4,235,328	99,835,087	31,967,495
<u>\$ 73,220,130</u>	<u>\$ 4,734,030</u>	<u>\$ 103,296,560</u>	<u>\$ 34,533,716</u>
\$ 43,832,875	\$ 4,734,030	\$ 59,613,712	\$ 34,533,716
29,387,255	-	43,682,848	-
<u>\$ 73,220,130</u>	<u>\$ 4,734,030</u>	<u>\$ 103,296,560</u>	<u>\$ 34,533,716</u>

Continued

Indian River County, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	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)	\$ (406,153)	\$ 747,796
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	840,661	122,648
Capitalized self-incurred expenses	-	-
(Increase) Decrease in assets:		
Accounts receivable	(42,837)	-
Due from other funds	(2,672)	-
Due from other governments	-	100
Inventories	-	1,590
Liens receivable	-	-
Impact fees receivable	-	-
Special assessments receivable	-	-
Prepaid expenses	-	(595)
Increase (Decrease) in liabilities:		
Accounts payable	(612,806)	(97,460)
Due to other governments	-	(484)
Retainage payable	-	-
Customer deposits	4,500	-
Closure and maintenance costs payable	498,000	-
Pollution remediation costs payable	-	-
Unearned revenues	-	1,092
Accrued compensated absences	(3,246)	9,103
Total adjustments	681,600	35,994
Net cash provided by (used in) operating activities	\$ 275,447	\$ 783,790
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in fair value of investments	\$ 6,829	\$ 296
Contributed property, infrastructure and equipment	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 86,302	\$ -

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

Enterprise Funds			Governmental
County	County		Activities
Utilities	Building	Total	Internal
			Service Funds
\$ (3,190,872)	\$ 470,289	\$ (2,378,940)	\$ 843,581
14,424,758	8,701	15,396,768	144,452
(2,329)	-	(2,329)	-
330,621	-	287,784	1,434,102
-	-	(2,672)	-
4,331	-	4,431	14,532
44,901	-	46,491	41,236
(335,987)	-	(335,987)	-
(36,039)	-	(36,039)	-
169,652	-	169,652	-
(6,699)	-	(7,294)	(48,585)
1,220,991	22,668	533,393	(83,465)
(6,422)	758	(6,148)	-
14,884	-	14,884	-
83,140	-	87,640	-
-	-	498,000	-
1,700	-	1,700	-
-	-	1,092	-
(40,458)	(7,904)	(42,505)	8,857
15,867,044	24,223	16,608,861	1,511,129
\$ 12,676,172	\$ 494,512	\$ 14,229,921	\$ 2,354,710
\$ 31,396	\$ 2,208	\$ 40,729	\$ 15,200
\$ 1,705,822	\$ -	\$ 1,705,822	\$ -
\$ 814,080	\$ 8,233	\$ 908,615	\$ -

Indian River County, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2013

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
ASSETS		
Cash and cash equivalents	\$ 13,157,483	\$ -
Investments, at fair value:		
Surplus Funds Trust Fund - Fund B	43,708	-
Index funds	-	5,839,900
U.S. government securities funds	-	4,805,380
Prime money market fund	-	926,688
Total assets	<u>\$ 13,201,191</u>	<u>11,571,968</u>
 LIABILITIES		
Accounts payable	\$ 388,991	-
Due to other governments	4,430,980	-
Other deposits held in escrow	8,381,220	-
Total liabilities	<u>\$ 13,201,191</u>	<u>-</u>
 NET POSITION		
Net position restricted for other postemployment benefits		11,571,968
Total net position		<u>\$ 11,571,968</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, 2013

ADDITIONS

Employer contributions	\$ 2,965,251
Investment income	928,354
Investment expense	<u>(1,950)</u>
Total additions	<u>3,891,655</u>

DEDUCTIONS

Benefits paid to participants	<u>1,693,734</u>
Total deductions	<u>1,693,734</u>

Change in net position	2,197,921
------------------------	-----------

Net position - beginning	<u>9,374,047</u>
Net position - ending	<u><u>\$ 11,571,968</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, 2013

<u>Note</u>	<u>Page</u>	<u>Note</u>	<u>Page</u>
1. Summary of Significant Accounting		7. Restricted Cash and Cash Equivalents	
Policies.....	46	and Investments.....	71
Reporting Entity.....	46	8. Payable from Restricted Assets.....	71
Measurement Focus and		9. Interfund Balances.....	72
Basis of Accounting.....	47	10. Interfund Transfers	73
Basis of Presentation.....	50	11. Due from Other Governments.....	74
Assets, Liabilities, Deferred Outflows/		12. Accounts Payable	74
Inflows of Resources, and		13. Long-term Liabilities.....	76
Net Position or Fund Balances.....	52	Changes in Long-term Liabilities.....	76
Cash and Cash Equivalents.....	52	Governmental Activities.....	77
Investments	52	Annual Debt Service Payments –	
Allowance for Doubtful Accounts ..	52	Governmental Activities.....	77
Receivables and Payables	53	Limited General Obligation Bonds	78
Inventories.....	53	Spring Training Facility Revenue	
Prepaid Items	53	Bonds.....	78
Restricted Net Position	53	Business-type Activities.....	81
Capital Assets.....	54	Annual Debt Service Payments –	
Capitalization of Interest.....	55	Business-type Activities	81
Deferred Inflows/Outflows of		Recreational Revenue Refunding	
Resources	55	Bonds, Series 2003	82
Unearned Revenues	55	Water and Sewer Revenue Refunding	
Accrued Compensated Absences.....	55	Bonds, Series 2005	82
Obligation for Bond Arbitrage		Water and Sewer Revenue Refunding	
Rebate	56	Bonds, Series 2009	83
Landfill Closure Costs	56	Compensated Absences.....	84
Unamortized Bond Discounts		14. Provision for Closure Costs.....	84
and Premiums.....	56	15. Pollution Remediation.....	86
Capital Contributions	56	16. Pension Plans -	
2. Reconciliation of Government-wide		Florida Retirement System	87
and Fund Financial Statements	57	17. Other Postemployment Benefits Plan...	89
3. Stewardship, Compliance and		18. Operating Leases	92
Accountability.....	61	19. Fund Balance	94
Budget and Budgetary Accounting.	61	20. Fund Balance Deficit.....	96
4. Cash and Cash Equivalents.....	62	21. Net Position	96
Deposits.....	62	22. Risk Management.....	97
Accrued Interest.....	62	23. Commitments and Contingencies.....	98
Investments	62	Litigation	98
OPEB Trust Investments.....	66	Contracts and Other	
5. Property Tax Revenues	67	Commitments.....	98
6. Capital Assets.....	68	Grants	99

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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 139,586. 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, 2013

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, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Measurement Focus and Basis of Accounting - Continued

1. Government-wide Financial Statements - Continued

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

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

2. Fund Financial Statements

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

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

Governmental Funds

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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.

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 (for example, interest income). 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, 2013

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 accounted for and reported in another fund.

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

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

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, 2013

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, 2013

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 (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 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, 2013, 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, 2013.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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 Golf Course and Fleet Internal Service Fund’s inventories which are valued using the average cost method of accounting. Inventories of all funds are recorded as expenditures (expenses) when consumed rather than when purchased.

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. 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 21.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

8. 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, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

9. 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.

10. 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 \$2,506,911 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 in the amount of \$440,587. 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.

11. Unearned Revenues

Unearned revenues represent revenues, which are available but unearned. At September 30, 2013, the total amount of unearned revenues reported on the statement of net position for the governmental activities is \$259,013 and for the business-type activities is \$30,744.

12. Accrued Compensated Absences

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

13. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the “revenue reduction” approach in accounting for rebatable arbitrage. This approach treats excess earnings as a reduction of revenue. The County has no arbitrage liability outstanding as of September 30, 2013.

14. Landfill Closure Costs

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

15. Unamortized Bond 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.

16. Capital Contributions

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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, \$172,561,446 differs from “net position” of governmental activities, \$707,407,895, 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	\$ 804,336,031
Accumulated depreciation	<u>(248,161,222)</u>
Net Total	<u>\$ 556,174,809</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, 2013 were:

Bonds payable:	
Limited General Obligation Bonds, Series 2006	\$ (29,265,000)
Spring Training Facility Bonds, Series 2001	(8,145,000)
Bond premium payable:	
Limited General Obligation Bonds, Series 2006	(722,489)
Medicaid settlement payable	(632,342)
Pollution remediation payable	(2,727,400)
Compensated absences	<u>(11,250,922)</u>
Total	<u>\$ (52,743,153)</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.

\$ (341,565)

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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>440,587</u>
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Internal service funds

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

Internal service funds	\$ <u>27,854,227</u>
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Accrued grant revenues

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

Accrued grant revenues	\$ <u>3,113,374</u>
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Accrued interest revenues

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

Accrued interest revenues	\$ <u>47,564</u>
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Net OPEB Obligation

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

OPEB asset	\$ <u>300,606</u>
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Elimination of interfund receivables/payables

Interfund receivables and payables in the amount of \$1,165,334 between governmental funds must be eliminated for the statement of net position.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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, (\$11,389,643), differs from the “change in net position” for governmental activities, \$510,040 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	\$ 26,899,512
Depreciation expense	(24,648,996)
Capital contributions	1,478,378
Loss on assets	<u>(554,631)</u>
Difference	<u>\$ 3,174,263</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	\$ 6,050,000
Bond premium payments made	93,225
Medicaid settlement costs	158,092
Pollution remediation costs	<u>(114,400)</u>
Total	<u>\$ 6,186,917</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	\$ (21,075)
Net accrued bond interest payable	<u>31,500</u>
Total	<u>\$ 10,425</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

**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>\$ (297,240)</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>\$ (12,145)</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>\$ 974,656</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>\$ 1,890,833</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>\$ (28,026)</u>
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Reclassification and Eliminations

The governmental funds recognize revenues in the amount of \$2,441,286 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 \$12,540,187 between governmental activities should be eliminated. Capital projects costs in the amount of \$13,037,552 must be distributed to the related expenditure functions.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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 two nonmajor governmental funds: the Clerk Special Revenue Fund and 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, 2013

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, 2013, the carrying amount of the primary government's deposits was \$34,802,592 and the bank balance was \$37,351,435. 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, 2013 was \$26,639.

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, 2013, accrued interest for the County's portfolio totaled \$193,392. The remaining accrued interest is reflected in utilities and road paving assessments.

C. Investments

On November 5, 2013, the Board updated its 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 January 2013. The Clerk adopted a formal investment policy on April 25, 2013.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

C. Investments - Continued

As of September 30, 2013, 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	\$ 107,038,012	1.17	37.64 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	48,012,190	1.22	16.88	AA+
Federal Home Loan Bank	38,987,528	0.72	13.71	AA+
Federal Home Loan Mortgage	15,993,511	1.07	5.62	AA+
Federal National Mortgage Assoc.	14,989,340	1.38	5.27	AA+
Other Fixed Rate Investments:				
Florida PRIME (Formerly Fund A)	57,289	0.08	0.02	AAAm
Fund B Surplus Funds Trust Fund	312,596	4.04	0.11	Not Rated
Florida Local Government Investment Trust Fund	10,978,126	0.08	3.86	AAAf and S-1**
Other Market Rate Investments:				
Regions Bank Money Market	13,050,363	0.08	4.59	N/A
Suntrust Bank NOW Account	12,090,687	0.08	4.25	N/A
Florida Trust Day to Day Fund	16,683,111	0.08	5.87	AAAm
Certificate of Deposit	250,473	1.08	0.09	N/A
Certificate of Deposit	253,565	1.76	0.09	N/A
Certificate of Deposit	250,473	2.00	0.09	N/A
W&S Sinking Fund Reserve:				
U.S. Treasuries	5,437,742	1.00	1.90	N/A
Fidelity Institutional Money Market	13,230	0.08	0.01	AAAm
Total Fair Value	\$ 284,398,236		100.00 %	
Weighted Average Maturity of Investments		0.92		

* 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, 2013

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, 2013, the County had \$275,993 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 2a-7 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 positive adjustment of 13.3% of the portfolio balance, or \$36,603. Consequently, the net investment in Fund B is reported at \$312,596.

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 and Clerk follow this policy. The Tax Collector’s policy is to limit maturities to 24 months or less. The Clerk’s policy is to limit maturities to three years or less and maintain at least 50% of the portfolio in readily available funds.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

C. Investments - Continued

Credit Risk

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

The 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 10% of the portfolio may be placed in any one money market fund, mutual fund, or intergovernmental investment pool.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

C. Investments - Continued

Concentration Risk - Continued

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	95%
Securities & Exchange Commission Money Funds	25%
Bank Super NOW Accounts	95%
Bank Repo Agreements	50%
United States Government Agencies	25%

The Clerk's cash and investment policy limits portfolio composition to no more than 10% or \$1 million in certificates of deposit with a qualified public depository with any one financial institution.

The Clerk's investment in the Florida Trust Day to Day Fund of \$5,603,429, the Tax Collector's investment of \$25,278, and the Board's investment of \$11,054,404 have a combined total of \$16,683,111.

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, 2013, 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, Harbor Community Bank certificates deposit, CenterState Bank certificate 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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

D. OPEB Trust Investments - Continued

The County approved a separate investment policy for the OPEB Trust assets on February 3, 2009 (last amended on November 5, 2013). The County adopted a broadly diversified 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.

The contribution of \$2,965,251 for the year ended September 30, 2013 was invested in the various funds listed below. As of September 30, 2013, 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	\$ 32,198	0.15	0.28 %	AAAm
<u>Long-Term Portion:</u>				
Vanguard 500 Index	2,556,906	N/A	22.10	N/A
Vanguard All World Ex-US	2,346,217	N/A	20.28	N/A
Vanguard Mid Cap Index	620,459	N/A	5.36	N/A
Vanguard Small Cap Index	316,318	N/A	2.72	N/A
Vanguard Short-Term Treasury	3,418,774	2.30	29.54	AA+
Vanguard Intermediate Treasury	1,148,802	5.60	9.93	AA+
Vanguard Prime Money Market	926,688	0.16	8.01	A-1
Vanguard Federal Money Market	205,606	0.16	1.78	A-1
Total Fair Value	\$ <u>11,571,968</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 2012-2013 fiscal year were levied in October 2012. 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, 2013

NOTE 6 - CAPITAL ASSETS

A. Governmental Activities

Primary Government	Beginning			Ending
Governmental activities:	Balance	Additions	Deletions	Balance
Capital assets, not being depreciated:				
Land	\$ 139,633,250	\$ 1,131,465	\$ (50,880)	\$ 140,713,835
Construction in progress	28,125,197	23,740,793	(14,818,243)	37,047,747
Right-of-way	54,718,602	1,509,847	(549,375)	55,679,074
Intangibles	577,333	241,294	-	818,627
Infrastructure	3,575,067	-	-	3,575,067
Total capital assets, not being depreciated	226,629,449	26,623,399	(15,418,498)	237,834,350
Capital assets, being depreciated:				
Buildings and improvements	194,268,183	3,121,561	(38,950)	197,350,794
Equipment	56,578,996	2,680,008	(2,501,359)	56,757,645
Intangibles	3,276,269	97,936	(298,205)	3,076,000
Infrastructure	300,147,030	10,295,907	-	310,442,937
Total capital assets, being depreciated	554,270,478	16,195,412	(2,838,514)	567,627,376
Less accumulated depreciation for:				
Buildings and improvements	(45,508,883)	(5,203,573)	38,950	(50,673,506)
Equipment	(31,071,260)	(4,476,847)	2,501,359	(33,046,748)
Intangibles	(2,283,981)	(218,159)	298,205	(2,203,935)
Infrastructure	(149,852,894)	(13,296,435)	-	(163,149,329)
Total accumulated depreciation	(228,717,018)	(23,195,014)	2,838,514	(249,073,518)
Total capital assets, being depreciated, net	325,553,460	(6,999,602)	-	318,553,858
Governmental activities capital assets, net	\$ 552,182,909	\$ 19,623,797	\$ (15,418,498)	\$ 556,388,208

Beginning balance amounts have been reduced for equipment (\$2.2 million), intangibles (\$0.2 million), and building and improvements (\$0.2 million) that are contributed to and reported by a grant sub-recipient.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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	\$ 2,623,199
Public safety	3,942,235
Physical environment	563,394
Transportation	5,810,842
Economic environment	608
Human service	139,078
Culture/recreation	9,924,498
Court related	46,708
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>144,452</u>

Total depreciation expense – governmental activities	<u><u>\$ 23,195,014</u></u>
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In accordance with GASB Statement 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the County wrote down the value of the Sector 3 Beach Restoration asset in the amount of \$2,619,835. This impairment was caused by Hurricane Sandy erosion damage that occurred in October 2012. This impairment amount is included as a culture and recreation program expense on the Statement of Activities.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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	\$ 27,322,149	\$ -	\$ -	27,322,149
Intangibles	1,431,112	29,795	-	1,460,907
Construction in progress	6,535,100	7,091,662	(275,890)	13,350,872
Total capital assets, not being depreciated	35,288,361	7,121,457	(275,890)	42,133,928
Capital assets, being depreciated:				
Buildings, distribution systems, & improvements	414,175,362	1,951,917	(1,529)	416,125,750
Intangibles	907,347	-	-	907,347
Equipment	14,467,382	585,608	(730,846)	14,322,144
Total capital assets, being depreciated	429,550,091	2,537,525	(732,375)	431,355,241
Less accumulated depreciation for:				
Buildings, distribution systems, & improvements	(194,155,984)	(14,792,477)	1,529	(208,946,932)
Intangibles	(492,771)	(70,344)	-	(563,115)
Equipment	(12,868,838)	(533,947)	710,405	(12,692,380)
Total accumulated depreciation	(207,517,593)	(15,396,768)	711,934	(222,202,427)
Total capital assets, being depreciated, net	222,032,498	(12,859,243)	(20,441)	209,152,814
Business-type activities capital assets, net	\$ 257,320,859	\$ (5,737,786)	\$ (296,331)	\$ 251,286,742

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	\$ 840,661
Golf Course	122,648
County Utilities	14,424,758
County Building	<u>8,701</u>

Total depreciation expense – business-type activities \$ 15,396,768

The beginning balance reported for land was increased by \$6,036,139 and the beginning balance for buildings, distribution systems, and improvements was decreased by \$6,036,139 to reflect the reclassification of capital assets from improvements to land.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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	County	
	District	Utilities	Total
Sinking funds	\$ -	\$ 6,195,428	\$ 6,195,428
Renewal and replacement	3,152,731	3,485,928	6,638,659
Customer deposits	131,126	2,852,268	2,983,394
Capital construction	-	16,853,631	16,853,631
Closure and maintenance costs	11,011,736	-	11,011,736
Total	\$ 14,295,593	\$ 29,387,255	\$ 43,682,848

Cash totaling \$5,432,485 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	County	
	District	Utilities	Total
Accounts payable	\$ -	\$ 106,708	\$ 106,708
Retainage payable	-	26,557	26,557
Accrued interest payable	-	161,454	161,454
Customer deposits	131,126	2,852,268	2,983,394
Bonds payable (current)	-	3,350,000	3,350,000
Closure and maintenance costs payable	11,011,736	-	11,011,736
Total	\$ 11,142,862	\$ 6,496,987	\$ 17,639,849

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 9 - INTERFUND BALANCES

Interfund balances at September 30, 2013, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 455,000
General Fund	Golf Course Enterprise Fund	640,853
General Fund	Fleet Internal Service Fund	317,000
		<u>\$ 1,412,853</u>

In October 2010, the General Fund loaned \$333,050 to the Golf Course Fund to purchase new golf carts. In September 2013, the General Fund loaned \$1,565,000 to the Golf Course Fund to pay off the Series 2003 Recreational Revenue Refunding Bonds. 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 2014. 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.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		
Emergency Services District Fund	General Fund	\$ <u>226,983</u>
Major Enterprise Fund:		
Solid Waste Disposal District Fund	General Fund	\$ <u>101,037</u>
Nonmajor Governmental Funds:		
Land Acquisition Bonds Fund	General Fund	\$ 61,678
Street Lighting Districts Fund	General Fund	2,402
Vero Lake Estates Fund	General Fund	1,221
East Gifford Stormwater Fund	General Fund	13
Total Nonmajor Governmental Funds		<u>\$ 65,314</u>
	Total:	<u>\$ 393,334</u>

Amounts due from the General Fund represent excess fees and payments of the constitutional officers remitted to various funds subsequent to September 30, 2013.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 9 - INTERFUND BALANCES - Continued

Interfund advances at September 30, 2013, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Golf Course Fund	\$ 1,112,427

This amount is considered a long-term advance between major funds expected to be paid over the course of several years. This amount has been presented as nonspendable on the General Fund balance sheet.

NOTE 10 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2013, consisted of the following:

	Transfers In:				
	General Fund	Transportation Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Transfers Out:					
General Fund	\$ -	\$ 7,459,882	\$ 2,390,823	\$ 35,488	\$ 9,886,193
Impact Fees Fund	-	-	321,031	-	321,031
Emergency Services District Fund	336,797	-	-	-	336,797
Optional Sales Tax Fund	817,655	-	600,000	-	1,417,655
Nonmajor Governmental Funds	552,102	-	26,409	-	578,511
Total	\$ 1,706,554	\$ 7,459,882	\$ 3,338,263	\$ 35,488	\$ 12,540,187

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) use unrestricted general fund revenues to pay down a portion of an outstanding bond issue, 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, 8) use optional sales tax fund revenues for purchase of new vehicles for the Sheriff's departments and renovations at the Historic Dodgertown facility, and 9) to close a debt service fund.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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	\$ 11,429,754
Less: Reimbursements received as of 9/30/2013	<u>(3,000,000)</u>
Balance Due from FDOT SR60 Agreement	8,429,754
Additional Funds Due from other governments	<u>1,983,861</u>
Total Due from other governments	<u><u>\$ 10,413,615</u></u>

NOTE 12 – ACCOUNTS PAYABLE

Payables

Payables at September 30, 2013, were as follows:

	Vendors	Salaries and Benefits	Total Payables
Governmental Activities:			
General	\$ 1,322,155	\$ 1,483,327	\$ 2,805,482
Impact Fees	384,797	2,003	386,800
Secondary Roads Construction	1,495,570	5,744	1,501,314
Transportation	185,479	151,422	336,901
Emergency Services	118,205	471,721	589,926
Optional Sales Tax	2,744,699	-	2,744,699
Other governmental	<u>813,599</u>	<u>42,857</u>	<u>856,456</u>
Total Governmental Activities	<u>\$ 7,064,504</u>	<u>\$ 2,157,074</u>	<u>\$ 9,221,578</u>
Business-Type Activities:			
Payable from current assets:			
Solid Waste	\$ 1,350,089	\$ 10,381	\$ 1,360,470
Golf Course	31,428	10,440	41,868
Utilities	1,717,409	164,203	1,881,612
Building	18,402	24,229	42,631
Payable from restricted assets:			
Utilities	<u>106,718</u>	<u>-</u>	<u>106,718</u>
Total Business-Type Activities	<u>\$ 3,224,046</u>	<u>\$ 209,253</u>	<u>\$ 3,433,299</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 12 – ACCOUNTS PAYABLE - Continued

The County has not engaged in any short-term debt activity during fiscal year 2013 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 the repayment agreement as a liability, Due to Other Governments, in the government-wide Statement of Net Position; and at September 30, 2013, the amount due to the State of Florida is \$474,260.

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. The County has reported these repayments 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, 2013

NOTE 13 - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Limited General Obligation Bonds - Series 2006	\$ 32,385,000	\$ -	\$ 3,120,000	\$ 29,265,000	\$ 3,255,000
Spring Training Facility Revenue Bonds - Series 2001	11,075,000	-	2,930,000	8,145,000	445,000
Subtotal	43,460,000	-	6,050,000	37,410,000	3,700,000
Add: Unamortized bonds premium	815,714	-	93,225	722,489	-
Total bonds payable	44,275,714	-	6,143,225	38,132,489	3,700,000
Other liabilities:					
Pollution remediation	2,613,000	114,400	-	2,727,400	120,190
Claims payable	8,074,000	14,396,726	14,396,726	8,074,000	2,197,855
Due to other governments-Medicaid	632,347	-	158,087	474,260	158,092
Compensated absences	10,998,652	6,481,234	6,175,137	11,304,749	5,648,031
Total other liabilities	22,317,999	20,992,360	20,729,950	22,580,409	8,124,168
Governmental activities long-term liabilities	\$ 66,593,713	\$ 20,992,360	\$ 26,873,175	\$ 60,712,898	\$ 11,824,168
Business-type Activities:					
Bonds payable:					
Recreational Refunding Revenue Bonds - Series 2003	\$ 2,120,000	\$ -	\$ 2,120,000	\$ -	\$ -
Water & Sewer Refunding Revenue Bonds - Series 2005	19,010,000	-	1,530,000	17,480,000	1,605,000
Series 2009	24,760,000	-	1,675,000	23,085,000	1,745,000
Subtotal	45,890,000	-	5,325,000	40,565,000	3,350,000
Add: Unamortized bonds premium	2,692,698	-	236,905	2,455,793	-
Less: Unamortized bonds discount	(18,129)	-	(18,129)	-	-
Total bonds payable	48,564,569	-	5,543,776	43,020,793	3,350,000
Other liabilities:					
Landfill closure and maintenance costs	10,513,736	498,000	-	11,011,736	-
Pollution remediation	8,800	1,700	-	10,500	5,167
Compensated absences	857,137	635,828	678,333	814,632	616,316
Total other liabilities	11,379,673	1,135,528	678,333	11,836,868	621,483
Business-type activities long-term liabilities	\$ 59,944,242	\$ 1,135,528	\$ 6,222,109	\$ 54,857,661	\$ 3,971,483

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013, 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
2014	\$ 3,255,000	\$ 1,367,463	\$ 445,000	\$ 418,075
2015	3,390,000	1,204,712	470,000	394,713
2016	3,545,000	1,035,212	495,000	370,037
2017	3,705,000	893,413	520,000	344,050
2018	3,890,000	745,212	550,000	316,750
2019-2023	11,480,000	1,029,138	2,475,000	1,136,162
2024-2028	-	-	1,870,000	619,250
2029-2031	-	-	1,320,000	132,250
Total	<u>29,265,000</u>	<u>6,275,150</u>	<u>8,145,000</u>	<u>3,731,287</u>
Less:				
Current portion	3,255,000	-	445,000	-
Add:				
Unamortized bond premium	<u>722,489</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 26,732,489</u>	<u>\$ 6,275,150</u>	<u>\$ 7,700,000</u>	<u>\$ 3,731,287</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013, Limited General Obligation Bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2013
Limited General Obligation Bonds, Series 2006	4.00%-5.00% 1/1 and 7/1	2021	\$ 48,600,000	<u>\$ 29,265,000</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.

Spring Training Facility Revenue Bonds

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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 25 in the statistical section.

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

The current principal and interest payments of \$1,223,432 represent sixteen percent of total pledged revenues. All three revenue sources totaled \$7,656,378 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 \$11,876,287.

On September 30, 2013, the Board transferred \$2,275,000 from the General fund to pay down the principal. Excess debt service funds of \$59,387 were used to pay the related interest expense.

Bonds Issued - At September 30, 2013, 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, 2013</u>
Spring Training Facility Revenue Bonds, Series 2001	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	<u>\$ 8,145,000</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Spring Training Facility Revenue Bonds - Continued

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

The County redeemed the following amounts and maturity dates on September 30, 2013:

<u>Maturity Date</u>	<u>Amount</u>
April 1, 2014	\$ 240,000
April 1, 2015	255,000
April 1, 2016	265,000
April 1, 2017	275,000
April 1, 2018	290,000
April 1, 2019	305,000
April 1, 2020	315,000
April 2, 2021	<u>330,000</u>
Total Optional Redemption	\$2,275,000

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

Term Bonds due April 1, 2015

<u>Date</u>	<u>Principal Amount</u>
April 1, 2014	\$ 445,000
April 1, 2015	470,000

Term Bonds due April 1, 2017

<u>Date</u>	<u>Principal Amount</u>
April 1, 2016	\$ 495,000
April 1, 2017	520,000

Term Bonds due April 1, 2021

<u>Date</u>	<u>Principal Amount</u>
April 1, 2018	\$ 550,000
April 1, 2019	585,000
April 1, 2020	615,000
April 1, 2021	650,000

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Spring Training Facility Revenue Bonds - Continued

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

Business-type Activities

Annual Debt Service Payments – Business-type Activities

The annual debt service payments for bonds outstanding at September 30, 2013 are as follows:

Fiscal Year Ending September 30	Water and Sewer Revenue Refunding Bonds Series 2005		Water and Sewer Revenue Refunding Bonds Series 2009	
	Principal	Interest	Principal	Interest
2014	1,605,000	800,650	1,745,000	1,136,800
2015	1,670,000	736,450	1,815,000	1,067,000
2016	1,750,000	652,950	1,905,000	976,250
2017	1,840,000	565,450	2,000,000	881,000
2018	1,930,000	473,450	2,100,000	781,000
2019-2023	8,685,000	931,800	12,180,000	2,221,250
2024	-	-	1,340,000	67,000
Total	17,480,000	4,160,750	23,085,000	7,130,300
Less:				
Current portion	1,605,000	-	1,745,000	-
Add:				
Unamortized bond premium	548,858	-	1,906,935	-
Total	<u>\$ 16,423,858</u>	<u>\$ 4,160,750</u>	<u>\$ 23,246,935</u>	<u>\$ 7,130,300</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - 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 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 Board elected to redeem 100% of the outstanding bonds in the amount of \$1,565,000, at par, on September 30, 2013 in addition to the regularly scheduled payment of \$555,000, which was due and payable on September 1, 2013.

At the time of the early call, \$417,500 of debt service reserve was released from restricted cash to operating cash. In addition, \$13,886 of the unamortized bond discount and \$82,645 of unamortized net economic gain was charged to bond amortization expense.

Water and Sewer Revenue Refunding Bonds, Series 2005

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

The aggregate difference in debt service between the Series 1996 (\$40,585,193) and Series 2005 (\$39,619,193) is \$966,000. The net economic gain, 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, 2013 is \$1,514,801 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 \$2,407,150 represent approximately eighteen percent of net revenues of \$13,741,700 of the utility system. The total principal and interest remaining to be paid on the bonds is \$21,640,750.

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.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Water and Sewer Revenue Refunding Bonds, Series 2005 - Continued

Bonds Issued - At September 30, 2013, the revenue bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2013
Water and Sewer Revenue Refunding Bonds, Series 2005	3-5% 3/1 and 9/1	2022	\$ 27,675,000	<u>\$ 17,480,000</u>

Outstanding In-Substance Defeased Debt - The proceeds from the refunding were invested in federal securities and were placed in an escrow account with 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.

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, 2013 is \$992,110 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 principal and interest payments of \$2,878,800 represent approximately twenty one percent of net revenues of \$13,741,700 of the utility system. The total principal and interest remaining to be paid on the bonds is \$30,215,300.

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

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 13 - LONG-TERM LIABILITIES - Continued

B. Primary Government - Continued

Water and Sewer Revenue Refunding Bonds, Series 2009 - Continued

Bonds Issued - At September 30, 2013, 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, 2013</u>
Water and Sewer Revenue Refunding Bonds, Series 2009	4-5% 3/1 and 9/1	2024	\$ 26,370,000	<u>\$ 23,085,000</u>

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

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

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 other governmental and internal service funds.

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 \$3.3 million. These costs will be recognized in future periods as the remaining capacity is filled. The County's policy is to fund 100% of the current year's allocation (based upon the consulting engineers' report) of both closure and post-closure care.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 14 - PROVISION FOR CLOSURE COSTS - Continued

Required closure and post-closure sub-accounts:

	<u>Capacity Used</u>	<u>Estimated Closing</u>	<u>Amount</u>
<u>Closure Costs</u>			
Class I - Segments I and II	61%	2030	\$ 7,101,947
Construction and Demolition - Cell I	90%	2023	1,136,866
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	2,588,435
Construction and Demolition - Cell I	N/A	N/A	184,488
Total account balance at 9/30/13:			\$ <u><u>11,011,736</u></u>

All amounts recognized are based on what it would cost to perform all closure and post-closure functions in current dollars. Actual costs may be different due to inflation, deflation, changes in technology, or changes in laws and regulations. The SWDD is required by FDEP to annually show proof of ability to finance closure and post-closure costs. The SWDD is making annual deposits to a closure and post-closure cost escrow account to provide for the financing of future closure-related expenses. At September 30, 2013, \$10,978,126 was on deposit at the Florida Local Government Investment Trust and \$33,610 was on deposit in the County's Operating account.

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

	<u>Balance 10/01/12</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance 09/30/13</u>
Closure and long-term care costs	<u>\$ 10,513,736</u>	<u>\$ 498,000</u>	<u>\$ -</u>	<u>\$11,011,736</u>

Of the \$11,011,736 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, 2013

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 \$2,737,900 at September 30, 2013 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 \$2,640,000 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 \$11,200 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 \$3,000 and will be paid from a nonmajor fund, the Land Acquisition Fund.

Total Governmental Activities liability: \$2,727,400

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 \$10,500 and will be paid from the County Utilities Fund.

Total Business-type Activities liability: \$10,500

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013 were as follows: regular class 6.95%, senior class 18.31%, special risk 19.06% and elected official class 33.03%.

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, 2013

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, 2013, as follows (contribution rates are in agreement with the actuarially determined rates):

	<u>10/01/10 to 6/30/11</u>	<u>07/01/11 to 6/30/12</u>	<u>07/01/12 to 6/30/13</u>	<u>07/01/13 to 9/30/13</u>
<u>Regular Class -</u>				
Members not qualifying for other classes.	10.77%	7.91%	8.18%	9.95%
<u>Senior Management Service Class -</u>				
Members of senior management who do not elect the optional annuity management program.	14.57%	9.27%	9.30%	21.31%
<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.	23.25%	17.10%	17.90%	22.06%
<u>Special Risk Administrative Support Class -</u>				
Special risk members who are transferred or reassigned to non-special risk and meet the criteria.	13.24%	9.04%	8.91%	38.96%
<u>Elected County Officer's Class -</u>				
Certain elected county officials.	18.64%	14.14%	13.23%	36.03%
<u>Deferred Retirement Option Program -</u>				
Members who are eligible for normal retirement that have elected to participate in the deferred retirement option program.	12.25%	4.42%	5.44%	12.84%

Contributions to the FRS for the fiscal years ended September 30, 2011, 2012, and 2013, were equal to 14.15%, 8.66%, and 9.97% of the annual covered payroll. Contributions to the FRS for the fiscal years ended September 30, 2011, 2012, and 2013 were \$9,810,332, \$5,857,114, and \$6,678,184 respectively. Employee contributions for the fiscal years ended September 30, 2011, 2012, and 2013 were \$455,378, \$1,789,315, and \$1,735,675 respectively. 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, 2013

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, 2012 range from \$400 for Medicare participants to \$715 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, 2013

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 \$2,077 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 42-43. 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, 2013, the County contributed \$2.96 million to the qualifying OPEB Trust. Plan members receiving benefits contributed \$1.7 million, or approximately 57 percent of the total premiums. We anticipate that the OPEB liability will be liquidated in the following manner: General fund 57 percent, Transportation fund 8 percent, Emergency Services District fund 21 percent, enterprise funds 9 percent, and the remaining 5 percent is by the other governmental and internal service funds. 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, 2013

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

C. Annual OPEB Cost and Net OPEB Obligation - Continued

	<u>FY 2012/2013</u>	<u>FY 2011/2012</u>	<u>FY 2010/2011</u>
Annual Required Contribution	\$ 2,965,251	\$ 2,828,452	\$ 2,948,682
Interest on Net OPEB Obligation	(20,909)	(12,323)	(22,381)
Adjustment to Annual Required Contribution	26,830	14,075	23,385
Annual OPEB Cost (expense)	<u>2,971,172</u>	<u>2,830,204</u>	<u>2,949,686</u>
Contributions	(2,950,097)	(2,962,301)	(2,819,540)
Change in Net OPEB Obligation	21,075	(132,097)	130,146
Net OPEB Obligation – beginning of year	(321,681)	(189,584)	(319,730)
Net OPEB Obligation – end of year	<u>\$ (300,606)</u>	<u>\$ (321,681)</u>	<u>\$ (189,584)</u>
Percentage of Annual OPEB Cost Contributed	99.29%	104.67%	95.59%

D. Funded Status and Funding Progress

As of October 1, 2011 (the most recent actuarial valuation date), the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 33,877,613
Actuarial value of plan assets	<u>\$ 6,955,356</u>
Unfunded actuarial accrued liability (UAAL)	\$ 26,922,257
Funded ratio	20.53%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 62,739,616
UAAL as a percentage of covered payroll	42.91%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress and Schedule of Employer Contributions, presented as required supplementary information immediately following the County Notes to the Financial Statements (on page 100), 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 (listed above) and past two actuarial valuations as well as six years of funding data.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued

E. Actuarial Methods and Assumptions - Continued

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

The actuarial methods are:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll projected to grow 4% per year
Amortization period (closed)	15 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 \$570,512 and lease expenditures totaled \$290,136 for the year ended September 30, 2013. 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>
2014	\$ 492,260
2015	493,573
2016	501,512
2017	488,966
2018	484,421
2019-2023	2,282,892
2024-2028	1,187,108
2029-2033	551,013
2034-2038	134,900
Total future minimum lease receipts:	<u>\$ 6,616,645</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 18 - OPERATING LEASES – Continued

A. Future Minimum Lease Receipts - Continued

The property being leased is included in the statement of net position governmental activities and business-type activities columns and has a cost of \$29,077,088 and a carrying value of \$20,284,620. Current year depreciation on property being leased was \$474,346.

B. Future Minimum Lease Payments

The following is a schedule of minimum future rentals to be paid by the County for various non-cancelable operating leases of office space, park land, and office equipment as of September 30, 2013:

<u>Year</u>	<u>Amount</u>
2014	\$ 287,135
2015	205,160
2016	154,472
2017	108,421
2018	29,969
2019-2023	7,500
2024-2028	7,500
2029-2033	7,500
2034-2038	6,300
2039-2043	4,500
2044-2048	4,500
2049-2053	3,000
2054-2058	2,100
2059-2063	1,500
2064-2068	1,500
2069-2073	1,500
2074-2076	1,200
Total future minimum lease payments:	<u>\$ 833,757</u>

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013

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, 2013, reserve amounts for those funds were:

	<u>Disaster Relief</u>	<u>Budget Stabilization</u>	<u>Total</u>
General Fund	\$ 5,100,000	\$ 5,100,000	\$ 10,200,000
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>\$ 7,200,000</u></u>	<u><u>\$ 7,200,000</u></u>	<u><u>\$ 14,400,000</u></u>

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

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

C. Spending Hierarchy

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

D. Restatement of Beginning Fund Balance

Beginning fund balance for the Sheriff special revenue fund was restated due to the reclassification of amounts previously reported in the agency fund. At October 1, 2012, this results in an increase of the Sheriff's special revenue fund balance of \$107,947.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 20 - FUND BALANCE DEFICIT

The following funds had a deficit in fund balance at September 30, 2013:

Fund	Deficit
Nonmajor Governmental Funds:	
Metropolitan Planning Organization Fund	\$ 284,024
Community Development Block Grant Fund	12,244
CDBG NSP3 Grant Fund	34,303
Federal/State Grants Fund	1,452
Total Deficit	<u>\$ 332,023</u>

The deficits for these four funds will be eliminated by grant proceeds in fiscal year 2014.

NOTE 21 – NET POSITION

A. Restricted Net Position

The County has established a restriction in the County Utilities Fund for capital projects related to an expansion of capacity within the water and sewer system. At September 30, 2013, this capital projects restriction is reported on the government-wide and proprietary funds statements of net position in the amount of \$20,871,037.

B. Net Position Restricted by Enabling Legislation

The government-wide statement of net position for the primary government reports \$138,192,792 of restricted net position, of which \$83,659,319 is restricted by enabling legislation.

C. Restatement of Beginning Net Position

Beginning net position for the governmental activities was restated due to the reclassification of amounts previously reported in an agency fund to a special revenue fund. At October 1, 2012, this results in an increase of beginning net position of \$107,947. See note 19D for further information on this restatement.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

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>09/30/13</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 Board has received two health insurance reimbursements totaling \$108,123 in fiscal year 2013. In fiscal year 2012, the Board received one reimbursement for a liability claim in excess of the general liability limit, in the amount of \$134,820.

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, 2013, 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, 2013

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
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
2012-2013	8,074,000	14,396,726	(14,396,726)	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, 2013, unrestricted net position of \$25,513,263 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, 2013, 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, 2013. In the General Fund, contracts are for janitorial services, beach park landscape and custodial maintenance, legislative consulting services and external auditing services. In the Special Revenue Funds, contracts are for the construction of Fire Station 13 in the southern part of the County on 4th Street and 43rd Avenue, Oslo Road Widening from 58th Avenue to 43rd Avenue (Phase III), 66th Avenue Roadway Improvements from 16th Street to 4th Street, County Road 512 Road Resurfacing (Eastbound) from Roseland Road to Easy Street, as well as a variety of other and paving and drainage projects.

Indian River County, Florida
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 23 - COMMITMENTS AND CONTINGENCIES - Continued

B. Contracts and Other Commitments - Continued

In the Capital Projects Fund, contracts are for the South County Regional Park Intergenerational Recreation Facility, PC South Algal Turf Scrubber Nutrient Recovery System, 66th Avenue Roadway Improvements from State Road 60 to 49th Street, and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for the Reverse Osmosis Lime Slurry Injection Project, the West Regional Wastewater Treatment Facility Anaerobic Tanks Odor Control System, Oslo Customer Convenience Center, South County Brine Disposal project and various other water and sewer projects.

A summary of these projects at September 30, 2013, is as follows:

	<u>Total Contract Price</u>	<u>Total Paid as of September 30, 2013</u>	<u>Remaining Balance at September 30, 2013</u>
General	\$ 745,826	\$ (340,818)	\$ 405,008
Special Revenue	33,916,790	(19,812,897)	14,103,893
Capital Projects	23,485,546	(9,514,568)	13,970,978
Enterprise	13,795,601	(5,119,967)	8,675,634
Internal Service	<u>119,767</u>	<u>-</u>	<u>119,767</u>
Total	\$ <u><u>72,063,530</u></u>	\$ <u><u>(34,788,250)</u></u>	\$ <u><u>37,275,280</u></u>

C. Grants

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

Indian River County, Florida
Required Supplementary Information
For the Year Ended September 30, 2013

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%	\$ 64,841,779	44.88%
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
9/30/2008	\$ 2,626,254	\$ 2,720,348	103.58%
9/30/2009	\$ 2,810,072	\$ 2,819,373	100.33%
9/30/2010	\$ 2,814,435	\$ 3,030,792	107.69%
9/30/2011	\$ 2,948,682	\$ 2,819,540	95.62%
9/30/2012	\$ 2,828,452	\$ 2,962,301	104.73%
9/30/2013	\$ 2,965,251	\$ 2,950,097	99.49%

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.
Dodgertown Reserve-	To provide additional improvements to the Historic Dodgertown facility. The City of Vero Beach contributed \$1,400,000 and the County contributed \$600,000. This fund was previously known as the Vero Beach Sports Village 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, 2013

	Special Revenue		
	Court Facilities	Section 8 Rental Assistance	Special Law Enforcement
ASSETS			
Cash and cash equivalents	\$ 1,184,085	\$ 403,109	\$ 301,963
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	881	24
Interest receivable	438	154	112
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>\$ 1,184,523</u>	<u>\$ 404,144</u>	<u>\$ 302,099</u>
LIABILITIES			
Accounts payable	\$ 75,381	\$ 5,090	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	3,135	-
Total Liabilities	<u>75,381</u>	<u>8,225</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	1,109,142	-	-
Housing assistance	-	395,919	-
Law enforcement/public safety	-	-	302,099
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	-	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>1,109,142</u>	<u>395,919</u>	<u>302,099</u>
Total Liabilities and Fund Balances	<u>\$ 1,184,523</u>	<u>\$ 404,144</u>	<u>\$ 302,099</u>

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Special Revenue		
	Metropolitan Planning Organization	Multi- Jurisdictional Law Enforcement	Native Uplands Land Acquisition
ASSETS			
Cash and cash equivalents	\$ 676	\$ 103,585	\$ 837,159
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	158,944	-	-
Interest receivable	-	39	319
Inventories	-	-	-
Prepaid items	7,200	-	-
Total Assets	<u>\$ 166,820</u>	<u>\$ 103,624</u>	<u>\$ 837,478</u>
LIABILITIES			
Accounts payable	\$ 76,844	\$ -	\$ -
Retainage payable	-	-	-
Due to other funds	374,000	-	-
Unearned revenues	-	-	-
Total Liabilities	<u>450,844</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	7,200	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	103,624	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	837,478
Law enforcement/public safety	-	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Unassigned	<u>(291,224)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(284,024)</u>	<u>103,624</u>	<u>837,478</u>
Total Liabilities and Fund Balances	<u>\$ 166,820</u>	<u>\$ 103,624</u>	<u>\$ 837,478</u>

Special Revenue					
Beach Restoration	CDBG Neighborhood Stabilization Pgm	Florida Boating Improv. Program	Library Bequests	Disabled Access Program	
\$ 6,127,944	\$ 630	\$ 1,140,196	\$ 99,437	\$ 62,870	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
2,317	-	431	38	24	
-	-	-	-	-	
-	-	-	-	-	
<u>\$ 6,130,261</u>	<u>\$ 630</u>	<u>\$ 1,140,627</u>	<u>\$ 99,475</u>	<u>\$ 62,894</u>	
\$ 116,141	\$ 5,874	\$ -	\$ 307	\$ 27	
27,209	-	-	-	-	
-	7,000	-	-	-	
-	-	-	-	-	
<u>143,350</u>	<u>12,874</u>	<u>-</u>	<u>307</u>	<u>27</u>	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	62,867
-	-	-	-	-	-
5,986,911	-	-	-	-	-
-	-	1,140,627	-	-	-
-	-	-	99,168	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(12,244)	-	-	-	-
<u>5,986,911</u>	<u>(12,244)</u>	<u>1,140,627</u>	<u>99,168</u>	<u>62,867</u>	
<u>\$ 6,130,261</u>	<u>\$ 630</u>	<u>\$ 1,140,627</u>	<u>\$ 99,475</u>	<u>\$ 62,894</u>	

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Special Revenue		
	Federal/State Grants	Traffic Education Program	Land Acquisition
ASSETS			
Cash and cash equivalents	\$ 735	\$ 19,295	\$ 254,743
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	16,208	-	-
Interest receivable	-	7	97
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>\$ 16,943</u>	<u>\$ 19,302</u>	<u>\$ 254,840</u>
LIABILITIES			
Accounts payable	\$ 15,395	\$ 4,895	\$ 42,669
Retainage payable	-	-	-
Due to other funds	3,000	-	-
Unearned revenues	-	-	-
Total Liabilities	<u>18,395</u>	<u>4,895</u>	<u>42,669</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	14,407	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	212,171
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	-	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Unassigned	<u>(1,452)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(1,452)</u>	<u>14,407</u>	<u>212,171</u>
Total Liabilities and Fund Balances	<u>\$ 16,943</u>	<u>\$ 19,302</u>	<u>\$ 254,840</u>

Special Revenue					
East Gifford Stormwater	Vero Lake Estates	Dodgertown Reserve	Clerk Special Revenue	Sheriff Special Revenue	
\$ 18,152	\$ 1,315,905	\$ 997,740	\$ 2,229,175	\$ 1,981,302	
-	-	-	-	4,120	
13	1,221	-	-	-	
-	-	-	-	-	
7	501	-	-	-	
-	-	-	-	24,610	
-	-	-	8,333	-	
<u>\$ 18,172</u>	<u>\$ 1,317,627</u>	<u>\$ 997,740</u>	<u>\$ 2,237,508</u>	<u>\$ 2,010,032</u>	
\$ -	\$ 1,018	\$ 151,539	\$ 12,075	\$ 32,351	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<u>-</u>	<u>1,018</u>	<u>151,539</u>	<u>12,075</u>	<u>32,351</u>	
-	-	-	-	24,610	
-	-	-	8,333	-	
-	-	-	2,217,100	-	
-	-	-	-	-	
-	-	-	-	1,470,456	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
18,172	1,316,609	-	-	-	
-	-	-	-	-	
-	-	846,201	-	-	
-	-	-	-	-	
-	-	-	-	378,112	
-	-	-	-	104,503	
-	-	-	-	-	
<u>18,172</u>	<u>1,316,609</u>	<u>846,201</u>	<u>2,225,433</u>	<u>1,977,681</u>	
<u>\$ 18,172</u>	<u>\$ 1,317,627</u>	<u>\$ 997,740</u>	<u>\$ 2,237,508</u>	<u>\$ 2,010,032</u>	

Continued

Indian River County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Special Revenue		
	Supervisor of Elections Special Revenue	Street Lighting Districts	CDBG NSP3 Grant
ASSETS			
Cash and cash equivalents	\$ 477	\$ 472,683	\$ 967
Accounts receivable	-	-	-
Due from other funds	-	2,402	-
Due from other governments	-	-	93,665
Interest receivable	-	180	-
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	\$ <u>477</u>	\$ <u>475,265</u>	\$ <u>94,632</u>
LIABILITIES			
Accounts payable	\$ -	\$ 10,147	\$ 57,935
Retainage payable	-	-	-
Due to other funds	-	-	71,000
Unearned revenues	<u>477</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>477</u>	<u>10,147</u>	<u>128,935</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	-	-	-
Restricted for:			
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	-	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	465,118	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
Committed to:			
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	-	-	-
Assigned to:			
Law enforcement/public safety	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(34,303)</u>
Total Fund Balances	<u>-</u>	<u>465,118</u>	<u>(34,303)</u>
Total Liabilities and Fund Balances	\$ <u>477</u>	\$ <u>475,265</u>	\$ <u>94,632</u>

Debt Service			
Spring Training Facility Bonds	Land Acquisition Bonds	Total Nonmajor Governmental Funds	
\$ 1,769,215	\$ 766,060	\$ 23,103,144	
-	-	4,120	
-	61,678	65,314	
31,956	-	371,946	
654	291	6,734	
-	-	24,610	
-	-	15,533	
\$ <u>1,801,825</u>	\$ <u>828,029</u>	\$ <u>23,591,401</u>	
\$ -	\$ -	\$ 737,029	
-	-	27,209	
-	-	455,000	
-	-	3,612	
-	-	<u>1,222,850</u>	
-	-	24,610	
-	-	15,533	
-	-	3,326,242	
-	-	1,193,022	
-	-	3,491,312	
-	-	356,409	
-	-	5,986,911	
-	-	1,140,627	
-	-	99,168	
-	-	212,171	
-	-	1,799,899	
1,801,825	828,029	2,629,854	
-	-	846,201	
-	-	1,103,200	
-	-	378,112	
-	-	104,503	
-	-	(339,223)	
<u>1,801,825</u>	<u>828,029</u>	<u>22,368,551</u>	
\$ <u>1,801,825</u>	\$ <u>828,029</u>	\$ <u>23,591,401</u>	

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Revenue		
	Court Facilities	Section 8 Rental Assistance	Special Law Enforcement
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	-	1,924,693	-
Charges for services	525,175	26,319	35,430
Judgments, fines and forfeits	-	-	47,641
Interest	3,650	1,250	853
Miscellaneous	-	-	-
Total revenues	<u>528,825</u>	<u>1,952,262</u>	<u>83,924</u>
EXPENDITURES			
Current:			
General government	25,197	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	1,904,893	-
Culture/recreation	-	-	-
Court related	550,754	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>575,951</u>	<u>1,904,893</u>	<u>-</u>
Excess of revenues over (under) expenditures	(47,126)	47,369	83,924
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(24,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(24,000)</u>
Net change in fund balances	(47,126)	47,369	59,924
Fund balances at beginning of year, as restated (Note 19D)	<u>1,156,268</u>	<u>348,550</u>	<u>242,175</u>
Fund balances at end of year	<u>\$ 1,109,142</u>	<u>\$ 395,919</u>	<u>\$ 302,099</u>

Special Revenue

Tree Ordinance Fines	Tourist Development	911 Surcharge	Drug Abuse	State Housing Initiatives Partnership
\$ -	\$ 653,731	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	747,375	63,902	405,619
-	-	-	-	187,166
43,700	-	-	12,739	-
814	1,125	3,676	629	2,294
-	-	73	-	1,867
<u>44,514</u>	<u>654,856</u>	<u>751,124</u>	<u>77,270</u>	<u>596,946</u>
-	-	-	-	-
-	-	305,162	50,339	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	13,563	493,410
-	679,599	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>679,599</u>	<u>305,162</u>	<u>63,902</u>	<u>493,410</u>
44,514	(24,743)	445,962	13,368	103,536
-	-	-	-	-
-	-	(193,141)	-	-
<u>-</u>	<u>-</u>	<u>(193,141)</u>	<u>-</u>	<u>-</u>
44,514	(24,743)	252,821	13,368	103,536
<u>221,208</u>	<u>381,152</u>	<u>1,074,511</u>	<u>197,159</u>	<u>693,567</u>
\$ <u>265,722</u>	\$ <u>356,409</u>	\$ <u>1,327,332</u>	\$ <u>210,527</u>	\$ <u>797,103</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, 2013

	Special Revenue		
	Metropolitan Planning Organization	Multi- Jurisdictional Law Enforcement	Native Uplands Land Acquisition
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	573,392	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	14,992	-
Interest	-	322	2,617
Miscellaneous	-	-	-
Total revenues	<u>573,392</u>	<u>15,314</u>	<u>2,617</u>
EXPENDITURES			
Current:			
General government	666,728	-	-
Public safety	-	-	-
Physical environment	-	-	2,500
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>666,728</u>	<u>-</u>	<u>2,500</u>
Excess of revenues over (under) expenditures	(93,336)	15,314	117
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(2,409)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,409)</u>	<u>-</u>
Net change in fund balances	(93,336)	12,905	117
Fund balances at beginning of year, as restated (Note 19D)	<u>(190,688)</u>	<u>90,719</u>	<u>837,361</u>
Fund balances at end of year	<u>\$ (284,024)</u>	<u>\$ 103,624</u>	<u>\$ 837,478</u>

Special Revenue					
Beach Restoration	CDBG Neighborhood Stabilization Pgm	Florida Boating Improv. Program	Library Bequests	Disabled Access Program	
\$ 653,731	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	212,765	70,179	-	-	
-	-	-	-	-	
-	-	-	-	369	
18,934	34	3,478	325	196	
1,500	405,400	-	10,000	-	
<u>674,165</u>	<u>618,199</u>	<u>73,657</u>	<u>10,325</u>	<u>565</u>	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	1,156,547	-	-	-	
-	-	-	-	-	
892,863	-	17,500	55,647	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<u>892,863</u>	<u>1,156,547</u>	<u>17,500</u>	<u>55,647</u>	<u>-</u>	
(218,698)	(538,348)	56,157	(45,322)	565	
112,214	-	-	-	-	
-	-	-	-	-	
<u>112,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
(106,484)	(538,348)	56,157	(45,322)	565	
<u>6,093,395</u>	<u>526,104</u>	<u>1,084,470</u>	<u>144,490</u>	<u>62,302</u>	
\$ <u>5,986,911</u>	\$ <u>(12,244)</u>	\$ <u>1,140,627</u>	\$ <u>99,168</u>	\$ <u>62,867</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, 2013

	Special Revenue		
	Federal/State Grants	Traffic Education Program	Land Acquisition
REVENUES			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	918,957	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	36	-
Interest	-	69	861
Miscellaneous	-	-	12,995
Total revenues	<u>918,957</u>	<u>105</u>	<u>13,856</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	59,780
Transportation	-	12,460	-
Economic environment	-	-	-
Human services	915,326	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>915,326</u>	<u>12,460</u>	<u>59,780</u>
Excess of revenues over (under) expenditures	3,631	(12,355)	(45,924)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,631	(12,355)	(45,924)
Fund balances at beginning of year, as restated (Note 19D)	<u>(5,083)</u>	<u>26,762</u>	<u>258,095</u>
Fund balances at end of year	\$ <u>(1,452)</u>	\$ <u>14,407</u>	\$ <u>212,171</u>

Special Revenue					
East Gifford Stormwater		Vero Lake Estates		Dodgertown Reserve	
Clerk Special Revenue		Sheriff Special Revenue			
\$	38	\$	155	\$	-
	920		93,173		-
	-		-		60,080
	-		-		438,257
	-		-		141,351
	56		4,074		5,554
	-		-		-
	-		-		108,682
	1,014		97,402		-
					585,162
					648,880
	-		-		-
	-		-		345,824
	-		-		-
	-		-		1,016,349
	-		11,390		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		307,003		-
	-		-		234,733
	-		-		6,903
	-		-		-
	-		-		-
	-		11,390		307,003
					580,557
					1,023,252
	1,014		86,012		(307,003)
					4,605
					(374,372)
	-		-		600,000
	(47)		(2,647)		-
	(47)		(2,647)		(117,602)
					347,440
	967		83,365		292,997
					(112,997)
					(26,932)
	17,205		1,233,244		553,204
					2,338,430
					2,004,613
\$	18,172	\$	1,316,609	\$	846,201
				\$	2,225,433
				\$	1,977,681

Continued

Indian River County, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	<u>Special Revenue</u>		
	<u>Supervisor of Elections Special Revenue</u>	<u>Street Lighting Districts</u>	<u>CDBG NSP3 Grant</u>
REVENUES			
Taxes	\$ -	\$ 2,386	\$ -
Permits, fees and special assessments	-	180,895	-
Intergovernmental	32,724	-	801,346
Charges for services	-	-	-
Judgments, fines and forfeits	-	-	-
Interest	-	1,603	18
Miscellaneous	-	2,440	191,266
Total revenues	<u>32,724</u>	<u>187,324</u>	<u>992,630</u>
EXPENDITURES			
Current:			
General government	36,333	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	205,389	-
Economic environment	-	-	1,056,068
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>36,333</u>	<u>205,389</u>	<u>1,056,068</u>
Excess of revenues over (under) expenditures	(3,609)	(18,065)	(63,438)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,609	-	-
Transfers out	-	(4,878)	-
Total other financing sources (uses)	<u>3,609</u>	<u>(4,878)</u>	<u>-</u>
Net change in fund balances	-	(22,943)	(63,438)
Fund balances at beginning of year, as restated (Note 19D)	<u>-</u>	<u>488,061</u>	<u>29,135</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 465,118</u>	<u>\$ (34,303)</u>

Debt Service			Total Nonmajor Governmental Funds
Spring Training Facility Bonds	Land Acquisition Bonds		
\$ 435,821	\$ 4,664,885	\$	6,410,747
-	-		274,988
883,477	-		6,694,509
-	-		1,531,638
-	-		421,655
5,174	7,375		64,981
-	-		734,223
<u>1,324,472</u>	<u>4,672,260</u>		<u>16,132,741</u>
-	-		1,074,082
-	-		1,371,850
-	-		62,280
-	-		229,239
-	-		2,212,615
-	-		3,327,192
-	-		1,952,612
-	-		792,390
2,930,000	3,120,000		6,050,000
625,720	1,492,984		2,118,704
<u>3,555,720</u>	<u>4,612,984</u>		<u>19,190,964</u>
(2,231,248)	59,276		(3,058,223)
2,275,000	-		3,338,263
-	(233,787)		(578,511)
<u>2,275,000</u>	<u>(233,787)</u>		<u>2,759,752</u>
43,752	(174,511)		(298,471)
<u>1,758,073</u>	<u>1,002,540</u>		<u>22,667,022</u>
\$ <u><u>1,801,825</u></u>	\$ <u><u>828,029</u></u>	\$	<u><u>22,368,551</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Court Facilities
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 455,000	\$ 525,175	\$ 70,175
Interest	3,000	3,650	650
Total revenues	<u>458,000</u>	<u>528,825</u>	<u>70,825</u>
EXPENDITURES			
General government	30,000	25,197	4,803
Court related	626,139	550,754	75,385
Total expenditures	<u>656,139</u>	<u>575,951</u>	<u>80,188</u>
 Net change in fund balances	 (198,139)	 (47,126)	 151,013
Fund balances at beginning of year	<u>198,139</u>	<u>1,156,268</u>	<u>958,129</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>1,109,142</u></u>	\$ <u><u>1,109,142</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Section 8 Rental Assistance
For the Year Ended September 30, 2013

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 2,447,102	\$ 1,924,693	\$ (522,409)
Charges for services	-	26,319	26,319
Interest	-	1,250	1,250
Total revenues	<u>2,447,102</u>	<u>1,952,262</u>	<u>(494,840)</u>
EXPENDITURES			
Human services	<u>2,449,983</u>	<u>1,904,893</u>	<u>545,090</u>
Total expenditures	<u>2,449,983</u>	<u>1,904,893</u>	<u>545,090</u>
 Net change in fund balances	 (2,881)	 47,369	 50,250
 Fund balances at beginning of year	 <u>2,881</u>	 <u>348,550</u>	 <u>345,669</u>
 Fund balances at end of year	 <u><u>\$ -</u></u>	 <u><u>\$ 395,919</u></u>	 <u><u>\$ 395,919</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Special Law Enforcement
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 35,430	\$ 35,430
Judgments, fines and forfeits	24,000	47,641	23,641
Interest	-	853	853
Total revenues	<u>24,000</u>	<u>83,924</u>	<u>59,924</u>
EXPENDITURES			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	24,000	83,924	59,924
OTHER FINANCING USES			
Transfers out	(24,000)	(24,000)	-
Total other financing uses	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>
Net change in fund balances	-	59,924	59,924
Fund balances at beginning of year	<u>-</u>	<u>242,175</u>	<u>242,175</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 302,099</u>	<u>\$ 302,099</u>

Indian River County, Florida
Budgetary Comparison Schedule
Tree Ordinance Fines
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 43,700	\$ 43,700
Interest	-	814	814
Total revenues	<u>-</u>	<u>44,514</u>	<u>44,514</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)	44,514	94,514
Fund balances at beginning of year	<u>50,000</u>	<u>221,208</u>	<u>171,208</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 265,722</u>	<u>\$ 265,722</u>

Indian River County, Florida
Budgetary Comparison Schedule
Tourist Development
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 579,500	\$ 653,731	\$ 74,231
Interest	4,750	1,125	(3,625)
Total revenues	<u>584,250</u>	<u>654,856</u>	<u>70,606</u>
EXPENDITURES			
Culture/recreation	<u>715,937</u>	<u>679,599</u>	<u>36,338</u>
Total expenditures	<u>715,937</u>	<u>679,599</u>	<u>36,338</u>
Net change in fund balances	(131,687)	(24,743)	106,944
Fund balances at beginning of year	<u>131,687</u>	<u>381,152</u>	<u>249,465</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 356,409</u>	<u>\$ 356,409</u>

Indian River County, Florida
Budgetary Comparison Schedule
911 Surcharge
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 713,450	\$ 747,375	\$ 33,925
Interest	-	3,676	3,676
Miscellaneous	-	73	73
Total revenues	<u>713,450</u>	<u>751,124</u>	<u>37,674</u>
EXPENDITURES			
Public safety	<u>587,053</u>	<u>305,162</u>	<u>281,891</u>
Total expenditures	<u>587,053</u>	<u>305,162</u>	<u>281,891</u>
Excess of revenues over (under) expenditures	126,397	445,962	319,565
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	(66,744)	252,821	319,565
Fund balances at beginning of year	<u>66,744</u>	<u>1,074,511</u>	<u>1,007,767</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,327,332</u>	\$ <u>1,327,332</u>

Indian River County, Florida
Budgetary Comparison Schedule
Drug Abuse
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 71,497	\$ 63,902	\$ (7,595)
Judgments, fines and forfeits	-	12,739	12,739
Interest	-	629	629
Total revenues	<u>71,497</u>	<u>77,270</u>	<u>5,773</u>
EXPENDITURES			
Public safety	57,934	50,339	7,595
Human services	<u>13,563</u>	<u>13,563</u>	<u>-</u>
Total expenditures	<u>71,497</u>	<u>63,902</u>	<u>7,595</u>
Net change in fund balance	-	13,368	13,368
Fund balances at beginning of year	<u>-</u>	<u>197,159</u>	<u>197,159</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 210,527</u>	<u>\$ 210,527</u>

Indian River County, Florida
Budgetary Comparison Schedule
State Housing Initiatives Partnership
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 55,619	\$ 405,619	\$ 350,000
Charges for services	-	187,166	187,166
Interest	-	2,294	2,294
Miscellaneous	-	1,867	1,867
Total revenues	<u>55,619</u>	<u>596,946</u>	<u>541,327</u>
EXPENDITURES			
Human services	<u>945,853</u>	<u>493,410</u>	<u>452,443</u>
Total expenditures	<u>945,853</u>	<u>493,410</u>	<u>452,443</u>
Net change in fund balances	(890,234)	103,536	993,770
Fund balances at beginning of year	<u>890,234</u>	<u>693,567</u>	<u>(196,667)</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>797,103</u>	\$ <u>797,103</u>

Indian River County, Florida
Budgetary Comparison Schedule
Metropolitan Planning Organization
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 562,753	\$ 573,392	\$ 10,639
Total revenues	<u>562,753</u>	<u>573,392</u>	<u>10,639</u>
EXPENDITURES			
General government	767,524	666,728	100,796
Total expenditures	<u>767,524</u>	<u>666,728</u>	<u>100,796</u>
Net change in fund balances	(204,771)	(93,336)	111,435
Fund balances at beginning of year	<u>204,771</u>	<u>(190,688)</u>	<u>(395,459)</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>(284,024)</u>	\$ <u>(284,024)</u>

Indian River County, Florida
Budgetary Comparison Schedule
Multi-Jurisdictional Law Enforcement
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ 2,410	\$ 14,992	\$ 12,582
Interest	-	322	322
Total revenues	<u>2,410</u>	<u>15,314</u>	<u>12,904</u>
EXPENDITURES			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	2,410	15,314	12,904
OTHER FINANCING USES			
Transfers out	<u>(2,410)</u>	<u>(2,409)</u>	<u>1</u>
Total other financing uses	<u>(2,410)</u>	<u>(2,409)</u>	<u>1</u>
Net change in fund balances	-	12,905	12,905
Fund balances at beginning of year	<u>-</u>	<u>90,719</u>	<u>90,719</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 103,624</u>	<u>\$ 103,624</u>

Indian River County, Florida
Budgetary Comparison Schedule
Native Uplands Land Acquisition
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 2,617	\$ 2,617
Total revenues	<u>-</u>	<u>2,617</u>	<u>2,617</u>
EXPENDITURES			
Physical environment	55,000	2,500	52,500
Total expenditures	<u>55,000</u>	<u>2,500</u>	<u>52,500</u>
Net change in fund balances	(55,000)	117	55,117
Fund balances at beginning of year	<u>55,000</u>	<u>837,361</u>	<u>782,361</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 837,478</u>	<u>\$ 837,478</u>

Indian River County, Florida
Budgetary Comparison Schedule
Beach Restoration
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 579,500	\$ 653,731	\$ 74,231
Interest	23,750	18,934	(4,816)
Miscellaneous	-	1,500	1,500
Total revenues	<u>603,250</u>	<u>674,165</u>	<u>70,915</u>
EXPENDITURES			
Culture/recreation	<u>2,129,865</u>	<u>892,863</u>	<u>1,237,002</u>
Total expenditures	<u>2,129,865</u>	<u>892,863</u>	<u>1,237,002</u>
Excess of revenues over (under) expenditures	(1,526,615)	(218,698)	1,307,917
OTHER FINANCING SOURCES			
Transfers in	<u>112,214</u>	<u>112,214</u>	<u>-</u>
Total other financing sources	<u>112,214</u>	<u>112,214</u>	<u>-</u>
Net change in fund balances	(1,414,401)	(106,484)	1,307,917
Fund balances at beginning of year	<u>1,414,401</u>	<u>6,093,395</u>	<u>4,678,994</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>5,986,911</u></u>	\$ <u><u>5,986,911</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
CDBG Neighborhood Stabilization Program
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 212,765	\$ 212,765
Interest	-	34	34
Miscellaneous	1,105,459	405,400	(700,059)
Total revenues	<u>1,105,459</u>	<u>618,199</u>	<u>(487,260)</u>
EXPENDITURES			
Economic environment	1,310,593	1,156,547	154,046
Total expenditures	<u>1,310,593</u>	<u>1,156,547</u>	<u>154,046</u>
Net change in fund balances	(205,134)	(538,348)	(333,214)
Fund balances at beginning of year	<u>205,134</u>	<u>526,104</u>	<u>320,970</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (12,244)</u>	<u>\$ (12,244)</u>

Indian River County, Florida
Budgetary Comparison Schedule
Florida Boating Improvement Program
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 42,500	\$ 70,179	\$ 27,679
Interest	-	3,478	3,478
Total revenues	<u>42,500</u>	<u>73,657</u>	<u>31,157</u>
EXPENDITURES			
Culture/recreation	<u>266,300</u>	<u>17,500</u>	<u>248,800</u>
Total expenditures	<u>266,300</u>	<u>17,500</u>	<u>248,800</u>
Net change in fund balances	(223,800)	56,157	279,957
Fund balances at beginning of year	<u>223,800</u>	<u>1,084,470</u>	<u>860,670</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,140,627</u>	\$ <u>1,140,627</u>

Indian River County, Florida
Budgetary Comparison Schedule
Library Bequests
For the Year Ended September 30, 2013

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest	\$ -	\$ 325	\$ 325
Miscellaneous	-	10,000	10,000
Total revenues	<u>-</u>	<u>10,325</u>	<u>10,325</u>
EXPENDITURES			
Culture/recreation	<u>65,551</u>	<u>55,647</u>	<u>9,904</u>
Total expenditures	<u>65,551</u>	<u>55,647</u>	<u>9,904</u>
Net change in fund balances	(65,551)	(45,322)	20,229
Fund balances at beginning of year	<u>65,551</u>	<u>144,490</u>	<u>78,939</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 99,168</u>	<u>\$ 99,168</u>

Indian River County, Florida
Budgetary Comparison Schedule
Disabled Access Program
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 369	\$ 369
Interest	-	196	196
Total revenues	<u>-</u>	<u>565</u>	<u>565</u>
EXPENDITURES			
Human services	<u>20,000</u>	-	<u>20,000</u>
Total expenditures	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net change in fund balances	(20,000)	565	20,565
Fund balances at beginning of year	<u>20,000</u>	<u>62,302</u>	<u>42,302</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 62,867</u>	<u>\$ 62,867</u>

Indian River County, Florida
Budgetary Comparison Schedule
Federal/State Grants
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,564,033	\$ 918,957	\$ (645,076)
Total revenues	<u>1,564,033</u>	<u>918,957</u>	<u>(645,076)</u>
EXPENDITURES			
General government	-	-	-
Human services	<u>1,564,033</u>	<u>915,326</u>	<u>648,707</u>
Total expenditures	<u>1,564,033</u>	<u>915,326</u>	<u>648,707</u>
Net change in fund balances	-	3,631	3,631
Fund balances at beginning of year	<u>-</u>	<u>(5,083)</u>	<u>(5,083)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (1,452)</u>	<u>\$ (1,452)</u>

Indian River County, Florida
Budgetary Comparison Schedule
Traffic Education Program
For the Year Ended September 30, 2013

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Judgments, fines and forfeits	\$ -	\$ 36	\$ 36
Interest	-	69	69
Total revenues	<u>-</u>	<u>105</u>	<u>105</u>
EXPENDITURES			
Transportation	<u>23,803</u>	<u>12,460</u>	<u>11,343</u>
Total expenditures	<u>23,803</u>	<u>12,460</u>	<u>11,343</u>
Net change in fund balances	(23,803)	(12,355)	11,448
Fund balances at beginning of year	<u>23,803</u>	<u>26,762</u>	<u>2,959</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 14,407</u>	<u>\$ 14,407</u>

Indian River County, Florida
Budgetary Comparison Schedule
Land Acquisition
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 15,000	\$ -	\$ (15,000)
Interest	-	861	861
Miscellaneous	55,664	12,995	(42,669)
Total revenues	<u>70,664</u>	<u>13,856</u>	<u>(56,808)</u>
EXPENDITURES			
Physical environment	<u>225,664</u>	<u>59,780</u>	<u>165,884</u>
Total expenditures	<u>225,664</u>	<u>59,780</u>	<u>165,884</u>
Net change in fund balances	(155,000)	(45,924)	109,076
Fund balances at beginning of year	<u>155,000</u>	<u>258,095</u>	<u>103,095</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>212,171</u>	\$ <u>212,171</u>

Indian River County, Florida
Budgetary Comparison Schedule
East Gifford Stormwater
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 38	\$ 38
Permits, fees and special assessments	1,330	920	(410)
Interest	-	56	56
Total revenues	<u>1,330</u>	<u>1,014</u>	<u>(316)</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)	1,014	1,612
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)	967	1,620
Fund balances at beginning of year	<u>653</u>	<u>17,205</u>	<u>16,552</u>
Fund balances at end of year	\$ <u><u>-</u></u>	\$ <u><u>18,172</u></u>	\$ <u><u>18,172</u></u>

Indian River County, Florida
Budgetary Comparison Schedule
Vero Lake Estates
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 155	\$ 155
Permits, fees and special assessments	88,174	93,173	4,999
Interest	3,325	4,074	749
Total revenues	<u>91,499</u>	<u>97,402</u>	<u>5,903</u>
EXPENDITURES			
Physical environment	141,037	-	141,037
Transportation	65,000	11,390	53,610
Total expenditures	<u>206,037</u>	<u>11,390</u>	<u>194,647</u>
Excess of revenues over (under) expenditures	(114,538)	86,012	200,550
OTHER FINANCING USES			
Transfers out	(4,401)	(2,647)	1,754
Total other financing uses	<u>(4,401)</u>	<u>(2,647)</u>	<u>1,754</u>
Net change in fund balances	(118,939)	83,365	202,304
Fund balances at beginning of year	<u>118,939</u>	<u>1,233,244</u>	<u>1,114,305</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,316,609</u>	\$ <u>1,316,609</u>

Indian River County, Florida
Budgetary Comparison Schedule
Dodgertown Reserve
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Culture/recreation	1,153,197	307,003	846,194
Total expenditures	<u>1,153,197</u>	<u>307,003</u>	<u>846,194</u>
Excess of revenues over (under) expenditures	(1,153,197)	(307,003)	846,194
OTHER FINANCING SOURCES			
Transfers in	600,000	600,000	-
Total other financing sources	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net change in fund balances	(553,197)	292,997	846,194
Fund balances at beginning of year	<u>553,197</u>	<u>553,204</u>	<u>7</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 846,201</u>	<u>\$ 846,201</u>

Indian River County, Florida
Budgetary Comparison Schedule
Clerk Special Revenue
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 438,257	\$ 438,257
Judgments, fines and forfeits	-	141,351	141,351
Interest	-	5,554	5,554
Total revenues	<u>-</u>	<u>585,162</u>	<u>585,162</u>
EXPENDITURES			
General government	-	345,824	(345,824)
Court related	-	234,733	(234,733)
Total expenditures	<u>-</u>	<u>580,557</u>	<u>(580,557)</u>
Excess of revenues over (under) expenditures	-	4,605	4,605
OTHER FINANCING USES			
Transfers out	-	(117,602)	(117,602)
Total other financing uses	<u>-</u>	<u>(117,602)</u>	<u>(117,602)</u>
Net change in fund balances	-	(112,997)	(112,997)
Fund balances at beginning of year	<u>-</u>	<u>2,338,430</u>	<u>2,338,430</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,225,433</u>	<u>\$ 2,225,433</u>

Indian River County, Florida
Budgetary Comparison Schedule
Sheriff Special Revenue
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 60,080	\$ 60,080	\$ -
Charges for services	360,480	319,291	(41,189)
Judgments, fines and forfeits	170,000	160,827	(9,173)
Miscellaneous	105,000	108,682	3,682
Total revenues	<u>695,560</u>	<u>648,880</u>	<u>(46,680)</u>
EXPENDITURES			
Public safety	1,036,000	1,016,349	19,651
Court related	7,000	6,903	97
Total expenditures	<u>1,043,000</u>	<u>1,023,252</u>	<u>19,748</u>
Excess of revenues over (under) expenditures	(347,440)	(374,372)	(26,932)
OTHER FINANCING SOURCES			
Transfers in	347,440	347,440	-
Total other financing sources	<u>347,440</u>	<u>347,440</u>	<u>-</u>
Net change in fund balances	-	(26,932)	(26,932)
Fund balances at beginning of year, as restated (Note 19D)	<u>-</u>	<u>2,004,613</u>	<u>2,004,613</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,977,681</u>	<u>\$ 1,977,681</u>

Indian River County, Florida
Budgetary Comparison Schedule
Supervisor of Elections Special Revenue
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 32,724	\$ 32,724
Total revenues	<u>-</u>	<u>32,724</u>	<u>32,724</u>
EXPENDITURES			
General government	-	36,333	(36,333)
Total expenditures	<u>-</u>	<u>36,333</u>	<u>(36,333)</u>
Excess of revenues under expenditures	-	(3,609)	(3,609)
OTHER FINANCING SOURCES			
Transfers in	-	3,609	3,609
Total other financing sources	<u>-</u>	<u>3,609</u>	<u>3,609</u>
Net change in fund balances	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Indian River County, Florida
Budgetary Comparison Schedule
Street Lighting Districts
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 2,386	\$ 2,386
Permits, fees and special assessments	173,876	180,895	7,019
Interest	1,084	1,603	519
Miscellaneous	3,205	2,440	(765)
Total revenues	<u>178,165</u>	<u>187,324</u>	<u>9,159</u>
EXPENDITURES			
Transportation	<u>230,396</u>	<u>205,389</u>	<u>25,007</u>
Total expenditures	<u>230,396</u>	<u>205,389</u>	<u>25,007</u>
Excess of revenues over (under) expenditures	(52,231)	(18,065)	34,166
OTHER FINANCING USES			
Transfers out	<u>(6,227)</u>	<u>(4,878)</u>	<u>1,349</u>
Total other financing uses	<u>(6,227)</u>	<u>(4,878)</u>	<u>1,349</u>
Net change in fund balances	(58,458)	(22,943)	35,515
Fund balances at beginning of year	<u>58,458</u>	<u>488,061</u>	<u>429,603</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>465,118</u>	\$ <u>465,118</u>

Indian River County, Florida
Budgetary Comparison Schedule
CDBG NSP3 Grant
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,400,016	\$ 801,346	\$ (598,670)
Interest	-	18	18
Miscellaneous	<u>767,203</u>	<u>191,266</u>	<u>(575,937)</u>
Total revenues	<u>2,167,219</u>	<u>992,630</u>	<u>(1,174,589)</u>
EXPENDITURES			
Economic environment	<u>2,167,219</u>	<u>1,056,068</u>	<u>1,111,151</u>
Total expenditures	<u>2,167,219</u>	<u>1,056,068</u>	<u>1,111,151</u>
Net change in fund balances	-	(63,438)	(63,438)
Fund balances at beginning of year	<u>-</u>	<u>29,135</u>	<u>29,135</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (34,303)</u>	<u>\$ (34,303)</u>

Indian River County, Florida
Budgetary Comparison Schedule
Spring Training Facility Bonds
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 386,334	\$ 435,821	\$ 49,487
Intergovernmental	839,299	883,477	44,178
Interest	5,700	5,174	(526)
Total revenues	<u>1,231,333</u>	<u>1,324,472</u>	<u>93,139</u>
EXPENDITURES			
Debt service:			
Principal	2,930,000	2,930,000	-
Interest	635,720	625,720	10,000
Total expenditures	<u>3,565,720</u>	<u>3,555,720</u>	<u>10,000</u>
Excess of revenues under expenditures	(2,334,387)	(2,231,248)	103,139
OTHER FINANCING SOURCES			
Transfers in	2,275,000	2,275,000	-
Total other financing sources	<u>2,275,000</u>	<u>2,275,000</u>	<u>-</u>
Net change in fund balances	(59,387)	43,752	103,139
Fund balances at beginning of year	<u>59,387</u>	<u>1,758,073</u>	<u>1,698,686</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>1,801,825</u>	\$ <u>1,801,825</u>

Indian River County, Florida
Budgetary Comparison Schedule
Land Acquisition Bonds
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 4,592,870	\$ 4,664,885	\$ 72,015
Interest	11,875	7,375	(4,500)
Total revenues	<u>4,604,745</u>	<u>4,672,260</u>	<u>67,515</u>
EXPENDITURES			
Debt service:			
Principal	3,120,000	3,120,000	-
Interest	1,502,263	1,492,984	9,279
Total expenditures	<u>4,622,263</u>	<u>4,612,984</u>	<u>9,279</u>
Excess of revenues over (under) expenditures	(17,518)	59,276	76,794
OTHER FINANCING USES			
Transfers out	(252,083)	(233,787)	18,296
Total other financing uses	<u>(252,083)</u>	<u>(233,787)</u>	<u>18,296</u>
Net change in fund balances	(269,601)	(174,511)	95,090
Fund balances at beginning of year	<u>269,601</u>	<u>1,002,540</u>	<u>732,939</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>828,029</u>	\$ <u>828,029</u>

Indian River County, Florida
Budgetary Comparison Schedule
Optional Sales Tax
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes	\$ 11,458,911	\$ 14,422,829	\$ 2,963,918
Permits, fees and special assessments	-	45,568	45,568
Intergovernmental	7,204,754	1,392,962	(5,811,792)
Interest	95,000	138,786	43,786
Miscellaneous	4,220,827	416,131	(3,804,696)
Total revenues	<u>22,979,492</u>	<u>16,416,276</u>	<u>(6,563,216)</u>
EXPENDITURES			
Capital projects	<u>35,244,117</u>	<u>13,037,552</u>	<u>22,206,565</u>
Total expenditures	<u>35,244,117</u>	<u>13,037,552</u>	<u>22,206,565</u>
Excess of revenues over (under) expenditures	(12,264,625)	3,378,724	15,643,349
OTHER FINANCING USES			
Transfers out	<u>(1,417,655)</u>	<u>(1,417,655)</u>	<u>-</u>
Total other financing uses	<u>(1,417,655)</u>	<u>(1,417,655)</u>	<u>-</u>
Net change in fund balances	(13,682,280)	1,961,069	15,643,349
Fund balances at beginning of year	<u>13,682,280</u>	<u>50,482,794</u>	<u>36,800,514</u>
Fund balances at end of year	\$ <u>-</u>	\$ <u>52,443,863</u>	\$ <u>52,443,863</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 Systems-

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, 2013

	Fleet Management	Self Insurance	Geographic Information Systems	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,090	\$ 32,416,004	\$ 2,116,622	\$ 34,533,716
Accounts receivable - net	125,247	8,986	-	134,233
Due from other governments	112,432	-	-	112,432
Interest receivable	-	20,321	1,397	21,718
Inventories	176,960	-	-	176,960
Prepaid items	-	1,193,740	32,283	1,226,023
Total current assets	<u>415,729</u>	<u>33,639,051</u>	<u>2,150,302</u>	<u>36,205,082</u>
Non-current assets:				
Capital assets - depreciable	282,540	17,986	825,169	1,125,695
Accumulated depreciation	(236,341)	(17,046)	(658,909)	(912,296)
Total non-current assets	<u>46,199</u>	<u>940</u>	<u>166,260</u>	<u>213,399</u>
Total assets	<u>461,928</u>	<u>33,639,991</u>	<u>2,316,562</u>	<u>36,418,481</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	70,285	35,787	13,355	119,427
Claims payable	-	2,197,855	-	2,197,855
Due to other funds	317,000	-	-	317,000
Accrued compensated absences	17,246	9,175	5,572	31,993
Total current liabilities (payable from current assets)	<u>404,531</u>	<u>2,242,817</u>	<u>18,927</u>	<u>2,666,275</u>
Non-current liabilities:				
Claims payable	-	5,876,145	-	5,876,145
Accrued compensated absences	15,008	6,826	-	21,834
Total non-current liabilities	<u>15,008</u>	<u>5,882,971</u>	<u>-</u>	<u>5,897,979</u>
Total liabilities	<u>419,539</u>	<u>8,125,788</u>	<u>18,927</u>	<u>8,564,254</u>
NET POSITION				
Net investment in capital assets	46,199	940	166,260	213,399
Unrestricted	(3,810)	25,513,263	2,131,375	27,640,828
Total net position	<u>\$ 42,389</u>	<u>\$ 25,514,203</u>	<u>\$ 2,297,635</u>	<u>\$ 27,854,227</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, 2013

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Geographic Information Systems</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 3,638,516	\$ 18,310,176	\$ 276,250	\$ 22,224,942
Total revenues	<u>3,638,516</u>	<u>18,310,176</u>	<u>276,250</u>	<u>22,224,942</u>
OPERATING EXPENSES				
Personal services	433,241	1,179,793	257,671	1,870,705
Material, supplies, services and other operating	3,232,114	16,070,893	63,197	19,366,204
Depreciation	<u>31,927</u>	<u>145</u>	<u>112,380</u>	<u>144,452</u>
Total operating expenses	<u>3,697,282</u>	<u>17,250,831</u>	<u>433,248</u>	<u>21,381,361</u>
Operating income (loss)	(58,766)	1,059,345	(156,998)	843,581
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	88,452	6,114	94,566
Gain on disposal of equipment	<u>1,021</u>	<u>-</u>	<u>-</u>	<u>1,021</u>
Total nonoperating revenues	<u>1,021</u>	<u>88,452</u>	<u>6,114</u>	<u>95,587</u>
Income (loss) before transfers	(57,745)	1,147,797	(150,884)	939,168
Transfers in	<u>-</u>	<u>35,488</u>	<u>-</u>	<u>35,488</u>
Change in net position	(57,745)	1,183,285	(150,884)	974,656
Total net position - beginning	<u>100,134</u>	<u>24,330,918</u>	<u>2,448,519</u>	<u>26,879,571</u>
Total net position - ending	<u>\$ 42,389</u>	<u>\$ 25,514,203</u>	<u>\$ 2,297,635</u>	<u>\$ 27,854,227</u>

Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2013

	Fleet Management	Self Insurance	Geographic Information Systems	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,615,187	\$ 19,782,139	\$ 276,250	\$ 23,673,576
Cash paid to suppliers for goods and services	(3,288,267)	(16,117,265)	(51,486)	(19,457,018)
Cash paid to employees for services	(415,693)	(1,179,524)	(266,631)	(1,861,848)
Net cash provided by (used in) operating activities	<u>(88,773)</u>	<u>2,485,350</u>	<u>(41,867)</u>	<u>2,354,710</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	-	35,488	-	35,488
Proceeds from advances from other funds	92,000	-	-	92,000
Net cash provided by noncapital financing activities	<u>92,000</u>	<u>35,488</u>	<u>-</u>	<u>127,488</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	1,021	-	-	1,021
Purchase of capital assets	<u>(3,415)</u>	<u>(1,085)</u>	<u>(1,260)</u>	<u>(5,760)</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,394)</u>	<u>(1,085)</u>	<u>(1,260)</u>	<u>(4,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	-	82,957	5,805	88,762
Net cash provided by investing activities	<u>-</u>	<u>82,957</u>	<u>5,805</u>	<u>88,762</u>
Net increase (decrease) in cash and cash equivalents	833	2,602,710	(37,322)	2,566,221
Cash and cash equivalents at beginning of year	<u>257</u>	<u>29,813,294</u>	<u>2,153,944</u>	<u>31,967,495</u>
Cash and cash equivalents at end of year	<u>\$ 1,090</u>	<u>\$ 32,416,004</u>	<u>\$ 2,116,622</u>	<u>\$ 34,533,716</u>
Classified as:				
Current assets	<u>\$ 1,090</u>	<u>\$ 32,416,004</u>	<u>\$ 2,116,622</u>	<u>\$ 34,533,716</u>

Indian River County, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2013

	<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)	\$ (58,766)	\$ 1,059,345	\$ (156,998)	\$ 843,581
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	31,927	145	112,380	144,452
(Increase) Decrease in assets:				
Accounts receivable	(34,748)	1,468,850	-	1,434,102
Due from other governments	11,419	3,113	-	14,532
Inventories	41,236	-	-	41,236
Deposits	-	(48,837)	252	(48,585)
Increase (Decrease) in liabilities:				
Accounts payable	(97,389)	2,465	11,459	(83,465)
Accrued compensated absences	17,548	269	(8,960)	8,857
Total adjustments	(30,007)	1,426,005	115,131	1,511,129
Net cash provided by (used in) operating activities	\$ (88,773)	\$ 2,485,350	\$ (41,867)	\$ 2,354,710
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in fair value of investments	\$ -	\$ 14,222	\$ 978	\$ 15,200



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, 2013

	Balance October 1, 2012		Additions		Deductions		Balance September 30, 2013
ASSETS							
Cash and cash equivalents	\$ 11,550,559	\$	364,255,312	\$	362,648,388	\$	13,157,483
Investments	79,993		9,421		45,706		43,708
Accounts receivable	-		46		46		-
Total assets	<u>\$ 11,630,552</u>	<u>\$</u>	<u>364,264,779</u>	<u>\$</u>	<u>362,694,140</u>	<u>\$</u>	<u>13,201,191</u>
LIABILITIES							
Accounts payable	\$ 637,964	\$	63,726,381	\$	63,975,354	\$	388,991
Due to other governments	5,114,411		317,819,438		318,502,869		4,430,980
Other deposits held in escrow	5,878,177		37,277,229		34,774,186		8,381,220
Total liabilities	<u>\$ 11,630,552</u>	<u>\$</u>	<u>418,823,048</u>	<u>\$</u>	<u>417,252,409</u>	<u>\$</u>	<u>13,201,191</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 – 14) These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	178-185
Demographic and Economic Information (Schedules 15 – 16) These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	186-187
Operating Information (Schedules 17 – 20) These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	188-199
Additional Bond Disclosures (Schedules 21 – 25) These schedules provide information for required continuing disclosure for the water and sewer, golf course and spring training bonds.	200-204

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)

	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 242,057,257	\$ 264,193,976	\$ 278,213,361	\$ 374,501,758 (A)
Restricted	128,024,220	150,019,583	158,046,966	173,236,941 (B)
Unrestricted	22,697,741	60,737,524	121,561,389	60,726,026 (B)
Total governmental activities net position	\$ <u>392,779,218</u>	\$ <u>474,951,083</u>	\$ <u>557,821,716</u>	\$ <u>608,464,725</u>
Business-type activities				
Net investment in capital assets	\$ 122,280,348	\$ 134,402,945	\$ 152,168,135	\$ 174,540,682
Restricted	57,825,011	81,084,337	89,071,967	83,840,471
Unrestricted	44,084,834	52,553,913	53,751,547	47,338,783
Total business-type activities net position	\$ <u>224,190,193</u>	\$ <u>268,041,195</u>	\$ <u>294,991,649</u>	\$ <u>305,719,936</u>
Primary government				
Net investment in capital assets	\$ 364,337,605	\$ 398,596,921	\$ 430,381,496	\$ 549,042,440
Restricted	185,849,231	231,103,920	247,118,933	257,077,412
Unrestricted	66,782,575	113,291,437	175,312,936	108,064,809
Total primary government net position	\$ <u>616,969,411</u>	\$ <u>742,992,278</u>	\$ <u>852,813,365</u>	\$ <u>914,184,661</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.

2008	2009	2010	2011	2012	2013
\$ 445,541,175	\$ 461,709,848	\$ 480,243,738	\$ 492,300,301	\$ 509,076,923	\$ 518,255,719
163,119,085	158,306,364	132,928,838	125,452,516	121,189,228	117,321,755
55,081,576	55,914,407	85,810,359	84,860,897	76,523,757	71,830,421
<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>	<u>\$ 707,407,895</u>
\$ 206,069,196	\$ 223,273,040	\$ 223,375,337	\$ 217,876,742	\$ 211,631,529	\$ 210,772,860
75,814,407	51,021,928	27,898,292	24,230,101	17,941,773	20,871,037
24,624,779	37,122,462	54,592,201	61,041,483	70,286,599	68,686,611
<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>	<u>\$ 300,330,508</u>
\$ 651,610,371	\$ 684,982,888	\$ 703,619,075	\$ 710,177,043	\$ 720,708,452	\$ 729,028,579
238,933,492	209,328,292	160,827,130	149,682,617	139,131,001	138,192,792
79,706,355	93,036,869	140,402,560	145,902,380	146,810,356	140,517,032
<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>	<u>\$ 1,007,738,403</u>

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

	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 23,287,533 (C)	\$ 18,165,441	\$ 14,642,124	\$ 15,506,424
Public safety	54,052,726 (C)	54,271,542	58,578,985	42,050,455 (J)
Physical environment	1,039,550	2,850,738	8,490,570 (E)	34,998,512 (E)
Transportation	21,335,262 (C)	21,726,741	22,011,006	26,173,989
Economic environment	639,826	696,448	1,077,731	950,024
Human service	7,664,422 (C)	7,385,726	12,270,899 (F)	13,925,599
Cultural/recreation	9,616,323 (C)	10,775,291	11,546,217	31,196,252 (H)
Court related	6,221,983	5,704,361	6,014,793	6,870,466
Interest on long-term debt	1,313,340	1,246,237	2,315,372 (G)	3,220,907 (G)
Total governmental activities expenses	125,170,965	122,822,525	136,947,697	174,892,628
Business-type activities:				
Water and sewer	26,907,959	30,260,577	33,387,825	37,518,226
Solid waste	14,103,641 (C)	19,156,896 (C)	11,558,323	10,331,431
Golf course	2,806,115	2,939,321	3,058,307	3,084,837
Other	2,532,617	3,768,301	4,202,588	3,703,658
Total business-type activities expenses	46,350,332	56,125,095	52,207,043	54,638,152
Total primary government expenses	\$ 171,521,297	\$ 178,947,620	\$ 189,154,740	\$ 229,530,780
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 7,593,486	\$ 8,779,557	\$ 10,437,774	\$ 7,957,770
Public safety	3,927,664	4,712,594	7,151,354	5,728,644
Physical environment	92,354	631,456	854,219	1,447,553
Transportation	11,182,015	37,384,003 (D)	16,619,853	5,618,055
Human service	604,379	821,811	754,916	545,305
Cultural/recreation	813,827	800,555	5,480,612	2,425,679
Court related	1,449,771	2,294,908	2,466,882	2,800,680
Operating grants and contributions	9,270,478	16,310,024 (C)	13,420,891	25,561,608 (I)
Capital grants and contributions	(A) 11,784,511 (C)	6,069,586	13,081,116	13,441,915
Total governmental activities program revenues	46,718,485	77,804,494	70,267,617	65,527,209
Business-type activities:				
Charges for services:				
Water and sewer	22,984,883	25,579,512	28,029,062	27,541,849
Solid waste	11,160,368	16,874,618	13,741,864	11,946,566
Golf course	3,099,287	3,247,815	3,306,424	3,374,772
Other	3,202,380	4,535,869	4,746,668	3,250,585
Operating grants and contributions	5,760,512	8,518,757	1,235,413	72,828
Capital grants and contributions	(B) 19,138,278 (B)	38,112,182 (B)	26,781,118 (B)	9,729,371
Total business-type activities program revenues	65,345,708	96,868,753	77,840,549	55,915,971
Total primary government program revenues	\$ 112,064,193	\$ 174,673,247	\$ 148,108,166	\$ 121,443,180

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

	2008	2009	2010	2011	2012	2013
\$	7,416,850	\$ 25,837,007	\$ 23,506,576	\$ 21,324,680	\$ 19,069,181	\$ 20,637,750
	70,973,212 (K)	71,221,082	68,235,492	67,393,943	66,456,674	66,178,467
	27,974,837	813,580	1,405,690	1,353,074	2,424,109	1,858,307
	25,742,974	23,711,653	20,861,672	22,300,819	23,629,799	26,286,998
	4,583,763 (L)	661,897	2,525,988	2,056,453	1,986,091	2,550,157
	12,590,578	8,453,562	7,370,995	7,762,962	7,749,253	6,818,023
)	9,510,029	24,559,117 (O)	16,009,122	16,484,242	18,089,432	19,369,326
	7,265,471	6,765,203	6,251,773	5,774,032	5,635,245	5,835,184
)	2,764,803	2,906,802	2,714,422	2,526,114	2,350,241	2,087,204
	<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>	<u>151,621,416</u>
	41,354,025 (M)	37,523,097	34,748,276	33,818,640	34,246,967	33,815,749
	11,355,697	10,407,437	10,683,984	10,370,476	10,659,004	10,405,143
	2,775,497	2,937,141	2,715,607	2,537,665	2,451,603	2,537,525
	3,010,668	2,168,894	1,858,420	1,623,862	1,487,515	1,547,815
	<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>48,306,232</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>	<u>199,927,648</u>
\$	6,943,354	\$ 6,028,321	\$ 5,889,678	\$ 5,845,567	\$ 5,304,385	\$ 5,482,814
	5,754,082	5,884,118	5,267,209	6,076,085	5,852,093	6,625,924
	972,865	636,219	21,006	24,204	20,923	5,900
	5,478,734	2,157,456 (P)	1,514,132 (P)	2,090,194	2,345,186	2,768,107
	331,856	204,299	295,812	346,689	358,279	213,485
	1,730,471	1,322,785	1,328,225	1,340,550	1,397,660	1,765,912
	2,971,093	2,375,430	545,967	501,980	414,356	1,301,135
	15,227,659	11,077,388	15,772,265 (Q)	7,926,832	8,230,411	26,921,514 (S)
	29,165,641 (N)	15,032,731	7,016,429 (R)	1,937,488	7,053,494	6,681,421
	<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>	<u>51,766,212</u>
	27,876,971	26,957,649	27,738,920	27,842,092	28,361,246	28,522,667
	10,758,812	9,713,883	8,972,136	9,221,396	9,582,955	9,998,410
	3,313,994	3,279,135	3,148,029	3,163,062	3,216,471	3,072,332
	2,726,888	1,572,693	1,612,870	1,588,934	1,735,713	2,018,104
	217,751	1,194,994	-	-	-	-
	10,802,859	3,748,585	1,713,074	1,923,271	2,545,759	4,700,473
	55,697,275	46,466,939	43,185,029	43,738,755	45,442,144	48,311,986
\$	<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>	<u>100,078,198</u>

Continued

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

	2004	2005	2006	2007
Net (Expense)/Revenue				
Governmental activities	\$ (78,452,480) (A)	\$ (45,018,031)	\$ (66,680,080)	\$ (109,365,419)
Business-type activities	18,995,376 (B)	40,743,658 (B)	25,633,506	1,277,819
Total primary government net expenses	\$ (59,457,104)	\$ (4,274,373)	\$ (41,046,574)	\$ (108,087,600)
<u>General Revenues and Other Changes in Net Position</u>				
Governmental activities:				
Property taxes, levied for general purposes	\$ 67,701,525	\$ 71,698,850	\$ 82,448,807 (C)	\$ 92,592,309
Property taxes, levied for debt service	2,427,908	2,480,497	2,465,462	7,094,485
Sales and use taxes	18,825,771	21,892,558	21,855,885	20,738,502
Franchise fees	6,720,166	7,941,020	9,318,394	9,732,773
State shared revenues	11,608,557	14,022,896	13,043,670	12,368,421
Insurance recoveries	-	3,666,960	1,104,116	-
Interest earnings	2,536,347	4,444,772	12,163,993	16,004,890
Miscellaneous	1,336,789	1,235,708	2,089,540	1,583,343
Transfers	(193,611)	(193,365)	5,060,846 (D)	(106,295)
Total governmental activities	110,963,452	127,189,896	149,550,713	160,008,428
Business-type activities:				
State shared revenues	-	-	-	-
Interest earnings	1,590,203	2,861,308	6,335,240	9,209,517
Miscellaneous	6,015	52,671	42,554	134,656
Transfers	193,611	193,365	(5,060,846) (D)	106,295
Total business-type activities	1,789,829	3,107,344	1,316,948	9,450,468
Total primary government	\$ 112,753,281	\$ 130,297,240	\$ 150,867,661	\$ 169,458,896
<u>Change in Net Position</u>				
Governmental activities	\$ 32,510,972	\$ 82,171,865	\$ 82,870,633	\$ 50,643,009
Business-type activities	20,785,205	43,851,002	26,950,454	10,728,287
Total primary government change in net position	\$ 53,296,177	\$ 126,022,867	\$ 109,821,087	\$ 61,371,296

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

2008	2009	2010	2011	2012	2013
\$ (100,246,762)	\$ (120,211,156)	\$ (111,231,007)	\$ (120,886,730)	\$ (116,413,238)	\$ (99,855,204)
(2,798,612)	(6,569,630)	(6,821,258)	(4,611,888)	(3,402,945)	5,754
\$ (103,045,374)	\$ (126,780,786)	\$ (118,052,265)	\$ (125,498,618)	\$ (119,816,183)	\$ (99,849,450)
\$ 92,483,561	\$ 87,265,989	\$ 78,670,463	\$ 69,856,750	\$ 64,753,566	\$ 62,305,177
7,343,180	7,131,231	5,933,535	5,600,767	5,574,183	4,664,885
20,088,899	19,292,179	19,022,728	19,261,033	20,144,820	21,035,360
9,443,399	9,670,169	9,254,621	8,730,861	8,620,401	8,818,952
11,596,227	11,227,450	17,487,653	17,328,867	17,908,806	- (F)
-	-	-	-	-	-
10,347,019	5,747,573	2,079,873	1,299,894	668,012	637,099
2,170,033	2,018,901	2,061,415	3,082,481	3,079,701	2,903,771
2,051,555	(7,452,905)	(25,965)	(643,144)	(32,957)	-
155,523,873	134,900,587	134,484,323	124,517,509	120,716,532	100,365,244
-	417,500	-	-	-	-
5,553,239	3,685,805	1,173,512	723,870	600,116	427,041
85,374	7,893	70,181	562,651 (E)	8,400	37,812
(2,051,555)	7,452,905	25,965	643,144	32,957	-
3,587,058	11,564,103	1,269,658	1,929,665	641,473	464,853
\$ 159,110,931	\$ 146,464,690	\$ 135,753,981	\$ 126,447,174	\$ 121,358,005	\$ 100,830,097
\$ 55,277,111	\$ 14,689,431	\$ 23,253,316	\$ 3,630,779	\$ 4,303,294	\$ 510,040
788,446	4,994,473	(5,551,600)	(2,682,223)	(2,761,472)	470,607
\$ 56,065,557	\$ 19,683,904	\$ 17,701,716	\$ 948,556	\$ 1,541,822	\$ 980,647

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

	2004	2005	2006	2007
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>20,623,340</u>	<u>30,152,425</u>	<u>45,300,882</u>	<u>50,321,956</u>
Total general fund	<u>\$ 20,623,340</u>	<u>\$ 30,152,425</u>	<u>\$ 45,300,882</u>	<u>\$ 50,321,956</u>
All other governmental funds				
Reserved	\$ 47,458,489	\$ 50,257,972	\$ 38,075,117	\$ 23,047,708
Unreserved, reported in: Special revenue funds	<u>74,344,120</u>	<u>115,822,479</u>	<u>183,318,603</u>	<u>149,564,925</u>
Total all other governmental funds	<u>\$ 121,802,609</u>	<u>\$ 166,080,451</u>	<u>\$ 221,393,720</u>	<u>\$ 172,612,633</u>
Total governmental funds	<u>\$ 142,425,949</u>	<u>\$ 196,232,876</u>	<u>\$ 266,694,602</u>	<u>\$ 222,934,589</u>
General Fund				
Nondisposable				
Restricted				
Committed				
Assigned				
Unassigned				
Total general fund				
All other governmental funds				
Nondisposable				
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

2008	2009	2010 (A)	2011	2012	2013
\$ 8,000,000	\$ 8,000,000	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<u>44,874,259</u>	<u>47,616,773</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>52,874,259</u>	\$ <u>55,616,773</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ 49,667,320	\$ 53,252,040	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<u>96,950,614</u>	<u>91,600,421</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>146,617,934</u>	\$ <u>144,852,461</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ <u>199,492,193</u>	\$ <u>200,469,234</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
		\$ 162,760	\$ 363,619	\$ 311,241	\$ 1,224,835
		18,290	50,015	1,120,087	1,000,000
		21,757,565	21,041,045	2,374,790 (B)	2,370,079
		1,415,000	1,660,000	1,808,000	900,000
		<u>33,160,873</u>	<u>33,694,612</u>	<u>48,722,929 (B)</u>	<u>44,385,674</u>
		\$ <u>56,514,488</u>	\$ <u>56,809,291</u>	\$ <u>54,337,047</u>	\$ <u>49,880,588</u>
		\$ 2,316,373	\$ 814,858	\$ 557,128	\$ 50,788
		130,175,284	125,082,370	116,379,943	112,523,743
		4,691,573	4,661,146	1,483,393	1,481,312
		9,471,022	10,013,457	11,288,602	8,964,238
		<u>(1,184,722)</u>	<u>(354,995)</u>	<u>(202,971)</u>	<u>(339,223)</u>
		\$ <u>145,469,530</u>	\$ <u>140,216,836</u>	\$ <u>129,506,095</u>	\$ <u>122,680,858</u>
		\$ <u>201,984,018</u>	\$ <u>197,026,127</u>	\$ <u>183,843,142</u>	\$ <u>172,561,446</u>

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

	2004	2005	2006	2007
Revenues				
Taxes	\$ 95,675,370	\$ 104,012,925	\$ 116,088,548	\$ 130,158,069
Permits, fees, and special assessments	11,788,168	38,043,246	26,285,557	8,397,437
Intergovernmental	26,588,303	35,973,818	38,261,489	54,252,074
Charges for services	14,282,587	18,151,546	18,204,600	18,997,529
Judgments, fines and forfeits	1,508,786	1,715,875	2,069,593	2,403,093
Interest	1,999,574	4,083,164	10,574,489	15,777,318
Miscellaneous	1,791,613	1,398,166	4,597,369	3,495,610
Total Revenues	153,634,401	203,378,740	216,081,645	233,481,130
Expenditures				
Current:				
General government	19,996,339	20,107,020	21,831,839	24,815,255
Public safety	55,792,130	57,045,359	65,975,870	72,907,822
Physical environment	1,751,551	2,989,117	8,955,262	34,324,331
Transportation	21,928,790	21,285,597	30,610,413	49,503,680
Economic environment	627,914	713,019	1,054,239	968,227
Human service	7,185,411	7,270,391	12,470,222	13,862,463
Culture/recreation	13,179,751	15,062,134	16,380,438	23,751,173
Court related	6,210,614	5,630,734	5,915,727	6,649,724
Debt service:				
Principal	2,394,142	2,239,663	2,615,659	4,870,876
Interest and fiscal charges	1,333,392	1,255,837	1,790,431	3,255,767
Capital outlay	10,994,900	15,779,577	37,848,475	42,489,997
Total Expenditures	141,394,934	149,378,448	205,448,575	277,399,315
Excess of revenues over (under) expenditures	12,239,467	54,000,292	10,633,070	(43,918,185)
Other Financing Sources (Uses)				
Debt issuance	-	-	49,996,735	-
Payments from capital leases	291,562	-	-	264,467
Transfers out	(193,611)	(193,365)	(236,067)	(19,736,023)
Transfers in	-	-	10,067,988	19,629,728
Total other financing sources (uses)	97,951	(193,365)	59,828,656	158,172
Net change in fund balances	\$ 12,337,418	\$ 53,806,927	\$ 70,461,726	\$ (43,760,013)
Debt service as a percentage of noncapital expenditures	3.1%	3.0%	3.4%	4.8%

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

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

	2008		2009		2010		2011		2012		2013
\$	119,915,640	\$	113,689,399	\$	103,626,726	\$	94,718,550	\$	90,472,569	\$	88,005,422
	15,888,780		12,433,598		11,322,039		11,189,393		11,486,235		12,769,844
	49,065,955		34,305,682		37,687,574		30,453,182		29,759,832		30,086,479
	18,678,544		16,852,653		14,665,805		15,030,329		14,760,125		15,887,241
	2,137,413		1,792,517		852,012		936,995		739,275		778,575
	10,052,801		5,721,869		2,061,385		1,173,103		613,023		570,559
	2,449,035		2,489,532		2,383,493		4,175,614		5,237,426		3,841,294
	<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>		<u>151,939,414</u>
	25,323,595		22,566,113		20,894,116		19,271,196		20,477,898		19,056,322
	73,982,636		74,813,164		71,489,613		70,432,615		67,761,985		66,908,328
	28,111,033		910,213		1,131,173		1,371,734		1,751,623		771,942
	50,231,090		38,111,512		27,497,907		28,432,207		29,058,310		28,223,229
	4,579,574		653,547		2,520,339		2,099,698		2,021,184		2,581,401
	12,619,575		8,621,760		7,267,406		7,625,369		6,888,883		6,952,460
	21,068,267		15,450,688		18,453,642		14,706,194		13,808,303		11,538,809
	6,940,682		6,620,830		6,214,831		5,983,085		5,860,925		6,054,822
	5,069,591		5,120,000		5,315,000		4,270,000		8,060,000 (A)		6,050,000 (B)
	2,803,585		2,948,758		2,758,138		2,562,374		2,426,083		2,118,704
	11,617,867		10,435,212		7,487,068		5,825,287		8,108,370		13,037,552
	<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>		<u>163,293,569</u>
	(24,159,327)		1,033,453		1,569,801		(4,902,593)		(13,155,079)		(11,354,155)
	-		-		-		-		-		-
	126,000		-		-		-		-		-
	(13,254,013)		(14,366,145)		(17,057,014)		(8,918,267)		(11,622,984)		(12,540,187)
	13,844,944		14,309,733		17,001,997		8,862,969		11,595,078		12,504,699
	<u>716,931</u>		<u>(56,412)</u>		<u>(55,017)</u>		<u>(55,298)</u>		<u>(27,906)</u>		<u>(35,488)</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>	\$	<u>(11,389,643)</u>
	5.0%		5.4%		5.6%		5.0%		7.6%		6.0%

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>
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
2013	66,970,062	14,422,829	1,743,283	-	3,303,751	1,565,497	88,005,422

(A) The County 's primary source of revenue is property taxes, amounting to 76 percent of Governmental Funds tax revenues in 2013. 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
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
2013	16,563,604,291	635,119,066	17,198,723,357	4,497,471,382	12,701,251,975	4.1625

Source: Indian River County Property Appraiser; values are established as of January 1 of the previous calendar year, i.e., January 1, 2012 taxable values apply to the fiscal year ending September 30, 2013.

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

	2004	2005	2006	2007
<u>County direct rate</u>				
General fund	3.8377	3.6233	3.5204	3.1914
Municipal service	1.6804	1.5330	1.3969	1.1336
Total direct rate (A)	5.5181	5.1563	4.9173	4.3250
County-wide district school board rate	8.7100	8.4990	8.2400	7.4430
<u>Other County-wide rates</u>				
Emergency Management Services District	2.1871	1.9836	1.9911	1.7639
Land acquisition bond	0.2344	0.2106	0.1789	0.4108
Total other County-wide rates	2.4215	2.1942	2.1700	2.1747
Total County-wide rate (B)	16.6496	15.8495	15.3273	13.9427
<u>City rates</u>				
Fellsmere	5.7500	5.7500	5.7500	5.7500
Indian River Shores	1.4730	1.4730	1.4730	1.4730
Sebastian	4.5904	4.5904	3.9325	3.0519
Orchid	0.8954	0.7508	0.6900	0.4525
Vero Beach	2.1425	2.1425	2.2925	2.1425
Average of cities rates	2.9703	2.9413	2.8276	2.5740
Other special district rates	2.1548	1.8923	1.6082	1.4795

(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

2008	2009	2010	2011	2012	2013
3.0202	3.0689	3.0892	3.0892	3.0892	3.0892
1.0835	1.0804	1.0774	1.0733	1.0733	1.0733
4.1037	4.1493	4.1666	4.1625	4.1625	4.1625
7.5380	7.0400	7.5960	8.2500	8.2440	8.3130
1.7201	1.7148	1.7148	1.7148	1.7148	1.7148
0.4082	0.4220	0.3879	0.4087	0.4364	0.3799
2.1283	2.1368	2.1027	2.1235	2.1512	2.0947
13.7700	13.3261	13.8653	14.5360	14.5577	14.5702
4.4301	4.4300	4.4300	4.4300	5.2455	5.4999
1.3923	1.3923	1.3923	1.4105	1.4731	1.4731
2.9917	3.3456	3.3456	3.3041	3.3041	3.7166
0.4494	0.4550	0.4550	0.4550	0.4550	0.5000
1.9367	1.9367	1.9367	1.9367	2.0336	2.0336
2.2400	2.3119	2.3119	2.3073	2.5023	2.6446
1.3817	1.5362	1.7515	1.7663	1.6856	1.6859

Indian River County, Florida
Principal Property Taxpayers (Unaudited)
Year 2013 and Year 2004

Schedule 8

Taxpayer	2013			2004		
	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation
Florida Power & Light	\$ 102,669,719	1	0.81%	\$ 69,651,488	2	0.65%
Disney Vacation Dev. Inc.	70,674,710	2	0.56	70,327,615	1	0.66
Windsor Properties	37,828,560	3	0.30	49,577,379	5	0.46
BellSouth Telecomm Inc.	35,742,953	4	0.28	57,062,169	3	0.53
Adult Community Services Inc.	32,682,140	5	0.26	31,738,000	8	0.30
Johns Island Club Inc.	29,794,930	6	0.23	32,456,566	7	0.30
Sebastian Hospital Inc.	29,105,664	7	0.23	-		-
I.R. Mall Associates Ltd.	27,891,780	8	0.22	50,431,333	4	0.47
Health Care REIT Inc	23,713,180	9	0.19	-		-
The New Piper Aircraft	23,373,485	10	0.18	34,595,801	6	0.32
Wal-Mart Stores	-		-	28,954,047	9	0.27
Fellsmere Joint Venture	-		-	26,445,960	10	0.25
Total Principal Property Taxpayers Real Property Assessed Valuation	\$ 413,477,121		2.46%	\$ 451,240,358		3.58%
Total County Taxable Valuation (from schedule 6)	\$ 12,701,251,975			\$ 10,684,028,933		

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
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
2013	69,251,173	66,838,348	96.52	111,341	66,949,689	96.68

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)
2004	\$ 16,080,000	\$ 434,938	\$ 15,515,000	\$ 5,989,843	\$ -	\$ 68,901,114
2005	14,385,000	380,275	15,025,000	5,544,471	263,237	64,809,132
2006	62,630,060	-	14,520,000	5,089,099	193,786	62,416,115
2007	58,441,835	8,591	14,000,000	4,618,728	110,025	59,908,097
2008	53,958,611	-	13,455,000	4,138,356	28,126	57,285,080
2009	49,305,387	-	12,895,000	3,652,985	-	56,123,413
2010	44,482,163	-	12,310,000	3,147,614	-	53,016,507
2011	40,723,939	-	11,705,000	2,632,243	-	49,789,603
2012	33,200,714	-	11,075,000	2,101,871	-	46,462,698
2013	29,987,489	-	8,145,000	-	-	43,020,793

(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. The remaining balance was called early on 9/30/2013.

(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>
\$ 106,920,895	1.82%	\$ 859
100,407,115	1.57	773
144,849,060	2.07	1,071
137,087,276	1.76	981
128,865,173	1.68	910
121,976,785	1.60	862
112,956,284	1.69	818
104,850,785	1.48	756
92,840,283	1.25	666
81,153,282	(D)	581

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
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	62,630,060	1,375,837	61,254,223	0.0043	452.8561
2007	139,757	17,847,161,614	58,441,835	1,956,189	56,485,646	0.0032	404.1704
2008	141,667	18,580,296,938	53,958,611	2,530,612	51,427,999	0.0028	363.0203
2009	141,475	17,449,270,077	49,305,387	2,841,769	46,463,618	0.0027	328.4228
2010	138,028	15,796,158,693	44,482,163	1,845,314	42,636,849	0.0027	308.9000
2011	138,694	14,139,034,830	40,723,939	1,743,781	38,980,158	0.0028	281.0515
2012	139,446	13,205,004,567	33,200,714	1,002,540	32,198,174	0.0024	230.9007
2013	139,586	12,701,251,975	29,987,489	828,029	29,159,460	0.0023	208.8996

(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.

Indian River County, Florida
Computation of Legal Debt Margin (Unaudited)
September 30, 2013

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 sets no legal debt limit.

Indian River County, Florida
Direct and Overlapping Governmental Activities Debt (Unaudited)
September 30, 2013

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	\$ 29,987,489	100%	\$ 29,987,489
Revenue Bonds - Spring Training Facility - Series 2001	8,145,000	100	<u>8,145,000</u>
Total direct debt of County:			<u>38,132,489</u>
Other debt:			
Indian River County School District Certificates of Participation	122,688,585 (A)	100	122,688,585
Indian River County School District Capital Lease Payable	301,547 (A)	100	<u>301,547</u>
Total overlapping debt:			<u>122,990,132</u>
Total direct and overlapping debt:			<u>\$ 161,122,621</u>

(A) Indian River County School District, as of June 30, 2013

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

	2004	2005	2006	2007
<u>Uniform Charges</u>				
Water sales	\$ 11,037,623	\$ 12,146,416	\$ 13,336,623	\$ 13,529,341
Wastewater sales	9,439,597	10,437,091	11,634,181	12,003,677
Other	<u>1,426,112</u>	<u>1,685,502</u>	<u>1,744,486</u>	<u>1,386,198</u>
Total uniform charges	21,903,332	24,269,009	26,715,290	26,919,216
Septage/Sludge	278,897	269,575	332,329	290,955
Surcharges	234,746	242,451	244,166	243,919
Interest earnings	1,269,838	2,264,132	4,554,419	6,576,873
1989/1990 Special assessments	1,564	-	60,229	21,138
1996 Special assessments	<u>1,539,600</u>	<u>722,922</u>	<u>350,712</u>	<u>268,883</u>
Gross revenues	25,227,977	27,768,089	32,257,145	34,320,984
Less: Direct expenses	<u>12,507,398</u>	<u>12,853,872</u>	<u>14,270,414</u>	<u>16,226,651</u>
Net revenues available for debt service	\$ <u>12,720,579</u>	\$ <u>14,914,217</u>	\$ <u>17,986,731</u>	\$ <u>18,094,333</u>
Annual debt service				
Principal	\$ 1,855,000	\$ 2,020,000	\$ 2,390,000	\$ 2,505,000
Interest	<u>3,936,019</u>	<u>3,525,573</u>	<u>3,157,260</u>	<u>3,041,150</u>
Total debt service payment	\$ <u>5,791,019</u>	\$ <u>5,545,573</u>	\$ <u>5,547,260</u>	\$ <u>5,546,150</u>
Debt service coverage	2.20x	2.69x	3.24x	3.26x

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.

2008	2009	2010	2011	2012	2013
\$ 13,435,398	\$ 13,001,743	\$ 13,570,657	\$ 13,565,766	\$ 13,621,878	\$ 13,667,115
12,128,706	11,954,333	12,375,346	12,203,750	12,515,394	12,546,429
<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>	<u>1,763,426</u>
27,024,247	26,241,681	27,376,969	27,409,501	27,864,683	27,976,970
256,785	294,459	302,187	314,969	373,616	426,634
245,343	244,619	245,011	245,245	246,298	246,363
3,650,480	2,110,031	686,776	491,260	315,377	239,270
112	413	438	8,718	-	-
<u>220,754</u>	<u>184,272</u>	<u>151,316</u>	<u>93,513</u>	<u>75,037</u>	<u>69,757</u>
31,397,721	29,075,475	28,762,697	28,563,206	28,875,011	28,958,994
<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>15,217,294</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>	<u>\$ 13,741,700</u>
\$ 2,620,000	\$ 2,745,000	\$ 2,870,000	\$ 2,990,000	\$ 3,090,000	\$ 3,205,000
<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>2,080,951</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>	<u>\$ 5,285,951</u>
2.57x	2.51x	2.37x	2.48x	2.50x	2.60x

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

Schedule 15

<u>Year</u>	<u>Population (A)</u>	<u>Total Personal Income (B)</u>	<u>Per Capita Personal Income (B)</u>	<u>Unemployment Rate (C)</u>
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	6,687,691,000	48,378	15.2
2011	138,694	7,090,634,000	51,041	13.7
2012	139,446	7,429,653,000	52,855	11.3
2013	139,586	(D)	(D)	8.8

Sources:

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

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

(C) Florida Agency for Workforce Innovation

(D) Information not available

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

Indian River County, Florida
Principal Employers (Unaudited)
Year 2013 and Year 2004

Schedule 16

Employer	2013	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	2,123	3.58
Indian River County *	1,354	2.28
Indian River Medical Center	1,608	2.71
Publix Supermarkets	1,092	1.84
Piper Aircraft Inc.	800	1.35
Sebastian River Medical Center	576	0.97
John's Island	550	0.93
City of Vero Beach	460	0.78
Visiting Nurse Association	401	0.68
Indian River Estates	350	0.59
Total	9,314	15.71%
Total County Employees	59,304	

Employer	2004	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	2,027	3.90
Indian River County*	1,628	3.13
Indian River Memorial Hospital	1,373	2.64
Publix Supermarkets	931	1.79
Piper Aircraft Inc.	688	1.32
Hale Groves	650	1.25
City of Vero Beach	600	1.15
Sebastian River Medical Center	525	1.01
Wal-Mart	505	0.97
John's Island	500	0.96
Total	9,427	18.12%
Total County Employees	52,002	

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

Fiscal Year	Indian River County					Munici-		
	# of Permits	New Construction	# of Permits	Additions & Alterations	# of Permits	New Construction		
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		
2013	562	159,419,936	3,165	32,572,696	278	63,277,504		

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
4,395	\$ 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
4,433	45,723,356	840	222,697,440	7,598	78,296,052

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

Function/Program	2004	2005	2006	2007	
General Government					
Purchasing	2,800	2,554	2,734	2,753	
Purchase orders issued					
Public Safety					
Fire rescue					
Vehicle rescue response	11,467	10,602	6,880	32,488	(A)
Fire code inspections	2,514	2,215	2,420	2,593	
Advanced life support calls	7,222	5,623	10,728	7,537	
Basic life support calls (transport only)	4,340	4,606	11,105	3,643	
Sheriff					
Arrests	4,979	5,172	5,211	5,012	
Violent crimes	359	300	652	338	
Non-violent crimes	2,805	3,930	3,462	6,192	
Total calls for service	130,847	122,893	131,489	126,490	
Building department					
Construction permits issued	3,889	4,770	3,760	1,404	
Estimated value of construction (millions)	\$ 642.0	\$ 704.0	\$ 754.8	\$ 280.1	
Physical Environment					
Solid waste					
Waste stream tonnage received	349,538	529,238	380,109	295,977	
Total recycled material (tons)	72,568	129,869	70,919	57,247	
Utilities - water & sewer					
Number of water customers	33,793	34,867	43,477	41,101	
Number of wastewater customers	19,786	20,237	25,943	24,666	
Water ERUs	46,254	53,032	54,070	61,494	
Wastewater ERUs	33,250	38,387	41,351	45,396	
Water consumption (Average Daily Demand)	7,660,000	7,780,000	8,370,000	8,790,000	

(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.

2008	2009	2010	2011	2012	2013
2,520	2,463	1,970	1,805	1,852	1,740
33,845	34,480	34,529	37,550	39,316	39,340
3,527	5,917	2,358	2,239	1,874	1,992
5,862	9,085	9,751	10,935	10,904	10,991
5,759	3,486	3,269	3,077	3,406	3,544
5,620	4,331	5,065	4,464	3,144	3,885
353	340	310	394	107	439
6,383	6,099	5,719	6,058	6,063	5,683
129,389	138,998	154,480	162,944	176,170	199,687
857	442	394	416	421	562
\$ 222.2	\$ 97.7	\$ 83.0	\$ 96.3	\$ 95.7	\$ 159.4
239,296	207,344	201,561	180,434	205,355	211,382
42,088	40,931	45,298	30,424	53,255	50,792
42,000	42,972	43,723	44,254	44,571	45,216
25,000	25,192	25,205	25,465	25,773	26,233
61,558	63,147	64,146	64,391	64,820	65,477
45,785	45,319	45,427	45,863	46,107	46,576
8,603,000	8,700,000	8,225,000	8,198,000	7,798,000	7,558,000

Continued

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

Function/Program	2004	2005	2006	2007
Transportation				
Public works				
Projects under design	3	4	5	5
Projects awarded for construction	3	0	4	5
Construction projects completed	5	0	4	5
County engineering				
Roads designed	12	6	11	7
Miles of roads designed	6.50	1.71	6.50	3.50
Traffic engineering				
Site plans reviewed	1,103	1,274	1,135	520
Culture/Recreation				
Library				
Circulation (County-wide)	1,012,241	1,079,206	1,140,904	1,188,366
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	95,711	89,000	93,088	90,503
Shooting range				
Safety/Registration cards issued	4,616	3,718	6,036	6,784
Golf course				
Rounds played	106,871	97,465	107,048	100,539
Court Related				
Law library				
Circulation	25,627	26,481	26,255	24,759

(B) Law library circulation is now included in the County-wide Library Circulation.

2008	2009	2010	2011	2012	2013	
6	29	13	26	19	20	
5	5	7	7	10	5	
5	12	6	8	8	5	
8	5	6	4	4	6	
6.00	5.00	6.00	1.00	8.00	6.00	
332	423	271	218	290	357	
1,250,075	1,314,372	1,403,367	1,362,857	1,277,253	1,300,764	(B)
415,051	437,302	467,434	449,213	420,609	404,287	
8,673	14,730	23,750	24,112	23,979	23,841	
90,475	89,787	87,107	98,515	97,965	97,183	
6,784	9,050	6,471	8,176	8,302	8,462	
104,716	101,810	96,593	94,713	96,723	91,770	
21,107	18,512	13,079	9,168	9,428	N/A	(B)

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

	2004	2005	2006	2007
General Government				
Board of County Commissioners	10	10	10	10
County Attorney	6	6	6	7
Administration	3	3	3	3
Financial/Administrative Service	23.5	23.5	24.5	25.5
Comprehensive Planning	20	23	23	23
Other	46	42	50	62
Clerk of Circuit Court	106	108	113	118
Property Appraiser	47	47	49	50
Supervisor of Elections	11.5	11.5	11.5	12
Tax Collector	40	40	40	40
Public Safety				
Fire Department	142.5	144.5	233	232
Advanced Life Support	82	82	- (A)	
Sheriff - Corrections	128	130	200	197
Sheriff - Court Service	25.5	25.5	26	29.5
Sheriff - Law Enforcement	273	276	276	301
Building Department	29	45	49	50
Other	19.5	17.5	11	12
Physical Environment				
Solid Waste	54	53	53	53
Utilities - water and sewer	125	126	131	139
Other	8	11	13	14
Transportation				
Road and Bridges	99	100	103	106
County Engineering	29	33	39	42
Traffic Engineering	20	22	24	26
Real Estate Acquisition	0	0	0	0
Economic Environment	6	6	6	6
Human Services	15	15	17	15
Culture/Recreation				
Libraries	51	51	51	52.5
Parks	37	39	43	42
Recreation Department	55	56.5	56	58.5
Coastal Engineering	0	3	3	3
Shooting Range	6	6	6	6
Golf Course	22.5	22	21.5	21.5
Court Related				
Law Library	1	1	1	1
Total	1,541	1,579	1,692.5	1,757.5

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.

2008	2009	2010	2011	2012	2013
11	10	10	10	8.5	9
7	7	6	6	6	6
3	3	2.72	2.35	2.35	2.35
26.5	22.5	21.5	19.85	19.85	19.35
23	19	16	14.32	15	15
49	44.5	36.5	34	34.75	33.9
116	99.5	98.5	98	96	98
45	40	40	36	35	35
12	9.5	9.5	8	8.5	8.5
38	38	38	38	38	44
241	240	246	244	243	243
197	195	198	207	163	163
29.5	29.5	29.5	29.5	27.5	27.5
301	301	301	301	303	303
33	18	17	15	14	15
12	10	9	6.68	6	4
51	49	49	10	9	9
130	128	118	112.5	112.5	113.5
15	9	9	8	8	7
100	86.5	80	77	77.25	77.1
42	33	28	27	26	24
24	21	21	20	20	19
3	2	2.28	1	1	1
4.5	3.5	3.5	2.5	2.5	2.5
15	14.5	13	13	13	12
50	45.5	47.5	46.5	42	41.5
41	39	37	34	28	28
57.5	46	37.5	33.3	33.3	32.3
3	3	2	2	2	2
5.5	5.5	5.5	5	5	5
18	16.5	15.5	15.5	15	13.5
1	1	1	1	1	1
1,704.5	1,589.5	1,549	1,478	1,416.0	1,415.0

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

Function/Program	2004	2005	2006	2007
General Government				
Buildings and grounds				
Total square footage maintained	493,270	493,270	493,270	715,215
Number of facilities and sites maintained	43	43	43	47
Vehicles	17	18	18	17
General government				
Vehicles	27	32	36	37
Planning				
Vehicles	3	6	6	7
GIS				
Vehicles				
Public Safety				
Fire department				
Vehicles	41	43	49	54
Fire stations	11	11	11	11
Advanced life support				
Vehicles	21	25	24	21
E911 Center				
Vehicles				
Sheriff				
Vehicles	241	252	274	276
Building department				
Vehicles	16	27	29	22
Physical Environment				
Solid waste				
Vehicles	32	32	33	34
Telecommunications				
Vehicles				
Ag Extension				
Vehicles	2	2	2	2
Utilities - Water and Sewer				
Vehicles	74	84	90	86
Water treatment plants	2	2	2	2
Wastewater treatment facilities	7	7	7	6
Water main - miles	N/A	N/A	737	769
Force main - miles	N/A	N/A	188	217
Gravity sewer lines - miles	N/A	N/A	250	259
Transportation				
Road and bridge				
Miles maintained (paved & unpaved)	609	614	614	617
Bridges maintained	78	78	78	78
Vehicles	59	61	66	68

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

2008	2009	2010	2011	2012	2013
715,215	715,215	715,215	715,215	720,215	720,215
47	47	47	47	48	48
17	15	15	15	15	15
28	27	26	31	31	30
7	7	7	7	6	5
1	1	1	1	1	1
53	54	51	51	51	46
11	11	12	12	12	12
20	20	17	18	18	19
1	1	1	1	1	1
295	291	288	298	295	274
13	9	9	9	9	9
32	30	30	1	1	1
1	1	1	1	1	1
2	2	1	1	1	1
82	82	81	81	85	79
2	2	2	2	2	2
6	6	6	6	6	6
780	819	845	839	843	847
240	230	226	229	223	225
261	262	269	271	270	273
625	628	636	636	638	650
78	78	78	75	75	71
65	65	64	67	67	64

Continued

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

Function/Program	2004	2005	2006	2007
Transportation - continued:				
Senior Resource Association				
Vehicles	10	20	22	25
Engineering				
Vehicles	9	9	11	12
Traffic engineering				
Traffic signals operated	119	122	125	132
Beacons operated	42	37	42	42
Vehicles	6	6	6	3
Traffic operations				
Vehicles	10	10	10	16
Human Services				
Health department				
Vehicles	14	17	16	16
Animal Control				
Vehicles	5	5	6	7
Rental Assistance				
Vehicles	2	3	3	2
Culture/Recreation				
Libraries				
Locations	2	2	2	2
Parks				
Number of neighborhood parks	12	12	12	12
Number of County parks	35	47	47	47
Acreage	3,857	3,994	4,004	4,014
Picnic shelters maintained	59	64	66	69
Boat ramps maintained	8	8	8	8
Vehicles	20	22	23	25
Recreation				
Vehicles	4	4	5	5
Shooting range				
Vehicles	1	1	0	1
Rifle range stations	29	29	0	29
Pistol range stations	35	35	35	35
Golf Course				
Holes maintained	36	36	36	36
Vehicles	2	2	2	2

2008	2009	2010	2011	2012	2013
23	25	32	34	34	38
17	16	16	16	13	13
133	133	137	137	137	150
41	48	48	53	46	45
5	3	1	1	1	1
16	15	16	18	18	19
16	16	15	15	17	17
7	7	7	7	7	7
2	2	2	2	2	2
2	2	3	3	3	3
12	12	12	12	12	10
47	47	47	47	47	40
4,014	4,014	4,014	4,014	4,014	4,014
69	69	69	69	69	69
8	8	8	8	8	8
24	25	24	25	24	22
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 21

	Fiscal Years 2004-2013 *
<u>WATER RATES</u>	
Billing charges	\$ 1.29
Base facilities charges (per ERU)	
Single-family or commercial	7.76
Multi-family or manufactured home	6.60
Volume charge - per 1,000 gallons (per ERU)	
0-3,000 gallons	2.20
3,000-7,000 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 22

The number of County water and wastewater customers, expressed as the number of equivalent residential units (ERUs), for the years 2004 through 2013 as set forth below:

<u>Fiscal Year</u>	<u>Water ERUs</u>	<u>Wastewater ERUs</u>
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
2013	65,477	46,576

Source: Indian River County Utilities Department

Indian River County, Florida
Top 10 High Volume Customers of Utility Services (Unaudited)
Fiscal Year 2013

Schedule 23

Below is a table depicting the ten highest volume customers of the utility system for the fiscal year ended September 30, 2013:

<u>Customer</u>	<u>Annual Water Volume (x 1,000 gals.)</u>	<u>Annual Wastewater Volume (x 1,000 gals.)</u>
1. Vista Royale	31,167	31,167
2. IRC School Board	24,652	18,397
3. Acts, Inc	24,013	23,666
4. Disney's Vero Beach Resort	23,988	23,988
5. City of Fellsmere (Wastewater Only)	-	21,480
6. MHC Village Green LLC	21,246	21,246
7. IRC Facilities Management / Jail	13,558	13,558
8. Vista Gardens	13,445	13,445
9. Vista Plantation	13,285	13,241
10. Palms of Vero Beach LTD	12,408	12,408

Source: Indian River County Utilities Department

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

Schedule 24

The County also receives capacity charges in connection with the system. Capacity charges are not pledged as a security for the bonds. While the County may pledge the capacity charges in the future, the County presently has no intention to pledge capacity charges as security for the bonds. Capacity charges for the last ten fiscal years ended September 30 are as follows:

<u>Fiscal Year</u>	<u>Water Capacity Charges</u>	<u>Wastewater Capacity Charges</u>	<u>Total Charges</u>
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
2013	795,134	1,225,379	2,020,513

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

Indian River County, Florida**Pledged Revenues for Spring Training Facility Revenue Bonds, Series 2001 (Unaudited)****Last Ten Fiscal Years****Schedule 25**

<u>Year Ended September 30</u>		<u>Professional Sports State Subsidy</u>		<u>Total Tourist Tax Collected</u>		<u>One Cent Tourist Tax (A)</u>		<u>Half Cent Sales Tax (B)</u>
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
2013		500,004		1,743,283		435,821		7,828,550

(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 13.

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

March 3, 2014

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *Indian River County, Florida* (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

MANAGEMENT LETTER

March 3, 2014

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *Indian River County, Florida* (the "County") as of and for the year ended September 30, 2013 and have issued our report thereon dated March 3, 2014.

Internal Control Over Financial Reporting

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. 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 3, 2014, 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.

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 report. There were no findings and recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the County 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 make any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., 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 disclosure has been included in the notes to the financial statements.

Section 10.554(1)(i)6a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6b., Rules of the Auditor General, requires that we determine whether the annual financial report for the County for the fiscal year September 30, 2013 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. 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 the 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, and is not intended to be and should not be used by anyone other than these specified parties.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
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 AUDITOR GENERAL**

March 3, 2014

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

Report on Compliance for Each Major Federal Program

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 the County's major federal programs or state projects for the year ended September 30, 2013. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Rehmann Lohman LLC

INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE PROJECTS REQUIRED BY OMB CIRCULAR A-133
AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

March 3, 2014

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *Indian River County, Florida* (the "County") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 3, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state projects is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rehmann Robson LLC

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2013

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	\$ 1,900,679	
Shelter Plus Care	14.238	FL29C709001	63,361	
Shelter Plus Care	14.238	FL0360C4H091102	68,678	
Shelter Plus Care	14.238	FL0380C4H091000	63,851	
Shelter Plus Care	14.238	FL0113CH090800	60,595	
Shelter Plus Care	14.238	FL0114CH091104	38,109	
Shelter Plus Care	14.238	FL0338CH090900	108,528	
Shelter Plus Care	14.238	FL0119CH091104	89,792	
Shelter Plus Care	14.238	FL0120CH091104	118,333	
Subtotal CFDA - 14.238			611,247	
Supportive Housing Program-				
Homeless Management Information Systems	14.235	FL0116B4H091104	35,287	
Transitional Housing	14.235	FL0115B4H091104	46,708	
Homeless Management Information Systems	14.235	FL0308B4H091103	25,856	
Homeless Management Information Systems	14.235	FL0418B4H091100	20,391	
Subtotal CFDA - 14.235			128,242	
Continuum of Care -				
Rental Assistance	14.267	FL0360L4H091203	22,633	
Rental Assistance	14.267	FL0440L4H091201	44,117	
Rental Assistance	14.267	FL0114L4H091205	29,853	
Supportive Services	14.267	FL0115L4H091205	23,354	
Homeless Management Information Systems	14.267	FL0116L4H091205	1,452	
Rental Assistance	14.267	FL0119L4H091205	16,429	
Rental Assistance	14.267	FL0120L4H091205	37,998	
Subtotal CFDA - 14.267			175,836	
Comm. Dev. Block Grant - Neighborhood Stabilization Pgm #3	14.228	B-11-UN-12-0022	835,685	
CDBG NSP #3 Program Income Expenditures	14.228	Program Income	220,383	
Indirect Programs:				
Passed through Florida Dept. of Economic Opportunity:				
Comm. Dev. Block Grant - Neighborhood Revitalization	14.228	12DB-OH-10-40-01-N01	713,557	
Comm. Dev. Block Grant - Neighborhood Stabilization Program	14.228	10DB-4X-10-40-01-F13	102,801	
CDBG NSP Program Income Expenditures	14.228	Program Income	395,746	
Subtotal CFDA - 14.228			2,268,172	
Indirect Programs:				
Passed through Florida Housing Finance Corporation:				
Tenant Based Rental Assistance	14.239	2013-210TBRA	4,215	
Total Department of Housing and Urban Development			5,088,391	
Federal Transit Administration:				
Direct Programs:				
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X828	\$	1,072,913
Federal Transit Formula Section 5307 Grant	20.507	FL-04-0153		500,000
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X799		12,324
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X792		230,513
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X756		148,737
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X739		324,639
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X702		434,582
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X611		283,578
Total Federal Transit Administration				3,007,286

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2013

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:				
Old Dixie Highway Sidewalk	20.205	AQN64	\$ 294,438	
Metropolitan Planning Organization	20.205	AA080	334,615	
Subtotal CFDA - 20.205			<u>629,053</u>	
Federal Transit Metropolitan Planning Grant	20.505	AQ212	147,989	
Section 5311 Non-Urbanized Public Transit	20.509	APT03	58,580	
Safe Routes to School	20.600	AQJ07	56,888	
Passed through Florida Department of Environmental Protection:				
Trans-Florida Rail-Trail Greenway	20.219	T29025	<u>494</u>	
Total Department of Transportation			<u>893,004</u>	
Department of Justice:				
Direct Programs:				
State Criminal Alien Assistance Program	16.606	2012-AP-BX-0680	78,306	
2012 Local Solicitation Justice Assistance Grant	16.738	2012-DJ-BX-0126	21,264	
Indirect Programs:				
Passed through Florida Department of Law Enforcement:				
Bryne Formula Grant Program				
Multi-Agency Drug Enforcement Unit	16.738	2013-JAGC-INRI-1-D7-151	50,339	
Drug Testing Program Grant	16.738	2013-JAGC-INRI-2-D7-125	<u>13,563</u>	
Subtotal CFDA - 16.738			<u>85,166</u>	
Passed through Office of the Attorney General:				
Crime Victim Assistance Program	16.575	V12050	<u>38,794</u>	
Total Department of Justice			<u>202,266</u>	
Elections Assistance Commission:				
Indirect Programs:				
Passed through Florida Dept of State				
Division of Elections:				
Federal Elections Activities 2012/2013	90.401	N/A	23,583	
Federal Elections Activities 2011/2012	90.401	N/A	<u>9,142</u>	
Total Elections Assistance Commission			<u>32,725</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	8,441	
Child Support Enforcement-Title IV D	93.563	CD331	<u>369,027</u>	
Total Office of Child Support Enforcement			<u>377,468</u>	

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2013

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
Department of Homeland Security:				
Direct Project:				
Assistance to Firefighters Grant	97.044	EMW-2011-F0-01142	16,869	
Indirect Programs:				
Passed through Division of Emergency Management:				
Emergency Management Homeland Security	97.067	11-DS-9Z-39-10-40-386	46,365	
Emergency Management Homeland Security	97.067	12-DS-20-10-40-01-454	10,800	
Community Emergency Response Team	97.067	13-CI-58-10-40-01-416	5,358	
Community Emergency Response Team	97.067	13-CI-A6-10-40-01-402	7,734	
Community Emergency Response Team	97.067	12-CI-24-10-40-01-407	7,640	
Subtotal CFDA - 97.067			<u>77,897</u>	
Emergency Management Performance Grant	97.042	13-FG-86-10-40-01-098	74,416	
Total Department of Homeland Security			<u>169,182</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS:			<u>\$ 6,763,036</u>	<u>\$ 3,007,286</u>

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2013

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	31.067	13-CP-11-10-40-01-214	\$ 2,862	
Emergency Management Programs				
Emergency Management Preparedness and Assistance	31.063	13-BG-06-10-40-01-031	83,846	
Emergency Management Preparedness and Assistance	31.063	14-BG-83-10-40-01-031	22,900	
Subtotal CSFA - 31.063			<u>106,746</u>	
Total Division of Emergency Management			<u>109,608</u>	
Florida Housing Finance Corporation:				
Direct Projects:				
State Housing Initiatives Partnership	52.901	N/A	491,548	
Total Florida Housing Finance Corporation			<u>491,548</u>	
Department of State:				
Division of Library Services:				
Direct Project:				
State Aid to Libraries	45.030	13-ST-21	90,215	
Total Department of State			<u>90,215</u>	
Department of Transportation:				
Direct Projects:				
Transportation Disadvantaged Planning Grant	55.002	AR258	3,272	
Transportation Disadvantaged Planning Grant	55.002	AQP41	16,855	
Subtotal CSFA - 55.002			<u>20,127</u>	
SCOP - Indian River Blvd	55.009	AQL32	470,063	
SCOP - CR512 Eastbound Lanes	55.009	AQ072	551,756	
SCOP - 27th Ave Road Resurfacing	55.009	AQL69	957,662	
Subtotal CSFA - 55.009			<u>1,979,481</u>	
Fl Public Transit Block Grant	55.010	APT70	275,000	
FDOT Service Development Grant	55.012	AQG07	177,166	
Transit Corridor Grant	55.013	AP049	120,029	
TRIP - 66th Avenue from SR60 to 41st Street	55.026	AQN66	2,376,471	
Total Department of Transportation			<u>4,948,274</u>	
Department of Environmental Protection:				
Direct Projects:				
Hurricane Sandy Beach Project	37.003	14IR2	187,959	
Total Department of Environmental Protection			<u>187,959</u>	

Indian River County, Florida
Schedule of Expenditures of Federal Awards and State Projects
For the Fiscal Year Ended September 30, 2013

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	C1031	\$ <u>3,540</u>	
Total Department of Health			<u>3,540</u>	
 Department of Revenue:				
Direct Project:				
Facilities for Retained Spring Training Franchise	73.016	N/A	<u>500,004</u>	
Total Department of Revenue			<u>500,004</u>	
 TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE:			 \$ <u><u>6,331,148</u></u>	 \$ <u><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, 2013

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. Such expenditures are recognized following the cost principles contained in OMB A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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.

COUNTY OF INDIAN RIVER, FLORIDA

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards and State Projects

Internal control over major programs and projects:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?

_____ yes X no

Identification of major programs:

CFDA Number

14.228

14.267

20.205

Name of Federal Program or Cluster

Community Development Block Grant Cluster

Continuum of Care Program

Highway Planning and Construction

CSFA Number

52.901

55.009

55.026

55.012

Name of State Project

FDCA SHIP

Small County Outreach Program

Transportation Regional Incentives Program

Public Transit Service Development Program

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

\$ 300,000 (Federal and State)

Auditee qualified as low-risk auditee?

X yes _____ no

COUNTY OF INDIAN RIVER, FLORIDA

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

JEFFREY R. SMITH, CPA, CGFO, CGMA

Clerk of Circuit Court and Comptroller

Finance Department

1801 27th Street, Building A

Vero Beach, Florida 32960

Telephone (772) 226-1945



AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Jeffrey 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.

FURTHER AFFIANT SAYETH NAUGHT.


(Chief Financial Officer of the Entity)

STATE OF FLORIDA
COUNTY OF INDIAN RIVER

SWORN TO AND SUBSCRIBED before me this 25 day of FEBRUARY, 2014.


NOTARY PUBLIC

Print Name MARIA I. SUESZ

Personally known ☒ or produced identification _____

Type of identification produced: _____

My Commission Expires: 7-26-2014





BOARD OF COUNTY COMMISSIONERS

INDEPENDENT AUDITORS' REPORT

March 3, 2014

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

Report on the Financial Statements

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the ***Indian River County, Florida Board of County Commissioners (the "Board")***, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the funds of the ***Board of County Commissioners*** as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Board of County Commissioners and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014 on our consideration of the ***Board of County Commissioners*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ***Board of County Commissioners*** internal control over financial reporting and compliance.

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

Indian River County, Florida
Board of County Commissioners
Balance Sheet
Governmental Funds
September 30, 2013

	General	Impact Fees	Secondary Roads Construction
ASSETS			
Cash and cash equivalents	\$ 44,540,575	\$ 17,916,841	\$ 14,399,563
Accounts receivable	523,239	-	-
Special assessments receivable	-	-	-
Due from other funds	1,412,853	-	-
Due from other governments	3,379,221	107,486	287,929
Interest receivable	19,165	6,858	5,558
Inventories	38,534	-	-
Prepaid expenses	60,277	-	-
Advances to other funds	1,112,427	-	-
Total assets	<u>\$ 51,086,291</u>	<u>\$ 18,031,185</u>	<u>\$ 14,693,050</u>
LIABILITIES			
Accounts payable	\$ 996,538	\$ 386,800	\$ 1,501,314
Retainage payable	-	565,049	81,742
Due to other funds	-	-	-
Due to other governments	8,465	63,216	-
Unearned revenues	169,392	-	-
Other deposits	31,308	-	-
Total liabilities	<u>1,205,703</u>	<u>1,015,065</u>	<u>1,583,056</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	38,534	-	-
Prepaid items	60,277	-	-
Advances to other funds	1,112,427	-	-
Restricted for:			
Transportation/road improvements	-	9,954,310	13,109,994
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	499,166	-
Fire/emergency services	-	1,228,245	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	590,970	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Capital projects	-	1,411,963	-
Dodgertown repairs/improvements	-	-	-
Solid waste projects	-	25,875	-
Parks/recreational projects	1,000,000	3,305,591	-
Committed to:			
Economic incentives	2,323,013	-	-
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	3,832	-	-
Parks/recreational projects	43,234	-	-
Assigned to:			
Subsequent year's budget appropriation of fund balance	900,000	-	-
Transportation/road improvements	-	-	-
Unassigned			
	44,399,271	-	-
Total fund balances	<u>\$ 49,880,588</u>	<u>\$ 17,016,120</u>	<u>\$ 13,109,994</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 51,086,291</u>	<u>\$ 18,031,185</u>	<u>\$ 14,693,050</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
\$ 8,467,140	\$ 9,743,852	\$ 45,471,581	\$ 18,728,768	\$ 159,268,320
156	3,296	-	-	526,691
298,361	-	-	-	298,361
-	-	-	-	1,412,853
230,683	229,639	10,413,615	600,682	15,249,255
145,257	4,009	17,662	6,734	205,243
-	-	-	-	38,534
-	10,645	-	7,200	78,122
-	-	-	-	1,112,427
<u>\$ 9,141,597</u>	<u>\$ 9,991,441</u>	<u>\$ 55,902,858</u>	<u>\$ 19,343,384</u>	<u>\$ 178,189,806</u>
\$ 336,901	\$ 589,926	\$ 2,744,699	\$ 692,603	\$ 7,248,781
2,624	-	714,296	27,209	1,390,920
-	-	-	455,000	455,000
-	-	-	-	71,681
1,750	18,920	-	3,135	193,197
-	-	-	-	31,308
<u>341,275</u>	<u>608,846</u>	<u>3,458,995</u>	<u>1,177,947</u>	<u>9,390,887</u>
<u>440,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,587</u>
<u>440,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,587</u>
-	-	-	-	38,534
-	10,645	-	7,200	78,122
-	-	-	-	1,112,427
-	-	-	-	23,064,304
-	-	-	1,109,142	1,109,142
-	-	-	1,193,022	1,193,022
-	-	-	2,020,856	2,520,022
-	8,871,950	-	-	10,100,195
-	-	-	356,409	356,409
-	-	-	5,986,911	5,986,911
-	-	-	1,140,627	1,140,627
-	-	-	99,168	690,138
-	-	-	212,171	212,171
-	-	-	1,799,899	1,799,899
-	-	-	2,629,854	2,629,854
-	-	52,443,863	-	53,855,826
-	-	-	846,201	846,201
-	-	-	-	25,875
-	-	-	-	4,305,591
-	-	-	-	2,323,013
-	-	-	1,103,200	1,103,200
-	-	-	-	3,832
-	-	-	-	43,234
-	500,000	-	-	1,400,000
8,359,735	-	-	-	8,359,735
-	-	-	(339,223)	44,060,048
<u>\$ 8,359,735</u>	<u>\$ 9,382,595</u>	<u>\$ 52,443,863</u>	<u>\$ 18,165,437</u>	<u>\$ 168,358,332</u>
<u>\$ 9,141,597</u>	<u>\$ 9,991,441</u>	<u>\$ 55,902,858</u>	<u>\$ 19,343,384</u>	<u>\$ 178,189,806</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, 2013

	<u>General</u>	<u>Impact Fees</u>	<u>Secondary Roads Construction</u>
REVENUES			
Taxes	\$ 46,721,964	\$ -	\$ 3,303,751
Permits, fees and special assessments	9,010,223	3,214,992	91,136
Intergovernmental	14,212,857	726,779	1,745,127
Charges for services	4,888,263	-	-
Judgments, fines and forfeits	345,320	-	-
Interest	169,004	60,387	42,234
Miscellaneous	1,004,638	184,518	687,249
Total revenues	<u>76,352,269</u>	<u>4,186,676</u>	<u>5,869,497</u>
EXPENDITURES			
Current:			
General government	9,088,931	260,520	-
Public safety	4,210,752	1,142,356	-
Physical environment	235,111	-	-
Transportation	4,685,702	6,961,531	5,432,749
Economic environment	368,786	-	-
Human services	3,625,268	-	-
Culture/recreation	7,972,993	1,613,204	-
Court related	198,738	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>30,386,281</u>	<u>9,977,611</u>	<u>5,432,749</u>
Excess of revenues over (under) expenditures	45,965,988	(5,790,935)	436,748
OTHER FINANCING SOURCES (USES)			
Transfers in	133,199	-	-
Transfers out	(9,882,584)	-	-
Transfers to constitutional officers	(40,530,839)	(321,031)	-
Total other financing sources (uses)	<u>(50,280,224)</u>	<u>(321,031)</u>	<u>-</u>
Net change in fund balances	(4,314,236)	(6,111,966)	436,748
Fund balances at beginning of year	<u>54,194,824</u>	<u>23,128,086</u>	<u>12,673,246</u>
Fund balances at end of year	<u>\$ 49,880,588</u>	<u>\$ 17,016,120</u>	<u>\$ 13,109,994</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
\$ -	\$ 17,146,131	\$ 14,422,829	\$ 6,410,747	\$ 88,005,422
132,937	-	45,568	274,988	12,769,844
2,719,157	60,620	1,392,962	6,601,705	27,459,207
117,224	5,488,112	-	774,090	11,267,689
-	11,600	-	119,477	476,397
36,824	45,571	138,786	59,427	552,233
806,299	16,296	416,131	625,541	3,740,672
<u>3,812,441</u>	<u>22,768,330</u>	<u>16,416,276</u>	<u>14,865,975</u>	<u>144,271,464</u>
267,631	-	-	691,925	10,309,007
-	24,968,230	-	355,501	30,676,839
474,551	-	-	62,280	771,942
10,914,008	-	-	229,239	28,223,229
-	-	-	2,212,615	2,581,401
-	-	-	3,327,192	6,952,460
-	-	-	1,952,612	11,538,809
-	-	-	550,754	749,492
-	-	-	6,050,000	6,050,000
-	-	-	2,118,704	2,118,704
-	-	13,037,552	-	13,037,552
<u>11,656,190</u>	<u>24,968,230</u>	<u>13,037,552</u>	<u>17,550,822</u>	<u>113,009,435</u>
(7,843,749)	(2,199,900)	3,378,724	(2,684,847)	31,262,029
7,459,882	-	-	2,987,214	10,580,295
-	-	(600,000)	(133,199)	(10,615,783)
-	(336,797)	(817,655)	(327,710)	(42,334,032)
<u>7,459,882</u>	<u>(336,797)</u>	<u>(1,417,655)</u>	<u>2,526,305</u>	<u>(42,369,520)</u>
(383,867)	(2,536,697)	1,961,069	(158,542)	(11,107,491)
<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>8,359,735</u>	\$ <u>9,382,595</u>	\$ <u>52,443,863</u>	\$ <u>18,165,437</u>	\$ <u>168,358,332</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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 45,900,567	\$ 45,900,566	\$ 46,721,964	\$ 821,398
Permits and fees	8,399,900	8,399,900	9,010,223	610,323
Intergovernmental	10,165,137	14,135,818	14,212,857	77,039
Charges for services	5,122,851	5,191,593	4,888,263	(303,330)
Judgments, fines and forfeits	292,790	292,790	345,320	52,530
Interest	256,975	256,975	169,004	(87,971)
Miscellaneous	467,252	715,600	1,004,638	289,038
Total revenues	<u>70,605,472</u>	<u>74,893,242</u>	<u>76,352,269</u>	<u>1,459,027</u>
EXPENDITURES				
Current:				
General government	9,051,381	9,799,972	9,088,931	711,041
Public safety	4,200,981	4,492,872	4,210,752	282,120
Physical environment	256,204	293,453	235,111	58,342
Transportation	786,859	5,170,966	4,685,702	485,264
Economic environment	369,164	371,657	368,786	2,871
Human services	3,959,071	4,008,633	3,625,268	383,365
Culture/recreation	7,844,612	8,438,476	7,972,993	465,483
Court related	212,837	229,634	198,738	30,896
Total expenditures	<u>26,681,109</u>	<u>32,805,663</u>	<u>30,386,281</u>	<u>2,419,382</u>
Excess of revenues over expenditures	43,924,363	42,087,579	45,965,988	3,878,409
OTHER FINANCING SOURCES (USES)				
Transfers in	-	133,200	133,199	(1)
Transfers out	(7,607,584)	(9,882,584)	(9,882,584)	-
Transfers to constitutional officers	(40,651,817)	(40,814,814)	(40,530,839)	283,975
Total other financing uses	<u>(48,259,401)</u>	<u>(50,564,198)</u>	<u>(50,280,224)</u>	<u>283,974</u>
Net change in fund balances	(4,335,038)	(8,476,619)	(4,314,236)	<u>\$ 4,162,383</u>
Fund balances at beginning of year	<u>4,335,038</u>	<u>8,476,619</u>	<u>54,194,824</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,880,588</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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 1,684,872	\$ 1,684,872	\$ 3,214,992	\$ 1,530,120
Intergovernmental	-	265,000	726,779	461,779
Interest	117,750	117,750	60,387	(57,363)
Miscellaneous	-	-	184,518	184,518
Total revenues	<u>1,802,622</u>	<u>2,067,622</u>	<u>4,186,676</u>	<u>2,119,054</u>
EXPENDITURES				
Current:				
General government	748,164	573,623	260,520	313,103
Public safety	190,000	2,889,868	1,142,356	1,747,512
Physical environment	26,000	26,000	-	26,000
Transportation	5,260,613	10,747,366	6,961,531	3,785,835
Culture/recreation	2,865,455	5,080,360	1,613,204	3,467,156
Total expenditures	<u>9,090,232</u>	<u>19,317,217</u>	<u>9,977,611</u>	<u>9,339,606</u>
Excess of revenues over (under) expenditures	(7,287,610)	(17,249,595)	(5,790,935)	11,458,660
OTHER FINANCING USES				
Transfers to constitutional officers	-	(321,031)	(321,031)	-
Total other financing uses	<u>-</u>	<u>(321,031)</u>	<u>(321,031)</u>	<u>-</u>
Net change in fund balances	(7,287,610)	(17,570,626)	(6,111,966)	\$ <u>11,458,660</u>
Fund balances at beginning of year	<u>7,287,610</u>	<u>17,570,626</u>	<u>23,128,086</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>17,016,120</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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 3,168,250	\$ 3,168,250	\$ 3,303,751	\$ 135,501
Permits, fees and special assessments	-	69,156	91,136	21,980
Intergovernmental	-	2,372,673	1,745,127	(627,546)
Interest	52,250	52,250	42,234	(10,016)
Miscellaneous	-	-	687,249	687,249
Total revenues	<u>3,220,500</u>	<u>5,662,329</u>	<u>5,869,497</u>	<u>207,168</u>
EXPENDITURES				
Current:				
Transportation	<u>6,655,887</u>	<u>11,390,304</u>	<u>5,432,749</u>	<u>5,957,555</u>
Total expenditures	<u>6,655,887</u>	<u>11,390,304</u>	<u>5,432,749</u>	<u>5,957,555</u>
Net change in fund balances	(3,435,387)	(5,727,975)	436,748	\$ <u>6,164,723</u>
Fund balances at beginning of year	<u>3,435,387</u>	<u>5,727,975</u>	<u>12,673,246</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,109,994</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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Permits, fees and special assessments	\$ 118,750	\$ 118,750	\$ 132,937	\$ 14,187
Intergovernmental	2,251,500	2,471,500	2,719,157	247,657
Charges for services	96,425	96,425	117,224	20,799
Interest	49,875	49,875	36,824	(13,051)
Miscellaneous	834,850	836,425	806,299	(30,126)
Total revenues	3,351,400	3,572,975	3,812,441	239,466
EXPENDITURES				
Current:				
General government	269,600	273,039	267,631	5,408
Physical environment	581,708	611,784	474,551	137,233
Transportation	11,229,974	12,003,916	10,914,008	1,089,908
Total expenditures	12,081,282	12,888,739	11,656,190	1,232,549
Excess of revenues under expenditures	(8,729,882)	(9,315,764)	(7,843,749)	1,472,015
OTHER FINANCING SOURCES				
Transfers in	7,459,882	7,459,882	7,459,882	-
Total other financing sources	7,459,882	7,459,882	7,459,882	-
Net change in fund balances	(1,270,000)	(1,855,882)	(383,867)	\$ 1,472,015
Fund balances at beginning of year	1,270,000	1,855,882	8,743,602	
Fund balances at end of year	\$ -	\$ -	\$ 8,359,735	

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 16,908,731	\$ 16,908,731	\$ 17,146,131	\$ 237,400
Intergovernmental	38,000	77,936	60,620	(17,316)
Charges for services	4,506,325	4,656,325	5,488,112	831,787
Judgments, fines and forfeits	950	950	11,600	10,650
Interest	87,875	87,875	45,571	(42,304)
Miscellaneous	19,371	20,732	16,296	(4,436)
Total revenues	<u>21,561,252</u>	<u>21,752,549</u>	<u>22,768,330</u>	<u>1,015,781</u>
EXPENDITURES				
Current:				
Public safety	<u>24,681,406</u>	<u>25,878,175</u>	<u>24,968,230</u>	<u>909,945</u>
Total expenditures	<u>24,681,406</u>	<u>25,878,175</u>	<u>24,968,230</u>	<u>909,945</u>
Excess of revenues over (under) expenditures	(3,120,154)	(4,125,626)	(2,199,900)	1,925,726
OTHER FINANCING USES				
Transfers to constitutional officers	<u>(395,018)</u>	<u>(395,018)</u>	<u>(336,797)</u>	<u>58,221</u>
Total other financing uses	<u>(395,018)</u>	<u>(395,018)</u>	<u>(336,797)</u>	<u>58,221</u>
Net change in fund balances	(3,515,172)	(4,520,644)	(2,536,697)	\$ <u>1,983,947</u>
Fund balances at beginning of year	<u>3,515,172</u>	<u>4,520,644</u>	<u>11,919,292</u>	
Fund balances at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,382,595</u>	

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

Indian River County, Florida
Board of County Commissioners
Statement of Fund Net Position
Proprietary Funds
September 30, 2013

	Enterprise Funds					
	Solid Waste Disposal District	Golf Course	County Utilities	County Building	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 10,587,383	\$ 458,535	\$ 43,832,875	\$ 4,734,030	\$ 59,612,823	\$ 34,533,716
Accounts receivable - net	156,657	-	2,477,563	-	2,634,220	134,233
Due from other governments	101,926	11,000	349,638	-	462,564	112,432
Interest receivable	9,758	423	554,613	3,155	567,949	21,718
Inventories	-	55,083	848,905	-	903,988	176,960
Prepaid items	-	595	218,557	-	219,152	1,226,023
Current restricted assets:						
Cash and cash equivalents	14,295,593	-	29,387,255	-	43,682,848	-
Total current assets	25,151,317	525,636	77,669,406	4,737,185	108,083,544	36,205,082
Non-current assets:						
Capital assets- non-depreciable	22,726,813	6,705,768	12,701,347	-	42,133,928	-
Capital assets-depreciable	21,813,929	2,353,176	406,820,447	367,689	431,355,241	1,125,695
Accumulated depreciation	(9,528,840)	(1,873,546)	(210,462,840)	(337,201)	(222,202,427)	(912,296)
Non-current restricted assets:						
Special assessments receivable	-	-	837,768	-	837,768	-
Impact fees receivable	-	-	775,824	-	775,824	-
Liens receivable	-	-	3,155,552	-	3,155,552	-
Total non-current assets	35,011,902	7,185,398	213,828,098	30,488	256,055,886	213,399
Total assets	60,163,219	7,711,034	291,497,504	4,767,673	364,139,430	36,418,481
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts on refundings	-	-	2,506,911	-	2,506,911	-
Total deferred outflows of resources	-	-	2,506,911	-	2,506,911	-
LIABILITIES						
Current liabilities (payable from current assets):						
Accounts payable	1,360,470	41,868	1,881,612	42,631	3,326,581	119,427
Retainage payable	79,755	-	138,574	-	218,329	-
Claims payable	-	-	-	-	-	2,197,855
Due to other funds	-	640,853	-	-	640,853	317,000
Due to other governments	-	7,287	2,827,524	15,304	2,850,115	-
Unearned revenues	-	30,744	-	-	30,744	-
Other deposits	-	1,000	-	-	1,000	-
Pollution remediation costs payable	-	-	5,167	-	5,167	-
Accrued compensated absences	36,864	20,742	503,212	55,498	616,316	31,993
Total current liabilities (payable from current assets)	1,477,089	742,494	5,356,089	113,433	7,689,105	2,666,275
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	106,718	-	106,718	-
Retainage payable	-	-	26,557	-	26,557	-
Accrued interest payable	-	-	161,454	-	161,454	-
Bonds payable	-	-	3,350,000	-	3,350,000	-
Customer deposits	131,126	-	2,852,268	-	2,983,394	-
Total current liabilities (payable from restricted assets)	131,126	-	6,496,997	-	6,628,123	-
Total current liabilities	1,608,215	742,494	11,853,086	113,433	14,317,228	2,666,275
Non-current liabilities:						
Accrued compensated absences	2,163	31,396	129,168	35,589	198,316	21,834
Advance from other funds	-	1,112,427	-	-	1,112,427	-
Claims payable	-	-	-	-	-	5,876,145
Pollution remediation costs payable	-	-	5,333	-	5,333	-
Closure and maintenance costs payable	11,011,736	-	-	-	11,011,736	-
Bonds payable - net of discount and premium	-	-	39,670,793	-	39,670,793	-
Total non-current liabilities	11,013,899	1,143,823	39,805,294	35,589	51,998,605	5,897,979
Total liabilities	12,622,114	1,886,317	51,658,380	149,022	66,315,833	8,564,254
NET POSITION						
Net investment in capital assets	35,011,902	7,185,398	168,545,072	30,488	210,772,860	213,399
Restricted for:						
Capital projects	-	-	20,871,037	-	20,871,037	-
Unrestricted	12,529,203	(1,360,681)	52,929,926	4,588,163	68,686,611	27,640,828
Total net position	\$ 47,541,105	\$ 5,824,717	\$ 242,346,035	\$ 4,618,651	\$ 300,330,508	\$ 27,854,227

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, 2013

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
OPERATING REVENUES		
Charges for services	\$ 9,998,410	\$ 3,072,332
Charges for services pledged as security for revenue bonds	-	-
Total operating revenues	<u>9,998,410</u>	<u>3,072,332</u>
OPERATING EXPENSES		
Personal services	505,556	497,147
Material, supplies, services and other operating	9,058,346	1,704,741
Depreciation	840,661	122,648
Total operating expenses	<u>10,404,563</u>	<u>2,324,536</u>
Operating income (loss)	(406,153)	747,796
NONOPERATING REVENUES (EXPENSES)		
Interest income	85,812	2,555
Interest income pledged as security for revenue bonds	-	-
Gain on disposal of equipment	-	430
Interest expense	-	(87,645)
Bond amortization expense	-	(125,344)
Loss on disposal of equipment	(580)	-
Total nonoperating revenues (expenses)	<u>85,232</u>	<u>(210,004)</u>
Income (loss) before transfers and capital contributions	(320,921)	537,792
Capital contributions	-	-
Transfers	-	-
Change in net position	<u>(320,921)</u>	<u>537,792</u>
Total net position - beginning	<u>47,862,026</u>	<u>5,286,925</u>
Total net position - ending	<u>\$ 47,541,105</u>	<u>\$ 5,824,717</u>

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

County Utilities	County Building	Total	Internal Service Funds
\$ -	\$ 2,018,104	\$ 15,088,846	\$ 22,224,942
<u>28,522,667</u>	<u>-</u>	<u>28,522,667</u>	<u>-</u>
<u>28,522,667</u>	<u>2,018,104</u>	<u>43,611,513</u>	<u>22,224,942</u>
7,352,824	1,082,207	9,437,734	1,870,705
9,935,957	456,907	21,155,951	19,366,204
14,424,758	8,701	15,396,768	144,452
<u>31,713,539</u>	<u>1,547,815</u>	<u>45,990,453</u>	<u>21,381,361</u>
(3,190,872)	470,289	(2,378,940)	843,581
-	13,473	101,840	94,566
325,201	-	325,201	-
37,382	-	37,812	1,021
(2,070,241)	-	(2,157,886)	-
(24,209)	-	(149,553)	-
(7,760)	-	(8,340)	-
<u>(1,739,627)</u>	<u>13,473</u>	<u>(1,850,926)</u>	<u>95,587</u>
(4,930,499)	483,762	(4,229,866)	939,168
4,700,473	-	4,700,473	-
-	-	-	35,488
<u>(230,026)</u>	<u>483,762</u>	<u>470,607</u>	<u>974,656</u>
242,576,061	4,134,889	299,859,901	26,879,571
<u>\$ 242,346,035</u>	<u>\$ 4,618,651</u>	<u>\$ 300,330,508</u>	<u>\$ 27,854,227</u>

Indian River County, Florida
Board of County Commissioners
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	Enterprise Funds	
	Solid Waste Disposal District	Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,957,112	\$ 3,073,524
Cash paid to suppliers for goods and services	(9,173,152)	(1,801,690)
Cash paid to employees for services	(508,802)	(488,044)
Net cash provided by (used in) operating activities	<u>275,158</u>	<u>783,790</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Proceeds from advances from other funds	-	1,564,999
Payments on advances from other funds	-	(309,809)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>1,255,190</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments - bonds/notes	-	(2,120,000)
Interest paid on long-term debt	-	(94,106)
Proceeds from sales of capital assets	-	430
Purchase of capital assets	(4,107,648)	(23,410)
Bond paying agent and arbitrage fees	-	-
Capital grants and contributions	-	-
Net cash provided by (used in) capital and related financing activities	<u>(4,107,648)</u>	<u>(2,237,086)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	<u>85,662</u>	<u>2,570</u>
Net cash provided by investing activities	<u>85,662</u>	<u>2,570</u>
Net increase (decrease) in cash and cash equivalents	(3,746,828)	(195,536)
Cash and cash equivalents at beginning of year	<u>28,629,804</u>	<u>654,071</u>
Cash and cash equivalents at end of year	<u>\$ 24,882,976</u>	<u>\$ 458,535</u>
Classified as:		
Current assets	\$ 10,587,383	\$ 458,535
Restricted assets	<u>14,295,593</u>	<u>-</u>
Totals	<u>\$ 24,882,976</u>	<u>\$ 458,535</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>
\$ 28,731,963	\$ 2,018,104	\$ 43,780,703	\$ 23,673,576
(8,660,180)	(433,481)	(20,068,503)	(19,457,018)
(7,395,611)	(1,090,111)	(9,482,568)	(1,861,848)
<u>12,676,172</u>	<u>494,512</u>	<u>14,229,632</u>	<u>2,354,710</u>
-	-	-	35,488
-	-	1,564,999	92,000
-	-	(309,809)	-
<u>-</u>	<u>-</u>	<u>1,255,190</u>	<u>127,488</u>
(3,205,000)	-	(5,325,000)	-
(2,080,951)	-	(2,175,057)	-
37,382	-	37,812	1,021
(3,523,222)	(8,233)	(7,662,513)	(5,760)
(1,250)	-	(1,250)	-
2,705,139	-	2,705,139	-
<u>(6,067,902)</u>	<u>(8,233)</u>	<u>(12,420,869)</u>	<u>(4,739)</u>
<u>296,576</u>	<u>12,423</u>	<u>397,231</u>	<u>88,762</u>
<u>296,576</u>	<u>12,423</u>	<u>397,231</u>	<u>88,762</u>
6,904,846	498,702	3,461,184	2,566,221
<u>66,315,284</u>	<u>4,235,328</u>	<u>99,834,487</u>	<u>31,967,495</u>
<u>\$ 73,220,130</u>	<u>\$ 4,734,030</u>	<u>\$ 103,295,671</u>	<u>\$ 34,533,716</u>
\$ 43,832,875	\$ 4,734,030	\$ 59,612,823	\$ 34,533,716
29,387,255	-	43,682,848	-
<u>\$ 73,220,130</u>	<u>\$ 4,734,030</u>	<u>\$ 103,295,671</u>	<u>\$ 34,533,716</u>

Continued

Indian River County, Florida
Board of County Commissioners
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	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)	\$ (406,153)	\$ 747,796
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	840,661	122,648
Capitalized self-incurred expenses	-	-
(Increase) Decrease in assets:		
Accounts receivable	(42,837)	-
Due from other governments	(2,961)	100
Inventories	-	1,590
Liens receivable	-	-
Impact fees receivable	-	-
Special assessments receivable	-	-
Prepaid items	-	(595)
Increase (Decrease) in liabilities:		
Accounts payable	(612,806)	(97,460)
Due to other governments	-	(484)
Retainage payable	-	-
Customer deposits	4,500	-
Closure and maintenance costs payable	498,000	-
Pollution remediation costs payable	-	-
Unearned revenues	-	1,092
Accrued compensated absences	(3,246)	9,103
Total adjustments	681,311	35,994
Net cash provided by (used in) operating activities	\$ 275,158	\$ 783,790
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in fair value of investments	\$ 6,829	\$ 296
Contributed property, infrastructure and equipment	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 86,302	\$ -

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>
\$ (3,190,872)	\$ 470,289	\$ (2,378,940)	\$ 843,581
14,424,758	8,701	15,396,768	144,452
(2,329)	-	(2,329)	-
330,621	-	287,784	1,434,102
4,331	-	1,470	14,532
44,901	-	46,491	41,236
(335,987)	-	(335,987)	-
(36,039)	-	(36,039)	-
169,652	-	169,652	-
(6,699)	-	(7,294)	(48,585)
1,220,991	22,668	533,393	(83,465)
(6,422)	758	(6,148)	-
14,884	-	14,884	-
83,140	-	87,640	-
-	-	498,000	-
1,700	-	1,700	-
-	-	1,092	-
(40,458)	(7,904)	(42,505)	8,857
15,867,044	24,223	16,608,572	1,511,129
\$ <u>12,676,172</u>	\$ <u>494,512</u>	\$ <u>14,229,632</u>	\$ <u>2,354,710</u>

\$ 31,396	\$ 2,208	\$ 40,729	\$ 15,200
\$ 1,705,822	\$ -	\$ 1,705,822	\$ -
\$ 814,080	\$ 8,233	\$ 908,615	\$ -

Indian River County, Florida
Board of County Commissioners
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2013

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
ASSETS		
Cash and cash equivalents	\$ 2,536,400	\$ -
Investments, at fair value:		
Index funds	-	5,839,900
U.S. government securities funds	-	4,805,380
Prime money market fund	-	926,688
Total assets	<u>\$ 2,536,400</u>	<u>11,571,968</u>
 LIABILITIES		
Accounts payable	\$ 388,908	-
Other deposits held in escrow	<u>2,147,492</u>	<u>-</u>
Total liabilities	<u>\$ 2,536,400</u>	<u>-</u>
 NET POSITION		
Net position restricted for other postemployment benefits		<u>11,571,968</u>
Total net position		<u>\$ 11,571,968</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, 2013

ADDITIONS

Employer contributions	\$ 2,965,251
Investment income	928,354
Investment expense	<u>(1,950)</u>
Total additions	<u>3,891,655</u>

DEDUCTIONS

Benefits payments	<u>1,693,734</u>
Total deductions	<u>1,693,734</u>

Change in net position	2,197,921
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Net position - beginning	<u>9,374,047</u>
Net position - ending	<u>\$ 11,571,968</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, 2013

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, 2013

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

Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Fund Financial Statements – Continued

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

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

Proprietary Funds

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

Proprietary 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, 2013

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 accounted for and reported in another fund.

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

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

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

Emergency Services District Fund – The Emergency Services District Fund accounts for the expenditures of providing fire protection and advanced life support to the County. Ad valorem taxes are the primary source of revenue.

Optional Sales Tax Fund – The Optional Sales Tax Fund accounts for revenue generated by the local option one-cent sales tax and some capital grants that use the local option one-cent sales tax as matching funds. Monies are used for various capital projects.

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, 2013

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, , Fund B Surplus Funds Trust Fund (Fund B), 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 Fund B 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, 2013, 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, 2013.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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 Golf Course and Fleet Internal Service Fund’s inventories which are valued using the average cost method of accounting. Inventories of all funds are recorded as expenditures (expenses) when consumed rather than when purchased.

G. 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. 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 and Comptroller, Property Appraiser, Supervisor of Elections and Tax Collector, and is accountable for them under Florida Law.

Capital assets used by the Board’s governmental funds are reported in the financial statements of the County. Capital assets of the Board’s enterprise and internal service funds are reported in the Proprietary Funds’ financial statements.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. 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

I. Capitalization of Interest

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

J. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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, which 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. 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.

L. 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.

M. 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.

N. 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.

O. 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, 2013.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

P. 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, 2013

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, 2013, the carrying value of the Board's deposits was \$21,722,245 and the bank balance was \$22,875,693. 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, 2013 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, 2013, accrued interest for the Board's portfolio totaled \$145,828 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, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

C. Investments

On November 5, 2013, 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, 2013, the Board had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>	<u>Portfolio Percentage</u>	<u>Credit Risks*</u>
<u>Fixed Rate Debt Instruments:</u>				
U.S. Treasuries	\$ 107,038,012	1.17	38.52 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	48,012,190	1.22	17.28	AA+
Federal Home Loan Bank	38,987,528	0.72	14.03	AA+
Federal Home Loan Mortgage	15,993,511	1.07	5.76	AA+
Federal National Mortgage Assoc.	14,989,340	1.38	5.39	AA+
<u>Other Fixed Rate Investments:</u>				
Fund B Surplus Funds Trust Fund	258,489	4.04	0.09	Not Rated
Florida Local Government				AAAf and
Investment Trust Fund	10,978,126	0.08	3.95	S-1**
<u>Other Market Rate Investments:</u>				
Regions Bank Money Market	13,050,363	0.08	4.70	N/A
Suntrust Bank NOW Account	12,090,687	0.08	4.35	N/A
Florida Trust Day to Day Fund	11,054,404	0.08	3.98	AAAm
<u>W&S Sinking Fund Reserve:</u>				
U.S. Treasuries	5,437,742	1.00	1.95	N/A
Fidelity Institutional Money Market	13,230	0.08	0.00	AAAm
Total Fair Value	\$ <u>277,903,622</u>		<u>100.00</u> %	
Weighted Average Maturity of Investments		<u>0.93</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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

C. Investments – Continued

At September 30, 2013, the Board had \$228,222 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 positive adjustment of 13.3% of the portfolio balance, or \$30,267. Consequently, the net investment in Fund B is reported at \$258,489.

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, 2013

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 10% of the portfolio may be placed in any one money market fund, mutual fund, or intergovernmental investment pool.

Custodial Credit Risk

The Board's investment policy pursuant to Section 218.415 (18), Florida Statutes, requires securities to be registered and held with a third party custodian. All securities purchased, as well as all collateral obtained, by the Board shall be held in the name of the Board. The securities must be held in an account separate and apart from the assets of the financial institution. As of September 30, 2013 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 November 5, 2013). 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, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

D. OPEB Trust Investments - Continued

The contribution of \$2.96 million for the year ended September 30, 2013 was invested in the various funds listed below. As of September 30, 2013, 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	\$ 32,198	0.15	0.28 %	AAAm
<u>Long-Term Portion:</u>				
Vanguard 500 Index	2,556,906	N/A	22.10	N/A
Vanguard All World Ex-US	2,346,217	N/A	20.28	N/A
Vanguard Mid Cap Index	620,459	N/A	5.36	N/A
Vanguard Small Cap Index	316,318	N/A	2.72	N/A
Vanguard Short Term Treasury	3,418,774	2.30	29.54	AA+
Vanguard Intermediate Treasury	1,148,802	5.60	9.93	AA+
Vanguard Prime Money Market	926,688	0.16	8.01	A-1
Vanguard Federal Money Market	205,606	0.16	1.78	A-1
Total Fair Value	\$ <u>11,571,968</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 2012-2013 fiscal year were levied in October 2012. 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, 2013

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 10/1/2012	\$ 139,633,250	\$ 194,250,031	\$ 37,006,694	\$ 3,157,906	\$ 358,380,255	\$ 28,185,641	\$ 760,613,777
Additions	1,131,465	3,121,561	1,210,660	339,230	11,866,202	23,680,349	41,349,467
Deletions	(50,880)	(38,950)	(1,761,884)	(298,204)	(549,379)	(14,818,243)	(17,517,540)
Balance 9/30/2013	<u>\$ 140,713,835</u>	<u>\$ 197,332,642</u>	<u>\$ 36,455,470</u>	<u>\$ 3,198,932</u>	<u>\$ 369,697,078</u>	<u>\$ 37,047,747</u>	<u>\$ 784,445,704</u>

Beginning balance amounts have been adjusted for equipment, intangibles, and building and improvements that are contributed to and reported by a grant sub-recipient. Beginning balance amounts have also been adjusted for infrastructure and constructions in progress previously only reported in the County Notes and are now being included in the Board Notes.

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

Enterprise Funds

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

	Land	Buildings And Improvements	Equipment	Intangibles	Construction In Progress	Total
Balance at 10/1/2012	\$21,286,010	\$ 420,211,502	\$ 14,467,383	\$ 2,338,458	\$ 6,535,099	\$ 464,838,452
Additions	-	1,951,916	585,608	29,795	7,091,663	9,658,982
Deletions	-	(1,529)	(730,846)	-	(275,890)	(1,008,265)
	<u>21,286,010</u>	<u>422,161,889</u>	<u>14,322,145</u>	<u>2,368,253</u>	<u>13,350,872</u>	<u>473,489,169</u>
Less:						-
Accumulated Depreciation	-	(208,946,932)	(12,692,380)	(563,115)	-	(222,202,427)
Balance at 9/30/2013	<u>\$21,286,010</u>	<u>\$ 213,214,957</u>	<u>\$ 1,629,765</u>	<u>\$ 1,805,138</u>	<u>\$ 13,350,872</u>	<u>\$ 251,286,742</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 4 – CAPITAL ASSETS - Continued

B. Proprietary Fund Type Capital Assets - Continued

Internal Service Funds

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

	Buildings And Improvements	Equipment	Intangibles	Total
Balance at 10/1/2012	\$ 18,152	\$ 406,087	\$ 695,695	\$ 1,119,934
Additions	-	5,761	-	5,761
	18,152	411,848	695,695	1,125,695
Less:				-
Accumulated Depreciation	(18,152)	(367,998)	(526,146)	(912,296)
Balance at 9/30/2013	\$ -	\$ 43,850	\$ 169,549	\$ 213,399

NOTE 5 – RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

	Solid Waste Disposal District	County Utilities	Total
Sinking funds	\$ -	\$ 6,195,428	\$ 6,195,428
Renewal and replacement	3,152,731	3,485,928	6,638,659
Customer deposits	131,126	2,852,268	2,983,394
Capital construction	-	16,853,631	16,853,631
Closure and maintenance cost	11,011,736	-	11,011,736
Total	\$ 14,295,593	\$ 29,387,255	\$ 43,682,848

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 6 – PAYABLE FROM RESTRICTED ASSETS

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

	Solid Waste		
	Disposal	County	
	District	Utilities	Total
Accounts payable	\$ -	\$ 106,718	\$ 106,718
Retainage payable	-	26,557	26,557
Accrued interest payable	-	161,454	161,454
Bonds payable (current portion)	-	3,350,000	3,350,000
Closure/maint. costs payable	11,011,736	-	11,011,736
Customer deposits	131,126	2,852,268	2,983,394
Total	<u>\$ 11,142,862</u>	<u>\$ 6,496,997</u>	<u>\$ 17,639,859</u>

NOTE 7 - INTERFUND BALANCES

Interfund balances at September 30, 2013, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 455,000
General Fund	Golf Course Enterprise Fund	640,853
General Fund	Fleet Internal Service Fund	317,000
		<u>\$ 1,412,853</u>

In October 2010, the General Fund loaned \$333,050 to the Golf Course Fund to purchase new golf carts. In September 2013, the General Fund loaned \$1,565,000 to the Golf Course Fund for early payoff of the 2003 Recreational Revenue Bonds. 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 2014. 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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 7 - INTERFUND BALANCES - Continued

Interfund advance at September 30, 2013, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Golf Course Fund	<u>\$1,112,427</u>

This amount is considered a long-term advance between major funds expected to be paid over the course of several years. This amount has been presented as nonspendable on the General Fund Balance Sheet.

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2013, consisted of the following:

		Transfers In:				
		General Fund	Transportation Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
<u>Transfers Out:</u>						
General Fund	\$	-	\$ 7,459,882	\$ 2,387,214	\$ 35,488	\$ 9,882,584
Optional Sales Tax Fund		-	-	600,000	-	600,000
Nonmajor Governmental Funds		133,199	-	-	-	133,199
Total	\$	<u>133,199</u>	<u>\$ 7,459,882</u>	<u>\$ 2,987,214</u>	<u>\$ 35,488</u>	<u>\$ 10,615,783</u>

Transfers are used for the following purposes: 1) use unrestricted general fund revenues to finance transportation activities which are accounted for in a special revenue fund, 2) use unrestricted general fund revenues for beach restoration activities which must be accounted for in another fund, 3) use unrestricted general fund revenues to 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, 5) to close a debt service fund due to payoff of a bond issue, and 6) to use capital project fund revenues for improvements to the Historic Dodgertown facility.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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	\$ 11,429,754
Less: Reimbursements received as of 9/30/2013	<u>(3,000,000)</u>
Balance Due from FDOT SR60 Agreement	8,429,754
Additional Funds Due from other governments	<u>1,983,861</u>
Total Due from other governments	<u>\$ 10,413,615</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 10 – ACCOUNTS PAYABLE

Accounts Payable at September 30, 2013, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total Accounts Payable</u>
Governmental Funds:			
General	\$ 734,328	\$ 262,210	\$ 996,538
Impact Fees	384,797	2,003	386,800
Secondary Roads Construction	1,495,570	5,744	1,501,314
Transportation	185,479	151,422	336,901
Emergency Services	118,205	471,721	589,926
Optional Sales Tax	2,744,699	-	2,744,699
Other Governmental	<u>674,490</u>	<u>18,113</u>	<u>692,603</u>
Total Governmental Funds	<u>\$ 6,337,568</u>	<u>\$ 911,213</u>	<u>\$ 7,248,781</u>
Proprietary Funds:			
Payable from current assets:			
Solid Waste	\$ 1,350,089	\$ 10,381	\$ 1,360,470
Golf Course	31,428	10,440	41,868
Utilities	1,717,409	164,203	1,881,612
Building	18,402	24,229	42,631
Other Proprietary	102,768	16,659	119,427
Payable from restricted assets:			
Utilities	<u>106,718</u>	<u>-</u>	<u>106,718</u>
Total Proprietary Funds	<u>\$ 3,326,814</u>	<u>\$ 225,912</u>	<u>\$ 3,552,726</u>

The Board has not engaged in any short-term debt activity during fiscal year 2013 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, 2013, the Board recorded these costs as a liability, Due to Other Governments, in the Utilities proprietary fund while awaiting FEMA's response to the appeal.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 11 - LONG-TERM LIABILITIES

A. Governmental Long-Term Debt

Changes in Long-Term Liabilities

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
Accrued Compensated Absences:	\$ 4,182,186	\$ 2,431,942	\$ 2,435,303	\$ 4,178,825
Bonds Payable:				
Limited General Obligation				
Bonds - 2006 Series	32,385,000	-	3,120,000	29,265,000
Spring Training Facility				
Revenue Bonds - 2001 Series	11,075,000	-	2,930,000	8,145,000
Total Bonds Payable	43,460,000	-	6,050,000	37,410,000
Grand Total	<u>\$ 47,642,186</u>	<u>\$ 2,431,942</u>	<u>\$ 8,485,303</u>	<u>\$ 41,588,825</u>

Of the \$4,178,825 liability for accrued compensated absences, management estimates that \$3,148,000 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Board since they are not payable from available spendable resources. They are reported in the financial statements of the County.

The Spring Training Facility Revenue Bonds were partially redeemed on September 30, 2013 in the amount of \$2,275,000. The purpose of the call was to eliminate the use of Half-Cent Sales Tax on future debt service payments. More information regarding this early call option is listed below under Spring Training Facility Revenue Bonds.

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
Year Ended September 30, 2013

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, 2013, 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
2014	\$ 3,255,000	\$ 1,367,463	\$ 445,000	\$ 418,075
2015	3,390,000	1,204,712	470,000	394,713
2016	3,545,000	1,035,212	495,000	370,037
2017	3,705,000	893,413	520,000	344,050
2018	3,890,000	745,212	550,000	316,750
2019-2023	11,480,000	1,029,138	2,475,000	1,136,162
2024-2028	-	-	1,870,000	619,250
2029-2031	-	-	1,320,000	132,250
Total	<u>29,265,000</u>	<u>6,275,150</u>	<u>8,145,000</u>	<u>3,731,287</u>
Less:				
Current portion	3,255,000	-	445,000	-
Add:				
Unamortized bond premium	722,489	-	-	-
Total	<u>\$ 26,732,489</u>	<u>\$ 6,275,150</u>	<u>\$ 7,700,000</u>	<u>\$ 3,731,287</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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 11 - LONG-TERM LIABILITIES – Continued

A. Governmental Long-Term Debt - Continued

Limited General Obligation Bonds - Continued

Bonds Issued - At September 30, 2013, 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, 2013</u>
Limited General Obligation Bonds, 2006 Series	4.00%-5.00% 1/1 and 7/1	2021	\$ 48,600,000	<u>\$ 29,265,000</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.

Spring Training Facility Revenue Bonds

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

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

1. Payments received by the Board from the State of Florida pursuant to Section 212.20, Florida Statutes; and
2. The Fourth Cent Tourist Development Tax levied by the County in Ordinance No. 2000-029, enacted pursuant to Section 125.0104(3)(1), Florida Statutes; and
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.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 11 - LONG-TERM LIABILITIES - Continued

A. Governmental Long-Term Debt – Continued

Spring Training Facility Revenue Bonds - Continued

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

The current principal and interest payments of \$1,221,332 represent sixteen percent of total pledged revenues. All three pledged revenue sources totaled \$7,656,378 for the current fiscal year. The Board applied 100% of the first two pledged revenues 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 \$11,876,287.

On September 30, 2013, the Board transferred \$2,275,000 from the General fund to pay down the principal. Excess debt service funds of \$59,387 were used to pay the related interest expense.

Bonds Issued - At September 30, 2013, 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, 2013</u>
Spring Training Facility Revenue Bonds, 2001 Series	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	<u>\$ 8,145,000</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.

The County redeemed the following amounts and maturity dates on September 30, 2013:

<u>Maturity Date</u>	<u>Amount</u>
April 1, 2014	\$ 240,000
April 1, 2015	255,000
April 1, 2016	265,000
April 1, 2017	275,000
April 1, 2018	290,000
April 1, 2019	305,000
April 1, 2020	315,000
April 2, 2021	<u>330,000</u>
Total Optional Redemption	\$2,275,000

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 11 - LONG-TERM LIABILITIES - Continued

A. Governmental Long-Term Debt – Continued

Spring Training Facility Revenue Bonds - Continued

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

Term Bonds due April 1, 2015

<u>Date</u>	<u>Principal Amount</u>
April 1, 2014	\$ 445,000
April 1, 2015	470,000

Term Bonds due April 1, 2017

<u>Date</u>	<u>Principal Amount</u>
April 1, 2016	\$ 495,000
April 1, 2017	520,000

Term Bonds due April 1, 2021

<u>Date</u>	<u>Principal Amount</u>
April 1, 2018	\$ 550,000
April 1, 2019	585,000
April 1, 2020	615,000
April 1, 2021	650,000

Term Bonds due April 1, 2027

<u>Date</u>	<u>Principal Amount</u>
April 1, 2022	\$ 305,000
April 1, 2023	320,000
April 1, 2024	340,000
April 1, 2025	355,000
April 1, 2026	375,000
April 1, 2027	390,000

Term Bonds due April 1, 2031

<u>Date</u>	<u>Principal Amount</u>
April 1, 2028	\$ 410,000
April 1, 2029	430,000
April 1, 2030	455,000
April 1, 2031	435,000

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 11 - LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long-Term Debt

Changes in Long-Term Liabilities

	Balance October 1, 2012		Additions		Deletions		Balance September 30, 2013
Accrued Compensated Absences	\$ 902,107	\$	679,522	\$	712,937	\$	868,692
Bonds Payable:							
Recreational Revenue Refunding Series 2003	2,120,000		-		2,120,000		-
Water & Sewer Revenue Refunding Series 2005	19,010,000		-		1,530,000		17,480,000
Water & Sewer Revenue Refunding Series 2009	24,760,000		-		1,675,000		23,085,000
Total Bonds Payable	45,890,000		-		5,325,000		40,565,000
Grand Total	\$ 46,792,107	\$	679,522	\$	6,037,937	\$	41,433,692

Annual Debt Service Payments

The annual debt service payments for bonds outstanding at September 30, 2013 are as follows:

Fiscal Year Ending September 30	Water and Sewer Revenue Refunding Bonds Series 2005		Water and Sewer Revenue Refunding Bonds Series 2009	
	Principal	Interest	Principal	Interest
2014	\$ 1,605,000	\$ 800,650	\$ 1,745,000	\$ 1,136,800
2015	1,670,000	736,450	1,815,000	1,067,000
2016	1,750,000	652,950	1,905,000	976,250
2017	1,840,000	565,450	2,000,000	881,000
2018	1,930,000	473,450	2,100,000	781,000
2019-2023	8,685,000	931,800	12,180,000	2,221,250
2024	-	-	1,340,000	67,000
Total	17,480,000	4,160,750	23,085,000	7,130,300
Less:				
Current portion	1,605,000	-	1,745,000	-
Add:				
Unamortized bond premium	548,858	-	1,906,935	-
Total	\$16,423,858	\$ 4,160,750	\$ 23,246,935	\$7,130,300

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 11 – LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long-Term Debt - Continued

Recreational (Golf Course) Revenue Refunding Bonds, Series 2003

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 were 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 Board elected to redeem 100% of the outstanding bonds in the amount of \$1,565,000, at par, on September 30, 2013 in addition to the regularly scheduled payment of \$555,000, which was due and payable on September 1, 2013.

At the time of the early call, \$417,500 of debt service reserve was released from restricted cash to operating cash. In addition, \$13,886 of the unamortized bond discount and \$82,645 of unamortized net economic gain was charged to bond amortization expense.

The Board has entered into an inter-fund loan agreement with the Golf Course to repay the General Fund \$1,565,000 at 2.5% over the next three years. The purpose of the inter-fund loan was to save the Golf Course \$44,944 of interest expense.

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% 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, 2013 is \$1,514,801 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 \$2,407,150 represent approximately eighteen percent of net revenues of \$13,741,700 of the utility system. The total principal and interest remaining to be paid on the bonds is \$21,640,750.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 11 – LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long Term Debt - Continued

Water and Sewer Revenue Refunding Bonds, Series 2005 - Continued

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, 2013, 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, 2013</u>
Water and Sewer Revenue Bonds, Series 2005	3-5% 3/1 and 9/1	2022	\$ 27,675,000	<u>\$ 17,480,000</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.

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, 2013 is \$992,110 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 \$2,878,800 represent approximately twenty one percent of net revenues of \$13,741,700 of the utility system. The total principal and interest remaining to be paid on the bonds is \$30,215,300

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 11 - LONG-TERM LIABILITIES - Continued

B. Proprietary Funds Long Term Debt – Continued

Water and Sewer Revenue Refunding Bonds, Series 2009 - Continued

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, 2013, the revenue bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2013
Water and Sewer Revenue Bonds, Series 2009	4-5% 3/1 and 9/1	2024	\$ 26,370,000	<u>\$ 23,085,000</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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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 \$3.3 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	61%	2030	\$ 7,101,947
Construction and Demolition - Cell I	90%	2023	1,136,866
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	2,588,435
Construction and Demolition - Cell I	N/A	N/A	184,488
Total account balance at 9/30/13:			<u>\$ 11,011,736</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, 2013, \$10,978,126 was on deposit at the Florida Local Government Investment Trust and \$33,610 was on deposit in the Board's Operating account.

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

	<u>Balance 10/01/12</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance 09/30/13</u>
Closure and long-term care costs	<u>\$ 10,513,736</u>	<u>\$ 498,000</u>	<u>\$ -</u>	<u>\$11,011,736</u>

Of the \$11,011,736 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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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 \$2,737,900 at September 30, 2013 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 \$2,640,000 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 \$11,200 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 \$3,000 and will be paid from a nonmajor fund, the Land Acquisition Fund.

Total governmental funds liability: \$2,727,400

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 \$10,500 and will be paid from the County Utilities Fund.

Total proprietary funds liability: \$10,500

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013 were as follows: regular class 6.95%, senior class 18.31%, special risk 19.06%, and elected official class 33.03%.

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, 2011, 2012 and 2013, were equal to 12.8%, 7.7%, and 9.1% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012, and 2013, were \$4,975,937, \$2,905,921 and \$3,397,021 respectively. Employee contributions for the fiscal years ended September 30, 2011, 2012, and 2013 were \$259,425, \$956,266, and \$919,672. 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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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 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, 2012 range from \$400 for Medicare participants to \$715 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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) – Continued

A. Plan Description – Continued

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

At October 1, 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 \$2,077 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 242-243. 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 100.

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, 2013, the County contributed \$2.96 million to the qualifying OPEB Trust. Plan members receiving benefits contributed \$1.7 million, or approximately 57 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. The contributions are paid by the fund(s) by which the participant is employed. Custodial and individual fund administrative fees are paid from the portfolio dividend and interest income.

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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued

C. Annual OPEB Cost and Net OPEB Obligation - Continued

	<u>FY 2012/2013</u>	<u>FY 2011/2012</u>	<u>FY 2010/2011</u>
Annual Required Contribution	\$ 2,965,251	\$ 2,828,452	\$ 2,948,682
Interest on Net OPEB Obligation	(20,909)	(12,323)	(22,381)
Adjustment to Annual Required Contribution	26,830	14,075	23,385
Annual OPEB Cost (expense)	<u>2,971,172</u>	<u>2,830,204</u>	<u>2,949,686</u>
Contributions	(2,950,097)	(2,962,301)	(2,819,540)
Change in Net OPEB Obligation	21,075	(132,097)	130,146
Net OPEB Obligation – beginning of year	(321,681)	(189,584)	(319,730)
Net OPEB Obligation – end of year	<u>\$ (300,606)</u>	<u>\$ (321,681)</u>	<u>\$ (189,584)</u>
Percentage of Annual OPEB Cost Contributed	99.29%	104.67%	95.59%

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 100), 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 six 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
Year Ended September 30, 2013

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - 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)	15 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 \$570,512 and lease expenditures totaled \$80,114 for the year ended September 30, 2013. 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>
2014	\$ 492,260
2015	493,573
2016	501,512
2017	488,966
2018	484,421
2019-2023	2,282,892
2024-2028	1,187,108
2029-2033	551,013
2034-2038	<u>134,900</u>
Total future minimum receipts:	<u>\$ 6,616,645</u>

The property being leased is reported in the financial statements of County and has a cost of \$29,077,088, and a carrying value of \$20,284,620. Current year depreciation on property being leased was \$474,346.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013:

<u>Year</u>	<u>Amount</u>
2014	\$ 80,588
2015	64,457
2016	65,894
2017	25,644
2018	25,344
2019-2023	7,500
2024-2028	7,500
2029-2033	7,500
2034-2038	6,300
2039-2043	4,500
2044-2048	4,500
2049-2053	3,000
2054-2058	2,100
2059-2063	1,500
2064-2068	1,500
2069-2073	1,500
2074-2076	1,200
Total future minimum lease payments:	<u>\$ 310,527</u>

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013, reserve amounts for those funds were:

	<u>Disaster Relief</u>	<u>Budget Stabilization</u>	<u>Total</u>
General Fund	\$ 5,100,000	\$ 5,100,000	\$ 10,200,000
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>\$ 7,200,000</u></u>	<u><u>\$ 7,200,000</u></u>	<u><u>\$ 14,400,000</u></u>

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

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

C. Spending Hierarchy

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

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 18 - FUND BALANCE DEFICIT

The following funds had a deficit in fund balance at September 30, 2013:

Fund	Deficit
Nonmajor Governmental Funds:	
Metropolitan Planning Organization Fund	\$ 284,024
Community Development Block Grant Fund	12,244
Community Development Block Grant NSP3 Grant Fund	34,303
Federal/State Grants Fund	1,452
Total Deficit	<u>\$ 332,023</u>

The deficits for these four funds will be eliminated by grant proceeds in fiscal year 2014.

NOTE 19 – NET POSITION

A. Restricted Net Position

The Board has established a restriction in the County Utilities Fund for capital projects related to an expansion of capacity within the water and sewer system. At September 30, 2013, this capital projects restriction is reported on the statement of fund net position of the proprietary funds in the amount of \$20,871,037.

Indian River County, Florida
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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>09/30/13</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 two health insurance reimbursements totaling \$108,123 in fiscal year 2013. In fiscal year 2012, the Board received one reimbursement for a liability claim in excess of the general liability limit, in the amount of \$134,820.

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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013, 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>
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
2012-2013	8,074,000	14,396,726	(14,396,726)	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, 2013, unrestricted net position of \$25,513,263 has been designated for this purpose. The Board has elected to accrue the larger of the discounted liability or undiscounted liability. At September 30, 2013, 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
Board of County Commissioners
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 21 - COMMITMENTS AND CONTINGENCIES - Continued

B. Contracts and Other Commitments

The Board has various contracts and commitments outstanding at September 30, 2013. In the General Fund, contracts are for janitorial services, beach park landscape and custodial maintenance, legislative consulting services and external auditing services. In the Special Revenue Funds, contracts are for the construction of Fire Station 13 in the southern part of the County on 4th Street and 43rd Avenue, Oslo Road Widening from 58th Avenue to 43rd Avenue (Phase III), 66th Avenue Roadway Improvements from 16th Street to 4th Street, County Road 512 Road Resurfacing (Eastbound) from Roseland Road to Easy Street, 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, 66th Avenue Roadway Improvements from State Road 60 to 49th Street, and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for the Reverse Osmosis Lime Slurry Injection Project, West Regional Wastewater Treatment Facility Anaerobic Tanks Odor Control System, Oslo Customer Convenience Center, South County Brine Disposal project and various other water and sewer projects.

A summary of these projects at September 30, 2013, is as follows:

	<u>Total Contract Price</u>	<u>Total Paid as of September 30, 2013</u>	<u>Remaining Balance at September 30, 2013</u>
General	\$ 745,826	\$ (340,818)	\$ 405,008
Special Revenue	33,916,790	(19,812,897)	14,103,893
Capital Projects	23,485,546	(9,514,568)	13,970,978
Enterprise	13,795,601	(5,119,967)	8,675,634
Internal Service	<u>119,767</u>	<u>-</u>	<u>119,767</u>
Total	\$ <u>72,063,530</u>	\$ <u>(34,788,250)</u>	\$ <u>37,275,280</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.

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the ***Indian River County, Florida Board of County of Commissioners*** (the “Board”), as of and for the year ended September 30, 2013, which collectively comprise the Board’s fund financial statements and have issued our report thereon dated March 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

Effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Vero Beach, Florida
March 3, 2014

MANAGEMENT LETTER

March 3, 2014

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, Florida Board of County Commissioners*** (the “Board”) as of and for the year ended September 30, 2013 and have issued our report thereon dated March 3, 2014.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. 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 3, 2014, 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 governs 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.

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 report. There were no findings and recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Board of County Commissioners 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 make any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The Honorable Board of County Commissioners
Indian River County, Florida
March 3, 2014
Page 2

Section 10.554(1)(i)5., *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 disclosure has been included in the notes to the financial statements.

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, and is not intended to be and should not be used by anyone other than these specified parties.

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



**CLERK OF THE CIRCUIT COURT AND
COMPTROLLER**

INDEPENDENT AUDITORS' REPORT

March 3, 2014

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

Report on the Financial Statements

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Clerk of Court* (the "Clerk"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Clerk's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Clerk as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Clerk of Court and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clerk's internal control over financial reporting and compliance.

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

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Balance Sheet
Governmental Funds
September 30, 2013

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 115,324	\$ 2,229,175	\$ 2,344,499
Accounts receivable	254,484	-	254,484
Prepaid items	8,333	8,333	16,666
Due from other governments	5,694	-	5,694
Total assets	<u>\$ 383,835</u>	<u>\$ 2,237,508</u>	<u>\$ 2,621,343</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 10,671	\$ 12,075	\$ 22,746
Due to other governments	275,486	-	275,486
Other deposits held in escrow	64,190	-	64,190
Unearned Revenues	33,488	-	33,488
Total liabilities	<u>383,835</u>	<u>12,075</u>	<u>395,910</u>
Fund Balances:			
Nonspendable:			
Prepaid items	8,333	8,333	16,666
Restricted for:			
Court-related costs and improvements	-	2,217,100	2,217,100
Unassigned	<u>(8,333)</u>	<u>-</u>	<u>(8,333)</u>
Total fund balances	<u>-</u>	<u>2,225,433</u>	<u>2,225,433</u>
Total liabilities and fund balances	<u>\$ 383,835</u>	<u>\$ 2,237,508</u>	<u>\$ 2,621,343</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, 2013

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 2,534,468	\$ -	\$ 2,534,468
Charges for services	2,140,073	438,257	2,578,330
Judgments, fines and forfeits	-	141,351	141,351
Interest	2,241	5,554	7,795
Total revenues	<u>4,676,782</u>	<u>585,162</u>	<u>5,261,944</u>
EXPENDITURES			
General government	1,961,162	345,824	2,306,986
Court related	3,701,919	234,733	3,936,652
Total expenditures	<u>5,663,081</u>	<u>580,557</u>	<u>6,243,638</u>
Excess of revenues over (under) expenditures	<u>(986,299)</u>	<u>4,605</u>	<u>(981,694)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	117,602	-	117,602
Transfers from Board of County Commissioners	899,633	-	899,633
Transfers out	-	(117,602)	(117,602)
Transfers to Board of County Commissioners	(21,257)	-	(21,257)
Transfer to other governments	(151,902)	-	(151,902)
Total other financing sources (uses)	<u>844,076</u>	<u>(117,602)</u>	<u>726,474</u>
Net change in fund balances	(142,223)	(112,997)	(255,220)
Fund balances at beginning of year	<u>142,223</u>	<u>2,338,430</u>	<u>2,480,653</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,225,433</u>	<u>\$ 2,225,433</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, 2013

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 2,493,956	\$ 2,502,328	\$ 2,534,468	\$ 32,140
Charges for services	966,771	2,089,046	2,140,073	51,027
Interest	-	-	2,241	2,241
Total revenues	<u>3,460,727</u>	<u>4,591,374</u>	<u>4,676,782</u>	<u>85,408</u>
EXPENDITURES				
General government	1,772,155	2,001,027	1,961,162	39,865
Court related	2,602,624	3,682,399	3,701,919	(19,520)
Total expenditures	<u>4,374,779</u>	<u>5,683,426</u>	<u>5,663,081</u>	<u>20,345</u>
Excess of revenues over (under) expenditures	<u>(914,052)</u>	<u>(1,092,052)</u>	<u>(986,299)</u>	<u>105,753</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	14,419	214,419	117,602	(96,817)
Transfers from Board of County Commissioners	899,633	899,633	899,633	-
Transfers to Board of County Commissioners	-	(22,000)	(21,257)	743
Transfers to other governments	-	-	(151,902)	(151,902)
Total other financing sources (uses)	<u>914,052</u>	<u>1,092,052</u>	<u>844,076</u>	<u>(247,976)</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	(142,223)	\$ <u>(142,223)</u>
Fund balances at beginning of year			<u>142,223</u>	
Fund balances at end of year			\$ <u>-</u>	

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

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Statement of Fiduciary Net Position
Agency Fund
September 30, 2013

ASSETS

Cash and cash equivalents	\$	6,780,102
Total assets	\$	<u>6,780,102</u>

LIABILITIES

Accounts payable	\$	83
Due to other governments		576,470
Escrow deposits		<u>6,203,549</u>
Total liabilities	\$	<u>6,780,102</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, 2013

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 2013 Legislative changes, the Clerk's court-related fiscal responsibility was returned to the County. Court-related expenditures are funded through filing fees, service charges, court costs and fines assessed to parties using the court system. Under 2013-44, Laws of Florida, revenue collected by the Clerk is retained by the County and remitted to the Florida Department of Revenue based upon various formulas determined by Florida Clerks of Court Corporation. The fiscal year for court operations was also reinstated to the county fiscal year and is reported along with non-court operations.

The financial statements contained herein represent the financial transactions of the Clerk of the Circuit Court and Comptroller only. The format of the Clerk's statements has been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Description of Funds

For reporting purposes, the accounting records are organized into the following two fund types: governmental funds and a fiduciary fund.

Governmental Funds

General Fund – The General Fund, which is a governmental fund, is used to account for all revenues and expenditures applicable to the general (both court and non-court) operations of the Clerk which are not accounted for in another fund. All financial resources, which are not accounted for and reported in another fund, are recorded in the General Fund. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination.

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds from recording fees to be used for modernizing the Clerk's public records systems, subsidizing court-related operational needs and program enhancements, and adding access to public records (by charging a computer usage fee).

Fiduciary Fund

Agency Fund – The Agency Fund is used to account for assets held by the Clerk in a trustee capacity or as an agent. These funds cannot be used to support the Clerk's own programs.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013

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's 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 \$214,419 from the public records modernization fund to subsidize court technology expenditures. At year end, only \$117,602 was needed to cover these expenditures.

The non-court operations (finance function and board meeting recordings) were funded by the Board of County Commissioners in the amount of \$899,633.

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, 2013, \$21,257 was returned to the Board. This transfer is also reported as Due to Other Governments on the balance sheet.

Two transfers for court operations' net excess funds, totaling \$151,902, were remitted to the Florida Department of Revenue. These amounts represent surplus funds at the end of the State fiscal year (June 30) in the amount of \$75,021 and surplus funds at the end of the County fiscal year (September 30) in the amount of \$76,881. Based on the legal opinion provided by the Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds remaining at September 30, 2013 have been included in a fund liability, Due to Other Governments.

J. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS

A. Deposits

At September 30, 2013, the carrying value of the Clerk's deposits was \$3,508,873 and the bank balance was \$4,178,657. 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, 2013 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 on cash and cash equivalents for the definition of custodial credit risk.

B. Investments

At September 30, 2013, the Clerk had \$ 10,399 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 of \$9,181 plus a positive market value adjustment of \$1,218. Consequently, the net investment in Fund B is reported at \$10,399.

The Clerk also participated in the Florida Trust Day to Day Fund, a money market product of various securities. This fund is part of the Florida Local Government Investment Trust Fund. It was established by Florida Statute 163.01, is administered by the Florida Association of Court Clerks, and is marked to market daily. The Day to Day fund has an average maturity of 54 days and carries an AAAm S&P credit rating. At year end, the Clerk maintained a balance of \$5,603,429 in this trust fund.

Interest Rate Risk

The Clerk adopted an investment policy on April 25, 2013 with the intent to match investment maturities with known cash needs and anticipated cash flow requirements. The policy included the following limits:

- All final maturities are three years or less,
- At least 50% of the portfolio shall be invested in readily available funds.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

B. Investments – Continued

Credit Risk

Authorized investments are subject to the restrictions imposed by Section 218.145 of the Florida Statutes and are limited to the following securities:

- Florida Local Government Investment Trust Funds (FLGIT),
- State of Florida Local Government Surplus Funds Trust Funds, for existing fund only,
- Interest-bearing time deposits or savings accounts in qualified public depositories (as defined in Section 280.02, FS),
- Money market funds registered with the Securities and Exchange Commission (with the highest quality rating from a nationally recognized rating agency),
- Derivatives are prohibited.

Concentration Risk

The following limits on portfolio composition are outlined in the Clerk's investment policy:

- No more than 10% or \$1 Million of the total portfolio may be placed in certificates of deposit with a Qualified Public Depository with any one financial institution,
- No more than 35% of the portfolio may be placed in any money market fund or intergovernmental investment pool.

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, 2013 were: regular class 6.95%, senior class 18.31%, DROP class 12.84%, and elected official class 33.03%.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2013

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 the County-wide note on pension plans.

Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012 and 2013, were equal to 9.92% %, 5.21% and 5.24% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012 and 2013 were \$371,781, \$186,001 and \$183,360 respectively. Employee contributions for the fiscal years ended September 30, 2011, 2012 and 2013 were \$23,576, \$91,895 and \$93,110 respectively. Both employer and employee contributions were equal to 100% of the required contribution for each year.

Indian River County, Florida
Clerk of the Circuit Court and Comptroller
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Clerk participated in the Indian River County Other Postemployment Benefits Trust (IRCOT). The Clerk's 2013 annual contribution of \$170,098 was funded by the Board of County Commissioners in the amount of \$26,990; non-court revenue in the amount of \$24,253; court-related State expenditures in the amount of \$116,972; 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.

NOTE 5 – RISK MANAGEMENT

Indian River County maintains a risk management program that provides for coverage of risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, natural disasters, and medical and life insurance coverage for employees and their eligible dependents. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the Self-insurance Fund. The Clerk participated in the County's self-insurance program during the fiscal year at an annual cost of approximately \$666,699. Further details of this self-insurance program are discussed in the County-wide financial statements and County-wide note on risk management.

NOTE 6 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The following is a schedule of changes in long-term liabilities as of September 30, 2013:

	Beginning Balance <u>10/01/12</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>9/30/13</u>
Accrued Compensated Absences	<u>\$ 285,488</u>	<u>\$ 317,918</u>	<u>\$ 301,881</u>	<u>\$ 301,525</u>

Of the \$301,525 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Clerk of Court* (the "Clerk"), as of and for the year ended September 30, 2013, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated March 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Jeffrey R. Smith
Clerk of the Circuit 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Vero Beach, Florida
March 3, 2014

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 Court* (the "Clerk"), as of and for the year ended September 30, 2013, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated March 3, 2014.

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 3, 2014, 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 of Court, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

The Honorable Jeffrey R. Smith
Clerk of Circuit Court
Page two

Section 10.554(1)(i)5., *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)7., *Rules of the Auditor General*, requires a statement as to whether or not the clerk of courts 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.

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

Vero Beach, Florida
March 3, 2014

PROPERTY APPRAISER

INDEPENDENT AUDITORS' REPORT

March 3, 2014

The Honorable David Nolte
Property Appraiser
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the major fund information of the *Indian River County, Florida Property Appraiser* (the "Property Appraiser"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Property Appraiser's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fund of the Property Appraiser as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Property Appraiser and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Property Appraiser's internal control over financial reporting and compliance.

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

Indian River County, Florida
Property Appraiser
Balance Sheet
General Fund
September 30, 2013

ASSETS

Cash and cash equivalents	\$	44,452
Accounts receivable		3,385
Total assets	\$	<u>47,837</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	17,999
Due to other governments		24,129
Deposits		<u>5,709</u>
Total liabilities		<u>47,837</u>

Fund Balances:

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

Total liabilities and fund balances	\$	<u>47,837</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, 2013

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 2,731,691	\$ 2,724,076	\$ 2,732,059	\$ 7,983
Interest	-	-	802	802
Total revenues	<u>2,731,691</u>	<u>2,724,076</u>	<u>2,732,861</u>	<u>8,785</u>
EXPENDITURES				
General government	<u>2,731,691</u>	<u>2,724,076</u>	<u>2,708,732</u>	<u>15,344</u>
Total expenditures	<u>2,731,691</u>	<u>2,724,076</u>	<u>2,708,732</u>	<u>15,344</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>24,129</u>	<u>24,129</u>
OTHER FINANCING USES				
Transfers to Board of County Commissioners	-	-	(21,802)	(21,802)
Transfers to other governments	<u>-</u>	<u>-</u>	<u>(2,327)</u>	<u>(2,327)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(24,129)</u>	<u>(24,129)</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, 2013

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, 2013

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 \$24,129 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, 2013, the carrying amount of the Property Appraiser's deposits was \$44,382 and the bank balance was \$82,486. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act. The Property Appraiser adopted the Board of County Commissioners' investment policy. This policy requires the Property Appraiser's office to follow the above state law (governing custodial credit risk) for cash deposits. Refer to the County-wide note on cash and cash equivalents for the definition of custodial credit risk. Cash on hand at September 30, 2013 was \$70.

Indian River County, Florida
Property Appraiser
Notes To Financial Statements
Year Ended September 30, 2013

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 6.95%, senior class 18.31%, DROP class 12.84%, and elected official class 33.03%).

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 the County-wide note on pension plans.

Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012, and 2013, were equal to 10.02%, 5.41%, and 6.64% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012, 2013 were \$195,025, \$102,232, and \$123,913 respectively. Employee contributions for the fiscal years ended September 30, 2011, 2012 and 2013 were \$13,320, \$52,696, and \$51,583 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 2013 annual 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, 2013

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 2013 at an annual cost of approximately \$258,149. 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>10/01/12</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/13</u>
Accrued Compensated Absences	<u>\$ 21,022</u>	<u>\$ 107,067</u>	<u>\$ 106,723</u>	<u>\$ 21,366</u>

Of the \$21,366 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 Nolte
Property Appraiser
Indian River County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2013, which comprises the Property Appraiser's fund financial statements and have issued our report thereon dated March 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Property Appraiser's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Vero Beach, Florida
March 3, 2014

Management Letter

The Honorable David 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, 2013, which comprises the Property Appraiser's fund financial statements and have issued our report thereon dated March 3, 2014.

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 3, 2014, 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, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

The Honorable David Nolte
Property Appraiser
Page two

Section 10.554(1)(i)5., *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.

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.

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

Vero Beach, Florida
March 3, 2014



SHERIFF

INDEPENDENT AUDITORS' REPORT

March 3, 2014

The Honorable Deryl Loar
Sheriff
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Sheriff* (the "Sheriff"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Sheriff's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Sheriff as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Sheriff and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sheriff's internal control over financial reporting and compliance.

Rehmann Lobson LLC

Indian River County, Florida
Sheriff
Balance Sheet
Governmental Funds
September 30, 2013

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,512,571	\$ 1,981,302	\$ 3,493,873
Accounts receivable - net	47,637	4,120	51,757
Inventories	-	24,610	24,610
Prepaid items	1,650	-	1,650
Total assets	<u>\$ 1,561,858</u>	<u>\$ 2,010,032</u>	<u>\$ 3,571,890</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,556,686	\$ 32,351	\$ 1,589,037
Due to other governments	5,172	-	5,172
Total liabilities	<u>1,561,858</u>	<u>32,351</u>	<u>1,594,209</u>
Fund Balances:			
Nonspendable:			
Inventories	-	24,610	24,610
Prepaid items	1,650	-	1,650
Restricted for:			
Law enforcement/public safety	-	1,470,456	1,470,456
Committed for:			
Law enforcement/public safety	-	378,112	378,112
Assigned to:			
Law enforcement/public safety	-	104,503	104,503
Unassigned	(1,650)	-	(1,650)
Total fund balances	<u>-</u>	<u>1,977,681</u>	<u>1,977,681</u>
Total liabilities and fund balances	<u>\$ 1,561,858</u>	<u>\$ 2,010,032</u>	<u>\$ 3,571,890</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, 2013

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ 60,080	\$ 60,080
Charges for services	-	319,291	319,291
Judgments, fines and forfeits	-	160,827	160,827
Miscellaneous	<u>32,998</u>	<u>108,682</u>	<u>141,680</u>
Total revenues	<u>32,998</u>	<u>648,880</u>	<u>681,878</u>
EXPENDITURES			
Public safety	35,215,140	1,016,349	36,231,489
Court related	<u>1,361,775</u>	<u>6,903</u>	<u>1,368,678</u>
Total expenditures	<u>36,576,915</u>	<u>1,023,252</u>	<u>37,600,167</u>
Excess of revenues over (under) expenditures	<u>(36,543,917)</u>	<u>(374,372)</u>	<u>(36,918,289)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	36,549,089	347,440	36,896,529
Transfers to Board of County Commissioners	<u>(5,172)</u>	<u>-</u>	<u>(5,172)</u>
Total other financing sources	<u>36,543,917</u>	<u>347,440</u>	<u>36,891,357</u>
Net change in fund balances	-	(26,932)	(26,932)
Fund balances at beginning of year, as restated (Note 1G)	<u>-</u>	<u>2,004,613</u>	<u>2,004,613</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,977,681</u>	<u>\$ 1,977,681</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, 2013

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ -	\$ 32,998	\$ 32,998	\$ -
Total revenues	-	32,998	32,998	-
EXPENDITURES				
Public safety	34,115,758	35,129,507	35,215,140	(85,633)
Court related	1,452,680	1,452,580	1,361,775	90,805
Total expenditures	35,568,438	36,582,087	36,576,915	5,172
Excess of revenues over (under) expenditures	(35,568,438)	(36,549,089)	(36,543,917)	5,172
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	35,568,438	36,549,089	36,549,089	-
Transfers to Board of County Commissioners	-	-	(5,172)	(5,172)
Total other financing sources	35,568,438	36,549,089	36,543,917	(5,172)
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, 2013

ASSETS

Cash and cash equivalents	\$	<u>30,179</u>
Total assets	\$	<u><u>30,179</u></u>

LIABILITIES

Escrow deposits	\$	<u>30,179</u>
Total liabilities	\$	<u><u>30,179</u></u>

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

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sheriff is a County agency and a local governmental entity pursuant to Article VIII, Section 1(d) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Sheriff does not meet the definition of a legally separate organization and is not considered to be a component unit. The Sheriff is considered to be a part of the primary government of Indian River County. The financial statements contained herein represent the financial transactions of the Sheriff only. The format of the Sheriff's statements has been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Description of Funds

For reporting purposes, the accounting records are organized into the following two fund types: governmental funds and a fiduciary fund.

Governmental Funds

General Fund – The General Fund, which is a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Sheriff, which are not accounted for in another fund. All financial resources, which are not accounted for and reported in another fund, are recorded in the General Fund. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination.

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted, committed or assigned for public safety such as police education, special purpose equipment, jail commissary, and special law enforcement activities.

Fiduciary Fund

Agency Fund – The Agency Fund is used to account for assets held by the Sheriff in a trustee capacity or as an agent. Funds are for the employee cafeteria plan.

B. Basis of Accounting, Measurement Focus and Presentation

The accounts of the governmental funds are maintained on the modified accrual basis. The fiduciary fund is reported on an accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred. Revenues are recorded when received 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, 2013

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 general fund revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners. This unspent budget totaled \$5,172 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.

G. Restatement of Beginning Fund Balance

Beginning fund balance for the special revenue fund was restated due to the reclassification of amounts previously reported in the agency fund. At October 1, 2012, this results in an increase of the Sheriff's special revenue fund balance of \$107,947.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 2 - CASH

Deposits

At September 30, 2013, the carrying amount of the Sheriff's deposits was \$3,523,477, and the bank balance was \$4,072,529. 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, 2013 was \$575.

The Sheriff's office elected not to adopt a formal investment policy and selects the alternative investment guidelines as provided by Florida Statutes 218.415, subsection 17. Refer to the County-wide note on cash and 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>10/01/12</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/13</u>
Tangible Personal Property	<u>\$ 19,166,216</u>	<u>\$ 1,463,587</u>	<u>\$ 739,476</u>	<u>\$ 19,890,327</u>

Refer to the County-wide note on capital assets for capitalization threshold, depreciation methodology and useful lives.

NOTE 4 - INVENTORIES

Inventories are valued at cost, which approximates market, using the "first-in, first-out" method of accounting. The costs of inventory are recorded as an expenditure when consumed rather than when purchased. Inventory of the Sheriff, included in the special revenue fund, represents miscellaneous clothing and store items.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 5 – PENSION PLAN

Florida Retirement System

Plan Description: The Sheriff's employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services. 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 6.95%, special risk 19.06%, senior class 18.31%, DROP class 12.84%, and elected official class 33.03%).

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 the County-wide note on pension plans.

Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012, and 2013 were equal to 17.87%, 11.30%, and 12.70% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012, 2013 were \$4,048,292, \$2,544,542, and \$2,835,772 respectively. Employee contributions for the fiscal years ended September 30, 2011, 2012 and 2013 were \$146,774, \$629,659, and \$615,894 respectively. Both employer and employee contributions were equal to 100% of the required contribution for each year.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS

The Sheriff participated in the Indian River County Other Post Employment Benefits Trust (IRCOT). The Sheriff's 2013 annual contribution of \$1,101,833 was funded by the Board of County Commissioners as part of a total contribution determined by the IRCOT actuary. Further information on the IRCOT can be found in the County-wide financial statements and County notes.

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 7 – RISK MANAGEMENT

Indian River County maintains a risk management program that provides for coverage of risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions, injuries to employees, natural disasters, and medical and life insurance coverage for employees and their eligible dependents. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the Self Insurance Fund. The Sheriff participated in the County's self-insurance program during fiscal year 2013 at an annual cost of approximately \$3,300,204. Further details on this self-insurance program are disclosed in the County-wide financial statements and County notes.

NOTE 8 – LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The following is a schedule of changes in long-term liabilities as of September 30, 2013:

	Beginning Balance <u>10/01/12</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/13</u>
Accrued Compensated Absences	<u>\$ 6,337,861</u>	<u>\$ 3,516,906</u>	<u>\$ 3,248,368</u>	<u>\$ 6,606,399</u>

Of the \$6,606,399 liability for accrued compensated absences, management estimates that \$3,200,000 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 9 – OPERATING LEASES

The Sheriff has entered into noncancelable operating leases as lessee of a building, hangar, mail machine, and copiers. Lease expenditures totaled \$107,283 for the year ended September 30, 2013.

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>
2014	\$ 102,731
2015	83,911
2016	78,412
2017	75,421
2018	<u>2,861</u>
Total Future Minimum Lease Payments	<u>\$ 343,336</u>

Indian River County, Florida
Sheriff
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Various suits and claims are currently pending against the Sheriff. It is impossible for the Sheriff to accurately quantify the exposure involved given the jury's latitude in assessing compensatory and punitive damages, and the court's latitude in awarding attorney's fees. The Sheriff intends to vigorously defend against these lawsuits and believes he has a good chance of prevailing on their merits. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of these lawsuits will not have a material adverse effect on the financial position of the Sheriff.

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the **Indian River County, Florida Sheriff** (the "Sheriff"), as of and for the year ended September 30, 2013, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated March 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Vero Beach, Florida
March 3, 2014

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, 2013, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated March 3, 2014.

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 3, 2014, 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, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

The Honorable Deryl Loar
Sheriff
Page two

Section 10.554(1)(i)5., *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.

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.

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

Vero Beach, Florida
March 3, 2014



SUPERVISOR OF ELECTIONS

INDEPENDENT AUDITORS' REPORT

March 3, 2014

The Honorable Leslie Rossway Swan
Supervisor of Elections
Indian River County, Florida

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Supervisor of Elections as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Supervisor of Elections and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014 on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Supervisor of Elections' internal control over financial reporting and compliance.

Rehmann Lobson LLC

Indian River County, Florida
Supervisor of Elections
Balance Sheet
Governmental Funds
September 30, 2013

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 27,636	\$ 477	\$ 28,113
Prepaid items	1,183	-	1,183
Total assets	<u>\$ 28,819</u>	<u>\$ 477</u>	<u>\$ 29,296</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 17,901	\$ -	\$ 17,901
Due to other governments	10,918	-	10,918
Unearned revenue	-	477	477
Total liabilities	<u>28,819</u>	<u>477</u>	<u>29,296</u>
Fund Balances:			
Nonspendable:			
Prepaid items	1,183	-	1,183
Unassigned	(1,183)	-	(1,183)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 28,819</u>	<u>\$ 477</u>	<u>\$ 29,296</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, 2013

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ 32,724	\$ 32,724
Charges for services	885	-	885
Miscellaneous	41,794	-	41,794
Total revenues	<u>42,679</u>	<u>32,724</u>	<u>75,403</u>
EXPENDITURES			
General government	1,056,910	36,333	1,093,243
Total expenditures	<u>1,056,910</u>	<u>36,333</u>	<u>1,093,243</u>
Excess of revenues over (under) expenditures	<u>(1,014,231)</u>	<u>(3,609)</u>	<u>(1,017,840)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	1,028,758	-	1,028,758
Transfer from other funds	-	3,609	3,609
Transfers to Board of County Commissioners	(10,918)	-	(10,918)
Transfer to other funds	(3,609)	-	(3,609)
Total other financing sources (uses)	<u>1,014,231</u>	<u>3,609</u>	<u>1,017,840</u>
Net change in fund balances	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2013

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 885	\$ 885
Miscellaneous	-	41,794	41,794	-
Total revenues	-	41,794	42,679	885
EXPENDITURES				
General government	1,026,258	1,066,943	1,056,910	10,033
Total expenditures	1,026,258	1,066,943	1,056,910	10,033
Excess of revenues over (under) expenditures	(1,026,258)	(1,025,149)	(1,014,231)	10,918
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	1,028,758	1,028,758	1,028,758	-
Transfers to Board of County Commissioners	-	-	(10,918)	(10,918)
Transfers to other funds	(2,500)	(3,609)	(3,609)	-
Total other financing sources (uses)	1,026,258	1,025,149	1,014,231	(10,918)
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, 2013

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, 2013

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 general fund revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners and other governments. This unspent budget totaled \$10,918 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, 2013

NOTE 2 - CASH

Deposits

At September 30, 2013, the carrying amount of the Supervisor of Elections' deposits was \$28,088, and the bank balance was \$70,594. 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, 2013 was \$25.

The Supervisor of Elections has adopted the Board of County Commissioners' investment policy. This policy requires the Supervisor of Elections' office to follow the above state law (governing custodial credit risk) for cash deposits. Refer to the County-wide note on cash and cash equivalents for the definition of custodial credit risk.

NOTE 3 – PENSION PLAN

Florida Retirement System

Plan Description: The Supervisor of Elections' employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services. 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 6.95%, senior class 18.31%, DROP class 12.84%, and elected official class 33.03%). 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 the County-wide note on pension plans.

Indian River County, Florida
Supervisor of Elections
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 3 – PENSION PLAN - Continued

Florida Retirement System - Continued

Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012, and 2013, were equal to 11.5%, 6.19%, and 7.46% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012, 2013 were \$48,433, \$28,013 and \$33,448 respectively. Employee contributions for the fiscal years ended September 30, 2011, 2012 and 2013 were \$1,957, \$13,585, and \$12,975 respectively. Both employer and employee contributions were equal to 100% of the required contribution for each year.

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 2013 annual 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 2013 at an annual cost of approximately \$40,944.

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, 2013:

	Beginning Balance <u>10/01/12</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/13</u>
Accrued Compensated Absences	<u>\$ 26,589</u>	<u>\$ 28,336</u>	<u>\$24,915</u>	<u>\$ 30,010</u>

Of the \$30,010 liability for accrued compensated absences, management estimates that \$10,078 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, 2013

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 \$7,101 for the year ended September 30, 2013.

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>
2014	6,672
2015	6,672
2016	6,672
2017	<u>5,004</u>
Total Future Minimum Lease Payments	\$ <u>25,020</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 Swan
Supervisor of Elections
Indian River County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2013, which collectively comprise the Supervisor of Elections' fund financial statements and have issued our report thereon dated March 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Supervisor of Elections' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Vero Beach, Florida
March 3, 2014

Management Letter

The Honorable Leslie 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, 2013, which collectively comprise the Supervisor of Elections' fund financial statements and have issued our report thereon dated March 3, 2014.

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 3, 2014, 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, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

The Honorable Leslie Swan
Supervisor of Elections
Page two

Section 10.554(1)(i)5., *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.

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.

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

Vero Beach, Florida
March 3, 2014



TAX COLLECTOR

INDEPENDENT AUDITORS' REPORT

March 3, 2014

The Honorable Carole Jean Jordan
Tax Collector
Indian River County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of 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, 2013, and the related notes to the financial statements, which collectively comprise the Tax Collector's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Tax Collector as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Tax Collector and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tax Collector's internal control over financial reporting and compliance.

Rehmann Lohman LLC

Indian River County, Florida
Tax Collector
Balance Sheet
General Fund
September 30, 2013

ASSETS

Cash and cash equivalents	\$ 1,934,342
Investments	837,078
Accounts receivable	152,908
Inventories	1,064
Prepaid items	1,367
Total assets	<u>\$ 2,926,759</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 205,687
Due to other governments	2,688,892
Unearned revenues	31,851
Other deposits held in escrow	329
Total liabilities	<u>2,926,759</u>

Fund Balances:

Nonspendable:	
Inventories	1,064
Prepaid items	1,367
Unassigned	<u>(2,431)</u>
Total fund balances	<u>-</u>

Total liabilities and fund balances	<u>\$ 2,926,759</u>
-------------------------------------	---------------------

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

Indian River County, Florida
Tax Collector
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2013

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 5,874,500	\$ 5,874,500	\$ 5,400,369	\$ (474,131)
Interest	10,000	10,000	9,729	(271)
Total revenues	<u>5,884,500</u>	<u>5,884,500</u>	<u>5,410,098</u>	<u>(474,402)</u>
EXPENDITURES				
General government	<u>2,852,852</u>	<u>2,852,852</u>	<u>2,721,206</u>	<u>131,646</u>
Total expenditures	<u>2,852,852</u>	<u>2,852,852</u>	<u>2,721,206</u>	<u>131,646</u>
Excess of revenues over (under) expenditures	<u>3,031,648</u>	<u>3,031,648</u>	<u>2,688,892</u>	<u>(342,756)</u>
OTHER FINANCING USES				
Transfers to Board of County Commissioners	(2,643,597)	(2,643,597)	(2,344,743)	298,854
Transfers to other governments	<u>(388,051)</u>	<u>(388,051)</u>	<u>(344,149)</u>	<u>43,902</u>
Total other financing uses	<u>(3,031,648)</u>	<u>(3,031,648)</u>	<u>(2,688,892)</u>	<u>342,756</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, 2013

ASSETS

Cash and cash equivalents	\$	4,057,014
Investments		<u>43,708</u>
Total assets	\$	<u><u>4,100,722</u></u>

LIABILITIES

Due to other governments	\$	<u>4,100,722</u>
Total liabilities	\$	<u><u>4,100,722</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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tax Collector is a County agency and a local governmental entity pursuant to Article VIII, Section 1(d) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Tax Collector does not meet the definition of a legally separate organization and is not considered to be a component unit. The Tax Collector is considered to be a part of the primary government of Indian River County. The financial statements contained herein represent the financial transactions of the Tax Collector only. The format of the Tax Collector's statements has been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

A. Description of Funds

The accounting records are organized for reporting purposes on the basis of governmental funds and a fiduciary fund.

Governmental Fund

General Fund – The General Fund, which is a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector. All financial resources, which are not accounted for and reported in another fund, are recorded in the General Fund. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination.

Fiduciary Fund

Fiduciary Fund – The Fiduciary Fund of the Tax Collector is the Agency Fund, which is used to account for assets held by the Tax Collector as an agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations. These funds cannot be used to support the Tax Collector's own programs.

B. Basis of Accounting, Measurement Focus and Presentation

The accounts of the governmental funds are maintained on the modified accrual basis. The fiduciary fund is reported on an accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred. Revenues are recorded when received in cash or when they are considered both measurable and available. Revenues collected in excess of expenditures are not considered earned and are reflected as liabilities.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Budgetary Requirements

State statutes require the Tax Collector to prepare an annual budget that clearly reflects the revenues available to her office and the functions for which money is to be expended. The budgeted revenues and expenditures are subject to the review and approval of the Department of Revenue.

Management is authorized to transfer budgeted amounts between objects and departments as long as management does not exceed the total appropriations of a fund. Department of Revenue approval is only required when unanticipated revenues are received that management wishes to have appropriated, thereby increasing the total appropriations of a fund. The budget is prepared on a basis consistent with generally accepted accounting principles.

D. Cash and Cash Equivalents

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

E. Prepaid Items

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

F. Capital Assets

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

G. Unearned Revenues

Unearned revenues represent revenues which are available but not earned. The amount reported on the Tax Collector's balance sheet of \$31,851 represents prepaid vehicle registrations.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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" of \$2,688,892 are reported as transfers to other governments and are also included as due to other governments on the balance sheet.

J. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. 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, 2013, the carrying amount of the Tax Collector's deposits was \$5,975,527 and the bank balance was \$6,071,476. 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, 2013 was \$15,829.

B. Investments

The Tax Collector modified their investment and deposit policy in January 2013. This policy requires the Tax Collector's office to follow the above state law (governing custodial credit risk) for deposits and Section 218.415, Florida Statutes. Refer to the County-wide note on cash and cash equivalents for the definition of custodial credit risk.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

B. Investments - Continued

At September 30, 2013, 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)	\$ 57,289	.12	6.50%	AAAm
Fund B Surplus Funds Trust Fund	43,708	4.04	4.96	Not Rated
Other Market Rate Investments:				
Certificate of Deposit – 13 Month	250,473	1.08	28.44	N/A
Certificate of Deposit – 21 Month	253,565	1.76	28.79	N/A
Certificate of Deposit – 24 Month	250,473	2.00	28.44	N/A
Florida Trust Day to Day Fund	25,278	.08	2.87	AAAm
Total Fair Value	<u>\$ 880,786</u>		<u>100.00%</u>	
Portfolio weighted average maturity		1.59		

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	95%
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").

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 2 - CASH AND INVESTMENTS - Continued

B. Investments - Continued

Concentration Risk - Continued

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, 2013, the Florida PRIME held a rating of AAAM by Standard and Poor's and had a weighted average days to maturity of 44 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, 2013. 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, 2013, the Tax Collector had \$38,590 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 positive adjustment of 13.3% of the portfolio balance, or \$5,118. Consequently, the net investment in Fund B is reported at \$43,708.

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.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 2 - CASH AND INVESTMENTS - Continued

B. Investments - Continued

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.

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 6.95%, senior class 18.31%, DROP class 12.84%, and elected official class 33.03%).

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 the County-wide note on pension plans.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2013

NOTE 4 – PENSION PLAN - Continued

Florida Retirement System - Continued

Employer contributions to the FRS for the fiscal year ended September 30, 2011, 2012, and 2013, were equal to 10.69%, 5.63%, and 7.01% of the annual covered payroll. Employer contributions to the FRS for the fiscal years ended September 30, 2011, 2012, and 2013 were \$170,864, \$90,405, and \$104,670 respectively. Employee contributions for the fiscal years 2011, 2012 and 2013 were \$10,326, \$45,214 and \$42,441. 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 2013 annual contribution of \$82,852 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.

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 2013 at an annual cost of approximately \$251,280. Further details of this self-insurance program are discussed in the risk management note in the County-wide financial statements.

Indian River County, Florida
Tax Collector
Notes To Financial Statements
Year Ended September 30, 2013

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, 2013:

	Beginning Balance <u>10/01/12</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/13</u>
Accrued Compensated Absences	<u>\$ 100,536</u>	<u>\$ 35,508</u>	<u>\$ 23,247</u>	<u>\$ 112,797</u>

Of the \$112,797 liability for accrued compensated absences, management estimates that \$16,000 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 \$95,638 for the fiscal year ended September 30, 2013.

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, 2013:

<u>Year</u>	<u>Amount</u>
2014	\$ 97,144
2015	50,120
2016	3,494
2017	2,352
2018	<u>1,764</u>
Total future minimum lease payments	<u>\$ 154,874</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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the major fund and the aggregate remaining fund information of the **Indian River County, Florida Tax Collector** (the "Tax Collector"), as of and for the year ended September 30, 2013, which collectively comprise the Tax Collector' fund financial statements and have issued our report thereon dated March 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tax Collector' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector' internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Vero Beach, Florida
March 3, 2014

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, 2013, which collectively comprise the Tax Collector's fund financial statements and have issued our report thereon dated March 3, 2014.

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 3, 2014, 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, Indian River County, Florida, complied with Section 218.415, Florida Statutes.

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

The Honorable Carole Jean Jordan
Tax Collector
Page two

Section 10.554(1)(i)5., *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.

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.

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

Vero Beach, Florida
March 3, 2014